

SAN BRUNO

Community Foundation

Board of Directors

Malissa Netane-Jones, *President* • Jim Ruane, *Vice President* • Raul Gomez, *Secretary* • Pak Lin, *Treasurer*
Supriya S. Perry • Belinda Wong
Leslie Hatamiya, *Executive Director*

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

September 4, 2024

7:00 p.m.

Meeting Location:

San Bruno Senior Center, 1555 Crystal Springs Road, San Bruno

1. Call to Order/Welcome: President Netane-Jones called the meeting to order at 7:00 p.m. She notified the Board that Board Member Perry was unable to attend the meeting in person and needed to stay at home to care for her children. She said Board Member Perry notified the Foundation that she would attend the meeting remotely for “just cause” due to this childcare need. Given that there was a quorum of the Board attending the meeting in person, she noted that under Brown Act meeting provisions, Board Member Perry could attend remotely. Appearing on Zoom, Board Member Perry confirmed that there was no one 18 years of age or older in the room with her.

President Netane-Jones also noted that Irving Torres resigned from the Board effective August 22, 2024, due to his move out of state to take a new job.

2. Roll Call: Board Members Netane-Jones, Ruane, Gomez, Perry, and Wong, present; Board Member Lin, excused.

3. Public Comment: Rich Fern thanked the Foundation for the new Recreation and Aquatic Center.

4. Approval of Minutes: June 5, 2024, Regular Board Meeting: Vice President Ruane moved to approve the minutes of the June 5, 2024, Regular Board Meeting, seconded by Board Member Wong, approved unanimously by roll call vote (Lin absent).

5. Executive Director’s Report

Executive Director Hatamiya gave a brief report. She first reported that she and Accounting Consultant Frank Bittner submitted all requested reports and documents to the Foundation’s auditors at Novogradac & Company for the fiscal year 2023-2024 audit. She noted that the Novogradac team will prepare drafted audited financial statements by October 10 and meet with the Audit Committee at a

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public meeting on October 21 at 3:30 p.m. She also said the Novogradac team will present the audited financial statements to the Board at its November 6 meeting.

She also referenced President Netane-Jones' announcement of Irving Torres resignation from the Board, noting that she promptly notified the City Manager of the resignation. She said the City Council will follow its process for making appointments to the SBCF Board later this year, including recruiting applicants, conducting interviews, and making an appointment.

6. Consent Calendar

- a. Adopt Resolution Appointing Member to the Audit Committee
- b. Receive and Approve Treasurer's Report (May, June, and July 2024 Financial Statements)

Board Member Wong moved to accept the Consent Calendar as presented, seconded by Vice President Ruane Wong, approved unanimously by roll call vote (Lin absent).

7. Study Session: Receive Presentation on Socially Responsible Investment Strategies by Sand Hill Global Advisors, LLC, and Provide Direction to Staff on Next Steps

Sand Hill Global Advisors, LLC, CEO Brian Dombkowski led a study session on socially responsible investment strategies. The study session was held in response to a request from several community members that the Foundation consider altering its investment policy to follow a "values-based" or "socially responsible" investment strategy. Mr. Dombkowski's presentation included an overview of what socially responsible investing is, how it has grown in recent years, and common approaches to it, such as direct indexing, a full socially responsible investing fund strategy, and a fund-based socially responsible investing tilt. The presentation also covered the governance considerations for socially responsible investing that the Board would need to examine if it were to consider adopting a socially responsible investment strategy, including identifying values, ongoing review, cost, performance, peers, benchmark, and good faith effort. He also provided a recap of the development of SBCF's Investment Policy Statement and a preview of future investment-related questions the Board will need to consider as it moves forward in its strategic planning process, such as time horizon, risk tolerance, cash flow needs, return objectives, and SBCF's unique circumstances.

Board members asked Mr. Dombkowski questions related to the increase in cost that typically accompany a direct indexing strategy, the risk of a negative effect of a socially responsible investment strategy on portfolio performance, and the cost related to simply asking Sand Hill to provide reporting on the Foundation's portfolio through a socially responsible investing lens.

Heather Latta suggested that a first step could be to have Sand Hill identify the Foundation's current risks. Sawsan D., Matt Jones, and Wasam D. thanked the Board for holding this study session and urged the Board to adopt a socially responsible investment strategy as it reviews its investment policy.

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8. Conduct of Business

- a. Receive Report from Investment Committee on its August 21, 2024, Regular Meeting and Presentation from Sand Hill Global Advisors, LLC, Regarding the Firm's Investment Outlook and SBCF's Investment Portfolio

On behalf of the Investment Committee, Board Member Wong gave a brief summary of the Committee's most recent quarterly meeting, which was held on August 21, 2024. She noted that, in addition to receiving its regular report from the Sand Hill team, the Committee received a preview of the two presentations Sand Hill was planning to make at tonight's meeting and discussed cash flow strategies related to the San Bruno Recreation and Aquatic Center grants. She said that the Committee is pleased with the guidance that the Sand Hill team has given to the Foundation.

She then introduced Brian Dombkowski, CEO of Sand Hill Global Advisors, LLC, which serves as the Foundation's investment adviser, and Senior Wealth Manager Kristin Sun to give the firm's annual presentation to the Board. Mr. Dombkowski gave the firm's assessment of the economic and market outlook, noting that the economy has been remarkably resilient, inflation has subsided, and interest rates are expected to decrease in the coming months. He also reviewed the three pools of the Foundation's investment portfolio: a Quasi-Endowment Pool, with a long-term time horizon following a classic endowment investment strategy (June 30, 2024, balance of \$23.3 million); a Strategic Pool to be spent down over the next several years on strategic projects and operations (June 30 balance of \$5.8 million), and a Liquidity Pool to cover the Foundation's near-term cash needs (June 30 balance of \$1.3 million). He explained that the portfolio has provided \$21.6 million in additional net value in the past eight years since the Foundation took possession of the restitution funds in May 2016 (initial funding balance of \$69.9 million), factoring in \$60.1 million in withdrawals to support all of the Foundation's investments in the community. Finally, Mr. Dombkowski gave a brief update on Sand Hill Global Advisors as a firm.

- b. Receive Report on the San Bruno Recreation and Aquatic Center from the City of San Bruno

On behalf of the Ad Hoc Committee on Recreation and Aquatic Center Project, President Netane-Jones noted the Grand Opening of the Recreation and Aquatic Center as a momentous occasion for the Foundation. She reported that the Foundation has paid out a total of \$50.9 million in RAC grant payments, with a balance of just over \$556,000 left to disburse.

On behalf of the City, Community Services Director Travis Karlen gave the Board an update on the soft opening of the Recreation and Aquatic Center and the transition to full operations over the summer. He explained that the soft opening period was July 24-August 23, with abbreviated hours of operation. He reported on the number of memberships and punch passes sold, drop-in visits conducted, tours given, and rental requests received during the soft opening. He then shared highlights of the Grand Opening

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celebration on August 24, current hours of operation, programming scheduled beginning in late August, and a series of facility-related, operational, marketing, and programming initiatives for the fall.

Several Board members complimented the Community Services Department staff for their work opening the Recreation and Aquatic Center and holding the Grand Opening celebration and also noted the 14th anniversary of the gas pipeline explosion on September 9.

Matt Jones commented that the Grand Opening was a well-organized and well-attended event and a nice celebration for San Bruno to enjoy.

- c. Receive Report from the Ad Hoc Committee on Recreation and Aquatic Center Startup Activities, Determine Whether Proposed Grant to the City of San Bruno Presents a Conflict of Interest Under Nonprofit and Exempt Entity Laws, and Adopt Resolution Approving Strategic Grant Supporting Startup Programming and Outreach Activities at the New San Bruno Recreation and Aquatic Center to the City of San Bruno in an Amount Not to Exceed \$2,250,000

As chair of the Ad Hoc Committee on Recreation and Aquatic Center Startup Activities, President Netane-Jones noted that at the June Board meeting, Director Karlen and other senior leaders from the City requested a total of \$2.25 million in grant funding from the Foundation over the first three years of operations to underwrite programs that promote access, marketing and outreach, and the escalation of programs, after which the Board created the Ad Hoc Committee on Recreation and Aquatic Center Startup Activities to explore opportunities for the Foundation to support the ramp-up of programming at the new RAC. She said that over the summer, the Committee listened to the City's needs and came to an agreement with them on the grant proposal that the Board is considering at this meeting. She explained that the proposed grant is intended to help the City bridge the opening of the facility to full operations and to allow for some trial-and-error programming as the City tries to attract high community usage of the facility.

Director Karlen then reviewed the operations of the Recreation and Aquatic Center to date as well as the Implementation Plan the City developed for the facility. He explained the funding request of \$2.25 million over three years (\$1 million in fiscal year 2024-2025, \$750,000 in fiscal year 2025-2026, and \$500,000 in fiscal year 2026-2027) to help the City bridge the opening of the facility to full operations and allow the City to test various marketing, outreach, recruitment, scholarship, and other initiatives to encourage community members to use the facility and ensure that it generates sufficient revenues to sustain its operations for the ongoing benefit of the community.

He noted possible uses of the grant funding in the first year of the facility's operation, including youth swimming lesson subsidies, implementation of a Child Watch program, transportation and subsidized programs for seniors, membership accessibility programs, and the development and implementation of a marketing plan.

SAN BRUNO

Community Foundation

Board of Directors

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Prior to the Board taking action on the Resolution Approving Strategic Grant Supporting Startup Programming and Outreach Activities at the New San Bruno Recreation and Aquatic Center to the City of San Bruno in an Amount Not to Exceed \$2,250,000, Legal Counsel Heather Minner explained that due to a timely disclosure by the Executive Director, the Board had to determine whether the proposed grant to the City presented a conflict of interest under nonprofit and exempt entity laws, in accordance with the Foundation's Conflict of Interest Policy. She reported that the Executive Director disclosed to the President, as required by the policy, that her adult son, who is a college student, will soon begin a paid, part-time internship in the City Manager's Office, and listed his relevant work experience. She explained that under the Conflict of Interest Policy, the Executive Director is thus considered to have a "financial interest" through a family member that must be disclosed and the Foundation must follow certain procedures to consider the financial interest, including having the Board determine whether a conflict of interest exists before approving new grants to the City. She referenced her memorandum in the meeting packet that provided legal analysis by her and Nonprofit Counsel Erin Bradrick, which analyzed the relevant facts concerning the internship and concluded that it does not pose a conflict of interest under applicable nonprofit and tax-exempt entity laws with respect to the proposed strategic grant to the City under consideration.

Executive Director Hatamiya departed from the meeting room, and the Board discussed the potential conflict of interest issue.

Vice President Jim Ruane made a motion to determine that the proposed grant for startup programming funding for the Recreation and Aquatic Center does not present a conflict of interest under nonprofit and exempt entity laws, seconded by Secretary Gomez, passed unanimously by roll call vote (Lin absent).

Executive Director Hatamiya then returned to the meeting room.

Board Member Wong moved to adopt the resolution approving a strategic grant supporting startup programming and outreach activities at the new San Bruno Recreation and Aquatic Center to the City of San Bruno in an amount not to exceed \$2,250,000, seconded by Vice President Ruane, passed unanimously by roll call vote (Lin absent).

- d. Determine Whether Proposal Grant to the City of San Bruno Presents a Conflict of Interest Under Nonprofit and Exempt Entity Laws and Adopt Resolution Approving Grant in the Amount of \$1,200 to the City of San Bruno for a Memorial Bench Commemorating the Former El Crystal Elementary School's 70 Years of Service to San Bruno Schoolchildren in Connection with the New San Bruno Recreation and Aquatic Center Project

President Netane-Jones explained that as part of an elementary school consolidation process, the San Bruno Park School District closed El Crystal Elementary School at the end of the 2017-2018 school year, and that at that time, the El Crystal PTA wanted to make a donation to the City of San Bruno for a memorial bench in San Bruno City Park commemorating El Crystal's 70 years as a beloved San Bruno

SAN BRUNO

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elementary school. While there were no memorial bench opportunities in San Bruno City Park then, City staff confirmed that there would likely be an opportunity to underwrite a memorial bench or other park amenity in conjunction with the new RAC and that the fee to sponsor it was \$1,200. She reported that in June 2018, the Foundation Board approved a resolution authorizing the Executive Director to receive a donation from the El Crystal PTA to be used to sponsor a memorial bench or other park amenity commemorating El Crystal's 70 years of service to San Bruno schoolchildren in connection with the RAC project. The Foundation executed a grant agreement with the El Crystal PTA, received grant funds totaling \$1,200 from the El Crystal PTA, and since then has been holding the funds as a restricted donation.

She further reported that in conjunction with the completion of construction of the Recreation and Aquatic Center this summer, the Community Services Department offered the Foundation the opportunity to use the funds received from the El Crystal PTA to sponsor a memorial bench in City Park near the RAC. The Community Services Department agreed to place the bench at a location favored by the former PTA leaders on the southern edge of San Bruno City Park near Baseball Diamond #2, due to its proximity to the pathway leading to the former site of El Crystal School, and they agreed to include the language that the El Crystal PTA requested on a plaque on the bench. In conjunction with the Grand Opening Celebration on August 24, the Community Services Department recently installed the El Crystal memorial bench at the agreed-upon location.

Prior to the Board taking action on the Resolution Approving Grant in the Amount of \$1,200 to the City of San Bruno for a Memorial Bench Commemorating the Former El Crystal Elementary School's 70 Years of Service to San Bruno Schoolchildren in Connection with the New San Bruno Recreation and Aquatic Center Project, Legal Counsel Heather Minner explained that, similar to the previous grant, the Board had to determine whether the proposed grant to the City presented a conflict of interest under nonprofit and exempt entity laws, in accordance with the Foundation's Conflict of Interest Policy, due to the Executive Director's son beginning a paid, part-time internship with the City.

Executive Director Hatamiya departed from the meeting room, and the Board discussed the potential conflict of interest issue.

Board Member Wong made a motion to determine that the proposed grant for a memorial bench commemorating El Crystal Elementary School in conjunction with the Recreation and Aquatic Center does not present a conflict of interest under nonprofit and exempt entity laws, seconded by Vice President Ruane, passed unanimously by roll call vote (Lin absent).

Executive Director Hatamiya then returned to the meeting room.

Secretary Gomez moved to adopt the resolution approving a grant in the amount of \$1,200 to the City of San Bruno for a memorial bench commemorating the former El Crystal Elementary School's 70 years of service to San Bruno schoolchildren in connection with the new San Bruno Recreation and Aquatic Center project, seconded by Board Member Wong, passed unanimously by roll call vote (Lin absent).

SAN BRUNO

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Board of Directors

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Secretary Gomez thanked the Community Services Department for installing the bench. He noted that he was an alumnus of El Crystal and that the bench is very meaningful for the El Crystal community.

e. Receive Report on the Centennial Plaza Improvement Project from the City of San Bruno

Director Karlen gave a brief update on improvements the City is making to Centennial Plaza in downtown San Bruno, which the Foundation is helping fund with a \$500,000 grant. He reported that construction to renovate the plaza into a welcoming community gathering space is proceeding on schedule for a fall opening, with recent work including the installation of pavers, completion of plantings and rubber surfacing, continuation of irrigation work, completion of stucco work, and installation of furniture. He said that the City is in the process of planning a ribbon-cutting celebration in October.

f. Receive Report on the Downtown Beautification Initiative from the City of San Bruno

Director Karlen reported on progress on the Downtown Beautification Initiative, which the Foundation is supporting with \$350,000 in grant funding. This initiative consists of a series of projects to improve the visibility and appearance of San Bruno's downtown, including planter revitalization along San Mateo Avenue, the potential planting of trees on Jenevein Avenue, median landscape revitalization, the creation of new street pole banners, and the replacement of the marquee sign on the south end of San Mateo Avenue. Director Karlen said the City is moving forward with the various components of the initiative, including seeking input from the downtown business community on the banner designs, receiving bids on the marquee sign, and receiving bids for the planters and medians.

Board members asked about the plans to plant trees on Jenevein Avenue and whether holiday decorations and lighting are included in the plans. Director Karlen said that the City is conducting a feasibility study on the trees and that holiday decorations and lighting are not currently included in the project.

g. Receive Report on Music Education Strategic Initiative from San Bruno Education Foundation, San Bruno Park School District, and Capuchino High School

President Netane-Jones noted that the Music Education Strategic Initiative has been a multi-year partnership between SBCF, the San Bruno Education Foundation, the San Bruno Park School District, Capuchino High School, and the Capuchino High School Alumni Association and was created with the goal of making music education a hallmark of San Bruno's public schools.

Representatives of the San Bruno Education Foundation, the San Bruno Park School District, and Capuchino High School reported on the final two years of the Music Education Strategic Initiative, a multi-year partnership between SBCF, the San Bruno Education Foundation, the San Bruno Park School District, Capuchino High School, and the Capuchino High School Alumni Association, with the goal of making music education a hallmark of San Bruno's public schools. SBEF President Heather Latta

SAN BRUNO

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Board of Directors

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highlighted use of \$270,000 in grant funds in the 2022-23 and 2023-24 school years to fund a second music teacher as well as instrument and related supply purchases at Parkside Intermediate School. She said that these efforts are intended to bolster music education in the San Bruno Park School District in a meaningful and sustainable way, including by making music electives available to all sixth graders.

Capuchino Music Director Johnathan Hsu reported on the impressive achievements of the various music ensembles at the high school and explained how the \$20,000 in SBCF grant funding the program received over the past two years were used to offset significant transportation costs incurred as the Music Department re-started off-campus trips post-pandemic, enabling the student musicians to participate in community events, festivals, and competitions.

- h. Receive Report on the SBPSD School Field Trip Grant from the San Bruno Park School District

San Bruno Park School District Superintendent Matt Duffy reported on the \$35,000 grant supporting field trips and on-campus assemblies at all district schools. He said that in the 2023-2024 school year, SBCF funds supported field trips to a variety of museums and community venues, including the Exploratorium, Sanchez Adobe, Hiller Aviation Museum, San Francisco Museum of Modern Art, and the Tech Museum, and that district schools will use the remaining grant funds in the 2024-2025 school year.

San Bruno Park School District Board President Raymond Giusti commented on the importance of the music programs at Parkside and Capuchino for his son and emphasized the importance of field trips at the district's schools, thanking the Foundation for all it has done for the district and its students.

- i. Receive Report from the Ad Hoc Committee on San Bruno Park School District Strategic Initiatives and Adopt Resolution Approving Strategic Grant Supporting Athletic Field Improvements at San Bruno Park School District Schools to the San Bruno Education Foundation in an Amount Not to Exceed \$150,000

As chair of the Ad Hoc Committee on San Bruno Park School District Strategic Initiatives, Secretary Gomez reported on the Committee's evaluation of a request from the San Bruno Park School District for funding for athletic field improvements at three school sites. He explained that while the school district is developing a long-term plan for the fields at all of its school sites, the district faces an urgent need for short-term improvements at several school sites for the upcoming school year and would like financial assistance from SBCF to do so. With the impending closure of the soccer fields at the former Crestmoor High School site, local youth soccer organizations are depending on use of fields at the various school sites starting in the fall. In addition, he noted that the fields at some schools, particularly John Muir Elementary School, have been in such disrepair that it has not been safe for students to play on them. He noted that the district is partnering with the San Bruno Education Foundation on this project, requesting that the grant be awarded to SBEF, which would fulfill all reporting requirements.

Superintendent Duffy explained the district's request for \$150,000 in funding, with \$50,000 to be designated for improvements at the athletic fields at each of the following school sites: John Muir

SAN BRUNO

Community Foundation

Board of Directors

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Elementary School, Belle Air Elementary School, and Parkside Intermediate School. He reported that the district contracted with Frank + Grossman Landscape Contractors for the John Muir fields, with much of the work completed over the summer. He said that the district is in discussions with the primary community groups that use the Parkside fields – San Bruno AYSO and San Bruno Girls Softball League – to assess the needed improvements at that school site. He noted that the Belle Air field faces a number of significant issues, including an antiquated and broken irrigation system and a need for additional fencing. He reported that while the John Muir improvements will be completed soon, the Parkside and Belle Air improvements are more complicated and will likely take until the summer of 2025 to complete.

School Board President Giusti commented that the field improvement projects are long overdue and that the school board is excited about them.

Vice President Ruane moved to adopt the resolution approving a strategic grant supporting athletic field improvements at San Bruno Park School District schools to the San Bruno Education Foundation in an amount not to exceed \$150,000, seconded by Board Member Wong, passed unanimously by roll call vote (Lin absent).

- j. Receive Report on Other Programs (Crestmoor Scholarship and Community Grants Fund)

Executive Director Hatamiya gave a brief update on the Foundation's other programs. She noted that the application for the 2024-2025 cycle of the Community Grants Fund is available on the SBCF website, with a September 18, 2024, application deadline. She also reported that nearly all 2024 Crestmoor Scholarship payments have been disbursed and that the 2025 program will launch in December, with an early March 2025 deadline.

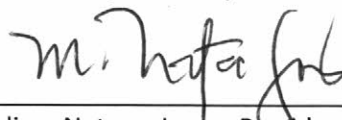
9. Board Member Comments: None.

10. Adjourn: Vice President Ruane moved to adjourn the meeting at 9:10 p.m., seconded by Board Member Wong, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of November 6, 2024, by Secretary Raul Gomez and President Malissa Netane-Jones.



Raul Gomez, Secretary



Malissa Netane-Jones, President