

# SAN BRUNO

## Community Foundation

*Investment Committee*

Pak Lin, *Chair* • Anthony Clifford, Mark Hayes, Tim Ross, and Belinda Wong, *Members*  
Leslie Hatamiya, *Executive Director*

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### MINUTES

#### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Investment Committee

February 21, 2024

4:30 p.m.

#### Meeting Location:

San Bruno City Hall, 567 El Camino Real, Room 101, San Bruno

- 1. Call to Order:** Committee Chair Lin called the meeting to order at 4:30 p.m.
- 2. Roll Call:** Committee Members Lin, Clifford, Ross, and Wong, present; Hayes, excused.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** November 15, 2023, Regular Investment Committee Meeting: Committee Member Wong moved to approve the minutes of the November 15, 2023, Regular Meeting, seconded by Committee Member Ross, passed unanimously by roll call vote (Hayes absent).
- 5. Executive Director's Report**

Executive Director Hatamiya gave an update on the Foundation's activities, first summarizing recent program highlights:

- **Community Grants Fund:** The Foundation Board approved 26 Community Grants totaling \$300,000 in December. The Board has been busy presenting grant checks to the community groups, some still virtually but increasingly in person. She shared some photos of various grant check presentations.
- **Crestmoor Scholarship:** The 2024 Crestmoor Scholarship program launched in December, with a March 5, 2025, application deadline. The Foundation plans to award \$160,000 in scholarships this spring.
- **Recreation and Aquatic Center (RAC):** Ms. Hatamiya noted that the project has continued to experience some hiccups in recent months, due to weather and power issues. She noted that

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the best case scenario is completion of construction by the end of April, with a grand opening in June, but that timeline could be pushed out. She said the City of San Bruno is moving forward to staffing and program plans and it is likely that the full \$1.5 million in additional construction contingency will be utilized.

- **Centennial Plaza:** With regard to the Centennial Plaza Improvement Project, which the Foundation is helping fund with a \$500,000 grant to the City of San Bruno, Ms. Hatamiya noted that the City received two construction proposals, both more expensive than expected. Despite concerns about the escalating cost, the City Council approved the project, the project budget of nearly \$1.6 million, and the additional funding (beyond the SBCF funding) to complete the project. She noted that there has been considerable community support for the project and that the City anticipates construction being completed by the end of 2024.
- **Downtown Beautification Project:** Ms. Hatamiya reported that the City came to the February Board meeting to request funding for a downtown beautification effort. She explained that with the urging of the downtown business community, the City has been exploring additional ways to enhance and beautify segments of San Mateo Avenue and the surrounding streets, in conjunction with the renovations at Centennial Plaza and planned improvements at Posy Park at the northern end of the downtown portion of San Mateo Avenue. She noted that the City's next set of projects are relatively modest but would include some necessary upgrades to enhance the overall atmosphere downtown, including planter revitalization, tree planting, median landscape improvements, street pole banners, and a new marquee sign on the south end of San Mateo Avenue, for a total project budget of \$350,000. She reported that the Board created an ad hoc committee charged with reviewing the City's written proposal and making a funding recommendation to the full Board at its March meeting.

Ms. Hatamiya noted that the Board conducted a second post-RAC strategic planning session at the February Board meeting. She said she provided an overview of the three main options being considered – (1) spending down the remaining funds (approximately \$25 million) in the near-to-mid term on one or two large legacy projects and winding down all other programs, (2) spending down the remaining funds over a set period of time (e.g., 10-25 years), or (3) following an endowment model, under which the Foundation is sustained in perpetuity at a lower annual budget level – and the pros and cons of each option. She also noted large capital projects that the City of San Bruno and the San Bruno Park School District are separately considering, which could potentially serve as major legacy projects to which the Foundation may want to contribute. The Board had a robust discussion of the three options, ultimately agreeing to set aside the endowment model (option #3), which would result in a relatively modest annual payout to support the Foundation's programs and operations in order to maintain the purchasing power of the endowment's corpus. Instead, the Board decided to focus its deliberations on the other two options and potentially wait until after the November 2024 election, as both the City and the school district may be placing revenue measures on the ballot, to make a final decision. Therefore, she noted that it is most likely the Board will not be ready to amend the program and investment strategies until late 2024 (or later), so the Foundation will continue on its current path for fiscal year 2024-2025 and the

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Investment Committee will not be asked to work on an updated Investment Policy Statement this spring.

Ms. Hatamiya reminded Investment Committee members to turn in their completed Conflict of Interest annual statements and to submit their Form 700s to the San Bruno City Clerk's office.

Ms. Hatamiya reviewed the schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool, but noted that the schedule may be modified based on actual cash needs. Transfers from the Quasi-Endowment to Liquidity-Operating include: (a) \$200,000 scheduled for December 2023, and (b) \$172,843 scheduled for May 2024. All funds needed for the remaining RAC grant payments have already been transferred from the Strategic Pool to the Liquidity Pool. Transfers from Strategic to Liquidity for non-RAC purposes are budgeted at \$1,441,576; \$500,000 was transferred in August, and another \$350,000 was transferred at the beginning of February. She said the remaining funds will be transferred as needed to cover expenses and other strategic grant payments.

Finally, Ms. Hatamiya reminded the Committee of its upcoming meetings: May 15, August 21, and November 20, 2024. All meetings will be held in person at San Bruno City Hall Room 101.

### **6. Conduct of Business**

- a. Receive Report from Sand Hill Global Advisors, LLC (SHGA) regarding SHGA's Investment Outlook and SBCF's Investment Portfolio Performance

SHGA Chief Executive Officer Brian Dombkowski, Senior Portfolio Manager Meghan DeGroot Daters, and Analyst George Angelopoulos represented SHGA at the meeting.

Mr. Dombkowski gave an overview of the firm's investment outlook, as well as a summary of the firm's current economic forecast, commenting on global risk factors, economic growth, interest rates, inflation, commodity markets, the employment market, corporate earnings, international developed markets, emerging markets, the housing market, and valuation. He noted that recessionary fears have generally been abated, inflation has decreased, and the Federal Reserve Bank has indicated that interest rates have peaked.

Ms. Daters then reviewed the Foundation's Investment Dashboard for the fourth quarter of 2023, including December 31, 2023, balances of \$22,179,248 for the Quasi-Endowment, \$6,025,944 for the Strategic Pool, and \$3,149,964 for the Liquidity Pool, for a total of \$31,355,156. She also discussed the performance of the underlying funds in the Foundation's Quasi-Endowment, Strategic, and Liquidity pools. She noted that the firm maintained the portfolio's positioning in the fourth quarter of 2023.

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- b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatic Center Project


The Committee briefly discussed cash flow strategies related to the San Bruno Recreation and Aquatic Center (RAC) grants. Ms. Hatamiya reported that since early 2018, the Foundation has made grant payments totaling \$49,254,841 related to the eight grants supporting the design and construction of the RAC. The remaining balance of RAC grant payments to be paid is \$2,245,159, of which \$1.5 million is the additional amount that the Board approved for construction contingency earlier this year. She noted that all funds committed to the RAC grants have already been transferred to the Liquidity Pool.

### 7. Committee Member Comments

Committee Member Ross asked about the timing of any investment policy changes in light of the Board's strategic planning deliberations. Executive Director Hatamiya explained that the Board is unlikely to make any decisions about the Foundation's program and investment strategies until late 2024 at the earliest, with the Investment Committee being asked to make recommendations about changes to the Investment Policy Statement after that.

- 8. Adjourn:** Committee Member Ross moved to adjourn the meeting at 5:12 p.m., seconded by Committee Member Wong, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of May 15, 2024, by Investment Committee Chair Pak Lin.



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Pak Lin, Investment Committee Chair