

# SAN BRUNO

## Community Foundation

### *Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

### Regular Meeting of the Board of Directors

**October 7, 2015**

**7:00 p.m.**

#### **Meeting Location:**

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

In compliance with the Americans with Disabilities Act, individuals requiring reasonable accommodations or appropriate alternative formats for notices, agendas, and records for this meeting should notify us 48 hours prior to meeting. Please call the City Clerk's Office at 650-616-7058.

#### **1. Call to Order/Welcome**

#### **2. Roll Call**

#### **3. Approval of Minutes:** August 24, 2015, Special Board Meeting, and September 2, 2015, Special Board Meeting

#### **4. Board Member Comments**

- a. President
- b. Others

#### **5. Executive Director's Report**

#### **6. Consent Calendar:** All items are considered routine or implement an earlier Board action and may be enacted by one motion; there will be no separate discussion unless requested by a Board Member or staff.

- a. Receive and Approve Treasurer's Report (August 2015 Financial Statements)

#### **7. Conduct of Business**

- a. Adopt Resolution Adopting the San Bruno Community Foundation's Amended and Restated Articles of Incorporation to Define Class of Supported Organizations

# SAN BRUNO

## Community Foundation

*Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

- b. Adopt Resolution Approving San Bruno Community Foundation Program Strategy Framework
- c. Adopt Resolution Directing the Ad Hoc Committee on Program Strategy Development to Research Near-Term Project Concepts
- d. Adopt Resolution Approving 2015-2016 Revised Budget
- e. Discuss Possibility of Televising Board Meetings

**8. Public Comment:** Individuals are allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, contact the President to request that the Board consider your comments earlier. It is the Board's policy to refer matters raised in this forum to staff for research and/or action where appropriate. The Brown Act prohibits the Board from discussing or acting upon any matter not agendaized pursuant to State Law.

## **9. Adjourn**

# SAN BRUNO

## Community Foundation

### *Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Special Meeting of the Board of Directors

**August 24, 2015**

**6:30 p.m.**

#### **Meeting Location:**

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

- 1. Call to Order/Welcome:** President Nancy Kraus called the meeting to order at 6:32 p.m.
- 2. Roll Call:** Board Members Kraus, McGlothlin, Cohn, Roberts, Bohm, Hedley, and Stanback Stroud present.
- 3. Approval of Minutes:** July 29, 2015, Special Board Meeting: Vice President McGlothlin moved to approve the minutes of the July 29, 2015, Special Board Meeting, seconded by Board Member Bohm, approved unanimously.
- 4. Board Member Comments:**
  - a. President: President Kraus recognized the presence of San Bruno Chief of Police Ed Barberini, San Bruno Park School District Superintendent Cheryl Olson, and San Bruno Park School District Board of Trustees President Kevin Martinez. She thanked Board members for their exceptional volunteerism and also thanked Executive Director Hatamiya, City staff, and the public.
  - b. Others: None.
- 5. Executive Director's Report:** Executive Director Hatamiya reported that she continues to work on the Foundation's administrative, corporate governance, and community-building activities. She reported that she and President Kraus have met with elected county, state, and federal representatives. She also reported that she has begun looking at options for retaining outside nonprofit counsel to provide legal advice on issues that may arise in the Foundation's work.

# SAN BRUNO

## Community Foundation

### *Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

**6. Audit Committee Report:** Audit Committee Chair McGlothlin reported that the Audit Committee met on August 17, 2015, to evaluate proposals solicited for audit and tax preparation services. He reported that the Committee had selected four finalist accounting firms to interview and that the Committee intends to return to the Board on September 2, 2015, with a final recommendation of an accounting firm to engage for audit and tax preparation services.

### **7. Consent Calendar:**

- a. Adopt Resolution Scheduling a Special Board Meeting on September 2, 2015
- b. Adopt Resolution Cancelling the September 17, 2015, Regular Board Meeting and Scheduling a Special Board Meeting on September 14, 2015
- c. Receive and Approve Treasurer's Report

Board Member Stanback Stroud moved to adopt the consent calendar, seconded by Board Member Hedley, approved unanimously.

### **8. Conduct of Business**

- a. Adopt Resolution Changing Schedule of Regular meetings of the Board of Directors of the San Bruno Community Foundation

Executive Director Hatamiya reported on the need to find a new meeting venue to accommodate a growing public interest in the Foundation's activities and on her research of various potential meeting spaces in San Bruno. She reported her recommendation to move the location of the Foundation's Board meetings to the San Bruno Senior Center, which, due to the Senior Center's regular programming, would also require a change in Board meeting dates.

Board Member Bohm moved to adopt resolution changing schedule of regular meetings of the Board of Directors to the first Wednesday of each month beginning October 7, 2015, to be held at the San Bruno Senior Center, seconded by Board Member Stanback Stroud, approved unanimously.

### **9. Study Session:**

- a. Presentation on Quasi-Endowment Scenarios by Mark Hayes, Ph.D.

Executive Director Hatamiya introduced Mark Hayes, Ph.D., a former managing director of the Stanford Management Company who has been providing pro bono counsel over the past few months. Dr. Hayes explained the reasons the Foundation might want to consider treating some portion of its funds as an endowment and the differences between a true endowment and a

# SAN BRUNO

## Community Foundation

### *Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

quasi-endowment. He then presented a simplified endowment scenario model he created and explained the assumptions (regarding inflation, investment portfolio mix, and investment returns over the next seven years) built into the model. Using the model, he presented sample payout scenarios at different levels of endowment and discussed market volatility and the benefits of payout smoothing.

Three members of the public (Jeffrey Tong, Michael Kesselman, and Marty Medina) asked for clarification of the model, and Dr. Hayes and Executive Director Hatamiya responded.

Treasurer Cohn and Vice President McGlothlin commented on Dr. Hayes' presentation.

#### b. Report of Program Strategy Development Committee by Nancy Kraus, Committee Chair

President Kraus, who chairs the Program Strategy Development Committee, reported on the Committee's progress developing the Foundation's program strategy framework document, which she said would likely include the Foundation's mission, vision, and purpose statement; guiding principles, funding criteria; and "three-bucket" program strategy approach. She reported that the Committee is hoping to bring a final draft of the program strategy framework to the September 14, 2015, meeting for Board approval and then to the City Council for approval on September 22, 2015.

Several Board members commended the Committee on the work it has put into the development of the program strategy framework.

Several community members (including Carolyn Gray, Maria Barr, Ruth Pallas, Kevin Martinez, and Jeffery Tong) addressed the Board, primarily asking for clarification on the program strategy framework.

President Kraus then presented a short list of near-term projects ideas the Committee is considering proposing to the Board.

Board members provided feedback on the proposed near-term projects.

Several members of the public (including Marty Medina and Michael Kesselman) also asked questions about the suggested project concepts.

Executive Director then walked the Board through timelines for the Foundation's program development activity and investment strategy development activity through early 2016. She also asked the Program Strategy Development Committee to take on the additional task of making a recommendation of how much the Foundation should target for a quasi-endowment. She explained that to take over possession of the restitution funds, the Foundation needs to hire an investment management firm and develop an investment policy, but what the investment strategy looks like will greatly depend on how much the Board plans to spend in the near term and how much it wants to treat as endowment. Because the decision about whether to set

# SAN BRUNO

## Community Foundation

*Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

aside funds as a quasi-endowment is ultimately a program-driven decision, she recommends that the Program Strategy Development Committee provide this initial endowment target.

**10. Public Comment:** None.

**11. Adjourn:** Board Member Hedley moved to adjourn the meeting at 8:45 p.m., seconded by Vice President McGlothlin, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of October 7, 2015, by Secretary Emily Roberts and President Nancy Kraus.

---

Emily Roberts, Secretary

---

Nancy Kraus, President

# SAN BRUNO

## Community Foundation

### *Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Special Meeting of the Board of Directors

**September 2, 2015**

**5:30 p.m.**

**Meeting Location: San Bruno City Hall, 567 El Camino Real, Conference Room  
115, San Bruno**

**1. Call to Order/Welcome:** Vice President McGlothlin called the meeting to order at 5:30 p.m.

**2. Roll Call:** Board Members McGlothlin, Roberts, Cohn, Bohm, and Stanback Stroud present; Board Members Kraus and Hedley excused.

**3. Executive Director's Report:** Executive Director Hatamiya reported on engaging with the NEO Group to provide nonprofit legal counsel on various matters to the Foundation. She also reported that, per her compensation package, had secured life insurance at an annual rate of \$234.38. She also reported on her research into the logistics of televising Foundation Board meetings.

**4. Conduct of Business:**

- a. Adopt Resolution Authorizing President Nancy Kraus to Execute a Contract with Novogradac & Company LLP for Audit and Tax Preparation Services for Fiscal Year 2014-2015 for an Amount Not to Exceed \$6,300

Audit Committee Chair McGlothlin reported on the Audit Committee's activities as part of the process to select an accounting firm to conduct the Foundation's annual audit and to prepare its tax returns. He reported that the Committee received proposals from 13 firms, interviewed four firms, and conducted additional due diligence on the finalists. He reported that the Committee recommends that the Foundation engage with Novogradac & Company LLP to provide audit and tax preparation services for fiscal year 2014-2015.

Board Member Stanback Stroud moved to adopt resolution authorizing President Nancy Kraus to execute a contract with Novogradac & Company LLP for audit and tax preparation services for fiscal year 2014-2015 for an amount not to exceed \$6,300, seconded by Board Member Roberts, approved unanimously.

# SAN BRUNO

---

## Community Foundation

*Board of Directors*

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*  
Patricia Bohm • Frank Hedley • Regina Stanback Stroud  
Leslie Hatamiya, *Executive Director*

---

**5. Public Comment:** None.

**6. Adjourn:** Board Member Stanback Stroud moved to adjourn the meeting at 5:52 p.m., seconded by Board Member Bohm, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of October 7, 2015, by Secretary Emily Roberts and President Nancy Kraus.

---

Emily Roberts, Secretary

---

Nancy Kraus, President



# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 1, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Executive Director's Report

Since the September 2, 2015, special Board meeting, my primary focus has been on next steps in the development of the Foundation's program strategies, particularly in the work of the Ad Hoc Committee on Program Strategy Development. These activities will be covered in the Business Session portion of the October 7, 2015, Board meeting.

In addition, I have continued to work on various projects related to the Foundation's administrative, corporate governance, and community-building activities, which include:

#### 1. Audit Committee Update

On September 2, 2015, the Board authorized President Nancy Kraus to execute a contract with the accounting firm of Novogradac & Company LLP for audit and tax preparation services for fiscal year 2014-2015. After resolving, with the assistance of City Attorney Marc Zafferano, several contract issues, President Kraus executed the contract with Novogradac on September 18. Since then, I have had a phone meeting with the Novogradac team handling the Foundation's account, and Accounting Consultant Frank Bittner and I are in the process of providing all requested documents and records to the audit team. Both sides are working toward the goal of completing the audit and preparation of the Foundation's tax returns by the beginning of November, which would allow for timely tax filings by November 15.

#### 2. 403(b) Retirement Plan Update

With the assistance of an employee benefits consultant, I am finally in the process of setting up a 403(b) retirement plan for Foundation employees with Vanguard. I hope to have all the necessary documentation completed in the next two weeks so that employees can begin making contributions by the end of October.

#### 3. SBCF Board Appointments

In October 2013, the San Bruno City Council appointed Patricia Bohm, Frank Hedley, and Dr. Regina Stanback Stroud to two-year terms to the Foundation Board of Directors. As these terms will soon expire, the City Council will consider reappointment

# SAN BRUNO

## Community Foundation

### Memorandum

---

of Board Members Bohm, Hedley, and Stanback Stroud to full four-year terms at its October 27, 2015, meeting.

#### 4. San Mateo Union High School District Proceedings Re: Crestmoor High School Site

President Kraus and I have been monitoring the deliberations of the San Mateo Union High School District (SMUHSD) about the future of the former Crestmoor High School site. The Crestmoor site, which includes athletics fields, is an important asset to the San Bruno community, and during the Community Listening Campaign members of the San Bruno soccer community suggested that the Foundation fund field improvements. We will continue to follow SMUHSD's deliberations.

#### 5. Crestmoor Neighborhood Five-Year Remembrance

On September 9, 2015, President Kraus, Vice President John McGlothlin, Treasurer Ben Cohn, Board Members Patricia Bohm and Dr. Regina Stanback Stroud, and I attended the City's touching event commemorating the five-year anniversary of the devastating 2010 gas pipeline explosion in the Crestmoor neighborhood.

# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 1, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Consent Calendar for the October 7, 2015, Regular Board Meeting

For the October 7, 2015, regular meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes one item related to administrative and operational functions of the Foundation:

1. Receive and Approve Treasurer's Report (August 2015 Financial Statements)

The August 2015 financial statements consist of a Budget Report and Balance Sheet. The attached Budget Narrative provides a thorough explanation of the financial statements.

Please note that now that we have moved Foundation Board meetings to the first Wednesday of the month, the Treasurer's Report will consist of the financial statements for the month two months prior to the Board meeting (e.g., at the November 4, 2015, Board meeting, the Board will consider the September financials), as the just concluded month's financial statements will not yet be ready for presentation.

I recommend that the Board receive and approve the Treasurer's Report as part of the Consent Calendar.

# SAN BRUNO

---

## Community Foundation

August 2015

### Budget Narrative

This report describes the amounts in columns a (Actual Year to Date), d (Final Expected Amount), and e (Change in Budget) of the monthly Budget Report. First two months equal 16.7% of the year.

### INCOME

**Line 1 Restitution Funds** – Nothing received from the City of San Bruno. A transfer of funds will likely be necessary before the end of calendar 2015. Full transfer of \$69.6 million expected in early calendar 2016.

**Line 2 Interest & Investment Income** – Minimal earnings (\$6) from Wells Fargo accounts.

### EXPENSES

**Line 4 Salaries & Wages** – Exactly on budget. Executive Director continues as only employee.

**Line 5 Payroll Taxes & Benefits** - Actual costs (\$4,614) include: Social Security/Medicare (\$2,231); Workers' Compensation Insurance (\$306); accrued Paid Time Off (\$560); accrued Retirement (\$1,458); and life insurance (\$59 for three months).

**Line 7 Grants & Assistance** – Revised budget planned for October likely to include an estimated amount to be distributed or awarded by June.

**Line 8 Occupancy** – Only cost is office lease (\$909 per month).

**Line 9 Insurance** – Actual (\$2,757) is for: a) Directors & Officers (D&O) coverage (\$2,141); b) crime coverage (\$454); and c) package non-profit liability coverage (\$162). These are monthly amounts that will be recorded every month regardless of when premiums are paid.

**Line 10 Telecommunications** – Actual cost (\$147) includes cell phone account (\$63 for one month only), and internet access (\$84). This is well below budget because budget includes projected cost for land line and new website.

**Line 11 Postage & Shipping** – \$53 actual cost is for priority mailings from Accounting consultant to Executive Director (\$35) and other mail (\$18).

**Line 12 Marketing & Communications** – The only cost for this line item, formerly known as Printing and Copying has been \$7 for city facility scans used in cost modeling.

**Line 13 Office Supplies** – Total (\$365) includes: four toner cartridges (\$328); and Accounting software fees (\$37).

**Line 14 Office Equipment & Furniture** – Total cost (\$87) is for a couple of stackable chairs.

**Line 15 Legal Fees** – Total cost of \$1,000 for review of planned program policies and framework.

**Line 16 Auditor & Payroll Fees** – Only cost has been \$337 for payroll fees. Final expected amount increased \$300 for audit fees per Board's auditor selection.

**Line 17 Investment Consultant** – No expense incurred.

**Line 18 Other Consultants** - Actual costs (\$17,592) include \$15,224 for sample project cost modeling and \$2,368 for Accounting consultant.

**Line 19 Travel, Meetings & Conferences** – Total cost (\$581) is for audio recording of July & August Board meetings. Final expected amount has been increased from \$3,000 to \$6,881 because original budget did not anticipate audio recording costs and room rental of \$200 per month beginning in October is also more than the \$1,000 anticipated in the budget for the entire year.

**Line 20 Miscellaneous** – Actual cost (\$20) is for California Secretary of State fee.

### **SUMMARY**

Three expense line items (Payroll Taxes & Benefits, Other Consultants, and Travel, Meetings & Conferences) are over the 16.7% benchmark for two months.

- The Payroll Taxes & Benefits variance of 1.6% is not significant and is due to timing of payroll taxes, which will decrease toward the end of the calendar year.
- The Other Consultant variance (21.8%) is more significant and is caused by \$15,224 expense for cost modeling. That represents nearly half the amount that was budgeted for costs other than Accounting consultant. Fees for accounting services will be incurred on a fairly even basis throughout the year with peaks for audit preparation and follow up, but other consultant costs are not as regular.
- Travel, Meetings & Conferences variance of 2.7%, although currently small, is a result of unexpected costs and the budget should be adjusted when revised.

The current plan is to prepare a revised budget that will include a significant change in expenditures by incorporating an estimated amount for SBCF's initial Grants & Assistance. Other adjustments based on new information and plans will also be incorporated.

# SAN BRUNO

## Community Foundation

### August 2015 2015-2016 Budget Report

	(a)	(b)	(c)	(d)	(e)
	Actual Year to Date	Budget	Actual as % of Budget (a/b)	Final Expected Amount	Change in Budget (d - b)
<b>INCOME</b>					
1 Restitution Funds	\$ -	\$ 69,627,458	0.0%	\$ 69,627,458	\$ -
2 Interest & Investment Income	6	200	3.0%	200	-
3 <b>Total Income</b>	6	69,627,658	0.0%	69,627,658	-
<b>EXPENSES</b>					
4 Salaries & Wages	29,167	175,000	16.7%	175,000	-
5 Payroll Taxes & Benefits	4,614	25,191	18.3%	25,191	-
6 <b>Subtotal Personnel</b>	33,781	200,191	16.9%	200,191	-
7 Grants & Assistance	-	-	-	-	-
8 Occupancy	1,819	11,050	16.5%	11,050	-
9 Insurance	2,757	16,799	16.4%	16,799	-
10 Telecommunications	147	2,856	5.1%	2,856	-
11 Postage & Shipping	53	4,187	1.3%	4,187	-
12 Marketing & Communications	7	15,500	0.0%	15,500	-
13 Office Supplies	366	2,760	13.3%	2,760	-
14 Office Equipment & Furniture	87	3,300	2.6%	3,300	-
15 Legal Fees	1,000	20,000	5.0%	20,000	-
16 Auditor & Payroll Fees	337	7,381	4.6%	7,681	300
17 Investment Consultant	-	-	-	-	-
18 Other Consultants	17,592	45,750	38.5%	45,750	-
19 Travel, Meetings & Conferences	581	3,000	19.4%	6,881	3,881
20 Miscellaneous	20	3,000	-	3,000	-
21 <b>Subtotal Non-Personnel</b>	24,766	135,583	18.3%	139,764	4,181
22 <b>Total Expenses</b>	58,547	335,774	17.4%	339,955	4,181
23 <b>Net Surplus</b>	\$ (58,541)	\$ 69,291,884	-0.1%	\$ 69,287,703	\$ (4,181)

# SAN BRUNO

---

## Community Foundation

### Statement of Financial Position as of August 31, 2015

#### ASSETS

Cash, Wells Fargo General	\$ 22,668.96	
Cash, Wells Fargo Payroll	51,643.08	
Cash, Wells Fargo Savings	50,017.05	
<b>Total Cash</b>		124,329.09
Prepaid Expenses	6,451.81	
<b>Total Other Current Assets</b>		6,451.81
Deposits	1,520.45	
<b>Total Other Assets</b>		1,520.45
<b>TOTAL ASSETS</b>		<u>\$ 132,301.35</u>

#### LIABILITIES & NET ASSETS

##### **LIABILITIES**

Accounts Payable	1,348.20	
Accrued Expenses	6,088.76	
Accrued Employee PTO	6,167.25	
<b>Total Liabilities</b>		13,604.21

##### **NET ASSETS**

Unrestricted, 7/1/2015 Balance	177,237.78	
Year to Date Net Income	(58,540.64)	
<b>Total Net Assets</b>		118,697.14
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>		<u>\$ 132,301.35</u>

# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 1, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Restated Articles of Incorporation

At the July 29 special meeting, the Board created an Ad Hoc Committee on Program Strategy Development, charged with helping me develop the Foundation's over-arching program strategy framework that the Foundation, as required by the Bylaws, will submit to the City Council for approval. As the Committee developed the draft policy document, I sought review by outside legal counsel (the NEO Law Group) to ensure that the document was in compliance with relevant tax and nonprofit law.

When it granted the Foundation tax-exempt status, the Internal Revenue Service (IRS) classified the Foundation as a Type 1 supporting organization, with the City of San Bruno as the supported organization. In its review of the Program Strategy Framework, the NEO Law Group called to my attention the IRS regulations limiting the groups and individuals to which a supporting organization can provide cash grants and raised the question of whether the Foundation, as a supporting organization, could provide grants to nonprofit community organizations and government entities beyond the City.

Because the City Council's original vision for the Foundation – and the Board's understanding of that vision – included the making of grants to nonprofit community organizations and other government entities beyond the City, such as the two main school districts serving San Bruno, I sought additional legal advice from the Manatt law firm, which has a team of lawyers who are experts in the niche area of nonprofit law related to supporting organizations. To ensure that the Foundation is able to carry out the City Council's vision – that is, being able to award grants to nonprofit community organizations and government entities, including but not limited to the City, to benefit the San Bruno community – while also ensuring compliance with the tax laws and regulations related to supporting organizations, the Manatt lawyers recommended that the Foundation amend its Articles of Incorporation to state that the Foundation supports a *class* of supported organizations – in lay terms, nonprofit organizations and government agencies that benefit the San Bruno community – including but not limited to the City of San Bruno. With this change, the Foundation would be fully in compliance with the supporting organization regulations when providing grants to nonprofits and government agencies that are within the Foundation's class of supported organizations.



# SAN BRUNO

## Community Foundation

### Memorandum

---

As a result, I recommend that the Board approve the attached resolution adopting the Amended and Restated Articles of Incorporation to define the class of supported organizations.

The expanded purpose statement in Article II of the Restated Articles, which defines the Foundation's class of supported organizations, is the main substantive change in the document. However, I had counsel review the Articles in their entirety, and we are taking this opportunity to make a number of other minor changes to the Articles. These changes, as the redline version shows, are technical and formatting revisions. In addition, in accordance with the California Secretary of State's guidelines regarding Restated Articles, we have deleted the section listing the Foundation's agent for service of process. This information has been updated with the Secretary of State's Office through the Statement of Information (Form SI-100), which all nonprofits must file annually and which the Foundation last did in July, listing the Executive Director as the agent for service of process and updating the Foundation's office address.

The attached resolution directs the Executive Director to forward the approved Amended and Restated Articles of Incorporation to the City Council for consideration and approval. Assuming the Board approves the resolution, the City Council will consider the Amended and Restated Articles on October 27.

Filing the Restated Articles does not affect the prior federal or state approvals for the Foundation's tax-exempt status.

#### Attachments:

1. Resolution Adopting the San Bruno Community Foundation's Amended and Restated Articles of Incorporation to Define Class of Supported Organizations
2. Restated Articles of Incorporation Certificate
3. Redlined Version of Restated Articles of Incorporation

**RESOLUTION NO. 2015-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
ADOPTING THE SAN BRUNO COMMUNITY FOUNDATION'S AMENDED AND  
RESTATED ARTICLES OF INCORPORATION TO DEFINE CLASS OF SUPPORTED  
ORGANIZATIONS**

**WHEREAS**, the Internal Revenue Service (IRS) determined that The San Bruno Community Foundation is an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code;

**WHEREAS**, the IRS also determined that the Foundation is a Type I supporting organization under Internal Revenue Code section 509(a)(3) having the City of San Bruno as the supported organization;

**WHEREAS**, the Foundation, as envisioned by the San Bruno City Council at the Foundation's creation, may provide grants to a wide range of governmental entities and nonprofit community organizations that benefit the San Bruno community, including but not limited to the City of San Bruno;

**WHEREAS**, the Board of Directors seeks to define, by an amendment to the Foundation's Articles of Incorporation, the class of organizations that the Foundation supports in a manner consistent with the vision of the City Council; and

**WHEREAS**, Article XVI of the Foundation's Bylaws reserves in the City Council the right to approve changes to the Foundation's Articles of Incorporation.

**NOW, THEREFORE, BE IT RESOLVED**, that the proposed amendment to the Foundation's Articles of Incorporation is hereby approved by the Board; and

**RESOLVED FURTHER**, that the Foundation's staff shall present the proposed amendment to the Foundation's Articles of Incorporation to, and seek approval of the same from, the City Council; and

**RESOLVED FURTHER**, that, subject to approval by the City Council:

1. the Foundation's Articles of Incorporation shall be amended to read in full in the form presented to the Board, a copy of which shall be attached to the minutes of this meeting;

2. the President and the Secretary of the Foundation be, and they hereby are, authorized and directed to restate the Foundation's Articles of Incorporation consistent with the amendment adopted pursuant to these resolutions and to execute and file the said restated Articles of Incorporation with the California Secretary of State; and

3. the officers of the Foundation be, and they hereby are, authorized and directed, for and on behalf of the Foundation, to take such other actions as the officers deem necessary or advisable to effectuate the intent of the preceding resolutions.

Dated: October 7, 2015

ATTEST:

---

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 7<sup>th</sup> day of October, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

## **Restated Articles of Incorporation**

The undersigned certify that:

1. They are the President and the Secretary, respectively, of The San Bruno Community Foundation, a California nonprofit public benefit corporation (the “Corporation”).
2. The Articles of Incorporation of the Corporation are amended and restated to read as follows:

### **I**

The name of the corporation is The San Bruno Community Foundation (the “Corporation”).

### **II**

(A) This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and/or charitable purposes.

(B) The specific purpose of this Corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term. In furtherance of that purpose, this Corporation is organized and shall be operated exclusively for charitable purposes (within the meaning of Internal Revenue Code Section 501(c)(3)) by conducting or supporting activities for the benefit, or to carry out the purposes, of organizations: (i) that are described in Internal Revenue Code Sections 501(c)(3) and 509(a)(1) or (a)(2), and (ii) that benefit the San Bruno community, including but not limited to, the City of San Bruno.

### **III**

It is intended that this Corporation shall have the status of a corporation which is exempt from federal income tax under Internal Revenue Code Section 501(a) as an organization described in Internal Revenue Code Section 501(c)(3), and which is other than a private foundation by reason of being described in Internal Revenue Code Section 509(a)(3). These Articles shall be construed accordingly, and all powers and activities of this Corporation shall be limited accordingly.

### **IV**

The Corporation shall have no members. References to “members” are to the Board of Directors as provided in Section 5310 of the Nonprofit Corporation Law. Each director shall be entitled to one vote.

### **V**

(A) Notwithstanding any other provision in these Articles, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3); or (b) a corporation, contributions to which are deductible under Internal Revenue Code Sections 170(b), 170(c)(2), 2055(a)(2), or 2522(a).

(B) No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of (or in opposition to) any candidate for public office.

## VI

(A) The property of this Corporation is irrevocably dedicated to public and/or charitable purposes, and no part of the net income or assets of this Corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.

(B) Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this Corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public and/or charitable purposes and which has established its tax exempt status under Internal Revenue Code Section 501(c)(3).

All references in these Articles to sections of the Internal Revenue Code shall be deemed to be references to the Internal Revenue Code of 1986, as amended, and to the corresponding provisions of any similar law subsequently enacted.

3. The foregoing amendment to and restatement of the Articles of Incorporation have been duly approved by the board of Directors of the Corporation in accordance with Section 5812 of the California Corporations Code.
4. The Corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: October 7, 2015

---

Nancy Kraus, President

---

Emily Roberts, Secretary

**Restated Articles of Incorporation**  
**ARTICLES OF INCORPORATION**  
**of**  
**THE SAN BRUNO COMMUNITY FOUNDATION**

I

The name of the corporation is The San Bruno Community Foundation (the “Corporation”).

II

(A) This ~~e~~Corporation is a nonprofit ~~P~~ublic ~~B~~enefit ~~C~~orporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and/or charitable purposes.

(B) The specific purpose of this ~~e~~Corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term. In furtherance of that purpose, this Corporation is organized and shall be operated exclusively for charitable purposes (within the meaning of Internal Revenue Code Section 501(c)(3)) by conducting or supporting activities for the benefit, or to carry out the purposes, of organizations: (i) that are described in Internal Revenue Code Sections 501(c)(3) and 509(a)(1) or (a)(2), and (ii) that benefit the San Bruno community, including but not limited to, the City of San Bruno.

III

~~The name and address in the State of California of this corporation's initial agent for service of process is:~~

~~——— Name: Marc L. Zafferano  
——— Address: 567 El Camino Real  
——— San Bruno, California 94066~~

It is intended that this Corporation shall have the status of a corporation which is exempt from federal income tax under Internal Revenue Code Section 501(a) as an organization described in Internal Revenue Code Section 501(c)(3), and which is other than a private foundation by reason of being described in Internal Revenue Code Section 509(a)(3). These Articles shall be construed accordingly, and all powers and activities of this Corporation shall be limited accordingly.

IV

The ~~e~~Corporation shall have no members. References to “members” are to the Board of Directors as provided in Section 5310 of the Nonprofit Corporation Law. Each director shall be entitled to one vote.

## V

(A) ~~This corporation is organized and operated exclusively for public and/or charitable purposes within the meaning of Internal Revenue Code Section 501(c)(3). Despite Notwithstanding~~ any other provision in these ~~a~~Articles, the eCorporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that ~~do are~~ not in furtherance of the purposes of this eCorporation, and the eCorporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3); or (b) a corporation, contributions to which are deductible under Internal Revenue Code Sections 170(c)(2), 2055(a)(2), or 2522(a).

(B) No substantial part of the activities of this eCorporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the eCorporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of (or in opposition to) any candidate for public office.

## VI

(A) The property of this eCorporation is irrevocably dedicated to public and/or charitable purposes and no part of the net income or assets of this eCorporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.

(B) Upon the dissolution or winding up of the eCorporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this eCorporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public and/or charitable purposes and which has established its tax exempt status under Internal Revenue Code Section 501(c)(3).

All references in these Articles to sections of the Internal Revenue Code shall be deemed to be references to the Internal Revenue Code of 1986, as amended, and to the corresponding provisions of any similar law subsequently enacted.

# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 1, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Adoption of Program Strategy Framework

At the July 29 special meeting, the Board created an Ad Hoc Committee on Program Strategy Development, charged with helping me develop the Foundation's over-arching program strategy framework that the Foundation, as required by the Bylaws, will submit to the City Council for approval. The Committee consists of Chair Nancy Kraus and Committee Members Frank Hedley and Dr. Regina Stanback Stroud.

The Committee has met several times over the past two months to develop the Program Strategy Framework document. At the August 24 Board meeting, Committee Chair Kraus reported on the Committee's deliberations, provided highlights of the developing Framework, and received feedback from the Board and community members on the framework. The Committee considered the feedback received on August 24 as it refined the Framework and prepared the final draft, which will be presented to the Board for approval on October 7.

A relatively self-explanatory document, the Program Strategy Framework provides the structure and outline of the Foundation's charitable programs and will serve as the guiding document for accomplishing the Foundation's mission. The Framework is meant to be a flexible, high-level document that clearly articulates the Foundation's programmatic intentions and vision and provides direction as the Foundation develops specific programs to carry out these intentions and vision. It includes an explanatory preamble and four main sections: (1) Purpose, Vision, Mission, (2) Guiding Principles, (3) Funding Criteria, and (4) Program Categories: The "Three-Bucket" Approach.

The first section, "Purpose, Vision, Mission," includes the Foundation's purpose, vision, and mission statements as the driving forces behind what the Foundation does and how it operates.

The second section sets forth eight "Guiding Principles" that guide the Foundation's operations, activities, and programs. These precepts reflect the values most important to the Foundation and the Foundation's unique role in the San Bruno community.

The third section, "Funding Criteria," describes *what* and *who* the Foundation may fund through its programs. The section defines the following: (1) What the Foundation Funds



# SAN BRUNO

## Community Foundation

### Memorandum

---

(three main types of support), (2) What the Foundation Does Not Fund (including activities that the Foundation is legally prohibited from funding), (3) Eligible Funding Recipients (as well as a description of entities not eligible for Foundation funding), and (4) Focus Areas (which were derived from a combination of what the Foundation heard during this past spring's Community Listening Campaign, San Bruno demographics, and "Ten Key Components of Healthy, Equitable Communities in San Mateo County" compiled by the San Mateo County Health System).

The fourth section articulates the three-bucket program strategy approach that I introduced to the Board in July. It identifies three categories, or buckets, of program activities that the Foundation may operate: (1) Strategic Grantmaking, (2) Responsive Grantmaking, and (3) Foundation Programs.

As an over-arching policy document, the Program Strategy Framework does not include the nuts and bolts of any specific program. Such specifics will be spelled out in operating policies for particular programs that the Board decides to establish. For example, if the Foundation were to create a community grants program to which community organizations can apply for funding, we would create specific guidelines, criteria, and operating procedures for that program.

On October 7, I recommend that the Board adopt the attached resolution approving the Program Strategy Framework. The Framework would then be submitted to the City Council for approval at its October 27 meeting.

#### Attachments:

1. Resolution Approving the San Bruno Community Foundation Program Strategy Framework
2. San Bruno Community Foundation Program Strategy Framework

## **RESOLUTION NO. 2015-\_\_**

### **RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION APPROVING SAN BRUNO COMMUNITY FOUNDATION PROGRAM STRATEGY FRAMEWORK**

**WHEREAS**, consistent with the City of San Bruno's restitution settlement agreement with Pacific Gas & Electric Co. in the aftermath of the devastating 2010 gas pipeline explosion in the Crestmoor neighborhood, the City established the San Bruno Community Foundation to administer the \$70 million in restitution funds;

**WHEREAS**, Article III of the Foundation's Bylaws sets forth the Foundation's purpose as "to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term";

**WHEREAS**, in Article XVI of the Bylaws, the San Bruno City Council has reserved the power to approve the Foundation's "grant policies";

**WHEREAS**, the Foundation has surveyed the San Bruno community through a Community Listening Campaign to solicit input on community needs and ways in which the Foundation could use the restitution funds to address those needs;

**WHEREAS**, the Foundation has also examined demographic and community health and well-being data on San Bruno;

**WHEREAS**, in light of both the input received during the Community Listening Campaign and San Bruno community data, the Foundation's Ad Hoc Committee on Program Strategy Development has drafted the Program Strategy Framework, which is attached as Exhibit A, to provide the structure and outline of the Foundation's charitable programs and to serve as the guiding document for accomplishing the Foundation's mission; and

**WHEREAS**, the Program Strategy Framework clearly articulates the Foundation's purpose and mission, guiding principles, funding criteria, and "three-bucket" program strategy approach, all which will direct the development and implementation of the Foundation's programs as it carries out its purpose and mission.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves the Program Strategy Framework attached as Exhibit A.

**FURTHER BE IT RESOLVED** that the Board of Directors directs the Executive Director to submit the Program Strategy Framework attached as Exhibit A to the San Bruno City Council for consideration and approval.

Dated: October 7, 2015

ATTEST:

---

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 7<sup>th</sup> day of October, 2015, by the following vote:

AYES:      Board members:

NOES:      Board members:

ABSENT:   Board members:

# **SAN BRUNO**

---

## **Community Foundation**

### **Program Strategy Framework**

**Adopted by the SBCF Board of Directors, October \_\_, 2015**

**Approved by the San Bruno City Council, October \_\_, 2015**

The San Bruno Community Foundation was established by the San Bruno City Council to administer, for the long-term benefit of the San Bruno community, the \$70 million in restitution funds resulting from the devastating 2010 gas pipeline explosion in San Bruno's Crestmoor neighborhood.

This document articulates the over-arching conceptual framework for the Foundation's program strategy for using the restitution funds to benefit the community. It includes the Foundation's mission, vision, and purpose statements; guiding principles; funding criteria; and a "three-bucket" program strategy approach. The framework recognizes the Foundation's unique position in San Bruno to invest in community programs, projects, and facilities in an effort to enhance the quality of life for all members of the community.

In creating this program strategy framework, particularly the funding criteria and focus areas, the Foundation considered feedback from the Community Listening Campaign it conducted in the spring of 2015, San Bruno demographics, and the "Ten Key Components of Healthy, Equitable Communities in San Mateo County" compiled by the San Mateo County Health System.

This framework envisions the Foundation as a nimble, flexible, and transparent institution that is responsive to the needs of the community and dedicated to building and supporting a vibrant, healthy, and equitable San Bruno for years to come.

#### **I. Purpose, Vision, Mission**

The San Bruno Community Foundation's Purpose, Vision, and Mission Statements drive what the Foundation does and how it operates.

##### **A. Purpose Statement in SBCF Bylaws**

*Approved by the San Bruno City Council, October 2013:*

The primary purpose of the Foundation is to benefit the San Bruno Community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term.

## **B. Vision Statement**

*Adopted by the SBCF Board of Directors, October 2014:*

The SBCF is a resource dedicated to enhancing the quality of life for the San Bruno Community.

## **C. Mission Statement**

*Adopted by the SBCF Board of Directors, October 2014:*

The SBCF serves the San Bruno community by investing in projects, programs, services, and facilities that have significant and lasting benefits. Through making grants, leveraging partnerships, and taking advantage of other resources, the SBCF assists and enables the community to maximize shared investments and realize their subsequent enhancements and benefits.

## **II. Guiding Principles**

The Foundation's Guiding Principles include:

- A. The Foundation focuses on projects, programs, and initiatives that promote a healthy, vibrant, and equitable San Bruno community, especially where it can serve as a catalyst for significant enhancements in the quality of life for those who live and work in San Bruno.
- B. Through the collective impact of all of its programs, the Foundation seeks to address the needs of the various and diverse components of the San Bruno community.
- C. The San Bruno Community Foundation is committed to open and transparent communication with the community and maintaining the highest ethical standards in all areas of its operations.
- D. To maximize the impact of its work, the Foundation collaborates with the City of San Bruno and other appropriate organizations to enhance and/or leverage projects, programs, and initiatives being undertaken or considered by the City or other organizations, thereby pooling resources and avoiding duplication of effort on projects of common interest.
- E. The Foundation strives to use its resources effectively and prudently in all its activities.
- F. The Foundation recognizes its role as a partner, convener, and facilitator toward the goal of enhancing the quality of life in San Bruno.
- G. The Foundation encourages giving from other sources and has a stake in encouraging and developing philanthropy generally.
- H. The Foundation wishes to remain flexible, maintaining the ability to respond to unforeseen circumstances, the evolving needs of the community, and emerging opportunities in a timely fashion.

### **III. Funding Criteria**

Generally speaking, the Foundation adheres to the following funding guidelines, while retaining the discretion to modify or amend them if circumstances require.

#### **A. What the Foundation Funds**

The Foundation provides three main types of support:

##### **1. Programs and Project Support**

The Foundation may fund programs and projects that fall within one or more of its focus areas and further its mission. This support is targeted to a specific program or project that provides direct benefits to the community. This support may be used to pay for all costs directly related to the operation of the program or project, including staff costs.

In the case of providing “seed” funding for new or expanded programs and projects, the Foundation may require a business plan that outlines long-term maintenance and self-sustainability.

##### **2. Support for Capital Projects for Community Facilities**

The Foundation may provide funding for the new construction, expansion, renovation, or replacement of community facilities in San Bruno. To ensure long-term success, these projects require a partnership with the appropriate public or nonprofit entity that owns and would provide continuing maintenance for the community facility. They also may require the community facility entity to have in place a viable business plan to ensure proper maintenance, care, upkeep, and usage of the facility over the long term.

##### **3. Capacity-Building**

The Foundation may provide funding to help nonprofits and other organizations carry out their missions more effectively. Capacity building can take many forms, including strategic planning, business planning, and organizational assessment; board and staff development; fundraising, marketing, and communications planning and implementation; improving financial management; and initiating collaboration with other organizations. This support is targeted to a specific capacity-building activity over a set period of time.

#### **B. What the Foundation Does Not Fund**

The Foundation generally does not fund the following items:

1. Existing deficits
2. Direct contributions to restricted endowments
3. Unsolicited requests for direct aid to individuals
4. Lobbying or political activity
5. Religious activity that government agencies are legally prohibited from funding

### **C. Eligible Funding Recipients**

Generally speaking, the Foundation may fund organizations that provide a significant benefit to the San Bruno community. They include:

1. Tax-exempt nonprofit organizations
2. Governmental entities (*e.g.*, City of San Bruno, school districts that serve San Bruno youth)
3. Individuals, but only if the Foundation has specifically established a program to provide assistance to recipients based on articulated guidelines and qualifications (*e.g.*, a college scholarship program)

Entities that are not eligible for Foundation funding include political organizations and any organization that unlawfully discriminates in violation of state or federal law, including on the basis of race, ethnicity, nationality, gender, disability, sexual orientation, gender identity, age, or religion

The Foundation may not use public funds to fund any organization in violation of state or federal law.

### **D. Focus Areas**

The Foundation focuses its funding on **enhancing the quality of life in San Bruno**, with an emphasis on enduring and long-term benefits. These areas of priority include:

- Publicly owned community facilities
- Community health and safety
- Sports and recreation
- Education
- Youth activities
- Public spaces, parks, and open space
- Community-building
- Human and social services for all
- Economic vitality
- Intra-San Bruno transit
- Healthy, stable, and affordable housing

## **IV. Program Categories: The “Three-Bucket” Approach**

The Foundation’s programs fall into three categories, or buckets, of activity. Under the first two buckets, the Foundation operates as a grantmaker, providing grant funding to eligible organizations. Under the third bucket, the Foundation actively runs its own programs and projects in furtherance of its mission.

### **A. Strategic Grantmaking**

One of the Foundation’s primary roles is as a strategic grantmaker, identifying a specific community need and proactively charting a course to address that need, with specific outcomes in mind.

The Foundation’s strategic grantmaking activities can take various forms, including:

- *Proactive Grantmaking:* The Foundation seeks out and identifies organizations and programs that target specific issues the Foundation wants to address.
- *Initiative Grantmaking:* The Foundation assumes a leadership role to focus on specific issue areas. This form of grantmaking may involve convening and collaborating with key partners.
- *Collaborative Grantmaking:* The Foundation works with other funders on specific areas of interest that all mutually agree to support.

It is anticipated that many of the Foundation's larger grants will be strategic grants, where the Foundation, in partnership with other key stakeholders, identifies a specific community need and proactively reaches out to the organizations best suited to address that need to develop a course of action.

## **B. Responsive Grantmaking**

As a responsive grantmaker, the Foundation may distribute grants in response to requests from community groups for programs and projects that fall within the Foundation's mission and the guidelines it establishes for the funding. The Foundation may accept unsolicited grant applications from these community groups and will consider them for funding based on established guidelines.

## **C. Foundation Programs**

In addition to grantmaking, the Foundation may run its own programs and projects. Such activities will most likely be limited to programs involving disbursements of funds and/or honorary recognition to individuals following articulated guidelines (*e.g.*, scholarship or awards program) or hosting of events. In the future, Foundation programs may include research, consulting (*e.g.*, advising nonprofits), and mission-related investment opportunities.



# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 2, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Near-Term Project Concepts

At the July 29 special meeting, the Board created an Ad Hoc Committee on Program Strategy Development, charged with helping me develop the Foundation's over-arching program strategy framework that the Foundation, as required by the Bylaws, will submit to the City Council for approval. The Committee was also charged with identifying a small number of near-term projects for the Foundation to consider undertaking in the 2015-2016 time frame. The Committee consists of Chair Nancy Kraus and Committee Members Frank Hedley and Dr. Regina Stanback Stroud.

The idea for identifying a short list of near-term projects addresses the Board's desire to begin using the restitution funds to benefit the community in 2016. Many of the projects identified in the spring's Community Listening Campaign are large capital projects that will take considerable time – perhaps several years, in some cases – to research, develop, and execute. In the meantime, both the Board and the public have expressed an interest in beginning the Foundation's programs in the near future, at least with some smaller projects that can be accomplished in a short time frame.

At the August 24 Board meeting, Committee Chair Kraus reported on the Committee's deliberations, including a preliminary list of project concepts the Committee was developing for Board consideration. As Chair Kraus explained, the concepts are for projects that would be able to realize considerable progress by end of 2016 and would be funded out of the corpus of the restitution funds (vs. investment income). The Committee identified the following criteria for identifying project concepts:

- High visibility
- Relatively low cost
- Responsive to themes heard from community
- Clear examples of our program strategy
- Geographic considerations

On October 7, the Committee will present to the Board a list of six project *concepts* and request that the Board pass a resolution directing the Program Strategy Development Committee (with the support of the Executive Director) to research each of the options over the next several months. This Board action would approve *investigation* of the

# SAN BRUNO

## Community Foundation

### Memorandum

---

project concepts only, which may involve consultation with relevant City staff or entities, community organizations, and experts in the field, as appropriate. To the extent Advisory Committees may be useful in the development of these projects, the Committee ask the Board to create such Advisory Committees at a future Board meeting. If, after further research and deliberation, the Committee decides that a particular concept is a viable project for the Foundation to accomplish in 2016, it will return to the full Board by early 2016 with concrete proposals, including timeline, budgets, and guidelines, for consideration and approval.

The Committee's list of proposed project concepts falls into two categories:

#### 1. Foundation-Operated Programs

The first two project concepts are programs that would be developed and administered by the Foundation. The Foundation Board would have final decision-making authority to create these programs.

- Memorial scholarship: Create a significant scholarship program for post-secondary studies for San Bruno residents (likely high school seniors), in honor of the Crestmoor neighborhood. Such a scholarship would, with one of the Foundation's first programs, recognize the tragedy that led to the Foundation's establishment as well as reflect the community's desire to support educational opportunities for San Bruno's young adults. Research may include convening a group of local education leaders and experts, Crestmoor neighborhood residents, and other community members to discuss the appropriate criteria, guidelines, and monetary award for such a scholarship program.
- Community grants fund: Create a responsive grant-making program through which local community groups can apply for Foundation grants to support projects that benefit the San Bruno community, consistent with the focus areas identified in the Foundation's Program Strategy Framework. Such a fund would enable the Foundation to leverage work already being done to benefit the community and to invest in effective community organizations.

#### 2. Partnerships with the City of San Bruno

Four project concepts would involve facilities and programs of the City of San Bruno and require a close partnership with the City. Successful implementation of these projects would require the agreement of the City Council and significant support from City staff. In some cases, the City may also serve as a funding partner. Next steps in pursuing these projects would likely involve ongoing consultation with the City Council (starting on October 27, when the Council considers a package of Foundation-related

# SAN BRUNO

## Community Foundation

### Memorandum

---

matters), key City staff members, and, as appropriate, City commissions, boards, and committees.

- Facilities master plan: Partner with the City to underwrite the development of a master plan for the City's community facilities. Such a master plan would be undertaken with the assistance of an experienced architectural or construction firm, involve meaningful community engagement in the planning process, and result in a long-term blueprint for meeting the City's community facility needs. The master plan would provide meaningful guidance to the City in charting a course for addressing its community facility needs as well as to the Foundation in its consideration of which community facility projects it might want to support.
- Community Day sponsorship: Contribute to the sponsorship of the City's 2016 annual Community Day in the Park. Such support is consistent with the call for more events that bring the local community together that the Foundation heard in the Community Listening Campaign.
- Lighted crosswalks: Partner with the City to underwrite installation of lighted crosswalks at high-traffic locations on San Mateo Avenue and Cherry Avenue to increase pedestrian safety in the downtown and Bayhill areas, respectively. Improving safety through infrastructure improvements was a theme heard during the Community Listening Campaign.
- Community park development: Partner with the City to develop or improve small City park project(s) that are in need of immediate attention. Although most capital projects would benefit from the facilities master planning process, there may be some smaller park development projects that could be accomplished in the next year, and such timely attention would greatly benefit the community.

The Committee proposes that the total allocation for all near-term projects to be no more than \$1 million.

On October 7, I recommend that the Board adopt the attached resolution directing the Ad Hoc Committee on Program Strategy Development to research the six near-term project concepts listed above.

#### Attachments:

1. Resolution Directing the Executive Director and the Ad Hoc Committee on Program Strategy Development to Research Proposed Near-Term Project Concepts

## RESOLUTION NO. 2015-\_\_

### **RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION DIRECTING THE AD HOC COMMITTEE ON PROGRAM STRATEGY DEVELOPMENT TO RESEARCH NEAR-TERM PROJECT CONCEPTS**

**WHEREAS**, the San Bruno Community Foundation has adopted its Program Strategy Framework, providing the structure and outline of the Foundation's charitable programs;

**WHEREAS**, the Board of Directors seeks to begin using the restitution funds in 2016 to benefit the community by funding a group of smaller projects, while concurrently researching the viability of larger projects, including large-scale community facility capital projects;

**WHEREAS**, the Ad Hoc Committee on Program Strategy Development has outlined the following criteria for identifying near-term project concepts: high visibility; relatively low cost; responsive to themes heard from community; clear examples of the Foundation's program strategy; and geographic considerations;

**WHEREAS**, the Committee has identified six potential concepts for near-term projects for the Foundation to consider undertaking, in no particular order:

1. Memorial scholarship
2. Community grants fund
3. Facilities master plan
4. Community Day sponsorship
5. Lighted crosswalks
6. Community park development

**WHEREAS**, the first two concepts – creation of a memorial scholarship and creation of a community grants program – would be developed and administered by the Foundation;

**WHEREAS**, the other four concepts – facilities master plan, Community Day sponsorship, lighted crosswalks, and community park development – would involve facilities and programs of the City of San Bruno and require a close partnership with the City, including the agreement of the City Council and significant support from City staff;

**WHEREAS**, these project concepts require additional research before being developed into concrete project proposals with a budget, timeline, and guidelines; and

**WHEREAS**, the Committee has proposed that the total allocation for all near-term projects to be no more than \$1 million.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors directs the Ad Hoc Committee on Program Strategy Development to research the above-listed project concepts and, if the Committee decides that a particular concept is a viable project for the Foundation to undertake in 2016, to return to the full Board by early 2016 with concrete proposals, including timeline, budgets, and guidelines, for consideration and approval.

**RESOLVED FURTHER**, that, with regard to the four project concepts involving City of San Bruno facilities and programs, the Board of Directors directs the Ad Hoc Committee on Program Strategy Development to begin the research phase by presenting the project concepts to the City Council and key City staff and seeking their assistance in developing the concepts into concrete project proposals.

Dated: October 7, 2015

ATTEST:

---

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 7<sup>th</sup> day of October, 2015, by the following vote:

AYES:      Board members:

NOES:      Board members:

ABSENT:   Board members:

# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 1, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** 2015-2016 SBCF Revised Budget

Under our Bylaws, the Foundation's fiscal year runs from July 1 to June 30, and its annual budget must be approved by the San Bruno City Council. The Board of Directors approved the Foundation's 2015-2016 budget on May 21, 2015, and the City Council approved the budget on June 9, 2015.

When the budget was originally approved, the Foundation was just beginning its strategic planning process with the launch of the Community Listening Campaign. At that time, the Board indicated that it might revise the budget in the fall, once the Foundation developed its program strategy and began plans for the first round of grants and program expenditures.

With the Board considering approval of the Program Strategy Framework and the development of the first set of project concepts on October 7, now is the appropriate time for the Board to consider a revised budget. The revised budget also includes adjustments based on current information about income and operating expenses.

As I explained in May, I am guided by the principles of transparency and economy in developing and revising the budget. As prudent stewards of the restitution funds, we want to communicate our decisions and activities with the community and have accordingly provided ample budget to do so. At the same time, we will be cost-conscious in all categories of expenses and will add staff only once we have determined our programmatic and administrative needs and only to the extent necessary to meet those needs.

Below I briefly explain those budget line items that include changes in the revised budget. The revised budget currently projects income of \$69,678,944 and expenses of \$1,432,539, for a net surplus of \$68,246,605.

#### Income

- Restitution Funds: This line is being adjusted to reflect the August 31, 2015, balance of the restitution funds currently being held by the City of San Bruno. The original

# SAN BRUNO

## Community Foundation

### Memorandum

---

budget included the April 30, 2015, balance. The relatively minor change reflects the increase in market value of the custodial accounts between April and August.

#### Expenses

- Salaries & Wages: I have increased this line by \$50,000 to allow for the possible hiring of one additional staff member. If the Foundation begins implementation of a scholarship program and/or a community grants program (as being recommended by the Program Strategy Development Committee), I may decide that we need to hire an additional staff member, whose duties may include both administrative and program activities. This may be a part-time or full-time position, depending on the Foundation's needs. We may also be able to cover these additional duties by using an independent contractor. The line increase would allow me to hire a staff member at a full-time equivalent annual salary of \$75,000 as early as this November.
- Payroll Taxes & Benefits: The increase in this line reflects payroll taxes and benefits associated with the above-referenced potential staff member. Benefits include retirement plan contribution, life insurance, and vacation accruals.
- Grants & Assistance: This line now reflects the Program Strategy Development Committee's recommendation to allocate up to \$1 million for near-term projects.
- Office Equipment & Furniture: The \$1,000 increase in this line is to cover the cost of purchasing an additional computer and necessary software for a potential second staff member.
- Legal Fees: Legal fees related to vetting our Program Strategy Framework were greater than expected. I have added an additional \$10,000 to this line in the event that other unanticipated legal issues arise this year.
- Auditor & Payroll Fees: I increased this line by \$400 to account for the fees we have contracted to pay the accounting firm preparing the Foundation's audited financial statements and tax returns.
- Investment Consultant: In the event that the Ad Hoc Committee on Investment Strategy seeks expert assistance in evaluating proposals from investment management firms and I am unable to secure these services pro bono, I have budgeted \$15,000.
- Travel, Meetings & Conferences: The move to the San Bruno Senior Center for board meetings has resulted in an increase in meeting-related costs. The increase in this line includes the room rental fees and the costs associated with audio-

# SAN BRUNO

---

## Community Foundation

### Memorandum

---

recording or televising Board meetings, which the Board will discuss on October 7. The increase allows for the Board to begin televising meetings in November.

The proposed changes total \$1,096,765 in additional expenses, including \$1 million in grant support for near-term projects. The \$1 million in grants and assistance represents 70% of total expenses, which demonstrates, even at such an early stage, that the Foundation is operating very efficiently in terms of overhead. Of the remaining increase in expenses, nearly two-thirds is associated with the possible hiring of an additional staff member.

I recommend that the Board adopt the attached resolution approving the 2015-2016 revised budget. Upon approval, the revised budget will be forwarded to the San Bruno City Council, for consideration at its October 27, 2015, meeting.

#### Attachments:

1. Resolution Approving 2015-2016 Revised Budget
2. 2015-2016 Revised Budget



**RESOLUTION NO. 2015-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
APPROVING THE 2015-2016 REVISED BUDGET**

**WHEREAS**, the San Bruno Community Foundation's current fiscal year began on July 1, 2015;

**WHEREAS**, the Foundation's 2015-2016 budget was approved by the Board of Directors on May 21, 2015, and by the San Bruno City Council on June 9, 2015;

**WHEREAS**, at the time the Board approved the 2015-2016 budget, it indicated that it might revise the budget in the fall, once the Foundation developed its program strategy and began plans for the first round of grants and program expenditures;

**WHEREAS**, the Foundation Board of Directors has adopted the Program Strategy Framework and approved investigation of a number of near-term projects for implementation in 2016; and

**WHEREAS**, the Foundation also has better visibility as to its expected expenses in 2015-2016 and has produced an updated budget for the current fiscal year;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves the 2015-2016 revised budget, which is attached as Exhibit A.

**FURTHER BE IT RESOLVED** that the Board of Directors directs the Executive Director to submit the revised budget, which is attached as Exhibit A, to the San Bruno City Council for consideration and approval.

Dated: October 7, 2015

ATTEST:

---

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 7<sup>th</sup> day of October, 2015, by the following vote:

AYES:      Board members:

NOES: Board members:

ABSENT: Board members:

## EXHIBIT A

# SAN BRUNO

## Community Foundation

### 2015-2016 Proposed Revised Budget

	Approved	Proposed	Revised
INCOME	<u>2015-16 Budget</u>	<u>Changes</u>	<u>2015-16 Budget</u>
1 Restitution Funds	\$ 69,627,458	\$51,486	\$ 69,678,944
2 Interest Income	200	-	200
<b>3 Total Income</b>	<b>69,627,658</b>	<b>51,486</b>	<b>69,679,144</b>
<b>EXPENSES</b>			
4 Salaries & Wages	175,000	50,000	225,000
5 Payroll Taxes & Benefits	25,191	13,365	38,556
<b>6 Subtotal Personnel</b>	<b>200,191</b>	<b>63,365</b>	<b>263,556</b>
7 Grants & Assistance	-	1,000,000	1,000,000
8 Occupancy	11,050	-	11,050
9 Insurance	16,799	-	16,799
10 Telecommunications	2,856	-	2,856
11 Postage & Shipping	4,187	-	4,187
12 Marketing & Communications	15,500	-	15,500
13 Office Supplies	2,760	-	2,760
14 Office Equipment & Furniture	3,300	1,000	4,300
15 Legal Fees	20,000	10,000	30,000
16 Auditor & Payroll Fees	7,381	400	7,781
17 Investment Consultant	-	15,000	15,000
18 Other Consultants	45,750	-	45,750
19 Travel, Meetings & Conferences	3,000	7,000	10,000
20 Miscellaneous	3,000	-	3,000
<b>21 Subtotal Non-Personnel</b>	<b>135,583</b>	<b>1,033,400</b>	<b>1,168,983</b>
<b>22 Total Expenses</b>	<b>335,774</b>	<b>1,096,765</b>	<b>1,432,539</b>
<b>23 Net Surplus</b>	<b>\$ 69,291,884</b>	<b>\$ (1,045,279)</b>	<b>\$ 68,246,605</b>

# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** October 1, 2015

**TO:** Board of Directors, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Discussion Regarding Televising Foundation Board Meetings

On August 24, 2014, the Board of Directors changed the date and location of its regular meetings to 7:00 p.m. on the first Wednesday of the month at the San Bruno Senior Center, 1555 Crystal Springs Road. The Board adopted this change to accommodate a larger audience at its meetings.

In the spirit of transparency, openness, and community engagement, the Foundation has received queries from Board members and members of the public about the possibility of televising Foundation Board meetings on San Bruno Cable Channel 1. The Senior Center is one of only two locations in San Bruno from which San Bruno Cable is able to broadcast live.

Starting with the October 7 meeting, the Foundation will pay rental and staff fees of \$67 per hour to use the Senior Center on a regular basis. It currently costs about \$350 for San Bruno Cable to audiotape each meeting, which we have arranged to ensure that we have an accurate account of our proceedings. Due to additional set-up requirements, the cost charged by San Bruno Cable would increase to \$500 or \$750 (depending on the length of the meeting) if the Board were to start televising meetings. With monthly meetings, over a year the cost of holding televised meetings could range between \$8,400 and \$12,000 (vs. approximately \$6,600 for audiotaped meetings).

Given the not insignificant costs associated with televising Board meetings, I would like to get input from the Board and the community about this topic at the October 7 Board meeting. While the Foundation is committed to openness and transparency, we also want to be prudent fiscal stewards. At the meeting, the Board will discuss the pros and cons of televising the meetings and seek feedback from the public in attendance, with the possibility of the Board taking formal action on this matter at an upcoming meeting.