

# SAN BRUNO

## Community Foundation

### *Board of Directors*

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

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## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

### Special Meeting of the Board of Directors

January 6, 2016  
6:00 p.m.

#### Meeting Location:

**San Bruno Senior Center Library, 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. 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.

- 4. Closed Session:** Public Employee Performance Evaluation Pursuant to Government Code section 54957: Executive Director

#### 5. Adjourn

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## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

### Regular Meeting of the Board of Directors

**January 6, 2016**

**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:** November 18, 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. Adopt Resolution Ratifying Officers for 2016
- b. Receive and Approve Treasurer's Report (November 2015 Financial Statements)

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

- a. Adopt Resolution Creating and Appointing Members to Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions

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- b. Receive Report from Ad Hoc Committee on Financial Internal Controls and Adopt Resolution Adopting Revised Fiscal Policies and Procedures
  - c. Receive Report of the Ad Hoc Committee on Investment Strategy, Including Review of Request for Proposals for Investment Management Services
  - d. Receive Report from Ad Hoc Committee on Foundation Program Development, Including Creation of Crestmoor Neighborhood Memorial Scholarship Program
  - e. Receive Report from the Ad Hoc Committee on Program Strategy Development and Adopt Resolution Approving Proposals to the San Bruno City Council Related to (1) San Bruno's Community Facilities Vision Plan, (2) Community Day Sponsorship, (3) Lighted Crosswalks and Other Pedestrian Safety Measures in the Bayhill and Downtown Areas, and (4) Development of a New Community Park at 324 Florida Avenue
- 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**

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## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Special Meeting of the Board of Directors

**November 18, 2015**

**7:00 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 7:00 p.m.
2. **Roll Call:** Board Members Kraus, McGlothlin, Cohn, Roberts, Bohm, and Hedley present. Board Member Stanback Stroud excused.
3. **Approval of Minutes:** November 4, 2015, Regular Board Meeting: Vice President McGlothlin moved to approve the minutes of the November 4, 2015, Regular Board Meeting, seconded by Board Member Bohm, approved unanimously (Board Member Hedley abstained).
4. **Board Member Comments**
  - a. **President:** President Kraus acknowledged the expertise that the Board has brought to the Foundation and the major accomplishments of the past two years, including hiring an Executive Director, setting up administrative and financial processes to become a full-fledged operating nonprofit, conducting a successful Community Listening Campaign, developing a cost-modeling tool, moving to a new Board meeting venue to accommodate more community members, and completing a successful annual audit. She announced that the City Council has reappointed Board Members Stanback Stroud, Bohm, and Hedley to new four-year terms.
  - b. **Others:** Vice President McGlothlin informed the Board that the Annual Report of Financial Interests is due in March of 2016 and there will be a new form available in January.

Secretary Roberts thanked President Kraus for the thorough recap of the past two years and expressed her appreciation for being able to serve with this group on behalf of the San Bruno Community.

Board Member Hedley thanked the Council for his reappointment and said that he looks forward to his continued service over the next four years.

# SAN BRUNO

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**5. Executive Director's Report:** Executive Director Hatamiya shared that the Foundation's federal and state tax returns were completed and filed by the November 15 deadline. She also expressed her appreciation for Accounting Consultant Frank Bittner and reported that to ensure no disruption in his services, she has executed a new one-year contract with him to start December 1, 2015, with terms very similar to his original contract.

### **6. Consent Calendar**

- a. Adopt Resolution Canceling December 2, 2015, Regular Board Meeting
- b. Adopt Resolution Ratifying Creation of and Appointments to Ad Hoc Committee on Financial Internal Controls
- c. Receive and Approve Treasurer's Report (October 2015 Financial Statements)

Board Member Hedley moved to accept the Consent Calendar as presented, seconded by Vice President McGlothlin, approved unanimously.

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

- a. Election of Officers for 2016: Discussion and Election

Vice President McGlothlin proposed the item be tabled to allow time for discussion to establish a process and as a courtesy to Board Member Stanback Stroud. President Kraus commented that there is a good chance that Board Member Stanback Stroud will not attend the January Board meeting.

Board Member Hedley said Board Member Stanback Stroud would be an important contributor to the process discussion but that she does not want to be an officer, and that he believes the Board can proceed with the election this evening. He said he likes the idea of keeping the current officers to maintain continuity over the next year and during that time take the opportunity to discuss a process for future officer selections. Board Member Bohm agreed with having the existing team go forward and stated that if she were nominated to be an officer, she would decline. Board Member McGlothlin said that one role of the Board is to build the organization and to do that he prefers a system where Board members have the opportunity to grow in different positions. He said he was not seeking the presidency or the vice presidency for the upcoming year.

When President Kraus opened the floor to comments from the public, Barry Marquardt said that he has been coming to Foundation meetings from the beginning, that he thinks the current officers are doing a remarkable job and setting the tone for how things are done down the road, and that since the Board is at a very important point in the process, it may not be the best time to change the current leadership.

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Board Member Hedley nominated Nancy Kraus for President, seconded by Board Member Bohm, approved unanimously.

Board Member Hedley nominated John McGlothlin for Vice President, seconded by President Kraus. Vice President McGlothlin declined the nomination.

President Kraus nominated Frank Hedley for Vice President, seconded by Secretary Roberts, approved unanimously.

Board Member Bohm nominated Emily Roberts for Secretary, seconded by President Kraus, approved unanimously.

Board Member Hedley nominated Ben Cohn for Treasurer, seconded by President Kraus, approved unanimously.

Board Member Hedley suggested putting on the agenda at a future Board meeting a discussion of the officer election process.

Vice President McGlothlin stated that he is happy with the changes and appreciates the new member on the Executive Committee.

b. Receive Report on San Bruno City Council Actions Related to the San Bruno Community Foundation

Executive Director Hatamiya reported that the San Bruno City Council, at its November 10, 2015, Regular Meeting, considered five items related to the San Bruno Community Foundation: approval of amendments to the Foundation's 2015-2016 budget; approval of the Foundation's Restated Articles of Incorporation; approval of the Foundation's Program Strategy Framework; appointment of three Board members for four-year terms; and receipt of report and providing direction regarding near-term project concepts. She reported that the City Council unanimously passed resolutions approving the first three items. She said that the Council also unanimously appointed Board Bohm, Hedley, and Stanback Stroud to new four-year terms on the Foundation Board. Finally, she reported that the City Council gave City staff direction to work with the Foundation on the development of four near-term projects the Foundation has proposed: facilities master plan; Community Day sponsorship; lighted crosswalks and other pedestrian safety measures; and community park development.

Vice President McGlothlin moved to receive the report on San Bruno City Council actions related to the San Bruno Community Foundation, seconded by Board Member Bohm, approved unanimously.

c. Receive Report from Ad Hoc Committee on Program Strategy Development and Approve Resolution Establishing Strategic Grantmaking Priority Areas and Giving

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### Direction to the Ad Hoc Committee on Investment Strategy Regarding Quasi-Endowment

Executive Director Hatamiya explained the background for this agenda item: For the Foundation to take possession of the restitution funds, the Board needs to select an investment management firm and draft an investment policy, and to do both items, a key question facing the Board is whether it wants to treat any portion of the funds as a quasi-endowment to be invested utilizing a long-term investment strategy. She then presented the two-part recommendation of the Ad Hoc Committee on Program Strategy Development, which was unanimously endorsed by the three-person Committee.

First, she stated that the Committee recommends setting a preliminary quasi-endowment of \$15 million, which would allow up to \$55 million to be spent on programs and operations over the next seven to ten years. She explained that the Committee came to this recommendation after considering the overwhelming demand for an investment in the City's aging community facilities during the Community Listening Campaign. She explained that the \$55 million not set aside in the quasi-endowment would allow the Foundation to fund at least several of the capital projects. She said that the Committee looked at larger quasi-endowment options that would have a larger investment income stream, but was concerned that such options would severely limit the Foundation's ability to address the community facility needs that were so clearly voiced in the Listening Campaign. She also explained that the Committee's recommendation gives the Foundation the flexibility to spend up to \$55 million on strategic priorities, but that if the Foundation ultimately spends less, it would be able to shift additional funds to the quasi-endowment at a later time. She reported that once the Foundation expended the \$55 million in principal, it would have several options for the remaining \$15 million.

Second, she stated that the Committee recommends identifying a small list of capital and non-capital strategic grantmaking priorities and directing staff to begin discussions with the relevant community partners to explore these priorities and develop funding proposals. She reminded the Board of the three-bucket program strategy approach outlined in the Program Strategy Framework, by which the Foundation will undertake three categories of program activities: (1) strategic grantmaking; (2) responsive grantmaking; and (3) non-grantmaking Foundation programs.

She reported that the Committee outlined six criteria for identifying a list of priorities for the Foundation's strategic grantmaking bucket (the programs and project areas where the Foundation will proactively pursue partners and solutions and which will receive the lion's share of the Foundation's program funding): brings added benefits and amenities to the San Bruno community; broad community benefits, affecting large segments of the community; high visibility; responsive to community input received during Community Listening Campaign; high impact; and not part of current plans/City priorities.

She reported that against these criteria and given the input from the Listening Campaign, the Committee recommends the following strategic grantmaking priorities (in no particular order):

# SAN BRUNO

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### Capital Project Priorities

- Upgraded library/community center
- Year-round swimming pool
- Upgraded recreation center
- Athletic field improvements
- Park improvements

### Other Priorities

- Education
- Social and human services
- Citywide beautification efforts
- Community-building

Hatamiya explained that approval of the priority list would direct staff to begin discussions with the relevant community partners to develop concrete proposals, including budget and timeline, for the Board to consider funding. She also pointed out that items not on this priority list could still be supported by the Foundation's program activities, such as through the community grants program the Foundation is developing.

Board Member Bohm shared that she was initially leaning more toward a larger quasi-endowment, but she now sees the advantage of spending down more of the principal as proposed. She said that the facilities master plan may reveal that some of the facilities may need a renovation rather than a complete rebuilding. She also said she looks forward to the creation of the community grant program and memorial scholarships for San Bruno youth and hopes that the Foundation will be able to continue these programs over the long term.

Vice President McGlothlin stated that he likes the proposed plan and believes the time has come for the Board to make some grant decisions. He said he had reviewed the recording of the November 10 City Council meeting, where one Councilmember encouraged the Foundation to consider community college graduates for the scholarship program, some Councilmembers expressed concern about a facilities master plan slowing down the Foundation's process, and others mentioning that some items on the near-term project list may be candidates for outside grant funding. He also suggested that it may be beneficial to have a joint meeting with the City Council to allow Councilmembers to participate in this discussion.

Secretary Roberts said she favored more of a hybrid model at the last meeting, but that she largely supports the proposed plan. She expressed concerns that a \$15 million quasi-endowment would eventually leave the Foundation with an investment income stream only able to support a part-time employee, which would hinder the Foundation's ability to do meaningful work going forward, and proposed a \$20 million quasi-endowment target. She also suggested creating a process for an annual review of the quasi-endowment target.



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Treasurer Cohn said that he was likely the strongest advocate for a large quasi-endowment when the Board was first formed, but that he has moved from that position after hearing from the community. He reminded the Board that there are other mechanisms for the City to fund capital projects and that the Foundation might want to use its funds to fund programs that are more difficult to fund with public funds. He acknowledged that capital projects seem more exciting, but being conservative is important. He said he would feel more comfortable identifying a project and basing the expenditure amount on that one project. He suggested a larger quasi-endowment amount of \$30 million.

Board Member Hedley said he learned a lot sitting on this Committee. He said he originally shared Treasurer Cohn's view regarding the size of a quasi-endowment but that his view has shifted. He said the more money that is put into a quasi-endowment, the result is a greater market risk. He also said that the projects that the community has asked for are construction projects, and that construction costs increase the longer one waits to do them. He reminded the Board that this is not a final decision to fund the capital projects but instead is giving the Executive Director direction to discuss the projects with the City. He also noted that other funding sources may lower the Foundation's contribution to the projects.

President Kraus said that she previously favored an endowment larger than \$15 million, but that after the Community Listening Campaign, she felt the need to be responsive to what the Foundation heard from the community and moved in the direction of the Committee's recommendation. She mentioned that it may be difficult to find other funders to partner with the Foundation and the City if the Foundation retains a large endowment. She emphasized that the priorities recommended by the Committee would benefit the entire community and that future boards would be able to determine what to do with the \$15 million quasi-endowment while this Board is responsive to what it heard from the community in 2015.

Treasurer Cohn said that during the Community Listening Campaign there was support for a quasi-endowment. He stated that the best way the Foundation can make long-term change is by funding education for generations to come.

In calling for comments from the public, President Kraus read a letter from City Councilmember Irene O'Connell, who was unable to attend the meeting. The letter said that she endorsed the committee's recommendation and, while campaigning, personally heard community members express support for a library, a year-round pool, and broadband fiber optic to the home.

Several members of the public also spoke. Barry Marquardt said that he appreciated Treasurer Cohn's remarks, but that it is easier to put more money into a quasi-endowment at a later time than to take it out, so the Committee's recommendation provides the Foundation with flexibility. Lonnie Sopko mentioned that the American Legion has asked the Foundation for funding and the Committee recommendation would benefit his group, but that he believes that 50/50 split would better benefit the entire community. President Kraus clarified for the public that, while the American Legion had submitted a request, it was and remains premature until the grantmaking guidelines are established in 2016 and that a proposal could be resubmitted at that time.

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Secretary Roberts expressed concern that taking on multiple large projects in the early years seems very generous on the front end and shortchanges the future. She said the Board needs to think about what the Foundation can take on in a thoughtful way because it will be difficult to put money back in the endowment later.

President Kraus clarified that the Foundation would not be taking on the capital projects, but instead working in partnership with the City; they would be the City's projects.

Vice President McGlothlin stated his support for the Committee's recommendation for a smaller quasi-endowment. He said he supported Mr. Marquardt's comment that the Board can always put more in the quasi-endowment at a later time. He expressed concern about a facilities master plan taking a year to complete because San Bruno has many major and immediate community facility needs. He said he understands that a larger quasi-endowment would be nice to have, but he is more concerned about doing concrete things for the City now.

Board Member Hedley stressed his desire for the Board to quickly give direction so that the Executive Director has the ability to gather information and work with the City so that the Foundation can move these projects forward.

Treasurer Cohn reiterated his belief that identifying a project to determine the quasi-endowment target makes more sense to him, as the \$15 million figure is arbitrary.

Executive Director Hatamiya said that there is a rationale behind the Committee's quasi-endowment recommendation. She explained that the Committee wanted the Foundation to be able to support more than one major capital project and that the \$55 million strategic grantmaking target would likely allow for either the library or recreation center, along with a pool and park and athletic field renovations.

Board Member Bohm moved to approve the resolution establishing strategic grantmaking priority areas and giving direction to the Ad Hoc Committee on Investment Strategy regarding quasi-endowment, amended to include a provision requiring the creation of an annual review process of the quasi-endowment amount, seconded by Vice President McGlothlin, approved unanimously.

### **8. Public Comment**

Ray Levinson stated his preference that the City, rather than the Foundation, should be taking care of capital improvements, and that all of the restitution funds should be put into a quasi-endowment. He said that he is supportive of scholarships, broadband improvements, and a solar rebate program. He encouraged the Board to be bold in its grantmaking.

President Kraus thanked Vice President McGlothlin for his two years of service and leadership as Vice President.

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**10. Adjourn:** Secretary Roberts moved to adjourn the meeting at 8:37 pm, seconded by Vice President McGlothlin, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of January 6, 2016, by Secretary Emily Roberts and President Nancy Kraus.

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Emily Roberts, Secretary

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Nancy Kraus, President

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Executive Director's Report

Since the November 18, 2015, special Board meeting, I have spent the vast majority of my time supporting the committees charged with researching and developing the near-term project proposals, developing the request for proposals for investment management services, and revising the Fiscal Policies and Procedures, all of which will be covered in during the business portion of the January 6, 2016, regular Board meeting.

In addition, I have continued to work on various projects related to the Foundation's administrative, corporate governance, and community outreach needs, including:

1) Community Outreach

a. Thrive

In late November, I signed the Foundation up to become a nonprofit member of Thrive, a network of 230 nonprofit, business, government organizations, and community leaders who are working together to improve the quality of life in San Mateo County by bolstering the nonprofit sector. Thrive provides many opportunities to network with other nonprofit leaders in the county, which may prove useful as we begin to partner with other organizations to implement our projects and programs. I recently met with Porcia Chen Silverberg, Thrive's Executive Director, to give her an update on the Foundation's progress.

b. City Council Swearing-in Ceremony

On December 8, I represented the Foundation at the City Council meeting at which Mayor Jim Ruane, Councilmember Irene O'Connell, and incoming Councilmember Marty Medina were sworn into office. Thank you to Board member Pat Bohm and Treasurer Ben Cohn, who also attended.

c. San Mateo County Oral Health Strategic Plan Retreat

In December, at the invitation of First 5 San Mateo County staff member and Foundation Board member Emily Roberts, I participated in the San Mateo County Oral

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## Community Foundation

### Memorandum

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Health Coalition's Strategic Planning Retreat. This meeting was a helpful opportunity to learn about an underappreciated area of health care and to meet leaders involved in dental health from throughout the county.

#### 2) Banking Matters

The Foundation's Wells Fargo payroll checking account had been a "platinum," interest-bearing account that came with a high minimum balance requirement to avoid a \$40 monthly service fee. Given that the interest the Foundation made on the account had been minimal (less than \$9 total all year), I concluded that there was little benefit to the platinum status and that a non-interest-bearing account with a lower monthly minimum and a lower monthly service fee (\$14) if the Foundation were to dip under the minimum would be a better fit for the Foundation's needs. As a result, in December I switched the payroll account to a "gold" level account similar to the main checking account.

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Consent Calendar for the January 6, 2016, Regular Board Meeting

For the January 6, 2016, Regular Meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes two items related to administrative and operational functions of the Foundation:

1. Resolution Ratifying Officers for 2016

As documented in the minutes, on November 18, 2015, the Board discussed the election process and took nominations for each office individually.

With separate votes for each office, the Board elected the Foundation's officers for 2016, as follows:

President: Nancy Kraus  
Vice President: Frank Hedley  
Treasurer: Ben Cohn  
Secretary: Emily Roberts

I recommend the Board ratify by resolution the election results for the 2016 officers.

2. Receive and Approve Treasurer's Report (November 2015 Financial Statements)

The November 2015 financial statements consist of a Budget Report and Balance Sheet. The attached Budget Narrative provides a thorough explanation of the financial statements. The Budget Report includes the revised budget figures approved at the October 7 Board meeting.

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

Attachments:

1. Resolution Ratifying Officers for 2016
2. November 2015 Financial Statements

**RESOLUTION NO. 2016-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
RATIFYING OFFICERS FOR 2016**

**WHEREAS**, the Bylaws of the San Bruno Community Foundation provide that officers should be elected annually;

**WHEREAS**, at a Special Meeting on November 18, 2015, nominations were taken for the offices of President, Vice President, Treasurer, and Secretary; and

**WHEREAS**, the Foundation Board of Directors voted unanimously to appoint the following officers for 2016:

President: Nancy Kraus  
Vice President: Frank Hedley  
Treasurer: Ben Cohn  
Secretary: Emily Roberts

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors ratifies the results of the Board election of 2016 officers held on November 18, 2015, as follows:

President: Nancy Kraus  
Vice President: Frank Hedley  
Treasurer: Ben Cohn  
Secretary: Emily Roberts

Dated: January 6, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 6<sup>th</sup> day of January, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:



# SAN BRUNO

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## Community Foundation

**November 2015**

### **Budget Narrative**

This report primarily describes amounts in column a (Actual Year to Date) of the monthly Budget Report. When projections vary from Budget (column b), the changes will be reflected in columns d (Final Expected Amount) and e (Change in Budget), and also be explained. First five months equal 42% of the fiscal year.

### **INCOME**

**Line 1 Restitution Funds** – Nothing received from the City of San Bruno as of November 30. However, on December 3, \$206,000 was received. Transfer of approximately \$69.5 million expected in spring 2016.

**Line 2 Interest & Investment Income** – Minimal earnings (\$11) from Wells Fargo accounts.

### **EXPENSES**

**Line 4 Salaries & Wages** – Executive Director continues as only employee. Revised budget anticipated additional employee as of November 1.

**Line 5 Payroll Taxes & Benefits** – Year to date costs (\$9,811) include: Social Security/Medicare (\$3,883); Workers' Compensation Insurance (\$765); accrued Paid Time Off (\$1,400); Retirement (\$3,646); and life insurance (\$117).

**Line 7 Grants & Assistance** – No grants & assistance have been awarded. Revised budget includes \$1 million to be awarded by June 30, 2016.

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

**Line 9 Insurance** – Year to date actual (\$6,893) is for: Directors & Officers (D&O) coverage (\$5,353); crime coverage (\$1,135); and package non-profit liability coverage (\$405). These are monthly amounts that will be recorded every month regardless of when premiums are paid. A fiduciary liability rider related to retirement plan coverage will be needed when the D&O policy is renewed.

**Line 10 Telecommunications** – Year to date cost (\$538) includes cell phone account (\$317), and internet access (\$221). Cost is well below budget because budget includes projected cost for land line and new website.

**Line 11 Postage & Shipping** – \$140 year to date cost is only 3.3% of budget. The budget includes cost for one city-wide mailing.

**Line 12 Marketing & Communications** – Only \$7 spent on this line item. Costs more likely when programs become more specifically planned.

**Line 13 Office Supplies** – Total (\$521) includes: four toner cartridges (\$328); Accounting software fees (\$119); and miscellaneous supplies (\$74).

**Line 14 Office Equipment & Furniture** – Total cost (\$1,701) is for: file cabinet (\$817); projector (\$436); stackable chairs (\$246); and table (\$202).

**Line 15 Legal Fees** – Total cost of \$12,337 for review of: planned program policies and framework; IRS classification issues; and amendment to Articles of Incorporation.

**Line 16 Auditor & Payroll Fees** – Total cost (\$6,689) includes audit (\$6,000) and payroll (\$689) fees. Audit fees, paid in full for the year, are \$300 less than amount budgeted.

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

**Line 18 Other Consultants** - Total costs (\$24,891) include \$15,224 for sample project cost modeling, \$7,952 for Accounting consultant, and \$1,715 for creation of retirement plan.

**Line 19 Travel, Meetings & Conferences** – Total cost (\$2,355) is almost entirely for Board meetings, including \$1,481 for audio recording and \$809 for Senior Center facility rent.

**Line 20 Miscellaneous** – Cost (\$520) is for organizational membership (\$350) and various governmental filing and bank fees (\$170).

## **SUMMARY**

Two expense line items (Auditor & Payroll Fees; and Other Consultants) are over the 42% benchmark for the first five months of the year. This report incorporates the revised budget as approved by the Board and City Council.

- Auditor & Payroll Fees are over budget by 44%. This variance exists only because audit fees have been paid in full for the year. Costs should be within budget by year-end.
- The Other Consultant variance (12.4%) is caused by \$15,224 expense for cost modeling. That represents nearly half the amount that was budgeted for costs other than Accounting consultant. Accounting consultant cost is also over budget as first part of the year included budget revision, audit preparation, audit and tax return review activities, and Fiscal Policies & Procedures manual updating. This variance should also continue to decline.

Because the revised budget includes \$1 million for estimated amount of SBCF's initial Grants & Assistance, first five month expenses are only 10% of budget. After removing the \$1 million, year to date costs are 33% of budget, which is 9% less than the benchmark for November and mostly reflects the as yet unused budget allocation for a second employee.

# SAN BRUNO

## Community Foundation

### November 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	\$ -	\$ 69,678,944	0.0%	\$ 69,678,944	\$ -
2 Interest & Investment Income	11	200	5.5%	200	-
3 <b>Total Income</b>	11	69,679,144	0.0%	69,679,144	-
<b>EXPENSES</b>					
4 Salaries & Wages	72,917	225,000	32.4%	225,000	-
5 Payroll Taxes & Benefits	9,811	38,556	25.4%	38,556	-
6 <b>Subtotal Personnel</b>	82,728	263,556	31.4%	263,556	-
7 Grants & Assistance	-	1,000,000		1,000,000	-
8 Occupancy	4,547	11,050	41.1%	11,050	-
9 Insurance	6,893	16,799	41.0%	16,799	-
10 Telecommunications	538	2,856	18.8%	2,856	-
11 Postage & Shipping	140	4,187	3.3%	4,187	-
12 Marketing & Communications	7	15,500	0.0%	15,500	-
13 Office Supplies	521	2,760	18.9%	2,760	-
14 Office Equipment & Furniture	1,701	4,300	39.6%	4,300	-
15 Legal Fees	12,337	30,000	41.1%	30,000	-
16 Auditor & Payroll Fees	6,689	7,781	86.0%	7,781	-
17 Investment Consultant	-	15,000		15,000	-
18 Other Consultants	24,891	45,750	54.4%	45,750	-
19 Travel, Meetings & Conferences	2,355	10,000	23.6%	10,000	-
20 Miscellaneous	520	3,000	17.3%	3,000	-
21 <b>Subtotal Non-Personnel</b>	61,139	1,168,983	5.2%	1,168,983	-
22 <b>Total Expenses</b>	143,867	1,432,539	10.0%	1,432,539	-
23 <b>Net Surplus/(Loss)</b>	\$ (143,856)	\$ 68,246,605	-0.2%	\$ 68,246,605	\$ -

# SAN BRUNO

## Community Foundation

### Statement of Financial Position as of November 30, 2015

#### ASSETS

Cash, Wells Fargo General	\$ 2,774.25	
Cash, Wells Fargo Payroll	8,558.04	
Cash, Wells Fargo Savings	30,020.47	
<b>Total Cash</b>		41,352.76
Accounts Receivable	40.00	
Prepaid Expenses	5,527.81	
<b>Total Other Current Assets</b>		5,567.81
Deposits	1,520.45	
<b>Total Other Assets</b>		1,520.45
<b>TOTAL ASSETS</b>		<u>\$ 48,441.02</u>

#### LIABILITIES & NET ASSETS

##### **LIABILITIES**

Accounts Payable	7,388.26	
Accrued Expenses	663.44	
Accrued Employee PTO	7,007.25	
<b>Total Liabilities</b>		15,058.95

##### **NET ASSETS**

Unrestricted, 7/1/2015 Balance	177,237.78	
Year to Date Net Income	(143,855.71)	
<b>Total Net Assets</b>		33,382.07
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>		<u>\$ 48,441.02</u>

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Creation of Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions

In creating the San Bruno Community Foundation, the San Bruno City Council drafted and adopted the Foundation's Bylaws in 2013. The Foundation's Board of Directors approved various corporate governance policies, including a conflict of interest policy, a document retention policy, and a whistleblower policy, in 2014.

Since the Bylaws and corporate governance policies were adopted, the Foundation has undergone a significant transformation. It is now a fully functioning nonprofit organization with its own staff, office, and bank accounts, and it has developed its program strategy and is in the process of considering its first set of program grants. In addition, in 2015 the Foundation amended, with the approval of the City Council, the Foundation's Articles of Incorporation to ensure that they are in compliance with nonprofit tax law.

Now seems to be the appropriate time to do a review of the Bylaws and corporate governance policies. As we have referenced the Bylaws over the past year, both City Attorney Marc Zafferano and I have noticed provisions that need to be clarified, corrected, or revised to reflect current operations. In particular, the Bylaws should be revised to reflect the technical changes in the Articles of Incorporation. The corporate governance policies need similar review. For example, the conflict of interest policy does not apply to the Executive Director, presumably because the Foundation had no staff at the time the policy was drafted, but it would be prudent for the Executive Director to be subject to the same conflict of interest standards as the Board.

I recommend that the Board approve the attached resolution creating an Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions. I also recommend that President Nancy Kraus and Board Member Regina Stanback Stroud be appointed to the Committee.

The Committee's duties will conclude once the Committee has reviewed the Bylaws and corporate governance policies and submitted any recommendations for revisions to the Board for approval.

# SAN BRUNO

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## Community Foundation

### Memorandum

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Attachment:

1. Resolution Creating and Appointing Members to Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions

**RESOLUTION NO. 2016-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
CREATING AND APPOINTING MEMBERS TO AD HOC COMMITTEE ON BYLAWS  
AND CORPORATE GOVERNANCE POLICY REVISIONS**

**WHEREAS**, the Bylaws of the San Bruno Community Foundation were drafted and adopted by the San Bruno City Council in 2013;

**WHEREAS**, the Board of Directors approved corporate governance policies, including conflict of interest, document retention, and whistleblower policies, in 2014;

**WHEREAS**, in 2015 the Foundation Board appointed the first Executive Director, and the Foundation began functioning as an independent and operational nonprofit organization;

**WHEREAS**, also in 2015 the Foundation Board and City Council approved Restated Articles of Incorporation for the Foundation; and

**WHEREAS**, it is advisable, given the amendments to the Articles of Incorporation and the transition to a fully functioning nonprofit organization, for the Foundation Board to review the Bylaws and various corporate governance policies and recommend revisions that reflect the Foundation's current state of operations.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors hereby creates an Ad Hoc Committee charged with reviewing and recommending revisions to the Foundation's Bylaws and corporate governance policies and appoints President Nancy Kraus and Board Member Regina Stanback Stroud as committee members.

Dated: January 6, 2016

ATTEST:

---

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 6<sup>th</sup> day of January, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:



# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Financial Internal Controls and Approval of Revised Fiscal Policies and Procedures

In February, the Foundation's Board of Directors approved a series of resolutions to set up the Foundation's banking services and begin to carry out some of the necessary administrative and operational functions. At the same time, the Board created an ad hoc committee (consisting of Treasurer Ben Cohn, then-Vice President John McGlothlin, and Board Member Pat Bohm) to draft a set of fiscal policies and procedures to set forth the Foundation's internal financial controls and ensure compliance with applicable regulatory standards. On March 19, the Board approved the Fiscal Policies and Procedures document that the Committee drafted.

In his November report to the Board presenting the Foundation's 2014-2015 audited financial statements, Lance Smith of Novogradac & Company, the certified public accounting firm hired to conduct the audit, shared his recommendations to strengthen internal controls, which came out of his discussion with the Audit Committee and Foundation staff at the conclusion of the audit process. He made two specific suggestions to increase the Treasurer's oversight involvement, one that the Accounting Consultant have direct access to the Treasurer to flag any questions or irregularities, and one that the Treasurer sign off on the bank statement reconciliations.

In response to the auditor's recommendations, the Board appointed Treasurer Cohn, then-Vice President McGlothlin, and Board Member Bohm to a new Ad Hoc Committee on Financial Internal Controls charged with considering the auditor's internal control suggestions, reviewing the Foundation's Fiscal Policies and Procedures manual, and recommending to the Board any changes to that manual to improve the Foundation's financial internal controls.

Chaired by Ms. Bohm, the Committee has done a thorough vetting of the Fiscal Policies and Procedures manual and now presents the revised Fiscal Policies and Procedures to the Board for approval.

As a reminder to the Board, consistent with nonprofit financial management best practices and California State ethics standards for local agencies, the Fiscal

# SAN BRUNO

## Community Foundation

### Memorandum

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Policies and Procedures are designed to:

- Protect the Foundation's assets;
- Ensure the maintenance of accurate records of the Foundation's financial activities;
- Provide a framework for the Foundation's financial decision-making;
- Establish operating standards and behavioral expectations;
- Serve as a training resource for staff; and
- Ensure compliance with federal, state, and local legal and reporting requirements.

The document is organized into six sections, representing the significant components of a financial management system: Accounting Procedures, Internal Controls, Financial Planning & Reporting, Cash Receipts, Expense/Accounts Payable, and Asset Management.

The Committee's revisions to the document further several goals, including:

- Incorporating the auditor's recommendations;
- Strengthening internal controls, including outlining a larger oversight role for the Treasurer, in a way that is practical given the small size of the Foundation's staff;
- Including changes to more accurately reflect the Foundation's current finance operations; and
- Improving the document stylistically, replacing passive with active voice, enhancing the text's flow, and otherwise tightening the language.

In addition to the final draft of the revised Fiscal Policies and Procedures, which is attached to the resolution as Exhibit A, I have included a redlined version comparing the revised draft to the version originally approved by the Board in March, so that Board members can see the changes made.

I recommend the Board approve the attached resolution adopting the revised Fiscal Policies and Procedures. I would also like to thank the Committee members for their careful and thoughtful review of the Fiscal Policies & Procedures document in a short time frame.

Attachments:

1. Resolution Adopting Revised Fiscal Policies and Procedures
2. Exhibit A: Revised Fiscal Policies and Procedures
3. Redlined version of Revised Fiscal Policies and Procedures

**RESOLUTION NO. 2016-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
ADOPTING REVISED FISCAL POLICIES AND PROCEDURES**

**WHEREAS**, on March 19, 2015, the San Bruno Community Foundation Board of Directors approved adopted the San Bruno Community Foundation Fiscal Policies and Procedures, establishing the Foundation's internal financial controls and ensuring compliance with applicable regulatory standards;

**WHEREAS**, the Board received feedback from Novogradac & Company LLP, the certified public accounting firm that conducted the Foundation's 2014-2015 financial audit, regarding ways to strengthen internal controls; and

**WHEREAS**, the Ad Hoc Committee on Financial Internal Controls has made suggestions for revising the policy document to incorporate the auditor's suggestions, strengthen the Foundation's internal controls, more accurately reflect the Foundation's current finance operations, and improve the document stylistically.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors adopts the revised version of the San Bruno Community Foundation Fiscal Policies and Procedures attached as Exhibit A.

Dated: January 6, 2016

ATTEST:

---

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 6<sup>h</sup> day of January, 2016, by the following vote:

AYES:      Board members:

NOES:      Board members:

ABSENT:    Board members:

EXHIBIT A



# **Fiscal Policies & Procedures**

Approved by the Board of Directors, \_\_\_\_\_, 2016

## Table of Contents

<b>I. Accounting Procedures.....</b>	<b>1</b>
A. Basis of Accounting .....	1
B. Journal Entries.....	1
C. Bank Reconciliations .....	1
D. Monthly Close.....	1
E. Recordkeeping .....	2
<b>II. Internal Controls .....</b>	<b>2</b>
A. Lines of Authority.....	2
B. Conflict of Interest.....	2
C. Segregation of Duties.....	3
D. Physical Security .....	3
E. Insurance .....	3
<b>III. Financial Planning &amp; Reporting.....</b>	<b>3</b>
A. Budgeting Process .....	3
B. Internal Financial Reports .....	4
C. Audit .....	4
D. Tax Compliance (Exempt Organization Returns) .....	4
<b>IV. Cash Receipts .....</b>	<b>4</b>
A. Deposits.....	5
<b>V. Expense &amp; Accounts Payable .....</b>	<b>5</b>
A. Payroll.....	5
1. Time Sheet Preparation & Approval .....	5
2. Payroll Additions, Deletions, and Changes .....	5
3. Pay Upon Termination.....	6
B. Purchases & Procurement .....	6
C. Independent Contractors.....	6
D. Invoice Approval & Processing .....	6
E. Cash Disbursements .....	6
F. Credit Cards.....	7
G. Employee Travel & Expense Reimbursements .....	7
<b>VI. Asset Management .....</b>	<b>7</b>
A. Cash Management and Investments.....	7
B. Capital Equipment .....	8

## **I. Accounting Procedures**

This section covers basic accounting procedures for the Foundation. The accounting procedures used by the Foundation shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards. Per the Bylaws, the Foundation's fiscal year begins on July 1 and ends on June 30.

### **A. Basis of Accounting**

**Policy:** The Foundation uses the accrual basis of accounting. The accrual basis identifies (records) revenue and expenses with specific periods of time, such as a month or year, which are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash (also known as the cash basis of accounting).

**Procedures:**

- Throughout the fiscal year, expenses are accrued in the month in which they are incurred. The books are closed no later than the 15<sup>th</sup> day after the close of each month. Invoices received after closing the books will be counted as a current-month expense.
- At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued in the prior fiscal year are so accrued, in order to ensure year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 45 days after the end of the fiscal year.
- Revenue is always recorded in the month in which it is first earned (received or invoiced) or committed (pledged, ordered, or contracted for).

### **B. Journal Entries**

**Policy:** Journal entries to record payroll expenses, cash receipts, interest earned, investment gains or losses, prepaid expenses, depreciation, other accruals and adjustments will be posted to the General Ledger on a monthly basis. Vacation liability is recorded and adjusted annually at the end of the fiscal year.

**Procedure:**

- Journal entries for each month will be posted prior to monthly closing, by the 15<sup>th</sup> day after the end of the month.

### **C. Bank Reconciliations**

**Policy:** All bank statements will be opened and reviewed in a timely manner. Bank reconciliations will be completed by the 15<sup>th</sup> day after the close of each month, and approval will be documented within 30 days of the close of the month.

**Procedures:**

- All bank and investment statements will be opened, reviewed, and initialed by the Executive Director upon receipt. Review will include inspection of checks paid during the month.
- To expedite reconciliation, the Accounting Consultant will obtain monthly bank statements from the bank's website. Bank reconciliations will be completed prior to monthly closing and completing monthly financial statements.
- The Executive Director and Treasurer will review and approve reconciliation reports by signing and dating.

### **D. Monthly Close**

**Policy:** Books will be closed monthly by the 15<sup>th</sup> day following the end of each month. At fiscal year-end the books will be closed by the 45<sup>th</sup> day (August 15) after June 30.

**Procedures:**

- The Accounting Consultant will record cash receipts, payroll expenses, prepaid insurance, depreciation, interest earned, and on a monthly basis.
- The Accounting Consultant will reconcile bank and investment accounts to General Ledger prior to monthly closing.

**E. Recordkeeping**

**Policy:** Financial documents and records will be retained in accordance with the Foundation's document retention policy.

**Procedures:**

- The Foundation will maintain copies of all financial records including accounts payable, cash receipts, payroll documents, and bank statements.
- The Accounting Consultant will maintain a copy of invoices paid for each fiscal year.
- After monthly closing, the Accounting Consultant will send a copy of the fiscal year-to-date General Ledger to the Executive Director and Treasurer along with monthly financial statements as specified by the Executive Director and Treasurer.
- Documents in electronic form including payroll reports, General Ledger, audit schedules, audited and monthly financial statements, and federal and state tax returns will be stored electronically in a form that will allow for remote access by the Accounting Consultant, Executive Director, and Treasurer. For records stored in this manner, back-ups to a device such as a USB drive, DVD or other external drive will be kept and updated at least monthly.
- Upon the Foundation's dissolution, the Foundation's financial records and documents will be maintained by the City of San Bruno and in accordance with the City's document retention policy.

**II. Internal Controls**

The Foundation employs several safeguards to ensure financial transactions are properly authorized, appropriated, executed, and recorded.

**A. Lines of Authority**

**Policy:** The Board of Directors will create, maintain, and update fiscal policies and will approve a budget before the start of each fiscal year. The Board of Directors will also approve significant budget variances.

**Procedures:**

- The Executive Director will prepare the annual budget for each fiscal year and present it to the Board of Directors for approval. After Board approval, the budget will be submitted to the San Bruno City Council for approval.
- The Audit Committee will review internal controls with the Executive Director, Accounting Consultant, and CPA Auditor as necessary.
- The Accounting Consultant will directly contact the Treasurer in the event of any concerns regarding the Executive Director's financial management decisions or actions.
- The Treasurer may independently contact the Accounting Consultant directly for information.

**B. Conflict of Interest**

**Policy:** In accordance with the Conflict of Interest Policy, all employees and members of the Board of Directors are expected to use good judgment, adhere to high ethical standards, and act in such a manner as to avoid any actual, perceived, or potential conflict of interest.

**Procedures:**

- The Foundation will monitor compliance with the Conflict of Interest Policy through the use of the annual conflicts questionnaire completed by all Board of Directors members.

- Foundation Board members and the Executive Director annually complete and submit California Fair Political Practices Commission Form 700, Statement of Economic Interests, to the San Bruno City Clerk's Office.

### **C. Segregation of Duties**

**Policy:** The Foundation's financial duties are distributed, to the extent possible, among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the Foundation's assets while also considering efficiency of operations. When, due to the small size of the Foundation staff, the Foundation is unable to achieve sufficient segregation of duties, additional oversight from the Board and/or the City of San Bruno staff may be implemented.

**Procedures:**

- The Accounting Consultant will not be an authorized agent or signer on any SBCF accounts.
- Only invoices and other payment vouchers approved by the Executive Director will be processed for payment.

### **D. Physical Security**

**Policy:** The Foundation maintains physical security of its assets to ensure only people who are authorized have physical or indirect access to money, securities, real estate, and other valuable property.

**Procedures:**

- The Accounting Consultant will secure blank checks.
- The Executive Director will secure the credit card.

### **E. Insurance**

**Policy:** The Foundation will maintain an insurance policy protecting against loss by theft, embezzlement, or other crimes committed by employees and the Accounting Consultant.

**Procedures:** The Executive Director will purchase, keep in force, and maintain a crime insurance policy for the Foundation to cover losses up to at least \$1,000,000,

## **III. Financial Planning & Reporting**

The Foundation's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Foundations." Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation are classified as unrestricted, temporarily restricted, and permanently restricted.

### **A. Budgeting Process**

**Policy:** The Foundation's annual budget is prepared and approved before the start of each fiscal year. The Executive Director prepares the budget with input from the Board of Directors. The budget must be approved by the Board of Directors prior to the start of each fiscal year. The budget must be transmitted to the San Bruno City Council prior to the beginning of the new fiscal year for approval as required by Foundation's Bylaws. The budget is revised during the year only as approved by the Board of Directors.

**Procedures:**

- The Executive Director will work with the Accounting Consultant to ensure the annual budget is a reasonably accurate estimate of programmatic and infrastructure goals for the coming fiscal year.
- The Executive Director will ensure the budget is developed using the Foundation's standard revenue recognition and cost allocation procedures.



- The Executive Director will present a draft budget to the Board by its May meeting.
- The Board may approve the budget as presented in May or table final approval until the June meeting.
- A Board approved budget must be submitted to the San Bruno City Council so that it can be approved no later than June 30 of each year.

### **B. Internal Financial Reports**

**Policy:** The Foundation prepares regular financial reports on a monthly basis. All reports are finalized no later than 30 days after the close of the prior month.

**Procedures:**

- The Accounting Consultant is responsible for producing the following year-to-date reports within 30 days of the end of each month: Statement of Financial Position (also known as Balance Sheet) and Budget vs Actual Statement of Activities (also known as Income Statement or Profit & Loss Statement).
- The Executive Director and Treasurer review financial reports each month, and the Treasurer reports to the full Board of Directors at the regular monthly meeting.
- On a monthly basis the Accounting Consultant prepares a narrative report that summarizes the Foundation's current financial position (as of the last closed month) and includes explanations for budget variance.

### **C. Audit**

**Policy:** The Foundation will have its financial statements audited on an annual basis by an independent CPA. A Request for Proposals (RFP) for audit services will be issued at least every five years.

**Procedures:**

- The Board's Audit Committee, working with the Executive Director, will be responsible for creating the RFP, reviewing audit proposals, and recommending the CPA to the full Board for approval; meeting with the CPA; and ensuring any audit issues identified are reported to the full Board.
- The Executive Director will oversee the audit process and ensure that audited financial statements are published not later than 120 days (October 31) after the end of each fiscal year.

### **D. Tax Compliance (Exempt Organization Returns)**

**Policy:** IRS 990, CA 199, and CA Attorney General RRF-1 forms will be filed by November 15 each year.

**Procedures:**

- The CPA prepares the forms using audited financial information. The Accounting Consultant and Executive Director review the first draft and request edits and corrections by the CPA.
- Prior to the submission deadline, the final draft of the forms is presented to the full Board for review.
- The President signs the forms on behalf of the Foundation.

## **IV. Cash Receipts**

**Policy:** The Executive Director or designee will log in checks received on cash receipts log and secure the checks and log.

**Procedures:**

- Checks will be immediately endorsed "for deposit only."
- Checks will be logged on a daily basis. The log will include date received, payer name, purpose, and amount of check.

### **A. Deposits**

**Policy:** The Executive Director or designee will make deposits.

**Procedures:**

- Deposits will be made immediately when \$10,000 or more has been logged. Deposits of any amounts will be made by the last day of each month.
- The deposit slip amount must equal the total on the cash receipts log. Copies of all checks and any other documents that were received with checks will be attached to a copy of the deposit slip and the original log. This deposit package will be given to the Accounting Consultant for recording to the General Ledger and be maintained in the Cash Receipts file.
- Receipt of currency should be discouraged. When currency is received, it should be deposited as soon as reasonably possible.

## **V. Expense & Accounts Payable**

### **A. Payroll**

**Policy:** Payroll will be processed on a semi-monthly basis with paydays on the 15<sup>th</sup> and last day of each month.

**Procedures:**

- A separate, dedicated bank account will be maintained for the purpose of processing payroll transactions only.
- The Accounting Consultant will process payroll at least two business days prior to each payday.
- For employees choosing direct deposit payment, the Accounting Consultant will obtain paystubs from the payroll service website and distribute them to employees electronically. For employees requesting checks, paychecks/paystubs will be delivered to the Executive Director, who will distribute paychecks/paystubs to employees.
- The Accounting Consultant, for purposes of recording payroll expenses and liabilities, will obtain the payroll register and other payroll reports from the payroll service website.

#### **1. Time Sheet Preparation & Approval**

**Policy:** Time Sheets, including time in and time out, documenting daily hours worked must be signed by the employee and the Executive Director and are required for all non-exempt employees. The Executive Director will maintain an Attendance Log to track all employees' paid time off (PTO) accruals, usage, and balance.

**Procedures:**

- The Executive Director will provide the Attendance Log to the Accounting Consultant at least three days prior to each payday when at least one employee has taken PTO during that pay period. Employees will receive monthly reports of their PTO balances.

#### **2. Payroll Additions, Deletions, Changes, and Voluntary Deductions**

**Policy:** New employee additions, terminations, and pay rate changes will only be made based on authorization of the Executive Director or, for the Executive Director, on authorization of the President.

**Procedures:**

- All new employee additions, terminations, and pay rate changes will be submitted to the Accounting Consultant in writing at least three days prior to payday or last day of work.

- Voluntary payroll deduction requests, such as employee retirement contributions, will be initiated based on signed documentation submitted to the Accounting Consultant at least three days prior to payday.

### **3. Pay Upon Termination**

**Policy:** Final payment of wages and vacation balance will be made to the employee on his/her last day of work.

**Procedures:**

- If an employee terminates without giving advance notice, payment will be made within 72 hours of termination.

### **B. Purchases & Procurement**

**Policy:** The Executive Director is authorized to approve expenditures not in excess of \$25,000 per transaction. The Board of Directors must approve any expenditure in excess of \$25,000 per transaction. Expenditures may not be split into multiple purchases to evade this requirement.

**Procedures:**

- The reasonable person standard will apply in purchase and procurement decisions. Multiple bids should be solicited when practical and when sufficient competition warrants.

### **C. Independent Contractors**

**Policy:** The Board of Directors must approve any contract with a total value in excess of \$25,000. The President, Treasurer, or Executive Director may enter into contracts not to exceed \$25,000 on behalf of the Foundation.

**Procedures:**

- With Board approval as needed, the Executive Director will execute contracts. The contract will include a Description of Items and/or Services (Exhibit A) and Compensation (Exhibit B).
- Contractors will complete and submit an IRS W-9 and must submit invoices for services, which include a description of services provided.

### **D. Invoice Approval & Processing**

**Policy:** The Executive Director must approve all invoices. Approved invoices will be paid within 30 days of receipt or according to contract terms when those terms specify a different payment schedule.

**Procedures:**

- Invoices and bills will be opened and reviewed by the Executive Director or designee.
- Invoices are approved by the Executive Director and submitted to the Accounting Consultant for payment.
- The Accounting Consultant will file copies of all invoices paid.

### **E. Cash Disbursements**

**Policy:** Any single check or other transfer of funds in excess of \$2,500 requires the signature of two of the authorized signatories (Executive Director, Treasurer, and President). Invoices, bills, or expense reimbursement claims may not be split in order to evade the two-signature requirement. No authorized signatory may sign checks payable to him/herself. The President or Treasurer will sign credit card payments.

**Procedures:**

- The Accounting Consultant, will prepare and deliver checks to the Executive Director.

- The Executive Director will sign checks after verifying the payment amount and obtaining a second signature as necessary. One check stub will be retained and attached to the invoice as proof of payment along with a photocopy of the signed check. Checks will be distributed by the Executive Director, and the invoice and check stub will be maintained in the vendor files.

## **F. Credit Cards**

**Policy:** A business credit card will be obtained for and secured by the Executive Director. Charges not exceeding \$2,500 may be made without secondary approval. For transactions exceeding \$2,500 and within the Executive Director's expenditure and contract authority, written approval (including email) from either the Treasurer or President are required prior to the purchase.

### **Procedures:**

- The business credit card will be used for SBCF business purposes only.
- Documentation of purchases made will be attached to the monthly statement when submitted to the Accounting Consultant for payment.
- Credit card payments will be submitted, with corresponding statement and supporting documentation, to either the President or Treasurer for signature.

## **G. Travel & Expense Reimbursements**

**Policy:** The Foundation will reimburse employees for reasonable out-of-pocket business travel- and other business-related expenses. The Foundation may also reimburse Board members and other volunteers for reasonable out-of-pocket travel and Foundation-related expenses. The Foundation will not cover reimbursement for travel to/from meetings and events in San Bruno.

The Foundation's standard travel and expense report will be used for all reimbursements. Mileage will be reimbursed at the business rate published annually by the IRS.

Foundation travelers are urged to minimize travel costs by, for example, booking airline tickets in advance, flying in economy class, and using the most economical mode of transportation (for example, airport bus rather than taxi or car rental). However, in the application of this general rule, extenuating circumstances such as the best economic use of the traveler's time should be taken into consideration.

Reimbursements for alcoholic beverages or any moving vehicle or parking citations are prohibited.

### **Procedures:**

- Employees, Board members, and other volunteers must obtain Executive Director approval prior to incurring out-of-pocket expenses for which reimbursement will be sought. The Executive Director must obtain prior approval by the President for reimbursable expenses exceeding \$500.
- Travel and expense reports require Executive Director approval and signature. Executive Director travel and expense reports require President approval and signature.
- Original receipts must be attached to travel and expense reports.
- Accounting Consultant will verify expense reimbursements.
- Travel and expense reports must be submitted no later than 60 days after the expense was incurred.

## **VI. Asset Management**

### **A. Cash Management and Investments**

**Policy:** Operating cash should be maintained within FDIC insurance limits. Investments will be made consistent with the Investment Policy. Bank accounts for payroll, general checking, and savings will be maintained. The President, Treasurer, and Executive Director are the authorized signatories on all accounts.

**Procedures:**

- Total balance for operating demand accounts at a single bank should not exceed \$250,000, unless otherwise approved by the Board. In unexpected, short-term instances where a balance greater than \$250,000 cannot be avoided, the Executive Director will notify the Treasurer, who will determine whether Board ratification is warranted.
- Wire transfers requested by the Executive Director from investment account(s) to operating account(s) in excess of \$2,500 require advance written (including email) approval from either the Treasurer or the President.

**B. Capital Equipment**

**Policy:** Equipment, furnishings, leasehold improvements and real property will be capitalized when the item has a useful life greater than one year and initial cost greater than \$5,000.

**Procedures:**

- Items capitalized will be depreciated on a straight-line basis, unless the IRS requires a different depreciation method, over their useful life. Land is not subject to depreciation.
- Useful life for technology equipment will be three years, furniture and other equipment will be five years, leasehold improvements will match lease term, and buildings will be 30 years.



# **Fiscal Policies & Procedures**

| Approved by the Board of Directors, ~~March 19, 2015~~\_\_\_\_\_, 2016

## Table of Contents

<b>I. Accounting Procedures.....</b>	<b>1</b>
A. Basis of Accounting .....	1
B. Journal Entries.....	1
C. Bank Reconciliations .....	1
D. Monthly Close.....	1
E. Recordkeeping .....	2
<b>II. Internal Controls .....</b>	<b>2</b>
A. Lines of Authority.....	2
B. Conflict of Interest.....	3
C. Segregation of Duties.....	<del>23</del>
D. Physical Security .....	<del>23</del>
E. Insurance .....	<del>3</del>
<b>III. Financial Planning &amp; Reporting.....</b>	<b>3</b>
A. Budgeting Process .....	4
B. Internal Financial Reports .....	<del>34</del>
C. Audit .....	<del>34</del>
D. Tax Compliance (Exempt Organization Returns) .....	5
<b>IV. Cash Receipts .....</b>	<b>4</b>
A. Deposits.....	<del>45</del>
<b>V. Expense &amp; Accounts Payable .....</b>	<b>45</b>
A. Payroll.....	<del>45</del>
1. Time Sheet Preparation & Approval .....	<del>45</del>
2. Payroll Additions, Deletions, and Changes .....	5
3. Pay Upon Termination.....	<del>56</del>
B. Purchases & Procurement .....	<del>56</del>
C. Independent Contractors.....	<del>56</del>
D. Invoice Approval & Processing .....	<del>56</del>
E. Cash Disbursements .....	6
F. Credit Cards.....	<del>67</del>
G. Employee Travel & Expense Reimbursements .....	<del>67</del>
<b>VI. Asset Management.....</b>	<b>7</b>
A. Cash Management and Investments.....	7
B. Capital Equipment .....	<del>78</del>

## I. Accounting Procedures

This section covers basic accounting procedures for the Foundation. The accounting procedures used by the Foundation shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards. Per the Bylaws, the Foundation's fiscal year begins on July 1 and ends on June 30.

### A. Basis of Accounting

**Policy:** The Foundation uses the accrual basis of accounting. The accrual basis ~~is the method of accounting whereby identifies (records)~~ revenue and expenses ~~are identified~~ with specific periods of time, such as a month or year, ~~and which~~ are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash- ~~(also known as the cash basis of accounting).~~

#### Procedures:

- Throughout the fiscal year, expenses are accrued ~~into~~ the month in which they are incurred. The books are closed no later than the 15<sup>th</sup> day after the close of ~~the~~each month. Invoices received after closing the books will be counted as a current-month expense.
- At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued ~~into~~ the prior fiscal year are so accrued, in order to ensure ~~that~~ year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 45 days after the end of the fiscal year.
- Revenue is always recorded in the month in which it ~~was~~is first earned (received or invoiced) or committed (pledged, ordered, or contracted for).

### B. Journal Entries

**Policy:** Journal entries to record payroll expenses, cash receipts, interest earned, investment gains or losses, prepaid expenses, depreciation, other accruals and adjustments will be posted to the General Ledger on a monthly basis. Vacation liability ~~can be~~is recorded and adjusted annually at the end of the fiscal year.

#### Procedure:

- Journal entries for ~~each~~each month will be posted prior to monthly closing, by the 15<sup>th</sup> day after the ~~close~~end of the month.

### C. Bank Reconciliations

**Policy:** All bank statements will be opened and reviewed in a timely manner. Bank ~~reconciliation~~reconciliations will be completed by the 15<sup>th</sup> day after the close of each month, and approval will ~~occur~~be documented within 30 days of the close of the month.

#### Procedures:

- All bank and investment statements ~~and cancelled checks~~ will be opened, reviewed, and initialed by the Executive Director upon receipt. Review will include inspection of checks paid during the month.
- ~~Once reviewed, bank statements are submitted to~~ To expedite reconciliation, the Accounting Consultant ~~for reconciliation will obtain monthly bank statements from the bank's website. Bank reconciliations will be completed prior to monthly closing and completing monthly financial statements.~~
- The Executive Director and Treasurer will review and approve reconciliation reports by signing and dating.



### D. Monthly Close

**Policy:** Books will be closed monthly by the 15<sup>th</sup> day following the end of each month. At fiscal year-end the books will be closed by the 45<sup>th</sup> day (August 15) ~~following the end of the fiscal year.~~ after June 30.

**Procedures:**

- ~~Cash~~The Accounting Consultant will record cash receipts, payroll expenses, prepaid insurance, depreciation, interest earned, and ~~investment gains or losses will be recorded~~ on a monthly basis ~~by the Accounting Consultant.~~
- ~~Bank~~The Accounting Consultant will reconcile bank and investment accounts ~~will be reconciled~~ to General Ledger prior to monthly closing.

### E. Recordkeeping

**Policy:** Financial documents and records will be retained ~~consistent in accordance~~ with the Foundation's document retention policy.

**Procedures:**

- ~~Accounts~~The Foundation will maintain copies of all financial records including accounts payable, cash receipts, payroll documents, and bank statements, ~~and all other financial records will be maintained at the Foundation office.~~
- The Accounting Consultant will maintain a copy of invoices paid throughout for each fiscal year.
- After monthly closing, the Accounting Consultant will send a copy of the fiscal year-to-date General Ledger to the Executive Director and Treasurer along with monthly financial statements as specified by the Executive Director and Treasurer.
- Documents in electronic form including payroll reports, General Ledger, audit schedules, audited and monthly financial statements, and federal and state tax returns will be stored electronically in a form that will allow for remote access by the Accounting Consultant, Executive Director, and Treasurer. For records stored in this manner, back-ups to a device such as a USB drive, DVD or other external drive will be kept and updated at least monthly.
- Upon the Foundation's dissolution, the Foundation's financial records and documents will be maintained by the City of San Bruno and in accordance with the City's document retention policy

## II. Internal Controls

The Foundation employs several safeguards to ensure ~~that~~ financial transactions are properly authorized, appropriated, executed, and recorded.

### A. Lines of Authority

**Policy:** The Board of Directors will create, maintain, and update fiscal policies and will approve a budget ~~annually. Significant budget variances will also be approved by~~ before the start of each fiscal year. The Board of Directors will also approve significant budget variances.

**Procedures:**

- The ~~Executive Director will prepare the~~ annual budget ~~will be prepared for the subsequent each fiscal year by the Executive Director and presented~~ present it to the Board of Directors for approval. After Board approval, the budget ~~must also will~~ be submitted to the San Bruno City Council for approval.
- The Audit Committee will review internal controls with the Executive Director, Accounting Consultant, and ~~CPAs~~CPA Auditor as necessary.
- The Accounting Consultant will directly contact the Treasurer in the event of any concerns regarding the Executive Director's financial management decisions or actions.
- The Treasurer may independently contact the Accounting Consultant directly for information.

## B. Conflict of Interest

**Policy:** In accordance with the Conflict of Interest Policy, all employees and members of the Board of Directors are expected to use good judgment, adhere to high ethical standards, and act in such a manner as to avoid any actual, perceived, or potential conflict of interest.

### Procedures:

- The Foundation will monitor compliance with the Conflict of Interest Policy through the use of the annual conflicts ~~questionnaires~~questionnaire completed by all Board of Directors members ~~and the Executive Director.~~
- Foundation Board members and the Executive Director annually complete and submit California Fair Political Practices Commission Form 700, Statement of Economic Interests, to the San Bruno City Clerk's Office.

## C. Segregation of Duties

**Policy:** The Foundation's financial duties are distributed, to the extent possible, among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the Foundation's assets while also considering efficiency of operations. When, due to the small size of the Foundation staff, the Foundation is unable to achieve sufficient segregation of duties, additional oversight from the Board and/or the City of San Bruno staff may be implemented.

### Procedures:

- The Accounting Consultant will not be an authorized agent or signer on any SBCF accounts.
- Only invoices and other payment vouchers approved by the Executive Director will be processed for payment.

## D. Physical Security

**Policy:** The Foundation maintains physical security of its assets to ensure ~~that~~ only people who are authorized have physical or indirect access to money, securities, real estate, and other valuable property.

### Procedures:

- ~~Blank checks will be secured by the~~The Accounting Consultant will secure blank checks.
- ~~The~~The Executive Director will secure the credit card ~~will be secured.~~

## E. Insurance

**Policy:** The Foundation will maintain an insurance policy protecting against loss by theft, embezzlement, or other crimes committed by employees and the ~~Executive Director~~Accounting Consultant.

**Procedures:** The Executive Director will purchase, keep in force, and maintain a crime insurance policy for the Foundation to cover losses up to at least \$1,000,000.

## III. Financial Planning & Reporting

The Foundation's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). ~~The presentation~~Presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Foundations." Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation are classified as unrestricted, temporarily restricted, and permanently restricted.

### A. Budgeting Process

**Policy:** The Foundation's annual budget is prepared and approved ~~annually for all departments, before the start of each fiscal year.~~ The ~~budget is prepared by the~~ Executive Director ~~in conjunction prepares the budget~~ with input from the Board of Directors. The budget ~~is to~~ must be approved by the Board of Directors prior to the start of each fiscal year. The budget must be ~~presented~~ transmitted to the San Bruno City Council prior to the beginning of the new fiscal year for approval as required by Foundation's Bylaws. The budget is revised during the year only ~~if~~ as approved by the Board of Directors.

**Procedures:**

- The Executive Director will work with the Accounting Consultant to ensure ~~that~~ the annual budget is ~~ana reasonably~~ accurate ~~reflection~~ estimate of programmatic and infrastructure goals for the coming fiscal year.
- The Executive Director will ensure ~~that~~ the budget is developed using the Foundation's standard revenue recognition and cost allocation procedures.
- The Executive Director will present a draft budget to the Board by its ~~April~~ May meeting.
- The Board may approve the budget as presented in ~~April~~ May or table final approval until ~~its May~~ the June meeting.
- A Board approved budget must be ~~presented~~ submitted to the San Bruno City Council ~~for its approval in May so that it can be approved no later than June 30 of each year.~~

### B. Internal Financial Reports

**Policy:** The Foundation prepares regular financial reports on a monthly basis. All reports are finalized no later than 30 days after the close of the prior month.

**Procedures:**

- The Accounting Consultant is responsible for producing the following year-to-date reports within 30 days of the end of each month: Statement of Financial Position (also known as Balance Sheet) and Budget ~~v.-vs~~ Actual Statement of Activities (also known as Income Statement or Profit & Loss Statement).
- The Executive Director and Treasurer review financial reports each month, and the Treasurer ~~presents~~ reports to the full Board of Directors ~~on a at the regular~~ monthly ~~basis~~ meeting.
- On a monthly basis the Accounting Consultant prepares a narrative report that summarizes the Foundation's current financial position (as of the last closed month) and includes explanations for budget variance.

### C. Audit

**Policy:** The Foundation will have its financial statements audited on an annual basis by an independent CPA. A ~~new CPA will be contemplated and RFPs issued~~ Request for Proposals (RFP) for audit services will be issued at least every five years.

**Procedures:**

- The Board's Audit Committee, working with the Executive Director, will be responsible for ~~selecting~~ creating the RFP, reviewing audit proposals, and recommending the CPA, to the full Board for approval; meeting with the CPA, ~~and reporting to the full Board regarding~~; and ensuring any audit issues identified are reported to the full Board.
- The Executive Director will oversee the audit process and ensure that audited financial statements are published not later than ~~90~~ 120 days (~~September 30~~ October 31) after the end of ~~the each~~ fiscal year.

#### D. Tax Compliance (Exempt Organization Returns)

**Policy:** IRS 990, CA 199, and CA ~~499~~Attorney General RRF-1 forms will be filed by November 15 each year.

**Procedures:**

- The CPA prepares the forms using audited financial information. The Accounting Consultant and Executive Director review the first draft and request edits and corrections by the CPA.
- Prior to the submission deadline, the final draft of the forms is presented to the full Board, ~~which authorizes the Executive Director to sign for review.~~
- The President signs the forms on behalf of the Foundation.

#### IV. Cash Receipts

**Policy:** The Executive Director or designee will log in checks received on ~~a~~ cash receipts log and secure ~~the~~ checks and log.

**Procedures:**

- Checks will be immediately endorsed "for deposit only."
- Checks will be logged on a daily basis. The log will include date received, payer name, purpose, and amount of check.

#### A. Deposits

**Policy:** ~~Deposits will be made by the~~The Executive Director or designee will make deposits.

**Procedures:**

- Deposits will be made immediately when \$10,000 or more has been logged. Deposits of any amounts will be made by the last day of each month.
- The deposit slip amount must equal the total on the cash receipts log. Copies of all checks and any other documents that were received with checks will be attached to a copy of the deposit slip and the original log. This deposit package will be given to the Accounting Consultant for recording to the General Ledger and be maintained in the Cash Receipts file.
- Receipt of currency should be discouraged ~~and~~. When currency is received, it should be deposited as soon as reasonably possible.

#### V. Expense & Accounts Payable

##### A. Payroll

**Policy:** Payroll will be processed on a semi-monthly basis with paydays on the 15<sup>th</sup> and last day of each month.

**Procedures:**

- A separate, dedicated bank account will be maintained for the purpose of processing payroll transactions only.
- The Accounting Consultant will process payroll at least two business days prior to each ~~pay day. The payroll register and paychecks/paystubs will be delivered to the Executive Director, who will open the package and distribute paychecks/paystubs to employees pay day.~~
- The payroll register will be provided to For employees choosing direct deposit payment, the Accounting Consultant ~~for~~ will obtain paystubs from the payroll service website and distribute them to employees electronically. For employees requesting checks, paychecks/paystubs will be delivered to the Executive Director, who will distribute paychecks/paystubs to employees.
- The Accounting Consultant, for purposes of recording payroll expenses and liabilities, will obtain the payroll register and other payroll reports from the payroll service website.

### 1. Time Sheet Preparation & Approval

**Policy:** Time Sheets, including time in and time out, documenting daily hours worked ~~will~~must be signed by the employee and the Executive Director and are required for all non-exempt employees. The Executive Director will maintain an Attendance Log to track all employees' ~~sick and vacation~~paid time off (PTO) accruals, usage, and balance.

**Procedures:**

- The Executive Director will provide the Attendance Log to the Accounting Consultant at least three days prior to each payday. ~~The Accounting Consultant will make entries in the payroll system so that all paid time off balances are maintained within the payroll system and will be shown on employees' paystubs when at least one employee has taken PTO during that pay period. Employees will receive monthly reports of their PTO balances.~~

### 2. Payroll Additions, Deletions, ~~and Changes~~, and Voluntary Deductions

**Policy:** New employee additions, terminations, and pay rate changes will only be made based on authorization of the Executive Director or, ~~when related to~~for the Executive Director, ~~based on~~ authorization of ~~Board~~the President.

**Procedures:**

- All new employee additions, terminations, and pay rate changes will be submitted to the Accounting Consultant in writing at least ~~3~~three days prior to payday or last day of work.
- Voluntary payroll deduction requests, such as employee retirement contributions, will be initiated based on signed documentation submitted to the Accounting Consultant at least three days prior to payday.

### 3. Pay Upon Termination

**Policy:** Final payment of wages and vacation balance will be made ~~available~~ to the employee on his/her last day of work.

**Procedures:**

- If an employee terminates without giving advance notice, payment will be made within 72 hours of termination.

### B. Purchases & Procurement

**Policy:** The Executive Director is authorized to approve expenditures not in excess of \$25,000 per transaction. ~~Any~~The Board of Directors must approve any expenditure in excess of \$25,000 per transaction ~~must~~. Expenditures may not be approved by the Board of Directors. split into multiple purchases to evade this requirement.

**Procedures:**

- The reasonable person standard will apply in purchase and procurement decisions. Multiple bids should be solicited when practical and when sufficient competition warrants.

### C. Independent Contractors

**Policy:** ~~Any~~The Board of Directors must approve any contract with a total value in excess of \$25,000 ~~must be approved by the Board of Directors.~~ The President, Treasurer, or Executive Director may enter into contracts not to exceed \$25,000 on behalf of the Foundation.

**Procedures:**

- With Board approval as needed, the Executive Director will execute contracts ~~with the contractor.~~ The contract will include a Description of Items and/or Services (Exhibit A) and Compensation (Exhibit B).
- Contractors will complete and submit an IRS W-9 and must submit invoices for services, which include a description of services provided.

#### D. Invoice Approval & Processing

**Policy:** ~~All invoices must be approved by the~~ The Executive Director. ~~must approve all invoices.~~ Approved invoices will be paid within 30 days of receipt or according to contract terms when those terms specify a different payment schedule.

**Procedures:**

- Invoices and bills will be opened and reviewed by the Executive Director or designee.
- Invoices are approved by the Executive Director and submitted to the Accounting Consultant for payment.
- ~~Copies of all invoices paid will be filed by the~~ The Accounting Consultant. ~~will file copies of all invoices paid.~~

#### E. Cash Disbursements

**Policy:** Any single check or other transfer of funds in excess of \$2,500 requires the signature of two of the authorized signatories (Executive Director, Treasurer, and President). Invoices, bills, or expense reimbursement claims may not be split in order to evade the two-signature requirement. No authorized signatory may sign checks payable to him/herself. The President or Treasurer will sign credit card payments.

**Procedures:**

- ~~Checks will be prepared by the~~ The Accounting Consultant, ~~who will~~ prepare and deliver ~~them~~ checks to the Executive Director.
- The Executive Director will sign checks after verifying the payment amount and ~~obtain~~ obtaining a second signature as necessary. One ~~of the check stubs~~ stub will be retained and attached to the invoice as proof of payment. ~~along with a photocopy of the signed check.~~ Checks will be distributed by the Executive Director, and the invoice and check stub will be maintained in the vendor files.

#### F. Credit Cards

**Policy:** A business credit card will be obtained for and secured by the Executive Director. Charges not exceeding \$2,500 may be made without secondary approval. For transactions exceeding \$2,500 and within the Executive Director's expenditure and contract authority, written approval (including email) from either the Treasurer or President are required prior to the purchase.

**Procedures:**

- The business credit card will be used for SBCF business purposes only.
- Documentation of purchases made will be attached to the monthly statement when submitted to the Accounting Consultant for payment.
- Credit card payments will be submitted, with corresponding statement and supporting documentation, to either the President or Treasurer for signature.

#### G. Travel & Expense Reimbursements

**Policy:** The Foundation will reimburse employees for ~~their~~ reasonable out-of-pocket business travel- and other business-related expenses. The Foundation may also reimburse Board members and other volunteers for ~~their~~ reasonable out-of-pocket travel and Foundation-related expenses. The Foundation will not cover reimbursement for travel to/from meetings and events in San Bruno.



The Foundation's standard travel and expense report will be used for all reimbursements. Mileage will be reimbursed at the business rate published annually by the IRS.

Foundation travelers are urged to minimize travel costs by, for example, booking airline tickets in advance, flying in economy class ~~only~~, and using the most economical mode of transportation (for example, airport bus rather than taxi or car rental). However, in the application of this general rule, extenuating circumstances such as the best economic use of the traveler's time should be taken into consideration.

Reimbursements for alcoholic beverages or any moving vehicle or parking citations are prohibited.

#### Procedures:

- Employees, Board members, and other volunteers must obtain Executive Director approval prior to incurring out-of-pocket expenses for which reimbursement will be sought. The Executive Director must obtain prior approval by the ~~Board~~ President for reimbursable expenses exceeding \$500.
- Travel and expense reports require Executive Director approval and signature. Executive Director travel and expense reports require ~~Board~~ President approval and signature.
- Original receipts must be attached to travel and expense reports.
- Accounting Consultant will verify expense reimbursements.
- ~~For employees, reimbursements will be processed through the Accounts Payable system, but a "dummy" check will be printed. The amount of reimbursement will then be added to the next payroll as a non-taxable payment.~~
- Travel and expense reports must be submitted no later than 60 days after the expense was incurred.

## VI. Asset Management

### A. Cash Management and Investments

**Policy:** Operating cash should be maintained within FDIC ~~limit amounts~~, insurance limits. Investments will be made consistent with the Investment Policy. Bank accounts for payroll, general checking, and savings will be maintained. The President, Treasurer, and Executive Director are the authorized signatories on all accounts.

#### Procedures:

- Total balance for operating demand accounts at a single bank should not exceed \$250,000, unless otherwise approved by the Board. In unexpected, short-term instances where a balance greater than \$250,000 cannot be avoided, the Executive Director will notify the Treasurer, who will determine whether Board ratification is warranted.
- Wire transfers requested by the Executive Director from investment account(s) to operating account(s) in excess of \$2,500 require advance written (including email) approval from either the Treasurer or the President.

### B. Capital Equipment

**Policy:** Equipment, furnishings, leasehold improvements and real property will be capitalized when the item has a useful life greater than one year and initial cost greater than \$5,000.

#### Procedures:

- Items capitalized will be depreciated on a straight-line basis, unless the IRS requires a different depreciation method, over their useful life. Land is not subject to depreciation.
- Useful life for ~~computer~~ technology equipment will be three years, furniture and other equipment will be five years, leasehold improvements will match lease term, and buildings will be 30 years.

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Investment Strategy, Including Review of Request for Proposals for Investment Management Services

Of the \$70 million in restitution funds that the City of San Bruno received from PG&E, the San Bruno Community Foundation has thus far received approximately \$697,000 to cover formation and operating costs through June 2016. With programs scheduled to launch in 2016, the Foundation would like to take possession of the balance of the restitution funds and begin pursuing an investment strategy consistent with its programmatic goals by late spring 2016. As a result, on January 6, the Ad Hoc Committee on Investment Strategy will report on its progress in developing a Request for Proposals (RFP) for Investment Management Services and its timeline for reviewing proposals and making a recommendation to the Board on the selection of an investment firm to manage the Foundation's investment portfolio.

### Background

Last February, the Foundation's Board of Directors created an ad hoc committee (consisting of Treasurer Ben Cohn, then-Vice President John McGlothlin, and incoming Vice President Frank Hedley) to lay the groundwork for the Foundation to take possession of the restitution funds. The Committee was charged with the following tasks:

- Prepare an RFP for Investment Services;
- Review proposals received in response to the RFP, narrow the pool to a small number of finalists, interview and do due diligence on the finalists, and make a recommendation to the Board; and
- Make recommendations to the Board regarding adoption of policies governing ongoing oversight of investment services and activities.

Over the summer, the Board received a presentation from Dr. Mark Hayes, a former managing director of the Stanford Management Company, who developed a simple model to demonstrate various scenarios in which a different portion of the restitution funds is treated as a quasi-endowment. Dr. Hayes covered the reasons why the Foundation might want to set aside funds as a quasi-endowment, the potential trade-offs between putting funds in a quasi-endowment and designating funds for near-term



# SAN BRUNO

## Community Foundation

### Memorandum

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one-time expenditures, key principles in understanding endowments, the assumptions built into his quasi-endowment scenario model, sample quasi-endowment payout scenarios, and the benefits of a smoothing formula.

In October, the Board adopted its Program Strategy Framework, the guiding policy document that provides the structure and outline of the Foundation's charitable programs. The Framework identifies three categories, or buckets, of program activities that the Foundation may operate: (1) Strategic Grantmaking, (2) Responsive Grantmaking, and (3) Foundation Programs.

At its November 4, 2015, meeting, the Board held a study session on the Foundation's time horizon and quasi-endowment scenarios. On behalf of the Ad Hoc Committee on Program Strategy Development, I gave a presentation explaining the need to provide guidance to the Ad Hoc Committee on Investment Strategy Committee as it develops the RFP for Investment Management Services. The presentation covered the factors involved in the Board's decision to treat some of the funds as a quasi-endowment, including the types of support the Foundation plans to provide, the costs of those items, possible quasi-endowment payout scenarios based on conservative assumptions about the Foundation's risk profile and current market conditions, competing visions of how the Foundation can achieve its purpose of benefiting the San Bruno community over the long term, competing desires of significantly benefiting the community sooner rather than later and of making the restitution funds last as long as possible, tradeoffs between significant investments in capital projects and following a quasi-endowment strategy, and responsiveness to the views heard in the Community Listening Campaign.

Two weeks later, after deliberation and public input, the Board established an initial quasi-endowment target of \$15 million to be invested utilizing a long-term investment strategy, with the balance of the restitution funds (approximately \$54 million) to be spent on strategic priorities, including several major capital projects for community facilities, and operating expenses over the next seven to ten years.

With this guidance from the Board, the Investment Strategy Committee began its work. The Committee had its initial meeting on December 1 and selected Treasurer Ben Cohn as Committee Chair.

### **Process for Selecting an Investment Management Firm**

At its meeting, the Committee agreed upon the following process and timeline for selecting an investment management firm to manage the Foundation's investment portfolio:

December:

- Develop RFP for Investment Services for review by the Board on January 6

# SAN BRUNO

## Community Foundation

### Memorandum

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- Compile list of investment firms to send RFP

#### January:

- January 6: Committee presentation of RFP to Board
- Starting January 7: Distribute RFP to investment firms
- January 28: RFP deadline

#### February:

- First two weeks: Committee reviews proposals
- February 11: Committee meets to discuss proposals and select finalists to interview
- February 23: Committee interviews finalists
- February 25: Committee meets to select recommendation to Board

#### March:

- March 2: Board considers committee recommendation
- Once investment firm selected, work expeditiously with the team to develop the Foundation's Investment Policy Statement

The Committee's goal is to bring the Investment Policy Statement to the Board, and then the City Council, for approval by May, so that the Foundation is able to take possession of the balance of the restitution funds by the end of May. This is an aggressive timetable, and if the RFP review process or the development of the Investment Policy Statement takes longer than anticipated, the schedule may be delayed accordingly.

### **Preparation of RFP for Investment Management Services**

As the first step in the process of selecting an investment management firm, the Committee drafted an RFP for Investment Management Services, with a Professional Services Agreement template attached. Both documents are attached to this memorandum.

#### The RFP provides:

- Background information on the Foundation
- Process for submitting proposals
- Scope of services to be provided
- List of information sought from responding investment firms (approach to nonprofit institutions, organizational background, investment management, and fees)

The services to be provided by the investment firm include managing two pools of the Foundation's portfolio (\$15 million quasi-endowment and approximately \$54 million in

# SAN BRUNO

## Community Foundation

### Memorandum

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non-endowment strategic funds) and assisting in the development of the Foundation's Investment Policy Statement. The RFP requires all firms submitting proposals to be registered Investment Advisers as defined and regulated by the Securities and Exchange Commission.

The Professional Services Agreement template is the Foundation's standard consulting agreement, with minor edits to reflect the specific needs of the Foundation's relationship with its investment firm. Both the Professional Services Agreement and the RFP incorporate feedback received from City Attorney Marc Zafferano and NEO Law Group Managing Attorney Gene Takagi, who is a nonprofit law specialist. The RFP was based on an original draft provided by Vincent Robinson of The 360 Group and also reflects feedback received from Dr. Hayes.

On January 6, Committee Chair Ben Cohn will provide the Board with an update from the Committee and allow the Board, and the public, to ask questions and provide feedback on the RFP and process.

To provide valuable background information on investment management and assist the Board in preparing to fulfill its fiduciary duty, the Committee has shared under separate cover four items with the entire Board:

- Vanguard, "Creating an Effective RFP Process" – a step-by-step guide through the RFP process for investment services
- Vanguard, "Fulfilling Your Mission: A Guide to Best Practices for Nonprofit Fiduciaries," 2014 – a toolkit for aiding in nonprofit investment decision-making
- Commonfund Institute, "Principles of Investment Management for Long-Term Funds," November 2014 – a publication discussing key issues in long-term fund management facing nonprofit fiduciaries
- Staff memo on the prudent investment standard for California nonprofits, November 25, 2015, along with an attachment by the law firm Davis Wright Tremaine LLP regarding AB 792, which addresses investment standards for nonprofit public benefit corporations like the Foundation and takes effect on January 1, 2016

#### Attachments:

1. Request for Proposals for Investment Management Services
2. Attachment A: Agreement for Professional Consulting Services for Investment Management Services

# **SAN BRUNO**

## **Community Foundation**

### **Request for Proposals for Investment Management Services**

January \_\_, 2016

Situated between San Francisco and Silicon Valley, San Bruno is a stable, friendly, family-oriented community of approximately 44,000. Diverse in many ways – racially, ethnically, culturally and socioeconomically – San Bruno is known for its attractive neighborhoods, growing economy, and proximity to major regional transportation hubs, including the San Francisco International Airport. San Bruno is a city of abundant parks and open spaces, good public schools including a well-regarded high school district and a leading community college, and many regional amenities, making it a vibrant community that, like the region in which it sits, continues to evolve.

Five years ago, on September 9, 2010, a high-pressure natural gas pipeline owned and operated by Pacific Gas and Electric Company (PG&E) exploded in San Bruno's Crestmoor neighborhood, ultimately destroying 38 homes, killing eight people, and injuring 66 more. In the aftermath of the disaster, the City of San Bruno pursued a restitution settlement from PG&E, successfully obtaining a settlement of \$70 million to benefit all of San Bruno.<sup>1</sup>

The settlement agreement called for the City to establish a not-for-profit organization charged with determining the use of the funds and administering them for the long-term benefit of the community as a whole. In 2013, the City Council founded the San Bruno Community Foundation for this purpose and appointed seven community members to the initial Board of Directors. The Foundation received from the Internal Revenue Service 501(c)(3) public charity status as a Type I supporting organization. The Foundation's first executive director was hired by the Board and joined the organization in February 2015. As stated in the Foundation's bylaws, 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."

Over the past year, the Board and Executive Director have initiated the strategic and operational work of the Foundation. The Foundation is working in coordination and cooperation with the City and other community organizations to identify and meet the interests of the community. The Foundation engaged the San Bruno community through a Community Listening Campaign conducted in the late spring of 2015 (including town hall meetings, focus groups, and an online survey), culminating in a report documenting various community needs and ways in which the restitution funds could be used to address those needs. The Foundation has adopted its Program Strategy Framework, which provides the structure and outline of the Foundation's charitable programs and serves as the guiding document for accomplishing the Foundation's mission. The Board recently identified a small list of projects to be considered for funding in 2016 as well as a larger list of longer-term strategic priorities to be researched and considered for implementation in the next seven to ten years.

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<sup>1</sup> The City of San Bruno also received a separate \$50 million fund from PG&E to cover the costs associated with response, restoration, and recovery from the disaster, which the City would not otherwise have incurred were it not for the explosion. This fund is administered by an independent Trustee, not the Foundation.

The San Bruno Community Foundation now seeks an investment firm to assist in managing its investment portfolio and developing its Investment Policy Statement. Neither PG&E nor the City has placed any restrictions on how the restitution funds are to be used or invested to achieve the Foundation's mission. The Foundation Board has established an initial quasi-endowment target of approximately \$15 million to be invested utilizing a long-term investment strategy. The Foundation's goal is to grow the quasi-endowment to provide a long-term source of funds for future needs of the community, targeting a 5% annual payout while protecting the purchasing power of funds for future uses. The balance of the restitution funds (approximately \$54 million) may be spent on strategic priorities, including several major capital projects for community facilities, and operating expenses over the next seven to ten years.

The City has been holding the restitution funds in custodial accounts. The Foundation has thus far received approximately \$697,000 of the restitution funds to cover formation and operating costs through June 2016. With programs scheduled to launch in 2016, the Foundation would like to take possession of the balance of the restitution funds and begin pursuing an investment strategy consistent with its programmatic goals by late spring 2016.

The Foundation is issuing this request for proposals to manage the Foundation's funds (roughly \$69 million), not including its liquid funds in demand accounts, to best achieve our stated strategic objectives. We would like very specific information about your approach, process, pricing, and support provided to the Board and Executive Director. The Foundation is asking you to put your best thinking forward, rather than to tell us precisely what you think we may want to hear. In asking for a proposed portfolio, we appreciate that there are no absolute, right answers. We are particularly interested in how you would approach advising the Foundation over time.

### **PROCESS FOR SUBMITTING PROPOSALS**

Only registered Investment Advisers as defined and regulated by the Securities and Exchange Commission may respond to this RFP. Proposers must have a minimum of \$2 million coverage in errors and omissions insurance or investment adviser professional liability insurance. Proposals must be valid for 120 calendar days from the due date.

The successful proposer must agree to the terms of the Foundation's professional services agreement as provided in Attachment A of this RFP, including all insurance requirements. The term of the agreement will be a period of three years with the option to renew annually. The successful proposer must also obtain a City of San Bruno business license during the term of the agreement.

The Foundation reserves the right to reject all proposals or request additional information from one or more proposers. All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the proposer and will not be reimbursed by the Foundation.

Proposals must not be marked as confidential or proprietary. Information in submitted proposals shall be subject to public disclosure laws. All proposals shall become the property of the Foundation.

Basis for award of contract will include but not be limited to the firm's experience in providing services to nonprofit institutions of similar size and with similar investment objectives as the San Bruno Community Foundation; portfolio management resources, investment philosophy, and approach; professional experience and qualifications of the individuals assigned to the account; responsiveness to

the RFP, communicating an understanding of the overall program and services required; reporting capabilities; and fees.

The Foundation is not required to select the proposal that may indicate the lowest price or costs. The Foundation will choose the firm submitting the best and most responsive overall proposal to satisfy its needs.

Submit proposals (four hard copies in addition to an electronic copy) by January 28, 2016, to:

San Bruno Community Foundation  
901 Sneath Lane, Suite 209  
San Bruno, CA 94066  
lhatamiya-sbcf@sanbruno.ca.gov

Finalists will be asked to interview with a selection committee on February 23, 2016. The firm recommended by the committee will be asked to make a presentation to the full Foundation Board of Directors on March 2, 2016.

Should a proposer require clarification of this RFP, the Proposal is to submit the questions in writing by email to Leslie Hatamiya, Executive Director, at lhatamiya-sbcf@sanbruno.ca.gov, no later than January 22, 2016.

### **SCOPE OF SERVICES**

Services to be provided by the selected investment firm include, but are not limited to, the following:

1. Assist the Foundation in the development of an Investment Policy Statement, which includes a spending policy, consistent with prudent investment laws applicable to California nonprofit public benefit corporations and the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA")
2. Manage two pools of the Foundation's portfolio, in accordance with the Foundation's Investment Policy Statement:
  - a. Quasi-endowment: \$15 million utilizing a long-term investment strategy
  - b. Non-endowment strategic funds: Approximately \$54 million to be used in the next 7-10 years on strategic priorities, including capital projects, and operating expenses
3. Provide monthly/quarterly/annual reporting for the Foundation's entire portfolio
4. Participate, as needed, in meetings with Foundation staff and a to-be-created Investment Advisory Committee, as well as at least one meeting per year of the Foundation Board of Directors
5. Evaluate market risk and develop strategies that minimize the impact on both portfolio pools
6. Provide assurance of portfolio compliance with applicable laws and the Foundation's Investment Policy Statement
7. Establish appropriate performance benchmarks

8. Over time, recommend amendments to the Foundation's Investment Policy Statement, as appropriate

### **INFORMATION AND/OR RESPONSES TO BE PROVIDED**

In order to assist the Board of Directors in its search for a firm to provide the investment management services described above, please provide, by January 28, 2016, a proposal that includes responses to the following:

#### *Approach to Nonprofit Institutions*

1. What is your experience with charitable nonprofit institutions subject to UPMIFA? How many nonprofit institution clients do you currently have? What is the average value of the portfolio under management for your nonprofit institution clients? What percentage of the firm's assets under management are those of nonprofit institutions?
2. What is at the top of your mind for your firm when working specifically with the portfolios of nonprofit institutions, especially new foundations, which do not yet have an investment management strategy?
3. Created by the San Bruno City Council, the San Bruno Community Foundation is subject to California public disclosure and ethics laws (*e.g.*, Brown Act). Describe your experience in working in this environment.
4. Describe the services you provide to nonprofit institutions of our scale.

#### *Organizational Background*

1. Please describe the ownership structure of your organization giving specific details with regard to any parent(s) or affiliate(s). Include an ownership and an organization chart diagramming the relationships between the professional staff as well as the parent/subsidiary, affiliate or joint venture entities.
2. Over the past five years, has the firm, any primary consultant, or any other officer or principal been involved in any business litigation, regulatory, or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity, or breach of fiduciary duty relating to investment consulting activities? If so, please describe the case, provide an explanation, and indicate the current status.
3. Please describe any potential or actual conflicts of interest (or appearance of a conflict of interest) that may arise if your firm is selected by the Foundation, including any monetary or non-monetary interests with PG&E or any of its affiliated entities. Also describe your method of dealing with conflicts of interest.
4. Please provide a summary of, as well as the availability of additional information regarding, your internal policies concerning compliance with regulatory and/or legal requirements, code of ethics, and best execution.

5. Please provide the levels for errors and omission insurance and any other fiduciary or professional liability insurance your firm carries. List the insurance carriers supplying the coverage.
6. Does the firm, its employees, and/or its independent contractors act as a broker or as a primary dealer in securities or receive any other form of additional compensation for client transactions aside from the direct fee paid by clients?
7. Please provide the following information about your firm's managed assets:
  - a. Historical (at least five years) firm-wide assets, including market value and number of clients
  - b. Firm-wide assets by asset class (*e.g.*, domestic and international equities, fixed income, cash, marketable alternatives, private capital, real estate) as of December 31, 2015 (both in dollars and as a percent of total assets)
8. Provide staff composition by function (*e.g.*, investments, client services, marketing, legal and compliance, IT and operations, and administrative) as of December 31, 2015.
9. Provide a breakdown of your client base by institution category (*e.g.*, nonprofit institutions, pension plans, corporate clients, and high net worth individuals) as of December 31, 2015. For each category, include the number of clients and client assets under management (in both dollars and as a percent of total assets).
10. Describe the level of client servicing and reporting you provide. Specifically, describe how you work with finance committees that meet intermittently to balance that schedule with potentially more frequent rebalancing needs.
11. Describe the educational materials you provide to clients, how they are delivered, and at what frequency.
12. How do you measure your firm's performance in helping clients meet their objectives?
13. Please provide a representative client list, including nonprofit institutions.
14. What characteristics distinguish your firm from your competitors?
15. Please provide the names, titles, and biographies of key individuals who would be responsible for this relationship. Detail their roles and the scope of their involvement for this relationship. Provide the name and title of the individual who would be the primary manager of this account.
16. Please provide contact information for three references, preferably nonprofit institutions (both public charities and private foundations) with comparable amounts of assets to manage.
17. Please certify your firm's status as a registered Investment Adviser. Provide an online link to your firm's Form ADV.

#### *Investment Management*

1. Describe your firm's investment philosophy. Indicate how you balance investment philosophy with liquidity needs.



2. Describe your firm's investment process, particularly highlighting how an investment strategy is executed. Please describe the average asset allocation for current endowment/foundation clients with target 5% payout obligations.
3. Describe your firm's approach to managing risk.
4. As of December 31, 2015, please provide the one, three, five and ten-year annualized returns (as available) against appropriate benchmark returns for an asset allocation similar to that of a typical foundation client. Please present returns gross and net of investment management/advisory fees.
5. How would you assist the Foundation in the development of an Investment Policy Statement?
6. Describe how you would work with the San Bruno Community Foundation to develop asset allocation recommendations and liquidity projections. What asset allocation and sample investment vehicles would you recommend for the San Bruno Community Foundation for each of its two pools of funds (\$15 million quasi-endowment and \$54 million non-endowment strategic funds)? What more would you need to know from the Foundation to be certain that you were devising the right strategy for the Foundation?
7. What performance benchmarks would your firm recommend for this portfolio?
8. Describe your firm's portfolio and performance reporting and evaluation services.
9. Please provide sample monthly and quarterly reports.
10. If you would propose any alternative investments for the \$15 million quasi-endowment, provide detail on the types of investments and your firm's experience in selecting and monitoring these types of funds.
11. Discuss your firm's assessment of the current market outlook and how your firm plans to provide performance for clients in the years ahead.

#### *Fees*

1. Given the asset allocation and fund choices stated above, what is your proposed fee structure? Please provide a breakdown of fees by individual product. Indicated fees should note the specific estimated fees for investment management, advisory, and custodial services separately, as well as fees on underlying investment products. Include all fees associated with managing the portfolio. Please note that more information in this section is better than less. Should you wish to provide a spreadsheet that calculates fees under different assumptions, please feel free, but do ensure that different fee categories can be seen and understood easily. Clearly separate the fees for the quasi-endowment portion and the roughly \$54 million of non-endowment assets.
2. What additional expenses not covered in the fee structure will be expected in order to implement the firm's investment management services?
3. What other services can you provide? What is the cost for these services?

# SAN BRUNO

## Community Foundation

### AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES FOR INVESTMENT MANAGEMENT SERVICES

This agreement ("Agreement") is entered into by and between the San Bruno Community Foundation, the "Foundation," a California 501(c)(3) nonprofit corporation, and \_\_\_\_\_ [insert legal name; if a sole proprietorship, list the individual's legal name, and, if applicable, the fictitious business name (dba)], a [insert form of company: corporation of \_\_, limited liability company, sole proprietor], with offices located in \_\_\_\_\_ ("Consultant"). Its purpose is to clearly define the responsibilities and compensation of the Consultant.

1. **Consulting Relationship.** During the term of this Agreement, Consultant will provide consulting services (the "Services") to the Foundation as described on Exhibit A attached to this Agreement. Consultant represents that Consultant is duly licensed (as applicable) and has the qualifications, the experience and the ability to properly perform the Services in a manner commensurate with community professional standards and applicable laws. Consultant shall use Consultant's best efforts to perform the Services such that the results are satisfactory to the Foundation. Consultant shall maintain a City of San Bruno business license during the term of this Agreement.

2. **Fees and Costs.** As consideration for the Services to be provided by Consultant and other obligations, the Foundation shall pay to Consultant the amounts specified in Exhibit B attached to this Agreement at the times specified therein.

3. **Expenses.** Consultant shall not be authorized to incur on behalf of the Foundation any fees or expenses not listed on Exhibit B without the prior consent of the Foundation's Executive Director.

4. **Term and Termination.** Consultant shall serve as a consultant to the Foundation for a period of three years, commencing on \_\_\_\_\_, and terminating on \_\_\_\_\_. Thereafter, the contract may be renewed annually by the Foundation.

Notwithstanding the above, the Foundation may terminate this Agreement at any time upon two weeks' written notice. In the event of such termination, Consultant shall cease all work under this Agreement and shall transfer all documents prepared as part of the work to the Foundation. The Foundation shall pay Consultant for any portion of the Services that have been performed prior to the termination.

5. **Background Check.** Consultant agrees to provide information to the Foundation regarding its process for conducting credit and background checks on employees who will be working on the Foundation's account, and this Agreement is contingent on the Foundation approving such information.

6. **Independent Contractor.** Consultant's relationship with the Foundation will be that of an independent contractor and not that of an employee.

a. **Method of Provision of Services.** Consultant shall be solely responsible for determining the method, details and means of performing the Services. Consultant may, at Consultant's own expense, employ or engage the service of such employees or subcontractors as Consultant deems necessary to perform the Services required by this Agreement, subject to the limitations set forth in Section 8. Such employees or subcontractors are not the employees of the Foundation, and Consultant shall be wholly responsible for the professional performance of the Services by Consultant's employees and subcontractors such that the results are satisfactory to the Foundation.

b. **No Authority to Bind Foundation.** Neither Consultant nor any partner, agent, or employee of Consultant has authority to enter into contracts that bind the Foundation or create obligations on the part of the Foundation without the prior written authorization of the Foundation.

c. **No Benefits.** Consultant acknowledges and agrees that Consultant (or Consultant's employees, if Consultant is an entity) will not be eligible for any Foundation employee benefits and, to the extent Consultant (or Consultant's employees, if Consultant is an entity) otherwise would be eligible for any Foundation employee benefits but for the express terms of this Agreement, Consultant (on behalf of itself and its employees) hereby expressly declines to participate in such Foundation employee benefits.

d. **Tax Indemnification.** Consultant shall have full responsibility for applicable withholding taxes for all compensation paid to Consultant, its partners, agents or its employees under this Agreement, and for compliance with all applicable labor and employment requirements with respect to Consultant's self-employment, sole proprietorship or other form of business organization, and Consultant's partners, agents and employees, including state worker's compensation insurance coverage requirements and any U.S. immigration visa requirements. Consultant agrees to indemnify, defend and hold the Foundation harmless from any liability for, or assessment of, any claims or penalties with respect to such withholding taxes, labor or employment requirements, including any liability for, or assessment of, withholding taxes imposed on the Foundation by the relevant taxing authorities with respect to any compensation paid to Consultant or Consultant's partners, agents, or its employees.

e. **Liability Indemnification.** Consultant shall indemnify, defend, and hold the Foundation, its Board of Directors, officers, agents, employees, and the City of San Bruno harmless from any and all claims, damages, losses, causes of action, and demands, including reasonable attorney's fees and costs, incurred in connection with or in any manner arising out of Consultant's performance of the work contemplated by this Agreement. Acceptance of this Agreement constitutes acknowledgement that the Consultant is not covered under the Foundation's general liability insurance, employee benefits, or worker's compensation insurance. It further establishes that the Consultant shall be fully responsible for all insurance coverages required under this Agreement.

f. **Insurance.** Consultant shall return an executed copy of this Agreement with proof of insurance and endorsements to insurance coverage satisfactory to the Foundation that shows that on or before beginning any of the services or work called for by any term of this Agreement, Consultant, at its own cost and expense, shall carry, maintain for the duration of the Agreement insurance coverage naming the Foundation, its officers, officials and employees, as well as the City of San Bruno, as additional insureds, as follows: (i) statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant with limits not less than \$1,000,000, (ii) Commercial General and Automobile

Liability insurance in an amount not less than \$1,000,000 per occurrence, and (iii) professional liability insurance for licensed professionals performing work pursuant to this agreement in an amount not less than \$2,000,000 covering the licensed professionals' errors and omissions. Consultant shall not allow any subcontractor to commence work on any subcontract until all insurance required of the Consultant has also been obtained for the subcontractor.

7. **Reporting of Consultant's Services.** Consultant will be required to report to the Executive Director concerning the Services performed under this Agreement. The nature and frequency of these reports will be left to the reasonable discretion of the Executive Director. The Executive Director is responsible for the retention of Consultant's services and agreement on scope of work.

8. **Assignment and Subcontracting.** Consultant shall not assign this Agreement or any portion thereof to a third party without the prior written consent of the Foundation, and any attempted assignment without such prior written consent in violation of this Section shall automatically terminate this Agreement. Unless otherwise specified in Exhibit A, Consultant shall not subcontract any portion of the performance contemplated and provided for herein without prior written approval of the Foundation.

9. **Discrimination and Harassment Prohibited.** Consultant will comply with all applicable local, state, and federal laws and regulations prohibiting discrimination and harassment.

10. **Confidential Information.** Consultant agrees at all times during the term of this Agreement and thereafter to hold in strictest confidence and not to use, except for the benefit of the Foundation to the extent necessary to perform under this Agreement, or to disclose to any person, firm, corporation, or other entity, without written authorization of the Board of Directors of the Foundation, any Confidential Information of the Foundation. Consultant further agrees not to make copies of such Confidential Information except as authorized by the Foundation. As used in this Agreement, the term "Confidential Information" means information pertaining to any aspects of the Foundation's business which is either information not known by the general public or is proprietary information of the Foundation or its affiliates, whether of a technical nature or otherwise.

11. **Ownership of Documents.** All work product produced by Consultant or its agents, employees, and subcontractors pursuant to this Agreement is the property of the Foundation. In the event this Agreement is terminated, all work product produced by Consultant or its agents, employees, or subcontractors shall be delivered at once to the Foundation.

12. **Retention of Records.** Consultant shall maintain all records related to this Agreement for no less than ten years after the Foundation makes final payment or after termination of this contract and all other pending matters are closed. All records shall be subject to the examination and/or audit by agents of the Foundation.

13. **Conflict of Interest.**

a. **In General.** Consultant represents and warrants that, to the best of the Contractor's knowledge and belief, there are no relevant facts or circumstances that could give rise to a "conflict of interest," as that term is defined in the Political Reform Act, as codified at California Government Code Section 81000, et seq., on the part of the Consultant, or that Consultant has already disclosed all such relevant information in writing.

b. **Subsequent Conflict of Interest.** Consultant agrees that if an actual or potential conflict of interest in the part of the Consultant is discovered after award, the Consultant will make a full disclosure in writing to the Foundation. This disclosure shall include a description of the actions, which the Consultant has taken or proposes to take, after consultation with the Foundation to avoid, mitigate, or neutralize the actual or potential conflict and shall take all such steps within 30 days.

c. **Interests of Foundation Officers, Board Members, and Staff.** No officer, board member or employee of the Foundation shall have any pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof. Neither Consultant nor any member of the Consultant's family shall serve on any Foundation board or committee or hold any such position which either by rule, practice, or action nominates, recommends, or supervises Consultant's operations or authorizes funding Consultant.

14. **Conflicts with this Agreement.** Consultant represents and warrants that neither Consultant nor any of Consultant's partners, employees, or agents is under any pre-existing obligation in conflict or in any way inconsistent with the provisions of this Agreement. Consultant represents and warrants that Consultant's performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by Consultant in confidence or in trust prior to commencement of this Agreement. Consultant warrants that Consultant has the right to disclose and/or use all ideas, processes, techniques and other information, if any, which Consultant has gained from third parties, and which Consultant discloses to the Foundation or uses in the course of performance of this Agreement, without liability to such third parties. Notwithstanding the foregoing, Consultant agrees that Consultant shall not bundle with or incorporate into any deliverables provided to the Foundation herewith any third party products, ideas, processes, or other techniques, without the express, written prior approval of the Foundation. Consultant represents and warrants that Consultant has not granted and will not grant any rights or licenses to any intellectual property that would conflict with Consultant's obligations under this Agreement. Consultant will not knowingly infringe upon any copyright, trade secret, or other property right of any former client, employer, or third party in the performance of the Services required by this Agreement.

15. **Miscellaneous.**

a. **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of the parties.

b. **Sole Agreement.** This Agreement, including the Exhibits hereto, constitutes the sole agreement of the parties and supersedes all oral negotiations and prior writings with respect to the subject matter hereof.

c. **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, 48 hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below, or as subsequently modified by written notice.

d. **Choice of Law and Venue.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California, without

giving effect to the principles of conflict of laws. Venue for state court shall be in Redwood City and for federal court in San Francisco.

e. **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

f. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

g. **Alternative Dispute Resolution.** If any dispute arises between the parties that cannot be settled after engaging in good faith negotiations, the Foundation and Consultant agree to resolve the dispute in accordance with the following:

i. Each party shall designate a senior management or executive level representative to negotiate any dispute.

ii. The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

iii. If the issue remains unresolved after ten days of good faith negotiations, the parties shall attempt to resolve the disagreement by negotiation between legal counsel. If the above process fails, the parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

iv. The mediation process shall provide for the selection within 15 days by both parties of a disinterested third person as mediator, shall be commenced within 30 days and shall be concluded within 15 days from the commencement of the mediation.

v. The parties shall equally bear the costs and fees of any third party in any alternative dispute resolution process.

vi. The alternative dispute resolution process is a material condition to this Agreement and must be exhausted as a remedy prior to either Party initiating legal action. This alternative dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by any applicable laws.

h. **Advice of Counsel.** EACH PARTY ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

[Signature Page Follows]

The parties have executed this Agreement on the respective dates set forth below.

SAN BRUNO COMMUNITY FOUNDATION

By: Leslie Hatamiya

Title: Executive Director

Signature: \_\_\_\_\_

Address: 901 Sneath Lane, Suite 209, San Bruno, CA 94066

Date: \_\_\_\_\_

NAME OF CONSULTANT

Title: Consultant

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT A

DESCRIPTION OF SERVICES



EXHIBIT B

COMPENSATION

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Foundation Program Development

On October 7, the Board of Directors directed the Ad Hoc Committee on Program Strategy Development to research six near-term project concepts and return to the full Board by early 2016 with concrete proposals, including timeline, budgets, and guidelines, for consideration and approval. Two of the project concepts – creation of a memorial scholarship and creation of a community grants program – would be developed and administered by the Foundation, while the other four – facilities master plan, Community Day sponsorship, lighted crosswalks, and community park development – involve facilities and programs of the City of San Bruno and require a close partnership with the City.

In the interest of allocating the resources necessary to properly research these project concepts, the Committee concluded that it would handle the project concepts requiring partnership with the City and that a second ad hoc committee should be created to research and develop proposals for the scholarship program and the community grants program. As a result, on November 4, the Board created the Ad Hoc Committee on Foundation Program Development to research and prepare proposals for creation of a memorial scholarship program and a community grants program. The Board appointed Board Member Pat Bohm as Committee chair and Secretary Emily Roberts as Committee member.

The Committee on Foundation Program Development first met on November 9 to discuss both the scholarship and the community grants programs. The Committee decided to focus its initial efforts on the scholarship program in order to quickly launch that program in the beginning of 2016 and award the first round of scholarships by the end of the current school year. On January 6, the Committee will report on its progress in creating the scholarship program and its plans for development of the community grants program later in 2016.

### **Scholarship Program**

The Committee is recommending that the Foundation create, as one of its first program initiatives, the Crestmoor Neighborhood Memorial Scholarship in honor of the community members who most directly endured the destruction of the devastating 2010

# SAN BRUNO

## Community Foundation

### Memorandum

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explosion and resulting fire and especially in memory of the eight San Bruno residents who lost their lives in the disaster. With the Scholarship Program, the Foundation would create a living tribute to the Crestmoor neighborhood through an investment in San Bruno's next generation of leaders. As the neighborhood is reconstructed and the survivors rebuild their lives, the Scholarship Program would ensure that the tragedy of September 9, 2010, is not forgotten and that the resiliency, teamwork, leadership, and commitment to community displayed throughout San Bruno in the aftermath of the explosion and fire would be honored in the annual recipients of the Scholarship.

#### 1. Scholarship Program Outline

In formulating the proposal set forth below, the Committee and staff spoke with high school college counseling offices, researched the current costs of attending college and matriculation data for San Bruno high school seniors, and surveyed other existing scholarship programs.

As proposed by the Committee, the Crestmoor Neighborhood Memorial Scholarship would aim to assist outstanding San Bruno students who have demonstrated a strong commitment to the community in obtaining a college degree. Scholarships would be available on a competitive basis to:

- Graduating high school seniors who will enroll at a four-year college or university or a community college
- Community college students transferring to a four-year college

For 2016, the Committee is proposing a total program award budget of \$100,000, to be distributed as follows:

- *For graduating high school seniors who will enroll at a four-year college or university:* \$5,000 scholarship, renewable annually for three additional years (total possible award of \$20,000)
- *For graduating high school seniors who will enroll at a community college:* \$2,500 scholarship, renewable for one additional year (total possible award of \$5,000)
- *For community college students transferring to a four-year degree institution:* \$5,000 scholarship, renewable for one additional year (total possible award of \$10,000)

The Committee wants the Scholarship awards to be significant to the recipients – both in the honor it bestows and in the financial assistance it provides. Through discussions with high school counseling offices and a review of other scholarship programs, it became clear that (1) scholarships of at least \$5,000 for those attending four-year institutions and (2) scholarships that can be renewed for multiple years (vs. one-time awards) would be very meaningful for students.

# SAN BRUNO

## Community Foundation

### Memorandum

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The Committee also feels that, in order to be responsive to San Bruno's student population, it is critical that awards be specifically available for students attending community college and students transferring from community college to a four-year institution. Over the last two years, 50 percent of the graduating classes at Capuchino High School (San Bruno's main public high school) attended community college upon graduation (vs. 42 percent headed to four-year institutions). Moreover, San Bruno is the home of Skyline College, one of three well-regarded community colleges in San Mateo County.

Based on its review of the current estimated costs of attending college (community college, California State Universities, the University of California, and private institutions), the Committee is in favor of allowing scholarship awards to be used to cover the cost of tuition, fees, books, required supplies, room and board, and transportation and, therefore, of providing the award directly to the student rather than college or university. The Committee recognizes that many scholarship programs limit the use of awards to tuition, fees, books, and required supplies and that many students need assistance covering the cost of room and board and transportation, which are often not covered by other scholarship support. The Committee will be seeking advice from outside counsel on the legal and tax implications of this arrangement prior to bringing the final proposal to the Board in February.

The Committee proposes that scholarship renewals would be contingent upon proof of enrollment for the following academic year and proof of status as a student in good standing at the college.

Under the Committee's suggested eligibility requirements, applicants must:

- Be a resident of San Bruno at the time of application (proof of residency required)
- Plan to enroll, during the fall of the scholarship cycle year, as a first-year student at an accredited four-year college, a first-year student at an accredited community college, or a transfer student (from a community college) at an accredited four-year college
- Complete FAFSA or, if applicable, the state Dream Act financial aid application

The Committee is currently proposing the following criteria for awarding the Scholarships:

- Demonstrated commitment to the San Bruno community
- Financial need
- Leadership, teamwork, and collaboration
- Extracurricular activities
- Academic record

# SAN BRUNO

## Community Foundation

### Memorandum

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Although academics will be considered, given the impetus for the Foundation's creation and the program goal of honoring the Crestmoor neighborhood, the Committee feels that it is very important that the Scholarship recognize students who have made a difference in San Bruno and who have demonstrated leadership, teamwork, and collaboration (traits that helped the community overcome the tragedy of 2010). Financial need will also be an important criteria, so that the Foundation can support students who might otherwise have a difficult time paying for college. The Committee proposes that whether an applicant has overcome significant challenges or obstacles and how those circumstances may have affected the applicant's school activities, other community involvement, or achievement in school would also be taken into consideration.

#### 2. Process and Timeline

The Committee's process and timeline for launching the Scholarship Program is as follows:

##### January:

- Present preliminary proposal to Board and see feedback (January 6)
- Research online application options
- Prepare final proposal and application
- Vet proposal and application with experts
- Prepare marketing materials
- Form outreach team
- Form selection panel
- Create outreach plan
- Design application rating rubric

##### February:

- Seek Board approval of Scholarship Program, including budget for 2016 (February 3)
- Begin publicizing program and distributing application (February 8)

##### March/April:

- Application deadline (March 18)
- Selection panel reviews applications and selects recipients
- Notify recipients (by April 29)

##### May:

- Attend school awards ceremonies (as applicable)

# SAN BRUNO

## Community Foundation

### Memorandum

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June:

- Acknowledge recipients at Foundation Board Meeting
- Begin payment of awards upon proof of enrollment

To ensure confidentiality of the applicants' financial, academic, and other information, the Committee will propose that the Board delegate selection of the Scholarship recipients to the Executive Director, who would appoint a selection panel to review the applicants and recommend the winners. The panel would likely consist of 5-10 individuals, including one Board member, several San Bruno community members (including residents of the Crestmoor Neighborhood), and "experts" from nearby communities familiar with the high school and college experience. To facilitate as impartial and fair a process as possible, panel members would be required to complete a conflict of interest form and to recuse themselves from reviewing applications from students they personally know.

The Committee also suggests creating a small outreach team made up of interested San Bruno community members who would help the Foundation publicize the scholarship program and possibly serve as liaisons to area high schools. The Committee has started compiling a distribution list of the public and private high schools that San Bruno students most often attend, as well as a list of nearby community colleges that eligible San Bruno residents may attend.

With the Committee, the Executive Director is reviewing the workload required to run the Scholarship Program and may consider hiring a consultant to support the outreach and selection processes.

The Committee looks forward to receiving feedback from the Board and the public on the draft Scholarship Program proposal outlined above.

### **Community Grants Program**

To ensure a successful launch of the Scholarship Program this school year, the Committee has focused most of its efforts thus far on that program and will begin outlining the community grants program in the coming months. At this time, the Committee is tentatively looking at a summer or fall 2016 launch of the community grants program, through which local organizations serving the San Bruno community could apply for grant funding. One possible timeline would include releasing the program outline and application by early summer, with an application deadline in early fall and awards made in late fall. The Committee is currently targeting a 2016 program budget of \$200,000 in community grant awards.

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** December 28, 2015

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Program Strategy Development and Approval of Resolution Approving Proposals to the San Bruno City Council Related to (1) San Bruno's Community Facilities Vision Plan, (2) Community Day Sponsorship, (3) Lighted Crosswalks and Other Pedestrian Safety Measures in the Bayhill and Downtown Areas, and (4) Development of a New Community Park at 324 Florida Avenue

On October 7, the Board of Directors directed the Ad Hoc Committee on Program Strategy Development to research six near-term project concepts and return to the full Board by early 2016 with concrete proposals, including timeline, budgets, and guidelines, for consideration and approval. Since then, the Board created a separate Ad Hoc Committee on Foundation Program Development to research the two project concepts that will be managed by the Foundation – creation of a memorial scholarship and creation of a community grants program. The Ad Hoc Committee on Program Strategy Development retains responsibility for researching the remaining four project concepts – facilities master plan (now renamed Community Facilities Vision Plan), Community Day sponsorship, lighted crosswalks, and community park development – which involve facilities and programs of the City of San Bruno and require a close partnership with the City.

On behalf of the Foundation, on November 10, I presented the four near-term projects involving City programs and facilities to the City Council. The Council directed City staff to work with the Foundation on the development of four project concepts. Regarding a facilities master plan project, several Council members questioned whether the Foundation's funding decisions would be slowed down by a comprehensive master planning process. Council members also suggested looking for grant opportunities to help fund the pedestrian safety measures and the park development.

Taking the Council's input into consideration, President Nancy Kraus and I have met with City Manager Connie Jackson and City Attorney Marc Zafferano regarding next steps in pursuing the four projects. The Committee has also met and decided that, in the interest of implementing the projects in 2016, the Foundation Board should communicate, by letter to the City Council, specific proposals for each of the four projects. As outlined in the accompanying letter, the proposals provide a description of each project as envisioned by the Foundation, the Foundation's expectations of the

# SAN BRUNO

## Community Foundation

### Memorandum

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City, and the grant award the Foundation is offering the City for each project. The letter also includes a brief summary of the development of the Foundation's Program Strategy Framework and the Foundation's strategic grantmaking priorities under that Framework.

The letter asks the City Council to consider the proposals by the Council's January 26 meeting and respond with suggested next steps to bring the proposals to fruition in 2016.

I recommend that the Board approve the attached resolution approving proposals to the San Bruno City Council related to (1) San Bruno's Community Facilities Vision Plan, (2) Community Day sponsorship, (3) lighted crosswalks and other pedestrian safety measures in the Bayhill and downtown areas, and (4) development of a new community park at 324 Florida Avenue, and directing the Executive Director to send the letter setting forth those proposals to the City Council.

Assuming the Board approves the resolution and letter, the Foundation will send the letter to the San Bruno City Council on January 7.

#### Attachments:

1. Resolution Approving Proposals to the San Bruno City Council Related to (1) San Bruno's Community Facilities Vision Plan, (2) Community Day Sponsorship, (3) Lighted Crosswalks and Other Pedestrian Safety Measures in the Bayhill and Downtown Areas, and (4) Development of a New Community Park at 324 Florida Avenue
2. Exhibit A: Letter from the San Bruno Community Foundation to the San Bruno City Council, dated January 7, 2016
3. Proposal Letter re Pre-Planning for a Community Facilities Vision Plan from Anderson Brule Architects to the San Bruno City Manager, dated December 11, 2015



**RESOLUTION NO. 2016-\_\_**

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
APPROVING PROPOSALS TO THE SAN BRUNO CITY COUNCIL RELATED TO (1)  
SAN BRUNO'S COMMUNITY FACILITIES VISION PLAN, (2) COMMUNITY DAY  
SPONSORSHIP, (3) LIGHTED CROSSWALKS AND OTHER PEDESTRIAN SAFETY  
MEASURES IN THE BAYHILL AND DOWNTOWN AREAS, AND (4) DEVELOPMENT  
OF A NEW COMMUNITY PARK AT 324 FLORIDA AVENUE**

**WHEREAS**, the Ad Hoc Committee on Program Strategy Development has researched four near-term project concepts that involve facilities and programs of the City of San Bruno and require a close partnership with the City;

**WHEREAS**, the Committee recommends that the Board of Directors communicate the following grant proposals totaling \$700,000 for projects to be implemented by the City in 2016 to the San Bruno City Council:

- (a) Grant of up to \$300,000 to the City for the completion of a Community Facilities Vision Plan focused on the Foundation's capital project strategic priorities and related facilities, including a pre-planning process to develop the scope of work and work plan;
- (b) Grant of up to \$30,000 to the City to underwrite the costs of holding the third annual Community Day in 2016;
- (c) Grant of up to \$170,000 to the City to improve pedestrian safety along Cherry Avenue in the Bayhill area and along San Mateo Avenue in the downtown area by installing lighted crosswalks, lighted signage, or other similarly high-visibility pedestrian safety features;
- (d) Grant of up to \$200,000 to develop the City-owned lot at 324 Florida Avenue into a community park;

**WHEREAS**, the Foundation seeks a prompt response on next steps from the Council on the proposals in order to see them realized in 2016; and

**WHEREAS**, the letter attached as Exhibit A outlines the Foundation's vision, expectations, and grant award amount for each project.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves the following program grant proposals, as set forth in the letter to the San Bruno City Council as Exhibit A, and directs the Executive Director and President to send the letter to the City Council:

- (e) Grant of up to \$300,000 to the City for the completion of a Community Facilities Vision Plan focused on the Foundation's capital project strategic priorities and related facilities, including a pre-planning process to develop the scope of work and work plan;
- (f) Grant of up to \$30,000 to the City to underwrite the costs of holding the third annual Community Day in 2016;
- (g) Grant of up to \$170,000 to the City to improve pedestrian safety along Cherry Avenue in the Bayhill area and along San Mateo Avenue in the downtown area by installing lighted crosswalks, lighted signage, or other similarly high-visibility pedestrian safety features; and
- (h) Grant of up to \$200,000 to develop the City-owned lot at 324 Florida Avenue into a community park.

Dated: January 6, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 6<sup>th</sup> day of January, 2016, by the following vote:

AYES:      Board members:

NOES:      Board members:

ABSENT:   Board members:

# SAN BRUNO

## Community Foundation

901 Sneath Lane, Suite 209, San Bruno, CA 94066

January 7, 2016

Honorable Jim Ruane, Mayor  
Honorable Marty Medina, Vice Mayor  
Honorable Ken Ibarra, City Councilmember  
Honorable Rico Medina, City Councilmember  
Honorable Irene O'Connell, City Councilmember  
City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066

Dear Mayor Ruane and Councilmembers:

On behalf of the Board of Directors of the San Bruno Community Foundation, we present to you for your consideration the Foundation's proposal on four community-focused projects for 2016: Community Facilities Vision Plan, Community Day sponsorship, lighted crosswalks and other pedestrian safety measures in the Bayhill and downtown areas, and development of a new park at 324 Florida Avenue.

### **Background**

As you know, on October 7, 2015, the Foundation Board adopted the organization's Program Strategy Framework, the high-level policy document that provides the structure and outline of the Foundation's charitable programs and serves as the guiding document for accomplishing the Foundation's mission. Consistent with the Program Strategy Framework, the Foundation Board approved several near-term project concepts (for implementation in 2016) for further research and deliberation.<sup>1</sup> Because many of the projects identified in the Foundation's Community Listening Campaign last spring are large capital projects that will take considerable time – perhaps several years, in some cases – to research, develop, and execute, the Board identified the near-term project concepts with the desire to begin using the restitution funds to benefit the San Bruno community with some smaller projects that can be accomplished within a short time frame. The criteria used to identify the project concepts were high visibility, relatively low cost, responsive to themes heard

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<sup>1</sup> The list of near-term project concepts includes two programs – a memorial scholarship program and a community grants program – that would be solely administered by the Foundation and not in partnership with the City. Yesterday the Foundation Board approved the creation of the Crestmoor Memorial Scholarship Program, budgeted at \$100,000; scholarships will be awarded for the first time this spring to deserving San Bruno residents attending college in the fall. The Foundation is in the process of designing the Community Grants Program (budget of \$200,000) for launch later in 2016.

from community, clear examples of the Foundation's program strategy, and geographic considerations.

On November 10, 2015, the San Bruno City Council, pursuant to its reserved powers in the Foundation's bylaws, approved the Program Strategy Framework. It also gave City staff direction to work with the Foundation on the development of four near-term projects requiring partnership with the City (facilities master plan, Community Day sponsorship, community park development, and lighted crosswalks), although several Councilmembers expressed concern about the comprehensive nature of a facilities master plan and questioned whether the Foundation's funding decisions would be slowed down by a facilities master planning process. Councilmembers also suggested looking for grant opportunities to help fund the pedestrian safety measures and the park development.

Moreover, on November 18, 2015, the Foundation Board endorsed a preliminary program funding strategy of designating \$15 million as a quasi-endowment with a long-term investment strategy and spending the balance of the restitution funds (in addition to investment income on the quasi-endowment) on programs and operations over the next seven to ten years. This division of funds will provide the Foundation with ample opportunity to make significant headway in addressing many of the community needs – particularly the larger capital projects – that San Bruno community members identified in the Community Listening Campaign.

Also on November 18, the Board identified the Foundation's top strategic grantmaking priorities, including capital projects, and directed staff to begin discussions with the relevant community partners to develop concrete funding proposals. As you will recall, under the three-bucket program strategy approach outlined in the Program Strategy Framework, the Foundation will undertake three categories of program activities: (1) strategic grantmaking (whereby the Foundation identifies a community need and proactively seeks out partners and solutions to address that need); (2) responsive grantmaking (where the Foundation responds to requests from community groups to fund programs within the Foundation's focus areas); and (3) non-grantmaking Foundation programs (such as a scholarship or awards program).

To identify priorities for the first bucket, strategic grantmaking, the Board used the following criteria:

- Brings added benefits and amenities to the San Bruno community
- Broad community benefits, affecting large segments of the community
- High visibility
- Responsive to community input received during Community Listening Campaign
- High impact – Foundation support can make a meaningful difference
- Not part of current plans/City priorities

Using this criteria, the Board endorsed the following list of strategic grantmaking priorities, which will receive the lion's share of the Foundation's program funding and are listed in no particular order:

*Capital Project Priorities*

- Upgraded library/community center
- Year-round swimming pool
- Upgraded recreation center

- Athletic field improvements
- Park improvements

*Other Priorities*

- Education
- Social and human services
- Citywide beautification efforts
- Community-building

With regard to the near-term projects for implementation in 2016, the Foundation Board directed the Ad Hoc Committee on Program Strategy Development and staff to research the four project concepts related to City projects and programs. The Committee and staff have discussed the project concepts with City staff as part of the research process.

On January 6, 2016, the Board approved the four proposals being presented to you in this letter.

## **The Proposals**

### **1. Community Facilities Vision Plan**

The Foundation proposes providing a grant of up to \$300,000 to the City for the completion of a Community Facilities Vision Plan. In response to the feedback received from the City Council, the public, and various Board members, the Foundation recommends a more focused planning process than originally envisioned and, as such, has renamed this project concept. The planning process would focus on the Foundation's capital project strategic priorities and related facilities<sup>2</sup> - that is, the library, and park and recreation facilities including the recreation center, the pool, athletic fields, and playgrounds – and would include a significant community engagement component to solicit input on the vision for the various facilities.

We believe a Community Facilities Vision Plan would be invaluable for both the City and the Foundation. It would provide:

- Build on the input the Foundation received during the Community Listening Campaign to delve deeper into the community's vision for and the desired features of each facility;
- Meaningful guidance to the City in charting a course for addressing its community facility needs;
- Necessary information to the Foundation as it decides how to productively deploy its strategic grantmaking funds to support the community facility projects it has identified as priorities; and
- A useful blueprint for approaching other funders for the various capital projects to leverage the Foundation's funds and to finance those projects that the Foundation is unable to support.

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<sup>2</sup> If it so chose, the City could decide to undertake a second phase of the facilities vision process to cover the City facilities not included among the Foundation's priorities that builds upon the Community Facilities Vision Plan after the initial phase is completed.

To prepare for the Community Facilities Vision Plan, we suggest that the City retain the services of an outside architectural design or construction management firm to develop the scope of work and work plan. We believe this “pre-planning” process is critical to ensuring the success of the Community Facilities Vision and would allow the City to benefit from experts in the field who have experience leading community facilities planning processes. The pre-planning process would bring to the table key City staff, a subcommittee of the City Council, a subcommittee of the Foundation Board, Foundation staff, and other key stakeholders to determine the scope of the Vision Plan and the process for arriving at that Plan. We believe that this pre-planning process would result in a more defined search process for selecting a firm to conduct the Community Facilities Vision Plan and, ultimately, result in a more efficient, productive, and streamlined process and lowered cost for the Vision Plan.

For the pre-planning exercise, we recommend that the City engage with Anderson Brulé Architects (ABA), the San Jose-based architectural firm that last summer created for the Foundation a cost-modeling tool for a sampling of San Bruno community facilities. The tool has been invaluable to the Foundation Board in our program strategy deliberations, and we were very pleased with all aspects of ABA’s work, particularly the firm’s ability to quickly review San Bruno’s existing facilities and produce a tool tailored to our situation on a very short timetable. Attached is ABA’s proposal to provide pre-planning services to the City. The proposal outlines ABA’s plans to develop a process map, process narrative, and conceptual process schedule for the Community Facilities Vision within two months, for a fee of \$25,000. A portion of the Foundation’s grant award could be used to fund the pre-planning process.

Although we recognize that the City typically uses a Request for Proposals (RFP) process to select outside consultants, we urge the City to seriously consider the ABA proposal in the interest of moving this near-term project forward as expeditiously as possible. As mentioned above, the public, the Foundation Board, and members of the City Council have expressed a concern about the length of time it could take to complete a facilities plan. Contracting with ABA, which is already familiar with the facilities to be covered in the Vision Plan, to conduct the pre-planning process would expedite this step. To create the cost-modeling tool over the summer, ABA reviewed the 2000 City of San Bruno Public Library Master Plan, the 2003-2018 Comprehensive Parks & Recreational Facilities Master Plan, and architectural drawings and documentation for the City’s swimming pool, Veterans Memorial Recreation Center, and Fire Station 51. ABA would be able to hit the ground running on the pre-planning process, whereas a different firm would likely have a longer ramp-up time to begin the project, not to mention the time that would be required to identify and select such a firm.

Our hope is that the entire Community Facilities Vision Plan would be completed by the end of 2016. We realize that, under current City staff levels, it might be difficult to dedicate the necessary staff resources to effectively support the planning process. If that is the case, we would encourage the City to consider bringing in a consultant with specialized expertise in the architectural design and construction process to provide the necessary staff bandwidth. We would permit any excess grant funds above the cost of the pre-planning process and the Community Facilities Vision Plan to be used to cover the costs of such a consultant.

We are excited about the Community Facilities Vision Plan and believe it is a necessary step as the Foundation decides how to deploy its strategic grantmaking funding to support the community facility improvements the community has requested.

## 2. Community Day Sponsorship

During the Community Listening Campaign, we consistently heard San Bruno residents express a desire for more community events and activities that would create a stronger, more engaged sense of community in our city. In particular, we heard support for making the 2014 Centennial Celebration's Community Day into an annual event. The City has now hosted Community Day a second time, to mixed reviews. While the event would benefit from adjustments in both design and execution, we believe that the idea of an annual day in the park that brings San Bruno families together for activities and community-building is a good one. We also believe that successful community-building events, such as Community Day, can take a few years to find its footing and gain traction throughout the community. As such, we encourage the City to hold the third annual Community Day in 2016.

We understand that there has been discussion of moving Community Day from the fall to the late spring or early summer, and we support such a move. Scheduling Community Day in the fall has presented various challenges, including competing for resources and attention with St. Robert's Festival, a highly attended community event, and making it difficult for significant school involvement so early in the academic year. In particular, we encourage the City to consider approaching the Lions Club to combine Community Day with the annual Posy Parade at the beginning of June. The joint effort could help rejuvenate a longtime community event that has experienced dwindling participation in recent years and transition Community Day from a stand-alone event to an anticipated annual tradition with significant community involvement. We also suggest turning the Community Day-Posy Parade effort into a true community partnership, involving not just the Lions Club but also other service and professional organizations like the Rotary Club and the Chamber of Commerce, and providing activities such as cultural performances, expanded food options, and community resource booths to extend the appeal of the day to a broader audience.

In the spirit of partnership, the Foundation's long-term vision is to support Community Day as the lead sponsor with grant funding in the \$15,000-\$20,000 range, which could be used to attract other sponsorships from San Bruno businesses to underwrite the full cost of the event. We understand, however, that the City has not currently budgeted any funds for a Community Day this spring and that, given the short lead time until June, it may be difficult to secure other significant sponsorship funding in the next few months. As a result, if the City were to develop a viable plan for holding the event in June, the Foundation proposes funding Community Day up to \$30,000 to ensure that the event is held in 2016 for the third consecutive year.

At the same time, we understand that a retooling of Community Day and possibly combining it with the Posy Parade could take time, and that the City may decide that, to ensure the event's success, it would be best to allow for ample preparation time and schedule the next Community Day for June 2017. While we are enthusiastic about supporting Community Day in 2016, we want the next iteration to be a tremendous success and become the blueprint for the event going forward. If that could not happen by this June, we would support the City's decision to push out Community Day one year to 2017, and we would propose funding the event up to \$20,000, with the anticipation that the City would be able to secure additional sponsorships from other community groups and businesses to cover the full cost of the event.

### **3. Lighted Crosswalks and Other Pedestrian Safety Efforts**

A prevalent theme we heard during the Community Listening Campaign, particularly given the source of the restitution funds, was a concern about community safety. Consistent with this theme, the Foundation would like to support efforts to improve pedestrian safety in the Bayhill and downtown areas.

In the Bayhill area, we are particularly concerned about pedestrian traffic across busy Cherry Avenue at two crosswalks that lack stop lights or stop signs – one in front of the entrance to the Bayhill Shopping Center across from the Walmart.com building, and one at the corner of Cherry and Grundy Lane. Given the width of Cherry Avenue, it is often difficult for cars to see pedestrians walking in the crosswalks. We believe that pedestrian safety along this street would be increased with the addition of lighted crosswalks and/or lighted signage that are activated when a pedestrian enters the crosswalks. We understand that Walmart has expressed interest in improving pedestrian safety in this area, and we would be interested in partnering with Walmart or any of the other corporations in the Bayhill area that share our concerns to improve pedestrian safety along Cherry Avenue.

We also believe San Mateo Avenue in the downtown corridor would also benefit from lighted crosswalks or other pedestrian safety measures. Although most of the intersections along San Bruno Avenue between El Camino Real and San Bruno Avenue would likely benefit from these measures, we call particular attention to the crosswalks across San Mateo Avenue at Jenevein Avenue, which do not have accompanying stop signs or stop lights.

We look to the Traffic Safety and Parking Committee and City staff for guidance on the appropriate pedestrian safety measures to implement in these two areas and for cost estimates for appropriate lighted crosswalk systems.

We propose providing the City with a grant of up to \$170,000 to improve pedestrian safety along Cherry Avenue in the Bayhill area and along San Mateo Avenue in the downtown area by installing lighted crosswalks, lighted signage, or other similarly high-visibility pedestrian safety features. The Foundation would like to see this project implemented by the end of 2016 with a commitment to operate and maintain them going forward. The Foundation would urge the City to seek out potential grant and partnership opportunities to leverage the Foundation's funding.

### **4. Community Park Development – 324 Florida Avenue**

Although most community facility projects would benefit from the Community Facility Vision Plan discussed above, the Foundation would like to support a small capital project that can be executed in 2016 and clearly demonstrate the benefits that the restitution funds can have in improving San Bruno community facilities. We understand that the City has purchased the lot at 324 Florida Avenue just south of the downtown area and budgeted funds for the demolition of the existing structure and clean-up of the site, but that the City has not budgeted for the development of the site into a usable community space.

The Foundation would like to support the City's desire to transform this parcel of land into a neighborhood park in an area of town that currently lacks any playground or park space. As a result, we propose providing the City with a grant of up to \$200,000 to develop the lot at 324 Florida



Avenue into a park. We look forward to the opportunity to collaborate with the City, and the Parks and Recreation Commission in particular, to help bring a new park to San Bruno's east side.

To supplement the Foundation's grant, we strongly encourage the City to apply for a "Build It with KaBOOM!" grant to support the construction of a playground in the new park. KaBOOM! is a national nonprofit dedicated to bringing balanced and active play into the daily lives of kids by partnering with community organizations and funders to create playgrounds ([www.kaboom.org](http://www.kaboom.org)). Through the Build It with KaBOOM! grant program, KaBOOM! matches applicants who seek to build playgrounds serving low-income children in areas currently without an outdoor play space with funders wanting to support such efforts. KaBOOM! provides a project manager to guide the community partner through the design and construction process, culminating in a "Build Day" during which approximately 75 volunteers construct a playground. The matched funder underwrites the costs of the playground build except for typically an \$8,500 contribution from the community partner (which could be covered by the Foundation's grant). Foundation staff has had preliminary discussions with KaBOOM! staff, and the initial feedback we have received is that this park opportunity would likely be a candidate for a KaBOOM! project. KaBOOM! staff recommends submitting an application as soon as possible to increase the City's chances of getting matched with a funder in the coming months.

We believe the KaBOOM! program provides a valuable opportunity to leverage the Foundation's funds. If a KaBOOM! grant were able to fund the playground component of the park, the remaining funds from the Foundation grant could finance site preparation, installation of grass and other greenery, and other park features such as picnic tables. We also appreciate that the KaBOOM! process has a community engagement aspect, both in designing the playground and in the actual building of the playground. With the help of local service organizations and the Park and Recreation Commission, we are confident that the City would be able to recruit the necessary volunteers to undertake the KaBOOM! project.

To accept this grant, we would expect the City to present an operational plan for maintaining the park going forward and to confirm its commitment to work toward completing development of the park by the end of 2016.

## **General Terms**

The Foundation's proposals are based on, to varying degrees, incomplete cost information, and we realize that actual costs may differ from the grant amounts proposed above. For each of the four proposed grants outlined above, the Foundation requests that the City provide a budget for the project, including any non-Foundation sources of funding, to substantiate use of the Foundation's grant. If the project budget turns out to be lower than the grant awards proposed above, the Foundation reserves the discretion to adjust a particular grant award accordingly. In the event that the anticipated project costs turn out to be higher than the proposed grant awards, we would inquire as to the City's willingness to contribute financially to the project – either with existing City funds or by seeking outside funding partners. Alternatively, we would be open to narrowing or adjusting the project scope to stay within the grant award limitations. Please be aware that the Foundation has allocated a total of \$1 million to fund the six near-term projects, including the memorial scholarship and community grants program.

In addition, prior to the transfer of grant funds, the Foundation would expect the City to execute a Grant Condition Form that confirms the City's acceptance of the Foundation's requirements for a particular grant.

Finally, we should note that for the four grant awards outlined above, the Foundation proposes to fully or substantially fund the outlined projects to demonstrate our commitment to partner with the City to create meaningful and lasting community benefits from the restitution funds. At the same time, as the City Council is well aware, \$70 million will not fully cover the costs to address all of the community needs identified in our survey of San Bruno community members. As a result, we want you to understand that future grant award proposals may not fully fund a particular project or program, and to the extent possible, the Foundation is willing to work with the City to identify other potential funding sources to ensure that a particular project or program is successfully realized.

### **Next Steps**

On behalf of the Foundation Board, we thank you for the opportunity to present you with the four near-term project proposals outlined above. We ask that the City Council consider them at the next available opportunity (no later than the January 26, 2016, City Council regular meeting) to move the projects forward promptly. We look forward to receiving your response to the four proposals, including suggested next steps to bring them to fruition in 2016.

If you have any questions, please do not hesitate to contact either of us.

Most sincerely,

Leslie Hatamiya  
Executive Director

Nancy A. Kraus  
President

Cc: Connie Jackson, City Manager  
Marc Zafferano, City Attorney



A N D E R S O N   B R U L É   A R C H I T E C T S

December 11, 2015

Ms. Connie Jackson, City Manager  
City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066

Via Email

Cc: Leslie Hatamiya, San Bruno Community Foundation  
Nancy Kraus, San Bruno Community Foundation

**RE: Proposal for Professional Services  
City of San Bruno – Community Facilities Vision Plan, Pre-Planning Services**

Dear Ms. Jackson:

Anderson Brulé Architects, Inc. (ABA) is pleased to submit this proposal for Pre-Planning Services to develop a scope of work and work plan for a City of San Bruno Community Facilities Vision.

### ***Context***

The City of San Bruno and the San Bruno Community Foundation wish to pursue a Community Facilities Vision Plan for select public spaces, specifically, the Civic Center, Library, park and recreation facilities; e.g., pool, athletic fields, playgrounds. It is important that the leadership of various City departments and the Community Foundation work together and that the process be collaborative, well facilitated, and planned in a timely and efficient manner.

Identifying process steps, process participants and a schedule will be essential to a successful planning effort. Prior to starting the community facilities visioning process, the City has requested that ABA assist them in the design and confirmation of a formal step-by-step process to move the planning forward. This first step of work will therefore be to ‘*plan the plan*’ for how to accomplish the development and approval of a Community Facilities Vision for the City of San Bruno. A significant portion of this work will be to establish an Outreach Plan for public input that will create meaningful interaction with the San Bruno community for inclusion in the project outcome.

### ***Approach and Methodology***

ABA will facilitate working sessions with a Core Team of individuals made up of the City leaders, the San Bruno Community Foundation as well as selected key stakeholders to develop a formal process recorded in a Process Map that will outline necessary steps and participants for the vision plan. This Core Team is expected to include representatives from the City, library system, and parks & recreation services; and representatives from the San Bruno Community Foundation. ABA will research, plan, prepare, and document these working sessions and include the outcome of the sessions in a Process Map, narrative, and schedule. The key aim of the Core Team work sessions will be to identify the necessary participants, steps, and approval process for the Community

#### **Strategies, Architecture & Interiors**

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Facilities Vision Plan. The Process Map will delineate the necessary steps, which may include phases for Vision Development, Needs Assessment, Service Plan, Operational Plan, Space Program, and Massing and Site Design as well as costing, phasing and other project considerations identified through Pre-planning.

### ***Scope of Services***

ABA proposes that the following services be provided to support timely decision-making.

### **Pre-Planning - Develop Scope of Work for the Planning of the City of San Bruno Community Facilities Vision Plan**

#### **1. Core Team Meeting 1**

- a. ABA will coordinate with the City and the Foundation to identify date, time, and location for the Planning Meetings.
- b. ABA will design an agenda for the Planning Meeting, to include:
  - Goals and Expectations
  - Participants and Roles
  - Key Milestones
  - Outreach Plan
  - Conceptual Schedule
  - Deliverables
- c. ABA will attend and facilitate one (1) 2-hour Planning Meeting with the Core Team.
- d. ABA will document the Planning Meeting into narrated Meeting Minutes.
- e. ABA will design and document a draft Process Map for the Community Facilities Vision Plan.

#### **2. Draft Conceptual Approach**

ABA will develop a conceptual approach for the planning of the City of San Bruno Community Facilities Vision Plan and will further draft a detailed scope of work and process map based on information discussed in Meeting 1.

#### **3. Core Team Meeting 2**

- a. ABA will design an agenda for the Planning Meeting.
- b. ABA will attend and facilitate one (1) 2-hour meeting to review process with selected leaders.
- c. ABA will document the Workshop into narrated Meeting Minutes.
- d. ABA will finalize deliverables pursuant to Core Team's comments and direction.

#### **4. Refine Conceptual Approach**

ABA will refine a conceptual approach for the planning of the San Bruno Community Facilities Vision and will refine the detailed scope of work and Process Map based on information discussed in Meeting 2.

#### **5. Research & Background Information**

ABA will review data and information collected from the City to provide context and understanding to this phase and the future phases of the project work.

### ***Deliverables***

1. Process Map
2. Process Narrative
3. Conceptual Process Schedule

***Schedule***

All efforts are dependent upon the ability to schedule time with the Client. Our intended schedule would commence in early January 2016 and to be completed in approximately a two month time frame.

***Fee Proposal***

Proposed Base Services for a Fixed Fee:.....	\$23,750.00
Reimbursable Allowance (only billed as occurred): .....	\$ 1,250.00
Total .....	\$25,000.00

We appreciate the opportunity to provide these services to the City and the San Bruno Community Foundation, and we look forward to working with you.

Sincerely,

**ANDERSON BRULÉ ARCHITECTS, INC.**



Pamela Anderson-Brulé, FAIA  
President