

SAN BRUNO

Community Foundation

Board of Directors

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

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Board of Directors

August 24, 2015

6:30 p.m.

Meeting Location:

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

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:** July 29, 2015, Special Board Meeting
- 4. Board Member Comments**
 - a. President
 - b. Others
- 5. Executive Director's Report**
- 6. Audit Committee Report**
- 7. 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 Scheduling a Special Board Meeting on September 2, 2015
 - b. Adopt Resolution Canceling the September 17, 2015, Regular Board Meeting and Scheduling a Special Board Meeting on September 14, 2015

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- c. Receive and Approve Treasurer's Report

8. Conduct of Business

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

9. Study Session

- a. Presentation on Quasi-Endowment Scenarios by Mark Hayes, Ph.D.
- b. Report of Program Strategy Development Committee by Nancy Kraus, Committee Chair

10. 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.

11. Adjourn

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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Board of Directors

July 29, 2015

6:30 p.m.

**Meeting Location: San Bruno Senior Center, 1555 Crystal Springs Road,
San Bruno**

1. Call to Order/Welcome:

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

3. Approval of Minutes: June 29, 2015, Regular Board Meeting: Board Member Hedley moved to approve the minutes of the June 29, 2015, Regular Board Meeting, seconded by Vice President McGlothlin, approved unanimously.

4. Board Member Comments:

a. President: President Kraus explained that tonight's meeting is a study session and that no action will be taken regarding programs, projects, or spending. She said that tonight's meeting is the beginning of a journey, and, as the Foundation moves forward, its activities will remain transparent to the public and the Board continues to welcome the public in its deliberations.

b. Others: Vice President McGlothlin shared that he spoke before the National Association of Active and Retired Federal Employees and provided an update on the Foundation's activities. .

5. Executive Director's Report: Executive Director Hatamiya reported on highlights of what she has been working on over the past month, including continued meetings with financial management firms. She also reported that at the direction of the Audit Committee, she sent the Foundation's Request for Proposals for audit and tax preparation services to a list of Bay Area certified public accounting firms. She said the Audit Committee plans to meet review received

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proposals in early August and select a list of finalists for further consideration, with the goal of making a recommendation of a CPA firm to the full Board in early September.

6. Consent Calendar

- a. Adopt Resolution Canceling the August 20, 2015, Regular Board Meeting and Scheduling a Special Board Meeting on August 24, 2015:
- b. Receive and Approve Treasurer's Report:

Vice President McGlothlin moved to adopt the consent calendar, seconded by Secretary Roberts, approved unanimously.

7. Study Session:

- a. Presentation on Capital Project Cost Modeling by Pamela Anderson-Brulé of Anderson Brulé Architects:

Executive Director Hatamiya introduced Pamela Anderson-Brulé, Founder and President of Anderson Brulé Architects, the architectural firm the Foundation engaged to create a cost-modeling tool to help the Board understand the costs involved in municipal capital projects. She emphasized that the Foundation has made no decision to fund any of the sample projects, which were selected as representative of the types of projects identified in the Community Listening Campaign report, and that if the Foundation were to decide to fund any of the sample projects, much more extensive planning would be required.

Ms. Anderson-Brulé shared the cost-modeling tool her firm created using seven sample capital projects suggested during the Foundation's Community Listening Campaign. She said that the high-level cost-modeling tool was created using experience, benchmarking, and educated assumptions. She explained how the cost-modeling tool works, including outlining the assumptions built into the model, the categories of costs involved in such capital projects, the use of benchmarks, and the role of escalation, provided cost ranges for the sample projects, and explained how the Foundation can use the tool to evaluate capital projects in the early stages.

After Ms. Anderson-Brulé gave her presentation, Board members made comments and asked questions to clarify their understanding of the model.

Six members of the public asked questions or made comments about the presentation.

Wendy al-Mukdad asked whether the tool included demolition costs and whether the model assumed facilities similar to their current size; Ms. Anderson-Brulé responded affirmatively to both questions.

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Maria Barr asked if the style of the buildings were included in the model and how unexpected costs are handled by the model. Ms. Anderson-Brulé replied that style was not considered but a variety of style costs are represented in the model numbers. She also explained that contingency costs are factored into the cost modeling tool to account for unforeseen situations and that escalation costs, a prediction of what is happening within the construction and building industry, are also included.

Bob Lafelte said that he would like San Bruno to have a community swimming pool for year-round use.

Ron Dugrenier said that \$70 million will not cover many projects and asked about remodeling or adding on to existing buildings.

Marty Medina asked for an explanation of the size of the library in the model. Ms. Anderson-Brulé explained that the increased size of the library was based on population ratios for other community libraries and San Bruno's current population.

David Nigel thanked the Foundation and Executive Director Hatamiya for the tremendous job they are doing. He is excited to see what is ahead for San Bruno.

- b. Presentation on Next Steps: Possible Program Strategies, Stakeholder Outreach and Data Collection by Executive Director Leslie Hatamiya:

Executive Director Hatamiya briefly reviewed the Community Listening Campaign report and the purpose of the campaign. She emphasized that the Listening Campaign was designed as a community engagement exercise with open-ended questions and not as a scientific survey or poll, and that due to the non-scientific nature of the Listening Campaign, additional analysis of the responses captured in the report will not be done at this time.

Hatamiya then presented data on San Bruno, including community health and well-being indicators, that can help inform the Board's evaluation of community needs and, ultimately, its program strategy.

Hatamiya introduced her "three-bucket" strategy for organizing Foundation programs that will hopefully evolve into a grant policy that the Board will submit to the City Council. The buckets are:

- Foundation-run Programs (such as scholarship or award programs)
- Responsive Grantmaking (grants consistent with the Foundation's mission in response to requests from community groups)
- Strategic Grantmaking (Foundation takes a leadership role in proactively addressing an identified community need with defined impact in mind)

Hatamiya also proposed that the Foundation identify a few near-term projects that can be accomplished by the end of 2016 while taking time to research more complex and costly projects, including many of the capital projects.

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She then reviewed next steps in stakeholder outreach, endowment scenarios, data collection and a timeline for the development of the Foundation's program and investment strategies.

8. Conduct of Business:

- a. Adopt Resolution Creating and Appointing Members to Ad Hoc Committee on Program Strategy Development:

Executive Director Hatamiya explained the rationale for creating an Ad Hoc Program Strategy Development Committee to develop the grant policy to be brought to City Council for approval and to identify short-term projects.

Board Member Roberts moved to adopt resolution creating and appointing members to ad hoc Committee on program strategy development, seconded by Board Member Bohm, approved unanimously.

9. Public Comment

Wendy al-Mukdad said that she is happy with the progress of the SBCF and is very excited to be a part of the San Bruno Community. She said she looks forward to seeing improvements and support for education and the San Bruno schools.

10. Adjourn: Vice President McGlothlin moved to adjourn the meeting at 8:16 p.m., seconded by Board Member Bohm, approved unanimously.

Respectfully submitted for approval at the Special Board Meeting of August 24, 2015, by Secretary Emily Roberts and President Nancy Kraus.

Emily Roberts, Secretary

Nancy Kraus, President

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Community Foundation

Memorandum

DATE: August 20 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Executive Director's Report

Since the July 29, 2015, Board meeting, my primary focus has been on next steps in the development of the Foundation's program and investment strategies – particularly in the work of the Ad Hoc Committee on Program Strategy Development and discussions with the consultant who will advise the Board on endowment strategies – and on the work of the Audit Committee in its review of proposals for audit and tax preparation services. These activities will be covered in the Study Session portion and Audit Committee Report of the August 24 Board meeting.

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

1. Stakeholder Outreach

Board President Nancy Kraus and I have met with elected county, state, and federal representatives, including San Mateo County Supervisor Dave Pine, Assemblymember Kevin Mullin, State Senator Jerry Hill, and Congresswoman Jackie Speier, to share the results of the Community Listening Campaign and give an update on the Foundation.

2. Outside Legal Counsel

As the Ad Hoc Committee on Program Strategy Development has begun to develop a program strategy policy document that will serve as the framework for the Foundation's programs, the need for outside counsel with expertise in nonprofit law has become more apparent. As a result, I have begun investigating options for retaining outside nonprofit counsel to provide legal advice on a host of nonprofit law issues that may arise in the Foundation's work.

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Community Foundation

Memorandum

DATE: August 20, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Audit Committee Report

Article XIII, Section 4, of the San Bruno Community Foundation's Bylaws states that the Foundation "shall retain an[] independent auditor and conduct annual independent audits (commencing with Section 12586(d) of the California Government Code)." As a tax-exempt 501(c)(3) public charity, the Foundation is required to submit federal (IRS Form 990) and state (California Form 199) information tax returns as well as the annual registration renewal fee report with the California Attorney General's Office (RRF-1).

On June 29, the Board approved a resolution calling for the use of a single certified public accounting (CPA) firm to conduct the annual audit of the Foundation's financial statements and to prepare the Foundation's tax returns. The Audit Committee also shared with the full Board the Request for Proposal for Audit and Tax Preparation Services (RFP) that the Audit Committee had prepared.

On June 30, I began distributing to various Bay Area CPA firms with nonprofit practices the RFP for Audit and Tax Preparation Services. By the July 31 deadline, SBCF had received proposals from 11 CPA firms; one additional proposal arrived on August 1 (another proposal arrived on August 20 due to an email address error and was not considered with the others).

I provided electronic copies of the proposals to the Committee and requested that Committee Members review the proposals by August 17.

At an August 17 special meeting, the Committee discussed the proposals and selected four finalists for further consideration, including interviews with the Committee and reference checks. The Committee is in the process of conducting the reference checks and will interview the finalists at a special meeting on August 26. All additional due diligence on the finalists will be completed by August 31, when the Committee will meet to select a CPA firm to recommend to the full Board for approval.

As you will note in the Consent Calendar, the Board will hold a special meeting on September 2, 2015, to consider the Audit Committee's recommendation.

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Memorandum

DATE: August 20, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Consent Calendar for the August 24, 2015, Special Board Meeting

For the August 24, 2015, special meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes three items related to administrative and operational functions of the Foundation:

1. Adopt Resolution Scheduling a Special Board Meeting on September 2, 2015

The Audit Committee is scheduled to meet on August 31 to select, from the finalists under consideration, a certified public accounting (CPA) firm to recommend to the full Board to conduct the Foundation's audit of its financial statements and to prepare the Foundation's federal and state information tax returns.

To ensure the timely completion of the Foundation's 2015 audited financial statements and federal and state information tax filings, it is necessary for the Board to select the auditor in early September. This timeline would allow for the fieldwork and preparation of the audited financial statements and tax returns to take place in September and October. Based on the Foundation's June 30 fiscal year end date, its tax returns are due on November 15, although requests for a three-month extension are routinely granted.

As a result, I recommend that the Board approve the attached resolution scheduling a special Board meeting on September 2, 2015, at 5:30 p.m., at San Bruno City Hall Room 115.

2. Adopt Resolution Canceling the September 17, 2015, Regular Board Meeting and Scheduling a Special Board Meeting on September 14, 2015

The Foundation Board's meetings are regularly scheduled for the third Thursday of the month and are held at San Bruno City Hall in Conference Room 115, the largest conference room at City Hall. The regular September meeting is scheduled for September 17.

The Foundation's June Board meeting was moved from its regular date in the third week of June to June 29 in order to receive the report from our Community Listening

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Community Foundation

Memorandum

Campaign, which was not scheduled to be ready for release until the last week of the month. In addition to moving the date, we moved the venue of the meeting to the San Bruno Senior Center to accommodate what we anticipated would be a large audience of community members. In fact, more than 60 members of the public attended the June 29 meeting.

We similarly moved the July and August Board meetings to the Senior Center to ensure that we could accommodate a large number of public attendees.

Given the tremendous community interest in the Foundation's work as the Board studies and deliberates its options for using the restitution funds to benefit the San Bruno community, I believe we should also move the Board's September meeting to the larger Senior Center venue. Due to the Center's regular programming on Thursday evenings, moving the meeting from City Hall to the Senior Center on the Board's regularly scheduled date is not an option.

As a result, I recommend that the Board adopt the attached resolution canceling its September 17, 2015, regular meeting and scheduling a special meeting on Monday, September 14, 2015, at the Senior Center to accommodate increased attendance by community members.

3. Receive and Approve Treasurer's Report

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

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

Attachments:

1. Resolution Scheduling a Special Board Meeting on September 2, 2015
2. Resolution Canceling the September 17, 2015, Regular Board Meeting and Scheduling a Special Board Meeting on September 14, 2015
3. Treasurer's Report: July 2015 Financial Statements and Budget Narrative

RESOLUTION NO. 2015-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
SCHEDULING A SPECIAL BOARD MEETING ON SEPTEMBER 2, 2015**

WHEREAS, Article XIII, Section 4, of the Foundation's Bylaws state that the Foundation "shall retain an independent auditor and conduct annual independent audits";

WHEREAS, the Audit Committee will meet on August 31, 2015, to consider certified public accounting firm candidates to provide audit and tax preparation services to the Foundation; and

WHEREAS, the Foundation Board of Directors would like to select the auditor in early September to ensure timely completion of the Foundation's 2015 audited financial statements and federal and state information tax filings

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors schedules a Special Board Meeting at 5:30 p.m. on September 2, 2015, at San Bruno City Hall, Conference Room 115.

Dated: August 24, 2015

ATTEST:

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 24th day of August, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

RESOLUTION NO. 2015-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
CANCELING THE SEPTEMBER 17, 2015, REGULAR BOARD MEETING AND
SCHEDULING A SPECIAL BOARD MEETING ON SEPTEMBER 14, 2015**

WHEREAS, public interest in the activities of the San Bruno Community Foundation has increased significantly in the last few months;

WHEREAS, the current location of the SBCF's Board meetings, San Bruno City Hall Conference Room 115, can comfortably accommodate only a small number of guests at Board meetings; and

WHEREAS, a larger meeting space at the San Bruno Senior Center is not available on Thursday, September 17, 2015, the date of the SBCF Board's regularly scheduled September meeting, but is available on September 14, 2015.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors cancels the Regular Board Meeting of September 17, 2015, and schedules a Special Board Meeting at 7:00 p.m. on September 14, 2015, at the San Bruno Senior Center.

Dated: August 24, 2015

ATTEST:

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 24th day of August, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

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Community Foundation

July 2015

Budget Narrative

This report describes the amounts in columns a (Actual Year to Date), d (Final Expected Amount), and e (Change in Budget) of the monthly Budget Report. This is the first report of the fiscal year. One month is equal to 8.33% of the year.

INCOME

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

Line 2 Interest & Investment Income – Minimal earnings (\$3) from Wells Fargo accounts.

EXPENSES

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

Line 5 Payroll Taxes & Benefits - Actual costs (\$2,278) include: Social Security/Medicare (\$1,116); Workers' Compensation Insurance (\$153); accrued Paid Time Off (\$280); and accrued Retirement (\$729). Life insurance is additional expense expected.

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

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

Line 9 Insurance – Actual (\$1,379) is for: a) Directors & Officers (D&O) coverage (\$1,071); b) crime coverage (\$227); and c) package non-profit liability coverage (\$81). These are monthly amounts that will be recorded every month regardless of when premiums are paid.

Line 10 Telecommunications – Actual cost (\$105) includes cell phone account (\$63), and internet access (\$42). This is well below budget because budget includes projected cost for land line and new website.

Line 11 Postage & Shipping – \$15 actual cost is for priority mailings (3) from Accounting consultant to Executive Director. Amount spent is less than one-half of one percent.

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

Line 13 Office Supplies – Total (\$347) includes: four toner cartridges (\$328); and Accounting software fees (\$19).

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

Line 15 Legal Fees – No expense incurred.

Line 16 Auditor & Payroll Fees – Only cost has been \$121 for payroll fees. The amount budgeted (\$6,000) for audit fees will likely be too low.

Line 17 Investment Consultant – No expense incurred.

Line 18 Other Consultants - Actual costs (\$16,264) include \$15,224 for sample project cost modeling and \$1,040 for Accounting consultant.

Line 19 Travel, Meetings & Conferences – No expense incurred.

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

SUMMARY

Two expense line items (Office Supplies and Other Consultants) are over the 8.33% benchmark for one month. The Office Supplies variance of 4.3% is not significant and is due to purchasing toner that should last a number of months. The Other Consultant variance (27.2%) is more significant and is caused by \$15,224 expense for cost modeling. That represents nearly half the amount that was budgeted for costs other than Accounting consultant. Fees for accounting services will be incurred on a fairly even basis throughout the year with peaks for audit preparation and follow up, but other consultant costs are not as regular.

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

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Community Foundation

July 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)
INCOME					
1 Restitution Funds	\$ -	\$ 69,627,458	0.0%	\$ 69,627,458	\$ -
2 Interest & Investment Income	3	200	1.5%	200	-
3 Total Income	3	69,627,658	0.0%	69,627,658	-
EXPENSES					
4 Salaries & Wages	14,583	175,000	8.3%	175,000	-
5 Payroll Taxes & Benefits	2,278	25,191	9.0%	25,191	-
6 Subtotal Personnel	16,861	200,191	8.4%	200,191	-
7 Grants & Assistance	-	-		-	-
8 Occupancy	909	11,050	8.2%	11,050	-
9 Insurance	1,379	16,799	8.2%	16,799	-
10 Telecommunications	105	2,856	3.7%	2,856	-
11 Postage & Shipping	15	4,187	0.4%	4,187	-
12 Marketing & Communications	7	15,500	0.0%	15,500	-
13 Office Supplies	347	2,760	12.6%	2,760	-
14 Office Equipment & Furniture	87	3,300	2.6%	3,300	-
15 Legal Fees	-	20,000	0.0%	20,000	-
16 Auditor & Payroll Fees	121	7,381	1.6%	7,381	-
17 Investment Consultant	-	-		-	-
18 Other Consultants	16,264	45,750	35.5%	45,750	-
19 Travel, Meetings & Conferences	-	3,000	0.0%	3,000	-
20 Miscellaneous	20	3,000		3,000	-
21 Subtotal Non-Personnel	19,254	135,583	14.2%	135,583	-
22 Total Expenses	36,115	335,774	10.8%	335,774	-
23 Net Surplus	\$ (36,112)	\$ 69,291,884	-0.1%	\$ 69,291,884	\$ -

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Statement of Financial Position as of July 31, 2015

ASSETS

Cash, Wells Fargo General	\$ 42,559.09	
Cash, Wells Fargo Payroll	67,556.04	
Cash, Wells Fargo Savings	50,015.78	
Total Cash		160,130.91
Prepaid Expenses	6,912.81	
Total Other Current Assets		6,912.81
Deposits	1,520.45	
Total Other Assets		1,520.45
TOTAL ASSETS		<u>\$ 168,564.17</u>

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	16,838.47	
Accrued Expenses	4,712.49	
Accrued Employee PTO	5,887.25	
Total Liabilities		27,438.21

NET ASSETS

Unrestricted, 7/1/2015 Balance	177,237.78	
Year to Date Net Income	(36,111.82)	
Total Net Assets		141,125.96
TOTAL LIABILITIES & NET ASSETS		<u>\$ 168,564.17</u>

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Community Foundation

Memorandum

DATE: August 20, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Regular Board Meeting Schedule Change

Under the Brown Act, the San Bruno Community Foundation is required to adopt a schedule of regular public meetings. All such regular meetings, and any special meetings that may be necessary from time to time, are noticed in accordance with state law. On February 15, 2014, the Foundation Board of Directors approved a resolution scheduling its regular meetings on the third Thursday of each month at 6:30 p.m., in Room 115 of San Bruno City Hall.

Since June 2015, in the spirit of transparency, openness, and community engagement, the Foundation has moved its Board meetings from City Hall Room 115 (which can comfortably accommodate no more than about 25 audience members) to the much larger main room at San Bruno Senior Center to accommodate the growing public interest in the Foundation's work. Attendance at the June meeting was more than 60 people; about 40 people attended the July meeting. We anticipate similarly large audiences as the Foundation Board continues to deliberate over its program and investment strategies and as it begins to consider program disbursements.

Realizing the need to permanently change venues to accommodate a larger audience, I researched various options, including the Senior Center, the multi-purpose room of one of San Bruno's public elementary schools, and Skyline College's conference facilities. All three options would be large enough to accommodate an audience of at least 100 people and offer ample parking and accessibility. The staff at all three options graciously considered our request for meeting space and have been very helpful in answering questions and providing information as I have evaluated our options.

Ultimately, I recommend that the Board move its regular monthly meetings to the Senior Center. The Center is centrally located in the City, has sufficient parking, and is the venue for meetings of the City Council, Planning Commissions, and, on occasion, other City boards and commissions.

Of important note is the fact that the Senior Center is one of only two locations in San Bruno from which San Bruno Cable is able to broadcast live (the other is the site of the former Crestmoor Elementary School, which is now leased to a private school). Again in the spirit of transparency, openness, and community engagement, we have received

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Community Foundation

Memorandum

queries from Board members and members of the public about the possibility of televising Foundation Board meetings. I am in discussions with the City and San Bruno Cable about this possibility and hope to make a recommendation to the Board on this topic at the September 14 special meeting. If the Foundation is headed toward live telecast of its Board meetings, it makes sense to move the meetings to a location equipped to handle it.

With this change in meeting venue, the Board must also change its regular meeting date. The Senior Center hosts Bingo every Thursday night, so it is not available for Foundation meetings in our regular third Thursday slot. The first Wednesday of the month works for both the Senior Center's schedule as well as Foundation Board members.

Along with these changes in location and date, I am also recommending that we change the meeting start time to 7:00 p.m. This allows ample time for San Bruno Cable to set up its equipment for audiotaping¹ or live videotaping.

The Foundation will need to pay rental and staff fees of \$67 per hour to use the Senior Center on a regular basis. It currently costs about \$350 for San Bruno Cable to audiotape our meetings; due to additional set-up requirements, that cost would increase if the Board were to start televising meetings.

In sum, I recommend that the Board adopt the attached resolution changing its regular meeting schedule to 7:00 p.m. on the first Wednesday of the month at the San Bruno Senior Center, located at 1555 Crystal Springs Road, San Bruno, California.

Attachments:

1. Resolution Changing Schedule of Regular Meetings of the Board of Directors of the San Bruno Community Foundation

¹ San Bruno Cable is currently audiotaping Foundation Board meetings at the Senior Center. The audio-recording allows for a historical record of the proceedings and the accurate preparation of meeting minutes.

RESOLUTION NO. 2015-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
CHANGING THE SCHEDULE OF REGULAR MEETINGS OF THE BOARD OF
DIRECTORS OF THE SAN BRUNO COMMUNITY FOUNDATION**

WHEREAS, the San Bruno Community Foundation is required to adopt a schedule of regular public meetings;

WHEREAS, all such regular meetings, and any special meetings that may be necessary from time to time, will be noticed in accordance with State law;

WHEREAS, on February 15, 2014, the Foundation Board of Directors scheduled its regular meetings on the third Thursday of each month at 6:30 p.m., in Room 115 of the San Bruno City Hall, located at 567 El Camino Real, San Bruno, California; and

WHEREAS, with growing community interest in the Foundation's activities, attendance at Foundation Board meetings has increased, and Room 115 can no longer comfortably accommodate Board meeting attendance.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors that, beginning in October 2015, the regular meetings of the Board of Directors shall occur on the first Wednesday of each month of the year, at 7:00 p.m., at the San Bruno Senior Center, located at 1555 Crystal Springs Road, San Bruno, California.

Dated: August 24, 2015

ATTEST:

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 24th day of August, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

SAN BRUNO

Community Foundation

Memorandum

DATE: August 20, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

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

One of the fundamental questions the Board will tackle is how much money it wants to treat as a “quasi-endowment” with a long-term investment strategy. The endowment concept is one of the operational suggestions included in the Foundation’s Community Listening Campaign Report.

An endowment is designed to keep the principal amount intact, while using investment income for specifically designated charitable purposes. A true endowment is established at the direction of the donor and must be maintained inviolate and held in perpetuity. None of the Foundation’s restitution funds are legally designated as endowment, and, therefore, the funds would not be considered a true endowment. The Foundation has no legal obligation to treat any portion of the funds as an endowment and could spend the entire \$70 million in the short term. However, one strategy for leveraging the funds and providing ongoing benefits is to treat all or a portion of the restitution funds as a quasi-endowment (sometimes also referred to as “funds functioning as endowment,” or “FFE”) that is invested following a long-term investment strategy. Legally, the principal of a quasi-endowment can be withdrawn and spent at any time, but the quasi-endowment is established to reap the benefits of long-term investment potential and should not be set up if frequent withdrawals are needed.

To assist the Board in better understanding how establishment of a quasi-endowment might affect its program strategy, I have enlisted the pro bono assistance of Mark Hayes, Ph.D., a former managing director of the Stanford Management Company, the investing arm that manages Stanford University’s endowment portfolio. Dr. Hayes has developed a simple model to demonstrate various scenarios in which a different portion of the restitution funds is treated as a quasi-endowment. These endowment scenarios show how the size of a quasi-endowment might affect the Foundation’s operating budget and ability to fund programs and projects.

As part of the Study Session at the August 24 special Board meeting, Dr. Hayes will give a presentation covering 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 one-time expenditures, key principles in understanding endowments, the assumptions built into his quasi-endowment scenario

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model, sample quasi-endowment payout scenarios, and the benefits of a smoothing formula.

I want to thank Dr. Hayes for his valuable expertise and for the significant time and thought he has put into this project, including building the model, helping me think through the key questions the Foundation needs to consider when deliberating over an endowment strategy, and preparing for his presentation on August 24.

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DATE: August 20, 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

At the July 29 special meeting, the Board created an Ad Hoc Committee on Program Strategy Development, charged with helping me develop the Foundation's over-arching program strategy framework that the Foundation, as required by the Bylaws, will submit to the City Council for approval and identify a small number of projects, consistent with that program strategy, for the Foundation to consider undertaking in the next 18 months. The Committee consists of Chair Nancy Kraus and Committee Members Frank Hedley and Dr. Regina Stanback Stroud.

The Committee has met and is in the process of developing the program strategy framework document. This framework will likely include the Foundation's mission, vision, and purpose statement; guiding principles, funding criteria; and the "three-bucket" program strategy approach that I outlined at the July Board meeting. The Committee has also begun to compile a short list of near-term program ideas for the Board to consider.

At the August 24 special meeting, Committee Chair Kraus will report on the Committee's deliberations, provide highlights of the developing program strategy framework, and seek feedback from the entire Board on both the framework and the list of near-term program ideas. The Board will discuss the Committee's ideas but will not make any definitive program strategy decisions on August 24. Rather, the Committee will use the Board's feedback to further refine the program strategy framework document and list of near-term projects. The Committee's goal is to have a final draft to present to the Board for consideration and approval at its September 14 special meeting. The framework document would then be submitted to the City Council for approval at its September 22 meeting.