

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

November 18, 2015

7:00 p.m.

Meeting Location:

San Bruno Senior Center, 1555 Crystal Springs Road, San Bruno
Teleconference Location for Board Member Dr. Regina Stanback Stroud:
5247 Desmond Street, Oakland

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 4, 2015, Regular 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 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)

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7. Conduct of Business

- a. Election of Officers for 2016: Discussion and Election
- b. Receive Report on San Bruno City Council Actions Related to the San Bruno Community Foundation
- c. Receive Report from Ad Hoc Committee on Program Strategy Development and Approve Resolution Establishing Strategic Grantmaking Priority Areas and Giving Direction to the Ad Hoc Committee on Investment Strategy Regarding Quasi-Endowment

- 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

Regular Meeting of the Board of Directors

November 4, 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, and Bohm present. Board Members Hedley and Stanback Stroud excused.
3. **Approval of Minutes:** October 7, 2015, Regular Board Meeting: Board Member Bohm moved to approve the minutes of the October 7, 2015, Regular Board Meeting, seconded by Vice President McGlothlin, approved unanimously.
4. **Board Member Comments**
 - a. **President:** President Kraus congratulated and thanked the Board, the Executive Director, City staff, and the public for accomplishing so much over this past year.
 - b. **Others:** Vice President McGlothlin mentioned that the SBCF meeting is competing with two other meetings this evening, the Traffic Safety and Parking Committee and the Bicycle and Pedestrian Safety Committee. He also shared that the Bicycle and Pedestrian Safety Committee has an online questionnaire to invite public input. He also reported that the San Bruno Park School District recently mailed a Report to the Community to all San Bruno residents and he complimented the SBPSD Superintendent for that.
5. **Executive Director's Report:** Executive Director Hatamiya reported that the SBCF office is now furnished. She also reported that following up on the October Board meeting's discussion, she is looking into alternative venues and ways to make Foundation Board meetings more accessible to the community, likely starting in 2016. She stated that if the Foundation were to use alternative meeting space, it would want to do so paying the market rental rates for nonprofits, so as not to create any appearance of a conflict of interest. She reported that she had visited the American Legion Hall as a possible venue. She also

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informed the Board that she hopes to have the bandwidth in the next few months to develop a Foundation website, which will allow it to better communicate with the public.

6. Consent Calendar

- a. Adopt Resolution Scheduling a Special Board Meeting on November 18, 2015
- b. Adopt Resolution Ratifying 403(b) Retirement Plan Document and Appointing Leslie Hatamiya to Assist in Administering the Plan
- c. Adopt Resolution Requesting the San Bruno City Council to Authorize Transfer of \$206,000 in Restitution Funds to the San Bruno Community Foundation
- d. Receive and Approve Treasurer's Report (September 2015 Financial Statements)

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

7. Conduct of Business

- a. Receive Report from Novogradac & Company LLP Regarding the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2015, and Adopt Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2015

President Kraus thanked Vice President McGlothlin and Board Member Bohm for their service on the Audit Committee; she also thanked Accounting Consultant Frank Bittner for his work to assist the auditors.

Serving as Audit Committee Chair, Vice President McGlothlin introduced Lance Smith of Novogradac & Company LLP.

Mr. Smith reviewed the financial audit report from the Foundation's inception in July 2013 through the end of the past fiscal year on June 30, 2015. He walked the Board through the audited financial statements and shared his recommendations to strengthen internal controls given the small size of the Foundation staff. 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.

Executive Director Hatamiya informed the Board that the Foundation's federal and state tax returns are almost complete and will have them available for the Board to review before they are filed by November 15.

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Vice President McGlothlin stated that an organization's first audit is important and it was good for the Foundation to receive a clean opinion in its first audit. He stated that the auditors' internal controls recommendations will be important as the Foundation takes custody of the restitution funds.

Community member Sandra Decker asked a question about the salary line in the financial statements.

Vice President McGlothlin moved to adopt the resolution approving the audited financial statements for the year ended June 30, 2015, seconded by President Kraus, approved unanimously.

Vice President McGlothlin also made a motion to establish an Ad Hoc Committee on Financial Internal Controls to review the auditors' internal control recommendations and propose updates to the Foundation's Fiscal Policies and Procedures manual in light of those recommendations, and to appoint Treasurer Ben Cohn, Vice President John McGlothlin, and Board Member Bohm to the Committee, seconded by Board Member Bohm, approved unanimously.

Secretary Roberts asked the Executive Director to prepare a roster of all Board committees and their duration, which the Executive Director agreed to do.

- b. Adopt Resolution Creating Ad Hoc Committee on Foundation Program Development to Research and Prepare Proposals for Creation of Scholarship Program and Community Grants Program

Executive Director Hatamiya reminded the Board that on October 7, 2015, it had tasked the Ad Hoc Committee on Program Strategy Development to research six near-term project concepts and return to the Board with specific funding proposals and that two of the concepts involved programs the Foundation would run – a memorial scholarship and a community grants program – and that the other four concepts would require partnerships with the City of San Bruno regarding City programs and facilities.

She reported that the Program Strategy Development Committee determined that the Board would best be served by dividing the work required to properly vet these project concepts. It concluded that it would handle the four concepts that require a partnership with the City and that a second ad hoc committee should be created to research and develop proposals for the memorial scholarship and the community grants program.

Secretary Roberts moved to adopt the resolution creating an Ad Hoc Committee on Foundation Program Development to research and prepare proposals for creation of scholarship program and community grant program, seconded by Board Member Bohm, approved unanimously.

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8. Study Session

- a. Presentation on Foundation Time Horizon and Quasi-Endowment Scenarios by Leslie Hatamiya, Executive Director

To open the Study Session, Executive Director Hatamiya gave a presentation on the questions facing the Board in determining whether the Foundation would treat some portion of the restitution funds as a quasi-endowment with a long-term investment strategy. She explained the need for the Board to provide guidance to the Ad Hoc Committee on Investment Strategy prior to the development of a request for proposals for investment management services and an investment policy, in anticipation of the Foundation taking possession of the restitution funds.

She reported that determining the size of a quasi-endowment is a function of the Foundation's program strategy: How does the Foundation use the restitution funds to best achieve its mission? She reviewed the Foundation's purpose, Program Strategy Framework, and the cost-modeling estimates for selected capital projects identified during the Community Listening Campaign that the Foundation received in July. She also reviewed the quasi-endowment presentation that the Board received in August, including the assumptions used in the quasi-endowment model and the sample payout scenarios based on quasi-endowment size.

Executive Director Hatamiya then presented four quasi-endowment scenarios for the Board to consider, each providing a different profile for how the Foundation would carry out its program strategy: (1) treat nearly all of the restitution funds as quasi-endowment and use only investment income to fund programs and operations; (2) a hybrid scenario in which \$40 million is treated as quasi-endowment and \$30 million of principal is used to fund programs and operations over the next several years; (3) a small quasi-endowment scenario in which \$15 million is treated as quasi-endowment and \$55 million of principal is used to fund programs and operations over the next several years; and (4) spend all of the restitution funds on programs and operations over the next several years and retain no funds as quasi-endowment, with the Foundation ceasing operations once the funds are spent.

She highlighted some factors for the Board to consider when evaluating these scenarios, including the tradeoff between capital projects and quasi-endowment, capital project cost escalation, opportunities to find funding partners and leverage the restitution funds, responsiveness to the views heard in the Community Listening Campaign, and the tension between competing desires to benefit the community sooner rather than later and to make the restitution funds last as long as possible.

After Executive Director Hatamiya gave the presentation, several Board members spoke. President Kraus thanked Executive Director Hatamiya for the presentation.

Vice President McGlothlin said he found the hybrid option the most appealing overall because it would allow some of the restitution funds to last and would also allow other organizations to accomplish goals. He expressed his concern about the capacity of organizations that receive

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Foundation grants to accomplish the grants' goals and said that grantees should find way to leverage Foundation funding.

Treasurer Cohn said he would like to explore what "long term" and "enduring" mean to the Board, individually and collectively, and to the public. President Kraus reminded the Board that it had wrestled with these definitions previously.

President Kraus noted that many different ideas and opinions came from the Listening Campaign, often in conflict with each other, and that the Board continues to need to hear from the public on these issues.

Board Member Bohm shared that she is leaning toward the hybrid option and said San Bruno is fortunate to have a business community to approach about leveraging the funds.

President Kraus shared that after initially leaning toward scenario #2, she now leans toward scenario #3, which offers a larger investment upfront so that the community can see tangible results soon.

Secretary Roberts is still thinking through the ideas but likes scenario #2 because it would enable the Foundation to do something significant up front while making meaningful investments to keep the Foundation in operation over the long term.

Several members of the public then shared their views.

Jim Evangelist shared that he attended two of the Listening Campaign town hall meetings and said he heard community members say they want community facilities built now. He recommended that if the Foundation has the ability to improve the community now, it should do it.

Maria Barr thanked the Board for the presentation and stated that for her, "long" and "enduring" mean a new library now that can be used for generations. She also requested that the Foundation fund a plaque with a phoenix rising at the entrance to the Crestmoor neighborhood at Sneath Lane and Claremont Drive in honor of the first responders and others who helped residents escape the fire in September 2010.

Darlene Esola addressed concerns about the Foundation's plans to give grants to community groups and the oversight required to ensure that the funds are used for their intended purposes. She also said that the rebuilding of the Crestmoor neighborhood has taken a toll on the residents, and that she would like to see the restitution funds used on something concrete now, like a library or recreation center. She said she was concerned that the current generation could be gone before significant benefits are realized from the restitution funds.

Representing the soccer community, Charlie Ringgenberg said that at the Listening Campaign meeting he attended, he heard most people talking about wanting the funds spent on concrete projects. He emphasized the need to build something concrete that makes a statement or impact and said he feared that creating a quasi-endowment is like putting the funds under a

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mattress. He urged the Board to spend the money wisely now and reminded the Board of his interest in developing a soccer complex.

Marty Medina said he agreed with what he was hearing about benefiting the community quickly. He also said he favored a new community swimming pool.

Barry Marquardt of the American Legion said he likes balance, favors the idea of a new pool, and does not understand the value of a new library. He suggested funding a parking lot at the corner of Huntington and San Bruno Avenue, which would generate income.

After hearing comments from the public, the Board continued its discussion. Treasurer Cohn raised several questions, including whether the current Board should make all decisions of what to do with the funds. He said that while he heard the desire for capital projects, he was also mindful of the value of investing in people and programs. He also wondered whether the Board should identify which capital projects it wants to fund and use that to determine the size of a quasi-endowment, which led to discussion from other Board members.

Secretary Roberts reminded the Board that the four scenarios are just examples and that the Board can consider other options.

Vice President McGlothlin wondered what capital projects the City has the capacity to undertake. City Manager Connie Jackson explained that the City does not have a comprehensive facilities master plan and that the Foundation's project concept to help fund one for the City would help inform the City's plans for improving its community facilities.

President Kraus concluded the Study Session by stating that the Board would continue the discussion at its November 18, 2015, meeting when all seven members are present.

9. Public Comment: None.

10. Adjourn: Board Member Bohm moved to adjourn the meeting at 9:15 p.m., seconded by Secretary Roberts, approved unanimously.

Respectfully submitted for approval at the Special Board Meeting of November 18, 2015, by Secretary Emily Roberts and President Nancy Kraus.

Emily Roberts, Secretary

Nancy Kraus, President

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Community Foundation

Memorandum

DATE: November 13, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Executive Director's Report

I have two primary items to report to the Board at the November 18, 2015, Special Meeting:

1. Tax Returns

On November 5, 2015, I circulated a draft of the Foundation's 2014-2015 federal and state tax returns to the entire Board and asked for questions and comments. President Nancy Kraus and Vice President/Audit Committee Chair John McGlothlin carefully reviewed the documents and provided helpful feedback. With our edits, the Novogradac & Company LLP team prepared a final draft of the tax returns. President Kraus signed the returns and authorized the Novogradac team to file the Foundation's returns electronically, which took place on November 12, 2015, in advance of the November 15 filing deadline. I also mailed the RRF-1, the annual registration renewal form for the California Attorney General's Registry of Charitable Trusts, along with the \$75 registration fee.

2. Accounting Consultant

Frank Bittner has served as the Foundation's accounting consultant and full charge bookkeeper since March 1, 2015. At that time, the Foundation was just getting off the ground as an independent operation, and it was critical that we hire an accounting professional with substantial experience handling the financial records of 501(c)(3) nonprofit organizations as well as experience helping nonprofits create and then implement their accounting and financial recordkeeping systems. Our original contract with Mr. Bittner terminates on November 30, 2015, which allowed Mr. Bittner to guide us through the close of the current fiscal year, our first audit, and the filing of this year's federal and state tax returns.

Mr. Bittner has served the Foundation extremely well over the past nine months. He played a critical role in the development of the Foundation's Fiscal Policies and Procedures manual, worked with the auditors to prepare for our first successful independent audit, handles routine bookkeeping functions including payroll and other payments, prepares the Foundation's monthly financial reports, and has been a valuable sounding board and knowledgeable resource as we work to ensure that we

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properly safeguard the funds with which the Foundation has been entrusted. Various Board members as well as the auditors have complimented his work.

As the Foundation moves forward toward taking possession of the remaining restitution funds and beginning disbursement of those funds, I am confident that Mr. Bittner will continue to be an asset to the Foundation as the accounting consultant/full charge bookkeeper. To keep our forward momentum and avoid disruption, I have, under my authority as executive director, signed a new one-year contract with Mr. Bittner that will commence on December 1, 2015, and terminate on November 30, 2016. The other terms of the contract remain similar to his initial contract (\$80 hourly rate, capped at \$20,000 for the one-year term).

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Memorandum

DATE: November 13, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Consent Calendar for the November 18, 2015, Regular Board Meeting

For the November 18, 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. Resolution Canceling December 2, 2015, Regular Board Meeting

The Board is unable to confirm a quorum for its December 2, 2015, Regular Meeting, with three Board members having conflicts that pre-dated the Board changing its meeting schedule to the first Wednesday of the month and one Board member recovering from surgery. As a result, I recommend that the Board approve the resolution canceling the December 2, 2015, Regular Board Meeting.

At this time, I do not anticipate facing any pressing matters that would require the scheduling of a Special Meeting in December, especially with the holiday season approaching. The Board is able to schedule a Special Meeting at a later time if such a meeting is deemed necessary.

2. Resolution Ratifying Creation of and Appointments to Ad Hoc Committee on Financial Internal Controls

On November 4, 2015, the Board received a report from Lance Smith representing Novogradac & Company LLP, the certified public accounting firm that conducted the Foundation's first independent audit, and approved the audited financial statements for the year ended June 30, 2015. As part of his report, Mr. Smith mentioned suggestions for strengthening the Foundation's financial internal controls that arose out of discussions with the Foundation staff and Audit Committee. These suggestions included adopting policies allowing the Foundation's accounting consultant to directly communicate with the Treasurer if he identifies any unusual transactions and requiring the Treasurer to review and sign off on the monthly bank reconciliations.

The Board then approved a motion creating an ad hoc committee 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

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manual to improve the Foundation's financial internal controls, and appointing Treasurer Ben Cohn, Vice President John McGlothlin, and Board Member Patricia Bohm to the committee.

I recommend that the Board approve the attached resolution ratifying the Board's creation of and appointments to the Ad Hoc Committee on Financial Internal Controls.

3. Receive and Approve Treasurer's Report (October 2015 Financial Statements)

The October 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 Canceling December 2, 2015, Regular Board Meeting
2. Resolution Ratifying Creation of and Appointments to Ad Hoc Committee on Financial Internal Controls
3. October 2015 Financial Statements

RESOLUTION NO. 2015-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
CANCELING THE DECEMBER 2, 2015, REGULAR BOARD MEETING**

WHEREAS, the next Regular Meeting of the San Bruno Community Foundation's Board of Directors is scheduled for December 2, 2015; and

WHEREAS, a quorum of the Board of Directors is unable to confirm attendance at the December 2, 2015, Regular Meeting.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors cancels the Regular Board Meeting of December 2, 2015.

Dated: November 18, 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 18th day of November, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

RESOLUTION NO. 2015 - ____

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
RATIFYING APPOINTMENT OF AD HOC COMMITTEE CHARGED WITH
DEVELOPING FISCAL POLICIES AND PROCEDURES**

WHEREAS, on November 4, 2015, the San Bruno Community Foundation Board received a report from Lance Smith representing Novogradac & Company LLP, the certified public accounting firm that conducted the Foundation's first independent audit;

WHEREAS, Mr. Smith made two suggestions for strengthening the Foundation's financial internal controls, including adopting policies allowing the Foundation's accounting consultant to directly communicate with the Treasurer if he identifies any unusual transactions and requiring the Treasurer to review and sign off on the monthly bank reconciliations;

WHEREAS, on November 4, 2015, the Foundation Board approved a motion creating an ad hoc committee consisting of Treasurer Ben Cohn, Vice President John McGlothlin, and Board Member Patricia Bohm and 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.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby ratifies the creation of the Ad Hoc Committee on Financial Internal Controls and the appointment of Treasurer Ben Cohn, Vice President John McGlothlin, and Board Member Patricia Bohm to the committee.

Dated: November 18, 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 18th day of November, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

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October 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 four months equal 33% of the year.

INCOME

Line 1 Restitution Funds – Nothing received from the City of San Bruno. A transfer request of \$206,000 has been submitted and is pending approval by the City Council in November. Full transfer of \$69.7 million expected in spring 2016.

Line 2 Interest & Investment Income – Minimal earnings (\$10) from Wells Fargo accounts.

EXPENSES

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

Line 5 Payroll Taxes & Benefits – Year to date costs (\$8,379) include: Social Security/Medicare (\$3,672); Workers' Compensation Insurance (\$612); accrued Paid Time Off (\$1,120); Retirement (\$2,916); and life insurance (\$59).

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 (\$5,514) is for: Directors & Officers (D&O) coverage (\$4,282); crime coverage (\$908); and package non-profit liability coverage (\$324). 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 (\$363) includes cell phone account (\$190), and internet access (\$173). Cost is well below budget because budget includes projected cost for land line and new website.

Line 11 Postage & Shipping – \$105 year to date cost is for priority mailings from Accounting consultant to Executive Director (\$61) and other postage (\$44).

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 (\$475) includes: four toner cartridges (\$328); Accounting software fees (\$91); and miscellaneous supplies (\$56).

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 \$11,917 for review of: planned program policies and framework; IRS classification issues; and amendment to Articles of Incorporation.

Line 16 Auditor & Payroll Fees – Total cost (\$3,074) includes audit (\$2,500) and payroll (\$574) fees.

Line 17 Investment Consultant – No expense incurred.

Line 18 Other Consultants - Total costs (\$21,728) include \$15,224 for sample project cost modeling and \$6,504 for Accounting consultant.

Line 19 Travel, Meetings & Conferences – Total cost (\$949) is for audio recording of Board meetings (\$884) and a community foundation luncheon (\$65).

Line 20 Miscellaneous – Cost (\$60) is for California Secretary of State fee (\$20) and bank fee for audit confirmation letter (\$40).

SUMMARY

Four expense line items (Office Equipment & Furniture; Legal Fees; Auditor & Payroll Fees; and Other Consultants) are over the 33% benchmark for the first four months of the year. This report incorporates the revised budget as approved by the Board and submitted to the City Council for approval in November.

- Office Equipment & Furniture is over budget by 6.3%. These expenses are not incurred evenly throughout the year. This variance should not continue.
- Legal Fees are over budget by 6.4% because of expenses incurred for services of the Manatt law firm and NEO law group in resolving issues related to IRS classification and potential future programs. These costs are unusual and the variance is not expected to persist throughout the year.
- Auditor & Payroll Fees are over budget by 6.2%. This variance will likely increase as the remaining audit and tax preparation fees will likely be paid in November. However, costs for the year should remain within budget.
- The Other Consultant variance (14.2%) 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 September & October included budget revision, audit preparation, and audit and tax return review activities.

Because revised budget includes \$1 million for estimated amount of SBCF's initial Grants & Assistance, first four month expenses are only 8.1% of budget. After removing the \$1 million, year to date costs are 26.9% of budget, which is mostly a reflection of the as yet unused budget allocation for a second employee.

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October 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	\$ -	\$ 69,678,944	0.0%	\$ 69,678,944	\$ -
2 Interest & Investment Income	10	200	5.0%	200	-
3 Total Income	10	69,679,144	0.0%	69,679,144	-
EXPENSES					
4 Salaries & Wages	58,333	225,000	25.9%	225,000	-
5 Payroll Taxes & Benefits	8,379	38,556	21.7%	38,556	-
6 Subtotal Personnel	66,712	263,556	25.3%	263,556	-
7 Grants & Assistance	-	1,000,000		1,000,000	-
8 Occupancy	3,638	11,050	32.9%	11,050	-
9 Insurance	5,514	16,799	32.8%	16,799	-
10 Telecommunications	363	2,856	12.7%	2,856	-
11 Postage & Shipping	105	4,187	2.5%	4,187	-
12 Marketing & Communications	7	15,500	0.0%	15,500	-
13 Office Supplies	475	2,760	17.2%	2,760	-
14 Office Equipment & Furniture	1,701	4,300	39.6%	4,300	-
15 Legal Fees	11,917	30,000	39.7%	30,000	-
16 Auditor & Payroll Fees	3,074	7,781	39.5%	7,781	-
17 Investment Consultant	-	15,000		15,000	-
18 Other Consultants	21,728	45,750	47.5%	45,750	-
19 Travel, Meetings & Conferences	949	10,000	9.5%	10,000	-
20 Miscellaneous	60	3,000	2.0%	3,000	-
21 Subtotal Non-Personnel	49,531	1,168,983	4.2%	1,168,983	-
22 Total Expenses	116,243	1,432,539	8.1%	1,432,539	-
23 Net Surplus/(Loss)	\$ (116,233)	\$ 68,246,605	-0.2%	\$ 68,246,605	\$ -

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Statement of Financial Position as of October 31, 2015

ASSETS

Cash, Wells Fargo General	\$ 12,050.33	
Cash, Wells Fargo Payroll	15,331.34	
Cash, Wells Fargo Savings	40,019.52	
Total Cash		67,401.19
Prepaid Expenses	5,988.81	
Total Other Current Assets		5,988.81
Deposits	1,520.45	
Total Other Assets		1,520.45
TOTAL ASSETS		\$ 74,910.45

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	5,713.62	
Accrued Expenses	1,465.15	
Accrued Employee PTO	6,727.25	
Total Liabilities		13,906.02

NET ASSETS

Unrestricted, 7/1/2015 Balance	177,237.78	
Year to Date Net Income	(116,233.35)	
Total Net Assets		61,004.43
TOTAL LIABILITIES & NET ASSETS		\$ 74,910.45

SAN BRUNO

Community Foundation

Memorandum

DATE: November 13, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Election of Officers for 2016

The San Bruno Community Foundation has four officers: president, vice president, secretary, and treasurer. Under Article VIII, Section 2, of the Foundation's Bylaws, Foundation officers "shall be chosen annually by the Board and shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under any contract of employment." Per the Bylaws, elected officers are subject to ratification by the San Bruno City Council pursuant to its reserved powers.

Officer elections for 2016 will take place at the Board's November 16, Special Meeting. Preceded by the opportunity for discussion on this agenda topic, the Board will then hold the election for each of the four offices, adhering to the Foundation's Operating Policies, which state that "individual Board members will offer nominations for each position. The Board will then vote on each nomination for each position in sequence."

The City Council will consider approving the slate of elected officers for 2016 at its November 24, 2015, Regular Meeting.

SAN BRUNO

Community Foundation

Memorandum

DATE: November 13, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Report on San Bruno City Council Actions Related to the San Bruno Community Foundation

At its November 10, 2015, Regular Meeting, the San Bruno City Council 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
- Appointment of three Board members for four-year terms
- Approval of the Foundation's Program Strategy Framework (also known as the "Grant Policy")
- Receipt of report and providing direction regarding near-term project concepts

The first four items required City Council approval under the City Council's reserved powers in the Foundation's Bylaws.

City Attorney Marc Zafferano presented the five items, and, on behalf of the Foundation, I made remarks regarding the fourth and fifth items. I explained the process and inputs that were involved in developing the Program Strategy Framework. I also explained the Board's rationale for the near-term projects – to start using the funds to benefit the community in 2016 while exploration of the larger capital and other projects would take time – and the Foundation's vision for each of the four projects requiring a partnership with the City.

The City Council unanimously passed resolutions approving the revised budget, the Restated Articles of Incorporation, and the Program Strategy Framework. With the Mayor citing the need for continuity in leadership at this critical junction in the Foundation's development, the Council also unanimously appointed Board members Patricia Bohm, Frank Hedley, and Dr. Regina Stanback Stroud to new four-year terms on the Foundation Board.

The City Council also gave City staff direction to work with the Foundation on the development of four near-term projects the Foundation has proposed:

- Facilities master plan

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Community Foundation

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- Community Day sponsorship
- Lighted crosswalks and other pedestrian safety measures
- Community park development

Several Council members questioned if the Foundation's funding decisions would be slowed down by a comprehensive master planning process. City Manager Connie Jackson and I responded by explaining the long-term benefits of such a plan in shaping a holistic vision for the City. Council members also suggested looking for grant opportunities to help fund the pedestrian safety measures and the park development.

I will be speaking with the City Manager about next steps in pursuing the four project concepts. The Board has designated the Program Strategy Development Committee, consisting of Chair Nancy Kraus and members Frank Hedley and Dr. Regina Stanback Stroud, to research the four project concepts related to City programs and facilities.

I would like to thank President Nancy Kraus and Board member Frank Hedley for joining me in representing the Foundation at the City Council meeting.

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Community Foundation

Memorandum

DATE: November 13, 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 Resolution Establishing Strategic Grantmaking Priorities and Giving Direction to the Ad Hoc Committee on Investment Strategy Regarding Quasi-Endowment

At its November 4, 2015, meeting, the Board of Directors 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, which is charged with developing a request for proposals for an investment management firm and an investment policy, in anticipation of the Foundation taking possession of the nearly \$70 million in restitution funds that the City of San Bruno is currently holding in custodial accounts.

The presentation explained why the Foundation might want to designate some of the restitution funds as a quasi-endowment with a long-term investment strategy and covered the factors involved in the Board's decision to do so, 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, opportunities to leverage the restitution funds through partnerships and other funding options, 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.

The Board discussed these factors extensively and received input from community members attending the meeting. Some Board members wondered whether it would be more productive for the Board to identify which capital projects it wanted to fund prior to making a decision on the size of a quasi-endowment. Several community members urged the Board to spend the restitution funds in the near future on the community facility projects identified in the Community Listening Campaign, rather than setting aside a large portion of the funds in a quasi-endowment.

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The Program Strategy Development Committee met on November 12, 2015, and considered the feedback from both the Board and the public. The Committee once again reviewed the three-bucket program strategy set forth in the Foundation's Program Strategy Framework as well as the input received during the Community Listening Campaign.

To address concerns about the need to identify capital projects for the Foundation to fund, while also recognizing that any funding decisions related to City facilities must be done in partnership with the City Council, the Committee makes the following recommendations for the Board to consider on November 18:

1. **Quasi-Endowment Strategy:** Spend approximately \$55 million of the restitution funds on programs and operations and designate \$15 million as a quasi-endowment with a long-term investment strategy.

Pursuant to this recommendation, the Foundation would be able to spend approximately \$55 million in principal along with the investment income from the \$15-million quasi-endowment on programs and operations through the next seven to eight years. Upwards of \$55 million would 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.

The \$15 million quasi-endowment would provide the Foundation with an ongoing investment income stream estimated at \$570,000 annually while and after the \$55 million is spent. Although a larger quasi-endowment with a subsequently larger income stream might be appealing, it would severely limit the Foundation's ability to address the community facility needs that were clearly articulated in the Community Listening Campaign. For example, designating a \$40 million endowment would likely enable the Foundation to fund only one larger capital project, such as a new library, or two smaller capital projects, such as an indoor swimming pool and renovated and lighted athletic fields. Given how loudly the community has spoken on the need to improve San Bruno's aging community facilities and the unique opportunity to address those needs afforded by the restitution funds, the Committee believes that the Foundation – and the community – would best be served by spending the bulk of the funds directly on identified capital projects and other community priorities. If the Foundation ultimately spends less than the available funds, it would be able to increase the quasi-endowment, but in the short term, it would have the funds available for strategic priorities.

Once the Foundation has expended the \$55 million in principal, it would have several options. The Foundation could identify one or more additional strategic projects to fund in the next few years, after which it would terminate operations. It could continue to treat the \$15 million as a quasi-endowment, using the investment income to fund

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programs and operations indefinitely. In this case, the Foundation would need to significantly scale back its operational expenses, including staff, to reflect a smaller annual operating budget. Moreover, the Foundation could set a specific time horizon over which the remaining funds would be spent down – e.g., spend \$5 million annually for three years, \$1 million annually for 15 years, or \$500,000 annually for 30 years – and after which the Foundation’s operations would sunset.

The Committee feels that this scenario would give the Foundation the ability to fund significant improvements in San Bruno’s community facilities, while retaining a modest but not insignificant endowment to allow the community to reap the benefits of the restitution funds for years to come.

2. **Strategic Grantmaking Priorities:** Identify the Foundation’s top strategic grantmaking priorities, including capital projects, and direct staff to begin discussions with the relevant community partners to develop concrete funding proposals.

Under the three-bucket program strategy approach outlined in the Program Strategy Framework, the Foundation’s programmatic guiding document, the Foundation will undertake three categories of program activities: (1) strategic grantmaking (whereby the Foundation identifies a community need and proactively seeks out partners 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).

The Committee recommends that the Board endorse a list of priorities for the Foundation’s strategic grantmaking bucket. These are 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. They include both capital project priorities and other priorities.

To determine the strategic grantmaking priorities, the Committee outlined six 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

Against these criteria, the Committee recommends the following strategic grantmaking priorities (in no particular order):

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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

Given limited resources and unlimited community needs, with this list the Committee has identified what it believes are the priority areas that best meet the criteria set forth above and in which the Foundation should direct its strategic grantmaking efforts. By approving this priority list, the Board would communicate its highest priorities to the City and the public.

Approval of the priority list would also direct staff to begin discussions with the relevant community partners to develop concrete proposals, including budget and timeline, for the Board to consider funding. Per the Program Strategy Framework, part of the funding requirements for capital projects would be the development by the relevant community partner of a viable business plan for the ongoing maintenance, care, upkeep, and usage of the facility in question. Development of the funding proposals for the capital project priorities may be informed by the facilities master plan effort that the Foundation has proposed to the City or by a similar effort to solicit community input on the detailed features and specifications of the community facilities (e.g., What does the community want to see in a new library? In a new recreation center?).

It is likely that, due to their high cost, the capital project priorities would receive most of the strategic grantmaking budget. Significant efforts to address the non-capital priorities – with meaningful and visible results – may require smaller levels of funding compared with the capital projects.

Items not on this priority list could still be supported by the Foundation's program activities. Through the community grants program – a responsive grantmaking program (bucket #2) that the Foundation is currently developing for launch in 2016 – community groups wanting to address any of the focus areas outlined in the Program Strategy Framework would be able to apply for Foundation funding, albeit likely at lower dollar amounts than strategic grants.

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Community Foundation

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The attached chart outlines the recommended priorities, along with the near-term project concepts the Board has already approved for further research, according to the three buckets of program activity.

In support of the Committee's deliberations on these two points, I recommend that the Board approve the attached resolution establishing strategic grantmaking priorities and giving direction to the Ad Hoc Committee on Investment Strategy regarding quasi-endowment. This resolution will give the Investment Strategy Committee the direction regarding a quasi-endowment it needs to begin developing a request for proposals for investment management services and an investment policy, so that the Foundation can take possession of the balance of the restitution funds by the end of the fiscal year. The resolution also provides clear direction to staff to begin working with the relevant community partners, including the City, to research and develop concrete funding proposals for the identified strategic grantmaking priority areas. Moreover, it clearly signals to the community the Foundation's programmatic direction and priorities.

As background material to refresh Board members' memories and assist in the analysis of the proposed priorities, I have attached copies of the Foundation's recently approved Program Strategy Framework and a summary of the Community Listening Campaign Report to this memorandum.

Attachments:

1. Three-Bucket Program Activity Chart
2. Resolution Establishing Strategic Grantmaking Priorities and Giving Direction to the Ad Hoc Committee on Investment Strategy Regarding Quasi-Endowment
3. Background Material: Summary of Report from Community Listening Campaign, June 2015
4. Background Material: San Bruno Community Foundation Program Strategy Framework

THREE-BUCKET PROGRAM ACTIVITY CHART

November 13, 2015

	BUCKET #1: Strategic Grantmaking	BUCKET #2: Responsive Grantmaking	BUCKET #3: Foundation Programs
<p>NEAR-TERM PROJECTS (2015-16) Total Program Budget: ~\$1 million (principal)</p>	<ul style="list-style-type: none"> • Facilities master plan • Lighted crosswalks/ pedestrian safety • Community Day sponsorship • Community park development <p style="text-align: center;"><i>(all project concepts in development in partnership with the City of San Bruno)</i></p>	<ul style="list-style-type: none"> • Community grants program <i>(in development; to be managed by the Foundation)</i> 	<ul style="list-style-type: none"> • Memorial scholarship program <i>(in development; to be managed by the Foundation)</i>
<p>LONGER-TERM PRIORITIES (2016-17 thru 2022-23) Total Program Budget: ~\$54.2 million (combined principal + investment income based on \$15 million quasi-endowment)</p>	<p>Capital Project Priorities</p> <ul style="list-style-type: none"> • Upgraded library/community center • Year-round swimming pool • Upgraded recreation center • Athletic fields improvements • Parks improvements <p>Other Priorities</p> <ul style="list-style-type: none"> • Education • Social and human services • Citywide beautification efforts • Community-building <p><i>(proposed; in no particular order)</i></p>	<ul style="list-style-type: none"> • Community grants program <i>(continued)</i> 	<ul style="list-style-type: none"> • Memorial scholarship program <i>(continued)</i>

RESOLUTION NO. 2015 - ____

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
ESTABLISHING STRATEGIC GRANTMAKING PRIORITIES AND GIVING
DIRECTION TO THE AD HOC COMMITTEE ON INVESTMENT STRATEGY
REGARDING QUASI-ENDOWMENT**

WHEREAS, the San Bruno Community Foundation wishes to take possession of the nearly \$70 million in restitution funds the City of San Bruno is currently holding in custodial accounts, and the Ad Hoc Committee on Investment Strategy seeks guidance in the development of a request for proposals for investment management services and of an investment policy;

WHEREAS, the San Bruno community clearly expressed in the Community Listening Campaign its desire for the Foundation to use the restitution funds to address a number of significant community facility needs in San Bruno, including an upgraded library and community center, a year-round swimming pool, an upgraded recreation center, and improved athletic fields and parks;

WHEREAS, under the Foundation's cost-modeling tool created by Anderson Brule Architects, these community facility capital projects will likely cost millions, if not tens of millions, of dollars;

WHEREAS, in its Program Strategy Framework, the Foundation has established a three-bucket program strategy approach consisting of strategic grantmaking, responsive grantmaking, and non-grantmaking Foundation programs;

WHEREAS, the Ad Hoc Committee on Program Strategy Development has outlined the following criteria for identifying strategic grantmaking priorities: 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; and

WHEREAS, the Board of Directors seeks to give direction to the Ad Hoc Committee on Investment Strategy regarding the size of a potential quasi-endowment and to staff on the organization's strategic grantmaking priorities, as well as clearly articulate to the community its programmatic direction and priorities.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves a preliminary quasi-endowment target of \$15 million to be invested following a long-term investment strategy, with the remaining balance of the restitution funds to be used to fund programs and operations, thus providing the Ad Hoc Committee on

Investment Strategy with direction as it prepares a request for proposals for investment management services and an investment policy.

RESOLVED FURTHER that the Board of Directors approves the following list of strategic grantmaking priorities and directs staff to begin working with the relevant community partners to research and, as appropriate, develop concrete funding proposals to address these priorities:

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

Dated: November 18, 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 18th day of November, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

SAN BRUNO

Community Foundation

Community Listening Campaign Final Report

SUMMARY

June 29, 2015

The **San Bruno Community Foundation**, along with **Public Dialogue Consortium** (PDC), has completed a Community Listening Campaign to engage the public in conversations related to the assets and needs of the San Bruno community and to hear the public's ideas for how to allocate the nearly \$70 million dollars in restitution funds resulting from the 2010 gas pipeline explosion for the benefit of the entire community. The two-month Campaign included one-on-one community conversations, focus groups, large town hall conversations, an online survey and participation platform, and a written survey.

PDC's qualitative analysis of the more than 1,000 community responses reveals that community members expressed a number of dominant themes regarding the assets and needs of their community, and how they would like to see the restitution funds allocated to meet those needs. The following is a summary of highlights of these themes.

Assets and Resources

- **Strong Sense of Community**

Participants said that they like San Bruno because it is a strong, close-knit community, populated with friendly people who watch out for each other. This strong sense of community is bolstered by the diversity of the residents and family-friendly activities and events.

- **Good Location, Access, and Transportation**

Participants identified San Bruno's location as a major asset. The City is uniquely positioned to offer convenient access and transportation to San Francisco, SFO Airport, Silicon Valley/the Peninsula, beaches, and other Bay Area attractions and destinations.

- **Open Spaces and Parks**

Participants clearly said they enjoy the natural beauty and open spaces that San Bruno offers, with San Bruno City Park, the San Andreas trail, and the Sweeney Ridge area of the Golden Gate National Recreation Area emerging as major assets.

Needs and Suggestions for Spending the Restitution Funds

- **Upgrade and Expand the Library**

The San Bruno Public Library is considered a valuable resource that needs to be updated and expanded to meet the evolving needs of the community. The suggested upgrades focused on increasing the size of the library as well as specific features and programming.

- **Upgrade and Expand the Recreation Center, Gym, and Pool**

Participants viewed San Bruno's Veterans Memorial Recreation Center, which includes a gym, and the City's public pool – located near each other in San Bruno City Park – as valuable centers for recreation and health in San Bruno. Similar to the library, participants would like to see these assets upgraded, with expanded hours and uses for all ages.

- **Upgrade and Expand Sports Fields and Programs**

Participants expressed pride in San Bruno's youth sports programs, which are highly regarded and well attended. Participants expressed a desire to increase support for these programs, expand them, upgrade existing playing fields, and build new fields.

- **Upgrade and Expand Parks and Open Spaces**

Participants identified the recreation and health benefits that come from San Bruno's parks, open spaces, and trails as important community assets. San Bruno City Park is considered an epicenter of the community. Participants expressed a desire to upgrade, expand, and support these assets and ensure that they are ADA-compliant.

- **Community Meeting Spaces – Use Existing Public Facilities**

Participants expressed the need for more community meeting spaces and programs, suggesting that they be connected to an upgraded Library, City Hall, and/or Recreation Center. Together, these centers would offer space and programming for adults and youth and could help create a vibrant, engaged community for generations to come.

- **New Multi-Purpose Community Center**
Among the many participants who expressed the need for more community meeting spaces, some suggested a new, stand-alone community center.
- **Downtown Revitalization, Beautification, and Maintenance**
Participants expressed the desire for the main downtown area, primarily along San Mateo Avenue and El Camino Real, to be revitalized and developed to become a more vibrant city center that attracts local residents and out-of-town visitors.
- **Infrastructure Upgrade – For Safety, Growth, and Technology**
Participants identified the aging infrastructure of the City as a major need for improvements, suggesting that significant upgrades are needed to ensure safety, to accommodate future growth, and to take advantage of new technologies.
- **Support and Invest in Schools**
Support for the schools was voiced by many participants who said that the schools need resources to improve current facilities, upgrade and acquire new technologies, and provide sufficient staff resources to keep current teachers while attracting new ones.
- **Citywide Beautification**
San Bruno residents spoke about cleaning up and beautifying all areas of San Bruno, not just the downtown corridor.
- **Youth Programs and Facilities**
Participants expressed strong support for youth and young adults, highlighting the need for activities, programs, and facilities that will contribute to their development.
- **Economic Development Plan for Downtown – Recruit and Attract Businesses**
In step with beautification and revitalization of the downtown areas of San Bruno, people expressed the desire for a plan to attract businesses downtown while increasing revenue for the City.
- **Community Events and Public Awareness**
Participants value San Bruno’s strong sense of community and would like to see more events that enhance awareness and participation by creating places for people to gather and build community together.
- **Social Services and Affordable Housing**
Participants suggested the need for additional and more accessible social services and affordable housing opportunities to support disadvantaged groups and individuals in the community.
- **Integrate Community Resources**
Many participants encouraged collaboration across community resources and services, including the development of volunteer programs, as a way to leverage resources and restitution funds while incentivizing community members to help improve the City.
- **Develop Public-Private Partnerships**
Participants suggested that the Foundation and the City partner with businesses and other private entities to leverage funds for various facilities and programs that will benefit the community.
- **Leverage and Invest the Funds for Future Growth**
Participants encouraged the Foundation to leverage and invest the restitution funds for long-term financial growth (in addition to spending some of the money on immediate programs, services, and facilities).

In Sum

The more than 1,000 people who participated in the Listening Campaign have communicated a strong sense of commitment and pride in San Bruno and care deeply about their community. These sentiments are also obvious in the work and efforts of the Foundation and the City Council. While there will surely be tough decisions and tradeoffs to make in how to best use the \$70 million, the community has already benefited by coming together for this engagement process and will no doubt continue to benefit from the efforts of the San Bruno Community Foundation. Indeed, numerous participants envision the Foundation becoming a leader in the community for convening further discussions, in concert with the City Council, to ensure that San Bruno is a vibrant community for years to come.

The full Listening Campaign report can be downloaded online at sanbruno.ca.gov/Glenview_notforprofit.html.

SAN BRUNO

Community Foundation

Program Strategy Framework

Adopted by the SBCF Board of Directors, October 7, 2015
Approved by the San Bruno City Council, November 10, 2015

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

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

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

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

I. Purpose, Vision, Mission

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

A. Purpose Statement in SBCF Bylaws

Approved by the San Bruno City Council, October 2013:

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

B. Vision Statement

Adopted by the SBCF Board of Directors, October 2014:

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

C. Mission Statement

Adopted by the SBCF Board of Directors, October 2014:

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

II. Guiding Principles

The Foundation's Guiding Principles include:

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

III. Funding Criteria

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

A. What the Foundation Funds

The Foundation provides three main types of support:

1. Programs and Project Support

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

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

2. Support for Capital Projects for Community Facilities

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

3. Capacity-Building

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

B. What the Foundation Does Not Fund

The Foundation generally does not fund the following items:

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

C. Eligible Funding Recipients

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

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

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

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

D. Focus Areas

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

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

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

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

A. Strategic Grantmaking

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

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

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

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

B. Responsive Grantmaking

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

C. Foundation Programs

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