



"The City With a Heart"

Jim Ruane, Mayor
Marty Medina, Vice Mayor
Ken Ibarra, Councilmember
Rico E. Medina, Councilmember
Irene O'Connell, Councilmember

AGENDA

SAN BRUNO CITY COUNCIL SPECIAL MEETING

April 26, 2016

5:45 p.m.

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

City Council meetings are conducted in accordance with Roberts Rules of Order Newly Revised and City Council Rules of Procedure. You may address any agenda item by standing at the microphone until recognized by the Council. All regular Council meetings are recorded and televised on CATV Channel 1 and replayed the following Thursday, at 2:00 pm. You may listen to recordings in the City Clerk's Office, purchase CD's, access our web site at www.sanbruno.ca.gov or check out copies at the Library. We welcome your participation. 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 650-616-7058.

1. CALL TO ORDER:

2. ROLL CALL:

3. PUBLIC COMMENT ON ITEMS NOT ON AGENDA: Individuals allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, ask the City Clerk to request that the Council consider your comments earlier. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendaized pursuant to State Law.

4. CONDUCT OF BUSINESS:

- a. Conduct Interviews to Fill Vacancies on the Bicycle and Pedestrian Advisory Committee and the Youth Representative on the Parks & Recreation Commission.
- b. Receive Report and Provide Direction on the San Mateo County 21 Elements Nexus Study Housing Impact Fee and Commercial Linkage Fee Analysis for San Bruno, Regional and Local Housing Issues and Potential Affordable Housing Measures.

5. ADJOURNMENT:

The next regular City Council Meeting will be held on April 26, 2016 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.



INTEROFFICE MEMORANDUM

CITY OF SAN BRUNO
THE OFFICE OF THE CITY MANAGER

DATE: April 26, 2016

TO: Honorable Mayor and Members of the City Council

FROM: Connie Jackson, City Manager

SUBJECT: Receive Report and Provide Direction on the San Mateo County 21 Elements Nexus Study Housing Impact Fee and Commercial Linkage Fee Analysis for San Bruno, Regional and Local Housing Issues and Potential Affordable Housing Measures

A Study Session is scheduled on April 26th beginning at 5:45 pm to include interviews for vacant positions on Advisory Committees and Commissions, and beginning at 6:00 pm for a Study Session on affordable housing policy issues. The purpose of the Study Session is to introduce and obtain City Council comment on the results of the regional San Mateo County Nexus Study and the proposed Housing Impact Fee and Commercial Linkage Fee for San Bruno as well as to provide an overview of policy issues associated with housing affordability and availability in our region and in our community. As this is a complex and multi-faceted issue, and in light of a relatively short regular meeting agenda, the meeting agenda shows the Study Session to be reconvened following the regular business meeting in order to provide sufficient time for this important discussion.

A short introductory overview providing some background information on the regional Grand Nexus Study content is attached to this memorandum. In addition to providing an overview of the Nexus Study and its results related to housing impact fees for proposed for San Bruno, the Study Session discussion will include an overview of the regional housing crisis, what other communities are doing to respond, the specifics of the situation in San Bruno and the actions that this city has taken to date. In particular staff will cover the current housing situation in San Bruno and issues for our community associated with housing supply, housing affordability, affordability protection and support for transition of displaced residents.

Related to the proposed Housing Impact Fee and Commercial Linkage Fee, staff will be seeking City Council comment and direction on the development of a proposed ordinance that would come back to the Planning Commission and the City Council for consideration at a later time for implementation. In addition, and importantly, staff will be seeking City Council discussion and guidance on further actions for the City to pursue related to further development of affordable housing policy and additional actions the City may want to consider taking.



THE GRAND NEXUS STUDY

A Collaborative Effort to Study Residential and Commercial Impact Fees to Support Affordable Housing
in San Mateo County

March 2016

WHAT IS 21 ELEMENTS

21 Elements is an award-winning collaborative planning project that helps all the jurisdictions in San Mateo County address their housing needs.

Co-sponsored and coordinated by the San Mateo County Department of Housing (DOH) and the City/County Association of Governments of San Mateo County (C/CAG), 21 Elements has successfully brought together twenty-one unique communities and assisted them as they work to address the challenges of providing a variety of housing choices.

GRAND NEXUS STUDY BACKGROUND

Across the Bay Area, housing prices are continuing to rise, making it necessary for many to live far from their work and communities. With average sale prices nearing one million dollars and rents increasing faster than wages, there is an ever growing need for affordable housing.

Recent policy changes have also contributed to the growing interest in new strategies that promote affordable housing. Redevelopment agencies, the primary funding source for affordable housing at the local level, were eliminated because of adjustments to State law. Additionally, a jurisdiction's ability to require affordable units in new rental housing -- a practice called *inclusionary zoning* -- was restricted due to the 2009 Palmer Sixth Street Properties v. City of Los Angeles lawsuit. As a result, most jurisdictions in San Mateo County have embarked on a path to address their affordable housing needs in a coordinated manner.

One strategy that is of particular interest to jurisdictions is charging fees on new development to pay for affordable housing. Before a city can do this, they must conduct a study to understand the existing real estate market and how new construction will increase the demand for affordable housing.

Typically, interested cities would individually hire a consultant to undertake this work, which can cost up to \$90,000 in consulting fees. Through the 21 Elements collaboration process, 15 San Mateo County jurisdictions and the City of Palo Alto hired one consultant to produce studies for each city. This project, which came to be known as the Grand Nexus Study, reduced costs by 75 percent and helped to establish best practices.

Customized, jurisdiction-specific reports focusing on local conditions were completed and provided to each participating city in the second half of 2015. Some cities have already adopted new fees based on these studies. The remaining jurisdictions are now considering next steps based on their local policy needs.

21 Elements has become a model for cities across the state, including other jurisdictions in the San Francisco Bay Area. Santa Clara and Alameda Counties are currently working with the Silicon Valley Community Foundation to duplicate the Grand Nexus Study approach and create a similar forum in their counties. We are excited to share our experience so that any city can use this tool to increase funding for affordable housing, and help to address unmet needs in their communities.

21 ELEMENTS APPROACH

- Collaborate and benefit from a more regional planning perspective
- Maintain local control in carrying out policies
- Save time and money through economies of scale
- Value greater stakeholder engagement
- Strengthen local partnerships
- Provide expert assistance and share best practices
- Enable implementation of more coordinated and better policies



IMPACT DEVELOPMENT FEES EXPLAINED

What are Impact Fees

Impact fees are charges imposed by jurisdictions that can be used to support and build new development. Since the 1970s, California cities have used impact fees to help pay for items like roads, parks and schools. Fees can only be applied to new development projects, and cannot be used for existing problems. Before being adopted, jurisdictions must show that there is a connection between the impacts caused by development and the fees charged.

What is an Affordable Housing Nexus Study?

A *nexus study* assesses the impact of new development on the need for new affordable housing. This is accomplished by calculating the number, type and salaries of jobs that will result from a new development. The connection a study identifies can be direct, such as employees in an office park, or indirect, such as the jobs needed to serve new residents living in new market-rate housing. The study then establishes the maximum impact development fee that can legally be charged to a developer.

The logic behind a housing impact fee nexus study is that residents of new housing spend money on goods and services like landscaping, child care, restaurants, etc. Many of the workers at these businesses earn lower wages, and cannot afford to buy or rent a home at market-rate. Because the housing market does not provide housing that is affordable to these workers, local governments often step in to fill the gap by facilitating the construction of affordable housing. A residential nexus study examines and quantifies this relationship. Similarly, a commercial nexus study examines the incomes of new workers employed by new commercial development and their housing needs.



How to Determine if a Fee is Feasible

While a nexus study will inform a jurisdiction about the maximum amount they can legally charge as an impact fee, the maximum fee level may not be appropriate given local housing market

IMPACT FEE BASICS

- Nexus Study determines max legal fee
- Feasibility Study sets appropriate fee based on local economic conditions
- Commercial and/or residential fees can be set per square foot, per unit or other measures
- Often an Important part of a community's Affordable Housing Development Toolkit

conditions, existing fee levels in the region or the jurisdiction's current fee structure. A *feasibility study* considers these conditions and recommends an impact fee that does not interfere with the economic feasibility of new development. While not required, feasibility studies are highly recommended.

The Growth of Housing Impact Fees

Many jurisdictions across the country and throughout the Bay Area region have shifted toward the use of impact fees to increase affordable housing opportunities. Several Bay Area cities, including Daly City, Fremont, Mountain View, Menlo Park, Redwood City, San Carlos, San Francisco, Santa Rosa and Walnut Creek, have established residential and/or commercial housing impact fees. For instance, Redwood City recently approved charges between \$20 - \$25 per square foot for new residential development (varies based on type of development) and \$20 per square foot for new commercial office development. These fees are expected to generate \$3 million per year for the city, which will be deposited into their housing trust fund.

Many other cities are currently in the process of designing or updating their impact fee programs to respond to the growing affordable housing needs in their communities. Beyond the San Mateo County effort, approximately twenty jurisdictions in Santa Clara and Alameda Counties are currently undertaking or have previously completed housing impact studies.

IMPACT DEVELOPMENT FEES PROCESS





FAQS ABOUT HOUSING IMPACT FEES

Will Housing Impact Fees Increase Housing Prices or Rents?

Shelterforce Magazine recently published an article on this topic and concluded, "No, they do not." The article continues to say, "Market-rate developers are business people. They charge as much as the market will bear. When housing prices go up, they charge more; when housing prices go down, they ask less. Developers are "price-takers" not "price-setters" because they only control a tiny share of the housing market. A large majority of rental and for-sale housing is located in existing buildings, not in brand-new buildings, limiting the influence of new housing, and [affordable housing] requirements, on home prices."

While this is true almost everywhere, it is especially true in San Mateo County. The real estate market is very competitive and builders here know the market very well. Before they decide to build, they conduct extensive research to understand how much potential buyers or renters will pay. Home buyers and renters are also very knowledgeable. They compare new and existing homes across multiple jurisdictions to find the best deal, and take their decision seriously because housing prices are so high. Homebuyers are only willing to pay what they think a new home is worth, which is solely based on all the other homes currently on the market, not costs incurred by developers.

It is not just economic theory that says home prices are primarily determined by the existing market, but also numerous California specific studies have found that affordable housing policies like impact fees, do not affect prices.

Will Housing Impact Fees Stall Development and Negatively Impact Housing Supply?

No, as long as the fee levels are set at the appropriate level. From an economic perspective, housing impact fees operate similarly to inclusionary zoning, which has been in place throughout the country for decades. Inclusionary zoning requires developers to provide a certain percentage of new housing units in their development at below market-rate affordability levels. A 2008 analysis of Bay Area housing policy by the Furman Center for Real Estate at NYU found that inclusionary programs have no impact on housing production or price. If fees are set at a moderate and appropriate level for the local economy, developers will still be able to purchase land and meet their expected profit. Local examples confirm this finding. The cities of Cupertino and Menlo Park — with new Apple Computer and Facebook headquarters — both charge impact fees and continue to attract new development. The City of Mountain View, as another example, has seen no decrease in interest from rental housing developers since passing its rental impact fee in 2012.

However, a poorly designed program, with fees set too high, does have the potential to impact the feasibility of new development. This is why it is important to conduct a feasibility study so that fees can be set at realistic levels. Doing so ensures continued new development that not only provides new housing, but also contributes to funds that make increasing affordable housing possible.

THE GRAND NEXUS STUDY

In 2014, fifteen San Mateo jurisdictions and Palo Alto, coordinated by 21 Elements, jointly hired Strategic Economics and Vernazza Wolfe, Inc. to prepare nexus and feasibility studies for each city and San Mateo County. **This effort has been called the Grand Nexus Study since it involves multiple jurisdictions, covers both residential and commercial development, and looks at feasibility as well as the legally required nexus analysis.** The impetus behind this effort was the growing concern about the need to identify a funding source for new affordable housing. By studying the relationship between new development and how much affordable housing is needed for new lower income workers, new housing impact fees were calculated.

Studies were customized for each jurisdiction, including market data, demographic information and feasibility analysis. Each city received two separate studies: one for residential development and a second for commercial development. When making recommendations, the consultants also ensured that if a city adopts both a residential and commercial fee, the impacts will not be double counted.

Importance of Conservative Assumptions

When preparing nexus studies and feasibility reports, a number of estimates need to be calculated. The Grand Nexus Study used conservative assumptions for these calculations whenever possible. Doing so resulted in a lower estimate of the maximum nexus-supported impact fee that could legally be charged to new development. For instance, because there had been little new housing development completed in San Mateo County before 2014, the sale prices and rental rates used in the study were often several years old. While new projects will probably have significantly higher prices and rents, lower cost assumptions built in a cushion in case of an economic downturn in the future. Similarly, a lower range of land and construction cost were used to estimate development costs. As a result, feasibility report recommendations include a safety margin to assist policymakers in arriving at jurisdiction-specific fees that are legally appropriate and implementable.

Steps of the Study

The first step for jurisdictions when beginning either a residential or commercial nexus study is to **identify what type of development to study.** Residential studies can include single-family detached homes, condos, townhouses and apartments. Commercial studies can include offices, retail, restaurant/services and hotel.

Once the type of development to be studied has been established, residential and commercial studies will **estimate future conditions and impacts based on conservative assumptions.** For a residential study, the annual household income of buyers and renters is first estimated. The economic impact they will have is then calculated, including jobs and wages linked to household spending. Finally, the number of new worker households and annual incomes that are expected is determined.

For a commercial study, the number of workers that will work in newly developed commercial space is first estimated. The number of homes needed for these new workers is then calculated, followed by their projected wages and annual household incomes.

Once estimates are completed, both residential and commercial studies will **calculate the number of workers eligible for affordable housing,** or the demand for affordable housing, by very low, low, and moderate incomes.

The final step residential and commercial studies take before arriving at maximum nexus-supported impact fees is to **calculate the affordability gap - the difference between what households can afford to buy or rent, and the cost of building a new unit.**

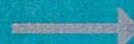
Study Results

Results varied based on the real estate market conditions in each city, and the existing costs of fees and permits charged on new development. Cities with strong markets often have higher recommended fees, while cities with moderately strong markets

THE NEXUS STUDY PROCESS

IDENTIFY

STEP 1
What Type of
Development to Study



ESTIMATE

Residential

STEP 2
Household Income of
Buyers and Renters

↓

STEP 3
Impact of Buyers and
Renters on Economy

↓

STEP 4
Number of New Worker
Households and Incomes

Commercial

STEP 2
Number of New Workers

↓

STEP 3
Number of New Worker
Households

↓

STEP 4
Wages of New Workers
and Household Incomes

generally have lower recommended fees for the same type of development. The range of recommended fees are shown in the table below, as is a comparison of existing impact development fees of cities across San Mateo and Santa Clara Counties.

FEASIBLE RECOMMENDED FEES

	Single Family	Condo	Apartment	Office	Retail
Jurisdiction 1	40.00 - 50.00	25.00 - 50.00	25.00 - 50.00	5.00 - 10.00	2.50 - 7.50
Jurisdiction 2	25.00 - 35.00	10.00 - 25.00	10.00 - 25.00	5.00 - 20.00	2.50 - 7.50
Jurisdiction 3	20.00 - 35.00	15.00 - 25.00	15.00 - 40.00	20.00	5.00
Jurisdiction 4	35.00 - 40.00	5.00 - 15.00	5.00 - 10.00	25.00 - 40.00	5.00 - 10.00
Jurisdiction 5	15.00 - 20.00	25.00 - 35.00	15.00 - 25.00	5.00 - 10.00	2.50 - 7.50

Names of jurisdictions have been omitted at this time. Some reports have yet to be finalized or made public.

IMPACT DEVELOPMENT FEES OF SAN MATEO AND SANTA CLARA COUNTY CITIES

	Single Family	Condo	Apartment	Office	Retail
Cupertino	16.50	20.00	25.00	20.00	10.00
Daly City	18.00	22.00	25.00	N/A	N/A
East Palo Alto^a	N/A	22.00 - 44.00	22.00	N/A	N/A
Menlo Park^b	N/A	N/A	N/A	15.19	8.42
Mountain View^c	N/A	N/A	15.00	25.00	2.50
Redwood City	25.00	20.00	20.00	20.00	5.00
San Carlos^d	21.00 - 42.00	21.00 - 42.00	24.00 - 43.00	N/A	N/A
Sunnyvale^e	N/A	N/A	17.00	15.00	7.50

a. 25.00 per sq. ft. for housing without structured parking and 44.00 per sq. ft. for housing with structured parking

b. Commercial buildings 10,000 sq. ft. and under exempt from fees.

c. New gross floor area under 10,000 sq. ft. discounted 50% of fee for office and retail

d. Range based on number of units

e. First 25,000 sq. ft. discounted 25% of fee

What Options Do Jurisdictions Have?

City and County jurisdictions have several options if they decide to establish or update their housing impact fees. The first major policy choice is whether to charge impact development fees on residential development, commercial development or both. The second major policy choice is whether or not to use inclusionary zoning for ownership units.

There are many detailed policy options to choose from as well. Cities can charge impact development fees by the square foot or per unit, create size thresholds so that fees only apply

to developments over a specific size, or allow developers to provide affordable housing on- or off-site. Jurisdictions can provide discounts depending on the type of development, such as developments using prevailing wage labor or predominately local workers. Jurisdictions can also place all or a portion of collected impact fees into a countywide pool of funds. Doing so can potentially leverage resources and achieve an even greater number of new BMR affordable units. A jurisdiction has many options to consider based on what works best for its local market conditions and housing strategies. 21 Elements has resources for interested cities and counties.

CALCULATE

STEP 5
New Demand for
Affordable Housing

STEP 6
Subsidies Needed to
Build Affordable Housing

STEP 7
Maximum Nexus Fee

IMPACT DEVELOPMENT FEES: WHAT IS POSSIBLE IN SAN MATEO COUNTY

Exactly how much money could be generated if every jurisdiction in San Mateo County established housing and commercial impact fees?

To answer this question, conservative impact fee assumptions were made for **all currently proposed countywide development**. Residential units were given a hypothetical housing fee of \$20,000 each. For commercial fees, office was set at \$20 per square foot, and retail and hotel were set at \$5 per square foot each.

Proposed Countywide Development x Assumptions = Possible Impact Fees

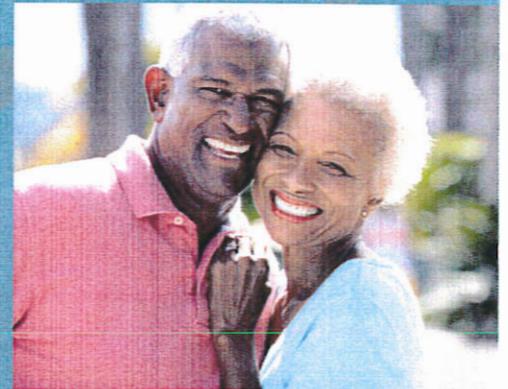
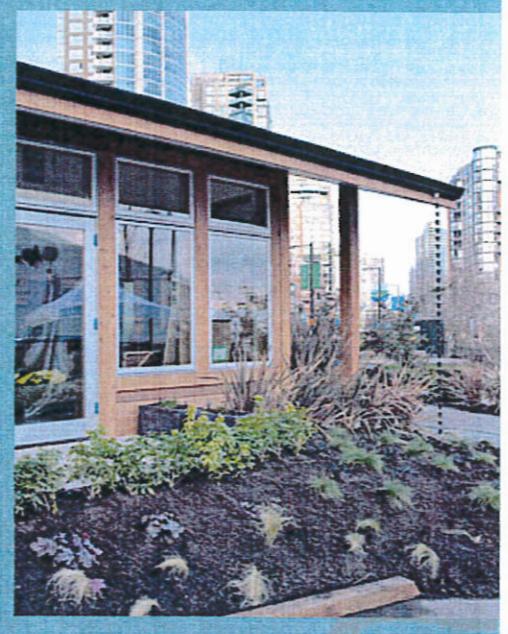
8,011 residential units	@ \$20k a unit =	160,220,000
15,033,200 square feet of office	@ \$20 per/sq ft =	300,664,000
495,000 square feet of retail	@ \$5 per/sq ft =	2,475,000
1,691 hotel rooms	@ \$5 per /sq ft =	7,482,675
		<u>\$470,841,675</u>

More than \$470 Million

in impact development fees could be generated in San Mateo County.

Source: Development on the Peninsula, San Francisco Business Times, August 28, 2015. Supplemented by private communication with city staff. Hotels average one room per 885 sf, per nexus studies.





POLICY CONSIDERATIONS

While the Grand Nexus Study provides the necessary economic analysis jurisdictions need before considering what fees to set, it is up to policymakers to decide what percentage of the maximum fee should be charged on new development. It is recommended that cities considering housing impact fee programs keep in mind four factors to ensure new policies do not negatively impact new development:

- **Feasibility:** At what level should housing impact fees be set, considering a city's current and expected housing and commercial markets?
- **Existing Fees:** What is the total amount of fees that are currently being charged for new development, and what would the total be with new impact fees?
- **Neighboring Jurisdictions:** What are the fees currently being charged by other cities in a region?
- **Affordable Housing Objectives:** What goals does the community have regarding affordable housing and how do impact fees fit into the overall strategy?



“The City With a Heart”

Jim Ruane, Mayor
Marty Medina, Vice Mayor
Ken Ibarra, Councilmember
Rico E. Medina, Councilmember
Irene O'Connell, Councilmember

AGENDA

SAN BRUNO CITY COUNCIL

April 26, 2016

7:00 p.m.

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

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1. CALL TO ORDER:

2. ROLL CALL/PLEDGE OF ALLEGIANCE:

3. ANNOUNCEMENTS:

- a. Operation Clean Sweep will be held on Saturday, May 7, 9:00 a.m. to 1:00 p.m. at San Bruno City Park, register at www.sanbruno.ca.gov.
- b. Present Proclamation Declaring May National Bicycle Month.

4. PRESENTATIONS:

Receive Presentation on Recent and Future San Francisco Public Utilities Commission Regional Water System Capital Improvements in San Bruno.

5. REVIEW OF AGENDA:

6. APPROVAL OF MINUTES: Regular Council Meeting of April 12, 2016.

7. CONSENT CALENDAR: All items are considered routine or implement an earlier Council action and may be enacted by one motion; there will be no separate discussion, unless requested.

- a. **Approve:** Accounts Payable of April 11 and 18, 2016.
- b. **Approve:** Payroll of April 8, 2016.
- c. **Waive:** Second Reading and Adopt an Ordinance Amending Chapter 7.20 of the Municipal Code and Adopting Speed Zone Changes.
- d. **Adopt:** Resolution Approving Amendment #1 to Employment Agreement between the City of San Bruno and Constance C. Jackson, City Manager.
- e. **Adopt:** Resolution Authorizing the City Manager to Execute a Lease-Purchase Agreement with JP Morgan Chase Bank, N.A. to Finance the Five Year Term Lease Purchase of Fire Apparatus in the Amount of \$1,873,846.

8. PUBLIC HEARING:

9. PUBLIC COMMENT ON ITEMS NOT ON AGENDA: Individuals allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, ask the City Clerk to request that the Council consider your comments earlier. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendaized pursuant to State Law.

10. CONDUCT OF BUSINESS:

Adopt Resolutions Approving: 1) The San Bruno Community Foundation's Investment Policy Statement; 2) Transfer of the Remaining Balance of Restitution Funds to the San Bruno Community Foundation; 3) Amended and Restated Articles of Incorporation; and 4) Amended and Restated Bylaws

11. REPORT OF COMMISSIONS, BOARDS & COMMITTEES:

12. COMMENTS FROM COUNCIL MEMBERS:

13. CLOSED SESSION:

14. STUDY SESSION:

Continue Study Session on the San Mateo County 21 Elements Nexus Study Fee Analysis, Affordable Housing Issues and Potential Affordable Housing Measures for San Bruno.

15. ADJOURNMENT:

The next regular City Council Meeting will be held on May 10, 2016 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.



“The City With a Heart”

Jim Ruane, Mayor
Marty Medina, Vice Mayor
Ken Ibarra, Councilmember
Rico E. Medina, Councilmember
Irene O’Connell, Councilmember

MINUTES SAN BRUNO CITY COUNCIL

April 12, 2016

7:00 p.m.

1. CALL TO ORDER: THIS IS TO CERTIFY THAT the San Bruno City Council met on April 12, 2016 at San Bruno’s Senior Center, 1555 Crystal Springs Road, San Bruno, CA. The meeting was called to order at 7:00 p.m. **Mayor Ruane** thanked the garden club for the flower arrangement.

2. ROLL CALL/PLEDGE OF ALLEGIANCE:

Presiding was Mayor Ruane, Vice Mayor Marty Medina, Councilmembers Ibarra, Rico Medina and O’Connell. **City Manager Jackson** led the pledge of allegiance. Recording by City Clerk Bonner.

3. ANNOUNCEMENTS:

Mayor Ruane announced:

a. Operation Clean Sweep will be held on Saturday, May 7, 9:00 a.m. to 1:00 p.m. at San Bruno City Park, register at www.sanbruno.ca.gov. **Councilmember O’Connell** showed aprons that would be given to those who come to Operation Clean Sweep. She encouraged everyone to come out and help clean-up the City. There will be a BBQ lunch at the end of the clean-up.

b. The American Cancer Society’s Relay for Life will be held on Saturday, April 23 at Capuchino High School in San Bruno beginning at 9:00 a.m.

4. PRESENTATIONS:

a. **Mayor Ruane** read a Proclamation for National Dispatcher Appreciation Week to the dispatchers of San Bruno which was presented by Councilmember Rico Medina and was received by Michael Cook who thanked the City.

b. **Mayor Ruane** read a Proclamation Declaring April 17 – 23 as West Nile Virus and Mosquito and Vector Control Awareness Week which was presented by Vice Mayor Marty Medina to Robert Riechel who thanked the City.

c. **Mayor Ruane** read a Proclamation Declaring April 23, 2016 as Relay for Life Day in San Bruno which was presented by Councilmember Ibarra and received by Robert Riechel who thanked the Mayor and Council for recognizing Relay for Life.

5. REVIEW OF AGENDA: Councilmember Ibarra asked 10.f. to be moved forward; **Mayor Ruane** moved the item to 10.a.

6. APPROVAL OF MINUTES: Regular Council Meeting of March 22, 2016 and Special Council Meeting of March 29, 2016, approved as submitted.

7. CONSENT CALENDAR:

a. **Approve:** Accounts Payable of March 14, 21, 28 and April 4 2016.

b. **Approve:** Payroll of March 25, 2016.

c. **Accept:** Reconciliation of General Ledger to Bank Reports and the Investment Reports Dated February, 2016.

d. **Adopt:** Resolution Authorizing the City Manager to Execute Amendment #2 for Electrical Facilities Operation and Maintenance Cost Distribution between Caltrans and the City of San Bruno for Addition of Pedestrian Safety Enhancements at Santa Lucia Avenue and El Camino Real.

e. **Adopt:** Resolution Rejecting All Bids and Authorizing the Re-Advertisement of Bid for the Sidewalk Repair Project.

f. **Adopt:** Resolution Authorizing the City Manager to Execute a Contract with Professional Land Services (PLS) in the Amount of \$65,105 for Surveying Services for Monument Restoration in the Crestmoor Neighborhood.

g. **Adopt:** Resolution Authorizing the Purchase of Cable Television High Definition Set-Top Boxes and High Definition Digital Video Recorder (HD/DVR) Set-Top Boxes in the Amount of \$61,491.

Vice Mayor Medina pulled Item 7.e.

M/S Rico Medina/Ibarra to approve the remainder of the Consent Calendar and passed with all ayes.

Vice Mayor Medina said he wanted the public to understand there is a program to fix the sidewalks and asked the Public Services Director to explain the sidewalk repair project.

Public Services Director Tan said two bids were received and they were 22% higher than the Engineer's estimate. Because of that, staff is recommending Council to reject the bids and rebid the project. The City as part of the CA Streets and Highway's Code and the City's Muni Code, the City replaces sidewalks where they are adjacent to City trees and the residents are encouraged to utilize the City's contractors so they will have a better unit price/rate. Residents are notified and the encroachment fee is waived. **Vice Mayor Medina** said 616-7075 is the number for residents to call if there is a trip hazard on their sidewalk or at a property they observe needs repair.

City Manager Jackson said under the CA Streets and Highway's Code and the City's Municipal Code, residents are responsible for the sidewalks that adjoins their private property and under our City's code, the City takes responsibility for that damage that is directly associated with a street tree, that is a tree located in the public right-of-way. There are many locations where that is not the case and this program offers the opportunity for the City to address areas where the code makes it our responsibility; i.e., tree related damage but also to allow residents to take the opportunity to take advantage of a contractor to be in their area and to address the sidewalk that is their responsibility.

Vice Mayor Medina said the encroachment fee is waived (about \$300 to \$400) and the work is inspected by a City inspector so a citizen doesn't have to worry about dealing with a contractor.

Councilmember Ibarra asked about the liability. **City Attorney Zafferano** said there is potential liability for the property owner for not having addressed those items in front of their property.

Councilmember Rico Medina said staff advised him the hard cost is \$362 for the rebidding; however, the work does not have to be redone because it has already been done once by staff, so it is a very nominal cost for staff time which is not included in the \$362. He understood this would come back in August. **City Manager Jackson** said Council's action to reject all of the bids allows staff to directly negotiate with the contractor who is qualified to perform the work. She said they anticipate being able to do that well before the end of the summer.

M/S Ibarra/Rico Medina to approve Item 7.e and passed with all ayes.

8. PUBLIC HEARING:

a. Hold Public Hearing and Waive First Reading and Introduce an Ordinance Amending Chapter 7.20 of the Municipal Code, Adopting Speed Zone Changes, Maintaining Crystal Springs Road Speed Limit at 25 mph and Approving Engineering and Traffic Survey.

Public Services Director Tan gave an overview of the staff report and asked for questions.

Mayor Ruane opened the Public Hearing. No one wished to speak

M/S Rico Medina/Ibarra to close the public hearing

Councilmember Rico Medina asked if this could be done in house and asked staff to get back to him with the information.

M/S Ibarra/O'Connell to waive the first reading and passed with all ayes.

Councilmember Ibarra introduced the ordinance amending Chapter 7.20 of the Municipal Code, Adopting Speed Zone Changes, Maintaining Crystal Springs Road Speed Limit at 25 mph and Approving Engineering and Traffic Survey and passed with a unanimous vote.

b. Hold Public Hearing and Adopt Resolution Amending the Master Fee Schedule for 2016-17 Establishing Fees for Municipal Services.

Finance Director Kraecht gave an overview of the staff report and asked for questions.

Community Services Director Burns said the fee increases were nominal in response to **Councilmember Ibarra's** question and added our programs are the most affordable as can be seen in the enrollment levels.

Councilmember Rico Medina noted a charge under the athletic field lights of \$25.00 an hour for the use of the field as well as the lights and asked if it actually covers the cost. **Burns** concurred on the charge but said it was not a full-cost recovery. She said the lights are on a timer and in Category 3, these are service organizations and community groups and this category is very heavily subsidized.

Councilmember Rico Medina said at the Bellaire Community Center we are charging the same as some other facilities at the Recreation Center and is this comparable? **Burns** said there are two meeting rooms there, it is fully enclosed and heated with restroom facilities in the Bellaire Firehouse and she considered it comparable.

Mayor Ruane opened the public hearing. No one wished to speak.

M/S Rico Medina/Ibarra to waive the first reading and passed with all ayes.

Councilmember Ibarra introduced the resolution amending the Master Fee Schedule for 2016-17 Establishing Fees for Municipal Services and passed with a unanimous vote.

9. PUBLIC COMMENT ON ITEMS NOT ON AGENDA: None.

10. CONDUCT OF BUSINESS:

Receive Report and Provide Direction Regarding a Monetary Contribution to the 76th Annual Posy Parade. (Moved f. forward.)

Councilmember Ibarra excused himself from this item because of his involvement with the Lion's Club.

City Manager Jackson gave an overview of the staff report in which the Lion's Club has requested the City's financial participation and asked for questions.

Mel Phillips, Cherry Avenue gave the background of Lions, particularly the Lions in San Bruno. He said they put together the Posy Parade, they provide food baskets for the schools and they provide glasses for young children. The Club has purchased a scanner to detect eye problems in children. He said he expects this to be the largest parade the City has experienced. He said every dollar donated to the Lions comes back to the community.

Mayor Ruane asked when the City has given them money toward the Posy Parade? **Phillips** said in years gone by the City has donated to them. **Mayor Ruane** said there have been no funds budgeted for this.

Vice Mayor Marty Medina saw no problem in funding.

Councilmember O’Connell said if there were some one-time money, she would like to see it funded.

City Manager Jackson said there was no money set aside.

Councilmember Rico Medina said the Lions Club has done many things throughout the community. He wanted to see where the money is going to come from.

Council suggested they seek funding from the Community Foundation.

a. Adopt Resolution Adopting the Updated Sanitary Sewer Management Plan.

Public Services Deputy Director Burch gave an overview of the staff report and asked for questions.

Vice Mayor Marty Medina asked for clarification on the privately owned sewer laterals as to whether it has to be reported or it doesn’t. **Burch** said the recommendation since 2006, or even before, is they ask for voluntary reporting on any SSO. The laterals which are owned by a private home owner or even a business, staff still reports those.

Vice Mayor Marty Medina asked if the \$14,500 charged could be done in house? **Burch** said it could be looked into; however, the consulting firm has specific knowledge of what the Water Board requires and how it should be written and how we should craft our reporting and training to meet the requirements.

Councilmember O’Connell introduced the resolution for adoption and passed with a unanimous vote.

b. Adopt Resolution Increasing the Construction Budget for the 2015 Street Rehabilitation Project by \$515,800 and Appropriating \$257,900 from Measure A and \$257,900 from Gas Tax Funds Due to Unforeseen Site Conditions Change Orders.

Public Services Director Tan gave an overview of the staff report and asked for questions.

Vice Mayor Medina asked how the change orders were charged. **Tan** said on a time and material basis.

Vice Mayor Medina said as a previous inspector to the City, he was always frustrated by the weather conditions; i.e., the rain. He proposed a moratorium in the winter months. He said he did not believe the contingency should be increased that much because we will primarily laying slurry, a mixture of sand and oil.

City Manager Jackson pointed out the project contingency is being protected in the recommendation that staff is making in order to avoid coming back again.

Councilmember Ibarra said being able to keep up with the deterioration is frustrating. He said he wanted us to be sure that we have done everything we can to avoid a surprise like this so we can either plan for it or adjust what streets we do.

City Manager Jackson said NCE was hired specifically to deal with the questions that have been raised. Pot-holing was done in order to anticipate and evaluate what kind of soil deficiencies might exist. She said the due-diligence is done up front, potentially they could do more. She said the needs far outweigh the resources.

Councilmember Ibarra said he is looking at Phase II and he is in a neighborhood where they are going to get some slurries but it has been nine months to a year where a lot of the cracks have been sealed. He asked if those cracks that have been sealed are good or was it in anticipation of a slurry. **Tan** said the contractor did the sealing of all the streets at the end of last year and that is something that will have to be looked at to see if it is adequate before the slurry seal is applied.

Councilmember Rico Medina said when the streets are being done he would like the contractor to be cognoscente of when the work will take place. If there is a delay all should be notified and it should be done in a timely fashion. He said when these reports are done, he would like them to show what work was done and when was the last time work was done on that street.

Councilmember Ibarra introduced the resolution and passed with a unanimous vote.

c. Adopt Resolution Approving the Installation of Red Curb Striping within the Area bound by Tanforan Avenue, Herman Street, Huntington Avenue and I-380 to Provide Access for Emergency Services; near the Lunardi's Market Driveway on Glenview Drive to Provide Access for a PG&E Gas Regulation Isolation Valve; and in front of 1070 San Mateo Avenue.

Public Services Director Tan gave an overview of the staff report and asked for questions.

Councilmember Ibarra said he thought this was valid; however, there is a lot more that needs to be done in that neighborhood. Parking and safety are big issues with a lot of violations. He expressed his wish that the Traffic, Safety and Parking Committee do more.

Councilmember Ibarra also mentioned providing access for PG&E and said he did not believe it needed to come this far. **Tan** said access to the streets came from the Fire Department. He said they had a meeting where 20 to 25 people showed up regarding the parking survey. He said there were mixed messages from no parking restrictions to restricted parking permits. **Councilmember Ibarra** said he would like to see limited parking, at least six hours. He asked to be notified when the next meeting will take place. **City Manager Jackson** pointed out the Director was referencing the Council's subcommittee on surface infrastructure. She said staff will be in contact to talk about this as well as plans for the 2016 pavement resurfacing program.

Vice Mayor Marty Medina said during the last campaign, he noted there were numerous parking problems with cars that are not being moved enough. He said public safety is an issue and we need to take control of the parking situations in San Bruno.

Esperanza Torres said two red zones are proposed and she suggested one of them be across the street.

Councilmember Rico Medina said this is an ongoing problem. He said he actually witnessed a fire truck making a turn and it was tight. Maybe Bayshore Circle could be addressed again.

Fire Chief Downing said it has always been an issue. He said last year they borrowed Belmont's truck while our truck was being repaired. They drove many areas in the City that were not

accessible which prompted his department to work with Public Services to see if they could come up with some solutions. Addressing Esperanza Torres' request, he said they could look at it and see if it could be changed to the other side.

Councilmember Rico Medina asked this be clearly communicated in the neighborhood and it be clearly defined.

Councilmember Ibarra introduced the resolution for adoption with the caveat that the area be looked at that was proposed and passed with a unanimous vote.

d. Receive Report on Crestmoor Neighborhood Upper Sanitary Sewer Replacement Program and Adopt Resolution Approving an Increase in the Contract Amount of \$282,578 for the Phase V – Upper Sewer Lateral Project with JMB Construction, Inc.

Project Manager Burrows gave an overview of the staff report and asked for questions.

Councilmember Ibarra said if \$3.5 million dollars was budgeted, why are you asking for the extra money. **Burrows** said the overall program was \$3.5 million dollars but the amount the City authorized for this Phase 5 was \$1,816,000. With these change orders they anticipate increasing the amount to \$2,980,000.

Councilmember Rico Medina asked if we did not take into account that there was at least one that couldn't be done or not have it marked with the PG&E lines? He also asked if notices had been sent out these folks. **Burrows** said they had not. **Councilmember Rico Medina** said there needs to be a deadline. He asked if JMB was asked to replace the entire line of every home to our specifications, the guidelines and the practices which were agreed to in the bid process. **Burrows** said every line has been inspected, both Public Works as well as the Building Department Inspectors and the videos are reviewed by our staff? JMB has to correct anything they did wrong and the City still has retention if they don't perform the remedial work to our satisfaction.

Vice Mayor Marty Medina asked for the time frame. **Burrows** said the sewer lateral project is essentially complete. The installation of the 211 laterals has occurred. They are in the process of determining the final remedial work that needs to be done. He said he anticipated bringing back an item for Council in roughly 60 days for closeout of the Phase 5 project. The last major portion of the construction of the neighborhood, the surface improvements, sidewalks, new streets and new street lights; that project is currently out to bid (scheduled for April 28 and to be brought before Council on May 10.) That project will last approximately ten months in duration, so it is scheduled for first quarter of next year for completion. 185 days have been scheduled for that project and there is a bid alternate for cold in place recycling which will drastically reduce the amount of time necessary for the street construction.

Mayor Ruane asked for a turn-key date for the whole neighborhood. **Burrows** said the anticipated replacement of the Glenview Park should take three to five months. **Burrows** said the whole project should be complete by second or third quarter of next year.

Councilmember Ibarra introduced the resolution for adoption and passed with a unanimous vote.

e. Adopt Resolution Authorizing the City Manager to Execute an Agreement with Maze & Associates for Financial Audit Services for Three Years Beginning with the Fiscal Year Ending June 30, 2016 in the Total Amount of \$141,371.

Finance Director Kraecht gave an overview of the staff report and asked for questions.

Councilmember Ibarra introduced the resolution for adoption and passed with a unanimous vote.

f. Moved to first item under Conduct of Business.

g. Schedule Study Session Meetings to Review the Proposed Fiscal Year 2016-17 Annual Operating and Capital Improvement Program Budget.

City Manager Jackson asked Council to pick three dates to be available for Study Sessions for Review of the Budget.

Council agreed on June 7 and June 8 as the dates for the Study Session.

11. REPORT OF COMMISSIONS, BOARDS & COMMITTEES:

12. COMMENTS FROM COUNCIL MEMBERS:

13. CLOSED SESSION:

14. ADJOURNMENT:

Mayor Ruane closed the meeting at 9:13 p.m. The next regular City Council Meeting will be held on April 26, 2016 at 7:00 p.m. at the Senior Center, 1555 Crystal Springs Road, San Bruno.

Respectfully submitted for approval
at the City Council Meeting of
April 26, 2016

Carol Bonner, City Clerk

Jim Ruane, Mayor

04/11/16

CITY OF SAN BRUNO
WARRANT REGISTER
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$182,904.54
101	GAS TAX	\$1,421.17
121	FEDERAL/STATE GRANTS	\$3,500.00
131	IN-LIEU FEES	\$30,000.00
132	AGENCY ON AGING	\$4,355.98
133	RESTRICTED DONATIONS	\$1,633.97
190	DISASTER RECOVERY FUND	\$23,225.25
201	PARKS AND FACILITIES CAPITAL	\$2,320.00
203	STREET IMPROVE. PROJECTS	\$285,443.33
207	TECHNOLOGY CAPITAL	\$6,426.52
611	WATER FUND	\$25,050.13
631	WASTEWATER FUND	\$3,532.08
641	CABLE TV FUND	\$299,426.43
701	CENTRAL GARAGE	\$46.69
702	FACILITY MAINT. FUND	\$10,227.44
703	GENERAL EQUIPMENT REVOLVING	\$919.83
707	TECHNOLOGY DEVELOPMENT	\$1,868.19
711	SELF INSURANCE	\$57,972.09
880	PROJECT DEVELOP. TRUST	\$15,416.39
TOTAL FOR APPROVAL		\$955,690.03

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 3 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 161055 THROUGH 161173 INCLUSIVE, TOTALING IN THE AMOUNT OF \$955,690.03 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,

 4-13-16
FINANCE DIRECTOR DATE

T.A.

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
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0097268 AMBER SIRHA	161144	4/11/2016	11.65
0097281 ANDREI ZAKHAREVICH	161172	4/11/2016	32.11
0106072 ANDREW D. HIDALGO	161098	4/11/2016	50.28
0000118 ART'S PENINSULA LOCKSMITH	161059	4/11/2016	51.50
0016123 AT&T	161060	4/11/2016	2,625.96
0000345 BAKER & TAYLOR BOOKS	161061	4/11/2016	2,114.34
0018020 BARKER BLUE DIGITAL IMAGING	161062	4/11/2016	75.55
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0101767 BELL PLUMBING OF SAN MATEO	161064	4/11/2016	3,350.00
0105710 BRANDON HART	161097	4/11/2016	250.40
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0097041 CARMEN VELEZ	161161	4/11/2016	50.00
0106408 CHRIS DE LA CRUZ	161080	4/11/2016	149.18
0106048 CIT	161074	4/11/2016	426.88
0098588 CITY OF BURLINGAME	161075	4/11/2016	3,361.50
0000060 CITY OF MILLBRAE	161076	4/11/2016	400.60
0097202 CITY OF SAN MATEO	161077	4/11/2016	4,823.00
0105187 CONCERN	161078	4/11/2016	693.84
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0097834 EDUARDO SANCHEZ	161139	4/11/2016	16.48
0016920 ENVIRONMENTAL SCIENCE ASSOCIATES (ESA)	161140	4/11/2016	15,416.39
0093685 ERIC JACKSON	161101	4/11/2016	129.29
0013714 FIRST NATIONAL BANK	161085	4/11/2016	19,938.97
0001782 FLOWERS ELECTRIC & SVC.CO.INC.	161087	4/11/2016	220.00
0102869 FRANCHISE TAX BOARD	161088	4/11/2016	50.00
0098645 FRED PANKRATIUS	161125	4/11/2016	52.57
0106240 GALLAGHER & BURK, INC.	161090	4/11/2016	257,861.72
0018842 GBH POLYGRAPH SERVICES	161091	4/11/2016	600.00
0106220 GCI, INC.	161092	4/11/2016	48,700.00
0104771 GILLERAN ENERGY MANAGEMENT SERVICES	161083	4/11/2016	315.00
0104135 GLOBAL TRACKING COMMUNICATIONS, INC.	161156	4/11/2016	89.97
0000162 GRAINGER	161094	4/11/2016	169.00
0017900 GREAT LAKES DATA SYSTEMS INC	161095	4/11/2016	1,450.00
0091742 HIP HOUSING, INC.	161099	4/11/2016	30,000.00
0106395 HOTSTICK USA INC.	161100	4/11/2016	1,130.00
0096962 HUI PING SHI	161143	4/11/2016	1,000.00
0097696 JASON TCHANG	161153	4/11/2016	1,000.00
0097446 JEAN GILDERSLEEVE	161093	4/11/2016	14.25

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Vendor Code & Name	Check #	Check Date	Amount
0103342 JMB CONSTRUCTION, INC.	161102	4/11/2016	55,000.00
0091522 JOHN PONZINI	161103	4/11/2016	500.00
0000771 JT2 INTEGRATED RESOURCES	161104	4/11/2016	32,614.92
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0000075 K-119 TOOLS OF CALIFORNIA INC.	161106	4/11/2016	553.08
0017947 KEVIN MCMULLAN	161116	4/11/2016	138.00
0018498 KONICA MINOLTA	161108	4/11/2016	919.83
0000317 L.N. CURTIS & SONS	161109	4/11/2016	349.35
0104424 LIDIA'S ITALIAN DELICACIES	161111	4/11/2016	750.00
0095766 LIFE-ASSIST, INC.	161112	4/11/2016	407.69
0017924 LORAL LANDSCAPING INC.	161113	4/11/2016	6,419.00
0097415 LORNA WALTER	161164	4/11/2016	400.00
0018177 LOWE'S	161114	4/11/2016	168.10
0099968 MADELINE VEGA	161160	4/11/2016	50.00
0000389 MATRISHA PERSON	161128	4/11/2016	1,852.50
0095633 MAURA V AND TEODORO C GUERRERO, JR.	161096	4/11/2016	22,500.00
0102770 METLIFE	161117	4/11/2016	350.46
0097532 MICHAEL WONG	161170	4/11/2016	1,000.00
0092285 MICROMARKETING LLC	161118	4/11/2016	14.98
0000357 NATIONAL CABLE TV CO-OP, INC.	161119	4/11/2016	261,118.79
0097945 NING WANG	161165	4/11/2016	37.42
0092263 OFFICE DEPOT INC	161122	4/11/2016	790.88
0101002 OLIVER KEMPF	161107	4/11/2016	74.03
0000012 PACIFIC GAS & ELECTRIC	161123	4/11/2016	36,278.79
0106404 PACIFIC MAINTENANCE COMPANY	161124	4/11/2016	1,536.00
0095416 PATRICK MAY	161115	4/11/2016	50.00
0095116 PEDRO CASTILLO	161072	4/11/2016	30.90
0106156 PENGUIN RANDOM HOUSE LLC	161126	4/11/2016	155.33
0001154 PENINSULA LIBRARY SYSTEM	161127	4/11/2016	102.60
0015163 PENINSULA SPORTS OFFICIALS ASSOC.INC.	161147	4/11/2016	658.00
0106154 PIPELINE SAFETY COALITION	161129	4/11/2016	3,500.00
0102915 PRECISE PRINTING & MAILING	161130	4/11/2016	238.71
0097558 PURCHASE POWER	161131	4/11/2016	366.00
0106402 QUICK PC SUPPORT LLC	161132	4/11/2016	1,603.52
0013981 QUILL CORPORATION	161133	4/11/2016	83.41
0100195 ROBERT BUCK	161068	4/11/2016	11.44
0016213 ROZZI REPRODUCTION&SUPPLY INC.	161136	4/11/2016	1,641.00
0106244 RYAN BUCKLEY	161069	4/11/2016	210.60
0093465 SAN MATEO COUNTY SHERIFF	161137	4/11/2016	310.00
0018597 SAN MATEO DAILY JOURNAL	161138	4/11/2016	336.00
0104726 SHARPS SOLUTIONS, LLC	161141	4/11/2016	96.00
0101667 SHELL DOOR SERVICE	161142	4/11/2016	917.20
0105745 SMELLY MEL'S PLUMBING	161145	4/11/2016	1,500.00
0017508 SOUTH CITY LUMBER AND SUPPLY	161146	4/11/2016	15.15
0097079 SPRINT	161148	4/11/2016	117.97
0014233 STATE CONTROLLER'S OFFICE	161150	4/11/2016	1,421.17
0097545 STEVE BELLUOMINI	161065	4/11/2016	29.72
0097540 STEVEN WYATT	161171	4/11/2016	11.52
0105796 SUNRISE FOOD DISTRIBUTOR INC.	161151	4/11/2016	299.25
0096932 TASC	161152	4/11/2016	342.90
0097308 TECHNOLOGY UNLIMITED INC.	161154	4/11/2016	382.00
0018275 THE REGENTS OF THE UNIVERSITY OF CA	161121	4/11/2016	583.66
0018898 TJKM TRANSPORTATION CONSULTANT	161155	4/11/2016	13,113.89
0097491 TOSHIE FUJIWARA	161089	4/11/2016	6.54

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0102744 UNIVERSAL BUILDING SERVICES	161158	4/11/2016	163.00
0102988 VANTAGEPOINT TRANSFER AGENTS	161159	4/11/2016	11,173.47
0095749 VERIZON WIRELESS	161162	4/11/2016	1,229.91
0106289 WANDZIA ROSE	161135	4/11/2016	1,075.00
0104233 WAVE	161166	4/11/2016	8,822.50
0104660 WEST YOST ASSOCIATES, INC.	161167	4/11/2016	3,986.50
0096421 WEST-LITE SUPPLY CO., INC.	161168	4/11/2016	320.56
0000612 WESTVALLEY CONSTRUCTION CO.INC	161169	4/11/2016	6,410.98
0095020 YVONNE LIANG	161110	4/11/2016	1,000.00
0104033 ZCORUM, INC.	161173	4/11/2016	23,281.20
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		Total count:	119

04/18/16

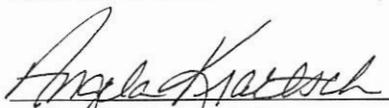
CITY OF SAN BRUNO
WARRANT REGISTER
TOTAL FUND RECAP

FUND	FUND NAME	AMOUNT
001	GENERAL FUND	\$66,992.91
132	AGENCY ON AGING	\$188.20
133	RESTRICTED DONATIONS	\$450.00
190	DISASTER RECOVERY FUND	\$525.00
611	WATER FUND	\$11,446.64
621	STORMWATER FUND	\$72.07
631	WASTEWATER FUND	\$11,591.65
641	CABLE TV FUND	\$178,332.53
701	CENTRAL GARAGE	\$13,748.43
702	FACILITY MAINT. FUND	\$6,035.87
707	TECHNOLOGY DEVELOPMENT	\$361.20
711	SELF INSURANCE	\$13,226.14
880	PROJECT DEVELOP. TRUST	\$14,506.44
TOTAL FOR APPROVAL		\$317,477.08

HONORABLE MAYOR AND CITY COUNCIL:

THIS IS TO CERTIFY THAT THE CLAIMS LISTED ON PAGES NUMBERED FROM 1 THROUGH 4 INCLUSIVE, AND/OR CLAIMS NUMBERED FROM 161174 THROUGH 161332 INCLUSIVE, TOTALING IN THE AMOUNT OF \$317,477.08 HAVE BEEN CHECKED IN DETAIL AND APPROVED BY THE PROPER OFFICIALS, AND IN MY OPINION REPRESENT FAIR AND JUST CHARGES AGAINST THE CITY IN ACCORDANCE WITH THEIR RESPECTIVE AMOUNTS AS INDICATED THEREON.

RESPECTFULLY SUBMITTED,


FINANCE DIRECTOR

4-19-16
DATE

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
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0104680 ACCESS 24 COMMUNICATIONS INC.	161176	4/18/2016	387.70
0016499 ACTION SPORTS	161177	4/18/2016	1,397.65
0000858 ADECCO EMPLOYMENT SERVICES	161178	4/18/2016	2,496.80
0018601 ADVANCED MEDIA TECH., INC.	161179	4/18/2016	613.89
0001170 AIRGAS USA, LLC	161180	4/18/2016	241.06
0000163 AIRPORT AUTO PARTS INC.	161181	4/18/2016	407.65
0098288 ALBERT LEROUX	161249	4/18/2016	150.00
0017459 ALL CITY MANAGEMENT SVC.INC.	161182	4/18/2016	2,540.84
0102979 ALLEN SMOOT	161307	4/18/2016	50.51
0000372 ALLIED SECURITY ALARMS	161183	4/18/2016	951.00
0103662 ALTERNATV INTERNATIONAL CORP.	161184	4/18/2016	168.14
0097478 AMANDA CHESTER	161207	4/18/2016	160.00
0097325 AMERICAN LEGION POST 409	161185	4/18/2016	210.00
0018746 AMERICAN LIBRARY ASSOCIATION	161186	4/18/2016	45.00
0000082 AMERICAN MESSAGING	161187	4/18/2016	94.74
0106412 AMIGOS LIBRARY SERVICES	161188	4/18/2016	35.00
0096700 ANDY'S WHEELS & TIRES	161189	4/18/2016	2,597.77
0106405 ANNETTE MOLINA	161258	4/18/2016	78.02
0106185 ARIS KORON	161246	4/18/2016	200.00
0001965 ARISTA BUSINESS	161190	4/18/2016	585.45
0000843 ARRIS SOLUTIONS, INC.	161191	4/18/2016	47,886.31
0000118 ART'S PENINSULA LOCKSMITH	161192	4/18/2016	107.66
0016123 AT&T	161193	4/18/2016	998.40
0000345 BAKER & TAYLOR BOOKS	161194	4/18/2016	1,604.97
0018567 BATTERY SYSTEMS	161195	4/18/2016	1,876.21
0018688 BEST BEST & KRIEGER LLP	161196	4/18/2016	3,910.72
0097334 BILL FLOERKE	161227	4/18/2016	34.53
0106204 BLUE LINE CANINE LLC	161197	4/18/2016	250.00
0105908 BRANDON COLAR	161212	4/18/2016	280.00
0096688 BRANDON LAU	161248	4/18/2016	50.00
0000378 BROADMOOR LANDSCAPE SUPPLY	161198	4/18/2016	95.92
0102737 BURKE, WILLIAMS & SORENSEN,LLP	161199	4/18/2016	14,506.44
0098862 CALBO	161200	4/18/2016	215.00
0092118 CALIFORNIA GROUNDWATER ASSN.	161201	4/18/2016	125.00
0097912 CALIFORNIA LIBRARY ASSOCIATION	161202	4/18/2016	600.00
0098257 CELY LIM TANCAO	161251	4/18/2016	54.00
0000729 CERTIFIED LABORATORIES, INC.	161205	4/18/2016	635.83
0013965 CH BULL CO.	161206	4/18/2016	12.58
0016324 CINTAS CORPORATION	161208	4/18/2016	507.26
0016324 CINTAS CORPORATION	161209	4/18/2016	596.32
0098588 CITY OF BURLINGAME	161210	4/18/2016	500.00
0013595 CITY OF SAN BRUNO	161211	4/18/2016	670.99
0018911 COMCAST CABLE COMMUNICATIONS	161213	4/18/2016	28,316.10
0104508 COMCAST SPORTSNET CALIFORNIA	161214	4/18/2016	23,571.24
0013592 DAVID PERAZZO	161280	4/18/2016	62.69
0096663 DAVID TUFO	161321	4/18/2016	50.00
0093479 DEPARTMENT OF JUSTICE	161218	4/18/2016	529.00
0104678 DIVISION OF THE STATE ARCHITECT	161266	4/18/2016	250.00
0106415 EMI CARUSO	161204	4/18/2016	10.00
0017300 ENVIRONMENTAL HEALTH FEE	161224	4/18/2016	1,739.00
0106116 EVERBANK COMMERCIAL FINANCE, INC.	161215	4/18/2016	376.62

Document group: komalley Bank: apbank 05507660

Vendor Code & Name	Check #	Check Date	Amount
0106045 EXAMINETICS, INC.	161225	4/18/2016	2,770.00
0018551 FASTENAL COMPANY	161226	4/18/2016	130.40
0001782 FLOWERS ELECTRIC & SVC.CO.INC.	161228	4/18/2016	220.00
0018117 FLYERS ENERGY, LLC	161229	4/18/2016	8,256.97
0097508 GABBY VANISI	161327	4/18/2016	150.00
0105960 GARRATT CALLAHAN	161230	4/18/2016	2,195.25
0016363 GCS ENVIRONMENTAL & EQUIPMENT SVC.	161223	4/18/2016	2,936.55
0097577 GERALDINE KELLEHER	161244	4/18/2016	34.64
0097470 GEREMIAS DE ASSIS JR	161217	4/18/2016	65.74
0104771 GILLERAN ENERGY MANAGEMENT SERVICES	161221	4/18/2016	525.00
0104135 GLOBAL TRACKING COMMUNICATIONS, INC.	161319	4/18/2016	304.90
0016154 GOETZ BROTHERS SPORTING GOODS	161231	4/18/2016	2,252.76
0017454 GOLDEN STATE FLOW MEASUREMENT	161232	4/18/2016	1,052.02
0000162 GRAINGER	161233	4/18/2016	657.46
0105687 GRAPHICS ON THE EDGE	161234	4/18/2016	457.80
0017900 GREAT LAKES DATA SYSTEMS INC	161235	4/18/2016	895.00
0095966 GREATAMERICA FINANCIAL SVCS.	161236	4/18/2016	577.50
0097510 GREG PIZARRO	161283	4/18/2016	89.45
0096837 GYM DOCTORS	161237	4/18/2016	906.58
0000385 HACH COMPANY	161238	4/18/2016	667.34
0097306 HANA CUARTELON	161216	4/18/2016	400.00
0105378 HOME MAID RAVIOLI COMPANY INC.	161239	4/18/2016	48.30
0103336 HUB INTERNATIONAL SERVICE INC.	161240	4/18/2016	397.54
0018838 INFOSEND, INC.	161241	4/18/2016	7,328.75
0106403 INFRASTRUCTURE TECHNOLOGIES, LLC	161315	4/18/2016	2,960.00
0102653 INT'L. ASSOCIATION OF ELECTRICAL INSPECTORS	161220	4/18/2016	120.00
0015531 INTERSTATE BATTERY SYS. OF SF	161242	4/18/2016	115.88
0097541 JASMINE RICKS	161292	4/18/2016	13.76
0095465 JENNIFER DIANOS	161219	4/18/2016	500.00
0097492 JIMMY MANANSALA	161254	4/18/2016	45.40
0000075 K-119 TOOLS OF CALIFORNIA INC.	161243	4/18/2016	698.89
0096379 KAREN OJAKIAN	161269	4/18/2016	483.60
0104657 KAREN ONO	161272	4/18/2016	10.00
0000132 KELLY-MOORE PAINT CO INC.	161245	4/18/2016	245.96
0018561 LANCE BAYER	161247	4/18/2016	1,800.00
0105752 LEVEL 3 COMMUNICATIONS, LLC	161250	4/18/2016	4,527.96
0018777 LEXISNEXIS RISK DATA MANAGEMENT	161293	4/18/2016	50.00
0018177 LOWE'S	161253	4/18/2016	1,192.74
0097522 MATTHEW TAVAKOL	161313	4/18/2016	72.85
0106044 MAYCROFT INVESTIGATION AGENCY	161255	4/18/2016	2,400.00
0016041 METROMOBILE COMMUNICATIONS	161256	4/18/2016	253.60
0001709 MILLBRAE LOCK	161257	4/18/2016	1,838.24
0103148 MING Y. MULLINS	161261	4/18/2016	150.00
0103600 MOMENTUM TELECOM, INC.	161259	4/18/2016	14,245.26
0000333 MOSS RUBBER & EQUIP. CORP.	161260	4/18/2016	441.23
0000902 NATIONAL PEN CO. LLC	161263	4/18/2016	4,437.55
0106407 NATIONAL PRODUCTS, INC.	161264	4/18/2016	666.04
0097332 NETTIE NARAYAN	161262	4/18/2016	49.99
0018157 OCLC INC	161265	4/18/2016	352.19
0092263 OFFICE DEPOT INC	161267	4/18/2016	524.74
0018284 OFFICEMAX INC.	161268	4/18/2016	137.58
0000210 OLE'S CARBURETOR & ELECTRIC INC	161270	4/18/2016	334.70
0097567 ONE HOUR DRY CLEANING	161271	4/18/2016	132.50
0001292 ORCHARD BUSINESS/SYNCB	161273	4/18/2016	130.04

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Vendor Code & Name	Check #	Check Date	Amount
0018701 ORKIN PEST CONTROL	161274	4/18/2016	580.62
0106401 PACIFIC ADA CENTER	161275	4/18/2016	750.00
0000012 PACIFIC GAS & ELECTRIC	161276	4/18/2016	16,216.41
0106156 PENGUIN RANDOM HOUSE LLC	161277	4/18/2016	24.53
0001327 PENINSULA PUMP & EQUIPMENT INC	161278	4/18/2016	1,472.17
0014961 PENINSULA UNIFORMS & EQUIPMENT	161279	4/18/2016	3,271.88
0018283 PERFORMANCE TOW LLC	161281	4/18/2016	60.00
0097118 PETER YEE	161332	4/18/2016	50.00
0096705 PHASE2CAREERS	161282	4/18/2016	250.00
0095538 POP MEDIA NETWORKS, LLC	161284	4/18/2016	778.13
0103233 POSITIVE PROMOTIONS INC.	161285	4/18/2016	1,613.99
0102915 PRECISE PRINTING & MAILING	161286	4/18/2016	715.85
0104869 PURSUIT NORTH	161287	4/18/2016	2,330.67
0106402 QUICK PC SUPPORT LLC	161288	4/18/2016	1,376.08
0106274 RAI CONTENT DISTRIBUTION LLC	161289	4/18/2016	204.61
0096541 RDJ SPECIALTIES INC	161290	4/18/2016	931.13
0000022 ROBERT LOUIE	161252	4/18/2016	221.65
0096772 ROBERT MIGUEL	161294	4/18/2016	98.09
0013581 ROVI GUIDES, INC.	161295	4/18/2016	10,119.50
0018839 RYAN JOHANSEN	161297	4/18/2016	465.48
0098555 RYAN ROXAS-CHUA	161296	4/18/2016	13.76
0093465 SAN MATEO COUNTY SHERIFF	161298	4/18/2016	1,007.00
0093465 SAN MATEO COUNTY SHERIFF	161299	4/18/2016	550.00
0099047 SAN MATEO CTY SHERIFF'S OFFICE	161300	4/18/2016	4,732.88
0018597 SAN MATEO DAILY JOURNAL	161301	4/18/2016	420.00
0018461 SERRAMONTE FORD, INC.	161302	4/18/2016	429.82
0101667 SHELL DOOR SERVICE	161303	4/18/2016	229.24
0000216 SHOWTIME NETWORKS INC.	161304	4/18/2016	13,302.93
0098030 SHRED-IT USA	161305	4/18/2016	47.65
0103492 SMITHSONIAN NETWORKS	161306	4/18/2016	570.96
0106409 SOCIETY OF WESTERN ARTISTS	161308	4/18/2016	450.00
0017508 SOUTH CITY LUMBER AND SUPPLY	161309	4/18/2016	823.69
0097079 SPRINT	161310	4/18/2016	333.23
0105796 SUNRISE FOOD DISTRIBUTOR INC.	161311	4/18/2016	119.70
0017802 SUPPLYWORKS	161312	4/18/2016	54.61
0097212 TEACH ME FAMILY DAYCARE	161314	4/18/2016	1,610.00
0002025 TELECOMMUNICATIONS ENGINEERING ASSOCIATE	161222	4/18/2016	239.00
0096616 TENNANT SALES AND SERVICE CO.	161316	4/18/2016	470.01
0017659 THE CALIFORNIA CHANNEL	161317	4/18/2016	115.04
0000036 THOMSON WEST	161318	4/18/2016	544.98
0106378 TREMCO	161320	4/18/2016	1,200.00
0103095 TUTV	161322	4/18/2016	114.76
0000462 TVC COMMUNICATIONS L.L.C.	161323	4/18/2016	2,705.21
0000019 U.S. POSTMASTER	161324	4/18/2016	3,800.00
0099592 UNIVISION COMMUNICATIONS, INC.	161325	4/18/2016	6,224.44
0096844 USA BLUE BOOK	161326	4/18/2016	363.60
0095749 VERIZON WIRELESS	161328	4/18/2016	3,414.38
0095504 VERONIQUE REVILLA	161291	4/18/2016	17.03
0106410 WEST COAST POWER COATING	161329	4/18/2016	300.00
0018580 WILEY PRICE & RADULOVICH LLP	161330	4/18/2016	29.50
0013841 WITMER-TYSON IMPORTS INC	161331	4/18/2016	822.36
0097546 XING GUO CAO	161203	4/18/2016	426.60

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GrandTotal: 317,477.08
Total count: 159



**City Council Agenda Item
Staff Report**

CITY OF SAN BRUNO

DATE: April 26, 2016
TO: Honorable Mayor and Members of the City Council
FROM: Angela Kraetsch, Finance Director
SUBJECT: Payroll Approval

City Council approval of the City payroll distributed April 8, 2016 is recommended. The Labor Summary report reflecting the total payroll amount of \$1,465,877.44 for bi-weekly pay period ending April 3, 2016 is attached.

LABOR SUMMARY FOR PAY PERIOD ENDING : APRIL 3, 2016

pyLaborDist	04/08/16
Fund: 001 - GENERAL FUND	1,098,554.69
Fund: 122 - SOLID WASTE/RECYCL.	2,240.10
Fund: 190 - EMERGENCY DISASTER FUND	12,885.55
Fund: 201 - PARKS AND FACILITIES CAPITAL	270.63
Fund: 203 - STREET IMPROVE. PROJECTS	8,598.40
Fund: 611 - WATER FUND	89,013.54
Fund: 621 - STORMWATER FUND	10,968.42
Fund: 631 - WASTEWATER FUND	78,083.21
Fund: 641 - CABLE TV FUND	93,526.24
Fund: 701 - CENTRAL GARAGE	11,627.40
Fund: 702 - FACILITY MAINT.FUND	30,382.80
Fund: 707 - TECHNOLOGY DEVELOPMENT	24,638.98
Fund: 711 - SELF INSURANCE	5,087.48
Total	<hr/> 1,465,877.44



City Council Agenda Item
Staff Report

CITY OF SAN BRUNO

DATE: April 26, 2016

TO: Honorable Mayor and Members of the City Council

FROM: Ed Barberini, Police Chief
Jimmy Tan, Acting Public Services Director/City Engineer

SUBJECT: Waive Second Reading and Adopt an Ordinance Amending Chapter 7.20 of the Municipal Code and Adopt Speed Zone Changes

BACKGROUND:

California Vehicle Code (CVC) Section 40802 requires that an Engineering and Traffic Survey (E&TS) be conducted if the enforcement of speed limits involves the use of radar or any other electronic device that measures the speed of moving vehicles. The surveys must be conducted every 5 years and can be extended to 7 years provided the City's police officers have completed a 24-hour radar operator course. These surveys can be further extended to 10 years if a registered engineer certifies that no changes in roadway or traffic conditions have occurred for that street segment.

The City of San Bruno's most recent E&TS was completed in April 2006. On August 25, 2015, the City awarded the contract to TJKM Transportation Consultants, Inc. in the amount of \$34,563 to perform an E&TS. The contract consisted of collecting traffic speed data through the use of calibrated radar survey equipment, analysis of speed survey data to determine the range of speeds observed and the average speed for each surveyed location, collection of average daily traffic counts, analysis of collision history data, and field review by a traffic engineer.

A new speed zone ordinance amending Chapter 7.20 of the Municipal Code was introduced at the City Council meeting on April 12, 2016 for a first reading and public hearing. The City Council adopted the speed limit recommendations of the E&TS with the exception of the 35 mph recommendation for Crystal Springs Road. The posted speed limit on Crystal Springs Road will remain at 25 mph. There was no public comment on the speed zone changes at the City Council meeting.

DISCUSSION:

Traffic speed surveys were conducted in December 2015 and February 2016 on days with fair weather, dry pavement and clear visibility. The survey locations were selected where the prevailing speeds were representative of the entire street segment and not close to any traffic control device. The selected locations were situated beyond the influence of stops, dips, curves, parked vehicles and any other condition that may affect the normal rate of travel. The E&TS identified 20 streets where the "prima facie" speed limits may not be applicable. The majority of streets in the City are residential and have a "prima facie" speed

T.C.

limit of 25 mph. The speed limit that applies to the majority of the remaining streets (Cherry Avenue, College Drive, San Bruno Avenue, San Mateo Avenue, Sharp Park Road, Sneath Lane) would be either 55 mph or 65 mph depending upon roadway geometry unless the recommendations from the E&TS are adopted.

The recommended speed limit for each street segment was evaluated after determining the average speed, 85th percentile speed, pace speed and other significant factors such as existing land use, roadway characteristics and accident rates. Table 1 provides a breakdown of the recommended speed limits for the surveyed streets.

Table 1 – E&TS Recommended Speed Limits

	Street	Segment Boundaries		Existing Speed Limit	Recommended Speed Limit
1	Cherry Ave	San Bruno Ave	Sneath Ln	35	35
2	College Dr	Skyline College	SR-35	30	30
3	College Rd	Skyline College	North City Limits	25	30
4	Crystal Springs Rd	Cunningham Wy	Crestmoor Dr	25	35*
5	Herman St	Tanforan Ave	Huntington Ave	30	30
6	Huntington Ave	North City Limits	Forest Ln	30	30
7	Huntington Ave	Forest Ln	San Bruno Ave	30	30
8	Huntington Ave	San Bruno Ave	San Felipe Ave	30	30
9	San Antonio Ave	San Felipe Ave	Santa Helena Ave	30	30
10	San Bruno Ave	SR-35	I-280	40	40
11	San Bruno Ave	I-280	El Camino Real	35	35
12	San Bruno Ave	El Camino Real	East City Limits	25	25
13	Sharp Park Road	SR-35	West City Limits	40	40
14	Shelter Creek Ln	San Bruno Ave	Whitman Wy	30	30
15	Sneath Ln	West City Limits	SR-35	35	35
16	Sneath Ln	SR-35	I-280	35	30
17	Sneath Ln	I-280	El Camino Real	40	40
18	Sneath Ln	El Camino Real	Huntington Ave	30	30
19	San Mateo Ave	Tanforan Ave	El Camino Real	25	25
20	Grundy Lane	Cherry Ave	Elm Ave	25	25

*Staff recommends that Crystal Springs Road would maintain existing speed limit of 25mph.

An E&TS which was conducted in 2006 resulted in a posted speed limit of 30 mph for Susan Drive. Pursuant to CVC Section 515, Susan Drive is a residential district and the speed limit for Susan Drive should be the prima facie speed limit of 25 mph. Therefore, the speed limit for Susan Drive will be reduced from 30 mph to 25 mph.

FISCAL IMPACT:

The labor and material costs for replacing or modifying the speed limit signs or installing signs where required to change speed limits is estimated to be \$2,000. Sufficient funds are

available in the Streets Division operating budget to fund the proposed changes to the posted speed limits.

ALTERNATIVES:

1. Do not adopt the ordinance. The Police Department would be unable to utilize radar/lidar to enforce the speed limits on all the streets listed in Table 1.
2. Provide policy direction on which recommended speed limits would be acceptable and direct that the proposed ordinance be revised and introduced. The Police Department would be able to utilize radar/lidar enforcement only on those streets with posted speed limits that have not been modified from the recommendations of the E&TS.

RECOMMENDATION:

Waive second reading and adopt an Ordinance Amending Chapter 7.20 of the Municipal Code and adopt speed zone changes.

ATTACHMENTS:

1. Proposed Ordinance

DISTRIBUTION:

None

DATE PREPARED:

April 15, 2016

REVIEWED BY:

_____ PD
_____ CA
_____ ACM
_____ CM

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN BRUNO
AMENDING CHAPTER 7.20 (SPEED LIMITS) OF TITLE 7 (VEHICLES AND
TRAFFIC)**

WHEREAS, Pursuant to California Vehicle Code Sections 22357 and 22358, the City of San Bruno is permitted to increase or decrease state established speed limits upon San Bruno's streets and highways, other than state highways, conforming to results of engineering and traffic surveys of such streets and highways; and

WHEREAS, At the present time, and for a substantial and proper time, the City of San Bruno has established street and highway speed limits on certain designated streets and highways, at limits other than the prima facie speed established by the California Vehicle Code; and

WHEREAS, The San Bruno Public Services Department has completed engineering and traffic surveys of certain designated streets, and thereafter proposed continuations or modification of established speed limits to the City Council; and

WHEREAS, the recommended speed limits were presented by the Department of Public Services to the Traffic Safety and Parking Committee on March 2, 2016; and

WHEREAS, the City Council held a public hearing on **April 12, 2016** and on said date the public hearing was opened, held and closed; and

WHEREAS, the recommended speed limits are not a "Project" as defined under the California Environmental Quality Act because there is no possibility that this will have a significant effect on the environment.

NOW, THEREFORE, the City Council of the City of San Bruno Ordains as follows:

Section 1. Section 7.20.010 (Increase of prima facie speed limit in certain zones) and Section 7.20.020 (Decrease of maximum speed limit) are hereby repealed; and

Section 2. Section 7.20.010 (Increase of prima facie speed limit in certain zones) and Section 7.20.020 (Decrease of maximum speed limit) of Chapter 7.20 (Speed Limits) of Title 7 (Vehicles and Traffic) are hereby adopted as follows:

7.20.010 Increase of prima facie speed limit in certain zones.

It is determined upon the basis of an engineering and traffic survey that the speed limit permitted by California state law upon the following streets is less than is necessary for safe operation of vehicles thereon by reason that a speed limit greater than twenty-five miles per hour will facilitate the orderly movement of vehicular traffic and will be reasonable and safe. The speed limits for the following streets have been determined and declared prima facie speed limits, and are enumerated in the engineering and traffic studies, for the purposes of radar enforcement for speed limits.

Street Name	Limits	Speed
HERMAN STREET	Tanforan Avenue to Huntington Avenue	30 mph
HUNTINGTON AVENUE	North City Limits to Forest Lane	30 mph
HUNTINGTON AVENUE	Forest Lane to San Bruno Avenue	30 mph
HUNTINGTON AVENUE	San Bruno Avenue to San Felipe Avenue	30 mph
SAN ANTONIO AVENUE	San Felipe Avenue to Santa Helena Avenue	30 mph
SHELTER CREEK LANE	San Bruno Avenue to Whitman Way	30 mph
SNEATH LANE	West City Limits to Skyline Blvd (SR-35)	35 mph

7.20.020 Decrease of maximum speed limit.

It is determined upon the basis of an engineering and traffic survey that the maximum speed limit permitted by California state law outside of business and residential districts as applicable upon the following streets is greater than is reasonable or safe under the conditions found to existing upon such streets. The speed limits for the following streets have been determined and declared prima facie speed limits, and are enumerated in the engineering and traffic studies, for the purposes of radar enforcement for speed limits.

Street Name	Limits	Speed
CHERRY AVENUE	San Bruno Avenue to Sneath Lane	35 mph
COLLEGE DRIVE	Skyline College to Skyline Blvd (SR-35)	30 mph
COLLEGE DRIVE	Skyline College to North City Limits	30 mph
GRUNDY LANE	Cherry Avenue to Elm Avenue	25 mph
SAN BRUNO AVENUE	Skyline Blvd (SR-35) to I-280	40 mph
SAN BRUNO AVENUE	I-280 to El Camino Real (SR-82)	35 mph
SAN BRUNO AVENUE	El Camino Real (SR-82) to East City Limits	25 mph
SAN MATEO AVENUE	Tanforan Avenue to El Camino Real (SR-82)	25 mph
SHARP PARK ROAD	West City Limits to Skyline Blvd (SR-35)	40 mph
SNEATH LANE	Skyline Blvd (SR-35) to I-280	30 mph
SNEATH LANE	I-280 to El Camino Real (SR-82)	40 mph
SNEATH LANE	El Camino Real (SR-82) to Huntington Avenue	30 mph

Section 2. The San Bruno City Council hereby amends and replaces Ordinance No. 1715.

Section 3. Validity. The City Council of the City hereby declares that should any section, paragraph, sentence or work of this code as adopted and amended herein be declared of any reason to be invalid, it is the intent of the City Council of the City that it would have passed all other portions or provisions of this Ordinance independent of the elimination here from any such portion or provision as may be declared invalid.

Section 4. The Ordinance shall go into effect thirty (30) days after the date of its passage and adoption. On its effective date, this Ordinance shall amend and replace Ordinance No. 1715.

Dated: _____

Jim Ruane, Mayor

ATTEST:

APPROVED AS TO FORM:

Carol Bonner, City Clerk

City Attorney
Marc Zafferano

I, Carol Bonner, City Clerk, do hereby certify that the foregoing Ordinance No. ____ was introduced on ____, 2016 and adopted at a regular meeting of the San Bruno City Council on ____, 2016, by the following vote.

AYES: Councilmembers: _____

NOES: Councilmembers: _____

ABSENT: Councilmembers: _____

City Clerk

RESOLUTION NO. 2016-_____

RESOLUTION APPROVING AMENDMENT #1 TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF SAN BRUNO AND CONSTANCE C. JACKSON, CITY MANAGER

WHEREAS, the City of San Bruno and Constance C. Jackson entered into an annually renewable employment agreement for the continuation of City Manager services on July 22, 2014; and

WHEREAS, Section 5 of that agreement provides for a salary of \$220,255 and authorizes the City Council to adjust the City Manager's salary and benefits; and

WHEREAS, Section 5(d) of that agreement provides the Employee be compensated for purchase of up to 400 hours of the Employee's accrued vacation time at the 2013 annual base salary rate of \$203,940.

WHEREAS, Sections 5(a) and 5(c) of that agreement provide for the City Council's authority to adjust the City Manager's annual base salary; and

WHEREAS, the City Council desires to provide the City Manager with a 3% salary increase retroactive to January 1, 2015 and an additional 3% salary increase retroactive to January 1, 2016 to an annual base salary of \$233, 669; and

WHEREAS, the City Council desires to amend the agreement to reflect the forgiveness of an additional \$20,000 of the Employee's home loan.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of San Bruno hereby authorizes the Mayor to execute on behalf of the City, the attached Amendment #1 to the employment agreement between the City of San Bruno and Constance C. Jackson dated July 22, 2014.

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I hereby certify that foregoing Resolution No. 2016-_____ was introduced and adopted by the San Bruno City Council at a regular meeting on April 26, 2016 by the following vote:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

City Clerk

J.d.

**AMENDMENT #1 TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF SAN BRUNO
AND CONSTANCE C. JACKSON, CITY MANAGER**

1. This Amendment modifies the employment agreement between the City of San Bruno and Constance C. Jackson, City Manager, dated July 22, 2014.
2. Section 5(a) of said agreement is amended to reflect a 3% salary increase retroactive to January 1, 2015 and a 3% salary increase retroactive to January 1, 2016 to an annual base salary of \$233,669.
3. Section 5(d) of said agreement is amended to reflect the forgiveness of an additional \$20,000 of the Employee's home loan.
4. In all other respects, the agreement is affirmed.

City of San Bruno:

Jim Ruane, Mayor

Employee:

Constance C. Jackson

Attest:

Carol Bonner, City Clerk



**City Council Agenda Item
Staff Report**

CITY OF SAN BRUNO

DATE: April 26, 2016

TO: Honorable Mayor and Members of the City Council

FROM: Angela Kraetsch, Finance Director

SUBJECT: Adopt Resolution Authorizing the City Manager to Execute a Lease-Purchase Agreement with JPMorgan Chase Bank N.A. to Finance the Five Year Term Lease Purchase of Fire Apparatus in the Amount of \$1,873,846

BACKGROUND

On December 8, 2015, the City Council approved the purchase of a 2016 E-One Pumper Fire Engine and E-One Aerial Ladder Fire Truck as part of a joint purchase agreement. By purchasing both vehicles jointly the City will achieve a cost savings of approximately \$85,000.

As part of the Fire Department's on-going program of equipment replacement, the Department budgeted \$389,000 from the Equipment Replacement Fund in fiscal year 2015-16 budget to replace the 1991 fire engine after 24 years of service and will include \$700,000 from the Equipment Replacement Fund in fiscal year 2016-17 budget for the replacement of a 2000 fire tiller truck with 15 years of service. Since there was \$1,089,000 funds available in the Equipment Reserve Fund, which was less than the \$1,873,846 replacement cost, staff is recommending a lease purchase option as a viable alternative due to the low cost of financing.

DISCUSSION

On January 12, 2016, the order for both apparatus was placed with A-Z Fire Apparatus, Inc as part of competitive bid process negotiated by the Houston Galveston Area Council (H-GAC), which assists local governments in reducing costs through the government-to-government procurement services. Payment of the fire apparatus is due upon delivery and acceptance by the City. The vendor has notified staff that the fire engine is expected to be fully constructed and delivered to the San Bruno Fire Department in July and the fire truck in October. As a result, staff solicited proposals and received responses from three financing sources to consider a lease-purchase of the fire apparatus with terms of 5 and 7 years.

7.e.

The interest rate comparisons are as follows:

	Term (Years)	
	5	7
JPMorgan Chase Bank	1.32%	1.49%
Coretech Leasing	1.79%	1.31%
Leasing 2, Inc	2.55%	n/a

Staff has evaluated the proposals and determined the proposal from JPMorgan Chase Bank N.A. represents the lowest total lease-purchase cost to the City and further recommends the 5-year term. Since there is \$1,089,000 accumulated in the City's Equipment Reserve Fund for the replacement of the fire apparatus, staff recommends utilizing \$1,089,000 as a down payment and financing the remaining \$784,846 from JPMorgan Chase Bank N.A. to be paid in 5 equal annual installments of approximately \$180,000 at a preliminary interest rate of 1.32%, the actual rate will be set once City takes delivery of the fire apparatus and is not expected to change significantly. In providing for the most favorable financing terms, JPMorgan Chase Bank N.A. requires that the loan be valued at the full price of the fire apparatus (i.e. \$1,873,846).

FISCAL IMPACT

The fiscal year 2015-16 budget includes the appropriation of \$389,000 from the Equipment Replacement Fund to replace the 1991 fire engine and an additional \$700,000 is being requested from the Equipment Replacement Fund in fiscal year 2016-17 for the replacement of a 2000 fire tiller truck. The amount of \$1,089,000 will be used as a down payment towards the lease and all subsequent principal and interest payments will be made from the Equipment Replacement Fund at an annual lease payment of approximately \$180,000 beginning fiscal year 2017-18 through fiscal year 2020-21 and shall be appropriated in future operating budgets.

ALTERNATIVES

1. Do not finance the fire apparatus or finance the apparatus with a different term.
2. Direct that an alternative type or source of financing be secured in place of the proposed lease-purchase agreement.

RECOMMENDATION

Adopt resolution authorizing the City Manager to execute a Lease-Purchase Agreement with JPMorgan Chase Bank N.A. to finance the five year term lease purchase of Fire Apparatus in the amount of \$1,873,846.

ATTACHMENTS

1. Resolution

DATE PREPARED

March 31, 2016

REVIEWED BY

CM_____

RESOLUTION NO. 2016 - ___

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE PURCHASE AGREEMENT WITH JPMORGAN CHASE BANK N.A. TO FINANCE THE PURCHASE OF FIRE APPARATUS

WHEREAS, pursuant to applicable law, the City Council is authorized to acquire, dispose of and encumber real and personal property, including, without limitation, rights and interests in property, leases and easements necessary to the functions or operations of the City of San Bruno;

WHEREAS, the City Council approved the purchase of a 2016 E-One Pumper Fire Engine and E-One Aerial Ladder Fire Truck; and

WHEREAS, the FY 2015-16 Budget includes an appropriation of \$389,000 from the Equipment Reserve Fund to replace the Fire Engine and FY 2016-17 Budget will include an additional \$700,000 from the Equipment Reserve Fund for the replacement of the Tiller Truck; and

WHEREAS, the total cost of the Fire Engine and the Tiller Truck is \$1,873,846; and

WHEREAS, it is prudent to finance the Fire Apparatus for the amount of \$784,846 which has not been previously funded in the Equipment Reserve Fund; and

WHEREAS, the City Council hereby finds and determines that the execution of a lease-purchase agreement in the principal amount not exceeding the amount of \$1,873,846 for the purpose of acquiring a 2016 E-One Pumper Fire Engine and E-One Aerial Ladder Fire Truck is appropriate and necessary to the functions and operations of the City; and

WHEREAS, JPMorgan Chase Bank, N.A. is to act as the lessor for the Equipment Lease; and

WHEREAS, the City may pay certain capital expenditures in connection with the Property prior to its receipt of proceeds of the Equipment Lease ("Lease Purchase Proceeds") for such expenditures and such expenditures are not expected to exceed the Principal Amount; and

WHEREAS, the City anticipates that it may pay certain capital expenditures in connection with the Property prior to the receipt of the Lease Purchase Proceeds for the Property. The City Council hereby declares the City's official intent to use the Lease Purchase Proceeds to reimburse itself for Property expenditures. This section of the Resolution is adopted by the City Council for the purpose of establishing compliance with the requirements of Section 1.150-2 of Treasury Regulations. This section of the Resolution does not bind the City to make any expenditure, incur any indebtedness, or proceed with the purchase of the Property; and

WHEREAS, JPMorgan Chase Bank, N.A has offered the City cost effective lease-purchase financing of the Fire Apparatus with a qualified tax-exempt fixed interest rate; and

WHEREAS, as to each Equipment Lease, the City hereby designates each Equipment Lease as a "qualified tax-exempt obligation "for the purposes of and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code") and the City reasonably anticipates that the total amount of Section 265 Tax-Exempt Obligations to be issued during the current calendar year by the City, or by an entity controlled by the City or by another entity the proceeds of which are loaned to or allocated to the City for purposes of Section 265(b) of the Code will not exceed \$10,000,000. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code.

NOW THEREFORE BE IT RESOLVED, the San Bruno City Council hereby authorizes the City Manager to execute a lease-purchase agreement with JP Morgan Chase Bank, N.A. and any other documents in connection therewith to finance the purchase of a 2016 E-One Pumper Fire Engine and E-One Aerial Ladder Fire Truck for a period of sixty months at a qualified tax-exempt fixed interest rate that will be determined at the date of delivery.

-000-

I hereby certify the foregoing Resolution No. 2016-___
was introduced and adopted by the San Bruno City Council at a
regular meeting on April 26, 2016 by the following vote:

AYES:

NOES:

ABSENT:

City Clerk



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: April 26, 2016

TO: Honorable Mayor and Members of the City Council

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

SUBJECT: Adopt Resolutions Approving: 1) The San Bruno Community Foundation's Investment Policy Statement; 2) Transfer of the Remaining Balance of Restitution Funds to the San Bruno Community Foundation; 3) Amended and Restated Articles of Incorporation; and 4) Amended and Restated Bylaws

BACKGROUND:

The actions proposed tonight represent another important milestone for the City Council and the San Bruno Community Foundation ("Foundation" or "SBCF") as they work together to deploy the \$70 million in restitution funds that the City recovered in 2012 from PG&E in the aftermath of the devastating 2010 explosion.

The settlement agreement with PG&E required that the funds be deposited with the City, and then ultimately transferred to a nonprofit entity for the benefit of the entire San Bruno community. In March 2013, after extensive public outreach and study sessions, the City Council adopted a resolution authorizing filing the Articles of Incorporation for the Foundation, and over the ensuing months, the City Council took other actions to begin forming the Foundation, including adopting Bylaws and selecting a Board of Directors, which began holding regular meetings in March 2014.

In November 2014, the Foundation received final confirmation from the IRS that its tax-exempt application as a supporting organization to the City was approved, and in late December the Board completed its process for hiring an executive director, announcing the selection at its first public meeting in January 2015. With Leslie Hatamiya at the helm, the Foundation directed its attention to becoming a fully-functioning organization. The Foundation conducted an extensive community listening campaign, and using information gleaned from that outreach, developed and adopted its grant-making policies, which the City Council approved in November 2015. In brief, those policies provide that the Foundation's efforts would be directed to three broad initiatives to benefit the community: sponsoring strategic initiatives such as partnering with the City to address community facility needs, responding to grant applications from community organizations, and developing its own programs such as college scholarships. The Foundation also decided to allocate the bulk of the restitution fund, approximately \$54 million, to these strategic

initiatives, leaving approximately \$15 million to be placed in an endowment that would generate income for programs and operating expenses over the long term.

In 2016, the Foundation launched the Crestmoor Neighborhood Memorial Scholarship Program, which allocated \$100,000 for graduating high school seniors and community college students transferring to a four year institution. The Foundation received 45 applications, and an independent panel is in the process of reviewing them to provide up to eight scholarship awards in May. The Foundation is also in the process of developing its grant application program, and is continuing to work with the City to identify and begin funding community facility needs, including up to \$170,000 for pedestrian safety improvements, \$30,000 for Community Day in the Park held in conjunction with the annual Posy Parade, \$300,000 for a Community Facilities Vision Plan, and \$200,000 for a park at 324 Florida Ave.

Last month, after issuing a Request for Proposals and engaging in a rigorous selection process for investment management services, the Foundation selected Sand Hill Global Advisors, an employee-owned investment management firm in Palo Alto whose professional team includes a San Bruno resident. Sand Hill drafted an Investment Policy Statement to guide how the Foundation would invest its funds to accomplish its identified objectives, which the Foundation approved. That decision paved the way for transfer of the remaining restitution funds, which the City had been holding in a custodial account for the benefit of the Foundation.

In the process of developing these detailed policies, the Foundation determined that it would be advantageous to amend its Articles of Incorporation and Bylaws to ensure that the Foundation is fully able to implement the mission statement that the City Council adopted. The proposed actions tonight would accomplish these objectives.

DISCUSSION:

When it formed the Foundation and adopted its Bylaws, the City Council retained the power to approve certain major decisions of the organization, as listed below from Article XVI of the Bylaws:

“The following actions are reserved by the City Council:

- (a) Approval of any change in the Articles of Incorporation or Bylaws of the Corporation;
- (b) Approval of adoption, amendment or repeal of the Corporation’s investment policy and its spending policy;
- (c) Approval of the Corporation’s annual budget;
- (d) Approval or amendment of the Corporation’s grant policies;
- (e) Approval of election of officers of the Corporation;

- (f) Approval of any agreement for the management of the affairs of the Corporation;
- (g) Approval of the acquisition of real estate or of any project that would require the use of City property or resources;
- (h) Approval of incurrence of indebtedness by the Corporation in excess of \$25,000;
- (i) Affiliation of the Corporation with any other entity (“Affiliation” meaning any arrangement whereby the Corporation controls, is controlled by or is under common control with any other entity or any other similar arrangement); and/or
- (j) Appointment and removal of members of the Board of Directors.”

The four recommended actions by the City Council are discussed below, and are supported by the attached staff reports, documents, and resolutions from the Foundation (Attachments 1-4).

Investment Policy Statement

This statement is a high-level policy document governing the Foundation’s investment practices, and it addresses the goals of the Foundation’s investment philosophy, the roles and responsibilities of the Board, investment goals and procedures and target asset allocations, and guidelines to monitor performance, including periodic rebalancing of the portfolios. In essence, it establishes the following guidelines for investments:

- For the approximately \$54 million strategic pool portion of the funds, a conservative risk tolerance (20% capital appreciation, 80% capital preservation), recognizing that the funds will be spent within 7-10 years;
- For the approximately \$15 million endowment, a moderately conservative risk tolerance (60% capital appreciation, 40% capital preservation), for the long-term time horizon;
- For a liquidity pool sufficient to cover operating expenses within an approximately 2-year period, a conservative risk tolerance.

Transfer of the Remaining Balance of the Restitution Funds

With the selection of Sand Hill Advisors and adoption of the Investment Policy Statement, the Foundation is now in a position to receive the remaining balance of the restitution funds that have been held by the City in custodial accounts for the benefit of the Foundation. On April 6, 2016, the Foundation Board adopted a resolution requesting that the City Council authorize transfer of the funds to the Foundation. To date, the City Council has authorized two transfers totaling \$697,031 to cover reimbursement to the City of costs incurred for the formation of the Foundation as well as Foundation operating costs from February 2015 through June 2016. As of March 18, 2016, the remaining balance in the City’s custodial account is approximately \$69,729,000. If approved, City staff will work with the Foundation to transfer the full remaining balance of the restitution funds to Foundation accounts.

Amended and Restated Articles of Incorporation

In 2013, the City Council adopted the Foundation's Articles of Incorporation, and after the Foundation began operations, it was deemed necessary to amend the Articles in October 2015 to fully comply with nonprofit tax law applicable to supporting organizations. Thereafter, the Foundation adopted more detailed grant making policies, and it became apparent that some additional changes are necessary to ensure that a broad range of community organizations would be eligible to receive Foundation grants. In addition to supporting the City and 501(c)(3) public charities, the proposed amendments would authorize grants to 501(c)(4) social welfare organizations, 501(c)(5) labor and agricultural organizations, and 501(c)(6) business leagues such as the Chamber of Commerce. Grants to these and potentially other 501(c) organizations could be made either directly or through a fiscal sponsorship structure whereby the funds would pass through a qualified 501(c)(3) entity.

Amended and Restated Bylaws

The City Council approved the Foundation Bylaws in October 2013, before it appointed Board members and before the Foundation had hired an Executive Director. Once the Foundation became fully functioning, it appointed a committee to review the Bylaws and propose amendments. In addition to correcting out-of-date information and the occasional misspelling, editing for consistency of usage, clarifying the language, and adding code references, the key changes are as follows:

- Making the purpose statement consistent with the revised purpose statement in the Articles of Incorporation;
- Clarifying that a majority of Directors must be San Bruno residents and more clearly stating the criteria for non-residents;
- Establishing a specific start date for the Directors' and Officers' terms and clarifying definition of when a Director serves less than a complete term;
- Deleting the Executive Committee as a standing committee to avoid situations in which a Director could inadvertently create a quorum by serving on another Board committee;
- Renaming the Reserved Powers article to clarify the Foundation actions that the City Council must approve

FISCAL IMPACT:

There is no fiscal impact associated with adoption of the policies. Transferring the remaining balance of the restitution funds to a nonprofit entity such as the Foundation was contemplated when the City received the settlement.

ALTERNATIVES:

1. Request changes in the Investment Policy Statement before transferring the remaining balance of the restitution funds;
2. Recommend changes in the Articles of Incorporation or Bylaws before approving

them.

RECOMMENDATION:

Adopt Resolutions Approving: 1) The San Bruno Community Foundation's Investment Policy Statement; 2) Transfer of the Remaining Balance of Restitution Funds to the San Bruno Community Foundation; 3) Amended and Restated Articles of Incorporation; and 4) Amended and Restated Bylaws

ATTACHMENTS:

1. SBCF Staff Report Regarding Investment Policy Statement and Transfer of Funds; Resolutions; Investment Policy Statement
2. SBCF Staff Reports Regarding Amended and Restated Articles of Incorporation and Bylaws; Resolutions; Amended and Restated Articles of Incorporation and Bylaws (redline and clean)
3. Resolution Approving Investment Policy Statement of the SBCF
4. Resolution Authorizing Transfer of Remaining Balance of Restitution Funds to SBCF
5. Resolution Approving Amended and Restated Articles of Incorporation for the SBCF
6. Resolution Approving Amended and restated Bylaws for the SBCF

DISTRIBUTION:

SBCF Board of Directors

SAN BRUNO

Community Foundation

Memorandum

DATE: April 1, 2016

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Report from the Ad Hoc Committee on Investment Strategy and Adoption of Resolutions: (1) Approving Investment Policy Statement; (2) Authorizing Establishment of Three Brokerage Accounts at Fidelity Investments, Authorizing Deposit of Restitution Funds into Such Accounts, and Establishing Signatories on the Accounts; and (3) Requesting Transfer of Remaining Balance of Restitution Funds from the City of San Bruno

On March 2, 2016, on the recommendation of the Ad Hoc Committee on Investment Strategy, the San Bruno Community Foundation Board of Directors approved selection of Sand Hill Global Advisors, an employee-owned investment management firm founded in 1982 and based in Palo Alto, with client assets exceeding \$1.5 billion, as the Foundation's investment adviser. On March 11, as Executive Director I executed, on behalf of the Foundation, a contract with Sand Hill for investment management services.

1. Investment Policy Statement

Upon execution of the contract, the Sand Hill team immediately began working with the Committee to develop the Foundation's Investment Policy Statement. The Committee – including Chair Ben Cohn and Committee Members Frank Hedley and John McGlothlin – met with Sand Hill CEO Brian Dombkowski and Wealth Manager Kristin Sun on March 16 to discuss the Investment Policy Statement. Investment Consultant Mark Hayes and I also participated in the meeting. The Committee, staff, and the Sand Hill team went back and forth on several drafts of the Investment Policy Statement, resulting in the document that the Board will consider for approval on April 6.

The Investment Policy Statement is intended to serve as a high-level policy document governing the Foundation's investment practices. Its goals include:

- Outlining the purpose and goals of the Foundation's investment portfolio, including three separate pools of funds
- Defining the roles and responsibilities for the Foundation's Board of Directors, Investment Committee, External Investment Manager, and the San Bruno City Council
- Setting investment goals, objectives, and target asset allocations for each pool of funds

SAN BRUNO

Community Foundation

Memorandum

- Establishing asset guidelines and investment procedures
- Outlining the spending policy
- Establishing guidelines to monitor performance
- Providing continuity across changes in the Board of Directors, Investment Committee, and Foundation staff

The Investment Policy Statement is divided into eight sections, as follows:

- Foundation's Purpose and Goals: This section provides brief background information on the Foundation and defines the establishment of three pools of funds: quasi-endowment pool, strategic pool, and liquidity pool. The Board previously identified the quasi-endowment pool (\$15 million) and the strategic pool (approximately \$54 million). At the recommendation of Sand Hill, the policy also establishes a liquidity pool to address the Foundation's liquidity needs. Its goal is to cover Foundation expenditures that will be withdrawn within the next 24 months. For example, the quasi-endowment payout will be moved to the liquidity account on a determined schedule for eventual transfer to the Foundation's checking account. Similarly, as funds are needed for strategic projects, funds can be transitioned from the strategic pool to the liquidity pool for transfer to the checking account when the program disbursement is to be paid. All transfers from the investment pools will run from the liquidity pool account to the checking account.
- Roles and Responsibilities: This section outlines the investment-related roles and responsibilities of the Foundation Board, a to-be-created Investment Committee, the External Investment Manager, and the San Bruno City Council. The Ad Hoc Committee on Investment Strategy will make a recommendation to the Board in the next two months on the establishment and composition of an Investment Committee that will provide guidance to the Board on all aspects of the investment management process.
- Policy Review: This brief section provides the procedure for annual review of the Investment Policy Statement.
- Investment Goals and Objectives: This section outlines the specific goals and objectives, risk tolerance, and time horizon for each of the three pools of funds in support of the Foundation's annual operating expenses and the three categories of program activities outlined in the Program Strategy Framework.
- Investment Policy and Asset Allocation: This section sets forth specific guidelines for each asset class, investment procedures, and specific asset allocation parameters for each of the three pools of funds.

SAN BRUNO

Community Foundation

Memorandum

- f. Investment Manager Reporting and Evaluation: This section details the External Investment Manager's reporting requirements to the Investment Committee and the Board of Directors.
- g. Spending Policy: This section sets forth the spending, or payout, policy for each of the three pools of funds.
- h. Conflicts of Interest: This section ensures that all investment activities are carried out in accordance with the Foundation's Conflict of Interest Policy and establishes the expectation that the Board, Investment Committee, and staff are to adhere to high ethical standards and avoid actual, perceived, and potential conflicts of interest.

Attached to this memorandum are both the Investment Policy Statement and the resolution approving the Investment Policy Statement. The resolution directs the Executive Director to submit the Investment Policy Statement to the City Council for approval, as required by the Foundation's Bylaws.

In addition to the Investment Policy Statement, the Ad Hoc Committee on Investment Strategy is working with the Sand Hill team to develop an Investment Operating Plan to be executed by the Foundation and Sand Hill. The Investment Operating Plan will provide detailed instructions to Sand Hill regarding ongoing management of the three pools of money, including specific asset allocation targets and ranges. The to-be-created Investment Committee will be responsible for reviewing the Investment Operating Plan annually, making recommendations to the Board regarding adjustments to the Operating Plan, and monitoring Sand Hill's compliance with the Operating Plan. The Committee intends to bring the Investment Operating Plan to the Board for approval in May.

2. Establishment of Brokerage Accounts at Fidelity Investments

Sand Hill has recommended that the Foundation use Fidelity Investments as the custodian for the Foundation's three pools of funds. Over the past two decades of partnering with Sand Hill on institutional relationships, Fidelity has demonstrated to Sand Hill its ability to meet the unique needs of nonprofit institutions such as SBCF through its commitment to a robust operational infrastructure. Fidelity also offers a competitive trading platform with low transaction costs. As of December 31, 2015, total customer assets held at Fidelity totaled \$5.15 trillion.

As a result, the second attached resolution seeks to accomplish three tasks. It:

- a. Delegates to Treasurer Ben Cohn the authority to establish and open three brokerage accounts with Fidelity on behalf of SBCF and to deposit the

SAN BRUNO

Community Foundation

Memorandum

restitution funds, upon transfer from the City, into such accounts. Article IX, Section 4, of the Foundation's Bylaws states that "The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the [Foundation] with such depositories as the board may designate." One account will be opened for each pool of funds: quasi-endowment pool, strategic pool, and liquidity pool.

- b. Designates Treasurer Ben Cohn, President Nancy Kraus, and Executive Director Leslie Hatamiya to serve as SBCF's authorized signatories on the three Fidelity brokerage accounts. This designation is consistent with the Foundation's Fiscal Policies and Procedures. The Treasurer, President, and Executive Director also serve as the signatories on the Foundation's Wells Fargo bank accounts.
- c. Establishes requirements related to the transfer of funds from the Fidelity accounts to the Foundation's operating bank accounts. These requirements are consistent with provisions in the Fiscal Policies and Procedures, as follows: (i) Transfers from the brokerage accounts to non-brokerage accounts must be made exclusively from the liquidity pool brokerage account to the Foundation's checking account; (ii) a transfer of funds from the liquidity pool account exceeding \$2,500 requires the approval of two signatories; (iii) a transfer of an amount under \$2,500 requires the approval of one signatory; (iv) transfers cannot be split into multiple transfers to evade the dual-approval requirement of (ii); and (v) check-writing capabilities will be disabled for all brokerage accounts. All disbursements from the Foundation to outside entities must be made from the checking account.

The Committee will review the Fiscal Policies and Procedures and make recommendations for incorporating these requirements into the document and other investment-related requirements to strengthen internal controls related to the brokerage accounts. I am hopeful that the Committee will be able to bring the revised Fiscal Policies and Procedures to the Board for approval in May.

3. Transfer of Remaining Balance of Restitution Funds from the City of San Bruno to the Foundation

The third attached resolution requests the San Bruno City Council to authorize transfer of the remaining balance of the restitution funds to the Foundation. Now that the Foundation has hired Sand Hill as its investment management firm, has developed its Investment Policy Statement, and is authorizing the establishment of brokerage accounts at Fidelity, the Foundation is prepared to take possession of the remaining restitution funds. So far, the Foundation has received two transfers totaling \$697,031 to cover the Foundation's reimbursement to the City of costs incurred in the Foundation's

SAN BRUNO

Community Foundation

Memorandum

formation as well as operating costs from February 2015 through June 2016. According to the City's Finance Director, the balance in the custodial account as of March 18, 2016, was approximately \$69,729,000.

I have been working with the City Treasurer regarding the logistics of the transfer of funds. All but about \$1.24 million (which accounts for the proceeds from the sale of land that was part of the original settlement from PG&E) are in an investment account with Wells Fargo Advisors. Upon advice of Sand Hill, we are planning to have the assets in the Wells Fargo account transferred to the Foundation's Fidelity account in kind, which will save the Foundation in fees and commissions. Because the transfer involves two separate entities with different tax identification numbers (the Foundation and the City) and two separate financial institutions, the transfer will be a two-step process, where the City first transfers the assets in kind to a Fidelity account opened in its name and then transfers the assets in kind from its Fidelity account to the Foundation's Fidelity liquidity account.

The proceeds from the sale of land are currently sitting in the City's bank account at First National Bank. Transfer of those funds to the Foundation's Fidelity liquidity pool account will require a simple wire transfer since those funds are already sitting in cash.

Once the funds are in the Foundation's Fidelity liquidity account, \$15 million will be transferred to the quasi-endowment account, the bulk of the remaining funds will be transferred to the strategic pool account, and a small portion will remain in the liquidity account to cover the Foundation's anticipated cash-flow needs in the next year. These cash-flow needs include the \$1 million in near-term projects that the Foundation has already committed (such as the \$100,000 in Crestmoor Neighborhood Memorial Scholarships, \$200,000 for a Community Grants Program to launch later this year, and four projects in partnership with the City) as well as the Foundation's operating expenses.

I recommend that the Board approve all three resolutions at its April 6 meeting.

Over the next one to two months, the Investment Strategy Committee will work with Sand Hill to prepare the Investment Operating Plan, review the Fiscal Policies and Procedures and make recommendations to add provisions related to the handling of the investment brokerage accounts, and prepare a proposal for the creation of an ongoing Investment Committee – all for Board approval. Dr. Hayes will continue to work with the Committee through the completion of these tasks.

SAN BRUNO

Community Foundation

Memorandum

Attachments:

1. Resolution Approving San Bruno Community Foundation Investment Policy Statement
2. Exhibit A: Investment Policy Statement
3. Resolution Authorizing Establishment of Three Investment Accounts at Fidelity Investments, Authorizing Deposit of Restitution Funds into Such Accounts, and Establishing Signatories on the Accounts
4. Resolution Requesting Transfer of Remaining Balance of Restitution Funds from the City of San Bruno

RESOLUTION NO. 2016-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
APPROVING SAN BRUNO COMMUNITY FOUNDATION INVESTMENT POLICY
STATEMENT**

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

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

WHEREAS, under Article XVI(b) of the Bylaws, the San Bruno City Council must approve the Foundation's "investment policy and its spending policy";

WHEREAS, the Foundation selected Sand Hill Global Advisors to provide investment management services to the Foundation, including assisting in the development of the Foundation's investment policy statement and management of the Foundation's investment portfolio; and

WHEREAS, with the guidance of Sand Hill Global Advisors, the Foundation's Ad Hoc Committee on Investment Strategy has drafted the Investment Policy Statement, which includes the Foundation's spending policy, to serve as the guiding document for the Foundation's investment activities.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors approves the Investment Policy Statement attached as Exhibit A.

FURTHER BE IT RESOLVED that the Board of Directors directs the Executive Director to submit the Investment Policy Statement attached as Exhibit A to the San Bruno City Council for consideration and approval.

Dated: April 6, 2016

ATTEST:

Emily Roberts, Secretary

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

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

EXHIBIT A

SAN BRUNO
Community Foundation

**INVESTMENT
POLICY
STATEMENT**

Approved by the SBCF Board of Directors, April __, 2016
Approved by the San Bruno City Council, April __, 2016

INVESTMENT POLICY STATEMENT

This Investment Policy Statement (“Policy”) is intended to govern the investment practices of the capital assets of the San Bruno Community Foundation (“SBCF” or “Foundation”). It is to allow all parties who interact directly or indirectly with SBCF’s investment assets full understanding of how the assets will be managed. This policy addresses the following areas:

- The general goals of the Foundation
- The structure and purpose of the separate pools of funds
- The roles and responsibilities of all parties involved in the investment process
- Investment goals and objectives for each pool of funds
- Investment process including asset allocation framework and rebalancing policies
- Measurement and evaluation of investment performance
- The Foundation’s spending policy and how it interfaces with the investment management of each pool of funds

I. FOUNDATION’S PURPOSE AND GOALS

The San Bruno Community Foundation was established in 2013 by the San Bruno City Council to administer, for the long-term benefit of the San Bruno community, approximately \$70 million in restitution funds resulting from the devastating 2010 gas pipeline explosion in San Bruno’s Crestmoor neighborhood. SBCF has been charged with determining the use of the funds and administering them 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.

The SBCF Board has approved the establishment of three separate pools of funds with varying purposes, time horizons and withdrawal requirements.

1. A Quasi-Endowment Pool to support the annual operating and program expenses of the Foundation over the long term.
2. A Strategic Pool earmarked to cover the costs of major strategic grant making projects, including capital improvements of community facilities, over a 7-10 year period. The Strategic Pool will be fully exhausted either at the completion of those strategic projects, or by consolidation into the Quasi-Endowment Pool at the Board’s discretion.
3. A Liquidity Pool to act as a holding account for expenditures planned in the subsequent 0-24 months. The purpose of this pool is to mirror the Foundation’s operating accounts. This account may be funded by both the Quasi-Endowment and the Strategic Pool.

II. ROLES AND RESPONSIBILITIES

1. The SBCF Board of Directors is responsible for the following:
 - a. Formation of the Investment Committee, including appointment of a sitting Board Member as the Committee Chair. The Committee can consist of a mix of SBCF Board

Members and non-Board Members. For non-Board Members, a preference will be given to individuals with experience and/or expertise in finance and investment management.

- b. Approval, termination, or replacement of the External Investment Manager.
 - c. Approval of this Investment Policy Statement and subsequent modifications to it.
 - d. Approval of an Investment Operating Plan executed with the External Investment Manager.
 - e. Approval of the Foundation spending policy, as defined in section VII of this document.
 - f. Approval of any transfer of funds to or from the Quasi-Endowment Pool or the Strategic Portfolio, as defined in section IV, beyond that specified in the Board-approved spending policy.
 - g. Maintain guidelines for the External Investment Manager to ensure that Foundation assets are invested in a manner consistent with the mission of the Foundation. It is at the Board's discretion to implement specific restrictions on how the assets of the Foundation shall be invested. Such restrictions may include but are not limited to Socially Responsible Investing known as Environmental, Social and Governance (ESG). Any active restrictions will be detailed within the Investment Operating Plan.
2. The Investment Committee, with support from the Executive Director, is responsible for providing guidance to the Board on all aspects of the investment management process. The Investment Committee is not empowered to approve decisions, as that power lies with the full Board. As part of its guidance to the Board, the Investment Committee will:
- a. Review at least annually the Investment Policy Statement and Investment Operating Plan and monitor compliance with both documents.
 - b. Review the long-term asset allocation of each pool of funds.
 - c. Monitor the performance and risk profile of the investment assets of the Foundation as a whole, including each pool of funds.
 - d. Review and address all potential conflicts of interest in accordance with the SBCF Conflict of Interest Policy.
 - e. Monitor the External Investment Manager.
3. The External Investment Manager (the "Investment Manager") is responsible for the following:

- a. Discretion to select, evaluate, and terminate the underlying fund managers and investments, as well as discretion to make tactical shifts within the parameters of the asset allocation established for each pool.
 - b. Monitor the appropriateness of each investment given the Foundation's risk tolerance and objectives.
 - c. Oversee the Foundation's investment assets and report on the status of the investments to the Investment Committee and Board of Directors.
4. The San Bruno City Council is responsible for the following:
- a. Approval of the initial Investment Policy Statement, including the Foundation's spending policy, as articulated in Section VII of this document, for the Foundation.
 - b. Approval of all future modifications to the Investment Policy Statement.

III. POLICY REVIEW

This Statement shall be reviewed annually by the Investment Committee and any recommendations for modification shall be presented to the full Board of Directors. Updates to this Policy must be approved by both the SBCF Board and the San Bruno City Council.

IV. INVESTMENT GOALS AND OBJECTIVES

The primary goal of the Foundation is to administer these funds for the long-term benefit of the San Bruno community. The specific goals for these funds include but are not limited to supporting SBCF's annual operating expenses and the three categories of program activities outlined in SBCF's Program Strategy Framework (strategic grant making, responsive grant making, and Foundation programs).

The risk tolerance of each pool of funds is dictated by the time horizon and liquidity needs, and as directed by the Board of Directors. The specific goals and objectives, risk tolerance, and time horizon for each pool of funds is as follows:

1. Quasi-Endowment Pool: The Foundation seeks to meet the current payout objectives while maintaining the total purchasing power of these assets for the San Bruno community in the future. As such, Capital Appreciation is the primary objective, with Capital Preservation as the secondary objective. The risk tolerance of the Quasi-Endowment can be described as Moderately Conservative and the time horizon as Long-Term.
2. Strategic Pool: The Foundation seeks to achieve growth of the portfolio at a conservative rate in excess of inflation. As such, Capital Preservation is the primary objective. The risk tolerance of the Strategic Pool can be described as Conservative. The goal of the Strategic Pool is to be drawn down to zero over a 7-10 year period. As such, the time horizon can be described as Mid-Term.
3. Liquidity Pool: The Foundation seeks to preserve the principal balance of all funds directed into this pool. As such, Capital Preservation and Liquidity are the primary objectives. The risk

tolerance of the Liquidity Pool can be described as Conservative. The goal of the Liquidity Pool is to cover Foundation expenditures that will be withdrawn within the succeeding 24 months from initial funding. As such, the time horizon can be described as Short-Term.

V. INVESTMENT POLICY AND ASSET ALLOCATION

1. Asset Guidelines:

- a. No individual equity securities (stocks) will be held in any Direct Account. A Direct Account is defined as any investment account registered in the name of the Foundation.
- b. Direct investments in any securities, including equity and fixed income, of Pacific Gas & Electric Corporation (Symbol: PCG) is prohibited.
- c. Individual fixed income securities (bonds) may be held in Direct Accounts. These include, but are not limited to, municipal bonds, U.S. government securities, federal government agency securities, corporate debt (limited to U.S. or multinational corporations), and high-yield debt.
- d. Commingled funds, mutual funds, and index funds may be held in Direct Accounts. The fund selection process will incorporate criteria such as investment style and process, experience of the investment team, organizational stability, and performance analysis such as long-term, risk-adjusted returns, manager tenure, relative performance in up and down markets, consistency of management style, and the associated cost to own (expense ratio).
- e. Other investments may be held in Direct Accounts. Other investments will be broadly defined as, but not limited to, investments in market-neutral funds, commodities and gold, real return strategies, venture capital, and real estate. These categories are to be implemented only through diversified investment vehicles.
- f. Cash and cash equivalents may be held in Direct Accounts. Cash equivalent positions will be high-quality instruments such as U.S. Treasury Bills, Eurodollar Certificates of Deposit, time deposits (CDs), money market funds, and repurchase agreements.

2. Investment Procedures:

- a. Diversification: All portfolios will be managed as diversified portfolios. The goal of diversification across various asset classes, sectors, and security types is to minimize risk while improving performance.
- b. Investment Vehicles: Within the constraints of the target asset allocation of each portfolio, investments will be allocated across various asset classes, either directly or through pooled or commingled investment accounts (mutual funds and index funds), that might include domestic and foreign equities, bonds, real estate, other investments, and cash or cash equivalents. With each asset class, the Investment Manager will weigh factors including expense, market efficiency, transparency of information, and

diversification to determine whether direct investments or commingled investments are in the Foundation's best interests.

- c. Rebalancing: Rebalancing is designed to minimize portfolio deviations from allocation targets. The portfolio will be reviewed regularly by the Investment Manager and rebalanced whenever the weighting of a major asset class deviates materially from the target asset allocation, or a tactical opportunity presents itself.
- d. Custody of Assets: The Foundation's assets shall be held at a third-party custodian recommended by the Investment Committee and approved by the Board. The Investment Manager shall have discretion and authority to trade on behalf of the Foundation via the custodian's trading platform.
- e. Custodian's Margin Loan Option: A Margin Loan allows a brokerage account holder to gain access to cash by borrowing against the invested securities in the account. The margin loan option on any Direct Accounts shall be disabled.

3. Asset Allocation:

The Investment Manager shall invest the funds per the strategic asset allocation parameters established for each pool of funds. Investments will be categorized as either Capital Appreciation or Capital Preservation.

Capital Appreciation can be generally defined as a strategy where the primary goal is to grow the capital base over time. Investments in this category include, but are not limited to: equities (stocks), real estate, commodities, and natural resources.

Capital Preservation can be generally defined as a strategy where the primary goal is to preserve capital and prevent loss of principal. Investments in this category include, but are not limited to: high-quality fixed income (bonds), market-neutral investments, cash equivalents, and cash.

- a. Quasi-Endowment Pool: In accordance with the Foundation's risk tolerance, as well as the goals, objectives, time horizon, and liquidity needs of the Quasi-Endowment, management of this pool will target a 60/40 allocation: 60% Capital Appreciation and 40% Capital Preservation.
- b. Strategic Pool: In accordance with the Strategic Pool's goals, objectives, time horizon and liquidity needs, management of this pool will target a 20/80 allocation: 20% Capital Appreciation and 80% Capital Preservation.
- c. Liquidity Pool: In accordance with the Liquidity Pool's goals, objectives, time horizon and liquidity needs, management of this pool will target a 100% Capital Preservation allocation.

VI. INVESTMENT MANAGER REPORTING AND EVALUATION

The Investment Manager shall provide the Investment Committee with quarterly performance and holdings reports to allow the Committee to review the overall investment performance of the

Investment Manager and the individual securities in each portfolio with respect to the risk and return objectives established for the Foundation. At a minimum, the reports shall include the following:

- An accounting of all securities held in the investment accounts for the Foundation.
- Comparative returns for each pool of funds against their respective benchmarks.

Additionally, the Investment Manager shall present to the Board of Directors on an annual basis.

VII. SPENDING POLICY

1. Quasi-Endowment Pool

The SBCF Board will determine the spending policy for the Quasi-Endowment with input from the Investment Committee. The SBCF Board will use the following guidelines in approving a fixed payout amount each year. The SBCF Board will review this policy annually.

The payout amount will be determined once annually, prior to the conclusion of the Foundation's fiscal year for the subsequent fiscal year. The payout rate will range up to 7%, as determined by the Board, multiplied by the average of the latest available twelve (12) prior quarter-ending Quasi-Endowment values.

2. Strategic Pool

The Strategic Pool has been earmarked by the Board to fund strategic projects, including but not limited to capital improvement projects of community facilities, that benefit the San Bruno community. As such, withdrawals will be determined by the timing of project expenditures, as well as guidance from the SBCF Board. The Investment Committee and SBCF staff will provide direction to the Investment Manager regarding liquidation of investments to fund the withdrawals. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

3. Liquidity Pool

The Liquidity Pool will contain funds that have been earmarked for disbursement by the SBCF Board, with the guidance from the Investment Committee. As directed by SBCF staff, withdrawals will take place in the subsequent 0-24 months following initial deposit into the Liquidity Pool.

VIII. CONFLICTS OF INTEREST

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

RESOLUTION NO. 2016-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
REQUESTING THE SAN BRUNO CITY COUNCIL TO AUTHORIZE TRANSFER OF
REMAINING BALANCE OF RESTITUTION FUNDS TO THE SAN BRUNO
COMMUNITY FOUNDATION**

WHEREAS, pursuant to the Settlement Agreement between the City of San Bruno and Pacific Gas & Electric Company settling all claims arising out of the tragic 2010 gas pipeline explosion in San Bruno's Crestmoor Neighborhood, the City received restitution consisting of five vacant plots of land valued at \$1,250,000 and \$68,750,000 in cash, which was to be transferred to a tax-exempt nonprofit entity;

WHEREAS, the San Bruno City Council created the San Bruno Community Foundation to administer the restitution funds in 2013;

WHEREAS, the City of San Bruno has been holding the restitution funds in a custodial account until SBCF has developed an investment policy, hired an investment management firm, and is otherwise prepared to take possession of the funds;

WHEREAS, on February 10, 2015, the San Bruno City Council adopted a resolution authorizing a transfer of funds totaling \$491,031 from the City's custodial account to SBCF to cover SBCF's reimbursement to the City of costs incurred in the formation of SBCF and approximately one year of operating expenses;

WHEREAS, on November 24, 2015, the San Bruno City Council adopted a resolution authorizing a transfer of funds totaling \$206,000 from the City's custodial account to SBCF to cover SBCF's operating expenses through the end of the 2015-2016 fiscal year;

WHEREAS, as of March 18, 2016, the balance in the custodial account was approximately \$69,729,000; and

WHEREAS, SBCF has hired an investment management firm, Sand Hill Global Advisors, has approved its Investment Policy Statement, has authorized the establishment of brokerage accounts at Fidelity Investments, and is otherwise prepared to take possession of the remaining restitution funds.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors requests the San Bruno City Council to authorize transfer of the remaining balance of the restitution funds to the San Bruno Community Foundation.

Dated: April 6, 2016

ATTEST:

Emily Roberts, Secretary

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

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

SAN BRUNO

Community Foundation

Memorandum

DATE: April 1, 2016

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Report from the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions and Adoption of Resolutions Approving Amended and Restated Articles of Incorporation, Amended and Restated Bylaws, Revised Whistleblower Policy, and Revised Document Retention and Destruction Policy

In creating the San Bruno Community Foundation, the San Bruno City Council drafted and adopted the Foundation's Articles of Incorporation and Bylaws in 2013. The Foundation's Board of Directors approved various corporate governance policies, including a Conflict of Interest Policy, a Document Retention Policy, and a Whistleblower Policy, in 2014.

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

Recognizing that the time had come to properly review the Foundation's corporate documents and governance policies, in January 2016, the Board authorized creation of an Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions and appointed President Nancy Kraus and Board Member Regina Stanback Stroud to serve on the Committee.

The Committee was originally charged with reviewing and recommending changes to the Bylaws, Conflict of Interest Policy, Whistleblower Policy, and Document Retention Policy. As I began working with the Ad Hoc Committee on Foundation Program Development to create a Community Grants Program and consulted with outside nonprofit counsel, I realized that additional changes to the Articles of Incorporation were needed to ensure that a broad range of community organizations would be eligible to receive Foundation grants. As a result, the Committee also presents amendments to the Articles of Incorporation for Board approval, along with amendments to the Bylaws and revised Whistleblower and Document Retention Policies. The Committee has not

SAN BRUNO

Community Foundation

Memorandum

yet completed revisions to the Conflict of Interest Policy and will bring those to the Board for approval at a later date.

Both the City Attorney and I have been actively involved in the revision process. In addition, I sought review of the documents by nonprofit counsel at NEO Law Group. The amendments to the Articles of Incorporation were prepared by attorneys at the Manatt law firm, which assisted in the October 2015 amendments.

1. Amended and Restated Articles of Incorporation

When it granted the Foundation tax-exempt 501(c)(3) status, the Internal Revenue Service (IRS) classified the Foundation as a Type 1 supporting organization, with the City of San Bruno as the supported organization. Last summer, as it reviewed a draft of the Foundation's Program Strategy Framework, the NEO Law Group called to my attention the IRS regulations limiting the groups and individuals to which a supporting organization can provide cash grants and raised the question of whether the Foundation, as a supporting organization, could provide grants to nonprofit community organizations and government entities beyond the City.

Because the City Council's original vision for the Foundation – and the Board's understanding of that vision – included the making of grants to nonprofit community organizations and other government entities beyond the City, such as the two main school districts serving San Bruno, I sought additional legal advice from the Manatt law firm, which has a team of lawyers who are experts in the niche area of nonprofit law related to supporting organizations. To ensure that the Foundation is able to carry out the City Council's vision – that is, able to award grants to nonprofit community organizations and government entities, including but not limited to the City, to benefit the San Bruno community – while also ensuring compliance with the tax laws and regulations related to supporting organizations, the Manatt lawyers recommended that the Foundation amend its Articles of Incorporation to state that the Foundation supports a *class* of supported organizations – in lay terms, 501(c)(3) public charities and government agencies that benefit the San Bruno community – including but not limited to the City of San Bruno. As a result, last October the Board approved the Amended and Restated Articles of Incorporation, which were subsequently filed with the California Secretary of State's Office.

More recently, as the Ad Hoc Committee on Foundation Program Development began deliberating over the creation of a Community Grants Program at the same time that I was consulting with outside counsel regarding the Ad Hoc Bylaws Committee's review of the Bylaws, I realized that while the amendment to the Articles approved last fall expanded the class of supported organizations (that is, the group of entities to which the Foundation can make grants) from just the City to other government entities and public charities (as defined by Internal Revenue Code Section 509(a)(1) and 509(a)(2)), the

SAN BRUNO

Community Foundation

Memorandum

class does not include other types of tax-exempt entities that the Foundation might want to support. After further consultation with counsel, I learned that supporting organizations can support only 501(c)(3) public charities as defined by Internal Revenue Code Section 509(a)(1) and 509(a)(2), although the law also carves out a narrow exception for 501(c)(4) social welfare organizations, 501(c)(5) labor and agricultural organizations, and 501(c)(6) business leagues that meet the public support requirements of Section 509(a)(2). Other types of tax-exempt entities cannot be directly funded by a supporting organization.

As part of the Foundation Program Development Committee's efforts, I am investigating other avenues for funding a broad range of non-501(c)(3) public charities, including the possibility of establishing a fiscal sponsorship. However, in order to define the Foundation's class of supported organizations as broadly as possible, the Bylaws Committee recommends that the Board approve the amendment to the purpose statement in the Articles of Incorporation. The amendment expands the class of supported organizations to include (501)(c)(4) social welfare organizations, 501(c)(5) labor and agricultural organizations, and 501(c)(6) business leagues that meet the public support requirements of Section 509(a)(2). Outside counsel has advised that verifying that 501(c)(4), (5), and (6) organizations meet the public support requirements of Section 509(a)(2) can be difficult, and the Foundation may ultimately choose to support these organizations through a fiscal sponsorship. However, it makes sense, prior to the launch of the Community Grants Program, to amend the Articles to include 501(c)(4), (5), and (6) organizations that meet the public support requirements of Section 509(a)(2), so that the Foundation has the option of funding these organizations directly.

The amendment to the Articles is technical and reflects the Foundation's efforts, within the bounds of the laws and regulations governing supporting organizations, to implement the City Council's vision for the Foundation and its ability to support a wide variety of organizations that benefit San Bruno.

The attached resolution directs the Executive Director to forward the approved Amended and Restated Articles of Incorporation to the City Council for consideration and approval. Assuming the Board approves the resolution, the City Council will consider the Amended and Restated Articles on April 26.

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

2. Amended and Restated Bylaws

The City Council approved the Bylaws on October 21, 2013. At that time, the Foundation was just an idea, without Board members yet appointed or employees yet

SAN BRUNO

Community Foundation

Memorandum

hired. Now that the Foundation has been fully functioning with a Board of seven, an Executive Director, and an office, the time has come to review the Bylaws and ensure they fully support the Foundation's current operations.

As you will see, many of the revisions are clean-up efforts: correcting misspellings, making capitalization of terms and usage of numbers consistent, clarifying vague language, and adding in proper legal code references. Two versions of the Amended and Restated Bylaws are attached: (1) a redlined version showing changes from the original Bylaws, and (2) a clean version with no editing markings.

Key substantive changes to the Bylaws are as follows:

- | | |
|-------------------------|--|
| Article II, Section 1 | Updates SBCF office address. |
| Article III | Makes the purpose statement consistent with the amended purposes statement in the Articles of Incorporation. |
| Article V, Section 3(c) | Clarifies the requirement that a majority of Directors must be San Bruno residents and more clearly states the preference for non-residents. |
| Article V, Section 5 | (b) is not needed here. Director qualifications are already set forth in Section 3, and removal due to no longer meeting the qualifications is moved to Section 7. |
| Article V, Section 6 | Establishes a specific start date for Directors' terms and clarifies definition of a term when a Director serves less than a complete term. |
| Article V, Section 7 | Section 7(c) incorporates the spirit of old Section 5(b). Old Section 7(e) is deleted here because it pertains to the removal of officers, and this section is about removal of Directors. |
| Article V, Section 10 | Added to set forth the Board's responsibilities in approving the Executive Director's compensation. Language regarding agents and employees is moved to Article IX, Section 5. |
| Article VII, Section 4 | Deleted Executive Committee as a standing committee. The Executive Committee serves as an ad hoc committee to assist the Executive Director when needed, without having any ongoing subject matter jurisdiction. |

SAN BRUNO

Community Foundation

Memorandum

- Article VIII, Section 1 Adds the Executive Director as an officer, per the Board's intention when hiring an Executive Director. Under nonprofit law, the President would serve as the CEO unless the Executive Director is identified in these Bylaws as the CEO.
- Article VIII, Section 2 Establishes a specific start date for officers' terms (except for the Executive Director) and clarifies that the City Council also approves the elected officers.
- Article IX, Section 5 Establishes the Executive Director as an officer and the CEO. Language is primarily taken from what was formerly Article V, Section 10.
- Article XIII, Section 8 Clarifies that the Conflict of Interest Policy covers Foundation agents and employees, but not City officers or employees.
- Article XVI Renamed for two reasons: (1) The Bylaws are the Foundation's governing document; it does not make sense for the City Council to "reserve" powers in the Foundation's governing document. To the extent that any powers are reserved, it would be the Foundation Board reserving them. (2) "Approval" rather than "reserved powers" more accurately reflects the City Council's role. "Reserved powers" implies a more active role in each item (*e.g.*, the drafting of the any Bylaws amendments, the annual budget, or the grant and investment policies), with a correlating level of liability.

The attached resolution directs the Executive Director to forward the approved Amended and Restated Bylaws to the City Council for consideration and approval. Assuming the Board approves the resolution, the City Council will consider the Amended and Restated Bylaws on April 26. The Foundation will be required to disclose the Amended and Restated Articles and Bylaws to the IRS when filing Form 990 and to the Franchise Tax Board when filing the Form 199 in November.

3. Revised Whistleblower Policy

The American Competitiveness and Corporate Accountability Act of 2002, commonly known as the Sarbanes-Oxley Act, was signed into law on July 30, 2002. The Act was passed in response to several corporate scandals and was intended to rebuild public trust in the corporate sector. Although most provisions of Sarbanes-Oxley apply only to public companies, several criminal provisions apply to nonprofit organizations, including provisions prohibiting retaliation against whistleblowers. Consistent with Sarbanes-

SAN BRUNO

Community Foundation

Memorandum

Oxley, it is considered good nonprofit corporate governance to implement a whistleblower policy.

The Foundation Board approved a Whistleblower Policy in April 2014. Many of the recommended revisions to the Policy are clerical in nature – *e.g.*, making terminology consistent and correcting punctuation.

The main substantive changes are in Section IV, Procedures for Reporting. At the time the Policy was originally approved, the Foundation had no staff. As a result, the Board President and the City Manager were the two individuals to whom “Reporting Parties” could submit concerns about improper activity. Typically, the Executive Director or chief executive officer is designated as the primary individual to whom reports are submitted. As such, the recommended revisions state that “Reporting Parties may submit concerns to the Executive Director.” Reporting Parties may, alternatively, report directly to the Board President or Vice President if they are not comfortable reporting to the Executive Director or do not believe that the issue is being properly addressed.

In addition, at the suggestion of nonprofit counsel, the revisions strengthen the “no retaliation” provisions of Section IV, consistent with federal and state law.

4. Document Retention and Destruction Policy

Another Sarbanes-Oxley provision applying to nonprofits prohibits the destruction, alteration, or concealment of certain documents or the impediment of investigations. Consistent with Sarbanes-Oxley, good nonprofit corporate governance dictates that a nonprofit enact a document retention and destruction policy. In addition to ensuring compliance with the law, such a policy promotes the appropriate retention, maintenance, and destruction of organizational documents and records, regardless of physical form.

In May 2014, the Foundation Board approved a Document Retention Policy that mirrored the City’s document retention policy pertaining to documents related to the Crestmoor neighborhood explosion and fire. The City’s policy required that documents related to the Crestmoor disaster be retained permanently. Given the nature of the disaster, the City sought to retain all records for historical purposes, and that reasoning applied to the Foundation as well. The Policy passed by the Board also set forth that retention of email messages would be 90 days.

Now that the Foundation is a fully operating nonprofit with a wide range of financial, program, and administrative records, it makes sense for it to adopt a document retention and destruction policy more typical for nonprofit. Holding on to documents that are no longer required to be kept by law and that no longer have practical use for the organization can be an unnecessary expense and an administrative burden.

SAN BRUNO

Community Foundation

Memorandum

The revised Policy, now named the Document Retention and Destruction Policy, is based on a template for nonprofits provided by the NEO Law Group. The Policy sets forth a schedule for the retention and, where appropriate, destruction of various categories of records that the Foundation maintains or is likely to maintain. Of note is Section VII, which requires the preservation of records, the rest of the Policy notwithstanding, relevant to any pending, threatened, or reasonably foreseeable litigation, audit, or investigation.

I recommend that the Board adopt the four resolutions approving the Amended and Restated Articles of Incorporation, the Amended and Restated Bylaws, the revised Whistleblower Policy, and the revised Document Retention and Destruction Policy, respectively.

The Committee continues to work on revisions to the Foundation's Conflict of Interest Policy, which is of increased importance as the Foundation looks to make its first program disbursements this year. The Committee intends to bring a revised Conflict of Interest Policy to the Board for approval in the next two months.

Attachments:

1. Resolution Approving the San Bruno Community Foundation's Amended and Restated Articles of Incorporation
2. Exhibit A: Restated Articles of Incorporation Certificate
3. Restated Articles of Incorporation – Redlined
4. Resolution Approving the San Bruno Community Foundation's Amended and Restated Bylaws
5. Exhibit A: Amended and Restated Bylaws
6. Amended and Restated Bylaws – Redlined
7. Resolution Approving Revised Whistleblower Policy
8. Exhibit A: Revised Whistleblower Policy
9. Revised Whistleblower Policy – Redlined
10. Resolution Approving Document Retention and Destruction Policy
11. Exhibit A: Revised Document Retention and Destruction Policy
12. Original Document Retention Policy (Resolution No. 2014-6)

RESOLUTION NO. 2016-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
ADOPTING THE SAN BRUNO COMMUNITY FOUNDATION'S AMENDED AND
RESTATED ARTICLES OF INCORPORATION**

WHEREAS, in 2014 the Internal Revenue Service (IRS) determined that The San Bruno Community Foundation is an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code;

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

WHEREAS, in October 2015 the Board of Directors amended, with approval from the San Bruno City Council, the Foundation's Articles of Incorporation to define the class of organizations that the Foundation supports to include 501(c)(3) public charities and government agencies, including the City of San Bruno, that benefit the San Bruno community;

WHEREAS, the Foundation, as envisioned by the San Bruno City Council at the Foundation's creation, seeks to provide grants to as wide a range of governmental entities and tax-exempt community organizations that benefit the San Bruno community as possible, including but not limited to the City of San Bruno, 501(c)(3) public charities, (501)(c)(4) social welfare organizations, 501(c)(5) labor and agricultural organizations, and 501(c)(6) business leagues;

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

WHEREAS, under Article XVI of the Foundation's Bylaws, amendments to the Foundation's Articles of Incorporation must be approved by the City Council.

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

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

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

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

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

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

Dated: April 6, 2016

ATTEST:

Emily Roberts, Secretary

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

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

Restated Articles of Incorporation

The undersigned certify that:

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

I

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

II

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

(B) The specific purpose of this Corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term. In furtherance of that purpose, this Corporation is organized and shall be operated exclusively for charitable purposes (within the meaning of Internal Revenue Code Section 501(c)(3)) by conducting or supporting activities for the benefit, or to carry out the purposes, of organizations, including but not limited to, the City of San Bruno, that: (i) that benefit the San Bruno community, and (ii) are described in either (x) Internal Revenue Code Sections 501(c)(4), 501(c)(5), or 501(c)(6) but only if they would be described in Internal Revenue Code Section 509(a)(2) were they organizations described in Internal Revenue Code Section 501(c)(3) and, or (y) Internal Revenue Code Sections 509(a)(1) or (a)(2), and (ii) that benefit the San Bruno community, including but not limited to, the City of San Bruno.

III

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

IV

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

V

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

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

VI

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

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

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

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

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

DATE: ~~October 7, 2015~~ April 6, 2016

Nancy Kraus, President

Emily Roberts, Secretary

EXHIBIT A

Restated Articles of Incorporation

The undersigned certify that:

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

I

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

II

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

(B) The specific purpose of this Corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term. In furtherance of that purpose, this Corporation is organized and shall be operated exclusively for charitable purposes (within the meaning of Internal Revenue Code Section 501(c)(3)) by conducting or supporting activities for the benefit, or to carry out the purposes, of organizations, including but not limited to, the City of San Bruno, that: (i) benefit the San Bruno community, and (ii) are described in either (x) Internal Revenue Code Sections 501(c)(4), 501(c)(5), or 501(c)(6) but only if they would be described in Internal Revenue Code Section 509(a)(2) were they organizations described in Internal Revenue Code Section 501(c)(3), or (y) Internal Revenue Code Sections 509(a)(1) or (a)(2).

III

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

IV

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

EXHIBIT A

V

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

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

VI

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

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

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

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

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

DATE: April 6, 2016

Nancy Kraus, President

Emily Roberts, Secretary

SAN BRUNO

Community Foundation

Memorandum

DATE: April 12, 2016

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Resolution Approving Amended and Restated Bylaws

At the Board's Regular Meeting on April 6, 2016, the Board considered amendments to the Foundation's Bylaws, which were originally approved by the City Council on October 21, 2013. At the time of adoption, the Foundation was just an idea, without Board members yet appointed or employees yet hired. Now that the Foundation has been fully functioning with a Board of seven, an Executive Director, and an office, the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions was tasked with reviewing the Bylaws to ensure they fully support the Foundation's current operations.

On April 6, during the Board's discussion of the amendments to the Bylaws, Vice President Frank Hedley raised a question regarding Article V, Section 6, and term limits for Board members who were originally appointed to serve a two-year term. Board Member John McGlothlin raised questions – some substantive, some technical – about several suggested amendments and other provisions throughout the document. Rather than trying to address each of these important questions at the meeting, the Board decided to send the Bylaws back to the Committee and staff for further review, taking into account Vice President Hedley and Board Member McGlothlin's points.

After the meeting, Board Member McGlothlin provided written comments that elaborated on his oral comments at the meeting. City Attorney Marc Zafferano and I reviewed the comments and then discussed them with Board Member McGlothlin. We responded to his questions, in some instances better clarifying for him why certain amendments were being proposed, and in other instances editing sections to address the issues he raised. I also consulted with our nonprofit counsel at the NEO Law Group to ensure that the changes are consistent with nonprofit law. Upon review of the entire document, outside counsel flagged a few other issues, which the current draft addresses.

Two versions of the Amended and Restated Bylaws are attached: (1) a clean version with no editing markings, and (2) redlined version showing changes from the original Bylaws. In the redline version, changes made since the draft considered at the April 6 meeting are highlighted in yellow. These changes are explained as follows and are responsive to the points raised by Vice President Hedley and Board Member McGlothlin:

SAN BRUNO

Community Foundation

Memorandum

- Article II, Section 1 As to the question of whether language could be inserted so that if the Foundation changes its office location, the Bylaws do not have to be amended, outside counsel advised that we do not have to include a street address; we can state that the principal office will be “fixed and located in the City of San Bruno, California.”
- Article V, Section 3(c) There was a concern that the proposed amendment – that “a non-resident Director shall not be removed solely to comply” with the requirement that a majority of Directors be residents of San Bruno – was worded in a way that was telling the City Council what it can or cannot do with regard to Board appointments. The change from “shall” to “need” expresses that the City Council has the discretion not to remove – but is not prohibited from removing – a non-resident Director to comply with the residency requirement – for example, when a San Bruno resident Director resigns mid-term from the Board.
- Article V, Section 4(a) Directors cannot receive compensation for their services per Section 9, so this change reflects that provision.
- Article V, Section 5 In our discussions regarding Article XVI, we realized that the City Council’s two powers that are independent actions (rather than approval of Foundation Board actions) are the designation and removal of Directors. As a result, the changes in this section make the removal power more explicit.
- Article V, Section 6 We were asked for clarification regarding the suggested amendment with regards to Directors who were originally appointed to two-year terms. The new change clarifies that a Director who has served a two-year term followed by a four-year term will be “termed out.”
- Article V, Section 7 Changes in this section are the result of discussions with outside counsel that came about as we discussed changes to Article XVI. Subsections (b) and (c) are consolidated in order to make them consistent and in line with California Corporations Code Section 5221.
- Article VI, Section 3 It was pointed out that the Foundation’s principal place of business is not the appropriate venue for the annual

SAN BRUNO

Community Foundation

Memorandum

- meeting. The change requires the annual meeting to be held in San Bruno but allows flexibility for the exact location within City limits.
- Article VIII, Section 1 The insertion clarifies that the Executive Director may not hold any other office.
- Article IX, Section 5 The insertion allows the Executive Director to be excused from attending a Board or committee meeting.
- Article X, Section 3 After outside counsel suggested including a reference to Corporations Code Section 5233 to this section, the City Attorney and I concluded that we needed to be clearer about the two conflict of interest standards that apply to the Foundation Board – California Government Code Section 1090 (which applies to public entities) and Corporations Code Section 5233 (which applies to nonprofits). The change in this section clarifies the two standards.
- Article XII, Section 3 We were asked if this section is consistent with the requirement in Article XIII, Section 4, that the Foundation retain an independent auditor to conduct annual independent audits in accordance with the Supervision of Trustees and Fundraisers for Charitable Purposes Act. We sought advice from outside counsel on this question, who clarified that the annual report requirement in Article XII, Section 3, is the result of the requirement in the California Corporations Code that nonprofit public benefit corporations send an annual report with certain specified information to the Board annually. This is separate and distinct from the requirement in the California Government Code that any California nonprofit that has revenues of \$2 million or more in a year prepare audited financials using an independent CPA. The second set of edits in this section track the language in the Corporations Code to ensure compliance with the annual report requirements. The first change in the section – from 120 days to 150 days for sending the annual report – enables the Foundation to complete its audit by November (the desired timeline to file tax returns by the deadline) and is in compliance with the annual report requirements in the Corporations Code.

SAN BRUNO

Community Foundation

Memorandum

Article XVI

A question was raised, given the significant deliberation by the City Council over these Bylaws in 2013, whether the change in terminology from “reserved powers” to “approval of the City Council” would be acceptable to the current City Council. City Attorney Zafferano and City Manager Connie Jackson confirmed they had reviewed the change and were comfortable that “approval” accurately reflects the City Council’s role (“reserved powers” implies a more active role in each item (e.g., the drafting of the any Bylaws amendments, the annual budget, or the grant and investment policies), with a correlating level of liability). To make it clear that the City Council’s power to designate and remove Directors is an independent action that goes beyond approval, we deleted (j) from the list and added the opening clause explicating stating that the City Council has the authority to designate and remove Directors pursuant to Article V. Finally, because the opening sentence says the “following actions shall require approval by the City Council,” we deleted “approval of” at the beginning of each subsection as redundant.

I should note two issues that Board Member McGlothlin raised but ultimately did not lead to any changes to the Bylaws. First, we clarified that under the recommended changes, the Executive Director is an officer (otherwise, the President by default would become the chief executive officer, and the Board’s intention in hiring an Executive Director was to have that person serve as the chief executive of the Foundation) but not a Director. Having the Executive Director serve as a Board Member would create issues related to the Brown Act and, as a practical matter, would make it difficult for the Foundation to function.

Second, we explained the reasoning for deleting the Executive Committee, despite the good reasons that many nonprofits use one. Now that the Board has formed several other committees, retaining an Executive Committee makes it difficult to comply with the Brown Act because members of the Executive Committee may also sit on one or more other committees. Topics discussed at the Executive Committee and then discussed at those other committee meetings would necessarily involve a discussion (and potential collective consensus) among four or more Directors.

I recommend that the Board adopt the attached resolution approving the Amended and Restated Bylaws and directing the Executive Director to submit the Bylaws to the City Council for consideration and approval. Assuming the Board approves the resolution, the City Council will consider the Amended and Restated Bylaws on April 26. The Foundation will be required to disclose the Amended and Restated Articles and Bylaws

SAN BRUNO

Community Foundation

Memorandum

to the IRS when filing Form 990 and to the Franchise Tax Board when filing the Form 199 in November.

I want to sincerely thank Vice President Hedley and especially Board Member McGlothlin for their meticulous attention to the Bylaws and raising a number of issues that have led, I believe, to an even more carefully honed set of Bylaws being presented to the Board for approval.

Attachments:

1. Resolution Approving the San Bruno Community Foundation's Amended and Restated Bylaws
2. Exhibit A: Amended and Restated Bylaws
3. Amended and Restated Bylaws – Redlined

RESOLUTION NO. 2016-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
ADOPTING THE SAN BRUNO COMMUNITY FOUNDATION'S AMENDED AND
RESTATED BYLAWS**

WHEREAS, the San Bruno City Council approved the San Bruno Community Foundation's original Bylaws on October 21, 2013;

WHEREAS, the Foundation Board created the Ad Hoc Committee on Bylaws and Corporate Governance Policies to review the Bylaws;

WHEREAS, based on guidance from staff and nonprofit counsel, the Committee recommends a series of administrative and substantive amendments that clean up minor errors, clarify details, bring provisions into compliance with applicable law, reflect the Foundation's current operations, and make the Bylaws consistent with amendments being made concurrently to the Foundation's Articles of Incorporation;

WHEREAS, under Article XVI of the Foundation's Bylaws, amendments to the Foundation's Bylaws must be approved by the City Council.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors adopts the Amended and Restated Bylaws attached as Exhibit A.

RESOLVED FURTHER, that the Foundation's staff shall present the Amended and Restated Bylaws to, and seek approval of the same from, the City Council.

Dated: April 13, 2016

ATTEST:

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 13th day of April, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

**BYLAWS OF
THE SAN BRUNO COMMUNITY FOUNDATION**
A California Nonprofit Public Benefit Corporation

Amended and Restated by the SBCF Board of Directors, April 13, 2016
Approved by the San Bruno City Council, April __, 2016

ARTICLE I.

NAME

Section 1. Corporate Name

The name of this corporation is: The San Bruno Community Foundation (the "Corporation").

ARTICLE II.

OFFICES OF THE CORPORATION

Section 1. Principal Office.

The principal office for the transaction of the activities and affairs of the Corporation (principal office) shall be fixed and located in the City of San Bruno, California. The Board of Directors of this Corporation (the "Board"; each member of the Board, a "Director") may change the location of the principal office to any place within the City of San Bruno, California.

is located at:

567 El Camino Real
San Bruno, CA 94066

Section 2. Other Offices.

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities. Any change shall be noted in these Bylaws, or this Ssection may be amended to state the new location.

ARTICLE III.

PURPOSE

The primary purpose of the Corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term. In furtherance of that purpose, this Corporation is organized and shall be operated exclusively for charitable purposes (within the

meaning of Internal Revenue Code Section 501(c)(3)) by conducting or supporting activities for the benefit, or to carry out the purposes, of organizations, including but not limited to, the City of San Bruno, that: (i) benefit the San Bruno community, and (ii) are described in either (x) Internal Revenue Code Sections 501(c)(4), 501(c)(5), or 501(c)(6) but only if they would be described in Internal Revenue Code Section 509(a)(2) were they organizations described in Internal Revenue Code Section 501(c)(3), or (y) Internal Revenue Code Sections 509(a)(1) or (a)(2).

ARTICLE IV.

MEMBERS

Section 1. Member.

The Corporation shall have no voting members within the meaning of the Nonprofit Corporation Law.

ARTICLE V.

BOARD OF DIRECTORS

Section 1. General Corporate Powers.

Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, all powers and activities of the Corporation shall be exercised directly by or under the ultimate direction of the Board.

Section 2. Specific Powers.

Without prejudice to the general powers set forth in Section 1 of this Article, but subject to the same limitations and to the approval rights of the City Council of the City of San Bruno (the "City" or "City Council") provided in Article XVI, the Board of Directors shall have the power to:

- (a) Appoint and remove, at the pleasure of the Board, all the Corporation's officers and agents, prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws, and require from them security for faithful performance of their duties.
- (b) Adopt and use a corporate seal and alter the forms of the seal and certificates.
- (c) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities, subject to the reserved powers set forth in Section 3-, below.

Section 3. Authorized Number and Qualifications.

- (a) The authorized number of Directors shall be an odd number not fewer than five (5) and no more than eleven (11), as determined by action of the City Council ~~of the City of San Bruno (the "City" or "City Council").~~
- (b) No Director shall serve concurrently as a member of the San Bruno City Council.
- (c) A majority of the authorized number of Directors shall be residents of the City of San Bruno; provided, however, that a non-resident Director need not be removed solely to comply with such requirement. Among non-residents, preference may be given to Any Director may be a representatives of a business or other entity located in, or with a substantial interest in the City. Directors should include individuals with particular expertise in areas applicable to the operation of a non-profit entity, such as financial, investment, legal, philanthropic, or community-based programs.
- (d) Directors shall serve without compensation.

Section 4. Restriction of Interested Persons as Directors.

No person serving on the Board may be an interested person. An interested person is:

- (a) Any person compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation or expense reimbursement paid to a Ddirector as Ddirector; and
- (b) Any brother, sister, ancestor, descendant, spouse, domestic partner, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person.

However, any violation of the provisions of this ~~s~~Section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 5. Designation and Removal and Qualification of Directors.

~~(a) — All~~The Directors shall be designated and may be removed by the City Council as designator (the "City Council") of the City in accordance with Article V, Section 3.

- ~~(b) — At the time any Director ceases to meet the qualifications set forth herein, that director's membership shall cease. The Director's successor shall meet the qualifications set forth herein.~~

Section 6. Term.

Terms shall be for four years, starting on January 1 of each year, staggered so that a roughly equal number of terms ends every two years, with designated Directors having initial two-year terms where necessary. No Director shall hold office for longer than two consecutive terms; a two-year term followed by a four-year term shall constitute two consecutive terms. However, an unexpired term of less than one-half of a full term shall not count as a term for the purpose of the term limits in this Section. A Director may be reappointed two years after serving two consecutive four-year terms.

Section 7. Events Causing Vacancy.

A vacancy or vacancies on the Board shall exist on the occurrence of the following:

- (a) The death or resignation of any Director;
- (b) The declaration of a vacancy by majority vote of all Directors then in office, excluding the vote of the Director at issue, by resolution of the Board of a vacancy in the office of when a Director who has been declared of unsound mind by an order of court, been convicted of a felony, or been found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law, or failed or ceased to meet any required qualification of a Director that was in effect at the beginning of that Director's current term of office;
- ~~(c) — The declaration, by majority vote of the Directors who meet all of the required qualifications to be a Director, of a vacancy when a Director fails or ceases to meet any required qualification of a Director that was in effect at the beginning of that Director's current term of office;~~
- (cc) The action of the City Council to remove any Director upon a finding of cause by a two-thirds (2/3) vote of the total number of authorized Directors ~~of the Board~~;
- (dd) The increase of the authorized number of Directors;
- ~~(e) — The membership of Board of Directors may remove, by a two-thirds vote of the membership present, any elected officer for non-performance of duties, or for any violation of these by-laws;~~
- (ef) Expiration of a Director's term of office; or
- (fg) Action by the City Council to remove a Director pursuant to Article XVI ~~When a Director ceases to possess any qualification for election to the Board as set forth herein.~~

Vacancies shall be filled by the City Council as provided ~~by~~ in Section 5.

Section 8. Resignations.

Except as provided below, any Director may resign by giving written notice to the President or Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the City Council shall appoint a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no Director may resign if the Corporation would be left without a duly selected Director or Directors. A Director's resignation may not be rescinded, revoked, or withdrawn.

Section 9. Compensation and Reimbursement.

The Directors shall serve without compensation, though they may be reimbursed for their reasonable expenditures on behalf of the Corporation if approved by the Board.

Section 10. Approval of Executive Compensation.

The Board (or an authorized committee of the Board) shall review and approve the compensation, including benefits, of the Executive Director to assure that such compensation is just and reasonable and given in return for services actually rendered to this Corporation. This review and approval shall occur upon the hiring of the officer, whenever the officer's term of employment (if any) is renewed or extended, and whenever the officer's compensation is modified (unless the modification extends to substantially all employees).

Agents and Employees.

~~The Board shall appoint an Executive Director, who shall serve at the pleasure of the Board and whose terms and conditions of employment shall be specified by the Board. The Executive Director shall be responsible for the day-to-day administration of the Corporation, will be supervised by a member of the Board as appointed by the Board, and shall have other such powers and duties as are prescribed by the Board. The Executive Director shall hire, direct, and discharge all other agents and employees, who shall have such authority and perform such duties as may be required to carry out the operations of the Corporation in accordance with the policies established by the Board. Any employee or agent may be removed at any time with or without cause.~~

~~The Executive Director shall attend all meetings of the Board and committees, serving as an ex-officio member, without a vote.~~

ARTICLE VI.

DIRECTORS' MEETINGS

Section 1. Place of Meetings.

Regular meetings of the Board shall be held at any place in the City of San Bruno. At least four (4) meetings of the Board shall be held each year, including the annual meeting required by Section 3, below.

Section 2. Method of Meetings.

All meetings of the Board of Directors, or any committee thereof, shall be called, noticed, held, and conducted in accordance with the applicable provisions of the Ralph M. Brown Act (the "Brown Act") (commencing with Section 54950 of the California Government Code). The Board of Directors shall take no action other than at a meeting called, noticed, and held pursuant to these Bylaws.

Section 3. Annual Meeting.

The Board shall hold a regular meeting for purposes of organization, election of officers, and transaction of other business. Notwithstanding any other provision of these Bylaws, the annual meeting shall be held in the City of San Bruno, California at the principal place of business of the Corporation.

Section 4. Other Regular Meetings.

Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time.

Section 5. Authority to Call Special Meetings.

Special meetings of the Board for any purpose may be called at any time pursuant to the Brown Act.

Section 6. Quorum.

A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be the act of the Board, including, without limitation, those provisions relating to:

- (a) Approval of certain transactions between corporations having common directorships;
- (b) Creation of and appointments to committees of the Board; and;
- (c) Indemnification of Directors.

A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 7. Adjournment.

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place pursuant to the Brown Act.

ARTICLE VII.

COMMITTEES

Section 1. Committees of the Board.

The Board, by resolution adopted by a majority of the Directors then in office provided a quorum is present, may create one or more committees, each consisting of two or more Directors, and no one who is not a Director, to serve at the pleasure of the Board. Members of Committees shall serve without compensation. Committees are authorized to create subcommittees in their discretion to assist in the work of the committee. Appointments to committees of the Board shall be by majority vote of the Directors then in office. No committee, regardless of Board resolution, may:

- (a) Fill vacancies on the Board or on any committee that has the authority of the Board;
- (b) Fix compensation of the Directors for serving on the Board or on any committee;
- (c) Amend or repeal Bylaws or adopt new Bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board;
- (f) Expend corporate funds to support a nominee for Director after more people have been nominated for Director than can be appointed; ~~or~~
- (g) Approve any contract or transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code; or
- (h) Approve the merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of the Corporation.

Section 2. Meetings and Action of Committees of the Board.

Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with the provisions of these Bylaws and conducted in accordance with the applicable provisions of the ~~Ralph M. Brown Act (commencing with Section 54950 of the California Government Code)~~ concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be

determined either by Board resolution or, if there is none, by resolution of the committee of the Board. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the ~~governance~~ of any committee, provided they are consistent with these Bylaws, or, in the absence of rules adopted by the Board, the committee may adopt such rules. The below enumerated ~~c~~Committees may be created by the ~~B~~board, but are not limited to:

Section 3. Advisory Committees.

The Board may also create one or more advisory committees which may contain any number of ~~Director and non-D~~irector committee members. None of the powers of the Board can be delegated to any advisory committee, except that management of the Corporation's activities may be delegated to such a committee to the same extent that those powers may be delegated to anyone pursuant to California Corporations Code §5210 and other provisions of these Bylaws.

~~**Section 4. Executive Committee.**~~

~~The Board shall have an Executive Committee, consisting of the president, the vice president, the secretary and the treasurer. The Executive Committee shall be responsible for taking action to carry out policies as delegated by the Board of Directors.~~

Section 45. Audit Committee.

The ~~C~~orporation shall have an ~~A~~udit ~~C~~ommittee consisting of at least ~~two~~ (2) Directors ~~appointed by the Board~~. Directors who are employees or officers of the ~~C~~orporation or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the ~~C~~orporation (other than for service as ~~D~~irector) may not serve on the ~~A~~udit ~~C~~ommittee. The ~~A~~udit ~~C~~ommittee shall perform the duties, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the auditor's compensation;
- (c) Conferring with the auditor regarding the ~~C~~orporation's financial affairs; and
- (d) Reviewing and accepting or rejecting the audit.

Members of the ~~A~~udit ~~C~~ommittee shall not receive compensation for their service on the ~~A~~udit ~~C~~ommittee. If the ~~C~~orporation has a ~~F~~inance ~~C~~ommittee, a majority of the members of the ~~A~~udit ~~C~~ommittee may not concurrently serve as members of the ~~F~~inance ~~C~~ommittee, and the chair of the ~~A~~udit ~~C~~ommittee may not serve on the ~~F~~inance ~~C~~ommittee. Members of the ~~A~~udit ~~C~~ommittee shall not include the ~~P~~resident and the ~~T~~reasurer.

ARTICLE VIII.

OFFICERS

Section 1. Officers of the Corporation.

The officers of the Corporation shall be a Ppresident, a Vvice Ppresident, a Ssecretary, ~~and a Treasurer, and an Executive Director~~. The Corporation may also have, at the Board's discretion, one or more Aassistant Ssecretaries, one or more Aassistant Ttreasurers, and such other officers as may be appointed in accordance with Section 3 of this Article. Any number of offices may be held by the same person, except that neither the Ssecretary nor the Treasurer may serve concurrently as the Ppresident and the Executive Director may not hold any other office.

Section 2. Election of Officers.

The officers of the Corporation, except the Executive Director and those appointed under Section 3 of this Article, shall be chosen annually by the Board for one-year terms starting on January 1 and shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under any contract of employment, and subject to the approval of the City Council.

Section 3. Other Officers.

The Board may appoint and may authorize the Ppresident or other officer to appoint any other officers that the Corporation may require. Each officer so appointed shall have the title, hold office, have the authority, and perform the duties specified in the Bylaws or determined by the Board.

Section 4. Removal of Officers.

Without prejudice to any rights of an officer, any officer may be removed with or without cause by the Board and also by any officer on whom the Board may confer that power of removal.

Section 5. Resignation of Officers.

Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation. An officer may not rescind, revoke, or withdraw a resignation.

Section 6. Vacancies in Office.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

ARTICLE IX.

RESPONSIBILITIES OF OFFICERS

Section 1. President.

The Ppresident shall preside at all Board meetings, and shall have such other powers and duties as the Board or the Bylaws may prescribe.

Section 2. Vice President.

If the Ppresident is absent or disabled, the Vvice Ppresident shall perform all duties of the Ppresident. When so acting, the Vvice Ppresident shall have all powers of and be subject to all restrictions on the Ppresident. The Vvice Ppresident shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 3. Secretary.

The Ssecretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Bboard, and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, and the names of those present at Bboard and committee meetings. The Ssecretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date.

The Ssecretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Bboard required by these Bylaws to be given. The Ssecretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Bboard or the Bylaws may prescribe.

Section 4. Treasurer.

The Treasurer shall be the chief financial officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer shall send or cause to be given to the Ddirectors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Bboard.

The books of account shall be open to inspection by any Ddirector at all reasonable times. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Bboard may designate, shall disburse the Corporation's funds as the Board may order, shall render to the Ppresident and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Bboard for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

Section 5. Executive Director Agents and Employees.

The Board shall appoint an Executive Director, who shall serve as the Corporation's chief executive officer at the pleasure of the Board and whose terms and conditions of employment shall be specified by the Board. The Executive Director shall be responsible for the day-to-day administration of the Corporation ~~will be supervised by a member of the Board as appointed by the Board,~~ and shall have other such powers and duties as are prescribed by the Board. The Executive Director shall hire, direct, and discharge all other agents and employees, who shall have such authority and perform such duties as may be required to carry out the operations of the Corporation in accordance with the policies established by the Board. ~~Any employee or agent may be removed at any time with or without cause.~~

~~Unless excused by the Board's presiding officer or committee chair, t~~The Executive Director shall attend all meetings of the Board and committees, ~~serving as an ex-officio member, without a vote except the Audit Committee; provided, however, that the Board or any committee of the Board may enter into a closed session without the presence of the Executive Director at the President's discretion in compliance with the Brown Act.~~

ARTICLE X.

STANDARD OF CARE

Section 1. General.

A ~~D~~irector shall perform the duties of a ~~D~~irector, including duties as a member of any committee of the Board on which the ~~D~~irector may serve, in good faith, in a manner such director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a ~~D~~irector, a ~~D~~irector shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One (1) or more officers or employees of the Corporation whom the ~~D~~irector believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants, or other persons as to matters which the ~~D~~irector believes to be within such person's professional or expert competence; or
- (c) A committee of the Board upon which the Director does not serve that is composed exclusively of any or any combination of Directors and persons described in subsection (a) and (b) of this Section 1, as to matters within its designated authority, which committee the ~~D~~irector believes to merit confidence,

so long as in any such case, the Director acts in good faith, after reasonable inquiry when the need thereof is indicated by the circumstances and without knowledge that could cause such reliance to be unwarranted.

A person who performs the duties of a Director in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defect a public or charitable purpose to which the Corporation, or assets held by it, are dedicated.

Section 2. Standard of Care - Investments.

Except with respect to assets held for use or used directly in carrying out this Corporation's charitable activities, in investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing this Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable incomes, as well as the probable safety of this Corporation's capital.

Section 3. Standard of Care – Self-Dealing Transactions.

~~Pursuant to California Government Code Section 1090, (T~~he Board shall not approve a contract in which one of its Directors has a financial interest, pursuant to California Government Code Section 1090, or a self-dealing transaction, pursuant to Corporations Code Section 5233. A self-dealing transaction is one in which the Corporation is a party and in which one (1) or more of the directors has a material financial interest or a transaction between this Corporation and any entity in which one (1) or more of its directors has a material financial interest.

Section 4. Inspection.

Every Director shall have the right at any reasonable time during the business hours of the Corporation to inspect and copy all books, records, and documents pursuant to the California Nonprofit Public Benefit Corporation Law and the California Public Records Act, and to inspect the physical properties of this Corporation.

ARTICLE XI.

INDEMNIFICATION; LIABILITY OF THE CORPORATION

Section 1. Right of Indemnity.

To the fullest extent permitted by law, this Corporation shall indemnify its Directors, officers, employees, and other persons described as "agents" in Section 5238(a) of the California Corporations Code, including persons formerly occupying such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person

described in that Section. ““Expenses,”” as used in these Bylaws, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

Section 2. Approval of Indemnity.

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1 and 2 of this Article in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance.

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, Director, employee, or agent in such capacity or arising out of the officer's, Director's employee's, or agent's status as such.

Section 5. Liability of the Corporation.

The Corporation itself shall be ~~solely~~ responsible for the management and fiscal affairs of the Corporation and for the payment of any debts and liabilities incurred by the Corporation.

ARTICLE XII.

RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records.

The Corporation shall keep:

- (a) Adequate and correct books and records of account; and,
- (b) Written minutes of the proceedings of its Board, and committees of the Board.

The Corporation shall abide by the provisions of the California Public Records Act.

Section 2. Maintenance and Inspection of Articles and Bylaws.

The Corporation shall keep at its principal office, or if its principal office is not in California, at its principal business office in this state, the original or a copy of the Articles of Incorporation and its Bylaws, as amended to date, which shall be open to inspection by the Directors at all reasonable times during office hours.

Section 3. Annual Report.

The Board shall cause an annual report to be sent to the Directors within **one hundred fifty-two (152) days** after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes; and,
- (e) Any information required by Section 4 of this Article.

The annual ~~audited financial~~ report ~~shall be accompanied by a report on this Corporation~~ prepared by independent accountants, or, if there is no such report, by the certificate of an authorized officer of the Corporation that ~~the financial such statements included in the annual report~~ were prepared without audit from the Corporation's books and records.

This requirement of an annual report shall not apply if the Corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors.

Section 4. Annual Statement of Certain Transactions and Indemnifications.

The Corporation shall annually prepare and furnish to each Director a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the end of the Corporation's fiscal year:

- (a) Any transaction in which the Corporation, its parent, or its subsidiary was a party;
- (b) Any transaction in which an ~~“interested person”~~ had a direct or indirect material financial interest; and,

- (c) Any transaction which involved more than \$50,000, or was one of a number of transactions with the same interested person involving, in the aggregate, more than \$50,000. For the purposes of this subparagraph, and subparagraph (b) above, an "interested person" is either of the following:
- i) Any Director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - ii) Any holder of more than ten (10) percent of the voting power of the Corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction, and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.
- (d) Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or Director of the Corporation under Article X, Sections 1, 2 and 3 of these Bylaws.

ARTICLE XIII.

MISCELLANEOUS

Section 1. Fiscal Year.

The fiscal year of this Corporation shall end each year on June 30.

Section 2. Contracts.

All contracts entered into on behalf of this Corporation must be authorized by the Board, or, where the contract is for less than ~~t~~Twenty--Five ~~t~~Thousand dDollars (\$25,000), by the President, Treasurer, or Executive Director.

Section 3. Execution of Checks.

Except as otherwise provided by law, every check, draft, promissory note, money order, or other evidence of indebtedness of the Corporation shall be signed by such individuals as are authorized by the Board.

Section 4. Independent Audit.

The Corporation shall retain an d independent auditor and conduct annual independent audits in accordance with the applicable provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act (commencing with Section 12586~~(d)~~) of the California Government Code).

Section 5. Amendment of Bylaws.

The Bylaws may be amended or repealed and new Bylaws adopted by the vote of a majority of all the ~~Directors~~members of the Board then in office and the approval of the City Council; ~~provided that any amendment must receive the prior written consent of the City Council.~~ Such amended or newly adopted Bylaws shall take effect immediately upon approval of the City Council.

Section 6. Applicable Law.

This Corporation shall be subject to any and all applicable state, federal, and local laws, including, but not limited to, such laws as may be applicable as a result of the Corporation's affiliation with the City.

Section 7. Ralph M. Brown Act.

All meetings of the Board of Directors, or any committee thereof, shall be called, noticed, held and conducted in accordance with the applicable provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code).

Section 8. Conflict of Interest.

The Board shall develop, establish, and implement a conflict of interest policy. ~~In the policy,~~ ~~the policy shall provide that the~~ Board and the Corporation's, its agents and employees, ~~city officers, or city employees~~ shall not be financially interested in a contract made by them in their official capacity, or by anybody or board of which they are members pursuant to Government Code ~~S~~section 1090. In addition, the Corporation shall not authorize any contract in which an officer of the City of San Bruno has a financial interest, either directly or through a body or board of which they are members. Nor shall the Board, its agents, ~~or its and~~ employees, ~~city officers, or city employees~~ be purchasers at any sale or vendors at any purchase made by them in their official capacity pursuant to Government Code ~~S~~section 1090.

ARTICLE XIV.

DISSOLUTION OF THE CORPORATION

Subject to the provisions governing distribution upon dissolution set forth in the Articles of Incorporation of the Corporation, in the event of a dissolution of the Corporation the residual assets shall be distributed as provided in the Articles of Incorporation.

ARTICLE XV.

CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the General Provisions of the California Nonprofit Corporation Law and the California Nonprofit Public Benefit Corporation Law shall govern the construction of the Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

ARTICLE XVI.

APPROVAL OF THE CITY COUNCIL RESERVED POWERS

In addition to the City Council having the authority to designate and remove Directors pursuant to Article V, (f) the following actions shall require approval ~~are reserved~~ by the City Council:

- (a) Approval of any change in the Articles of Incorporation or Bylaws of the Corporation;
- (b) Approval of adoption, amendment, or repeal of the Corporation’s investment policy and its spending policy;
- (c) Approval of The Corporation’s annual budget;
- (d) Approval or amendment of Adoption, amendment, or repeal of the Corporation’s grant policies;
- (e) Approval of Election of officers of the Corporation;
- (f) Approval of any agreement for the management of the affairs of the Corporation;
- (g) Approval of the acquisition of real estate or of any project that would require the use of City property or resources;
- (h) Approval of Incurrence of indebtedness by the Corporation in excess of twenty-five thousand dollars (\$25,000); and/or
- (i) Affiliation of the Corporation with any other entity (“Affiliation” meaning any arrangement whereby the Corporation controls, is controlled by, or is under common control with any other entity or any other similar arrangement); and/or
- (j) Appointment and removal or members of the Board of Directors.

**BYLAWS OF
THE SAN BRUNO COMMUNITY FOUNDATION**
A California Nonprofit Public Benefit Corporation

Amended and Restated by the SBCF Board of Directors, April 13, 2016
Approved by the San Bruno City Council, April __, 2016

ARTICLE I.

NAME

Section 1. Corporate Name

The name of this corporation is: The San Bruno Community Foundation (the "Corporation").

ARTICLE II.

OFFICES OF THE CORPORATION

Section 1. Principal Office.

The principal office for the transaction of the activities and affairs of the Corporation (principal office) shall be fixed and located in the City of San Bruno, California. The Board of Directors of this Corporation (the "Board"; each member of the Board, a "Director") may change the location of the principal office to any place within the City of San Bruno, California.

Section 2. Other Offices.

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities. Any change shall be noted in these Bylaws, or this Section may be amended to state the new location.

ARTICLE III.

PURPOSE

The primary purpose of the Corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term. In furtherance of that purpose, this Corporation is organized and shall be operated exclusively for charitable purposes (within the meaning of Internal Revenue Code Section 501(c)(3)) by conducting or supporting activities for the benefit, or to carry out the purposes, of organizations, including but not limited to, the City of San Bruno, that: (i) benefit the San Bruno community, and (ii) are described in either (x) Internal Revenue Code Sections 501(c)(4), 501(c)(5), or 501(c)(6) but only if they would be described in

Internal Revenue Code Section 509(a)(2) were they organizations described in Internal Revenue Code Section 501(c)(3), or (y) Internal Revenue Code Sections 509(a)(1) or (a)(2).

ARTICLE IV.

MEMBERS

Section 1. Member.

The Corporation shall have no voting members within the meaning of the Nonprofit Corporation Law.

ARTICLE V.

BOARD OF DIRECTORS

Section 1. General Corporate Powers.

Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, all powers and activities of the Corporation shall be exercised directly by or under the ultimate direction of the Board.

Section 2. Specific Powers.

Without prejudice to the general powers set forth in Section 1 of this Article, but subject to the same limitations and to the approval rights of the City Council of the City of San Bruno (the "City" or "City Council") provided in Article XVI, the Board of Directors shall have the power to:

- (a) Appoint and remove, at the pleasure of the Board, all the Corporation's officers and agents, prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws, and require from them security for faithful performance of their duties.
- (b) Adopt and use a corporate seal and alter the forms of the seal and certificates.
- (c) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities, subject to the reserved powers set forth in Section 3, below.

Section 3. Authorized Number and Qualifications.

- (a) The authorized number of Directors shall be an odd number not fewer than five (5) and no more than eleven (11), as determined by action of the City Council.

- (b) No Director shall serve concurrently as a member of the San Bruno City Council.
- (c) A majority of the authorized number of Directors shall be residents of the City of San Bruno; provided, however, that a non-resident Director need not be removed solely to comply with such requirement. Among non-residents, preference may be given to representatives of a business or other entity located in or with a substantial interest in the City. Directors should include individuals with particular expertise in areas applicable to the operation of a nonprofit entity, such as financial, investment, legal, philanthropic, or community-based programs.
- (d) Directors shall serve without compensation.

Section 4. Restriction of Interested Persons as Directors.

No person serving on the Board may be an interested person. An interested person is:

- (a) Any person compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any expense reimbursement paid to a Director as Director; and
- (b) Any brother, sister, ancestor, descendant, spouse, domestic partner, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person.

However, any violation of the provisions of this Section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 5. Designation and Removal of Directors.

All Directors shall be designated and may be removed by the City Council.

Section 6. Term.

Terms shall be for four years, starting on January 1 of each year, staggered so that a roughly equal number of terms ends every two years, with designated Directors having initial two-year terms where necessary. No Director shall hold office for longer than two consecutive terms; a two-year term followed by a four-year term shall constitute two consecutive terms. However, an unexpired term of less than one-half of a full term shall not count as a term for the purpose of the term limits in this Section. A Director may be reappointed two years after serving two consecutive terms.

Section 7. Events Causing Vacancy.

A vacancy or vacancies on the Board shall exist on the occurrence of the following:

- (a) The death or resignation of any Director;
- (b) The declaration of a vacancy by majority vote of all Directors then in office, excluding the vote of the Director at issue, when a Director has been declared of unsound mind by an order of court, been convicted of a felony, been found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law, or failed or ceased to meet any required qualification of a Director that was in effect at the beginning of that Director's current term of office;
- (c) The action of the City Council to remove any Director upon a finding of cause by a two-thirds (2/3) vote of the total number of authorized Directors;
- (d) The increase of the authorized number of Directors;
- (e) Expiration of a Director's term of office; or
- (f) Action by the City Council to remove a Director.

Vacancies shall be filled by the City Council as provided in Section 5.

Section 8. Resignations.

Except as provided below, any Director may resign by giving written notice to the President or Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the City Council shall appoint a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no Director may resign if the Corporation would be left without a duly selected Director or Directors. A Director's resignation may not be rescinded, revoked, or withdrawn.

Section 9. Compensation and Reimbursement.

The Directors shall serve without compensation, though they may be reimbursed for their reasonable expenditures on behalf of the Corporation if approved by the Board.

Section 10. Approval of Executive Compensation.

The Board (or an authorized committee of the Board) shall review and approve the compensation, including benefits, of the Executive Director to assure that such compensation is just and reasonable and given in return for services actually rendered to this Corporation. This review and approval shall occur upon the hiring of the officer, whenever the officer's term of employment (if any) is renewed or extended, and whenever the officer's compensation is modified (unless the modification extends to substantially all employees).

ARTICLE VI.

DIRECTORS' MEETINGS

Section 1. Place of Meetings.

Regular meetings of the Board shall be held at any place in the City of San Bruno. At least four (4) meetings of the Board shall be held each year, including the annual meeting required by Section 3, below.

Section 2. Method of Meetings.

All meetings of the Board of Directors, or any committee thereof, shall be called, noticed, held, and conducted in accordance with the applicable provisions of the Ralph M. Brown Act (the "Brown Act") (commencing with Section 54950 of the California Government Code). The Board of Directors shall take no action other than at a meeting called, noticed, and held pursuant to these Bylaws.

Section 3. Annual Meeting.

The Board shall hold a regular meeting for purposes of organization, election of officers, and transaction of other business. Notwithstanding any other provision of these Bylaws, the annual meeting shall be held in the City of San Bruno, California.

Section 4. Other Regular Meetings.

Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time.

Section 5. Authority to Call Special Meetings.

Special meetings of the Board for any purpose may be called at any time pursuant to the Brown Act.

Section 6. Quorum.

A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be the act of the Board, including, without limitation, those provisions relating to:

- (a) Approval of certain transactions between corporations having common directorships;
- (b) Creation of and appointments to committees of the Board; and
- (c) Indemnification of Directors.

A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 7. Adjournment.

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place pursuant to the Brown Act.

ARTICLE VII.

COMMITTEES

Section 1. Committees of the Board.

The Board, by resolution adopted by a majority of the Directors then in office provided a quorum is present, may create one or more committees, each consisting of two or more Directors and no one who is not a Director, to serve at the pleasure of the Board. Members of Committees shall serve without compensation. Committees are authorized to create subcommittees in their discretion to assist in the work of the committee. Appointments to committees of the Board shall be by majority vote of the Directors then in office. No committee, regardless of Board resolution, may:

- (a) Fill vacancies on the Board or on any committee that has the authority of the Board;
- (b) Fix compensation of the Directors for serving on the Board or on any committee;
- (c) Amend or repeal Bylaws or adopt new Bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board;
- (f) Expend corporate funds to support a nominee for Director after more people have been nominated for Director than can be appointed;
- (g) Approve any contract or transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code; or
- (h) Approve the merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of the Corporation.

Section 2. Meetings and Action of Committees of the Board.

Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with the provisions of these Bylaws and conducted in accordance with the applicable provisions of the Brown Act concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board resolution or, if there is none, by resolution of the committee of the Board. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the governance of any committee, provided they are consistent with these Bylaws, or, in the absence of rules adopted by the Board, the committee may adopt such rules. The below enumerated committees may be created by the Board, but are not limited to:

Section 3. Advisory Committees.

The Board may also create one or more advisory committees which may contain any number of Director and non-Director committee members. None of the powers of the Board can be delegated to any advisory committee, except that management of the Corporation's activities may be delegated to such a committee to the same extent that those powers may be delegated to anyone pursuant to California Corporations Code §5210 and other provisions of these Bylaws.

Section 4. Audit Committee.

The Corporation shall have an Audit Committee consisting of at least two (2) Directors appointed by the Board. Directors who are employees or officers of the Corporation or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Corporation (other than for service as Director) may not serve on the Audit Committee. The Audit Committee shall perform the duties, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the auditor's compensation;
- (c) Conferring with the auditor regarding the Corporation's financial affairs; and
- (d) Reviewing and accepting or rejecting the audit.

Members of the Audit Committee shall not receive compensation for their service on the Audit Committee. If the Corporation has a Finance Committee, a majority of the members of the Audit Committee may not concurrently serve as members of the Finance Committee, and the chair of the Audit Committee may not serve on the Finance Committee. Members of the Audit Committee shall not include the President and the Treasurer.

ARTICLE VIII.

OFFICERS

Section 1. Officers of the Corporation.

The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and an Executive Director. The Corporation may also have, at the Board's discretion, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with Section 3 of this Article. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President and the Executive Director may not hold any other office.

Section 2. Election of Officers.

The officers of the Corporation, except the Executive Director and those appointed under Section 3 of this Article, shall be chosen annually by the Board for one-year terms starting on January 1 and shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under any contract of employment, and subject to the approval of the City Council.

Section 3. Other Officers.

The Board may appoint and may authorize the President or other officer to appoint any other officers that the Corporation may require. Each officer so appointed shall have the title, hold office, have the authority, and perform the duties specified in the Bylaws or determined by the Board.

Section 4. Removal of Officers.

Without prejudice to any rights of an officer, any officer may be removed with or without cause by the Board and also by any officer on whom the Board may confer that power of removal.

Section 5. Resignation of Officers.

Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation. An officer may not rescind, revoke, or withdraw a resignation.

Section 6. Vacancies in Office.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

ARTICLE IX.

RESPONSIBILITIES OF OFFICERS

Section 1. President.

The President shall preside at all Board meetings and shall have such other powers and duties as the Board or the Bylaws may prescribe.

Section 2. Vice President.

If the President is absent or disabled, the Vice President shall perform all duties of the President. When so acting, the Vice President shall have all powers of and be subject to all restrictions on the President. The Vice President shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 3. Secretary.

The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, and the names of those present at Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these Bylaws to be given. The Secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

Section 4. Treasurer.

The Treasurer shall be the chief financial officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board.

The books of account shall be open to inspection by any Director at all reasonable times. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the President and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

Section 5. Executive Director.

The Board shall appoint an Executive Director, who shall serve as the Corporation's chief executive officer at the pleasure of the Board and whose terms and conditions of employment shall be specified by the Board. The Executive Director shall be responsible for the day-to-day administration of the Corporation and shall have other such powers and duties as are prescribed by the Board. The Executive Director shall hire, direct, and discharge all other agents and employees, who shall have such authority and perform such duties as may be required to carry out the operations of the Corporation in accordance with the policies established by the Board.

Unless excused by the Board's presiding officer or committee chair, the Executive Director shall attend all meetings of the Board and committees, except the Audit Committee; provided, however, that the Board or any committee of the Board may enter into a closed session without the presence of the Executive Director at the President's discretion in compliance with the Brown Act.

ARTICLE X.

STANDARD OF CARE

Section 1. General.

A Director shall perform the duties of a Director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One (1) or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board upon which the Director does not serve that is composed exclusively of any or any combination of Directors and persons

described in subsection (a) and (b) of this Section 1, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as in any such case, the Director acts in good faith, after reasonable inquiry when the need thereof is indicated by the circumstances and without knowledge that could cause such reliance to be unwarranted.

A person who performs the duties of a Director in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defect a public or charitable purpose to which the Corporation, or assets held by it, are dedicated.

Section 2. Standard of Care - Investments.

Except with respect to assets held for use or used directly in carrying out this Corporation's charitable activities, in investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing this Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable incomes, as well as the probable safety of this Corporation's capital.

Section 3. Standard of Care – Self-Dealing Transactions.

The Board shall not approve a contract in which one of its Directors has a financial interest, pursuant to California Government Code Section 1090, or a self-dealing transaction, pursuant to Corporations Code Section 5233.

Section 4. Inspection.

Every Director shall have the right at any reasonable time during the business hours of the Corporation to inspect and copy all books, records, and documents pursuant to the California Nonprofit Public Benefit Corporation Law and the California Public Records Act, and to inspect the physical properties of this Corporation.

ARTICLE XI.

INDEMNIFICATION; LIABILITY OF THE CORPORATION

Section 1. Right of Indemnity.

To the fullest extent permitted by law, this Corporation shall indemnify its Directors, officers, employees, and other persons described as "agents" in Section 5238(a) of the California Corporations Code, including persons formerly occupying such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person

described in that Section. "Expenses," as used in these Bylaws, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

Section 2. Approval of Indemnity.

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1 and 2 of this Article in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance.

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, Director, employee, or agent in such capacity or arising out of the officer's, Director's employee's, or agent's status as such.

Section 5. Liability of the Corporation.

The Corporation itself shall be responsible for the management and fiscal affairs of the Corporation and for the payment of any debts and liabilities incurred by the Corporation.

ARTICLE XII.

RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records.

The Corporation shall keep:

- (a) Adequate and correct books and records of account; and
- (b) Written minutes of the proceedings of its Board and committees of the Board.

The Corporation shall abide by the provisions of the California Public Records Act.

Section 2. Maintenance and Inspection of Articles and Bylaws.

The Corporation shall keep at its principal office, or if its principal office is not in California, at its principal business office in this state, the original or a copy of the Articles of Incorporation and its Bylaws, as amended to date, which shall be open to inspection by the Directors at all reasonable times during office hours.

Section 3. Annual Report.

The Board shall cause an annual report to be sent to the Directors within one hundred fifty (150) days after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes; and
- (e) Any information required by Section 4 of this Article.

The annual report shall be accompanied by a report on this Corporation prepared by independent accountants, or, if there is no such report, by the certificate of an authorized officer of the Corporation that the financial statements included in the annual report were prepared without audit from the Corporation's books and records.

This requirement of an annual report shall not apply if the Corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors.

Section 4. Annual Statement of Certain Transactions and Indemnifications.

The Corporation shall annually prepare and furnish to each Director a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the end of the Corporation's fiscal year:

- (a) Any transaction in which the Corporation, its parent, or its subsidiary was a party;
- (b) Any transaction in which an "interested person" had a direct or indirect material financial interest; and

- (c) Any transaction which involved more than \$50,000, or was one of a number of transactions with the same interested person involving, in the aggregate, more than \$50,000. For the purposes of this subparagraph, and subparagraph (b) above, an “interested person” is either of the following:
 - i) Any Director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - ii) Any holder of more than ten (10) percent of the voting power of the Corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction, and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.
- (d) Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or Director of the Corporation under Article X, Sections 1, 2 and 3 of these Bylaws.

ARTICLE XIII.

MISCELLANEOUS

Section 1. Fiscal Year.

The fiscal year of this Corporation shall end each year on June 30.

Section 2. Contracts.

All contracts entered into on behalf of this Corporation must be authorized by the Board, or, where the contract is for less than twenty-five thousand dollars (\$25,000), by the President, Treasurer, or Executive Director.

Section 3. Execution of Checks.

Except as otherwise provided by law, every check, draft, promissory note, money order, or other evidence of indebtedness of the Corporation shall be signed by such individuals as are authorized by the Board.

Section 4. Independent Audit.

The Corporation shall retain an independent auditor and conduct annual independent audits in accordance with the applicable provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act (commencing with Section 12586 of the California Government Code).

Section 5. Amendment of Bylaws.

The Bylaws may be amended or repealed and new Bylaws adopted by the vote of a majority of all the Directors then in office and the approval of the City Council. Such amended or newly adopted Bylaws shall take effect immediately upon approval of the City Council.

Section 6. Applicable Law.

This Corporation shall be subject to any and all applicable state, federal, and local laws, including, but not limited to, such laws as may be applicable as a result of the Corporation's affiliation with the City.

Section 7. Ralph M. Brown Act.

All meetings of the Board of Directors, or any committee thereof, shall be called, noticed, held and conducted in accordance with the applicable provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code).

Section 8. Conflict of Interest.

The Board shall develop, establish, and implement a conflict of interest policy. The policy shall provide that the Board and the Corporation's agents and employees shall not be financially interested in a contract made by them in their official capacity, or by anybody or board of which they are members pursuant to Government Code Section 1090. In addition, the Corporation shall not authorize any contract in which an officer of the City of San Bruno has a financial interest, either directly or through a body or board of which they are members. Nor shall the Board, its agents, or its employees be purchasers at any sale or vendors at any purchase made by them in their official capacity pursuant to Government Code Section 1090.

ARTICLE XIV.

DISSOLUTION OF THE CORPORATION

Subject to the provisions governing distribution upon dissolution set forth in the Articles of Incorporation of the Corporation, in the event of a dissolution of the Corporation the residual assets shall be distributed as provided in the Articles of Incorporation.

ARTICLE XV.

CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the General Provisions of the California Nonprofit Corporation Law and the California Nonprofit Public Benefit Corporation Law shall govern the construction of the Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes

the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

ARTICLE XVI.

APPROVAL OF THE CITY COUNCIL

In addition to the City Council having the authority to designate and remove Directors pursuant to Article V, the following actions shall require approval by the City Council:

- (a) Any change in the Articles of Incorporation or Bylaws of the Corporation;
- (b) Adoption, amendment, or repeal of the Corporation’s investment policy and its spending policy;
- (c) The Corporation’s annual budget;
- (d) Adoption, amendment, or repeal of the Corporation’s grant policies;
- (e) Election of officers of the Corporation;
- (f) Any agreement for the management of the affairs of the Corporation;
- (g) Acquisition of real estate or of any project that would require the use of City property or resources;
- (h) Incurrence of indebtedness by the Corporation in excess of twenty-five thousand dollars (\$25,000); and/or
- (i) Affiliation of the Corporation with any other entity (“Affiliation” meaning any arrangement whereby the Corporation controls, is controlled by, or is under common control with any other entity or any other similar arrangement).

RESOLUTION NO. 2016-_____

**RESOLUTION APPROVING THE
SAN BRUNO COMMUNITY FOUNDATION INVESTMENT POLICY STATEMENT**

WHEREAS, the San Bruno City Council established the San Bruno Community Foundation to manage and administer the \$70 million in restitution funds obtained by the City from PG&E in the aftermath of the 2010 gas explosion in the Crestmoor neighborhood;

WHEREAS, under Article XVI of the Foundation's Bylaws, the City Council must approve the Foundation's investment policy and its spending policy;

WHEREAS, the Foundation selected Sand Hill Global Advisors to provide investment management services to the Foundation, including assisting in the development of an investment policy statement and management of the Foundation's investment portfolio;

WHEREAS, the Foundation approved the Investment Policy Statement on April 6, 2016;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of San Bruno that the Investment Policy Statement for The San Bruno Community Foundation attached hereto as Exhibit A is approved.

-o0o-

I hereby certify that the foregoing **Resolution No. 2016 - ____** was introduced and adopted by the San Bruno City Council at a regular meeting on April 26, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Carol Bonner, City Clerk

RESOLUTION NO. 2016 - ____

RESOLUTION AUTHORIZING THE TRANSFER OF THE REMAINING RESTITUTION FUNDS FROM THE CITY'S CUSTODIAL ACCOUNT TO THE SAN BRUNO COMMUNITY FOUNDATION

WHEREAS, the City has been holding the restitution funds recovered from PG&E following the explosion in the Crestmoor neighborhood in a custodial account for the benefit of the San Bruno Community Foundation; and

WHEREAS, in February 2015, the City Council authorized transfer of \$350,000 from that account to the Foundation for operational and formation expenses, and in November 2016, the City Council authorized transfer of an additional \$206,000 from that account to the Foundation to continue its operations through June 30, 2016;

WHEREAS, the Foundation has adopted and the City Council has approved an Investment Policy Statement;

WHEREAS, the Foundation has selected Sand Hill Global Advisors to manage its investments;

WHEREAS, the Foundation is now in a position to receive the remaining balance of the restitution funds of approximately \$69,729,000;

NOW THEREFORE BE IT RESOLVED that the City Council of the City of San Bruno adopts a resolution authorizing the transfer from the City's custodial account to the San Bruno Community Foundation of the entire remaining balance of the restitution fund in the approximate amount of \$69,729,000.

---oOo---

I hereby certify that foregoing **Resolution No. 2016 - ____** was introduced and adopted by the San Bruno City Council at a regular meeting on April 26, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Carol Bonner, City Clerk

RESOLUTION NO. 2016 - __

RESOLUTION APPROVING AMENDED AND RESTATED ARTICLES OF INCORPORATION FOR THE SAN BRUNO COMMUNITY FOUNDATION

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

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

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

WHEREAS, the Board of Directors has defined, by an amendment to the Foundation's Articles of Incorporation, the class of organizations that the Foundation supports in a manner consistent with the vision of the City Council, and the City Council approved that amendment on November 10, 2015;

WHEREAS, the Foundation has determined that it would be appropriate to further amend the Articles to clarify that organizations classified as 501(c)(3) public charities and as 501(c)(4),(5) and (6) organizations may be eligible to receive grants if they otherwise meet the public support requirements under federal law, which is consistent with the intent of the City Council when the Foundation was formed;

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

NOW, THEREFORE, BE IT RESOLVED, that the proposed amendments to the Foundation's Articles of Incorporation attached hereto as Exhibit A are hereby approved by the City Council.

---oOo---

I hereby certify that foregoing **Resolution No. 2016 - __** was introduced and adopted by the San Bruno City Council at a regular meeting on April 26, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Carol Bonner, City Clerk

RESOLUTION NO. 2016-_____

RESOLUTION APPROVING AMENDED AND RESTATED BYLAWS FOR THE
SAN BRUNO COMMUNITY FOUNDATION

WHEREAS, the San Bruno City Council approved the San Bruno Community Foundation's original Bylaws on October 21, 2013;

WHEREAS, the Foundation Board created a Committee to review the Bylaws, and based on guidance from staff and counsel, the Committee recommended a series of administrative and substantive amendments to address minor errors, clarify details, bring provisions into compliance with applicable law, reflect the Foundation's current operations, and make the Bylaws consistent with amendments being made concurrently to the Foundation's Articles of Incorporation;

WHEREAS, the Foundation approved the amended and restated Bylaws on April 6, 2016;

WHEREAS, under Article XVI of the Foundation's Bylaws, amendments to the Bylaws must be approved by the City Council;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of San Bruno that the amended and restated Bylaws for The San Bruno Community Foundation attached hereto as Exhibit A are approved.

-o0o-

I hereby certify that the foregoing **Resolution No. 2016 - ____** was introduced and adopted by the San Bruno City Council at a regular meeting on April 26, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Carol Bonner, City Clerk

