

# SAN BRUNO

## Community Foundation

### *Board of Directors*

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

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## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

### Regular Meeting of the Board of Directors

June 1, 2016

7:00 p.m.

### Reception Honoring 2016 Recipients of the Crestmoor Neighborhood Memorial Scholarship

6:30 p.m.

#### Meeting Location:

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

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

1. **Call to Order/Welcome**
2. **Roll Call**
3. **Presentation:** 2016 Crestmoor Neighborhood Memorial Scholarship Recipients
4. **Approval of Minutes:** May 4, 2016, Regular Board Meeting
5. **Board Member Comments**
  - a. President
  - b. Others
6. **Executive Director's Report**
7. **Consent Calendar:** All items are considered routine or implement an earlier Board action and may be enacted by one motion; there will be no separate discussion unless requested by a Board Member or staff.
  - a. Receive and Approve Treasurer's Report (April 2016 Financial Statements)

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- b. Adopt Resolution Authorizing Executive Director Leslie Hatamiya to Execute Agreement with the City of San Bruno to Reimburse the City for City Attorney's Services to the Foundation, for an Amount Not to Exceed Five Percent of the City Attorney's Compensation
- c. Adopt Resolution Creating and Making Appointments to Ad Hoc Committee on Elections Process
- d. Adopt Resolution Canceling the August 3, 2016, Regular Board Meeting

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

- a. Receive Report from Ad Hoc Committee on Foundation Program Development and Adopt Resolution Creating Community Grants Fund and Approving 2016-2017 Fiscal Year Program Budget
- b. Receive Report from the Ad Hoc Committee on Program Strategy Development Regarding Proposals to the San Bruno City Council Related to Near-Term Projects
- c. Adopt Resolution Approving 2016-2017 Budget
- d. Adopt Resolution Approving Adjustments to Distribution of Funds in Investment Accounts
- e. Adopt Resolution Creating and Appointing Members to Investment Committee

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

### **10. Adjourn**

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## Community Foundation

### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Presentation to 2016 Recipients of the Crestmoor Neighborhood Memorial Scholarship

On June 1, 2016, the Foundation will hold a reception in honor of the 2016 recipients of the Crestmoor Neighborhood Memorial Scholarship at 6:30 p.m., prior to the start of that evening's Board meeting. This gathering will give the Board and community the opportunity to personally meet and congratulate the Crestmoor Scholars. In addition, at the beginning of the Board meeting, there will be a short presentation to the Crestmoor Scholars.

The 2016 inaugural class of Crestmoor Scholars include:

- **Alejandra Andrade:** A 2016 graduate of Capuchino High School, Alejandra Andrade will attend Holy Names University as a biology major, with the goal of becoming a pediatric nurse practitioner. Alejandra has demonstrated her love of working with children through her volunteer work at the San Bruno Library's Homework Center and Summer Reading Program and as an assistant teacher for St. Bruno's Catholic Church's catechism classes. She also helped organize community outreach activities as an intern with the Kaiser Permanente Public Affairs team. Alejandra was president of Capuchino's Latinos Unidos Club and served as a peer tutor.
- **Jamie Chen:** Having helped family members navigate complicated health care systems both in the United States and Asia, Jamie Chen aspires to pursue a career in medicine, specifically oncology. Jamie is graduating from St. Ignatius College Preparatory and will begin her studies at U.C. Berkeley in the fall of 2016. Living 12 homes from the epicenter of the 2010 gas pipeline explosion in the Crestmoor neighborhood, Jamie was inspired to begin training as an Emergency Medical Technician after seeing paramedics rush to aid those in need. From volunteering with the homeless at Catholic Worker House of Hospitality of San Bruno, to fundraising for cancer causes as president of the Cancer Awareness and Support Group, to playing the viola at Carnegie Hall as a member of SI's orchestra, to writing and directing award-winning films, Jamie exemplifies a "can do" attitude.

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- **Anthony Harvey:** A musician, athlete, community volunteer, and top student, Anthony Harvey is a true Renaissance man. As a senior at Capuchino High School, Anthony will graduate with a full International Baccalaureate Diploma and plans to enroll at U.C. San Diego in the fall. Anthony plays the clarinet, guitar, and piano and enjoys playing his own musical compositions. Since middle school, where he was involved in student council and the Leo Club, Anthony has been engaged in the San Bruno community. In high school, he has served as a peer tutor for Summer Bridge, participated in various community events as a member of the Interact Club, and was co-captain of the varsity tennis team.
- **Giselle Hengst:** An advocate for social justice and gender equity, Giselle Hengst plans to double major in Environmental Sociology and Women's and Gender Studies at Vanderbilt University. A top student at Capuchino High School, Giselle has served as president of the French Club, captain of the water polo team, member of the swim team, and cabin leader for the San Mateo County Outdoor Education program, while also providing academic support to others as a peer tutor, assisting as a swim instructor at the San Bruno Park Pool, participating in Students Advocating Freedom and Equality Club, and representing Capuchino at California Girls State.
- **Allie Stines:** Allie Stines represents the scholar-athlete ideal. Upon graduating from Capuchino High School, Allie will attend the College of San Mateo, where she will play softball and begin her premed studies. Allie's engagement in San Bruno began many years ago when she was named a Posy Parade princess, and over the years she has continued giving back to the community, including organizing a cancer awareness charity softball game that raised funds for the Relay for Life Foundation, volunteering at the annual San Bruno 4th of July baseball tournament, and serving as a peer tutor at Capuchino. An all-league athlete, Allie was captain of Capuchino's varsity softball and volleyball teams, and she has served as a volunteer coach for a St. Robert School basketball team.
- **Erick Sullivan:** After graduating from Capuchino High School, Erick Sullivan will enroll at Skyline College in the fall of 2016. A member of Capuchino's varsity baseball team, Erick has distinguished himself for his commitment to the Junior Giants program. As a way to give back to the program that started his baseball career, Erick began serving as a volunteer umpire at age 11 and coached his first team at age 13, leading to his selection as the recipient of the "Willie Mac" award, which honors integrity, commitment, and dedication. Erick has also volunteered with the Touch a Truck event for emotionally challenged children, Special Olympics, and San Bruno's annual haunted house.
- **Leitu Takapu:** The first in her family to graduate from college, Leitu Takapu is receiving an Associate of Arts Degree in Interdisciplinary Studies - Social Behavior from Skyline College. Motivated by a family member's struggles, Leitu seeks to

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pursue a career in social work in order to serve as an advocate for individuals with mental illness and others in need of social services. In the fall of 2016, she will transfer to San Jose State University to pursue a Bachelor's Degree in Social Work. Besides being a full-time student and working as a financial aid student ambassador at Skyline, Leitu is also an educational support advocate for Edgewood Center for Children and Families and an elementary school tutor.

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## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Board of Directors

**May 4, 2016**

**7:00 p.m.**

**Meeting Location:**

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

- 1. Call to Order/Welcome:** President Nancy Kraus called the meeting to order at 7:03 p.m.
- 2. Roll Call:** Board Members Kraus, Hedley, Cohn, Bohm, McGlothlin, and Stanback Stroud present; Roberts excused.
- 3. Approval of Minutes:** April 6, 2016, Regular Board Meeting, and April 13, 2016 Special Board Meeting: Board Member Bohm moved to approve the minutes of the April 6, 2016, Regular Board Meeting, and April 13, 2016 Special Board Meeting, seconded by Board Member McGlothlin, approved unanimously.
- 4. Board Member Comments**
  - a. **President:** President Kraus remarked that tonight the Board will hear updates on the Foundation's journey to fulfill its mission to make decisions benefiting the entire San Bruno community. She emphasized that the scholarship and community grants programs represent new territory for the Board on this journey. She thanked the behind-the-scenes work of Board members and the Executive Director to bring these programs to fruition. She also thanked the San Bruno City Council for its approval the previous week of a series of matters related to the Foundation. Finally, she reminded the Board and community members in attendance about the City's Operation Clean Sweep on May 7.
  - b. **Others:** None.
- 5. Executive Director's Report:** Executive Director Hatamiya reported on three items related to the administrative operations of the Foundation. First, she discussed with the Board renewal of the Foundation's crime insurance policy and solicited input from Board members on a new type of coverage known as social engineering fraud. Second, she reported that readership of the April e-newsletters remained consistent with statistics from March. Finally, she reported on

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Google Analytics data on the Foundation website, [www.sbcf.org](http://www.sbcf.org), which has seen the highest activity around the time of the two April e-newsletters.

## **6. Consent Calendar**

- a. Receive and Approve Treasurer's Report (March 2016 Financial Statements)
- b. Adopt Resolution Authorizing President Nancy Kraus to Execute a Contract with Novogradac & Company LLP for Audit and Tax Preparation Services for Fiscal Year 2015-2016 for an Amount Not to Exceed \$9,500

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

## **7. Conduct of Business**

- a. Receive Report from Ad Hoc Committee on Foundation Program Development Regarding Crestmoor Neighborhood Memorial Scholarship Program and Development of Community Grants Program

Committee Chair Bohm commended Executive Director Hatamiya and City Attorney Zafferano for their work on the scholarship and grant programs. She thanked the Scholarship Selection Panel for all of its work in selecting the 2016 Crestmoor Neighborhood Memorial Scholarship recipients. She reported that the Panel selected seven recipients, who will be revealed in an upcoming press release and who will be honored at the June 1 Board meeting and reception preceding the meeting.

Chair Bohm then presented the Committee's latest draft proposal for the Community Grants Program, including the activities eligible for funding, grant award amounts, duration and frequency of awards, criteria, grant cycle, application form, selection process, and eligible organizations. She reported that the Committee would bring its final proposal to the Board for approval on June 1 and that the program would be launched later in June.

- b. Receive Report from the Ad Hoc Committee on Program Strategy Development Regarding Proposals to the San Bruno City Council Related to Near-Term Projects

Committee Chair Kraus reported on progress with the four near-term projects on which the Foundation is partnering with the City of San Bruno. With regard to the Community Facilities Vision Plan, she reported that the City is awaiting the pre-planning report from Anderson Brule Architects and is in the process of determining the best approach for selecting an architectural planning firm to work with the city to prepare the Community Facilities Vision Plan. She reminded Board members and the public that Community Day, which the Foundation is underwriting, will be held on June 5 in conjunction with the Lions Club's annual Posey Parade. With regard to the Foundation's proposal to fund pedestrian safety improvements, she reported that the City will be enlisting the assistance of traffic engineering experts to look at circulation paths in the downtown area and near schools to propose various pedestrian safety

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improvements in those areas. Finally, she reported that this summer the City will launch a strategic visioning process for the new park on Florida Avenue. This process will include community meetings and mirror the process that the City is in the process of using to develop a new park in the Crestmoor neighborhood.

- c. Receive Report from the Ad Hoc Committee on Investment Strategy and Adopt Resolutions:
  - i. Authorizing Treasurer Ben Cohn and Executive Director Leslie Hatamiya to Execute Investment Operating Plan with Sand Hill Global Advisors
  - ii. Authorizing Distribution of Restitution Funds to the Quasi-Endowment Pool, Strategic Pool, and Liquidity Pool Brokerage Accounts
  - iii. Approving Amended Fiscal Policies and Procedures

President Kraus thanked the representatives from Sand Hill Global Advisors for attending both this Board meeting and the April 26 City Council meeting.

Committee Chair Cohn reported that the Foundation is at the very end of the process of taking possession of the restitution funds from the City. He reviewed the three resolutions before the Board related to that process. First he explained that the Committee developed the Investment Operating Plan with the team from Sand Hill Global Advisors as the tactical plan to carrying out the Investment Policy Statement, which both the Board and City Council approved in April. He then explained that the second resolution authorizes distribution of the restitution funds, once received by the Foundation, into the Foundation's three investment accounts based on the Board's prior decision to set aside \$15 million of the funds as a quasi-endowment, retain funds in the Liquidity Pool account to fund the Foundation's near-term needs, and reserve the balance in the Strategic Pool account to fund strategic grantmaking opportunities over the mid-term. Finally, he explained that the Committee updated the Fiscal Policies and Procedures to include items related to management of the investment accounts.

Board Member Stanback Stroud moved to adopt the resolution authorizing Treasurer Ben Cohn and Executive Director Leslie Hatamiya to execute the Investment Operating Plan with Sand Hill Global Advisors, seconded by Board Member McGlothlin, approved unanimously.

Board Member McGlothlin moved to adopt the resolution authorizing distribution of restitution funds to the Quasi-Endowment Pool, Strategic Pool, and Liquidity Pool brokerage accounts, seconded by Vice President Hedley, approved unanimously.

Vice President Hedley moved to adopt the resolution approving the amended Fiscal Policies and Procedures, seconded by Treasurer Cohn, approved unanimously.

- d. Receive Report from the Audit Committee Regarding 2015-2016 Audit

Committee Chair McGlothlin reported that the Audit Committee met in April with Lance Smith of Novogradac & Company, the Foundation's auditor, to set expectations for the 2016 audit. He

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said that both parties left the meeting with a good understanding of each side's roles and responsibilities during the audit process.

- e. Receive Report from the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions Regarding Actions of the San Bruno City Council

Reporting on behalf of the Committee, President Kraus reported that the Board approved changes to the Foundation's Articles of Incorporation on April 6, but that Vice President Hedley and Board Member McGlothlin questions about revisions to the Bylaws, so the Board met again in a special meeting on April 13 to consider edits to address their concerns and unanimously approved the Restated and Amended Bylaws. She reported that City Council unanimously approved both the Amended Articles of Incorporation and Amended Bylaws, as required in the Bylaws, on April 26. She thanked the City Attorney for his report at the City Council meeting, which set the tone for celebrating how far the Foundation has come. Finally, she reported that staff will send the Restated and Amended Articles of Incorporation to the California Secretary of State's office in compliance with law.

**8. Public Comment:** None

President Kraus again thanked the Board and Executive Director for their work on behalf of the Foundation, and Board Member Stanback Stroud thanked President Kraus for her leadership.

- 9. Adjourn:** Board Member Stanback Stroud moved to adjourn the meeting at 7:43 p.m., seconded by Board Member Bohm, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of June 1, by Secretary Emily Roberts and President Nancy Kraus.

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Emily Roberts, Secretary

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Nancy Kraus, President

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### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Executive Director's Report

Since the May 4, 2016, Board meeting, I have continued to focus on supporting the committees charged with handling finance and investment-related matters, administering the Scholarship Program and developing the Community Grants Program, and partnering with the City on near-term projects, all of which will be covered during the business portion of the June 1, 2016, regular Board meeting.

Related to this work, I have also handled a variety of administrative matters, including the following:

1. Crime Insurance Policy Renewal

The Foundation's crime insurance policy with Travelers was renewed on May 27, 2016. After consulting with the Board at the May meeting about whether the Foundation should add social engineering fraud coverage to the policy, I decided to decline such coverage and renewed the policy with the existing coverage. Given the small number of vendors the Foundation currently has and the fact that I personally review all invoices and requests for payment, I believe the risk of social engineering fraud is very low and not worth the increased premium. The renewal premium is \$2,472 plus a \$350 broker fee, for a total of \$2,822. The premium increase from 2015 to 2016 is 4%, not 19% as I suggested at the May meeting. Our insurance broker pointed out that I was not comparing apples to apples, as I had accidentally added in the broker fee to the 2016 cost when comparing premiums.

2. Contract with Auditor

Pursuant to Board action at the May meeting, President Nancy Kraus executed the professional services agreement with Novogradac and Company LLC for audit and tax preparation services for fiscal year 2015-2016. Fees are expected to be \$6,000-\$7,500 for the audit and \$2,000 for the tax returns. The audit will begin in early September 2016.

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#### 3. Conflict of Interest Policy

The Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions had hoped to bring a revised Conflict of Interest Policy to the Board for approval at the June 1, 2016, Board meeting. City Attorney Marc Zafferano has been doing research on the applicability of Government Code Section 1090 to the Foundation, which will impact the revisions to the Conflict of Interest Policy, and is waiting for informal feedback from the California Attorney General's Office. The Committee hopes to have the revised Conflict of Interest Policy ready for Board consideration at the July 6, 2016, Board meeting.

#### 4. Email Newsletter

Since the May Board meeting, the Foundation sent out one email newsletter on May 17, announcing the inaugural recipients of the Crestmoor Neighborhood Memorial Scholarship and summarizing the highlights of the May 4 Board meeting. Not surprisingly, given the content of the e-newsletter, the results improved from previous e-newsletters. Of the 500+ emails sent, 43% of the recipients opened the email, and the e-newsletter was viewed, either in email or as posted on the web, 944 times. In addition, about 21% of recipients clicked on the email, either to view it in an Internet browser or to be linked to the SBCF website.

#### 5. Website Hits

The sbcf.org website has been subscribed to Google Analytics since the end of March. In the past month, 257 users have engaged in 329 sessions on the Foundation website, for a total of 681 page views. Activity was much higher than the previous month, which I attribute primarily to the announcement of the Crestmoor Scholarship recipients. Activity was highest around the time of the May 17 e-newsletter, which included links to the website, including the press release announcing the Scholarship recipients and the recipient's biographies.

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Consent Calendar for the June 1, 2016, Regular Board Meeting

For the June 1, 2016, Regular Meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes four items related to administrative and operational functions of the Foundation:

1. Receive and Approve Treasurer's Report (April 2016 Financial Statements)

The April 2016 financial statements consist of a Budget Report and Balance Sheet. The attached Budget Narrative provides a thorough explanation of the financial statements. The Budget Report includes the revised budget figures approved at the October 7, 2015, Board meeting.

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

2. Adopt Resolution Authorizing Executive Director Leslie Hatamiya to Execute Agreement with the City of San Bruno to Reimburse the City for City Attorney's Services to the Foundation, for an Amount Not to Exceed Five Percent of the City Attorney's Compensation

Marc Zafferano, San Bruno's City Attorney, has provided legal counsel and other support to the San Bruno Community Foundation since the Foundation's inception. In his role as City Attorney, he supports not just the City, but the City's various boards, commissions, and committees – which are typically made up of public members appointed by the City Council – as well. He and City Manager Connie Jackson were instrumental in the creation of the Foundation and in providing staff support to the Board prior to the hiring of the Executive Director in early 2015. Today, he continues to provide both legal and policy advice to the Foundation, attends nearly all Foundation Board meetings, where he provides counsel to the Board as needed (for example, regarding procedure), and offers a readily available sounding board that I find invaluable as the lone staff person for the Foundation. His understanding of municipal government law, which in many cases applies to the Foundation, is particularly valuable and not available from our current outside counsel, which specializes in nonprofit law.

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Early on in the Board's deliberations and prior to hiring the Executive Director in early 2015, the Board discussed the possibility of eventually reimbursing the City for the City Attorney's services to the Foundation. Now that the Foundation is a fully functioning nonprofit organization, with its own staff, office, and operations independent from the City and in possession of the nearly \$70 million in restitution funds, it now seems the appropriate time to begin properly paying for the City Attorney's services.

Mr. Zafferano currently spends approximately two hours per week (or five percent of his work week) providing support to the Foundation. As such, I recommend that the Board approve, as part of the Consent Calendar, the attached resolution authorizing me, as Executive Director, to execute an agreement with the City to reimburse the City for the City Attorney's services to the Foundation, for an amount not to exceed five percent of the City Attorney's compensation, as defined as base salary and benefits as the City Council may adjust from time to time. As calculated by the City's Finance Department, the City Attorney's "fully loaded hourly rate as applied to a work year consisting of 2080 hours" is currently \$160.24; if approved by the City Council at an upcoming meeting in June, the rate would increase 3% to \$165.20. For one year at the higher rate, the total reimbursement would be \$17,180.80, which is considerably lower than what the Foundation would have to pay to receive the same level of assistance from an attorney in private practice. I will work out with the City's Finance Department a process for periodic reimbursement (such as quarterly). The agreement would take effect on July 1, 2016, the first day of the Foundation's next fiscal year. The proposed 2016-2017 budget, which the Board will also consider on June 1, includes this reimbursement under Legal Fees.

#### 3. Adopt Resolution Creating and Making Appointments to Ad Hoc Committee on Elections Process

When the Board elected its 2016 officers at its November 18, 2015, Special Meeting, it discussed establishing a process for the annual election of officers. The Bylaws provide minimal guidance, with the only reference to the election officers in Article VIII, Section 2, which states:

The officers of the Corporation, except the Executive Director and those appointed under Section 3 of this Article [meaning those other than the President, Vice President, Secretary, and Treasurer], 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

To follow-up on the November discussion and in the interest of creating an agreed-upon election process, I recommend that the Board approve the attached resolution creating an Ad Hoc Committee on Elections Process made up of appointed Board members as

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part of the Consent Calendar. This resolution would appoint Dr. Regina Stanback Stroud as chair and Frank Hedley and John McGlothlin as Committee members. The goal for the Committee would be to deliberate over the summer on an elections process to recommend to the full Board in the fall, in anticipation of 2017 officer elections taking place toward the end of 2016.

#### 4. Adopt Resolution Canceling the August, 3, 2016, Regular Board Meeting

The Foundation Board is scheduled to have a regular monthly meeting on August 3, 2016 (the first Wednesday of the month). Currently, the Executive Director and at least three Board members expect to be out of town and unable to attend this meeting. As a result, and in consultation with the Board President, I recommend that the Board approve the resolution canceling the August Board meeting as part of the Consent Calendar.

At this time, I do not anticipate facing any pressing matters that would require the scheduling of a special meeting later in August. The Board is able to schedule a special meeting at a later time if such a meeting is deemed necessary.

#### Attachments:

1. April 2016 Financial Statements
2. Resolution Authorizing Executive Director Leslie Hatamiya to Execute Agreement with the City of San Bruno to Reimburse the City for City Attorney's Services to the Foundation, for an Amount Not to Exceed Five Percent of the City Attorney's Compensation
3. Resolution Creating and Making Appointments to Ad Hoc Committee on Elections Process
4. Resolution Canceling the August 3, 2016, Regular Board Meeting

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## Community Foundation

April 2016

### Budget Narrative

This report primarily describes amounts in column a (Actual Year to Date) of the monthly Budget Report. When projections vary from Budget (column b), the changes will be reflected in columns d (Final Expected Amount) and e (Change in Budget), and also be explained. First ten months equal 83% of the fiscal year.

### INCOME

**Line 1 Restitution Funds** – \$206,000 received in December. Transfer of approximately \$69.7 million expected in May. Final expected amount increased \$50,073 based on San Bruno Finance Director March 18<sup>th</sup> report.

**Line 2 Interest & Investment Income** – Minimal earnings (\$28) from Wells Fargo accounts.

### EXPENSES

**Line 4 Salaries & Wages** – Executive Director continues as only employee. Final expected amount decreased \$50,000 based on no new hire planned for this fiscal year.

**Line 5 Payroll Taxes & Benefits** – Year to date costs (\$20,409) include: Social Security/Medicare (\$8,557); Workers' Compensation Insurance (\$1,584); accrued Paid Time Off (\$2,800); Retirement (\$7,292); and Life Insurance (\$176). Final expected amount reduced \$13,587 based on projection of current costs.

**Line 7 Grants & Assistance** – \$55,000 in grants (2) to the City of San Bruno have been awarded. \$100,000 in Scholarships will be awarded before year end. Additional \$645,000 in City grants could possibly be awarded this fiscal year as well for a maximum line item total for the year of \$800,000 (\$200,000 less than budget).

**Line 8 Occupancy** – Only cost is office lease (\$9,249 total). Rent increased to \$1,064 per month in April. Final expected amount increased \$328.

**Line 9 Insurance** – Year to date actual (\$13,791) is for: Directors & Officers (D&O) coverage (\$10,708); crime coverage (\$2,270); and package non-profit liability coverage (\$812). Both the D&O and liability policies had small increases (less than \$3 per month) effective March 21. Final expected amount decreased \$241.

**Line 10 Telecommunications** – Year to date cost (\$1,186) includes cell phone account (\$636), internet access (\$458), and land line (\$92). Final expected reduction of \$1,380 is based on the cost of internet access, cell phone, and land line service for the remainder of the year.

**Line 11 Postage & Shipping** – \$309 year to date cost is only 7.4% of budget. The budget includes cost for one city-wide mailing.

**Line 12 Marketing & Communications** – Total (\$2,016) includes \$1,738 for Scholarship related costs; and \$272 for logo design and website domain.

**Line 13 Office Supplies** – Total (\$1,266) includes: toner (\$755); Accounting software fees (\$283); and miscellaneous supplies (\$228).

**Line 14 Office Equipment & Furniture** – Total cost (\$1,886) includes: file cabinet (\$817); projector (\$436); stackable chairs (\$246); and table (\$202).

**Line 15 Legal Fees** – Total cost of \$22,536 for: internal policies and by-laws (\$10,670); IRS classification issues and amendment to Articles of Incorporation (\$7,927); and reimbursements to City of San Bruno (\$3,939).

**Line 16 Auditor & Payroll Fees** – Total cost (\$7,359) includes audit (\$6,000) and payroll (\$1,359) fees. Audit fees, paid in full for the year, are \$300 less than amount budgeted. Final expected amount reduced \$196.

**Line 17 Investment Consultant** – Total cost (\$6,500) for assistance with: review of proposals; selection of Investment Manager; Investment Policy Statement; and asset allocation review. No additional costs anticipated. Final expected amount reduced \$8,500.

**Line 18 Other Consultants** - Total costs (\$38,943) include: \$15,224 for sample project cost modeling; \$15,376 for Accounting consultant; \$5,660 for Scholarship related costs; \$1,863 for retirement plan; and \$780 for general technology costs. Final expected amount increased \$1,000 based on projected accounting and technology services.

**Line 19 Travel, Meetings & Conferences** – Total cost (\$4,901) is almost entirely for Board meetings, including \$2,625 for audio recording, \$1,389 for Senior Center facility rent, and \$713 for City of San Bruno support staff. Final expected cost reduced \$3,010 based on projected meeting costs for final two months of the year.

**Line 20 Miscellaneous** – Cost (\$690) is for organizational memberships (\$475) and various governmental filing and bank fees (\$215).

## **SUMMARY**

Two expense line items (Auditor & Payroll Fees; and Other Consultants) are over the 83% benchmark for the first ten months of the year.

- Auditor & Payroll Fees are over budget by 11%. This variance exists only because audit fees have been paid in full for the year. Costs should be within budget by year-end.
- The Other Consultant variance is 1.8% or \$820. Technology consultant costs of \$6,240 have been incurred for the on-line Scholarship Application and other internet based systems.

Because the revised budget includes \$1 million for estimated amount of SBCF's initial Grants & Assistance (GA), and only \$55,000 has been incurred, expenses for the first ten months are only 23.2% of budget. After removing the \$1 million and \$55,000 for GA, year to date costs are 64% of budget, which is still 19% less than the 83% benchmark for the first ten months of the year. Projected year end expenses have been reduced by \$275,586 with \$200,000 reduction in projected Grants & Assistance.

Since inception, the organization has received \$697,031 in restitution funds from City of San Bruno. The remaining funds (approximately \$69.7 million) are being held by the City of San Bruno in custodial accounts at Wells Fargo Advisors and First National Bank in accordance with the City's investment policies, pending the Foundation's establishment of investment policies, hiring of an investment management firm, and opening of investment account(s). These objectives have been achieved and funds are expected in May.

# SAN BRUNO

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## Community Foundation

### Statement of Financial Position as of April 30, 2016

#### ASSETS

Cash, Wells Fargo General	\$ 10,414.08	
Cash, Wells Fargo Payroll	26,692.37	
Cash, Wells Fargo Savings	80,037.12	
<b>Total Cash</b>		117,143.57
Prepaid Rent	1,064.25	
Prepaid Insurance	4,233.12	
<b>Total Other Current Assets</b>		5,297.37
Deposits	1,517.45	
<b>Total Other Assets</b>		1,517.45
<b>TOTAL ASSETS</b>		<u>\$ 123,958.39</u>

#### LIABILITIES & NET ASSETS

##### **LIABILITIES**

Accounts Payable	9,160.32	
Accrued Grants Payable	55,000.00	
Accrued Employee PTO	8,407.25	
<b>Total Liabilities</b>		72,567.57

##### **NET ASSETS**

Unrestricted, 7/1/2015 Balance	177,237.78	
Year to Date Net Income	(125,846.96)	
<b>Total Net Assets</b>		51,390.82
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>		<u>\$ 123,958.39</u>

# SAN BRUNO

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## Community Foundation

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RESOLUTION NO. 2016-\_\_

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
AUTHORIZING EXECUTIVE DIRECTOR LESLIE HATAMIYA TO EXECUTE  
AGREEMENT WITH THE CITY OF SAN BRUNO TO REIMBURSE THE CITY FOR  
CITY ATTORNEY'S SERVICES TO THE FOUNDATION, FOR AN AMOUNT NOT TO  
EXCEED FIVE PERCENT OF THE CITY ATTORNEY'S COMPENSATION**

**WHEREAS**, the City Attorney of San Bruno has been providing legal counsel and other support to the San Bruno Community Foundation since the Foundation's inception;

**WHEREAS**, the Foundation now operates as a fully functioning independent California nonprofit public benefit corporation;

**WHEREAS**, the Foundation staff and Board acknowledges receiving great value from the City Attorney's legal counsel and other support and appreciates the importance of the strong relationship the Foundation has with the City Attorney; and

**WHEREAS**, the City Attorney spends approximately two hours per week providing legal counsel and support to the Foundation.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors authorizes Executive Director Leslie Hatamiya to execute an agreement with the City of San Bruno, effective July 1, 2016, to reimburse the City for the City Attorney's services to the Foundation, for an amount not to exceed five percent of the City Attorney's compensation (base salary and benefits) as the City Council may adjust from time to time.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES:      Board members:

NOES: Board members:

ABSENT: Board members:

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

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
CREATING AND APPOINTING MEMBERS TO AD HOC COMMITTEE ON  
ELECTIONS PROCESS**

**WHEREAS**, the Board of Directors of the San Bruno Community Foundation elected the Foundation's 2016 officers at a Special Meeting on November 18, 2015;

**WHEREAS**, at the time of the election, the Board discussed establishing a process for the annual election of officers;

**WHEREAS**, the Restated and Amended Bylaws, which the Board and the San Bruno City Council approved in April 2016, specify that officers will serve one-year terms starting on January 1 of each year, and, therefore, the Board will elect the Foundation's 2017 officers in the fourth quarter of 2016; and

**WHEREAS**, the Restated and Amended Bylaws do not provide specific guidance on the process for electing officers each year.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors hereby creates an Ad Hoc Committee charged with proposing a process for the annual election of officers and appoints Board Member Regina Stanback Stroud as Committee Chair and Vice President Frank Hedley and Board Member John McGlothlin as Committee Members.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES:      Board members:

NOES: Board members:

ABSENT: Board members:

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

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
CANCELING THE AUGUST 3, 2016, REGULAR BOARD MEETING**

**WHEREAS**, the August Regular Meeting of the San Bruno Community Foundation's Board of Directors is scheduled for August 3, 2016; and

**WHEREAS**, several members of the Board of Directors and the Executive Director are unable to confirm attendance at the August 3, 2016, Regular Meeting.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors cancels the Regular Board Meeting of August 3, 2016.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Foundation Program Development  
Re: Resolution Creating Community Grants Fund and Approving Fiscal  
Year 2016-2017 Program Budget

At the direction of the Board, the Ad Hoc Committee on Foundation Program Development has been working to develop a proposal for a responsive grantmaking program to support local community organizations as one of the Foundation's initial initiatives. On April 6, 2016, and May 4, 2016, the Committee reported on its progress in creating the responsive grantmaking program and received feedback from the Board and the public. At the June 1, 2016 Board meeting, the Committee will present for approval its proposal for the creation of the Community Grants Fund, which will be launched by the beginning of July and which will award its first set of grants by the end of 2016. The two Board members who sit on the Committee are Patricia Bohm, who serves as chair, and Secretary Emily Roberts.

#### **Community Grants Fund Proposal**

The Committee is recommending that the Foundation create the Community Grants Fund. The primary goal of this responsive grantmaking program will be to allow local community groups to apply for grant funding to support new or existing programs that benefit the San Bruno community in one of the 11 focus areas identified in the Foundation's Program Strategy Framework, which reflect the community needs identified in the Community Listening Campaign the Foundation conducted in 2015.

The attached Community Grants Fund Description summarizes the grant cycle and timeline, program budget, applicant eligibility, funding guidelines, application process, selection process, and conditions of grants. The Program Description is similar to the draft program outline that was presented at the May 4, 2016, Board meeting, with a few additional features and tweaks noted below.

Nonprofit counsel has reviewed the proposal and advised staff on issues to consider in the creation of the program to ensure compliance with federal nonprofit tax law. In particular, the NEO Law Group has provided valuable guidance on ensuring that the program is administered in a way that is consistent with the rules surrounding 501(c)(3) supporting organizations. The Foundation will report grant awards made through the

# SAN BRUNO

## Community Foundation

### Memorandum

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Community Grants Fund to the IRS each year on the Form 990. Staff has reviewed the guidance provided by nonprofit counsel and feels confident that the Community Grants Fund as proposed is consistent with 501(c)(3) rules.

#### **Grant Cycle and Timeline**

The Community Grants Fund will operate as an annual program. This year, the application will be released no later than July 1, with a September 30 deadline (approximately one month after the school year has started for local school districts). The review process will take place in October and November, with grant awards to be approved by the Foundation Board of Directors at its December 7, 2016, regular meeting. Grant awards will be formally distributed to awardees in December and January.

#### **Applicant Eligibility**

The Community Grants Fund will be generally open to the following types of organizations that engage in activities to benefit the San Bruno community:

- 501(c)(3)<sup>1</sup> public charities
- 501(c)(4), 501(c)(5), and 501(c)(6) organizations that meet the public support tests described in 509(a)(2)
- Governmental units that are described in 170(b)(1)(A)

Entities not eligible for Foundation funding include supporting organizations, public safety organizations, political organizations, organizations that the Foundation is prohibited by law from funding with public funds, and any organization that unlawfully discriminates in violation of state or federal law, including on the basis of race, ethnicity, nationality, gender, disability, sexual orientation, gender identity, age, or religion. The first two exclusions ensure that the program is run in compliance with the IRS restrictions on supporting organizations.

The inclusion of 501(c)(4), 501(c)(5), and 501(c)(6) organizations that meet the public support tests described in 509(a)(2) in the list of eligible organizations is an addition from the proposal presented in May. At that time, the Committee was considering recommending that the program be open to 501(c)(3) public charities and governmental units only. However, in order to make sure as broad a group of community organizations as possible would be eligible to apply, the final proposal includes the third category of eligible organizations. Moreover, after consulting with legal and accounting resources, staff has been able to outline a workable process for determining that a 501(c)(4), 501(c)(5), or 501(c)(6) organization meets the public support tests described

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<sup>1</sup> All numerical references are to specific sections of the Internal Revenue Code.

# SAN BRUNO

## Community Foundation

### Memorandum

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in 509(a)(2) by requiring any 501(c)(4), 501(c)(5), and 501(c)(6) organization that decides to apply for a Foundation grant to provide documentation establishing that the organization meets the public support tests described in 509(a)(2). At the same time, the Foundation will encourage such organizations to consider partnering with eligible 501(c)(3) public charities when applying for a Foundation grant.

#### **Funding Guidelines and 2016-2017 Program Budget**

For the 2016-2017 fiscal year, the Committee is proposing a total program grant budget of \$200,000, to be awarded to multiple organizations. No single grant award will exceed \$25,000, and the number of grants awarded will depend on the number of quality of applications received.

Grants will be awarded for use within a one-year period (2017 calendar year), and grantees will be able to apply for funding for a particular project or program for up to three consecutive years.

Consistent with the Program Strategy Framework, the Foundation will fund three categories of activity: projects and programs; capital projects; and capacity-building activities. Such activity must (1) benefit the San Bruno community and (2) fall within one of the eleven focus areas outlined in the Program Strategy Framework (publicly owned community facilities; community health and safety; sports and recreation; education; youth activities; public spaces, parks, and open space; community-building; human and social services for all; economic vitality; intra-San Bruno transit; and healthy, stable, and affordable housing).

#### **Application Process**

Similar to the Crestmoor Scholarship Program, the Community Grants Fund will utilize an online application. An online platform will decrease the administrative burden on staff in collecting and organizing submitted applications. It will also enable the Foundation to easily maintain historical program data over time. Shake Technologies (ShakeTech) will help the Foundation build the online form, and I am in discussions with the ShakeTech team about the best software to use (either FormAssembly, which was used for the scholarship application, or Submittable, which ShakeTech has been researching for me). The goal is to have the online application ready to launch by the beginning of July.

With the application, our goal is to collect from each applicant the information necessary to evaluate its proposal but without being overly burdensome. The Committee recognizes that the grants awarded through the Community Grants Fund will be relatively small and that many community organizations that may want to submit

# SAN BRUNO

## Community Foundation

### Memorandum

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applications are volunteer-based and may not have significant experience in grantwriting.

To provide guidance to interested organizations, the Foundation will hold at least two workshops that will explain the application process and allow prospective applicants to ask questions. These workshops will take place between mid-July and mid-September.

The application will include a short questionnaire about the organization and the proposed project or program as well as a narrative portion consisting of a series of questions about the applicant and the purpose of the proposed grant. Applicants will also be required to submit proof of their tax status, a list of their Board of Directors, organizational financial statements, and project/program budget. Any 501(c)(4), 501(c)(5), and (501(c)(6) applicant will also have to document that it meets the 509(a)(2) public support tests.

The application deadline for the first grant cycle will be September 27, 2016.

Rather than institute a two-step application process, with a letter of inquiry to confirm applicants' eligibility, the Foundation will allow prospective applicants, particularly non-501(c)(3) organizations, to contact Foundation staff regarding their eligibility to apply for a grant. This is to prevent organizations from going to all the trouble of completing the application, only to find out that they are not eligible to apply. However, Foundation staff will not provide any feedback regarding the merits of an applicant's proposal during these preliminary discussions with prospective applicants. The decision to not include a letter of inquiry stage is based on a desire to make the application process as streamlined and efficient as possible. A two-step application process would extend the time period between submission of letters of inquiry and approval of grant awards and would increase the administrative burden of running the program.

### **Selection Process**

The Committee's recommendation proposes that the Executive Director enlist the support of a grants review panel, made up of a small number of individuals with grantmaking experience, to review the applications and make recommendations on grant awards to the Foundation Board, which will be solely responsible for awarding all grants made through the Community Grants Fund. The review process will include verifying that the applicant and proposed project/program meet the eligibility requirements. The substantive evaluation will include consideration of the benefits of the proposed project/program to the San Bruno community; the proposal's alignment with one of the Foundation's focus areas; project/program methodology and budget; proposed grant amount in relation to the anticipated community benefit; and organizational track record, stability, and financial health. In making recommendations,

# SAN BRUNO

## Community Foundation

### Memorandum

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the review panel and the Executive Director will seek to fund multiple organizations that benefit a diverse cross-section of the San Bruno community.

#### **Conditions of Grants**

Grantees will be required to sign a Grant Agreement that I am drafting with input from the Committee and legal counsel. The Grant Agreement will require grantees to agree to comply with a set of conditions, including providing a year-end report at the conclusion of the grant period; acknowledging the Foundation in all marketing materials related to activities supported by Foundation grants; notifying the Foundation of certain changes that may affect the grantee's ability to fulfill the terms of the grant. I am developing a Grant Report Form template with the assistance of the Committee and legal counsel.

#### **Staffing**

As the Executive Director, I will manage the Community Grants Fund in this inaugural year. I will enlist the assistance of a graphic designer in creating simple marketing pieces for the program (flyer and poster). ShakeTech will assist in preparing the online application and the technical aspects of preparing applications for review. I have also included in the 2016-2017 budget funds to cover the hiring of a consultant to assist in the administration of the program, particularly the intake and preparation of applications for the review process and the first stage of review (verifying eligibility). The budget allows for a consultant for an average of 15 hours a week over the five months from the opening of the application period to the completion of the review and selection process. I may not need this level of assistance, but the budget allows for it if necessary.

#### **Pilot Program**

The first grant cycle should be envisioned as a pilot program. Just as we have with the Scholarship Program, we will learn much in our first iteration of running the Community Grants Fund and will be able to take the lessons learned in the first grant cycle to improve the program in future years. As such, the Committee's intent in the program proposal being presented to the Board on June 1 is to make the structure and administration of the program relatively simple and straightforward.

#### **Recommendation**

I recommend that the Board approve the attached resolution creating the Community Grants Fund, with a 2016-2017 fiscal year budget of \$200,000 for grant awards.

# SAN BRUNO

Community Foundation

## Memorandum

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I would like to thank Committee Chair Pat Bohm and Committee Member Emily Roberts for the significant amount of thought and time they put into the creation of this program proposal over the past several months.

### Attachments:

1. Resolution Creating Community Grants Fund and Approving 2016-2017 Fiscal Year Program Budget
2. Exhibit A: Community Grants Fund Program Description

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

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
CREATING COMMUNITY GRANTS FUND AND APPROVING 2016-2017 FISCAL  
YEAR PROGRAM BUDGET**

**WHEREAS**, the Board of Directors of the San Bruno Community Foundation seeks to begin using the restitution funds to benefit the San Bruno community;

**WHEREAS**, the Foundation's Program Strategy Framework, as approved by the Board of Directors in October 2015, outlines eleven focus areas for the Foundation's program activities, including publicly owned community facilities; community health and safety; sports and recreation; education; youth activities; public spaces, parks, and open space; community-building; human and social services for all; economic vitality; intra-San Bruno transit; and healthy, stable, and affordable housing;

**WHEREAS**, on November 4, 2015, the Board created the Ad Hoc Committee on Foundation Program Development and directed it to research and prepare a proposal for the creation of a responsive grants program to support local community organizations consistent with the Program Strategy Framework;

**WHEREAS**, the Committee, with the assistance of staff, has consulted with various grantmaking resources and developed a proposal for the creation of the Community Grants Fund, which is outlined in the Program Description attached as Exhibit A; and

**WHEREAS**, the proposal calls for the program to be launched in the summer of 2016 and to award its first grants by the end of the year.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors authorizes the creation of the Community Grants Fund as outlined in the Program Description attached as Exhibit A.

**RESOLVED FURTHER** that the Board of Directors approves a program disbursement budget of \$200,000 in grant awards through the Community Grants Fund in the 2016-2017 fiscal year.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

# **SAN BRUNO**

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## **Community Foundation**

### **Community Grants Fund Program Description**

May 27, 2016

#### **Background**

On September 9, 2010, a high-pressure natural gas pipeline owned and operated by Pacific Gas and Electric Company (PG&E) exploded in San Bruno's Crestmoor neighborhood, resulting in a major fire and ultimately destroying 38 homes, killing eight people, and injuring 66 more. In the aftermath of the disaster, the City of San Bruno pursued a restitution settlement from PG&E, successfully obtaining a settlement of \$70 million to benefit all of San Bruno. The City created the San Bruno Community Foundation to administer the restitution funds for the long-term benefit of the San Bruno community.

As one of its first program initiatives, the Foundation is creating the Community Grants Fund to support San Bruno community organizations. This responsive grantmaking program will allow local community groups to apply for grant funding to support new or existing programs that benefit the San Bruno community in one of the 11 focus areas identified in the Foundation's Program Strategy Framework (see list below under "Funding Guidelines").

#### **Grant Cycle and Timeline**

The Community Grants Fund will operate annually. In its first iteration, the program will follow the following schedule:

- By July 1, 2016: Application will be available at [www.sbcf.org](http://www.sbcf.org)
- September 30, 2016: Application deadline
- October-November 2016: Review process
- December 7, 2016: Grant awards approved by SBCF Board of Directors
- December 2016-January 2017: Grant awards distributed

Grants will be awarded for projects and programs to be undertaken in the 2017 calendar year.

#### **Program Budget**

For the 2016-2017 grant cycle, the Foundation will award grants to multiple organizations totaling \$200,000.

#### **Applicant Eligibility**

The Community Grants Fund is generally open to the following types of organizations that engage in activities to benefit the San Bruno community:

- 501(c)(3)<sup>1</sup> public charities
- 501(c)(4), 501(c)(5), and 501(c)(6) organizations that meet the public support tests described in 509(a)(2)
- Governmental units that are described in 170(b)(1)(A)

Notwithstanding the list above, entities not eligible for Foundation funding include supporting organizations, public safety organizations, political organizations, organizations that the Foundation is prohibited by law from funding with public funds, and any organization that unlawfully discriminates in violation of state or federal law, including on the basis of race, ethnicity, nationality, gender, disability, sexual orientation, gender identity, age, or religion.

Individuals are not eligible to apply for grants in connection with the Community Grants Fund.

The Foundation recommends that any organizations with questions about their eligibility for a grant in connection with the Community Grants Fund, particularly 501(c)(4), 501(c)(5), and 501(c)(6) organizations, contact Foundation staff *prior* to completing an application.

### **Funding Guidelines**

**Grant Size:** The Foundation has the discretion to determine the amount of each grant in connection with the Community Grants Fund. Grants to an organization will not exceed \$25,000 in a grant cycle. Requested grant amounts must be substantiated by a project or program budget.

A single organization may apply for funding for more than one project or program, but must complete a separate application for each program or project for which it is seeking a grant. Please note that a single organization is unlikely to receive funding for more than one project or program in a given grant cycle.

For the 2016-2017 grant cycle, the Foundation intends to award, in connection with the Community Grants Fund, multiple grants that benefit a diverse cross-section of the San Bruno community. The number of grants provided will depend on a number of factors, including the number and quality of applications received. The Foundation may elect to fund proposals at less than the requested amount.

**Duration and Frequency of Grant Awards:** Grant awards are to be used within a one-year period (the 2017 calendar year for the first cycle of grants). Grantees will be able to apply for funding for the same project or program for up to three consecutive years. After three years of consecutive funding for a particular project or program, the grantee is required to wait at least one year before reapplying for funding for that project or program. The grantee would be able to apply for funding in the fourth year for a different project or program.

**Activities Eligible for Funding:** The Foundation will fund three categories of activity:

- Projects (temporary, produces specific results) or programs (group of inter-related projects managed together on ongoing basis)
- Capital projects (purchase or construction of capital assets)
- Capacity-building efforts (to assist organizations in carrying out their missions more effectively)

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<sup>1</sup> All numerical references are to specific sections of the Internal Revenue Code.

The Foundation will not directly fund the following: (1) existing deficits, (2) direct contributions to restricted endowments, (3) lobbying or political activity, and (4) religious activity that government agencies are legally prohibited from funding.

**Funding Priorities:** Applications must be for programs or projects that (1) benefit the San Bruno community and (2) fall within one of the eleven focus areas outlined in the Foundation’s Program Strategy Framework:

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

### **Application Process**

The Community Grants Fund will utilize an online application accessible through the Foundation’s website at [www.sbcf.org](http://www.sbcf.org). The application will require applicants to provide information about the organization requesting funding, the project or program to be funded, how it falls into one or more of the SBCF focus areas, and the anticipated benefits of the project/program to the San Bruno community.

All Applications, including all supporting documentation, are due to the Foundation no later than 5:00 p.m. on Friday, September 27, 2016. Applications must be submitted through the Foundation’s online portal.

The Foundation will offer at least two workshops on submitting an application for the Community Grants Fund. The workshops will explain the application process and allow applicants to ask questions.

In addition, prior to submitting an application, applicants will be allowed to contact Foundation staff to inquire about their organization’s eligibility to apply for a grant, particularly non-501(c)(3) entities. Foundation staff will provide assistance in determining and organization’s eligibility to help an organization determine whether or not to submit an application. In order to maintain a fair selection process, however, Foundation staff will not provide any feedback regarding the merits of an applicant’s proposal.

### **Selection Process**

The Foundation’s Board of Directors will select and approve all Community Grant Fund awards in its sole discretion.

The Foundation’s Executive Director, with the assistance of a grants review panel, will make recommendations on grant awards to the Board of Directors after a thorough review process. The first step in the review process will involve verifying that the applicant and the proposed project or program meet all established eligibility requirements. The review process will also evaluate a variety of factors for each proposal, including but not limited to:

- The benefits of the proposed project or program to the San Bruno community
- The proposal's alignment with one of the Foundation's focus areas
- Project/program methodology and budget
- Requested grant amount in relation to the anticipated community benefit
- Organizational track record, stability, and financial health

Appointed by the Executive Director, the grants review panel will consist of 3-5 individuals with experience in nonprofit grantmaking. Members of the review panel will be required to sign a Conflict of Interest Statement, consistent with the Foundation's Conflict of Interest Policy, as well as a Confidentiality Statement. The Conflict of Interest Statement will require them to disclose any relationships they may have with applicant organizations, and they will be recused from reviewing those applications.

### **Conditions of Grants**

Prior to receipt of a grant, grantees will be required to sign a Grant Agreement and agree to comply with certain terms and conditions set forth by the Foundation, including but not limited to the following:

- Within 60 days of the conclusion of the applicable grant period, provide the Foundation with a year-end report documenting the use of the grant funds and describing programmatic accomplishments.
- Acknowledge the San Bruno Community Foundation on all printed materials and all publicity related to activities supported by Foundation grants.
- Immediately notify the Foundation of: (1) any changes in grantee's tax-exempt status; (2) grantee's inability to expend the grant for the specified grant purposes; and (3) any expenditures of grant funds made for any purpose other than the intended grant purposes.
- Provide requested documentation, including financials or evidence of tax-exempt status.
- Within 60 days, report to the Foundation regarding any major changes in personnel or volunteers that would affect the grantee's ability to carry out the funded project or program.

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Report from the Ad Hoc Committee on Program Strategy Development Regarding Proposals to the San Bruno City Council Related to Near-Term Projects

As you know, in early January, the Foundation proposed to the City of San Bruno a partnership on four strategic projects for 2016:

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

As reported previously by the Ad Hoc Committee on Program Strategy Development, which consists of Chair Nancy Kraus and Committee Members Frank Hedley and Dr. Regina Stanback Stroud, the Foundation has reached agreement in concept with the City for the \$30,000 Community Day grant and \$25,000 for the Community Facilities Plan pre-planning process. The City Council has expressed enthusiasm for moving forward on all four projects.

At the June 1 Board meeting, the Committee will report on updates regarding these projects.

# SAN BRUNO

## Community Foundation

### Memorandum

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

First, as was previously reported, the City retained the services of ABA to conduct a pre-planning process to determine the scope of the Community Facilities Vision Plan. Mayor Jim Ruane, Councilmember Irene O'Connell, City Manager Connie Jackson, key members of the City's Community Services staff, President Kraus, and I participated in the pre-planning meetings. The City continues to work with ABA on the details of the pre-planning report and hopes to move forward with the full Community Facilities Vision Plan this summer, which will include engaging the community in conversation similar to the Foundation's 2015 Community Listening Campaign.

#### **2. Community Day**

City staff continues its preparations for Community Day, which will be held on June 5 in conjunction with the Lions Club's annual Posy Parade.

Now that the Foundation has taken possession of the balance of the restitution funds, the Foundation plans to issue grant checks to the City for the Community Facilities Vision Plan pre-planning process (\$25,000) and Community Day (\$30,000) by the end of the fiscal year (June 30). With the assistance of outside counsel and the City Attorney, I am in the final stages of developing Grant Agreements for both grants, which will become the template for grants issued through the Community Grants Fund and other similarly sized strategic grants.

#### **3. Pedestrian Safety Improvements**

The City has enlisted the assistance of a traffic engineer to look at circulation paths in the downtown area and near schools in order to propose various pedestrian safety improvements in those areas to be funded by Foundation funds.

#### **4. Florida Avenue Park Development**

On May 24, the City Council approved a demolition contract for the 324 Florida Avenue site, which the City previously purchased for development. Demotion of the structures on the site is expected to be completed in the fourth quarter of 2016. The proposed capital budget that the City Council will consider in June will include \$425,000 in City funds to cover park design and construction costs beyond the Foundation's proposed \$200,000 contribution. The City also intends to begin a conceptual design process for the park in June, which will include at least two community meetings.

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** 2016-2017 SBCF Budget

Under our Bylaws, the Foundation's fiscal year runs from July 1 to June 30, and its annual budget must be approved by the San Bruno City Council. With the current fiscal year soon coming to a close, at the June 1 Board meeting I will present to the Board for approval the 2016-2017 budget, which will then be submitted to the City Council for consideration at its June 28 meeting.

In developing this budget, I am guided by the principles of transparency and economy. As prudent stewards of the restitution funds, we want to communicate our decisions and activities with the community and have accordingly provided ample budget to do so. At the same time, we will be cost-conscious in all categories of expenses.

This budget will be the first presentation of a new format. We will have taken full possession of the restitution funds by the end of this fiscal year, so actual operating income for 2016-2017 will be negligible (interest income on the Wells Fargo bank accounts and investment income on the Fidelity Liquidity Pool account). As a result, we have added a new section to the budget report to show Transfers from Net Assets – that is, Quasi-Endowment Payout and funds from the Strategic Pool. The combination of Operating Income and Transfers from Nets Assets provides the Funds Available for Operations for the year.

On the Expense side, the budget report shows a breakdown of the three main categories of Direct Program Expenses: Crestmoor Scholarships, Community Grants Fund, and Strategic Grants. (For the current fiscal year, we lumped these three categories into one expense line.) These lines show the budgeted program disbursements for each program category. The other Expense lines remain the same as in the current year's budget reports.

Below I briefly explain each line item in the budget. We are currently projecting expenses of \$1,345,290. Our goal in this budget is to end the year with a Net Surplus of \$0, thus requiring Transfers from Net Assets to be \$1,345,290. While most nonprofit budgets are income-driven, the Foundation's budget, particularly in the 2016-2017 fiscal year, is expense-driven. As a result, I will discuss the Expense lines first.

# SAN BRUNO

## Community Foundation

### Memorandum

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#### Direct Program Expenses

- Crestmoor Scholarships: This line keeps the budget for the 2017 Crestmoor Neighborhood Memorial Scholarship at the 2016 level (\$100,000). I will likely recommend that the Board have a discussion in January 2017, after the first Community Grants Fund cycle is complete, to consider making any adjustments to the program disbursement budget for the Crestmoor Scholarship and the Community Grants Fund in 2017. I believe it will be important to make such adjustments after both programs have concluded their first complete cycle and we can better evaluate the community demand and support for both programs.
- Community Grants Fund: The Board has already preliminarily earmarked \$200,000 for the first cycle of the Community Grants Fund, and it will formally approve the 2016-2017 program budget on June 1.
- Strategic Grants: This line assumes that the Foundation will officially commit to the remaining balances on the near-term project grants proposed to the City of San Bruno in January 2016: \$170,000 for pedestrian safety improvements, \$275,000 for the Community Facilities Vision Plan, and \$200,000 for the development of a new park at 324 Florida Avenue. The budget allotment also allows the Foundation to again sponsor Community Day up to the \$30,000 level, after we assess the results of this year's grant.

#### Direct Personnel Expenses

- Salaries & Wages: This line reflects the Executive Director's salary. To the extent that additional staffing is needed, I anticipate that the Foundation will utilize consultants rather than employees and therefore have not increased this line to cover additional staff.
- Payroll Taxes & Benefits: This line reflects payroll taxes and benefits for the Executive Director. Benefits include retirement plan contribution, life insurance, and vacation accruals.

#### Non-Personnel Support Costs

- Occupancy: This line reflects our current office lease rate of \$1,064.25 per month, with an estimated 17% increase for the final three months of the fiscal year (same increase from 2015 to 2016). Our lease terminates on March 31, 2017, and we will need to renew the lease toward the end of the lease term.
- Insurance: This line is based on the Foundation's current commercial general liability, property, auto, and directors and officers liability insurance policies

# SAN BRUNO

## Community Foundation

### Memorandum

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(\$13,876), which have an annual renewal date of March 21. It also includes the Foundation's crime insurance policy (\$2,822), which have an annual renewal date of May 27. The 2016-2017 budget number is barely higher than the expected 2015-2016 year-end total, due to an extremely modest increase in premiums upon renewal.

- Telecommunications: This line includes continuation of the Executive Director's cell phone expenses (\$768), broadband Internet access for the office (\$576), and the office landline (\$384).
- Postage & Shipping: This line includes office postage (\$300) as well as the projected postage required for a "report to the community" mailing (nonprofit rate) to all San Bruno addresses (\$3,887).
- Marketing & Communications: This line covers the projected printing costs associated with the above-mentioned report to the community (\$10,500). It also includes funds for graphic design services (\$2,500), flyer/poster printing for the Community Grants Fund (\$1,000), flyer/poster printing for the Crestmoor Scholarships (\$1,000), other printing (such as business cards and banners - \$200), website and e-newsletter costs (\$268), and costs associated with online grant and scholarship applications (\$510).
- Office Supplies: This line estimates \$200 monthly office supply expenses and includes computer backup expenses and QuickBooks accounting software fees.
- Office Equipment & Furniture: This line allows for the possible purchase of various pieces of office equipment, including paper shredder, microwave, and small refrigerator.
- Legal Fees: Because legal advice will continue to be important as we launch the Community Grants Fund and consider new grants, I have budgeted outside counsel costs of \$1,300 month. This line also includes reimbursement of five percent of the City Attorney's time, based on an hourly rate of \$165.20, or \$17,181 per year.
- Auditor & Payroll Fees: The payroll fees (\$1,440) are based on our current arrangement with our payroll vendor (Paychex). We have budgeted \$9,500 for audit and tax preparation services, the maximum allowed under the Foundation's contract with Novogradac & Company.
- Other Consultants: This line includes \$21,800 (\$1,800 per month) for the accounting consultant/full charge bookkeeper (slight increase over 2015-2016 to reflect increased program activity) \$13,000 for the IT consultant (to build and refine grant and scholarship online applications and databases as well as manage IT

# SAN BRUNO

## Community Foundation

### Memorandum

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maintenance), \$500 for 403(b) retirement plan consultant (in case assistance is needed for annual filing), \$1,000 for translation services (for flyers and report to the community), and \$25,000 for program consultants (to assist with management of the Crestmoor Scholarship and Community Grants Fund programs). Please note that this budget eliminates the line for an investment consultant, as fees paid to Sand Hill Global Advisors will be taken out of investment income (2015-2015 investment consultant expenses are included in the Other Consultants line).

- Travel, Meetings & Conferences: This line includes \$5,160 for monthly Board meeting room rental and audio recording expenses, \$300 for miscellaneous meeting room rentals, \$1,000 for meeting related refreshments and food, and \$750 for miscellaneous conference, training, and meeting expenses.
- Miscellaneous: We have budgeted \$3,000 for miscellaneous expenses that may arise. This line covers such items as professional organization membership fees (such as the San Bruno Chamber of Commerce, Thrive: Alliance of Nonprofits, and CalNonprofits) and government/agency taxes and fees.

#### Operating Income

- Restitution Funds: We do not anticipate any further inflows from the City from the restitution settlement funds.
- Interest Income: This line includes the investment income from the Fidelity Liquidity Pool account and interest earned on the Wells Fargo operating bank accounts.

#### Transfers from Net Assets

- Quasi-Endowment Payout: Under the Investment Operating Plan, the Board approved \$0 payout from the Quasi-Endowment Pool for 2016-2017 to allow the Quasi-Endowment to grow before making any withdrawals.
- Strategic Pool: Because we will have no payout from the Quasi-Endowment in 2016-2017, virtually all of the Foundation's expenses will be funded out of the Strategic Pool for the year. This line reflects the amount needed to balance the budget (Total Expenses minus Operating Income). Procedurally, the monthly internal financial reports will show the Foundation accruing one-twelfth of the Strategic Pool Transfer from Net Assets. To the extent that this budget overestimated actual expenses and we end the year with a positive Net Surplus, that amount will be returned to Net Assets at the end of the fiscal year.

This budget presents a realistic view of the Foundation's expenses for 2016-2017 as projected at this time. For purposes of comparison, this budget includes the revised

# SAN BRUNO

## Community Foundation

### Memorandum

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budget and year-end projected actuals for the 2015-2016 fiscal year. Support Costs only increase slightly from the 2015-2016 year-end projection to the 2016-2017 budgeted amount. Direct Personnel Expenses will stay exactly at the projected 2015-2016 level for 2016-2017. Non-Personnel Support Costs will increase a relatively modest \$40,000, which is primarily accounted for by the possible addition of program consultants, reimbursement for the City Attorney's services, and postage and marketing costs related to a citywide "report to the community" mailing. Moreover, many of the expense lines are generous estimates, and actual costs may be lower than the budget projections.

I recommend that the Board adopt the attached resolution approving the 2016-2017 Foundation budget.

Attachments:

1. Resolution Approving 2016-2017 Budget
2. Exhibit A: 2016-2017 Proposed Budget

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

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
APPROVING 2016-2017 BUDGET**

**WHEREAS**, the San Bruno Community Foundation's next fiscal year will begin on July 1, 2016;

**WHEREAS**, prudent financial management of the Foundation's finances requires the creation of an annual budget prior to the start of the fiscal year;

**WHEREAS**, Article XVI(c) of the Foundation's Bylaws require that the Foundation's annual budget be approved by the San Bruno City Council;

**WHEREAS**, the Foundation has taken possession from the City of San Bruno of the PG&E restitution funds resulting from the 2010 gas pipeline explosion in San Bruno's Crestmoor neighborhood, totaling nearly \$70 million; and

**WHEREAS**, the proposed 2016-2017 budget as attached in Exhibit A reflects decisions about program initiatives and investment strategy that the Foundation's Board of Directors has made.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves the 2016-2017 Foundation budget attached as Exhibit A.

**FURTHER BE IT RESOLVED** that the Board of Directors directs the Executive Director to submit the budget to the San Bruno City Council for consideration and approval.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

# SAN BRUNO

## Community Foundation

### 2016-2017 Proposed Budget

	Revised <u>2015-16 Budget</u>	April 2016 <u>Actual</u>	May-June 16 <u>Projected</u>	Projected <u>2015-16</u>	Proposed <u>2016-17 Budget</u>	Change vs. <u>2015-16 Actual</u>
<b>INCOME</b>						
1 Restitution Funds	\$ 69,678,944	\$ 206,000	\$ 69,523,017	\$ 69,729,017	\$ -	\$ (69,729,017)
2 Interest Income	200	28	667	695	4,000	3,305
<b>3 Subtotal Operating Income</b>	<b>69,679,144</b>	<b>206,028</b>	<b>69,523,684</b>	<b>69,729,712</b>	<b>4,000</b>	<b>(69,725,712)</b>
<b>TRANSFERS FROM NET ASSETS</b>						
4 Quasi-Endowment Payout	-	-	-	-	-	-
5 Strategic Pool	-	-	-	-	1,341,290	1,341,290
<b>6 Subtotal Transfers from Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,341,290</b>	<b>1,341,290</b>
<b>7 FUNDS AVAILABLE FOR OPERATIONS</b>	<b>69,679,144</b>	<b>206,028</b>	<b>69,523,684</b>	<b>69,729,712</b>	<b>1,345,290</b>	<b>(68,384,422)</b>
<b>EXPENSES</b>						
8 Crestmoor Scholarships	100,000	-	100,000	100,000	100,000	-
9 Community Grants Fund	200,000	-	-	-	200,000	200,000
10 Strategic Grants	700,000	55,000	-	55,000	675,000	620,000
<b>11 Subtotal Direct Program Expenses</b>	<b>1,000,000</b>	<b>55,000</b>	<b>100,000</b>	<b>155,000</b>	<b>975,000</b>	<b>820,000</b>
12 Salaries & Wages	225,000	145,833	29,167	175,000	175,000	-
13 Payroll Taxes & Benefits	38,556	20,409	4,613	25,022	25,022	-
<b>14 Subtotal Direct Personnel Expenses</b>	<b>263,556</b>	<b>166,242</b>	<b>33,780</b>	<b>200,022</b>	<b>200,022</b>	<b>-</b>
15 Occupancy	11,050	9,249	2,129	11,378	13,314	1,936
16 Insurance	16,799	13,791	2,840	16,631	16,698	67
17 Telecommunications	2,856	1,186	352	1,538	1,728	190
18 Postage & Shipping	4,187	309	75	384	4,187	3,803
19 Marketing & Communications	15,500	2,017	1,500	3,517	15,978	12,461
20 Office Supplies	2,760	1,266	150	1,416	2,832	1,416
21 Office Equipment & Furniture	4,300	1,886	135	2,021	1,000	(1,021)
22 Legal Fees	30,000	22,536	4,000	26,536	32,781	6,245
23 Auditor & Payroll Fees	7,781	7,359	231	7,590	10,940	3,350
24 Other Consultants	60,750	45,443	7,048	52,491	61,100	8,609
25 Travel, Meetings & Conferences	10,000	4,901	1,200	6,101	7,210	1,109
26 Miscellaneous	3,000	690	230	920	2,500	1,580
<b>27 Subtotal Non-Personnel Support Costs</b>	<b>168,983</b>	<b>110,633</b>	<b>19,890</b>	<b>130,523</b>	<b>170,268</b>	<b>39,745</b>
<b>28 TOTAL EXPENSES</b>	<b>1,432,539</b>	<b>331,875</b>	<b>153,670</b>	<b>485,545</b>	<b>1,345,290</b>	<b>859,745</b>
<b>29 NET SURPLUS</b>	<b>\$ 68,246,605</b>	<b>\$ (125,847)</b>	<b>\$ 69,370,014</b>	<b>\$ 69,244,167</b>	<b>\$ -</b>	<b>\$ (69,244,167)</b>

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Resolution Approving Adjustments to Distribution of Funds in Investment Accounts

On April 26, 2016, the San Bruno City Council approved transfer of the balance of the restitution funds (approximately \$69.7 million) from the City to the Foundation.

On May 4, 2016, the Foundation Board of Directors approved the following distribution into the three Fidelity brokerage accounts upon receipt of the restitution funds from the City:

- \$15 million to the Quasi-Endowment Pool
- \$2 million (as a placeholder for the 2016-2017 budget) to remain in the Liquidity Pool
- The remaining balance to the Strategic Pool

To meet the Foundation's liquidity needs, the plan was to make a further adjustment – likely moving funds from the Liquidity Pool to the Strategic Pool so that the remaining balance in the Liquidity Pool would equal total expenses in the 2016-2017 budget – once the budget is approved on June 1.

About \$1.24 million of the restitution funds (which accounted for the proceeds from the sale of land that was part of the original settlement from PG&E) were sitting in the City's bank account at First National Bank. On May 19, 2016, those funds – totaling \$1,244,831 – were wired from the City's bank account to the Foundation's Liquidity Pool account.

The remaining balance of the restitution funds (approximately \$68.46 million) were sitting in a City investment account with Wells Fargo Advisors. Upon the advice of Sand Hill Global Advisors, we elected to have the assets in the Wells Fargo account transferred to the Foundation's Fidelity account in kind, in order to save the Foundation in fees and commissions. Because the transfer involved two separate entities with different tax identification numbers (the Foundation and the City) and two separate financial institutions, the transfer needed to be a two-step process, where the City first transferred the assets in kind to a Fidelity account opened in its name and then

# SAN BRUNO

## Community Foundation

### Memorandum

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transferred the assets in kind from its Fidelity account to the Foundation's Fidelity Liquidity Pool account.

On May 23, 2016, the remaining restitution funds totaling \$68,398,854.86 were transferred in kind from the City's Fidelity account to the Foundation's Fidelity Liquidity Pool account. As a result, the Foundation's Liquidity Pool account balance on May 23 was \$69,643,685.86. Following the Board's direction, the Sand Hill team distributed the funds to the three Fidelity accounts on May 24, as follows:

- Quasi-Endowment Pool: \$15,000,000.00
- Strategic Pool: \$52,642,134.06
- Liquidity Pool: \$2,000,000.00

Please note that since the funds are not all in cash – most of the funds are held in CDs and fixed income products like government bonds – the value of the portfolio varies from day to day, which explains the discrepancy between the Liquidity Pool account balance on May 23 and the total balance of the three accounts on May 24.

Total expenses in the proposed 2016-2017 budget that the Board will consider on June 1 are \$1,345,290. As such, in following the Board's intent on May 4 to have the balance in the Liquidity Pool equal total expenses in the 2016-2017 budget, I recommend that the Board approve the attached resolution authorizing me as Executive Director to direct Sand Hill Global Advisors to adjust the distribution of the funds in the Liquidity Pool account and the Strategic Pool account so that the remaining balance, at the time of the adjustment, in the Liquidity Pool account is equal to total expenses in the Foundation's 2016-2017 budget as passed by the Board (\$1,345,290) and that any excess funds above that amount are transferred to the Strategic Pool account.

The transfer of assets from the City's Wells Fargo Advisors account to the Foundation's Fidelity Liquidity Pool account had one minor hiccup: Fidelity was unable to transfer one \$200,000 CD with a September 2017 maturity date. After consultation with the City Treasurer, Sand Hill recommended that the Foundation liquidate the CD so that the proceeds could be transferred immediately to the Foundation's account in cash. Sand Hill confirmed that the CD could be liquidated without penalty, so that the Foundation would not suffer any losses on the transaction. I consulted with President Nancy Kraus and Treasurer Ben Cohn, and we agreed to follow Sand Hill's recommendation and request that the CD be liquidated and its proceeds transferred in cash.

In addition, since the May 23 transfer, the City's Fidelity account has received several small interest payments owed to the Foundation. Sand Hill plans to do a final sweep of residual cash, including the proceeds from the sale of the CD, in the City's Fidelity account in late June, so that the Foundation can close its fiscal year books with a complete accounting of the transfer of restitution funds. Consistent with the direction

# SAN BRUNO

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given in the attached resolution, Sand Hill will be instructed to move these residual funds, upon their arrival to the Foundation's Liquidity Pool account, to the Strategic Pool account.

I would like to thank City Treasurer John Marty and City Finance Director Angela Kraetsch for their assistance and cooperation in managing the transfer of the restitution funds. I would also like to thank Sand Hill's Kristin Sun for expertly overseeing all aspects of the funding of the Foundation's Fidelity accounts.

### Attachments:

1. Resolution Approving Adjustments to Distribution of Funds in Investment Accounts

## RESOLUTION NO. 2016-\_\_

### RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION APPROVING ADJUSTMENTS TO DISTRIBUTION OF FUNDS IN INVESTMENT ACCOUNTS

**WHEREAS**, the San Bruno Community Foundation's Investment Policy Statement, which the Foundation's Board of Directors approved on April 6, 2016, and the San Bruno City Council approved on April 26, 2016, establishes three pools of investment funds – (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, and (3) a Liquidity Pool to act as a holding account for expenditures planned in the subsequent 0-24 months from deposit;

**WHEREAS**, the Foundation Board also authorized the establishment and opening of three brokerage accounts with Fidelity Investments, one for each of the three pools of investment funds;

**WHEREAS**, on April 26, 2016, the City Council authorized the transfer of the remaining balance of the restitution funds from Pacific Gas & Electric Company resulting from the tragic 2010 gas pipeline explosion in San Bruno's Crestmoor Neighborhood to the San Bruno Community Foundation;

**WHEREAS**, on May 4, 2016, the Board authorized the following distribution of restitution funds immediately following receipt from the City of San Bruno to the three Fidelity brokerage accounts:

- (1) \$15,000,000 in the Quasi-Endowment Pool account,
- (2) \$2,000,000 in the Liquidity Pool account, and
- (3) The balance in the Strategic Pool account;

**WHEREAS**, pursuant to that authorization, on May 24, 2016, after the Foundation's Liquidity Pool account had received in-kind transfers of the restitution funds from the City's custodial accounts, Sand Hill Global Advisors, the Foundation's investment adviser, distributed the funds to the three Fidelity brokerage accounts as follows:

- (1) Quasi-Endowment Pool account: \$15,000,000,
- (2) Liquidity Pool account: \$2,000,000, and
- (3) Strategic Pool account: \$52,642,134; and

**WHEREAS**, to meet the Foundation's liquidity needs, the Board seeks to have the balance in the Liquidity Pool account equal total expenses in the Foundation's 2016-2017 budget as passed by the Board today.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors authorizes Executive Director Leslie Hatamiya to direct Sand Hill Global Advisors to adjust the distribution of the funds in the Liquidity Pool account and the Strategic Pool account so that the remaining balance, at the time of the adjustment, in the Liquidity Pool account is equal to total expenses in the Foundation's 2016-2017 budget as passed by the Board (\$1,345,290) and that any excess funds above that amount are transferred to the Strategic Pool account.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

# SAN BRUNO

## Community Foundation

### Memorandum

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**DATE:** May 27, 2016

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

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Resolution Creating and Appointing Members to Investment Committee

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 as the Foundation's investment adviser. On April 6, 2016, the Board approved the Foundation's Investment Policy Statement, as the high-level policy document governing the Foundation's investment practices. The San Bruno City Council also approved the Investment Policy Statement on April 26, 2016.

Also on April 6, 2016, the Board authorized the establishment of three brokerage accounts (for the Quasi-Endowment, Strategic, and Liquidity Pools) with Fidelity Investments; designated Treasurer Ben Cohn, President Nancy Kraus, and Executive Director Leslie Hatamiya to serve as SBCF's authorized signatories on the Fidelity accounts; established requirements related to the transfer of funds from the Fidelity accounts to the Foundation's operating bank accounts; and passed a resolution formally requesting the San Bruno City Council to authorize transfer of the remaining balance of the restitution funds to the Foundation.

On May 4, 2016, the Board approved the Investment Operating Plan between the Foundation and Sand Hill Global Advisors. The Investment Operating Plan follows the principles outlined in the Investment Policy Statement and provides detailed instructions to Sand Hill regarding ongoing management of the three pools of money, including specific asset allocation targets and ranges, as well as guidelines regarding payout and withdrawals. The Board also authorized the preliminary distribution of the restitution funds, upon receipt in the Foundation's Fidelity Liquidity Pool account, to the three pools and approved revised Fiscal Policies and Procedures that include provisions for the handling of the Foundation's investment accounts.

The final recommendation of the Ad Hoc Committee on Investment Strategy regarding ongoing oversight of investment services and activities is the creation of an Investment Committee. By including non-Director members in addition to appointed Board members, this Committee would take advantage of finance and investment management expertise outside the Board to bolster the Foundation's investment management oversight responsibilities. The Investment Committee is referenced in the

# SAN BRUNO

## Community Foundation

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Investment Policy Statement as an advisory body involved in the Foundation's investment management.

Pursuant to Article VII, Section 3, of the Foundation's Bylaws and as outlined in the attached Investment Committee Charter, the attached resolution would create an advisory committee consisting of five members: the Board Treasurer, one other Director member, and three non-Director members with experience in finance and investment management. The Treasurer would serve in an ex officio capacity as the Committee's Chair. All other Committee members would be appointed by the Board to serve two-year terms commencing on the first day of the Foundation's fiscal year (July 1) and terminating 24 months later on the last day of the Foundation's fiscal year (June 30). Because continuity of the Committee membership would serve the Board well, the Board would be permitted to re-appoint Committee members to serve consecutive terms. The Committee would meet at least quarterly, and because it would be a standing committee, its meetings would be subject to the open meeting provisions of the Brown Act.

As originally set forth in the Investment Policy Statement the Committee's duties would include:

- Reviewing at least annually the Foundation's Investment Policy Statement and Investment Operating Plan and monitor compliance with both documents;
- Reviewing the long-term asset allocation of each of the Foundation's three pools of investment funds (Quasi-Endowment Pool, Strategic Pool, and Liquidity Pool);
- Monitoring the performance and risk profile of the investment assets of the Foundation as a whole, including each pool of funds;
- Reviewing and addressing all potential conflicts of interest in accordance with the Foundation's Conflict of Interest Policy; and
- Monitoring the Foundation's external investment adviser.

Under the resolution, the Board would appoint – in addition to Treasurer Ben Cohn who will serve as Chair of the Investment Committee by virtue of his position as Foundation Treasurer – Vice President Frank Hedley as the other Director member of the Committee and Anthony Clifford, Mark Hayes, and Georganne Perkins as the three non-Director Committee members to two-year terms commencing on July 1, 2016, which is the start of the 2016-2017 fiscal year.

Serving in a volunteer capacity, Mr. Clifford, Dr. Hayes, and Ms. Perkins would bring a valuable combination of endowment and other investment management experience,

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## Community Foundation

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business acumen, and community engagement to the Investment Committee. The Foundation would be very well served to benefit from their contributions on the Investment Committee.

Mr. Clifford is a longtime resident of San Bruno who has had an extensive career at First National Bank of Northern California, including serving as Executive Vice President, Chief Operating Officer, and a member of the bank's Board of Directors since 2002. A graduate of St. Mary's College of California, Mr. Clifford has been an engaged member of the San Bruno and San Mateo County communities. He has been active at St. Robert's Catholic Church, held leadership positions at St. Robert Catholic School, served on Skyline College's President's Advisory Council and the San Mateo County Event Center Board of Directors, been a member of the South San Francisco Chamber of Commerce, chaired South San Francisco Scholarships for Higher Education, and volunteered for numerous San Bruno youth sports organizations.

Dr. Hayes has been intimately engaged in the development of the Foundation's investment-related activities, initially serving as a pro bono advisor on endowment scenarios and the drafting of the Request for Proposals for Investment Management Services and eventually transitioning to a paid consultant role through which he provided invaluable assistance in reviewing the proposals received in response to the RFP and in developing the Investment Policy Statement and the Investment Operating Plan. As a member of the Investment Committee, Dr. Hayes would transition back to serving the Foundation in a volunteer capacity, and his continued involvement will provide important continuity as the Foundation carries out its investment strategy. With a Ph.D. in energy economics from Stanford University, Dr. Hayes is a former managing director of the Stanford Management Company, the investing arm that manages Stanford University's endowment portfolio.

Ms. Perkins is Senior Advisor to Fisher Lynch Capital, a private equity firm investing in buyout funds, venture capital funds, and sponsored co-investments. She joined the firm in 2006 and was Managing Director until 2015. Prior to joining Fisher Lynch, Ms. Perkins had a long career at Stanford, including serving as Director of Private Equity at the Stanford Management Company. Ms. Perkins would bring a wealth of nonprofit investment experience to the Foundation, having served as a Trustee of the YMCA Retirement Fund, a member of the Investment Committee for the Silicon Valley Community Foundation and for Santa Clara University, a member of the Steering Committee for PE Women Investor Network, and Chair Emeritus of the Endowment Management Committee for Saint Francis High School.

I recommend that the Board approve the attachment resolution creating and appointing members to the Investment Committee.

# SAN BRUNO

Community Foundation

## Memorandum

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Attachments:

1. Resolution Creating and Appointing Members to Investment Committee
2. Exhibit A: Charter of the Investment Committee

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

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
CREATING AND APPOINTING MEMBERS TO INVESTMENT COMMITTEE**

**WHEREAS**, Article VII, Section 3, of the San Bruno Community Foundation's Bylaws empowers the Foundation's Board of Directors to create advisory committees that may contain any number of Director and non-Director committee members;

**WHEREAS**, the Ad Hoc Committee on Investment Strategy, as part of its charge to make recommendations regarding ongoing oversight of the Foundation's investment services and activities, recommends that the Board of Directors create an Investment Committee consisting of two Director members and three non-Director members who have experience in finance and investment management;

**WHEREAS**, the Foundation's Investment Policy Statement, as approved by both the Foundation's Board of Directors and the San Bruno City Council in April 2016, calls for an Investment Committee that serves as an advisory body and is responsible for providing guidance to the Board on all aspects of the investment management process; and

**WHEREAS**, the Foundation has recently taken possession from the City of San Bruno nearly \$70 million in restitution funds resulting from the 2010 gas pipeline explosion in San Bruno's Crestmoor neighborhood.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors hereby creates the Investment Committee Ad Hoc Committee, an advisory body charged with providing guidance to the Board on all aspects of the investment management process, as outlined in the Charter of the Investment Committee attached as Exhibit A; and

**RESOLVED FURTHER**, that the Board of Directors hereby appoints, in addition to Treasurer Ben Cohn who will serve as Chair of the Investment Committee by virtue of his role as Foundation Treasurer, Vice President Frank Hedley as the other Director member of the Committee and Anthony Clifford, Mark Hayes, and Georganne Perkins as the three non-Director Committee members to two-year terms on the Investment Committee commencing on July 1, 2016, which is the start of the 2016-2017 fiscal year.

Dated: June 1, 2016

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1<sup>st</sup> day of June, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

# SAN BRUNO

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## Community Foundation

### Charter of the Investment Committee

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

#### 1. Membership

The Investment Committee is an advisory committee. The Committee shall consist of the Board Treasurer, one other Director member, and three non-Director members whose experience in finance and investment management may assist the Committee and the Board in the performance of their investment oversight responsibilities.

The Treasurer serves on the Committee in an ex officio capacity. All other Committee members shall be appointed by the Board to serve two-year terms commencing on the first day of the Foundation's fiscal year (July 1) and terminating 24 months later on the last day of the Foundation's fiscal year (June 30). The Board may re-appoint Committee members to serve consecutive terms. Director members other than the Treasurer shall be eligible to serve as Committee members until their term on the Board expires.

#### 2. Chair

The Treasurer shall chair the Committee.

#### 3. Scope of Authority

The Committee performs an advisory function, reports to the Board, and is not empowered to approve any decisions on behalf of the Board. With support from the Executive Director, the Committee is responsible for providing guidance to the Board on all aspects of the investment management process. As part of its guidance to the Board, the Investment Committee shall:

- a. Review at least annually the Foundation's Investment Policy Statement and Investment Operating Plan and monitor compliance with both documents;
- b. Review the long-term asset allocation of each of the Foundation's three pools of investment funds (Quasi-Endowment Pool, Strategic Pool, and Liquidity Pool);
- 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 Foundation's Conflict of Interest Policy; and
- e. Monitor the Foundation's external investment manager.

#### **4. Meetings**

The Committee shall meet at least quarterly and shall maintain minutes of all meetings, which shall be regularly approved by the Committee and made available for distribution to the Board and the public. All meetings of the Committee, as a standing committee, 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).