SAN BRUNO
Community Foundation

Board of Directors
Nancy A. Kraus, *President* • Frank Hedley, *Vice President* • Emily Roberts, *Secretary*
Patricia Bohm • John P. McGlothlin • Tim Ross • Regina Stanback Stroud
Leslie Hatamiya, *Executive Director*

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

October 5, 2016
7:00 p.m.

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

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

1. **Call to Order/Welcome**

2. **Announcement:** Appointment of New Board Member Tim Ross by San Bruno Mayor Jim Ruane

3. **Roll Call**

4. **Approval of Minutes:** September 7, 2016, Regular Board Meeting

5. **Presentation:** Recognition of Ben Cohn for Service on the San Bruno Community Foundation Board of Directors

6. **Board Member Comments**

   a. President
   b. Others

7. **Executive Director's Report**

8. **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 (August 2016 Financial Statements)

Board of Directors
Nancy A. Kraus, *President* • Frank Hedley, *Vice President* • Emily Roberts, *Secretary*
Patricia Bohm • John P. McGlothlin • Tim Ross • Regina Stanback Stroud
Leslie Hatamiya, *Executive Director*

9. Conduct of Business

a. Election of Officers

   i. Election of Treasurer for Remainder of 2016 Term
   ii. Discussion of Officer Elections for 2017 Term

b. Receive Report from Ad Hoc Committee on Foundation Program Development Regarding Community Grants Fund and Crestmoor Neighborhood Memorial Scholarship

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

d. Receive Report from Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions and Adopt Resolution Approving Revised Conflict of Interest Policy

e. Receive Report from Audit Committee Regarding Fiscal Year 2015-2016 Audit

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

11. Adjourn

Board of Directors
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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

September 7, 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 7:00 p.m. In memory of those in San Bruno's Crestmoor neighborhood who lost their lives, property and/or sustained personal injury in the devastating gas pipeline explosion that occurred six years ago on September 9, 2010, President Kraus asked for a moment of silence.

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

3. Approval of Minutes: July 6, 2016, Regular Board Meeting: Vice President Hedley moved to approve the minutes of the July 6, 2016, Regular Board Meeting, seconded by Board Member McGlothlin, approved unanimously**.**

4. Board Member Comments

a. President: President Kraus announced that Treasurer Ben Cohn had resigned from the Board effective October 1, although if a new Director has not been appointed by the San Bruno City Council by then, Treasurer Cohn has graciously offered to continue in the role through December. She thanked Treasurer Cohn for his leadership and many other contributions to the Foundation over the past three years and wished him and his family well in their move to the East Bay. Reminding the Board that the City Council is responsible for appointing Directors, including filling mid-term vacancies, she reported that she and Executive Director Hatamiya asked the Mayor to work with the City Council to give primary consideration to candidates who have professional investment and finance experience. Now that the Foundation is in full possession of the $70 million, she explained that there are certain skill sets that will contribute to the Board being even more effective in its leadership. She said that to keep the Foundation's momentum moving forward, they also asked the City Council to fill the vacancy in an expeditious manner. She reported that the Council may take up this matter as early as its next meeting.

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b. Others: None.

5. Executive Director's Report: Executive Director Hatamiya reported on several items related to the administrative operations of the Foundation. First, she shared the Foundation's Annual Report with the Board and reported that copies were sent to all San Bruno postal addresses on September 1.

Second, she reported that she and Accounting Consultant Frank Bittner worked hard in August to close the fiscal year 2015-2016 accounting books and prepare for the independent audit to be conducted by Novogradac & Company. She reported that they provided all requested items to the Novogradac team by September 6 for its review and are now in the process of going back and forth with the auditors on additional requested items. She said they expect to have a preliminary draft of the audited financial statements by late October, the Audit Committee is scheduled to meet with the auditors on October 25, and the auditors will present the audited financials to the Board at its November 2 Board meeting. The Novogradac team is also preparing the Foundation's tax returns, for submission by the November 15 deadline.

Third, she reported that per the Board's action on June 1, she and the City Attorney have prepared a contract to reimburse the City for 5% of the City Attorney's compensation based on the Foundation's standard professional services agreement. She said she had asked outside nonprofit counsel NEO Law Group to review the agreement, which she expects to be executed in the next few weeks.

Fourth, she reminded the Board that the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions plans to bring a revised Conflict of Interest Policy to the Board for consideration, but reported that the project has proven to be more challenging than expected, due to the need to incorporate the conflict of interest standards for both nonprofit organizations and public entities into a single policy. She said that she had enlisted the assistance of NEO Law Group attorneys in preparing the policy and hoped to have a draft to present to the Committee in September.

Finally, she reported that the reach of the Foundation's e-newsletter and traffic on sbcf.org remain fairly consistent with previous months.

6. Consent Calendar

a. Receive and Approve Treasurer's Report (May 2016 Financial Statements)

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

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7. Conduct of Business

a. Receive Report from Investment Committee and Presentation from Sand Hill Global Advisors, LLC, Regarding SBCF's Investment Portfolio

Investment Committee Chair Cohn gave a brief summary of the Committee's first quarterly meeting which was held on August 17, 2016. The Committee meets the third Wednesday of August, November, February, and May at 4:30 p.m. at San Bruno City Hall, Room 101.

Chair Cohn then introduced Brian Dombkowski, CEO of Sand Hill Global Advisors, the Foundation's investment adviser, to give the firm's annual presentation to the Board. Mr. Dombkowski reported that the firm was pleased with the rollout of the Foundation's investment portfolio and then proceeded to give an overview of the firm's economic and market forecast. He described the current situation as in a "late economic cycle," with positive but modest growth, low interest rate, controlled inflation, and low unemployment. He reported that the Brexit vote in Great Britain in late June was a temporary shock to the global economy; the firm made large investments right after the market dropped in response to Brexit, which benefited the Foundation.

He then walked the Board through the Foundation's three pools of investment funds. He described the Quasi-Endowment as following a classic endowment model with a long-term time horizon. He explained that the Strategic Pool has a much shorter time horizon, so the pool is invested more conservatively in order to protect the capital and grow at a rate to cover inflation over time. He also explained that the Liquidity Pool is in liquid funds and is intended to cover the Foundation's near-term cash needs. He described the three pools as an "elegant structure to meet the unique needs of the Foundation."

Finally, he presented the performance of the Foundation's investment portfolio thus far. He said the firm is pleased with the performance, with the portfolio increasing by $1.35 million in the first three months.

Mr. Dombkowski then answered questions from the Board. In response to a question about the longer-term impact of Brexit, he said that the firm sees no concerns on the immediate horizon, especially because Great Britain will not implement its exit from the European Union until 2019. In response to a question about the effects of current U.S. politics on the markets, he responded that the market believes that Hillary Clinton will be the next President, which will mean a continuation of President Obama's policies, so if she is elected, the market impact will be negligible. He also said that some economists believe that the market would ultimately respond positively to a Trump presidency.

b. Receive Report from Ad Hoc Committee on Foundation Program Development Regarding Community Grants Fund and Crestmoor Neighborhood Memorial Scholarship Program

Representing the Ad Hoc Committee on Foundation Program Development, Chair Bohm gave a brief report on the Community Grants Fund. She reported that Foundation held two well-

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attended Grant Workshops, one in July and one in August, and encouraged other potential applicants to attend the final Grant Workshop at City Hall on September 12. She said that the grant application is available online and, with the September 30 deadline only several weeks away, urged applicants not to wait until the last minute to apply.

She also reported that 2016 all Crestmoor Scholarship payments have been paid to the recipients and that staff is working on plans for the 2017 Scholarship.

c. 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: Community Day, Community Facilities Vision Plan, pedestrian safety improvements, and the development of a new park on Florida Avenue. She reported that the Committee has met several times with the City Council subcommittee, consisting of Mayor Ruane and Councilmember O'Connell, tasked with working with the Foundation on these projects. She said that the two committees are now meeting jointly once a month while the four projects are in the planning and implementation stages.

She then provided an update on each of the four projects. With regard to Community Day 2016, she said that the Foundation executed a grant agreement with the City and provided the City with a grant check for $30,000 to help it cover the costs of June's Community Day. She said the Board and Council committees have discussed plans for the 2017 Community Day, including the Foundation's interest in helping underwrite the costs, and once the Foundation Committee receives the City's 2017 budget and plan, it will return to the Board with a recommendation regarding the level of grant funding for the Foundation to contribute for the 2017 event.

Regarding the Community Facilities Vision Plan, she reported that the grant agreement for the pre-planning process conducted by Anderson Brule Architects (ABA) this spring ($25,000) was executed, and the Committee is waiting for a final budget to cover the costs of the Community Facilities Vision Plan, including additional outreach and marketing expenses, for the second grant supporting this project (up to $275,000).

She then reported on the Committee's work with City staff on the pedestrian safety improvement project. She reported that the first grant for this project will be a planning grant for to cover the cost of a traffic engineering consultant to study the downtown area and make preliminary recommendations on pedestrian improvements along San Mateo Avenue. She reported that the City is also evaluating several sites near San Bruno schools in need of pedestrian safety improvements and that the City is in the process of developing recommendations and costs projections for the school site options as well as cost projections for further analysis of San Mateo Avenue. She said additional planning grants may be needed to complete the planning stage of this project, with the balance of the earmarked $170,000 grant to be used for project implementation of the improvements.

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Finally, she reported that the Foundation's initial support of the Florida Avenue park development will be to underwrite the conceptual design phase. She said the City has engaged with the consulting firm that recently provided similar conceptual design services for a new Glenview/Crestmoor park and held a second park planning meeting that was open to the public in August, where local neighborhood residents and other interested community members provided input on design concepts for the park. She said additional Foundation funding will support the landscape design and park construction. She reported the City expects to complete demolition of the existing structures on the site by late fall, with park construction to begin in spring 2017.

d. Receive Report from Ad Hoc Committee on Elections Process and Adopt Resolution Establishing Process for Annual Election of Officers

Committee Chair Stanback Stroud reported that the Committee met on July 19, 2016, to review drafts of two documents: (1) General Principles Regarding Election of Officers, and (2) Process for Electing Officers. She reported that the first document sets forth the desired skillset for each officer position and other general principles that guide the elections process and that the second document outlines a straightforward process for scheduling and conducting officer elections each year. She said that the Committee thoughtfully and collectively edited the two documents, resulting in the final documents that the Committee proposes that the Board adopt to set forth the process for the annual election of officers.

Board Member McGlothlin, who serves on the Committee, commented that he thought the Committee's process worked well and that the proposal will be helpful for the Board, as it sets forth an actual elections process with intended outcomes.

Board Member McGlothlin moved to approve the resolution establishing process for annual election of officers, seconded by Secretary Roberts, approved unanimously.

8. Public Comment: None.

9. Adjourn: Vice President Hedley moved to adjourn the meeting at 7:43 p.m., seconded by Board Member McGlothlin, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of October 5, 2016, by Secretary Emily Roberts and President Nancy Kraus.

_____
Emily Roberts, Secretary

_____
Nancy Kraus, President

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Executive Director's Report**

Since the September 7, 2016, Board meeting, I have continued to focus on supporting the committees charged with administering the Community Grants Fund and Crestmoor Scholarship Program, partnering with the City on near-term projects, revising the Conflict of Interest Policy, and overseeing the FY 2016-2017 audit, all of which will be covered during the business portion of the September 7, 2016, regular Board meeting.

In addition, I have handled a variety of other matters, including the following:

1. Investment Committee

I am in regular contact with the Foundation's investment team at Sand Hill Global Advisors. In particular, I have been working with the Sand Hill team to prepare for the Investment Committee's next quarterly meeting to be held on November 16, 2016 (4:30 p.m. at San Bruno City Hall, Room 101). Following up on the Committee's first meeting in August, Committee members have requested various reports from Sand Hill, and I have been in discussions with Sand Hill about providing the requested materials for the November meeting.

2. Consultant Support

Under my contract authority as Executive Director, I have signed a consulting agreement with San Bruno resident Stephanie Rutgers to provide primarily administrative support in processing Community Grants Fund applications. Ms. Rutgers will assist me in reviewing each submitted grant application for completeness and in performing the due diligence stage of review (checking on various federal and state agency databases to ensure that applicant organizations are eligible tax-exempt organizations in good standing). She may also provide support in communicating with applicants, as needed, during the review process.

3. Email Newsletter

The reach of our e-newsletter remains fairly consistent with previous months. For the e-newsletter that was sent on September 10 and featured information on the Community Grants Fund and the September 7 Board meeting, of the nearly 550 emails sent, 41% of

the recipients opened the email, and the e-newsletter was viewed, either in email or as posted on the web, 563 times.

4. Website Hits

The sbcf.org website has been subscribed to Google Analytics since the end of March, and activity has remained at a steady pace. In the past month, 206 users engaged in 285 sessions on the Foundation website, for a total of 772 page views. Not surprisingly, the most visited pages are the home page and those pages related to the Community Grants Fund.

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Consent Calendar for the October 5, 2016, Regular Board Meeting**

For the October 5, 2016, Regular Meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes one item related to administrative and operational functions of the Foundation:

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

The August 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 budget figures approved at the June 1, 2016, Board meeting.

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

Attachment:
1. August 2016 Financial Statements

SAN BRUNO
Community Foundation

August 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 two months equal 16.7% of the fiscal year.

INCOME

Line 1 Transfers from Quasi Endowment – None planned for this fiscal year.

Line 2 Transfers from Strategic Pool – Entire budget amount, $1,341,290 has been transferred to the Liquidity Pool to cover 2016-17 fiscal year expenses.

Line 3 Interest Income – $971 is 24.3% of budget. Most (99%) is from Liquidity Pool.

EXPENSES

Line 8 Subtotal Direct Program Expenses – No Scholarships or Grants have been awarded this year.

Line 9 Salaries & Wages – Expense is exactly on budget at 16.7%.

Line 10 Payroll Taxes & Benefits – Expense ($4,503) is 18% of budget. Social Security/Medicare ($2,231) is the largest cost and will be lower at the end of the calendar year. Other costs include retirement ($1,458), accrued vacation ($468), and workers' compensation insurance ($287).

Line 12 Occupancy – Only cost is office lease ($2,152). Amount is 16.2% of budget.

Line 13 Insurance – Total ($2,771) is just slightly under budget at 16.6% and includes Directors & Officers (D&O) coverage ($2,146) and crime coverage ($463).

Line 14 Telecommunications – Cost ($349) is 20.2% of budget and includes cellular, land line, and internet.

Line 15 Postage & Shipping – Cost ($1,398) is 33.4% of budget. Most of the cost ($1,349) incurred in August to distribute annual report to community.

Line 16 Marketing & Communications - $563 is 3.5% of budget and the entire amount is for graphic design of annual report.

Line 17 Office Supplies – Total ($428) is 15.1% of budget. Largest cost is for toner ($345).

Line 19 Legal Fees – Cost ($930) is 2.8% of budget and is for advice regarding Grants ($300) and administrative issues ($630). Budget includes a portion of San Bruno City Attorney cost, which has not been billed nor accrued pending City approval of the agreement.

Line 20 Auditor & Payroll Fees – Total ($347) is 3.2% of budget as there have been no audit fees incurred this year.

Line 21 Other Consultants - Cost ($2,712) is 4.4% of budget and is entirely for Accounting consultant.

Line 22 Travel, Meetings & Conferences – Total ($355) is 4.9% of budget and is entirely for cost of July 6 Board meeting.

Line 23 Miscellaneous – Cost ($364) equals 14.6% of budget with an organizational membership ($350) representing most of the cost.

SUMMARY

After adjusting for $975,000 budgeted for Scholarships & Grants, total expenses are at 12.4% of budget, which is well below 16.7% benchmark for the first two months of the year. In terms of dollars, the $46,039 in expenses is $15,676 less than the two-month budget allocation. The only line item significantly over budget, Postage & Shipping, is that way due to the timing of the cost for mailing annual report to community.

August investment net income was negative **<$141,031>**, reducing year-to-date net investment income to $980,953. The August losses came from the Strategic Pool **<$117,662>** and Quasi Endowment **<$23,369>** resulting in year-to-date amounts of $527,612 (Strategic) and $453,341 (QE).

Total Net Assets, as of August 31, 2016 are $71,133,501 with $15,571,461 in Quasi Endowment and $55,562,040 in general Unrestricted funds.

SAN BRUNO
Community Foundation

August 2016

2016-2017 Budget Report

		(a) Actual Year to Date	(b) Budget	(c) Actual as % of Budget (a/b)	(d) Final Expected Amount	(e) Change in Budget (d - b)
	INCOME & TRANSFERS					
1	Transfers from Quasi Endowment	$ -	$ -		$ -	$ -
2	Transfers from Strategic Pool	1,341,290	1,341,290	100.0%	1,341,290	-
3	Interest Income	971	4,000	24.3%	4,000	-
4	**Total Available for Operations**	1,342,261	1,345,290	99.8%	1,345,290	-
	EXPENSES					
5	Crestmoor Scholarships		100,000		100,000	-
6	Community Grants Fund		200,000		200,000	-
7	Strategic Grants		675,000		675,000	-
8	**Subtotal Direct Program Expenses**	-	975,000	0.0%	975,000	-
9	Salaries & Wages	29,167	175,000	16.7%	175,000	-
10	Payroll Taxes & Benefits	4,503	25,022	18.0%	25,022	-
11	**Subtotal Personnel Expenses**	33,670	200,022	16.8%	200,022	-
12	Occupancy	2,152	13,314	16.2%	13,314	-
13	Insurance	2,771	16,698	16.6%	16,698	-
14	Telecommunications	349	1,728	20.2%	1,728	-
15	Postage & Shipping	1,398	4,187	33.4%	4,187	-
16	Marketing & Communications	563	15,978	3.5%	15,978	-
17	Office Supplies	428	2,832	15.1%	2,832	-
18	Office Equipment & Furniture	-	1,000	0.0%	1,000	-
19	Legal Fees	930	32,781	2.8%	32,781	-
20	Auditor & Payroll Fees	347	10,940	3.2%	10,940	-
21	Other Consultants	2,712	61,100	4.4%	61,100	-
22	Travel, Meetings & Conferences	355	7,210	4.9%	7,210	-
23	Miscellaneous	364	2,500	14.6%	2,500	-
24	**Subtotal Non-Personnel**	12,369	170,268	7.3%	170,268	-
25	**Total Expenses**	46,039	1,345,290	3.4%	1,345,290	-
26	**Net Surplus/(Loss)**	$ 1,296,222	$ -		$ -	$ -

Prepared by: F. Bittner, 9/20/2016

SAN BRUNO
Community Foundation

Statement of Financial Position
as of August 31, 2016

ASSETS			
Cash, Wells Fargo General	$ 10,702.20		
Cash, Wells Fargo Payroll	40,391.59		
Cash, Wells Fargo Savings	85,048.24		
Cash, Fidelity Liquidity Pool	1,136,157.43		
Total Cash		1,272,299.46	
Investments, Fidelity Quasi-Endowment	15,571,460.94		
Investments, Fidelity Strategic Pool	54,346,202.18		
Accrued Interest Receivable	19,679.38		
Total Investments		69,937,342.50	
Prepaid Rent	1,075.86		
Prepaid Insurance	5,676.39		
Total Other Current Assets		6,752.25	
Deposits	1,517.45		
Total Other Assets		1,517.45	
TOTAL ASSETS			$ 71,217,911.66
LIABILITIES & NET ASSETS			
LIABILITIES			
Accounts Payable	3,286.10		
Accrued Scholarships Payable	70,000.00		
Accrued Employee PTO	11,125.05		
Total Liabilities		84,411.15	
NET ASSETS			
Unrestricted, Non-QE 7/1/2016 Balance	55,079,496.41		
Year to Date Net Income	(45,068.33)		
Investment Income	527,611.49		
Total Non-QE Net Assets	55,562,039.57		
Quasi-Endowment 7/1/2016 Balance	15,118,119.77		
Year-to-date QE Net Income	453,341.17		23,369.83
Total Quasi-Endowment Net Assets	15,571,460.94		
Total Unrestricted Net Assets		71,133,500.51	
TOTAL LIABLITIES & NET ASSETS			$ 71,217,911.66

Prepared by: F. Bittner, 9/20/2016

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Election of Officers**

The Foundation's Bylaws provide limited guidance related to the election of officers. Article VIII, Section 2, of the Bylaws 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.

At its September 7, 2016, meeting, the Foundation Board adopted two documents – (1) San Bruno Community Foundation General Principles Regarding Election of Officers, and (2) San Bruno Community Foundation Process for Electing Officers – which now govern the Foundation's election of officers.

The Board will take up two election-related items at its October 5, 2016, Board meeting.

1. Election of Treasurer for Remainder of 2016 Term

Ben Cohn was appointed the Foundation's Treasurer when the City Council appointed him to the Board of Directors in late 2013. He was elected to serve two additional one-year terms as Treasurer (2015 and 2016). Mr. Cohn resigned from the Board effective October 1, 2016, leaving the Treasurer position vacant.

The Process for Electing Officers sets forth a process for filling a mid-term vacancy:

> In the event that the office of the President becomes vacant prior to the completion of the current term, the Vice President will assume the Presidency for the remainder of the term. In the event of a vacancy of the any other office, the elections process as outlined in Sections 4-6 above will be implemented immediately to fill the position.

Under the process, nominations, including self-nominations, for an office are made orally at the meeting. A nomination must receive a second prior to any vote on that

nomination. A Director nominated for an office may decline the nomination, even if the nomination has been seconded. After nominations are taken, the Board is to take a vote. If there is more than one candidate for an office, the Secretary shall conduct a roll-call vote, with each Director casting his/her vote for one candidate. To be elected, a candidate must receive votes from a majority of Directors participating in the meeting.

Per these procedures, the Board will elect a Director to serve as Treasurer for the remainder of the current officer term (through December 31, 2016). The President will call for nominations, after which the Board will vote.

2. Discussion of Officer Elections for 2017 Term

Under the Process for Electing Officers:

> Officer elections are held no later than the Board's regular November meeting, so that, per the Bylaws, the San Bruno City Council can consider and approve the officers by December 31. Prior to the making of nominations, the subject of elections will be agendized to give Board members the opportunity to comment.

The Board will elect its 2017 officers, including President, Vice President, Secretary, and Treasurer, at its regular meeting on November 2, 2016. Per the Process for Electing Officers, the subject of these elections has been agendized for the October 5 Board meeting, giving Board members the opportunity to comment on the elections prior to the November 2 election. Board members will be able to ask questions and make comments related to the 2017 officer elections on October 5.

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 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: Community Grants Fund and Crestmoor Neighborhood Memorial Scholarship Program

At the October 5, 2016, Board meeting, the Ad Hoc Committee on Foundation Program Development will give an update on the Community Grants Fund and the Crestmoor Neighborhood Memorial Scholarship. The two Board members who serve on the Committee are Patricia Bohm, who serves as chair, and Secretary Emily Roberts.

1. Community Grants Fund

As you know, the Foundation launched the Community Grants Fund on July 1, with the activation of the online Grant Application and distribution of marketing materials throughout San Bruno. We distributed flyers and posters to a broad range of community organizations in San Bruno and posted them in a variety of high-visibility or gathering spots in town, including City Hall, San Bruno Public Library, Veterans Memorial Recreation Center, Crestmoor neighborhood trailer, San Bruno Chamber of Commerce, local churches, Bayhill merchants, Towne Center merchants, and downtown merchants. We also sent out program information to the Foundation's 500+ email distribution list.

We held three Grant Workshops at City Hall on July 19, August 15, and September 12. Attendance at all three Grant Workshops was strong; I have also fielded questions via email and phone from a number of potential grant applicants. I want to thank Committee Members Bohm and Roberts as well as President Kraus for attending and participating in the Grant Workshops.

The grant application deadline is September 30, and we expect the bulk of the applications to arrive in the final few days. We will be able to give an update on applications on October 5.

The review process will occur in two stages. The first stage – "due diligence" – will consist of staff (with the help of a consultant the Executive Director has hired) reviewing all applications for completeness and compliance with all requirements. In addition, staff will check to ensure that applicant organizations are properly registered and in good standing with the applicable state and federal agencies (for 501(c)(3) public

charities, the Internal Revenue Service, California Secretary of State's Office, California Attorney General's Registry of Charitable Trusts, and California Franchise Tax Board).

The second stage of review will be completed with the assistance of a grant review panel that the Executive Director is in the process of assembling. The panel will consist of community members and/or individuals with experience in grantmaking and the nonprofit sector. Panelists will review and rate the applications based on the five criteria set forth in the program guidelines:

- Benefits of the proposed project/program to the San Bruno community
- 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

After independently reviewing the applications, the panel will meet to discuss the applications. The panel may seek additional information from applicants, as needed to properly evaluate the applications. With the Executive Director, the panel will ultimately make a recommendation on grant awards to the Board. The goal is for the Board to consider and approve grant awards at the December 7 Board meeting.

2. Crestmoor Neighborhood Memorial Scholarship

The Executive Director has been consulting with staff at Capuchino High School and Skyline College about the 2016 implementation of the Crestmoor Scholarship and how the program could be improved in 2017. She will be making recommendations to the Committee on minor program changes based on this feedback and the feedback received from the first scholarship selection panel. The application will be available online in December 2016, with the application deadline set for March 15, 2017.

Staff is also looking into ways to bolster marketing of the program, with the goal of attracting increased numbers of applicants from high school students headed to community college and community college students transferring to four-year institutions. These efforts may include making one or two presentations to seniors at Capuchino High School and being featured in a Capuchino video announcement.

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 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 for pedestrian safety improvements, including installation of 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.

At the September 7, 2016, Board meeting, President Nancy Kraus, as chair of the Ad Hoc Committee on Program Strategy Development (which also includes Vice President Frank Hedley and Board Member Regina Stanback Stroud), will provide the Board with an update on two of the four projects.

1. Community Facilities Vision Plan

As previously mentioned, the City has engaged with Anderson Brule Architects (ABA) to lead a Community Facilities Vision Planning Process that will allow for significant community input. To ensure that the process is completed by early 2017, the process is focusing on four possible community facility improvements – library, recreation center,

community center, and pool. The process will allow the community to provide input for these goals for these facilities and prioritize them.

The Committee has been working in close partnership with the City on this project, with all three Committee members and the Executive Director serving on the project's core team, along with Mayor Ruane, Councilmember O'Connell, the City Manager, and several other senior City staff members. The core team met in mid-October to plan the first of two Community Forums that will be held. The first Community Forum is scheduled for Wednesday, October 26, at 6:30-9:00 p.m. at the Senior Center; childcare and Spanish translation will be provided. Structured similar to the Foundation's Community Listening Campaign's town hall conversations, the first Community Forum will focus on community needs and the establishment of goals for the four facilities in question. Based on the feedback received at the first Community Forum, the City will offer an online survey to enable greater community participation. At a second Community Forum on Wednesday, November 30 (also 6:30-9:00 p.m. at the Senior Center), ABA will present key project features, costs, and budgets, and community members will be able to voice their thoughts on prioritizing the facilities. A second online survey in December will build upon the feedback received at the second Community Forum.

In addition to the Community Forums and online surveys, the City will seek community input at various "pop-up events," such as the Halloween parade at Tanforan on October 31 and the City's tree lighting ceremony on December 1. The ABA team will then make presentations of its findings at relevant City commission meetings in January, followed by a presentation to the City Council.

The City is mailing a postcard inviting community members to attend the Community Forums and participate in the online surveys, which will should arrive at all San Bruno postal addresses the week of October 3. The Foundation provided input into the development of the postcard and will support the City in its efforts to get the word out about these opportunities for participation. All Foundation Board members are encouraged to attend the Community Forums and spread news of the outreach opportunities through their networks.

2. Florida Avenue Park

As previously reported, the Foundation is working with City staff to execute this project in two or three grants until the proposed $200,000 is paid out. The first grant is for the conceptual design phase (expected to be around $25,000), which is nearing completion. The City engaged with MIG, a planning and design firm based in Berkeley, to conduct a planning process with community input for the park. The City held two community meetings over the summer, which allowed members of the public to identify needs for the park and respond to design concepts. The firm has produced a draft master plan for

the park, which will be presented to the City's Parks and Recreation Commission on October 19 and to the City Council on October 25.

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: Report from the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions and Adoption of Resolution Approving Revised Conflict of Interest Policy

In January 2016, the Board authorized creation of an Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions and appointed President Nancy Kraus and Board Member Regina Stanback Stroud to serve on the Committee. The Committee was charged with reviewing and recommending changes to the Bylaws, Articles of Incorporation, Conflict of Interest Policy, Whistleblower Policy, and Document Retention Policy. In the spring, the Committee brought to the Board for approval revised Bylaws, Articles of Incorporation, and whistleblower and document retention and destruction policies, which the Board adopted. Per the Bylaws, the San Bruno City Council also approved the revised Bylaws and Articles of Incorporation.

At the October 5, 2016, Board meeting, the Committee will present a revised Conflict of Interest Policy to the Board for approval. The City Attorney, outside nonprofit counsel at NEO Law Group, and I have been actively involved in the revision process.

As a reminder, the purpose of a conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction.

The Conflict of Interest Policy that the Board originally adopted in April 2014 mirrored the sample Conflict of Interest Policy that the Internal Revenue Service (IRS) recommends for nonprofits and that many nonprofits have adopted. This policy was included as part of the Foundation's application to the IRS for 501(c)(3) tax-exempt status.

However, because the Foundation is a quasi-governmental entity as well as a nonprofit organization, it is subject to two distinct sets of conflict of interest laws – those applicable to public entities and those applicable to nonprofits. These two legal schemes are quite different, and the challenge in crafting a revised Conflict of Interest Policy for the Foundation has been merging those two disparate legal schemes into a single policy.

The conflict of interest laws related to public entities are generally broader than the conflict of interest laws related to nonprofit and thus will likely capture the vast majority of issues that the Foundation may face. These laws are outlined in Article III of the attached proposed policy. The law in this area for public entities is very complex and has few bright lines, so it is difficult to spell out a set procedure for handling all cases; rather, these cases will need to handled on a case-by-case basis in consultation with the City Attorney and outside counsel (see Article IV.2.a.).

There is a small chance that an issue will be permitted under public entity conflict of interest law but may trigger conflict of interest laws applying to nonprofits. To protect the Foundation on these rare occasions, the revised Conflict of Interest Policy also includes the standard procedure for handling these situations under nonprofit law.

As a result, Article IV of the revised Policy provides two paths for considering potential conflict of interest issues. If the public entity laws apply, then the City Attorney is consulted and the other procedures are not followed. If the public entity laws do not apply, then the nonprofit procedures should be followed. The need to include the nonprofit law procedures makes the policy a little out a balance, as the lengthy nonprofit procedures under Article IV.2.b. take up nearly 40% of the document but will likely apply only in a very, very small percentage of cases where there is a potential conflict of interest. But to ensure coverage under both legal schemes, both processes must be included.

I recommend that the Board adopt the resolution approving the revised Conflict of Interest Policy. Upon the Board's approval of the policy, the Committee's work will be concluded.

Attachments:

1. Resolution Approving Revised Conflict of Interest Policy
2. Exhibit A: Revised Conflict of Interest Policy

RESOLUTION NO. 2016-__

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION ADOPTING REVISED CONFLICT OF INTERESTPOLICY

WHEREAS, the San Bruno City Council approved the San Bruno Community Foundation's original Conflict of Interest Policy on April 17, 2014;

WHEREAS, the Foundation Board created the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions to review corporate governance policies including the Conflict of Interest Policy;

WHEREAS, the purpose of a conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director or might result in a possible excess benefit transaction;

WHEREAS, for the purpose of avoiding conflicts of interest, the Foundation is subject to the law pertaining to nonprofit organizations as well as the law pertaining to public entities; and

WHEREAS, based on guidance from staff and legal counsel, the Committee recommends a series of substantive revisions to the Conflict of Interest Policy to incorporate procedures required by applicable conflict of interest laws related to nonprofit organizations and by conflict of interest laws related to public entities.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors adopts the revised version of the San Bruno Community Foundation Conflict of Interest Policy attached as Exhibit A.

Dated: October 5, 2016

ATTEST:

_____
Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2016-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 5th day of October, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

EXHIBIT A

THE SAN BRUNO COMMUNITY FOUNDATION
CONFLICT OF INTEREST POLICY

Adopted October __, 2016

ARTICLE I
Purpose

The purpose of this Conflict of Interest Policy is to protect The San Bruno Community Foundation (the "Foundation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, employee, or member of a committee of the Foundation, might result in a possible excess benefit transaction, or might violate the laws applicable to public entities. This policy is intended to supplement, but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations and/or public entities.

Directors of the Foundation should also be aware of their obligation under the Nonprofit Public Benefit Corporation Law to perform the duties of a director, including duties as a member of any committee of the Board of Directors (the "Board") upon which the director may serve, in good faith, in a manner that director believes to be in the best interests of the Foundation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

ARTICLE II
Definitions

For purposes of this Conflict of Interest Policy, the following terms are defined as follows:

1. Interested Person

Any member of the Board, officer, employee, or member of a committee that has been created by the Board and/or pursuant to the Bylaws (herein, a "Committee"), who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

2. Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or Family, as defined below:

a. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,

b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement,

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement, or

d. Any other material financial interest or economic benefit that would be subject to applicable laws regarding (i) self-dealing under the California Nonprofit Public Benefit Corporation Law, (ii) excess benefit transactions under Internal Revenue Code Section 4958, or (iii) conflicts of interest as defined by state and federal law applicable to public entities.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under Article IV, Section 2(b), a person who has a Financial Interest may have a conflict of interest only if the appropriate Board or Committee decides that a conflict of interest exists.

However, a director, officer, employee, or member of a Committee may also have a conflict, potential conflict, or an arrangement that could be perceived as a conflict that is not a Financial Interest arising out of such individual's non-financial or personal relationships. Although such conflicts or potential conflicts may not necessarily be governed by this Conflict of Interest Policy, in many instances, it may be appropriate for the individual to recuse herself or himself from participating in or influencing any Foundation decision connected to or that could impact those interests.

3. Family

The term Family includes a person's spouse (including a registered domestic partner recognized by state law), ancestors (*e.g.*, parents, grandparents), children (whether natural or adopted), grandchildren, great-grandchildren, brothers and sisters (whether by the whole or half-blood), and the spouses (including the registered domestic partners recognized by state law) of such person's children, grandchildren, great-grandchildren, brothers, and sisters.

ARTICLE III
State and Federal Laws Applicable to Public Entities

As a quasi-public entity, the Foundation is subject to a number of state and federal laws that apply to public entities (collectively referred to herein as the "Public Entity Laws"). The Public Entity Laws applicable to the Foundation include, but are not necessarily limited to, the provisions beginning with California Government Code Section 1090 and the provisions beginning with California Government Code Section 87100, and related regulations.

The following descriptions are intended to provide general information regarding and examples of some of the Public Entity Laws applicable to the Foundation, but are not intended to be and do not represent a comprehensive list of all such applicable Public Entity Laws. Accordingly, any Interested Person who has an actual or possible Financial Interest that may violate the Public Entity Laws shall follow the procedures outlined in Article IV below.

a. Government Code Section 1090 *et seq.* prohibits the Foundation from entering into contracts in which directors or covered employees have a Financial Interest. It also prohibits those individuals from influencing or participating in the making of a contract in their official capacity in which they have a Financial Interest. Certain types of contracts (such as payment of salary and reimbursements) are exempt from this provision, as are certain specified non-interests and remote interests enumerated in Government Code Sections 1091 and 1091.5.

b. Government Code Section 87100 *et seq.* prohibits Foundation directors and covered employees from influencing or participating in governmental decisions in which they have a material Financial Interest. The law requires disclosure of certain financial interests and disqualification from influencing or participating in decisions that could affect those financial interests.

ARTICLE IV
Procedures

1. Duty to Disclose

Where any Interested Person has a Financial Interest or other possible conflict of interest, the Interested Person must first disclose the existence of the Financial Interest and all material facts to the Foundation's Executive Director; provided, however, that if the Executive Director is the Interested Person, the Executive Director will disclose the existence of the Financial Interest and all material facts to the Foundation's President. The Interested Person shall make such disclosure in a timely manner upon learning of the Financial Interest associated with any transaction or arrangement, whether existing or proposed.

2. Determination of Applicable Law

Upon such disclosure, and after obtaining appropriate legal counsel as necessary, the Executive Director or President, as appropriate, or the Foundation's attorney, shall inform the Interested Person as to whether the Financial Interest or other possible conflict of interest could cause the contemplated or existing transaction or arrangement to violate the Public Entity Laws.

a. Procedures under Public Entity Laws

If the Financial Interest or other possible conflict of interest could cause the contemplated or existing transaction or arrangement to violate the Public Entity Laws, the Executive Director or President, as appropriate, or the Foundation's attorney, shall inform the Interested Person as to whether recusal from participation in the decision would allow the Foundation to proceed with the transaction or arrangement. If the Foundation cannot enter into or continue with the transaction or arrangement under the Public Entity Laws, it shall not do so and the following procedures set forth below in this Article IV need not be followed.

b. Procedures under Nonprofit and Exempt Entity Laws

If the Financial Interest or other possible conflict of interest would not cause the contemplated or existing transaction or arrangement to violate the Public Entity Laws, the following procedures shall be followed to determine whether the contemplated or existing transaction or arrangement would benefit the private interest of a director, officer, employee, or member of a Committee of the Foundation; would violate the self-dealing rules specified in the California Nonprofit Public Benefit Corporation Law; or might result in a possible excess benefit transaction.

i. Duty to Disclose to Board

In connection with any Financial Interest or other possible conflict of interest, and after a determination is made that a transaction or arrangement will not pose a conflict or be prohibited under the Public Entity Laws, as described above, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and members of Committees considering the proposed transaction or arrangement. The Interested Person shall make such disclosure in a timely manner upon learning of the Financial Interest associated with any transaction or arrangement, whether existing or proposed.

ii. Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.

iii. Procedures for Addressing the Conflict of Interest

The Board or Committee shall follow the following procedures in order to determine whether to enter into a transaction or arrangement involving a possible conflict of interest and, if the Foundation does enter into such transaction or arrangement, to ensure that the terms of the transaction or arrangement are fair and reasonable as to the Foundation.

a) An Interested Person may make a presentation at the Board or Committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b) The chair of the Board or Committee shall, if appropriate, appoint a disinterested person or Committee to investigate alternatives to the proposed transaction or arrangement.

c) The Board or Committee shall exercise reasonable due diligence in gathering sufficient information about the proposed transaction or arrangement, the Interested Person's conflict of interest, and possible alternatives (*e.g.*, comparability data) to be able to determine the fairness and reasonableness of the transaction or arrangement.

d) After exercising due diligence, the Board or Committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

e) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by a vote of a majority of the directors then in office without counting the vote of the interested director or directors whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it will be fair and reasonable as to the Foundation at the time the Foundation is to enter into the transaction or arrangement. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement.

f) If it is not reasonably practicable to obtain approval of the Board consistent with the standards set forth in subsections d and e (the "Standards") prior to entering into the transaction or arrangement, a Committee shall make the determination of whether to enter into such transaction or arrangement in a manner consistent with the Standards; and the Board shall consider in good faith whether (i) it was not reasonably practicable to obtain approval of the Board prior to entering into the transaction or arrangement, and (ii) the Committee approved the transaction or arrangement in a manner consistent with the Standards. If the Board determines that the conditions of (i) and (ii) were met, it may by a vote of the majority of the directors then in office without counting the vote of the interested director or directors ratify the transaction or arrangement.

iv. Violations

If the Board or Committee has reasonable cause to believe that one of its members has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

v. Records of Proceedings

The minutes of meetings of the Board and all Committees at which a transaction or arrangement involving a Financial Interest or other possible conflict of interest was disclosed, discussed, or voted on shall contain:

a) The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest or other actual or possible conflict of interest, any action taken to determine whether a conflict of interest was present, and the Board's or Committee's decision as to whether a conflict of interest in fact existed; and

b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the extent to which Interested Persons were excluded from the deliberations and the reason for any recusal, the content of the discussion (including any alternatives to the proposed transaction or arrangement and comparability data or other information reviewed in connection with the discussion), and a record of any votes taken in connection with the proceedings.

The minutes of any such meeting must be prepared by the later of (i) the next Board or Committee meeting or (ii) 60 days after the final action of the Board or Committee with respect to the transaction or arrangement.

vi. Compensation

a) A voting member of the Board or any Committee who receives compensation, directly or indirectly, from the Foundation for services provided other than as a Director is precluded from voting on matters pertaining to that member's compensation.

b) No voting member of the Board or any Committee who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to the Board or any Committee regarding compensation.

ARTICLE V
Annual Statements

Each director, officer, employee, and member of a Committee of the Foundation shall annually sign a statement which:

a. Affirms that the person has received a copy of this Conflict of Interest Policy, has read and understood this Policy, and has agreed to comply with this Policy;

b. Affirms that the person understand that the Foundation is a tax-exempt entity and, in order to maintain its federal tax-exempt status, must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and

c. Discloses that person's interests that could reasonable give rise to conflicts of interest with respect to the Foundation, including, but not limited to, all known affiliations with any organization with which the Foundation may have a financial relationship and any persons with whom such person has a close relationship who are affiliated with any organization with which the Foundation may have a financial relationship.

All such statements by directors, officers, Committee members, and employees shall be filed with the minutes of the Board or Committee.

ARTICLE VI
Periodic Reviews

To ensure the Foundation operates in a manner consistent with its exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further exempt purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

ARTICLE VII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VI, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted, except where otherwise provided by a court of competent jurisdiction.

EXHIBIT A

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that:

1. I am the duly elected and acting Secretary of The San Bruno Community Foundation, a California nonprofit public benefit corporation; and

2. The foregoing Conflict of Interest Policy consisting of [7] pages constitutes the Conflict of Interest Policy of such corporation as duly adopted by the Board of Directors on October __, 2016, and has not been amended or modified since such date.

IN WITNESS WHEREOF, I have executed this Certificate as of this October __, 2016.

_____

Emily Roberts, Secretary

EXHIBIT A

CONFLICT OF INTEREST POLICY
ANNUAL AFFIRMATION AND DISCLOSURE STATEMENT

The Conflict of Interest Policy of The San Bruno Community Foundation (the "Foundation") requires an annual affirmation from each director, officer, employee, and member of any Committee of the Foundation: (a) has received a copy of the Conflict of Interest Policy, (b) has read and understands the Policy, (c) has agreed to comply with the Policy, (d) understands the Foundation is tax-exempt and in order to maintain its federal tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and (e) has submitted a completed California Fair Political Practices Commission Form 700 to the San Bruno City Clerk's Office as required.

Also, the Conflict of Interest Policy requires each such person annually to disclose (a) all known affiliations with any organization with which the Foundation may have a financial relationship, and (b) any known persons with whom such person has a close relationship (such as immediate family members) who are affiliated with any organization with which the Foundation may have a financial relationship.

In addition, Form 990, the annual information return that the Foundation must file with the Internal Revenue Service and disclose to the public, requires the Foundation to disclose certain information related to each officer, director, and key employee. In order to make such disclosures, each officer, director, and key employee shall annually complete this Statement and timely update the Executive Director of any changes during the current year.

By signing this Statement, you indicate your affirmation of each of the matters described in the first paragraph above.

In addition, please disclose below any affiliations known to you described in the second paragraph above.

Business/Organization	Nature of Relationship	Dates of Relationship
1.		
2.		
3.		
4.		
5.		
6.		

Please use another piece of paper if your answer requires more space.

Please complete and return this Statement to the Executive Director of the Foundation by the first Board meeting in the following calendar year.

_____ _____

Signature Date

_____

Printed Name

Reviewed for the Foundation by: _____

Date: _____

SAN BRUNO
Community Foundation

Memorandum

DATE: **September 30, 2015**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Report from the Audit Committee on FY 2016-2017 Audit**

At the October 5 Board meeting, Audit Committee Chair John McGlothlin will provide an update on this year's audit and tax preparation process. Board Member Pat Bohm also serves on the Audit Committee.

Article XIII, Section 4, of the San Bruno Community Foundation's Bylaws states that the Foundation "shall retain an[] independent auditor and conduct annual independent audits (commencing with Section 12586(d) of the California Government Code)." As authorized by the Board on May 4, 2016, the Foundation is using, for the second consecutive year, Novogradac & Company LLP, a national certified public accounting firm, to conduct the audit of the Foundation's financial statements for the year ended June 30, 2016, and to prepare the Foundation's annual federal and state tax returns. Engagement partner Lance Smith is again heading up the Novogradac team assigned to the Foundation.

In August, Accounting Consultant Frank Bittner and I began preparing the financial reports and documentation Novogradac requested to begin work on the audit. We submitted all of the requested materials by the September 6 deadline. Since then, the Novogradac team has been examining the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls. I had one phone conversation with Selina Tam of the Novogradac team in September; most of her questions focused on the topic of fraud and the steps the Foundation has taken to prevent fraud. The Novogradac team requested a short list of follow-up items on September 20, and Mr. Bittner and I provided the requested materials the following day.

The Novogradac team has agreed to provide a draft of the audited financials by October 18. After review by me and Mr. Bittner, I will forward the draft financials to the Audit Committee by October 20. The Audit Committee has scheduled a meeting for 9:00 a.m. on October 25 at City Hall Room 101, during which Novogradac will review the audited financials with the Committee. The Committee's expectation is that Mr. Smith will present the FY 2016-2017 audited financials to the Board at its November 2 meeting.