SAN BRUNO
Community Foundation

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

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

November 2, 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. **Roll Call**

3. **Approval of Minutes:** October 5, 2016, Regular Board Meeting

4. **Board Member Comments**

   a. President
   b. Others

5. **Executive Director's Report**

6. **Consent Calendar:** All items are considered routine or implement an earlier Board action and may be enacted by one motion; there will be no separate discussion unless requested by a Board Member or staff.

   a. Adopt Resolution Designating Authorized Signatories on SBCF Wells Fargo Bank Accounts

   b. Receive and Approve Treasurer's Report (September 2016 Financial Statements)

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7. Conduct of Business

a. Receive Report from Novogradac & Company LLP Regarding the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2016, and Adopt Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2016

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

c. Discuss Framework for Considering Strategic Grant Initiatives, Discuss Proposal to Consider Development for K-12 Music Education Initiative in San Bruno Public Schools, and Adopt Resolution Creating Ad Hoc Committee on Music Education Strategic Initiative

d. Receive Report from the Ad Hoc Committee on Program Strategy Development Regarding Proposals to the San Bruno City Council Related to Near-Term Projects and Adopt Resolution Approving Grant to the City of San Bruno to Support Community Day 2017 and Authorizing Receipt of Donations in Support of Community Day

e. Elect Officers for 2017

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

9. Adjourn

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MINUTES

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

1. Call to Order/Welcome: President Nancy Kraus called the meeting to order at 7:00 p.m.

2. Announcement: Appointment of New Board Member Tim Ross by San Bruno Mayor Jim Ruane: Mayor Ruane thanked outgoing Treasurer Ben Cohn for his contributions to the Foundation and introduced Tim Ross as the Board Member newly appointed by the City Council to fill the remainder of Mr. Cohn's term on the Board. He explained the process that the City Council undertook, after Mr. Cohn announced his resignation, to appoint a successor, aware of the Foundation's interest in a high level of expertise in financial and investment matters. He said that the Council subcommittee requested staff to review the original 82 applications for appointment to the Board to identify persons with significant financial experience. The subcommittee carefully reviewed those applications and recommended that Tim Ross be appointed; the Council then took action to do so. He gave a brief summary of Mr. Ross' background, including serving as a Vice President at First Republic Private Wealth Management for three years, earning a Bachelor of Science from Stanford University, being certified as a Chartered Financial Analyst, and serving the community for over three years as a member of the City's Traffic Safety and Parking Committee.

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

4. Approval of Minutes: September 7, 2016, Regular Board Meeting: Board Member McGlothlin moved to approve the minutes of the September 7, 2016, Regular Board Meeting, seconded by Board Member Bohm, approved unanimously**.**

5. Presentation: Recognition of Ben Cohn for Service on the San Bruno Community Foundation Board of Directors: President Kraus announced that effective October 1, Board Member and Treasurer Ben Cohn resigned from the Board in conjunction with his move to the East Bay. On behalf of the Board, President Kraus recognized Mr. Cohn with a proclamation

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from the San Bruno Community Foundation outlining his significant contributions to the Foundation as a founding member of the Board of Directors.

6. Board Member Comments

a. President: President Kraus welcomed new Board Member Tim Ross, whose background she said will be an important asset to the Board in managing the $70 million in restitution funds, and thanked the City Manager, Mayor, and the City Council for moving expeditiously to fill the vacancy on the Board.

b. Others: Board Member McGlothlin said that the City is about to start the final phase of rebuilding the Crestmoor neighborhood, replacing streets and sidewalks. He said that this will be a stressful period for the neighborhood, but that the residents are looking forward to the finished streets and sidewalks and the development of a new neighborhood park that will commence shortly thereafter. President Kraus clarified for the public that this update was for information only and is not related to the work of the Foundation.

7. Executive Director's Report: Executive Director Hatamiya reported on several items related to the administrative operations of the Foundation. First, she reported that she is in regular contact with the Foundation's investment team at Sand Hill Global Advisors and has 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). Second, she reported that, under her contract authority as Executive Director, she signed a consulting agreement with San Bruno resident Stephanie Rutgers to provide primarily administrative support in processing Community Grants Fund applications. Finally, she reported that the reach of the Foundation's e-newsletter and traffic on sbcf.org remain fairly consistent with previous months.

8. Consent Calendar

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

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

9. Conduct of Business

a. Election of Officers

i. Election of Treasurer for Remainder of 2016 Term

Board Member Bohm nominated new Board Member Ross to serve the remainder of the 2016 Treasurer's term. Upon Board Member Ross' acceptance of the nomination, Secretary Roberts seconded the nomination, approved unanimously.

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ii. Discussion of Officer Elections for 2017 Term

President Kraus explained that under the procedure the Board adopted in October, elections for the 2017 officers will take place at the November 2 meeting. In the discussion, Board Member McGlothlin stated that the Board has a responsibility to build a strong board, which includes exposing Board members to different positions. He said that he would be willing to serve as an officer in 2017 if nominated.

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 received 23 grant applications by the September 30 deadline and is now in the due diligence stage of review, checking the applications for completeness and checking to make sure the applicant organizations are properly registered with the relevant federal and state agencies. She reported that a review panel of community members and those with nonprofit and grant review experience will be evaluating the applications and, with the Executive Director, will make a recommendation on grant awards for the Board to consider in December.

Chair Bohm also reported that staff is working on plans for the 2017 Crestmoor Neighborhood Memorial Scholarship and has met with staff at Capuchino High School and Skyline College to debrief the 2016 program and discuss ideas for bolstering outreach in 2017. She also said that she has encountered several San Bruno high school seniors who are aware of the Scholarship.

Committee Member Roberts remarked that the Foundation had strong turnout at the three grant workshops and she hopes that interested parties who were unable to apply for a grant this year because their ideas were still in the preliminary stages would apply next year.

Rhonda Boone, a member of the public, thanked the Board for offering the Community Grant Fund and for answering her questions about the program.

Board Member McGlothlin stated that this first year of running the program is a learning process, which will lead to recommendations for making adjustments to the program next year.

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 two of the near-term projects on which the Foundation is partnering with the City of San Bruno: the Community Facilities Vision Plan and the development of a new park on Florida Avenue.

With regard to the Community Facilities Vision Plan, she reminded the Board that the City has engaged with Anderson Brule architects (ABA) to lead a community facilities vision planning process that will allow for significant community input focused on four primary community

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facilities for which there was considerable public support in last year's Community Listening Campaign, (library, recreation center, pool, and community center either stand alone or combined with a library or recreation center), to be completed by early 2017. The process will allow the community to provide input related to goals for these facilities and to prioritize them. She reported that the Committee and Executive Director have been working in close partnership with the City and ABA, serving on a core team that includes the Mayor, Councilwoman O'Connell, the City Manager, and senior City staff members representing the library, recreation, public works, and community development. She reported that every address in San Bruno will soon receive a postcard from the City announcing two community forums, structured similar to the community listening campaign town hall conversations: one on October 26 and the other on November 30, each from 6:30-9:00 p.m. at the Senior Center. Each forum will be followed by an online survey to enable greater community participation; the City will also seek input from the public at various community events. She said the ABA team will make a presentation on its findings at relevant City commission meetings in January, followed by a presentation to the City Council.

With regard to the Florida Avenue park development, Chair Kraus reminded the Board that the Foundation is supporting three phases of the park's development, for grant funding totaling $200,000. She said the first grant is for the conceptual design phase, which is nearing completion, at a cost expected to be around $25,000; this phase has consisted of a City organized process conducted by MIG, a planning and design firm based in Berkeley, to convene community meetings this past summer, which allowed the public to identify needs for the park and respond to various design concepts. She reported that the firm has produced a draft master plan for the park that will be presented to the City's Parks and Recreation Commission on October 19 and to the City Council on October 25. She reported that the Committee will be represented at both meetings.

Board Member Bohm commended the Committee for ensuring that community input is continuing to be solicited on both projects. She also reminded the Board that the Foundation supports partnerships with other funders on these projects.

Rhonda Boone, a member of the public, commended the Board for the outstanding job it has done to inform the community of the Foundation's activities and to solicit input, including mailings and surveys, and that is why she is attending this meeting.

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

On behalf of the Committee, President Kraus reported that the Committee was tasked, among other things, to prepare a revised Conflict of Interest Policy for the Board to consider. Executive Director Hatamiya explained that 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, and that this policy was included as part of the Foundation's application to the IRS for 501(c)(3) tax-exempt status. She further explained that 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

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applicable to public entities and those applicable to nonprofits – and the challenge was to craft a revised Conflict of Interest Policy for the Foundation that merges those two disparate legal schemes into a single policy. She reported that 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. She thanked the City Attorney and NEO Law Group attorneys for their valuable assistance in developing the revised Conflict of Interest Policy.

City Attorney Marc Zafferano mentioned that the purpose of the policy is to identify red flags before they happen. He also responded to questions from Board members about the proper process for handling Conflict of Interest issues; in some cases recusal will be prudent, and in other cases, the Board may be prohibited from entering into a financial transaction with an organization or person.

Secretary Roberts suggested that staff routinely notify Board Members of any perceived conflicts when bringing recommendations for funding to the Board as part of the meeting preparation process.

Secretary Roberts moved to approve the resolution approving the revised Conflict of Interest Policy, seconded by Board Member McGlothlin, approved unanimously.

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

Committee Chair McGlothlin reported that under the Bylaws the Foundation is required to have an annual independent audit and that this is the second year that the Foundation will have an audit, which will be conducted again by the accounting firm, Novogradac & Company. He reported that the first audit was very routine and that this year's audit, while slightly less routine, is still straightforward. He said that staff has closed the 2015-2016 accounting books, responded to all of the auditors' questions and requests, and is now waiting for a set of draft audited financial statements from the auditors. He reported that the Audit Committee would meet on October 25 with the Novogradac team to review the draft audited financials and that Lance Smith of Novogradac would present the audited financials to the Board in November.

10. Public Comment: None.

Board Member McGlothlin reported that it is his understanding that regular SBCF Board meeting attendee and San Bruno resident David Nigel is in St. Louis to receive an award for his service on the Parks and Recreation Commission.

9. Adjourn: Secretary Roberts moved to adjourn the meeting at 7:45 p.m., seconded by Board Member McGlothlin, approved unanimously.

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Respectfully submitted for approval at the Regular Board Meeting of November 2, 2016, by Secretary Emily Roberts and President Nancy Kraus.

_____
Emily Roberts, Secretary

_____
Nancy Kraus, President

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Executive Director's Report**

Since the October 5, 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, and overseeing the FY 2016-2017 audit, all of which will be covered during the business portion of the November 2, 2016, regular Board meeting.

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

1. Finance and Investment Activities

I have been working to ensure a smooth transition for Tim Ross, the Foundation's new Board Member, Treasurer, and Investment Committee Chair. I am in regular contact with the Foundation's investment team at Sand Hill Global Advisors, and Treasurer Ross and I recently met with the Sand Hill team to educate him on the Foundation's investment strategy and relationship with Sand Hill. The meeting also included preparation for the Investment Committee's upcoming meeting on November 16, 2016 (4:30 p.m. at San Bruno City Hall, Room 101).

2. Consultant Support

I plan to search for and hire a program consultant to handle the day-to-day administration of the Crestmoor Neighborhood Memorial Scholarship and Community Grants Fund. It has been instructive for me to personally manage the creation and first iteration of both programs, but as the Foundation considers various strategic initiatives, additional bandwidth is needed to effectively run the Crestmoor Scholarship and Community Grants Fund. Ideally, I'd like to bring the person on board by December to start handling the outreach activities for the Crestmoor Scholarship, ramping up in January and February, and overseeing the review process in March and April and the awards process in May and June. The second iteration of the Community Grants Fund will likely launch in late June, with the review process in the fall and grant awards made at the end of the calendar year.

3. Email Newsletter

The reach of our e-newsletter remains fairly consistent with previous months. For the e-newsletter that was sent on October 13 and featured information on the City's Community Forum regarding the vision for community facilities and the October 5 Board meeting, of the nearly 550 emails sent, 38% of the recipients opened the email, and the e-newsletter was viewed, either in email or as posted on the web, 449 times. An extra email reminder on October 24 for the Community Forum on October 26 had even greater reach, with 43% of the recipients opening the email and 618 views.

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, 214 users engaged in 310 sessions on the Foundation website, for a total of 632 page views. The most visited pages have been the home page and those pages related to the Community Grants Fund.

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Consent Calendar for the November 2, 2016, Regular Board Meeting**

For the November 2, 2016, Regular Meeting of the Board of Directors of the San Bruno Community Foundation, the Consent Calendar includes two items related to administrative and operational functions of the Foundation:

1. Adopt Resolution Designating Authorized Signatories on SBCF Wells Fargo Bank Accounts

Article XIII, Section 3 of the SBCF Bylaws requires and authorizes the Board to designate individuals to execute (sign and/or initiate) checks, including electronic funds transactions used in lieu of checks. On February 19, 2015, the Board adopted resolutions authorizing the establishment of checking and savings accounts at Wells Fargo Bank and designating then-Treasurer Ben Cohn, President Nancy Kraus, and Executive Director Leslie Hatamiya to serve as SBCF's authorized signatories on its Wells Fargo Bank accounts.

Following Ben Cohn's resignation from the Board, Board Member Tim Ross was elected Treasurer on October 5, 2016. This resolution designates Treasurer Tim Ross, President Nancy Kraus, and Executive Director Leslie Hatamiya as the authorized signatories on SBCF's Wells Fargo accounts. As part of the Foundation's internal financial controls, this resolution also sets forth the requirements for signing checks or authorizing other transfers of funds (*e.g.,* a wire transfer). In particular, it creates a $2,500 threshold above which all checks and other transfers of funds requires two signatures and prohibits a signatory from signing a check made out to that signatory.

On a related note, we have already processed the paperwork to remove Ben Cohn as a signatory and to add Tim Ross as a signatory on the Foundation's Fidelity brokerage (investment) accounts. The Foundation's Fiscal Policies and Procedures document identifies the Treasurer, President, and Executive Director as the authorized signatories on all bank and investment accounts, and Fidelity did not require a specific resolution (as Wells Fargo does) to implement the change.

2. Receive and Approve Treasurer's Report (September 2016 Financial Statements)

The September 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 approve the resolution designating authorized signatories on SBCF Wells Fargo bank accounts and receive and approve the Treasurer's Report as part of the Consent Calendar.

Attachments:

1. Resolution Designating Authorized Signatories on SBCF Wells Fargo Bank Accounts
2. September 2016 Financial Statements

RESOLUTION NO. 2016-___

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION DESIGNATING SIGNATORIES ON SBCF WELLS FARGO BANK ACCOUNTS

WHEREAS, Article XIII, Section 3 of the SBCF Bylaws requires and authorizes the Board to designate individuals to execute (sign and/or initiate) checks, including electronic funds transactions used in lieu of checks; and

WHEREAS, on February 19, 2015, the San Bruno Community Foundation Board of Directors adopted resolutions authorizing the establishment of checking and savings accounts at Wells Fargo Bank and designating then-Treasurer Ben Cohn, President Nancy Kraus, and Executive Director Leslie Hatamiya to serve as SBCF's authorized signatories on its Wells Fargo Bank accounts;

WHEREAS, the Foundation maintains three accounts – business checking, payroll checking, and savings – at Wells Fargo Bank;

WHEREAS, Section VI.A. of the Foundation's Fiscal Policies and Procedures, most recently amended on May 4, 2016, state that the "President, Treasurer, and Executive Director are the authorized signatories on all bank and investment accounts; and

WHEREAS, following the resignation from the Board of Directors of Ben Cohn, Board Member Tim Ross was elected Treasurer on October 5, 2016;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors designates Treasurer Tim Ross, President Nancy Kraus, and Executive Director Leslie Hatamiya to serve as SBCF's authorized signatories on its Wells Fargo bank accounts, with the following requirements for the signing of checks and other transfer of funds:

(a) Any single check or other transfer of funds in excess of $2,500.00 requires the signature of two of the authorized signatories;

(b) Any single check or other transfer of funds not exceeding $2,500.00 requires the signature of any one of the authorized signatories;

(c) Payment for a particular invoice, bill, expense report, or similar obligation in excess of $2,500.00 may not be split into multiple checks or other transfers of funds to evade the two-signature requirement of (a) above; and

(d) No authorized signatory may sign any check that names that person as the payee.

Dated: November 2, 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 2nd day of November, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

SAN BRUNO
Community Foundation

September 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 quarter equals 25% 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 – $1,550 is 38.8% 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 25%.

Line 10 Payroll Taxes & Benefits – $5,909 is 23.6% of budget. Social Security/Medicare ($2,556) is the largest cost and will be lower at the end of the calendar year. Other costs include retirement ($2,187), accrued vacation ($702), and workers' compensation insurance ($405).

Line 12 Occupancy – Only cost is office lease ($3,227). Amount is 24.2% of budget.

Line 13 Insurance – $4,170 is exactly on budget at 25% and includes Directors & Officers ($3,220), crime ($708), and commercial liability ($242) policies.

Line 14 Telecommunications – $496 is 28.7% of budget and includes cellular, land line, and internet.

Line 15 Postage & Shipping – $1,478 is 35.3% of budget. Most of the cost ($1,349) incurred in August to distribute annual report to community.

Line 16 Marketing & Communications - $6,865 is 43% of budget and the entire amount is for graphic design and printing of annual report.

Line 17 Office Supplies – $574 is 20.3% of budget. Largest cost is for toner ($345).

Line 19 Legal Fees – $3,570 is 10.9% of budget and is for advice regarding Grants ($300) and administrative issues ($3,270). 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 – $467 is 4.3% of budget as there have been no audit fees incurred this year.

Line 21 Other Consultants - $4,344 is 7.1% of budget and is entirely for Accounting consultant.

Line 22 Travel, Meetings & Conferences – $710 is 9.8% of budget and is entirely for cost Board meetings.

Line 23 Miscellaneous – $400 equals 16% 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 20.5% of budget, which is well below 25% benchmark for the first quarter of the year. In terms of dollars, the $75,960 in expenses is $16,613 less than the first quarter budget allocation. The only two line items significantly over budget, Postage & Shipping and Marketing & Communications, are that way due to the timing of the cost for production and mailing annual report to community.

September investment net income was $74,829, bringing year-to-date net investment income to $1,055,781. The September gains came from the Strategic Pool $27,093 and Quasi Endowment $47,736 resulting in year-to-date amounts of $554,704 (Strategic) and $501,077 (QE).

Total Net Assets, as of September 30, 2016 are $71,178,987 with $15,619,197 in Quasi Endowment and $55,559,790 in general Unrestricted funds.

SAN BRUNO
Community Foundation

September 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	1,550	4,000	38.8%	4,000	-
4	**Total Available for Operations**	1,342,840	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	43,750	175,000	25.0%	175,000	-
10	Payroll Taxes & Benefits	5,909	25,022	23.6%	25,022	-
11	**Subtotal Personnel Expenses**	49,659	200,022	24.8%	200,022	-
12	Occupancy	3,227	13,314	24.2%	13,314	-
13	Insurance	4,170	16,698	25.0%	16,698	-
14	Telecommunications	496	1,728	28.7%	1,728	-
15	Postage & Shipping	1,478	4,187	35.3%	4,187	-
16	Marketing & Communications	6,865	15,978	43.0%	15,978	-
17	Office Supplies	574	2,832	20.3%	2,832	-
18	Office Equipment & Furniture	-	1,000	0.0%	1,000	-
19	Legal Fees	3,570	32,781	10.9%	32,781	-
20	Auditor & Payroll Fees	467	10,940	4.3%	10,940	-
21	Other Consultants	4,344	61,100	7.1%	61,100	-
22	Travel, Meetings & Conferences	710	7,210	9.8%	7,210	-
23	Miscellaneous	400	2,500	16.0%	2,500	-
24	**Subtotal Non-Personnel**	26,301	170,268	15.4%	170,268	-
25	**Total Expenses**	75,960	1,345,290	5.6%	1,345,290	-
26	**Net Surplus/(Loss)**	$ 1,266,880	$ -		$ -	$ -

Prepared by: F. Bittner, 10/15/2016

SAN BRUNO
Community Foundation

Statement of Financial Position
as of September 30, 2016

ASSETS			
Cash, Wells Fargo General	$ 28,688.95		
Cash, Wells Fargo Payroll	25,362.37		
Cash, Wells Fargo Savings	55,050.04		
Cash, Fidelity Liquidity Pool	1,137,947.13		
Total Cash		1,247,048.49	
Investments, Fidelity Quasi-Endowment	15,619,196.90		
Investments, Fidelity Strategic Pool	54,342,580.94		
Accrued Interest Receivable	49,180.00		
Total Investments		70,010,957.84	
Prepaid Rent	1,075.86		
Prepaid Insurance	5,689.93		
Total Other Current Assets		6,765.79	
Deposits	1,335.45		
Total Other Assets		1,335.45	
TOTAL ASSETS			$ 71,266,107.57
LIABILITIES & NET ASSETS			
LIABILITIES			
Accounts Payable	5,761.50		
Accrued Scholarships Payable	70,000.00		
Accrued Employee PTO	11,359.05		
Total Liabilities		87,120.55	
NET ASSETS			
Unrestricted, Non-QE 7/1/2016 Balance	55,079,496.41		
Year to Date Net Income	(74,410.50)		
Year to Date Strategic Investment Income	554,704.21		
Total Non-QE Net Assets	55,559,790.12		
Quasi-Endowment 7/1/2016 Balance	15,118,119.77		
Year-to-date QE Investment Income	501,077.13		
Total Quasi-Endowment Net Assets	15,619,196.90		
Total Unrestricted Net Assets		71,178,987.02	
TOTAL LIABLITIES & NET ASSETS			$ 71,266,107.57

-

Prepared by: F. Bittner, 10/15/2016

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Report from Novogradac & Company LLP Regarding the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2016, and Resolution Approving the Audited Financial Statements for the Year Ended June 30, 2016**

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. In its review, the Novogradac team examined the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls. Mr. Bittner and I responded to several follow-up requests for additional information from the Novogradac team.

On October 25, 2016, the Audit Committee met to discuss with the Novogradac team the draft audited financial statements that the Novogradac team had prepared. At the end of October, the Novogradac team produced the attached final audit report, which covers the Foundation's finances from July 1, 2015, through June 30, 2016.

At the November 2, 2016, Board meeting, Mr. Smith will present the audited financial statements to the Board, review his team's findings with regard to the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls, and field questions from the Board. Attached to this memo are the audited financial statements and supporting materials from Novogradac.

SAN BRUNO
Community Foundation

Memorandum

At the conclusion of Mr. Smith's report, I recommend that the Board adopt the attached resolution accepting and approving the Foundation's audited financial statements for the year ended June 30, 2016.

On a related note, the Novogradac team expects to have prepared a final draft of the Foundation's annual federal and state tax returns (IRS Form 990 and California Form 199) by the first week of November. I will circulate the tax returns to the full Board for review, with the goal of submitting the returns by their November 15, 2016, deadline. If I am able to circulate the tax returns prior to November 2, Mr. Smith and I will be able to answer any questions Board members may have about the tax returns at the Board meeting.

Attachment:

1. Resolution Approving the San Bruno Community Foundation's Audited Financial Statements for the Year Ended June 30, 2016
2. The San Bruno Community Foundation Financial Statements and Report of Independent Auditors for the period beginning July 1, 2015, and ending June 30, 2016, and supporting materials from Novogradac

RESOLUTION NO. 2016-__

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION APPROVING THE FOUNDATION'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

WHEREAS, Article XIII, Section 4, of the Bylaws calls for the retention of an independent auditor to conduct an annual audit of the San Bruno Community Foundation's financial statements and records;

WHEREAS, on May 4, 2016, the Board of Directors authorized President Nancy Kraus to execute a contract with Novogradac & Company LLP 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;

WHEREAS, on May 24, 2015, President Nancy Kraus executed a contract with Novogradac & Company LLP to conduct an audit of the Foundation's financial statements for the year ended June 30, 2016, and to prepare the Foundation's federal and state tax returns;

WHEREAS, Novogradac & Company LLP examined the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls;

WHEREAS, Novogradac has produced audited financial statements for the Foundation for the year ended June 30, 2016; and

WHEREAS, Lance Smith, the Novogradac engagement partner assigned to the Foundation's account, will present the audited financial statements to the Board at the Foundation's November 2, 2016, regular Board meeting.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors accepts and approves the audited financial statements for the year ended June 30, 2016, as prepared by Novogradac & Company LLP.

Dated: November 2, 2016

ATTEST:

_____
Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2012-__ was duly and regularly passed and adopted by the Board of

Directors of the San Bruno Community Foundation on this 2nd day of November, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

THE SAN BRUNO COMMUNITY FOUNDATION

Financial Statements
and
Report of Independent Auditors

For the year ended June 30, 2016
with comparative totals for the period beginning July 24, 2013 (inception)
and ending June 30, 2015

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NOVOGRADAC
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CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

To the Board of Directors of
The San Bruno Community Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of The San Bruno Community Foundation, a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The San Bruno Community Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The San Bruno Community Foundation's financial statements for the period beginning July 24, 2013 (inception) and ending June 30, 2015, and our report dated October 27, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the period beginning July 24, 2013 (inception) and ending June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Novogradac & Company LLP

San Francisco, California
October 25, 2016

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2016
with comparative totals as of June 30, 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 299,609	$ 178,045
Investments	69,987,770	-
Accounts receivable	1	90
Interest receivable	58,621	-
Prepaid expenses	7,664	7,374
Deposits	1,517	1,520
Total assets	$ 70,355,182	$ 187,029
LIABILITIES		
Accounts payable	$ 22,566	$ 9,791
Accrued scholarships	80,000	-
Accrued grants payable	55,000	-
Total liabilities	157,566	9,791
UNRESTRICTED NET ASSETS		
Board designated	15,118,120	-
Non-designated	55,079,496	177,238
Total unrestricted net assets	70,197,616	177,238
Total liabilities and net assets	$ 70,355,182	$ 187,029

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2016
with comparative totals for the period beginning July 24, 2013 (inception)
and ending June 30, 2015

	2016	2015
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Restitution funds	$ 70,052,576	$ 491,031
Interest and dividends	128,131	18
Net realized / unrealized gain on investments	327,665	-
Total revenue and other support	70,508,372	491,049
EXPENSES		
Program expense	323,710	83,995
Management and general	164,284	229,816
Total expenses	487,994	313,811
CHANGE IN NET ASSETS	70,020,378	177,238
NET ASSETS AT BEGINNING OF PERIOD	177,238	-
NET ASSETS AT END OF PERIOD	$ 70,197,616	$ 177,238

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016
with comparative totals for the period beginning July 24, 2013 (inception)
and ending June 30, 2015

	Program Services	Management and General	Total	2015 Total
SALARY AND PAYROLL				
Salaries and wages	$ 105,000	$ 70,000	$ 175,000	$ 72,917
Payroll taxes and benefits	16,027	10,685	26,712	15,341
Total personnel expenses	121,027	80,685	201,712	88,258
OTHER EXPENSES				
Scholarships	100,000	-	100,000	-
Grants	55,000	-	55,000	-
Rent	6,848	4,565	11,413	2,728
Insurance	-	16,555	16,555	24,016
Telecommunications	880	587	1,467	1,703
Postage and shipping	66	307	373	1,391
Printing and copying	2,785	375	3,160	4,204
Office supplies	589	780	1,369	903
Office equipment and furniture	1,214	809	2,023	3,614
Organizational costs	-	-	-	139,941
Legal fees	10,460	17,306	27,766	-
Accounting and payroll fees	-	25,832	25,832	10,595
Investment fees	-	7,258	7,258	-
Listening campaign consultants	-	-	-	33,940
Other professional services	24,584	2,683	27,267	-
Travel, meetings and conferences	257	5,623	5,880	2,308
Miscellaneous	-	919	919	210
Total other expenses	202,683	83,599	286,282	225,553
TOTAL EXPENSES	$ 323,710	$ 164,284	$ 487,994	$ 313,811

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2016
with comparative totals for the period beginning July 24, 2013 (inception)
and ending June 30, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 70,020,378	$ 177,238
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized/unrealized gain on investments	(327,665)	-
Decrease (increase) in assets:		
Accounts receivable	89	(90)
Interest receivable	(58,621)	-
Prepaid expenses	(290)	(7,374)
Increase in liabilities:		
Accounts payable	12,775	9,791
Accrued scholarships	80,000	-
Accrued grants payable	55,000	-
Net cash provided by operating activities	69,781,666	179,565
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal from (funding of) deposits	3	(1,520)
Purchase of securities	(69,660,105)	-
Net cash used in investing activities	(69,660,102)	(1,520)
Net (decrease) increase in cash and cash equivalents	121,564	178,045
Cash and cash equivalents at beginning of period	178,045	-
Cash and cash equivalents at end of period	$ 299,609	$ 178,045

see accompanying notes

THE SAN BRUNO COMMUNITY FOUNDATION
Notes to Financial Statements
June 30, 2016
with comparative totals for the period beginning July 24, 2013 (inception)
and ending June 30, 2015

1. Organization

The San Bruno Community Foundation (the "Foundation"), a California nonprofit corporation, was organized in 2013 as a public benefit 501(c)(3) nonprofit corporation and has been determined to be a Type I supporting organization under Section 509(a)(3) of the Internal Revenue Code ("IRC"). Pursuant to the settlement agreement dated March 12, 2012, between Pacific Gas & Electric Company ("PG&E") and the City of San Bruno (the "City"), both parties agreed to resolve and settle all claims arising out of the September 9, 2010 pipeline incident (the "Settlement Agreement"). The terms require PG&E to contribute a total of $70 million to the City, which comprised of 1) five vacant plots of land in the Glenview (Crestmoor) neighborhood which has a total fair market value of $1,250,000 and 2) $68,750,000 in cash, which will be transferred to a tax-exempt, nonprofit public purpose entity. Hence, the Foundation was created from the Settlement Agreement. The Foundation engages primarily in the administration of PG&E restitution funds.

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

2. Summary of significant accounting policies

Basis of accounting
The Foundation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. The Foundation's year end for tax and financial reporting purposes is June 30.

Basis of presentation
The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets represent funds, which are fully available or have been fully reserved, at the discretion of management, to utilize for any of its programs or supporting services. Temporarily restricted net assets are comprised of funds, which are restricted by donors for specific purposes or time periods. Permanently restricted net assets include contributions, which donors have specified must be maintained in perpetuity. As of June 30, 2016 and 2015, the Foundation had no temporarily restricted or permanently restricted net assets.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. As of June 30, 2016 and 2015, cash and cash equivalents consist of the following:

	2016	2015
Cash - operating	$ 44,417	$ 178,045
Liquidity fund cash	255,192	-
Total cash and cash equivalents	$ 299,609	$ 178,045

Concentration of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of credit exposed to any one financial institution. The Foundation has not experienced any losses in such accounts.

Restitution funds recognition

Restitution funds are recognized when the City makes an unconditional promise to give to the Foundation.

In February 2015, the City Council approved transfer of $491,031 of funds to cover the Foundation's reimbursement to the City of costs incurred in the formation of the Foundation and enough funds to cover what was estimated to be approximately one year of operating expenses. The City has transferred the remaining restitution funds to the Foundation during the year ended June 30, 2016. For the year ended June 30, 2016 and the period beginning July 24, 2013 (inception) and ending June 30, 2015, the Foundation recognized $70,052,576 and 491,031, respectively, as income.

The City held the balance of the restitution funds in two custodial accounts. The first account held the balance of the original $68,750,000 cash payment the City received in 2012. The second account held the proceeds of the sale of three of the lots that were part of the restitution settlement in the amount of $1,243,563.

For the period beginning July 24, 2013 (inception) and ending June 30, 2015, the Foundation did not believe the remaining restitution funds that the City was holding should be recognized as income. At that time, the Foundation had not adopted an investment policy and had not retained the services of an investment management firm to manage the funds as was required by the City. However, for the year ended June 30, 2016, the Foundation met those conditions and the City approved transfer of the remaining funds.

2. Summary of significant accounting policies (continued)

Investments
The Foundation carries investments in various investment pools with readily determinable fair values and all investments are stated at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities and Changes in Net Assets.

Accounts receivable
Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fair value measurements
The Foundation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Foundation's own assumptions.

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)
The following tables present the Foundation's assets that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2016:

	June 30, 2016			
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Liquidity pool	$ 1,090,228	$ -	$ -	$ 1,090,228
Strategic pool	53,779,422	-	-	53,779,422
Quasi-endowment pool	15,118,120	-	-	15,118,120
Total assets	$ 69,987,770	$ -	$ -	$ 69,987,770

Furniture and equipment
The Foundation capitalizes equipment, furnishings, and leasehold improvements over $5,000 that materially increase asset lives of one year or more. When assets are sold or otherwise disposed of, the costs and related reserves are removed from the accounts and any resulting gain or loss is included in operations.

Income taxes
The Foundation is a not-for-profit corporation under Section 501(c)(3) of the IRC and Section 23701(d) of the California Revenue and Taxation Code and therefore, is generally exempt from both federal and state income taxes, except on net income derived from unrelated business activities.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Foundation to report information regarding its exposure to various tax positions taken. Management has determined whether any tax positions have met the recognition threshold and has measured its exposure to those tax positions. Management believes that the Foundation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal tax authorities generally have the right to examine and audit the previous three years of tax returns filed. California tax authorities generally have the right to examine and audit the previous four years of tax returns filed. Any interest or penalties assessed to the Foundation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Scholarships expense
The Foundation offers three types of scholarships, which are defined as follows:

1. $5,000 each year for four years, totaling $20,000, for a high school student to attend a 4-year college.
2. $2,500 each year for two years, totaling $5,000, for a high school student to attend a 2-year community college.
3. $5,000 each year for two years, totaling $10,000, for a community college student who transfers to a 4-year college.

2. Summary of significant accounting policies (continued)

Scholarships expense (continued)
Members of the San Bruno community are eligible to apply for a scholarship. Scholarships are recognized when they have been awarded. Recipients are required to renew their scholarships for each year by submitting proof of full time enrollment for the following fall and certification of status as a student in good standing, by June 1 of each year. For the year ended June 30, 2016 and period beginning July 24, 2013 (inception) and ending June 30, 2015, scholarship expense was $100,000 and $0, respectively. As of June 30, 2016 and 2015, accrued scholarships payable was $80,000 and $0, respectively.

Grant expense
Grants are recognized when all significant conditions are met, all due diligence has been completed and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time the Foundation receives or is notified of the refund. For the year ended June 30, 2016 and period beginning July 24, 2013 (inception) and ending June 30, 2015, grant expense was $55,000 and $0, respectively. As of June 30, 2016 and 2015, accrued grants payable was $55,000 and $0, respectively.

Functional allocation of expenses
For the year ended June 30, 2016 and period beginning July 24, 2013 (inception) and ending June 30, 2015, all of the Foundation's expenses are classified as Program or Management, and there were no fundraising activities undertaken in either period. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management.

Organizational costs
Organizational costs are expensed as incurred.

Subsequent events
Subsequent events have been evaluated through October 25, 2016, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

3. Investments

Securities are stated at current market value and consist of the following as of June 30, 2016:

	Cost	Market Value
Liquidity pool	$ 1,091,101	$ 1,090,228
Strategic pool	53,479,554	53,779,422
Quasi-endowment pool	15,013,314	15,118,120
Total securities	$ 69,583,969	$ 69,987,770

3. Investments (continued)

The following schedule summarizes the investment return and its classification in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2016:

	2016	2015
Interest and dividends	$ 128,131	$ 18
Realized gain	308	-
Unrealized gain	327,357	-
Total investment returns	$ 455,796	$ 18

4. Office lease

The Foundation entered into an office lease with San Bruno Office Associates, LLC for a term of one year, which expired on March 31, 2016. On March 3, 2016, the Foundation renewed its office lease agreement for a term of one year commencing on April 1, 2016, with monthly payments of $1,064. For the year ended June 30, 2016 and the period beginning July 24, 2013 (inception) and ending June 30, 2015, office lease payments were $11,413, and $2,728, respectively. The Foundation's total minimum rental commitments for the lease for the year ending June 30, 2017, total $9,576.

5. Employee benefit plan

Effective January 1, 2015, the Foundation established a tax-deferred annuity plan qualified under Section 403(b) of the IRC for its employees. The Foundation makes non-matching contributions equal to 5% of the gross salary for individual employees. For the year ended June 30, 2016 and the period beginning July 24, 2013 (inception) and ending June 30, 2015, $8,750 and $3,646, respectively, was contributed by the Foundation on behalf of its employees.

6. Prior period comparison

The financial statements include certain prior-period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the period beginning July 24, 2013 (inception) and ending June 30, 2015, from which the summarized information was derived.

NOVOGRADAC
& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

October 25, 2016

To the Audit Committee and Board of Directors of
The San Bruno Community Foundation:

We have audited the financial statements of The San Bruno Community Foundation, (the "Foundation") as of and for the year ended June 30, 2016, and have issued our report thereon dated October 25, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimates affecting the financial statements based on subjective and objective factors including the allocation of assets, liabilities, revenues and expenses among funds, and the fair market value of investments.

2. Management's estimate of the fair market value of investments is based on an evaluation of third party information obtained.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

1. The disclosure of investments in the notes to the financial statements. This note contains a description of the composition of the investment balance as of June 30, 2016 and a summary of activity for the year then ended.

The financial statement disclosures are neutral, consistent, and clear.

NOVOGRADAC & COMPANY LLP P 415.223.6130 F 415.356.8001 W www.novoco.com OFFICE 1010 B Street, Suite 400 San Rafael, Calif. 94901

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Audit Committee, Board of Directors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Novogradac & Company LLP

NOVOGRADAC & COMPANY LLP

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 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 November 2, 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 reported at the October Board meeting, the Foundation received 23 applications for Community Grants by the September 30 deadline. The first stage of review was due diligence. Staff (a program consultant and I) reviewed the applications for completeness (eliminating one application from consideration). We also checked to ensure that the applications meet the Foundation's applicant and activity eligibility guidelines based on their responses to specific questions on the application. Finally, we checked several federal and state registries to see whether applicant organizations are properly registered with the appropriate government agencies (IRS, California Secretary of State, California Franchise Tax Board, and California Attorney General's Registry of Charitable Trusts).

The applications are currently in the second stage of review. A review panel of eight individuals (community members and/or individuals with experience in grantmaking and the nonprofit sector) is in the process of reviewing and rating 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 2017 Crestmoor Neighborhood Memorial Scholarship will launch in December, when the online application will be accessible and updated marketing materials will be distributed to local schools and throughout the community. The program will be structured similar to this past year's program, with the following minor changes, which are intended to help attract more applicants:

- Marketing materials will clearly state that the most important criteria is demonstrated commitment to the San Bruno community, with extracurricular activities, leadership/teamwork/collaboration, academic record, and financial need also considered.
- Only one letter of recommendation will be required; a second letter of recommendation will be optional.
- We will not ask for SAT/ACT scores (this past year they were optional).

We are making these adjustments in response to feedback we received from staff at Capuchino High School and Skyline College and the past year's selection panel.

In November, staff will work on updating the online application and developing new marketing materials. Staff will offer workshops on the Scholarship and the application process at Capuchino High School in January. The application deadline will be March 15, 2017.

In the budget approved by the Board in June, the 2017 Crestmoor Scholarship is currently budgeted at $100,000. However, at the time of budget consideration, the Board said that it would reconsider the budgets for the second iterations of both the Crestmoor Scholarship and the Community Grants Fund after both programs had completed one full cycle. As a result, the Committee plans to reconsider 2017 funding levels for both programs after Community Grant awards are made in early December and may bring a recommendation for increased funding to the Board at its January regular meeting.

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: Framework for Considering Strategic Grant Initiatives, Proposal for Development of Music Education Strategic Initiative, and Resolution Creating Ad Hoc Committee on Music Education Strategic Initiative

Adopted in October 2015, the Foundation's Program Strategy Framework outlines three categories, or buckets, of activity: (1) Strategic Grantmaking, (2) Responsive Grantmaking, and (3) Foundation Programs. Pursuant to the Program Strategy Framework, over the past year the Foundation has pursued the establishment of programs in all three buckets. The Foundation has created the Community Grants Fund as its primary vehicle for responsive grantmaking, through which local community groups can apply for grant funding of up to $25,000 per year. The Crestmoor Neighborhood Memorial Scholarship is the Foundation's signature home-grown program under the third category, offering college scholarships to San Bruno students who have demonstrated a strong commitment to the San Bruno community. The Foundation Board also identified four near-term strategic projects – Community Day, Community Facilities Vision Plan, Florida Avenue park development, and pedestrian safety improvements – to be funded by the Foundation.

The idea behind identifying a short list of near-term projects addressed the Board's desire to begin using the restitution funds to benefit the community in 2016. The Board acknowledged that many of the projects identified in the 2015 Community Listening Campaign – namely, large capital projects – will take considerable time to research, develop, and execute. Both the Board and the public expressed an interest in jump-starting the Foundation's programs with some smaller projects to be accomplished in the near term.

Now that the Foundation has successfully completed the first iteration of the Crestmoor Scholarship, has launched the Community Grants Fund, has funded or made substantial headway in funding the four near-term projects with the City, and in the first quarter of 2017 will have the results of the City's Community Facilities Vision Plan, the time has come to articulate the process for identifying, evaluating, and funding strategic grant initiatives and to begin identifying new strategic grant prospects.

1. Framework for Considering Strategic Grant Initiatives

The Program Strategy Framework sets forth high-level guidance for the Foundation's strategic grantmaking activity:

> One of the Foundation's primary roles is as a strategic grantmaker, identifying a specific community need and proactively charting a course to address that need, with specific outcomes in mind.
>
> The Foundation's strategic grantmaking activities can take various forms, including:
>
> - *Proactive Grantmaking:* The Foundation seeks out and identifies organizations and programs that target specific issues the Foundation wants to address.
> - *Initiative Grantmaking:* The Foundation assumes a leadership role to focus on specific issue areas. This form of grantmaking may involve convening and collaborating with key partners.
> - *Collaborative Grantmaking:* The Foundation works with other funders on specific areas of interest that all mutually agree to support.
>
> It is anticipated that many of the Foundation's larger grants will be strategic grants, where the Foundation, in partnership with other key stakeholders, identifies a specific community need and proactively reaches out to the organizations best suited to address that need to develop a course of action.

Moreover, in November 2015, the Board identified a list of strategic grantmaking priorities and directed staff to begin working with the relevant community partners to research and, as appropriate, develop concrete funding proposals to address these priorities:

Capital Project Priorities
- Upgraded library/community center
- Year-round swimming pool
- Upgraded recreation center
- Athletic field improvements
- Park improvements

Other Priorities
- Education
- Social and human services
- Citywide beautification efforts
- Community-building

By their very nature, many of the Foundation's strategic initiatives will be organic, arising from an identifiable community need at that point in time. Identification of such community needs can come from multiple sources, including the 2015 Community Listening Campaign, staff and Board outreach, and from community members. To ensure that the community has an ongoing method for bringing community needs to the Foundation's attention, I am in the process of adding a form to the SBCF website that will allow members of the public to share programmatic ideas with the Foundation. Most strategic initiatives will likely be staff- and Board-driven. Throughout my work, I am constantly on the look-out for potential community needs within these priority areas that could be addressed by a strategic initiative and consult with the President and other Board Members as appropriate.

When a potential strategic initiative has been identified, I will bring the idea to the Board with a recommendation to form an ad hoc committee charged with investigating and developing a proposal for that strategic initiative. As appropriate, such a committee will provide guidance to staff in the development of the proposal and connect with relevant community partners.

2. Proposal to Develop Music Education Initiative in San Bruno Public Schools and Resolution Approving Creation of Ad Hoc Committee on Music Education Strategic Initiative

Following the framework outlined above, at the November 2 Board meeting I will bring before the Board a proposal to develop a strategic initiative to support music education in San Bruno's public schools and ask the Board to create an ad hoc committee to research this idea. Reflecting the desire to improve San Bruno's public schools that the Foundation heard in the Community Listening Campaign, education is one of the strategic grantmaking priorities the Board identified. When initiated at the elementary and high school levels, music is an integral part of community building, promotes high levels of academic achievement and is a part of lifelong personal and community growth. Music nurtures the human spirit, promotes personal development, and is central to learning and the creative process. Research tells us that students engaged in arts education succeed at higher levels than students without it, regardless of the socioeconomic level of the school or district. When students are making music together they are learning the spirit of team work, discipline, and most important, self-discovery, which promotes physical well-being and social understanding.

San Bruno public schools, particularly Capuchino High School, have long had a tradition of excellence in music education with award-winning bands and other musical groups. Budget cuts have caused the Capuchino music program to diminish over the past decade. At the same time, instrumental music education has experienced a renaissance at Parkside Intermediate School in the last several years. Today

approximately 360 Parkside students, or more than 40% of the student body, participate in the school's music program, benefiting from musical learning opportunities through daily band and orchestra classes and guitar and ukulele ensembles. Both schools struggle financially to support their music programs – Capuchino to rebuild its program, now headed by a new music director who has the expertise and enthusiasm to return Capuchino's music program to its glory days, and Parkside to build upon its recent success undertaken by dynamic music instruction to develop a sustainable program to support all students who seek accessible and affordable music instruction. In fact, Capuchino leaders feel that it is critical that the school provide a quality music program to attract Parkside musicians to the school, or else risk losing these students to other high schools in the San Mateo Union High School District with strong music programs. Music education in San Bruno Park School District elementary schools has been inconsistent and uneven and, as the district has faced financial challenges in recent years, is dependent solely on support from school PTAs. In 2016, to prepare older elementary school students for the instrumental music program at Parkside, the San Bruno Education Foundation began funding group-based, after-school instrumental instruction for fourth and fifth grade students. This program was so successful that the Education Foundation added a summer program for grades 4-8 this past summer.

The leadership at the San Bruno Park School District as well as at Capuchino High School has identified music education as desired and valuable programs, yet both entities lack the necessary financial resources to support the programs at the desired level. Both recognize that a significant part of the funding that is needed to support music education and performance must come from outside the limited resources available from school districts. In fact, the Capuchino High School Alumni Association applied for a Community Grant to support the high school's music program and is working to bolster the fundraising capability of the Alumni Association's Music Boosters arm. This grant request seeks funds to cover the costs of sheet music, instrument materials and repairs, uniform/costume entry fees for festivals and competitions, performance lighting and sound, transportation to events, and field trips to observe performances. The San Bruno Education Foundation applied for two Community Grants – one to support the instrumental music program at Parkside, and another to bring an age-appropriate music program to second and third graders at the SBPSD's three Title I schools, where the PTAs are unable to underwrite the cost of offering such a program.

The three grant applications clearly indicate the importance of music education in San Bruno's public schools, the demand for music education in the schools, and the current lack of funding to support such programs. They also highlight the broad community benefit of a significant investment in music education, not just for the students participating in the programs and their families, but also the community at large. The broader community benefit would include community performances by student musicians, a sense of pride in accomplished musical groups, and a strengthening of

San Bruno's public schools that could help attract families to the city and to send their children to San Bruno schools. Indeed, at the end of October, Parkside musicians had performed at a City Council meeting and at the Senior Center, while the Capuchino band will lead the Halloween parade at John Muir Elementary School and perform at the Senior Center. The Capuchino choir is scheduled to perform at the City's Tree Lighting Ceremony in December. Both schools' bands marched in the June Posy Parade and will be invited to perform during Community Day next June.

With its potentially expansive community benefit and involving the two main public school systems in San Bruno, I recommend that the Foundation consider undertaking a strategic initiative to significantly bolster music education in San Bruno's public schools. The goal of such an initiative would be to lay the foundation for music education to become a hallmark or distinguishing feature of San Bruno's public schools. The initiative could include a meaningful capital investment in instruments, sheet music, uniforms, and other necessary equipment to put the programs on solid footing. It could also include a multi-year commitment in ongoing program costs, such as instrument repairs, expenses related to performance and competitions (including transportation and entrance fees), and out-sourced music instruction for the elementary schools. The initiative could also include developing a long-term plan to make the programs sustainable once SBCF funding sunsets, including the identification and cultivation of other funding sources and the development of productive fundraising operations of the Capuchino Alumni Association and the San Bruno Education Foundation.

I recently reached out to the Capuchino principal, SBPSD superintendent, and representatives of the Capuchino High School Alumni Association and the San Bruno Education Foundation to gauge their support for such an initiative. Their response was universally enthusiastic, as they viewed such an initiative as potentially a very powerful way for SBCF to support San Bruno's public schools without interfering with the two school districts' core educational responsibilities.

Furthermore, I ask the Board to adopt the attached resolution appointing an ad hoc committee to oversee the creation of such a music education strategic initiative. This committee would convene the relevant community partners to develop a realistic and sustainable plan to solidify music education in San Bruno's public schools to be funded by SBCF through a strategic grant. Under the resolution, Secretary Emily Roberts would chair the committee, and Board Member Patricia Bohm would serve as a committee member.

The timeline for the committee would be to bring a strategic initiative proposal to the Board for consideration by the spring of 2017, so that the initiative could launch with the start of the 2017-2018 school year. The three music education applications that have been submitted would remain under consideration in this Community Grants review cycle, but any grant awards would be adjusted to cover the remainder of the current

school year only, with any funding for the first half of the 2017-2018 school year to be incorporated into the strategic initiative.

Attachments:

- Resolution Creating Ad Hoc Committee on Music Education Strategic Initiative

RESOLUTION NO. 2016-__

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION CREATING AD HOC COMMITTEE ON MUSIC EDUCATION STRATEGIC INITIATIVE

WHEREAS, the San Bruno Community Foundation's Program Strategy Framework establishes strategic grantmaking as one of the Foundation's core program activities;

WHEREAS, the Board identified education as one of its strategic grantmaking priorities;

WHEREAS, recognizing the rich tradition of music education in San Bruno's public schools, the strong community support for and benefit from music education in the public schools, the extensive academic research establishing the value of music education for K-12 students, and the financial circumstances that leave San Bruno's public education music programs underfunded and struggling to meet demand, the Executive Director has identified music education as potential strategic initiative for the Foundation; and

WHEREAS, the leadership of Capuchino High School, the San Bruno Park School District, the Capuchino High School Alumni Association, and the San Bruno Education Foundation has expressed vigorous enthusiasm for a Foundation-funded strategic initiative to solidify and bolster the music education programs at Capuchino High School and the seven schools San Bruno Park School District.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors creates an Ad Hoc Committee on Music Education Strategic Initiative to research and prepare a proposal for a strategic grantmaking initiative to bolster music education in a meaningful, significant, and sustainable way in San Bruno's public schools.

RESOLVED FURTHER that the Board of Directors appoints Emily Roberts as committee chair and Patricia Bohm as committee member.

Dated: November 2, 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 2nd day of November, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 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 and Resolution Approving Grant to the City of San Bruno to Support Community Day 2017 and Authorizing Receipt of Donations in Support of Community Day

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 $200,000 to develop the City-owned lot at 324 Florida Avenue into a new community park.

- 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

At the November 2, 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 three 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 City held its first Community Forum to solicit community input on October 26. A group of about 30 community members participated in the meeting at the Senior Center. This Community Forum focused on community needs and the vision for the community facilities in question. After an opening presentation in which the Mayor gave opening remarks, I gave an overview of SBCF's Community Listening Campaign and strategy, and ABA staff provided an overview of the process and San Bruno demographic information, attendees participated in small group discussions facilitated by ABA staff, followed by reports to the full group. All of the small group discussions appeared to include engaged and robust participation by the attendees. Board Members Nancy Kraus, Emily Roberts, Tim Ross, and John McGlothlin attended the Community Forum.

Based on the feedback received at the first Community Forum, the City will offer an online survey October 29 through November 6 that enables 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. Links to the surveys and the Community Forum materials will be posted on the SBCF website.

In addition to the Community Forums and online surveys, the City will seek community input at various "pop-up events," such as the City's tree lighting ceremony in early December. 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 Foundation has helped the City publicize the Community Forums and surveys through email blasts to the Foundation's 550+ email list and suggested ideas for the postcard and PowerPoint presentation.

2. Florida Avenue Park

As previously reported, MIG, the planning and design firm the City engaged to conduct a planning process with community input for the Florida Avenue park, produced a draft master plan for the park. The master plan was presented to the City's Parks and Recreation Commission on October 19; Committee Member Frank Hedley represented the Committee at the meeting. With the Commission's comments, the master plan was presented to the City Council on October 25. Chair Kraus attended the City Council meeting on behalf of the Committee. Councilmembers expressed concerns about the

timeline for completion of the park in late 2017 and about some design elements, but the Council ultimately approved the master plan, and the City is now beginning the landscape design phase of the project, which is to be completed by March 2017.

3. Community Day 2017

The Foundation supported Community Day 2016 with a $30,000 grant, and in the 2016-2017 budget passed by the Board in June, it was anticipated that the Foundation would again support Community Day in 2017 with a grant if the City intended to hold the event. At the October joint meeting between this Committee and the City Council's corresponding subcommittee, the group discussed the event and the idea of soliciting sponsorships for the event to help cover the cost of putting on Community Day, with which the Committee agreed to assist. Since the meeting, the Committee and I have discussed the sponsorship opportunity with several community businesses and have secured commitments of $5,000 each from Google and Skyline College for the 2017 event.

At its October 25 meeting, the City Council discussed the staff proposal for the 2017 Community Day, which would again be held in conjunction with the San Bruno Lions Club's Posy Parade on the first Sunday in June. City staff is proposing several minor adjustments for the 2017 event, some of which would affect event costs, including adding two more rides and two more food vendors to address long lines and wait times and reducing paid entertainment to one band, allowing bands participating in the parade to play on the stage. The overall out-of-pocket costs for the 2017 Community Day are estimated at nearly $59,000. Please see the attached memo from City staff, which explains the changes the City plans to make for the 2017 event and the cost implications of those changes.

After discussion, including expressing appreciation to the Foundation for its efforts to attract financial support from other local businesses, the City Council unanimously agreed to hold Community Day in 2017 and approved up to $10,000 in City funds if necessary to cover the cost of the event after other funding sources have been exhausted (Foundation grant, corporate support, and ride wristband sales). As part of that approval, the City Council asked President Kraus if the Foundation would consider funding Community Day 2017 with a $30,000 grant.

In the Foundation's original letter to the City offering a grant to support Community Day in 2016, it said that "[i]n the spirit of partnership, the Foundation's long-term vision is to support Community Day as the lead sponsor with grant funding in the $15,000-$20,000 range, which could be used to attract other sponsorships from San Bruno businesses to underwrite the full cost of the event." The Committee's expectation was that the Foundation would gradually decrease its level of support over time and had suggested funding the 2017 Community Day with a $25,000 grant. However, those targets were

based on the initial cost estimates for the event the City had provided the Foundation in late 2015 (around $30,000). After taking into account all out-of-pocket costs related to Community Day, including staff overtime, the expenses for putting on the 2016 event totaled more than $51,000, and, as mentioned above, the cost estimate for the 2017 event is nearly $59,000.

The Committee has discussed the request from the City Council and recommends that the Foundation commit to a grant of up to $30,000 to the City to help fund the 2017 Community Day.

The Committee also recommends that the Foundation be willing to receive donations earmarked for Community Day from corporate and other donors. The Foundation would receive the restricted gifts and then grant the funds to the City for Community Day. The potential corporate donors the Committee has approached have expressed a preference for making their contributions to the Foundation as a 501(c)(3), and the City Manager has agreed to this arrangement. I have confirmed with the City Manager that organizations that prefer to provide financial support directly to the City would have that option as well.

As a result, the Committee recommends that the Board adopt the attached resolution, which approves a strategic grant of up to $30,000 to the City of San Bruno to sponsor Community Day 2017 and authorizes staff to receive restricted donations earmarked for Community Day and to grant those restricted donations to the City in support of Community Day.

Attachments:

- City Council Agenda Item Staff Report, dated October 25, 2016, regarding Community Day 2017
- Resolution Approving Grant to the City of San Bruno to Support Community Day 2017 and Authorizing Receipt of Donations in Support of Community Day

City Council Agenda Item
Staff Report

CITY OF SAN BRUNO

DATE: October 25, 2016

TO: Honorable Mayor and Members of the City Council

FROM: Kerry Burns, Community Services Director

SUBJECT: Receive Report and Provide Direction Regarding the Budget and Funding for the 2017 Community Day in the Park Event on June 4, 2017

BACKGROUND:

The Third Annual Community Day in the Park was held on Sunday, June 5, 2016. As with past Community Day's, the event brought together the community in City Park for an afternoon of camaraderie, fun, food and, music. In January 2016 the San Bruno Community Foundation (SBCF) proposed a grant to the City in the amount of $30,000 for the 2016 event to assure continued delivery of the event on an annual basis and suggested that the event be coordinated with the annual Lions Club Posy Parade. The City Council accepted the SBCF grant and for the first time, the 2016 event was scheduled to coordinate with the Posy Parade with the objective of increasing community participation and attendance at both events. As a result, both events were very well attended, with one estimate placing attendance in City Park following the Posy Parade and during the Community Day event at approximately 2,500 people.

Direct costs for delivery of the 2016 Community Day event totaled $51,536, as detailed later in this report. Additionally, full time salaried staff time in the amount of approximately $11,500 was dedicated to the event for activities to plan, conduct, manage and debrief the event. Revenues were generated from sales of 873 wristbands for the event rides in the amount of $12,500.

The purpose of this report is to outline the plans and costs to support the 2017 Community Day event and to allow the City Council to consider how costs should be funded in addition to what amount the City would seek from SBCF in order to confirm delivery of the 2017 event.

DISCUSSION:

As in each of the three previous years, the 2017 Community Day in the Park would include entertainment, food and beverages, rides and games. Following the 2016 event, City staff met internally as well as with representatives from the San Bruno Lions Club. As a result of these discussions, several minor adjustments are proposed for the delivery of the 2017 event:

- Conduct pre-planning meetings with event participants including food vendors, Lions Club, Rotary Club, Chamber of Commerce and City departments;
- Mandatory pre-registration for no more than 90 entries in the Lions Club Car Show to ensure cars are parked only on City Park Way, while still leaving sufficient space for rides and pedestrian movement;

10.f.

- To better insure pedestrian safety, establish in the pre-registration materials specific times Lions Club Car Show entries may enter and exit City Park Way to prevent unscheduled departures of vehicles on to City Park Way;
- Reduce paid entertainment from two-to-one band to allow local bands to play on the stage immediately following the Posy Parade;
- Add two additional rides for a total of eight as well as two additional food vendors to address long lines and wait times;
- Increase ride spacing along City Park Way to ensure easier flow of pedestrian traffic between rides and ride line staging; and,
- Move the stage away from the tennis courts and closer to the park pathway.

It is estimated the direct cost to deliver the 2017 Community Day in the Park will be approximately $59,000, or $7,000 more than 2016 primarily due to the addition of two rides.

	2016	2017
Publicity-Postcard/Mailing, Lawn Signs, Posters	$5,608	$5,800
Rides	23,000	$31,000
Band, Stage and Sound System	6,150	$5,000
County Health Inspection	600	$600
Security, Wristbands and Port-a-Potties	2,887	$2,982
Staff Overtime-Police, Fire, Community Services	13,291	$13,291
Total Event Expenses	$51,536	$58,673

In addition to this direct expense to deliver the event, the soft cost for the approximately 170 hours spent by salaried staff to plan, conduct, manage and debrief the event is estimated at $11,500. These costs are not included above because the expenditure of this amount as salary for full time employees happens irrespective of whether the Community Day event is delivered. If there is no time spent on Community Day, the management and staff time could be directed to other activities in the Community Services Department.

As part of its discussion with the City Council in January, 2016 regarding its plans to fund costs associated with delivery of an annual Community Day event, SBCF identified its interest to fund $25,000 in 2017, to gradually reduce the amount of its annual funding contribution and to encourage the City to solicit funding partnerships with other community businesses and organizations. SBCF committed that its members would take the lead in soliciting donations to help offset the cost of the event.

Staff and the City Council subcommittee recently met with SBCF representatives and discussed the 2017 Community Day event and potential funding partnerships. Following that meeting SBCF reports that it has discussed funding commitments for Community Day with several community businesses and has secured commitments from Google/YouTube and Skyline College to make contributions to the event this year. In addition to donated amounts, the event is expected to generate revenues similar to the 2016 amount for wristband sales in the amount

of approximately $12,500. This amount is comparable to the 2016 amount and does not include an anticipated increase due to the addition of two more rides as proposed for the event in the coming year. The additional rides are intended primarily to allow better flow of event participants and to reduce wait time in line at the rides.

Staff is seeking the City Council's direction regarding delivery of the 2017 Community Day event and the associated costs. SBCF has identified its strong interest to work with the City to assure that adequate funds are available to cover costs as proposed (including the addition of two rides to improve the flow of the event). SBCF will consider the amount it will contribute to the event following the City Council consideration of this report.

FISCAL IMPACT:

Hard costs associated with the delivery of the 2017 Community Day in the Park are estimated to be $59,000. Additional soft or "opportunity costs" of approximately $11,500 are incurred representing the full time staff hours dedicated to event planning and delivery.

The 2016-17 City Budget includes a $25,000 contribution from the San Bruno Community Foundation for this event and it is estimated that additional revenue of $12,500 will be generated from ride wristband sales. Additional funding commitments have been secured from community partners rand are continuing to be solicited.

RECOMMENDATION:

Receive report and provide direction regarding the budget and funding for the Community Day in the Park event on June 4, 2017.

ALTERNATIVES:

1. Make changes to the event as proposed to reduce costs.
2. Do not authorize delivery of the Community Day event for 2017.

ATTACHMENTS:

None

DISTRIBUTION:

None

REVIEWED BY:

___ CM

___ FIN

RESOLUTION NO. 2016-__

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION APPROVING GRANT TO THE CITY OF SAN BRUNO TO SUPPORT COMMUNITY DAY 2017 AND AUTHORIZING RECEIPT OF DONATIONS IN SUPPORT OF COMMUNITY DAY

WHEREAS, building upon the success of the past three Community Day events, the San Bruno City Council has agreed for the City to host Community Day in June 2017;

WHEREAS, the San Bruno City Council has requested $30,000 in grant funding from the San Bruno Community Foundation to the City to support Community Day 2017 (an increase from the Foundation's original proposal of $25,000);

WHEREAS, potential corporate sponsors for Community Day have expressed a preference for supporting Community Day through donations to the Foundation;

WHEREAS, the Foundation can accept restricted donations and grant funds to the City for a restricted charitable purpose;

WHEREAS, Community Day has been a successful, well-attended event that builds community relationships, thanks San Bruno community members for their many contributions to the City, fosters community spirit, provides opportunities for community-based volunteer groups to provide services and promote educational resources and information to the San Bruno community, and is consistent with the Foundation's strategic priority of community-building; and

WHEREAS, the Ad Hoc Committee on Program Strategy Development recommends that the Board of Directors approve a strategic grant of up to $30,000 to the City in support of Community Day 2017 and that the Board authorize the Foundation to accept restricted donations earmarked for Community Day and to grant the funds to the City for Community Day.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors approves a strategic grant of up to $30,000 to the City to help underwrite the costs of holding the fourth annual Community Day in 2017.

FURTHER BE IT RESOLVED that the Board of Directors authorizes the Executive Director to receive restricted donations earmarked for Community Day and to grant those restricted donations to the City in support of Community Day.

Dated: November 2, 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 2nd day of November, 2016, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members:

SAN BRUNO
Community Foundation

Memorandum

DATE: **October 28, 2016**

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

FROM: **Leslie Hatamiya, Executive Director**

SUBJECT: **Election of Officers for 2017**

The San Bruno Community Foundation has four elected officers: president, vice president, secretary, and treasurer. 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.

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.

Pursuant to this item, the agenda for the Board's October 5, 2016, meeting included a discussion regarding the election of officers for 2017.

Under the process, the officers shall be elected by the Board of Directors, in the following order:

- President
- Vice President
- Secretary
- Treasurer

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.

Following this process, officer elections for 2017 will take place at the Board's November 2, 2016, Regular Meeting. The City Council will consider approving the slate of elected officers for 2016 at its November 22, 2016, Regular Meeting.