SAN BRUNO
Community Foundation

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

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

March 7, 2018
7:00 p.m.

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

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

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

3. Approval of Minutes: January 29, 2018, Special Board Meeting: Board Member Roberts moved to approve the minutes of the January 29, 2018, Special Board Meeting, seconded by Vice President Hedley, approved unanimously.

4. Board Member Comments

a. President: President Kraus commented on one item in the Consent Calendar, the resolution adjusting the Executive Director's compensation. She explained that state law requires the Board to report orally on this item and that the resolution would provide a 3% cost-of-living increase to the Executive Director's salary (to $186,558.75), as well as a one-time contribution of an additional 5% of her salary to her 403(b) retirement plan. She then complimented the Executive Director for her leadership, due diligence, professionalism and integrity of commitment to the mission of the Foundation.

b. Others: Vice President Hedley echoed President Kraus' comments commending the Executive Director. He also reported on presenting a grant check to Parca and said that meeting the student program participants was a moving experience for him and his wife.

5. Executive Director's Report: Executive Director Hatamiya gave a brief report on several items not covered in the business portion of the agenda. She reported that, upon consultation with the President

and Vice President, she had changed the Foundation's payroll vendor from Paychex to Intuit Payroll, which will result in cost savings and increased efficiency for the accounting consultant. She also reported that, under her contract authority as Executive Director, she is renewing the Foundation's commercial general liability (which will include a cyber liability rider), property, non-owned hired auto liability, and workers compensation insurance policies, all of which are up for renewal on March 21, 2018 (total combined premium of $2,176). She also reminded Board members to submit their FPPC Form 700s by the April 2 deadline as well as turn in a Conflict of Interest Policy annual affirmation. Finally, she reported that website traffic and e-newsletter reach was slightly higher since the December Board meeting due to the Community Grants Fund announcement and Crestmoor Scholarship application activity.

6. Consent Calendar

a. Adopt Resolution Canceling April 4 and May 2, 2018, Regular Meetings of the Board of Directors

b. Adopt Resolution Authorizing Executive Director to Bind Directors and Officers Liability Insurance Policy from Philadelphia Insurance Companies for an Amount Not to Exceed $13,485

c. Adopt Resolution Authorizing President Nancy Kraus to Execute a Contract with Novogradac & Company LLP for Audit and Tax Preparation Services for Fiscal Year 2017-2018 for an Amount Not to Exceed $9,000

d. Approve Resolution Adjusting Executive Director's Compensation

e. Receive and Approve Treasurer's Report (November 2017, December 2017, and January 2018 Financial Statements)

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

7. Conduct of Business

a. Receive Report from Ad Hoc Committee on First Responder Effectiveness Strategic Initiative and Adopt Resolution Approving First Responder Effectiveness Strategic Grant to the City of San Bruno in an Amount Not to Exceed $160,723

Vice President Hedley introduced final draft of the First Responder Effectiveness Strategic Initiative and reminded Board members of the three core projects involved: (1) emergency shelter supplies, (2) critical facilities site assessments, incident action plans, and joint public safety training, and (3) police officer mindfulness, compassion, and resiliency training. He mentioned three small updates from the draft proposal presented at the December Board meeting, resulting in a total initiative budget of $160,723. He mentioned that the initiative had been highlighted in an article in that day's issue of the *San Mateo*

Daily Journal. He also said that this initiative, which the Committee strongly endorses, is special as a tribute to the 2010 gas pipeline explosion that allowed the Foundation to provide the funding.

Board Member Roberts commended the Committee on its due diligence and partnership with the City and initiative's emphasis of prevention and proactivity. She asked about evaluation metrics for the police officer mindfulness training. San Bruno Police Chief Ed Barberini responded by first reiterating the Police and Fire Departments' gratitude for the Foundation's support and generosity on this initiative and then explaining that the organization offering the training is partnering with Stanford University on follow-up training and evaluation. He also said that the department hopes that the training will have long-term benefits for its officers, where they have longer, more productive careers with less burnout.

Secretary McGlothlin moved to adopt the resolution approving the First Responder Effectiveness Strategic Grant to the City of San Bruno in an amount not to exceed $160,723, seconded by Board Member Roberts, approved unanimously.

b. Receive Report from Ad Hoc Committee on Program Strategy Development Regarding Strategic Initiatives in Partnership with the City of San Bruno and Approve Resolution Creating Ad Hoc Committee on Recreation and Aquatics Center Project

On behalf of the Ad Hoc Committee on Program Strategy Development, Chair Kraus gave an update on several of the projects on which the Foundation is partnering with the City of San Bruno.

Regarding the Pedestrian Safety Initiative, she reported that the City has completed installation of flashing beacons at two crosswalks in front of Parkside Intermediate School and one crosswalk in front of Portola Elementary School. She showed photos of the crosswalks as well as signage at the base of each pair acknowledging the Foundation and YouTube's funding of the project. She reported that the Foundation is now working now with the City to identify crosswalks in the downtown area for installing flashing beacons after completion of the City's sewer and water replacement project along San Mateo Avenue this summer.

Regarding Community Day, she reported that this year's event will be held on Sunday, June 3, in partnership with the San Bruno Lions Club's Posy Parade. She reminded the Board that the Foundation is once again the primary funder for event and listed the other community partners sponsoring the event (commitments totaling $21,250 from the Sammut Family Foundation, Skyline College, YouTube, Recology San Bruno, and Jack's Restaurant and Bar.

Regarding the Florida Avenue park development, President Kraus reported that the Foundation has provided payment to the City of the $200,000 grant toward the design of the new park.

Regarding the Recreation Center and Aquatics Center project, she reported that the Foundation has executed a grant agreement for a $550,000 grant to the City to cover costs associated with the conceptual design of the new center. She reported that, in late 2017, the City selected Group 4, an architectural firm based in South San Francisco, to lead the work. She said the Foundation has

representatives on the Advisory Committee providing input to the conceptual design process and that the City will be hosting various opportunities for community feedback this spring.

President Kraus thanked Vice President Hedley and Board Member Stanback Stroud for serving on the Ad Hoc Committee on Program Strategy Development, whose work has come to an end. She explained that going forward the Foundation would create project-specific ad hoc committees for future partnerships with the City. She then introduced a resolution creating of a new Ad Hoc Committee on Recreation and Aquatics Center Project, which will be the primary liaison to the City through the duration of the project, of which President Kraus will serve as chair and on which Vice President Hedley will serve as Committee member. She explained that the new committee will provide continuity through the duration of the planning, design, and construction stages and that she and Vice President Hedley have been closely involved with the Foundation's negotiations with the City on the lead-up to this project.

Treasurer Ross moved to adopt the resolution creating an ad hoc committee on the Recreation and Aquatics Center project, seconded by Board Member Roberts, approved unanimously.

c. Receive Report on Other Programs (Crestmoor Neighborhood Memorial Scholarship, Community Grants Fund, and Music Education Strategic Initiative)

Program Consultant Stephanie Rutgers reported on the 2018 cycle of the Crestmoor Neighborhood Memorial Scholarship, which is proceeding on schedule toward the March 14 application deadline. She reported that staff distributed marketing materials to area high schools and community colleges, posted flyers and posters at businesses and gathering places around town, and offered Scholarship application workshops at Capuchino High School and Skyline College in January and February. She said that online registration for the scholarship application is robust and that there appears to be increased interest from applicants in all three scholarship categories. She reminded the Board that the program disbursement budget for the scholarships, as approved in the budget last June, is $120,000, the same amount as last year.

Ms. Rutgers then reported on the Community Grants Fund. She first informed the Board that the Foundation was extending the grant period for the 2016-2017 grant awarded to the Parent Boosters of 72 because the group was unable to use up the full grant amount in the original grant period when the number of the troop's San Bruno Boy Scouts working on Eagle Scout projects was lower than expected in 2017. She then provided highlights from several of the grant reports received from 2016-2017 grantees, including the $15,000 grant to Via Heart Project, which enabled 300 Parkside Intermediate School students to receive CPR and AED training; the $25,000 grant to Project Read, expanded its literacy services to low-income parents and children in San Bruno; the $25,000 grant to St. Vincent de Paul, which provided assistance to San Bruno families at risk of homelessness; two grants totaling $25,000 to the San Bruno Education Foundation bolstering music education in San Bruno Park School District schools; and the $6,246 grant to Edgewood Center for Children and Families to provide arts programming for at-risk young adults at its San Bruno Drop-In Center.

Ms. Rutgers reported that the Foundation executed grant agreements for 21 of the 23 Community Grants approved for the 2017-2018 grant cycle and expects to execute the two remaining grant agreements soon. She deeply thanked the Board members who have represented the Foundation by personally delivering grant checks to various grantees: President Kraus, Vice President Hedley, Treasurer Ross, Board Members Pat Bohm and Emily Roberts, and especially Secretary McGlothlin. She said that the 2018-2019 grant cycle will launch in July and follow the same schedule as last year.

With regard to the Music Education Strategic Initiative, Executive Director Hatamiya reported that implementation of the initiative is proceeding on schedule. She mentioned that the Capuchino High School Band has its new marching band uniforms and will wear them publicly for the first time at a parade later in March. She also reported that the steering committee, led by Bryan Vander Lugt of the San Bruno Education Foundation, is working on an annual fundraising event that will allow the initiative to be sustainable once SBCF funding sunsets. Current plans include a reception connected with Capuchino's spring concert for potential donors and a community concert in the fall.

d. Receive Report from Investment Committee

Treasurer Ross, who serves as Investment Committee chair, reported on the February 21 quarterly meeting of the Investment Committee, at which Sand Hill Global Advisors reported on the performance of the Foundation's investment portfolio in the fourth quarter of 2017. He reported that volatility has returned to the markets and that the Sand Hill team advised the Foundation to expect to experience additional market turbulence after a long period of positive growth. He reported that as of the end of the fourth quarter of 2017, investment account balances were approximately $17.4 million for the quasi-endowment, $56.2 million for the strategic pool, and $1.1 million for the liquidity pool.

e. Approve Resolution Creating Ad Hoc Committee on Board Development

President Kraus reported that the since the Foundation has emerged from the startup phase and all of the original Board members are now in their second term, Board members have expressed a desire to discuss ideas for maintaining and enhancing the effectiveness of the Board. She then presented a resolution to create an Ad Hoc Committee on Board Development, to consist of Dr. Regina Stanback Stroud as chair and John McGlothlin as member. The Committee will be charged with researching and making proposals to improve the Board's effectiveness.

Vice President Hedley moved to adopt the resolution creating the Ad Hoc Committee on Board Development, seconded by Treasurer Ross, approved unanimously.

8. Study Session: Program Strategy Update

Executive Director Hatamiya led the Board in a study session to begin a discussion of the Foundation's program strategy moving forward. She explained that the Foundation has emerged from its "startup" phase, with the first two years focused on setting up the Foundation administratively and establishing its basic policies and strategy documents, the next year launching the program strategy, and the past year

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solidifying the first set of programs. To begin the process of evaluating next steps, Ms. Hatamiya reviewed the Foundation's "three-bucket" program strategy (strategic grantmaking, responsive grantmaking, and Foundation-run programs), summarized what the Foundation has accomplished in each of the three buckets of program activity thus far (strategic grants to the City of San Bruno for Community Day 2016, 2017, and 2018, Florida Avenue Park development, pedestrian safety improvements, Community Facilities Vision Plan, first responder effectiveness, and the design and construction of the new recreation and aquatics center, as well as the Music Education Strategic Initiative grants to the San Bruno Education Foundation and the Capuchino High School Alumni Association; the Community Grants Fund as a responsive grantmaking program; and Crestmoor Neighborhood Scholarship as a Foundation-run program), and presented the current state of the Foundation's finances (particularly the Quasi-Endowment and Strategic Pool balances).

Ms. Hatamiya reported that program disbursements thus far total $2.8 million. She reminded Board members that the Foundation initially took possession of the $70 million in restitution funds in late spring 2016 ($15 million in the quasi-endowment, about $53.6 million in the strategic pool, and about $1.3 in the liquidity pool), and the current value of the investment portfolio is about $73.5 million ($17.4 in the quasi-endowment, $55.5 in the strategic pool, and about $578,000 in the liquidity pool). She then explained that after the $50 million recreation and aquatics center commitment and three years of operating expenses are subtracted from non-quasi-endowment net assets, the Foundation has about $4.2 million that could be distributed as additional strategic grants. She also presented various scenarios for quasi-endowment payout, which would provide the Foundation's main source of income over the long term once the strategic funds are depleted.

Board members reacted to this presentation with appreciation and pride. Several said they appreciated the impact of the Crestmoor Scholarship and the Community Grants Fund in the community, reminding each other of the vision for the programs: Community Grants Fund gives hope to people who have an idea and need funding, and the Crestmoor Scholarship offers every young person the opportunity to compete for this educational funding. They also noted all that the Foundation has accomplished over the past three years, benefiting the community in a variety of different ways.

The Board then engaged in a discussion of two questions related to the Foundation's strategy and role going forward. The first question is: After the $50 million for the recreation and aquatics center and support costs at the current run rate for three more years are taken into consideration, what should the Foundation do the remaining $4.2 million in strategic funds? Ideas expressed included:

- Increasing the annual distributions for the Crestmoor Scholarship and/or the Community Grants Fund in their current forms and expanding Crestmoor Scholarship to technical training/trades. Treasurer Ross cautioned that investment performance has been better than long-term averages and advocated for not increasing spending on these programs because that may not be sustainable; the Board also discussed the logistical challenges of expanding the scholarship to technical training beyond community college offerings. One alternative proposed was to give grants to support technical training programs rather than scholarships to individuals.

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- Identifying some smaller strategic grant opportunities, such as community leadership development and additional programs for the new recreation and aquatics center.
- Supplementing the quasi-endowment (that is, using some of the remaining strategic funds to add to the quasi-endowment, so that once only the quasi-endowment remains, the annual income stream would be larger, enabling more activity over the long term).

The second question the Board considered is: Once the Foundation has expended the strategic funds and all that is left is the quasi-endowment (which was at $17.4 million as of February 28, 2018, and would result in a 3.8% payout of $661,000), what should be the Foundation's role in the San Bruno community? How can the Foundation add the most value? The Board discussed such possibilities as:

- Maintenance mode to administer the Crestmoor Scholarship, Community Grants Fund, and some small strategic grants
- Role as a proactive collaborator, convener, educator to bring together groups to tackle issues facing San Bruno and the region
- Role as a fundraiser or resource gatherer for community projects
- Role assisting the City in creating an environment that will convince voters of the need for additional capital funding for other community facilities needs

Executive Director Hatamiya and President Kraus said they would compile the ideas proposed so that the Board can continue the discussion at additional Board meetings later this year.

9. Public Comment: None.

10. Adjourn: Board Member Bohm moved to adjourn the meeting at 9:18 p.m., seconded by Treasurer Ross, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of June 6, 2018, by Secretary John McGlothlin and President Nancy Kraus.

John McGlothlin, Secretary

Nancy Kraus, President