SAN BRUNO
Community Foundation

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

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Board of Directors

April 6, 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. **Roll Call:** Board Members Kraus, Hedley, Cohn, Roberts, and McGlothlin present; Bohm and Stanback Stroud excused.

3. **Approval of Minutes:** March 2, 2016, Regular Board Meeting: Board Member McGlothlin moved to approve the minutes of the March 2, 2016, Regular Board Meeting, seconded by Board Member Hedley, approved unanimously.

4. **Board Member Comments**

   a. President: President Kraus mentioned that the Foundation's first electronic newsletter was distributed following the March Board meeting. She said that the evening's meeting brings the Foundation closer to taking possession of the restitution funds and investing them in the future of the San Bruno community, with the approval of the Investment Policy Statement. She thanked the Executive Director, the City Attorney, and the Board for their efforts on behalf of the Foundation. Finally, she announced two community events: (1) the San Bruno Park School District's annual Children's Day/Book Day on April 30 in San Bruno City Park, and (2) Capuchino High School's performance of the musical "Footloose" on April 15-17.

   b. Others: None.

5. **Executive Director's Report:** Executive Director Hatamiya reported on five items related to the administrative operations of the Foundation. First, she announced that the Foundation's commercial general liability, directors and officers liability, and workers compensation insurance policies were renewed on March 21. Second, she let the Board know that the Foundation's office lease was extended, at a slightly higher monthly rate, for one year starting April 1. Third, she reported that she signed a second agreement with the IT consultant, Shake Technologies,

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for additional services, including helping with the scholarship applications, creating the online application for community grants, and prepping for online backups, file storage, and email transition. Fourth, she reported on sending out the first two email blasts using the Wix ShoutOut feature. One was a March newsletter about a week after the March Board meeting. The second was the announcement last Friday for tonight's board meeting. Both were sent to 500+ email addresses. For the first, about 49% of the recipients opened the email, and the newsletter was viewed 561 times. For the second, 45% of the recipients opened the email, and the newsletter was viewed 414 times. Finally, she reported that in response to an inquiry from a Board Member at the last meeting, she registered the Foundation's website for Google Analytics, which will give the Foundation website visitor data.

6. Consent Calendar

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

Secretary Roberts moved to accept the Consent Calendar as presented, seconded by Treasurer Cohn, approved unanimously.

7. Conduct of Business

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

In Committee Chair Bohm's absence, Executive Director Hatamiya gave a report on the Crestmoor Neighborhood Memorial Scholarship Program. She gave an overview of the Foundation's outreach efforts, which resulted in 45 applications being submitted by the March 18, 2016, deadline: 40 from high school seniors planning to enroll in a four-year college or community college, and five from community college students planning to transfer to a four-year institution. She reported that applications came from students enrolled at six area high schools – Capuchino High School, Mills High School, Junipero Serra High School, St. Ignatius College Preparatory, Alma Heights Christian High School, and Sacred Heart Cathedral Preparatory – and that all of the community college applicants attend Skyline College. She reported that the Selection Panel, which consists of San Bruno community members and individuals with experience in high school and college counseling and administration, is now reviewing the complete application packets. She reminded the Board that applicants are being evaluated on five criteria: demonstrated commitment to the San Bruno community; financial need; leadership, teamwork, and collaboration; extracurricular activities; and academic record. She reported that the Selection Panel will meet during the third week in April to select the Scholarship recipients, who will be notified by the beginning of May. Payment of the Scholarship awards will begin in June upon proof of enrollment at their selected college for the fall term.

Board Member McGlothlin said he was surprised at the low number of applications from Skyline College, and Executive Director Hatamiya replied that the Committee would do a post-mortem after the process is completed and identify areas for improvement for next year. Secretary

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Roberts stressed that the Committee is committed to continuous quality improvement in all of the Foundation's funding processes as the Foundation goes forward.

Several members of the public asked questions about the program. Judy Puccini asked how many awards would be given out; Executive Director Hatamiya replied that seven scholarships would likely be awarded this year. Carolyn Livengood inquired as to the number of boys who applied. David Nigel suggested that finding the right professors and administrators at Skyline to help with outreach might increase application numbers next year.

President Kraus commented that the community service criterion to qualify for the Scholarship may have posed a challenge for students at the community college level.

Executive Director Hatamiya then reported on the Committee's deliberations to create a Community Grants Program, for which the Board has budgeted $200,000 for disbursements in 2016. She reported that the Committee met on March 23 to discuss plans for the program. She said that the idea behind this responsive grantmaking program is to allow local community groups to apply for grant funding to support new or existing programs that benefit the San Bruno community in one of the 11 focus areas identified in the Foundation's Program Strategy Framework.

She said that the Committee is considering the following issues in creating the program proposal and would like to receive feedback from the Board on them: activities eligible for funding; activities ineligible for funding; grant award amounts and timing; criteria; grant cycle; application form; selection process; eligible organizations; and conflict of interest issues. In particular, she explained that the Foundation's status as a supporting organization places some limits on the categories of tax-exempt organizations to which the Foundation can make grants and that, later in the meeting, the Board would consider amending the Articles of Incorporation to broaden the class of community organizations the Foundation can support to include 501(c)(4), 501(c)(5), and 501(c)(6) organizations. She said the Committee is looking into other options for supporting other tax-exempt organizations, such as through partnerships with eligible 501(c)(3) public charities for funding or the establishment of a fiscal sponsorship program. Hatamiya said the Committee's goal is to return to the Board with a final proposal for the creation of the Community Grants Program at the May Board meeting, enabling the project to be launched in June.

Board Member McGlothlin stressed the need to set this program up right and said all the work up front to do so would pay dividends. He said he would not want organizations to put work into completing applications only to find out they are not eligible.

President Kraus asked the Committee to think long and hard about any limitations on the frequency of an organization being able to receive grants. She said she would want organizations to be able to apply multiple years in a row, especially due to the relatively small number of community groups likely to apply.

Vice President Hedley complimented the Executive Director and City Attorney for their efforts to find alternative ways to allows the Foundation to support a broad group of community groups.

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Several members of the public made comments. Robert Riechel suggested limiting eligibility to 501(c)(3) organizations in the first year. Ray Levinson asked about the focus of this program on organizations. Executive Director Hatamiya explained that this is the responsive grantmaking prong of the Foundation's Program Strategy Framework, through which community groups could apply for Foundation grants. She explained that the Foundation is also working on strategic grantmaking initiatives, including funding the community facilities highlighted in the Community Listening Campaign. Judy Puccini thanked Board members for their dedication to put the PG&E funds to good use, expressed her support for the scholarship program, and hoped that the Foundation would support the Capuchino Alumni Association through the Community Grants Program.

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

Committee Chair Kraus acknowledged the prompt response of the City Council to move forward with the Board's proposals to fund near-term projects during 2016. She reported that the City Council accepted the Foundation's grant of $30,000 to the City to plan Community Day, this year in conjunction with the Posy Parade on June 5. She said that thanks to the Lions Club and Kerry Burns, Community Services Director, much planning is already underway and the flyer announcing the event went out this week.

She also reported that the Foundation also offered the City a grant of $300,000 to design a community facilities vision plan, the first step of which would be to conduct a pre-planning process. She expressed delight with the City's immediate response to this partnership and thanked City Manager Connie Jackson for bringing together a group of City and Foundation representatives to work with Anderson Brule Architects in the pre-planning process. She reported that the meetings were concluded on March 14, with the report from ABA expected by mid-April.

Finally, she reported that the other two projects for which the Foundation has offered funding to the City are a new park on Florida and pedestrian safety improvements in San Bruno. She reported that both projects are moving forward, first with the various City commissions who work with the City on the visioning of these projects.

c. Receive Report from the Ad Hoc Committee on Investment Strategy and Adopt Resolutions:

i. Approving San Bruno Community Foundation Investment Policy Statement
ii. Authorizing Establishment of Three Brokerage Accounts at Fidelity Investments, Authorizing Deposit of Restitution Funds into Such Accounts, and Establishing Signatories on the Accounts
iii. Requesting the San Bruno City Council to Authorize Transfer of Remaining Balance of Restitution Funds to the San Bruno Community Foundation

Committee Chair Cohn reported that since the Board approved the selection of Sand Hill Global Advisors as the Foundation's investment adviser in March, the Committee has been working in concert with the Sand Hill team to take care of the final tasks required for the transfer of restitution funds from the City to the Foundation. He said that the three resolutions being put forth by the Committee seek approval of the Investment Policy Statement, authorization of the brokerage accounts to hold the funds, and the formal request of the transfer of funds. He reported that the Committee met with the Sand Hill team shortly after the March Board meeting to discuss the Investment Policy Statement, followed by a back-and-forth exchange of drafts. He reported that the Investment Policy Statement has eight sections and briefly explained the document.

Board Member McGlothlin said that developing the Investment Policy Statement was an interesting experience and that the Executive Director kept the Committee on track.

Chair Cohn said that community members may be frustrated with what they consider the Foundation's slow pace but reminded the public that the Board is in fact moving quickly to put in place all the necessary policies and procedures.

President Kraus thanked Sand Hill's Kristin Sun for attending the meeting and for the firm's support.

Vice President Hedley moved to adopt the resolution approving the San Bruno Community Foundation Investment Policy Statement, seconded by Board Member McGlothlin, approved unanimously.

Board Member McGlothlin moved to adopt the resolution authorizing establishment of three brokerage accounts at Fidelity Investments, authorizing deposit of restitution funds into such accounts, and establishing signatories on the accounts, seconded by Secretary Roberts, approved unanimously.

Vice President Hedley moved to adopt the resolution requesting the San Bruno City Council to authorize transfer of remaining balance of restitution funds to the San Bruno Community Foundation, seconded by Board Member McGlothlin, approved unanimously.

d. Receive Report from Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions and Adopt Resolutions:

   i. Adopting the San Bruno Community Foundation's Amended and Restated Articles of Incorporation
   ii. Adopting the San Bruno Community Foundation's Amended and Restated Bylaws
   iii. Adopting Revised Whistleblower Policy
   iv. Adopting Revised Document Retention and Destruction Policy

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On behalf of the Committee, President Kraus explained that the Board authorized creation of the Ad Hoc Committee on Bylaws and Corporate Governance Policy Revisions in January 2016, recognizing that the time had come to properly review the Foundation's corporate documents and governance policies that were developed early on in the formation of the Foundation. She said the Committee was originally charged with reviewing and recommending changes to the Bylaws and Conflict of Interest, Whistleblower, and Document Retention Policies, but that during this review, it became apparent that the Articles of Incorporation also required changes to be in compliance with nonprofit tax law.

Executive Director Hatamiya then explained the proposed amendments to each document. First, she explained that the amendment to the Articles of Incorporation is technical and reflects the Foundation's efforts, within the bounds of the laws and regulations governing supporting organizations, to implement the City Council's vision for the Foundation and its ability to support a wide variety of organizations that benefit San Bruno. The amendment broadens the class of organizations the Foundation supports to include 501(c)(4), 501(c)(5), and 501(c)(6) organizations that also meet certain requirements of public charities.

With regard to the Bylaws, she reported that the City Council approved the Bylaws on October 21, 2013, at which time the Foundation was just an idea, without Board members or employees. Now that the Foundation has been fully functioning with a Board of seven, an Executive Director, and an office, she said the time has come to review the Bylaws and ensure they fully support the Foundation's current operations. She explained that many of the revisions are clean-up efforts: correcting misspellings, making capitalization of terms and usage of numbers consistent, clarifying vague language, and adding in proper legal code references. She also reviewed several of the more substantive changes, including making the purpose statement consistent with the amended purposes statement in the Articles of Incorporation; establishing a specific start date for Directors' terms and clarifying the definition of a term when a Director serves less than a complete term; adding the Executive Director as an officer; establishing a specific start date for officers' terms (except for the Executive Director); and renaming Article XVI to more accurately reflect the City Council's role.

With regard to the Whistleblower Policy, the Executive Director explained that in light of the Sarbanes-Oxley Act of 2002, it is considered good nonprofit corporate governance to implement a whistleblower policy and that the Board approved a Whistleblower Policy in April 2014. She explained that many of the recommended revisions to the Policy are clerical in nature – *e.g.*, making terminology consistent and correcting punctuation. She explained that the main substantive changes are in Section IV, Procedures for Reporting. At the time the Policy was originally approved, the Foundation had no staff. As a result, the Board President and the City Manager were the two individuals to whom "Reporting Parties" could submit concerns about improper activity. Typically, the Executive Director or chief executive officer is designated as the primary individual to whom reports are submitted. As such, the recommended revisions state that "Reporting Parties may submit concerns to the Executive Director." Reporting Parties may, alternatively, report directly to the Board President or Vice President if they are not

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comfortable reporting to the Executive Director or do not believe that the issue is being properly addressed.

With regard to the Document Retention and Destruction Policy, she explained that good nonprofit corporate governance also dictates that a nonprofit enact a document retention and destruction policy. In addition to ensuring compliance with the law, such a policy promotes the appropriate retention, maintenance, and destruction of organizational documents and records, regardless of physical form. She reported that in May 2014, the Foundation Board approved a Document Retention Policy that mirrored the City's document retention policy pertaining to documents related to the Crestmoor neighborhood explosion and fire, which required that documents related to the Crestmoor disaster be retained permanently. Given the nature of the disaster, the City sought to retain all records for historical purposes, and that reasoning applied to the Foundation as well. The Policy passed by the Board also set forth that retention of email messages would be 90 days. She explained that now that the Foundation is a fully operating nonprofit with a wide range of financial, program, and administrative records, it makes sense for it to adopt a document retention and destruction policy more typical for nonprofit. Holding on to documents that are no longer required to be kept by law and that no longer have practical use for the organization can be an unnecessary expense and an administrative burden. She reported that the revised Policy, now named the Document Retention and Destruction Policy, is based on a template for nonprofits provided by the NEO Law Group. The Policy sets forth a schedule for the retention and, where appropriate, destruction of various categories of records that the Foundation maintains or is likely to maintain.

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

Vice President Hedley asked how the Bylaws' change in the term limits language affects the City Council's original intent in appointing certain Board members to two-year terms.

Board Member McGlothlin raised a series of questions about the proposed amendments to the Bylaws, including the Executive Director being an officer but not a Board Member; his belief that the City Council meant "reserved powers" in Article XVI; the location for the annual meeting; and his desire to retain the Executive Committee.

Treasurer Cohn asked whether there will be another future need to revise the Articles of Incorporation. Executive Director Hatamiya replied that the changes being proposed today expand the class of organizations the Foundation supports as broadly as the law allows.

After some discussion, the Board decided to send the Bylaws back for further review, addressing the comments raised by Vice President Hedley and Board Member McGlothlin, who expressed appreciation that his questions would be considered.

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8. Public Comment

Carolyn Livengood announced that the Arts and Culture Commission would be unveiling a mural at Posy Park at 10:00 a.m. on April 30, 2016.

Judy Puccini announced that the Culture and Arts Commission will be hosting an exhibit of art by Capuchino High School International Baccalaureate students at the Society of Western Artists on May 6-14, 2016, with a reception on May 14 at 1:00-2:30 p.m.

Vice President Hedley encouraged Board members and community members to attend the City Council's April 26 meeting to show support for the Foundation as the Council considers the Foundation's Investment Policy Statement.

President Kraus thanked those in the community who have been supporting the Foundation's efforts.

9. Adjourn: Secretary Roberts moved to adjourn the meeting at 8:33 pm, seconded by Board Member Stanback Stroud, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of April 6, 2016, by Secretary Emily Roberts and President Nancy Kraus.

Emily Roberts, Secretary

Nancy Kraus, President