

## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Board of Directors

May 15, 2014  
6:30 p.m.

**Meeting Location: San Bruno City Hall, Conference Room 115,  
567 El Camino Real, 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 650-616-7058.

**1. Call to Order/Welcome**

**2. Roll Call**

**3. Approval of Minutes: April 17, 2014, Regular Board Meeting**

**4. Announcements**

**5. Boardmember Comments**

- a. President
- b. Others

**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 Boardmember, citizen, or staff.

- a. Adopt Resolution Approving Document Retention Policy
- b. Adopt Resolution Approving Rules of Parliamentary Procedure for Board Meetings

**7. Conduct of Business**

- a. Receive Report and Adopt Resolution Approving 501(c)(3) Application and Accompanying Three-Year Budget
- b. Receive Report and Provide Direction Regarding Three-Year Operational Plan
- c. Receive Report and Provide Direction Regarding Operating Norms for SBCF

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

**SAN BRUNO COMMUNITY FOUNDATION**

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### Activities

#### d. Receive Report Regarding Update on Timeline of SBCF Activities

**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 agendaized pursuant to State Law.

#### 9. Adjourn

## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Board of Directors

April 17, 2014

6:30 p.m.

**Meeting Location: San Bruno City Hall, Conference Room 115,  
567 El Camino Real, 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 650-616-7058.

1. **Call to Order/Welcome:** The meeting was called to order by President Kraus at 6:35 p.m.
2. **Roll Call:** Boardmembers Kraus, McGlothlin, Roberts, Cohn, Bohm (arrived after Item 3), Hedley, and Stanback Stroud (arrived after Item 6c) present.
3. **Approval of Minutes: March 20, 2014, Regular Board Meeting:** The March 20, 2014 Regular Board Meeting minutes were approved as presented (M/S FH/JM).
4. **Announcements:** None.
5. **Boardmember Comments**
  - a. President: None.
  - b. Others: Vice President McGlothlin attended the San Bruno Centennial Committee meeting on March 23, 2014. A series of Centennial events are planned, including a mural on Sneath Lane. The meetings are public and they welcome and appreciate public participation. McGlothlin also attended the Crestmoor/Glenview site meeting, where the Mayor addressed questions regarding the SBCF.
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 Boardmember, citizen, or staff. Agenda Items 6a, 6b, and 6d were pulled from agenda order for further discussion.
  - a. Adopt Resolution Approving Conflict of Interest Policy: Passed with a unanimous vote (M/S FH/JM).
  - b. Adopt Resolution Approving Whistleblower Policy: Passed with a unanimous vote (M/S FH/PB). Hedley requested the policy be reviewed in the future.
  - c. Adopt Resolution Ratifying Decision to Bind a One-Year Directors and Officers Insurance Policy from RSUI for \$19,950: Passed with a unanimous vote (M/S FH/ER).

- d. Adopt Resolution Ratifying Appointment of Ad Hoc Board Subcommittee to Develop Draft Three-Year Estimated Budget for Purposes of 501(c)(3) Application: Passed with a unanimous vote (M/S JM/BC).

The Executive Committee and staff will continue to discuss and develop guidelines to support Board policies. Guidelines should address issues regarding document approval and compliance with the Brown Act.

## 7. Conduct of Business

- a. Review Draft 3-Year Budget for 501(c)(3) Application and Receive Report from Ad Hoc Budget Subcommittee: A 3-Year budget was presented. The budget was created with conservative assumptions as a best guess estimate for purposes of filing the 501(c)(3). Year one (7/13-6/14) is blank due to the fact that the SBCF has not yet received the funds from the City. This leaves the second year (7/14-6/15) slightly inflated for items that may need to be reimbursed to the City from year one. Many items, including staffing infrastructure, will need to be revisited as the SBCF works out its operations. Suggestions on the draft budget were considered and income from the land sales and a budget for board development will be added to the revised budget. A motion was made and unanimously approved to direct staff to bring back a budget to the next meeting for approval to accompany the 501(c)(3) (M/S RSS/ER).

*Agenda Item 8, Public Comment, taken out of Agenda order and held at this time.*

- b. Receive Report Regarding Ongoing Activities for Continuing Formation and Establishment of SBCF: City Attorney Marc Zafferano informed the SBCF that the City has obtained two domain names including 'sbcf.org'. The Board can decide how to make use of these in the future. The logo project from Capuchino High School has come up against legal challenges and therefore these logos will not be used for SBCF. The City is researching logo design options from a professional firm and will bring a proposal to the SBCF. Kraus shared that the art class students that participated in the logo design will receive grade credit and any Boardmembers are welcome to join her on a visit to the class to thank the art students for their work and participation. Zafferano updated the SBCF on the expenditures to date.
- c. Receive Report and Provide Direction Regarding Establishment of Document Retention Policy: Zafferano informed the Board that the City Council made the determination that all Glenview Fire documents would be retained permanently and the City will be adopting a 90 day retention policy for emails. It is recommended and in compliance with the IRS for the SBCF to have the same policy. Additionally, it will be important to think about how the history of the SBCF is recorded and shared. A motion was made to direct staff to bring back to the next meeting a resolution regarding a document retention policy similar to that of the City, which passed with a unanimous vote (M/S FH/JM).
- d. Receive Report and Provide Direction Regarding Rules of Procedures for SBCF Board Meetings: Rules of procedure options were presented, including Robert's Rules of Order and Rosenberg's Rules of Order. Rosenberg's Rules of Order are a more simplified version of Robert's Rules of Order and tend to be easier to follow and understand. A motion to direct staff to bring back a resolution to the next meeting adopting Rosenberg's Rules of Order as a model for managing the SBCF was made and passed with a unanimous vote (M/S PB/RSS).

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 agendaized pursuant to State Law.

Jeanne McGlothlin, Director from St. Andrew Preschool and Trisha Toomie, a Preschool Boardmember and parent came to observe the meeting.

**9. Adjourn:** The meeting was adjourned at 8:04 p.m. (M/S RSS/ER).

RESOLUTION No. 2014 - \_\_\_\_

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
ADOPTING DOCUMENT RETENTION POLICY**

**WHEREAS**, on June 25, 2013, the San Bruno City Council adopted Resolution 2013-53 amending the City's document retention policy to provide that documents related to the Glenview disaster be retained permanently;

**WHEREAS**, the Board of Directors has reviewed and discussed the Document Retention Policy attached as Exhibit A and agrees that the Foundation should adopt the City of San Bruno's document retention schedule for Crestmoor-related documents; and

**WHEREAS**, The Board of Directors determined that the Document Retention Policy attached as Exhibit A is appropriate for this Foundation and that email retention will be for ninety (90) days.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors adopt the Document Retention Policy attached as Exhibit A.

Dated: May 15, 2014

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2014-\_\_\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 15<sup>th</sup> day of May, 2014, by the following vote:

AYES: Boardmembers:

NOES: Boardmembers:

ABSENT: Boardmembers:

Exhibit A  
**RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS**

Office of Record	Retention No.	Records Description	Retention / Disposition				Comments / Reference
			Vital?	Media Options	Image: M=Microfilm S=Scan	Destroy Paper after imaged & QC'd?	
<i>retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule. Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder. litigation, claims, complaints, audits and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>							
Lead Dept.	CW-025	Drills & Notes: Drafts that are revised (retain final version)	When No Longer Required	Mag, Ppr			As long as the drafts and notes are not retained in the "Regular Course of Business". Consult the City Attorney to determine if a record is considered a draft. GC §§34090, 6252, 6254(w)
Lead Dept.	CW-026	Facility Use Applications / Facility Use Permits	2 years	Mag, Ppr			GC §34090
Lead Dept.	CW-027	GIS Database / Data / Layers (both City-wide and Specialized)	When No Longer Required	Mag	Yes		The Lead Department should print out historical documents (or save source data) prior to replacing the data, if they require the data or output for historical purposes; Department Preference (Preliminary documents); GC §34090 et seq.
Lead Dept.	CW-061	Glenview PG&E Pipeline Exploster, September 10, 2010	When No Longer Required	Mag, Ppr	Yes	No	
Lead Dept.	CW-028	Grants (UNSUCCESSFUL Applications, Correspondence)	2 years	Mag, Ppr			GC §34090

RESOLUTION No. 2014 - \_\_\_\_

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
ADOPTING RULES OF PARLIAMENTARY PROCEDURE  
FOR BOARD MEETINGS**

**WHEREAS**, at their meeting of April 17, 2014, the San Bruno Community Foundation Board of Directors reviewed and discussed Rosenberg's Rules of Order; and

**WHEREAS**, the Board of Directors determined that Rosenberg's Rules of Order attached as Exhibit A are appropriate parliamentary rules for conducting the Board meetings of this Foundation.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors adopts the Rules of Procedure attached as Exhibit A.

Dated: May 15, 2014

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2014-\_\_\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 15<sup>th</sup> day of May, 2014, by the following vote:

AYES: Boardmembers:

NOES: Boardmembers:

ABSENT: Boardmembers:

SBCF Mtg Date: 5-15-14  
Item No. 6b



# Simple Parliamentary Procedures Cheat Sheet

(Adapted from Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21<sup>st</sup> Century)

## Meeting Basics

Establish a quorum

Call meeting to order

Move through agenda

Adjourn meeting

## Motions 101

### Basic Motions

- Basic motion on agenda item
- Motion to amend
- Substitute motion

### Meeting Motions

- Motion to adjourn
- Motion to recess
- Motion to fix the time to adjourn
- Motion to table

### Super Majority Motions

- Motion to limit debate
- Motion to close nominations
- Motion to object to the consideration of a question
- Motion to suspend the rules

A motion can be made and seconded by any member.

## Agenda Item Discussions

1. **Announce Agenda Item.** Chair clearly states agenda item number and subject.
2. **Reports and Recommendations.** Relevant speaker gives report and provides recommendations.
3. **Questions and Answers.** Technical questions from members are asked and addressed.
4. **Public Comment.** Chair allows public comment and imposes under the terms of the Board's policy for such comment.
5. **Minutes and Action Items.**
  - a. **Motion Introduced:** Chair invites motion from body and announces name of member introducing motion.
  - b. **Seconds:** If motion is seconded, Chair announces name of seconding member.
  - c. **Motion Clarified:** Seconded motion is clarified by maker of motion, Chair, or secretary/clerk.
  - d. **Amendments and Substitutions:** Other members may propose amended or substitute motions.
  - e. **Discussion and Vote:** Members discuss motion. Chair announces that vote will occur. Members vote on the last motion on the floor (a substitute motion) first, and if that does not pass, vote on the next highest motion, and so on.
  - f. **Ayes and Nays:** Chair takes vote by asking for "Ayes," "Nays," or "Abstentions." Unless super majority required, simple majority determines whether motion passes.
  - g. **Results and Actions:** Chair announces result of vote and action the body has taken. Names of dissenters should be announced as well. *Example:* The motion passes by a vote of 3-2. *With Smith and Jones dissenting: We have passed the motion requiring to days' notice for all future meetings of this governing body.*
6. **Repeat.** Begin process again with next agenda item.





# Rosenberg's Rules of Order

REVISED 2011

*Simple Rules of Parliamentary Procedure for the 21st Century*

*By Judge Dave Rosenberg*

**EXHIBIT A**



## MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

## VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

## About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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### ABOUT THE AUTHOR

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.

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## INTRODUCTION

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

### Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

### The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

### The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

**First**, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

**Second**, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

**Third**, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

**Fourth**, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

**Fifth**, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

**Sixth**, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

**Seventh**, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

**Eighth**, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

**Ninth**, the chair takes a vote. Simply asking for the "ayes" and then asking for the "nays" normally does this. If members of the body do not vote, then they "abstain." Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

**Tenth**, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: "The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body."

## Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member's desired approach with the words "I move ..."

A typical motion might be: "I move that we give a 10-day notice in the future for all our meetings."

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion**, for example, "A motion at this time would be in order."
2. **Suggesting a motion to the members of the body**, "A motion would be in order that we give a 10-day notice in the future for all our meetings."
3. **Making the motion**. As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

## The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

**The basic motion.** The basic motion is the one that puts forward a decision for the body's consideration. A basic motion might be: "I move that we create a five-member committee to plan and put on our annual fundraiser."

**The motion to amend.** If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: "I move that we amend the motion to have a 10-member committee." A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

**The substitute motion.** If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: "I move a substitute motion that we cancel the annual fundraiser this year."

"Motions to amend" and "substitute motions" are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a "motion to amend" or a "substitute motion" is left to the chair. So if a member makes what that member calls a "motion to amend," but the chair determines that it is really a "substitute motion," then the chair's designation governs.

A "friendly amendment" is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, "I want to suggest a friendly amendment to the motion." The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

### Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic "motion to have a five-member committee to plan and put on our annual fundraiser." During the discussion of this motion, a member might make a second motion to "amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser." And perhaps, during that discussion, a member makes yet a third motion as a "substitute motion that we not have an annual fundraiser this year." The proper procedure would be as follows:

**First**, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The *first* motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

**Second**, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed*, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

**Third**, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

### To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

**Motion to adjourn.** This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

**Motion to recess.** This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

**Motion to fix the time to adjourn.** This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: "I move we adjourn this meeting at midnight." It requires a simple majority vote.

**Motion to table.** This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on "hold." The motion can contain a specific time in which the item can come back to the body. "I move we table this item until our regular meeting in October." Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

**Motion to limit debate.** The most common form of this motion is to say, "I move the previous question" or "I move the question" or "I call the question" or sometimes someone simply shouts out "question." As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a "request" rather than as a formal motion. The chair can simply inquire of the body, "any further discussion?" If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the "question" as a formal motion, and proceed to it.

When a member of the body makes such a motion ("I move the previous question"), the member is really saying: "I've had enough debate. Let's get on with the vote." When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

**NOTE:** A motion to limit debate could include a time limit. For example: "I move we limit debate on this agenda item to 15 minutes." Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item*. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

### Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

**Motion to limit debate.** Whether a member says, "I move the previous question," or "I move the question," or "I call the question," or "I move to limit debate," it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

**Motion to close nominations.** When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

**Motion to object to the consideration of a question.** Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

**Motion to suspend the rules.** This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

### Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it's pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the "no" votes and double that count to determine how many "yes" votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote "no" then the "yes" vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote "abstain" or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in



California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of "those present" then you treat abstentions one way. However, if the rules of the body say that you count the votes of those "present and voting," then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are "present and voting."

Accordingly, under the "present and voting" system, you would NOT count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are "present"), but you treat the abstention votes on the motion as if they did not exist (they are not "voting"). On the other hand, if the rules of the body specifically say that you count votes of those "present" then you DO count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like "no" votes.

*How does this work in practice?*

*Here are a few examples.*

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are "present and voting." If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three "yes," one "no" and one "abstain" also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body DOES have a specific rule requiring a two-thirds vote of members "present." Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a "no" vote. Accordingly, if the votes were three "yes," one "no" and one "abstain," then the motion fails. The abstention in this case is treated like a "no" vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an "abstention" vote? Any time a member votes "abstain" or says, "I abstain," that is an abstention. However, if a member votes "present" that is also treated as an abstention (the member is essentially saying, "Count me for purposes of a quorum, but my vote on the issue is abstain.") In fact, any manifestation of intention not to vote either "yes" or "no" on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote "absent" or "count me as absent?" Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually "absent." That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

### The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

## Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is "no." There are, however, exceptions. A speaker may be interrupted for the following reasons:

**Privilege.** The proper interruption would be, "point of privilege." The chair would then ask the interrupter to "state your point." Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person's ability to hear.

**Order.** The proper interruption would be, "point of order." Again, the chair would ask the interrupter to "state your point." Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

**Appeal.** If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

**Call for orders of the day.** This is simply another way of saying, "return to the agenda." If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair's determination may be appealed.

**Withdraw a motion.** During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

## Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

**Rule One:** Tell the public what the body will be doing.

**Rule Two:** Keep the public informed while the body is doing it.

**Rule Three:** When the body has acted, tell the public what the body did.




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## MEMORANDUM

SAN BRUNO COMMUNITY FOUNDATION

**DATE:** May 15, 2014

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

**FROM:** Britt Strottman, Meyers Nave, Special Counsel to City of San Bruno  
Marc L. Zafferano, City Attorney

**SUBJECT:** Receive Report and Adopt Resolution Approving 501(c)(3)  
Application and Accompanying Three-Year Budget

After incorporation, obtaining federal tax-exempt status is one of the most critical steps in forming a nonprofit organization. The nonprofit organization may be exempt under Section 501(c)(3) of the Internal Revenue Code if the organization is "organized and operated exclusively for [charitable] purposes . . . and none of its earnings may inure to any private shareholder or individual." 501(c)(3) tax-exempt status provides several benefits of being a nonprofit such as: 1) tax-deductibility of donations; 2) access to grant money; and 3) income and property tax exemptions. To obtain tax-exempt status, the SBCF must complete the IRS Form 1023 entitled: "*Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.*" The 1023 Form is a long application divided into 11 parts and asks the SBCF detailed questions about the history of the nonprofit, the directors, the finances of the organization, the organizational structure, the SBCF's governance policies, and the SBCF's operations and activities.

### **What is the Process and Timeline for Review and Approval of Form 1023?**

The IRS requires the SBCF to file its Form 1023 within 27 months of the date it filed its Articles of Incorporation (filed on July 24, 2013). If the SBCF files the Form 1023 within the 27 month time period, SBCF's tax exemption takes effect on the date it filed its Articles of Incorporation (and all donations received from the point of incorporation onward will be tax deductible). If the SBCF files later than the 27 month time period and can't show "reasonable cause" for its delay, it's tax-exempt status will begin as of the postmark date on its IRS Form 1023 application. Once the SBCF reviews the Form 1023, it will be submitted to the City Council at its June 10, 2014 meeting for the Council's review. Once the application is finalized and signed, the exemption application is "filed" with the IRS.

After SBCF files the Form 1023, it will be assigned to an IRS employee. The IRS will then do one of the following:

- 1) Grant SBCF's federal tax exemption;

SBCF Mtg Date: 5-15-14  
Item No. 7a

2) Request further information (the most likely scenario since there may be questions regarding the organization's specific activities and the City's relationship with the SBCF); or

3) Issue a proposed adverse determination (a denial of tax exemption that becomes effective 30 days from the date of issuance).

The entire process, from the point of filing the Form 1023 to the IRS sending the SBCF a 501(c)(3) federal determination letter, could take up to one year.

### **Summary of Information Provided in Application**

#### **1. Identification of Applicant**

This section provides basic information like the name of the nonprofit corporation, contact information, when the SBCF filed its articles of incorporation, and its federal employer identification number (EIN).

#### **2. Organizational Structure**

This section requires that the SBCF attach a copy of its Articles of Incorporation and its bylaws to the application form.

#### **3. Required Provisions in SBCF's Organizing Document**

There are certain clauses that the SBCF must have in its articles of incorporation in order to obtain its 501(c)(3) exemption:

- A clause stating that the corporation was formed for a recognized 501(c)(3) tax-exempt purpose (e.g., charitable, religious, scientific, literary, and/or educational); and
- A clause stating that any assets of the nonprofit that remain after the entity dissolves will be distributed to another 501(c)(3) tax-exempt nonprofit -- or to a federal, state, or local government for a public purpose.

The SBCF has indicated where these clauses can be found in its Articles of Incorporation.

#### **4. Narrative Description of SBCF's Activities**

This is one of the key sections of the application. The form requires a detailed narrative description of all of the SBCF's past, present and future activities. The description should include:

- What is the activity;
- How the activity furthers an exempt purpose of the organization;
- When it was begun (or, if it hasn't yet begun, when it will begin);
- Where and by whom it will be conducted; and
- How the activity will be funded.

Since the SBCF has not made decisions relating to the expenditure of the funds, SBCF cannot provide extensive details in response to these questions. In its application, SBCF explains that any decision relating to the expenditure of funds will require that the

expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (see Articles of Incorporation, Article II(B)). The application explains that the board has discussed and is in the process of developing policies and procedures for its operation and will continue to develop its internal procedures and structure. The application further explains that no decisions regarding the specific use of funds will be considered until there are public meetings to solicit community input. Lastly, SBCF highlights that once SBCF receives community input on the expenditure of the funds, SBCF will vote and make decisions relating to the expenditures.

#### **5. Compensation and Financial Arrangements**

This section requests information relating to compensation and financial arrangements because the IRS has an interest in preventing individuals from creating and operating a nonprofit for the sole benefit of its founders or contributors. In the application, the SBCF has provided information about its proposed compensation to, and financial arrangements with:

- Directors—who are volunteers; and
- The five top-paid independent contractors who will earn more than \$50,000 per year.

The SBCF has also provided answers to questions relating to possible conflicts of interest, which is an important part of the application. The SBCF has stated that it adopted a conflict of interest policy and has provided a copy of the policy.

#### **6. Members and Others That Receive Benefits From the Nonprofit**

Here, the SBCF is requested to provide information as to whether it will provide goods or services as part of its exempt-purpose activities. The IRS wants to know whether the SBCF limits the provisions of goods, services, and funds to certain individuals. Similar to the "Narrative Description of Activities" description, the SBCF has provided the available information about how it will use its funds, until the Board makes firm, long-term decisions relating to the expenditure of the funds.

#### **7. SBCF's History**

The IRS wants to know if a nonprofit is a "successor" to an incorporated or preexisting organization (such as an unincorporated association). A nonprofit is most likely a successor organization if it has:

- Taken over the activities of a prior organization;
- Taken over 25% or more of the assets of a preexisting nonprofit; or
- Been legally converted from the previous association to a nonprofit.

Here, SBCF is not a "successor" to an incorporated or preexisting organization (i.e., the City of San Bruno) because it does not meet any of the above criteria.

#### **8. Details on SBCF's Specific Activities**

This section requests information about whether the SBCF will conduct certain types of activities, such as political activities and fundraising, which the IRS scrutinizes closely. The SBCF states that it would not support or oppose candidates in political campaigns,

attempt to influence legislation, or operate bingo or gaming activities. In this section, the SBCF must also explain how it is affiliated with a governmental unit, in this case, the City of San Bruno. While the SBCF cannot definitively state that it will make grants, loans, or other distributions to organizations, it has explained that its decisions will benefit the community of San Bruno and that the Board will hold public meetings to solicit community input.

#### **9. Financial Data**

In this section, the SBCF is required to provide a statement of revenues and expenses and a balance sheet for the current year and the two following years, based on a reasonable and good faith estimate of its future finances for a total of three years. The SBCF will also provide the IRS a copy of its budget.

#### **10. Public Charity or Private Foundation**

This section relates to whether the SBCF can be classified as a public charity or private foundation. The SBCF will want to be classified as a public charity because private foundations are subject to strict operating rules and regulations. Accordingly, the SBCF has explained how it is associated with a publicly supported organization (the City of San Bruno), which represents the requisite element to be classified as a public charity.

#### **11. User Fee Information**

SBCF must pay \$850 when it submits its Form 1023 application, which must be signed by a Director (currently lists President Kraus).

#### **Why Does SBCF Need to File with the State of California to Obtain Tax-Exempt Status?**

All California nonprofit corporations seeking exemption from California corporation franchise or income tax must file either a Form 3500 or 3500A with the State Franchise Tax Board. Form 3500A is a short, two-page version of the traditional Form 3500, and can be used if the corporation has already obtained federal tax exemption under Section 501(c)(3). It is recommended that the SBCF submit a Form 3500A after it receives its federal tax exemption status. With the Form 3500A, the SBCF will submit a copy of the 501(c)(3) federal determination letter. The Franchise Tax Board will then send an acknowledgement letter which states that the entity is recognized as having California tax-exempt status.

It is recommended that the Board receive and discuss this report and the attached IRS Form 1023, and then adopt a resolution approving the application and forwarding it to the City Council for its review and approval.

RESOLUTION No. 2014 - \_\_\_\_

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
APPROVING 501(c)(3) FEDERAL TAX EXEMPTION APPLICATION  
(IRS FORM 1023) AND ACCOMPANYING THREE-YEAR BUDGET**

**WHEREAS**, to obtain Internal Revenue Service (IRS) federal tax-exemption status, the IRS requires nonprofit organizations to file Form 1023 (*Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*) within 27 months of the date of incorporation; and

**WHEREAS**, the San Bruno Community Foundation filed its Articles of Incorporation on July 24, 2013, and now wishes to obtain federal tax exempt status as a nonprofit organization; and

**WHEREAS**, the SBCF has reviewed IRS Form 1023 and Form 2848 (*Power of Attorney* form to be accompanied with IRS Form 1023) and is ready to submit the document to the San Bruno City Council for its review and approval at the June 10, 2014, meeting.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors approves IRS Form 1023, attached as Exhibit A, and requests this item be placed before the San Bruno City Council for review and approval at its meeting of June 10, 2014.

Dated: May 15, 2014

ATTEST:

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Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2014-\_\_ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 15<sup>th</sup> day of May, 2014, by the following vote:

AYES: Boardmembers:

NOES: Boardmembers:

ABSENT: Boardmembers:



San Bruno Community Foundation						
STATEMENT OF PROJECTED REVENUE AND EXPENSES						
	Assumptions	Notes	Year One*	Year Two	Year Three	Total
<b>INCOME</b>						
Gifts, grants, and contributions:						
Government grants			\$ -	\$ -	\$ -	\$ -
Public charity grants			-	-	-	-
Private foundation grants			-	-	-	-
Corporate contributions			-	-	-	-
Establishing contribution in Year 2. No additional Contributions in Year 3.			-	71,088,703	-	71,088,703
Individual contributions			-	-	-	-
Program-related income			-	-	-	-
Unrelated business income			-	-	-	-
Investment income (interest, etc.)		1	-	4,976,209	5,324,544	10,300,753
Earnings net of investment management fees Year 1,2, and 3			-	-	-	-
Other			-	-	-	-
<b>Total Income</b>			-	76,064,912	5,324,544	81,389,456
<b>EXPENSES</b>						
Salaries and wages:						
Directors and officers						
Executive Director Year 2- Assuming a max 4% annual raise			-	150,000	156,000	306,000
Program officers and other staff						
Administrative Assistant in Year 2 - Assuming a max 4% annual raise			-	45,000	46,800	91,800
<i>Subtotal salary and wages</i>			-	195,000	202,800	397,800
Payroll taxes and benefits						
Executive Director end of Year 2 & 3- 23%, 23%, 23%			-	34,500	35,880	70,380
Administrative Assistant in Year 2 and 3- 23%, 23%			-	10,350	10,764	21,114
Grants and assistance to others						
Estimated 5% Distribution Years 2 and 3			-	3,554,435	3,500,000	7,054,435
Occupancy						
An office and reception area			-	26,000	26,000	52,000
Insurance						
D&O Insurance Year 1, 2, and 3			-	19,950	15,000	34,950
Telecommunications						
			-	3,000	2,500	5,500
Postage & shipping						
Mailing to the SB community in Year 2			-	5,000	5,000	10,000
Mailing of annual report in Years 2 and 3			-	6,000	7,000	13,000
Printing & copying						
Printing of new materials Year 2			-	10,000	-	10,000
Annual report Year 2 and Year 3			-	15,000	15,000	30,000
Letterhead Years 2, and 3			-	10,000	10,000	20,000
Office supplies						
			-	1,000	500	1,500
Office equipment & furniture						
			-	15,000	10,000	25,000
Legal, accounting & payroll services						
Legal for Set up of Foundation and other in years 1, 2, and 3			-	150,000	50,000	200,000
990 Fee Payable to Audit/Tax Firm Years 2, and 3			-	2,500	2,500	5,000
Audit Fee Payable to Audit/ Tax Firm Years 2, and 3			-	2,500	2,500	5,000
Payroll service provider in Years 1, 2, and 3 assuming ED is hired at end of Year 1			-	1,107	1,205	2,312
Travel						
Travel for conference in Year 2 (1 staff) Year 3 (1 staff)			-	1,000	1,000	2,000
Local Travel and Mileage			-	2,000	2,000	4,000
Consultants						
Investment Consultant Years 2 and 3 assuming consultant begins works at end of year		3	-	140,000	140,000	280,000
HR recruiting firm for hire of ED Year 1- 25-30% of starting salary		4	-	50,000	-	50,000
Consulting Provided by SYCF Years 1, 2, and 3			-	50,000	30,000	80,000
Marketing Consultant for website design and development in Year 2 and 3 assuming work flows into Year 3; Website update costs.			-	40,000	20,000	60,000
Marketing Consultant for design and development of logo and marketing materials including letterhead in Years 2 and 3 assuming work flows into Year 3. Other design costs in Year 3.			-	20,000	5,000	25,000
Other						
Internal meetings in years 2 and 3			-	1,500	2,000	3,500
Public Hearings			-	2,000	2,000	4,000
Conferences			-	1,500	1,500	3,000
Board Development			-	7,500	7,500	15,000
HR comp survey in Years 2 and 3- assuming this must happen every year for ED salary review			-	10,000	10,000	20,000
<b>Total Expenses</b>			-	4,386,842	4,117,649	8,504,491
<b>Net Change</b>			\$ -	\$ 71,678,070	\$ 1,206,895	\$ 72,884,965
<b>Notes</b>						
* Year One is July 1, 2013- June 30, 2014; Year Two is 2014-2015; Year Three is 2015-2016.						
1 Assumes 7% annual rate of return for long-term growth oriented investment allocation for Years 2 and 3. Dollars rounded down to be conservative.						
2 Salaries and Wage information reported here pertains to amounts to be paid by the San Bruno Community Foundation as compensation for its own employees who will perform functions solely for the San Bruno Community Foundation. All staff will be paid amounts which are reasonable in light of amounts paid to comparably qualified individuals by comparable organizations for comparable responsibilities.						
3 Consultants and service providers will be arm's-length contractors, and will be paid amounts that are reasonable in light of similar services. In no case will individuals who would be properly classified as employees be paid as independent contractors.						
4 Traditional, non-discretionary investment consulting services estimated at 0.15% on assets.						

# Form 1023 Checklist

(Revised December 2013)

## Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

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**Note.** Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

**Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.**

- Assemble the application and materials in this order:
- Form 1023 Checklist
  - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
  - Form 8821, *Tax Information Authorization* (if filing)
  - Expedite request (if requesting)
  - Application (Form 1023 and Schedules A through H, as required)
  - Articles of organization
  - Amendments to articles of organization in chronological order
  - Bylaws or other rules of operation and amendments
  - Documentation of nondiscriminatory policy for schools, as required by Schedule B
  - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
  - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- Employer Identification Number (EIN)
- Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
  - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
  - Describe your purposes and proposed activities in specific easily understood terms.
  - Financial information should correspond with proposed activities.
- Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.
- |            |                |            |                |
|------------|----------------|------------|----------------|
| Schedule A | Yes ___ No ___ | Schedule E | Yes ___ No ___ |
| Schedule B | Yes ___ No ___ | Schedule F | Yes ___ No ___ |
| Schedule C | Yes ___ No ___ | Schedule G | Yes ___ No ___ |
| Schedule D | Yes ___ No ___ | Schedule H | Yes ___ No ___ |

- An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) \_\_\_\_\_
  - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law \_\_\_\_\_
- Signature of an officer, director, trustee, or other official who is authorized to sign the application.
- Signature at Part XI of Form 1023.
- Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service  
P.O. Box 192  
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service  
201 West Rivercenter Blvd.  
Attn: Extracting Stop 312  
Covington, KY 41011



Department of the Treasury  
Internal Revenue Service

**Notice 1382**

(Rev. October 2013)

**Changes for Form 1023**

- Mailing address
- Parts IX, X, and XI

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**Reminder: Do Not Include Social Security Numbers on Publicly Disclosed Forms**

Because the IRS is required to disclose approved exemption applications and information returns, exempt organizations should not include Social Security numbers on these forms. Documents subject to disclosure include supporting documents filed with the form, and correspondence with the IRS about the filing.

**Changes for Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code**

**Change of Mailing Address**

The mailing address shown on Form 1023 Checklist, page 28, the first address under the last checkbox; and in the instructions for Form 1023, page 4 under *Where To File*, has been changed to:

Internal Revenue Service  
P.O. Box 12192  
Covington, KY 41012-0192

To file using a private delivery service, mail to:

201 West Rivercenter Blvd.  
Attn: Extracting Stop 312  
Covington, KY 41011

**Changes for Parts IX and X**

Changes to Parts IX and X are necessary to comply with new regulations that eliminated the advance ruling process. Until Form 1023 is revised to reflect this change, please follow the directions on this notice when completing Part IX and Part X of Form 1023. For more information about the elimination of the advance ruling process, visit us at [IRS.gov](http://IRS.gov). In the top right "Search" box, type "Elimination of the Advance Ruling Process" (exactly as written) and select "Search."

**Part IX. Financial Data**

The instructions at the top of Part IX on page 9 of Form 1023 are now as follows. For purposes of this schedule, years in existence refer to completed tax years.

1. If in existence less than 5 years, complete the statement for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of:
  - a. Three years of financial information if you have not completed one tax year, or
  - b. Four years of financial information if you have completed one tax year.

(Continued)

2. If in existence 5 or more years, complete the schedule for the most recent 5 tax years. You will need to provide a separate statement that includes information about the most recent 5 tax years because the data table in Part IX has not been updated to provide for a 5th year.

## Part X. Public Charity Status

Do not complete line 6a on page 11 of Form 1023, and do not sign the form under the heading "Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code."

Only complete line 6b and line 7 on page 11 of Form 1023, if in existence 5 or more tax years.

## Part XI. Increase in User Fees

User fee increases are effective for all applications postmarked after January 3, 2010.

1. \$400 for organizations whose gross receipts do not exceed \$10,000 or less annually over a 4-year period.
2. \$850 for organizations whose gross receipts exceed \$10,000 annually over a 4-year period.

For the current user fee amounts, go to [IRS.gov](http://IRS.gov) and in the "Search" box at the top right of the page, enter "Exempt Organizations User Fees." You can also call 1-877-829-5500.

**Application for reinstatement and retroactive reinstatement.** An organization must apply to have its tax-exempt status reinstated if it was automatically revoked for failure to file a return or notice for three consecutive years. The organization must:

- (1) Complete and file Form 1023 if applying under section 501(c)(3) or Form 1024 if applying under a different Code section;
- (2) Pay the appropriate user fee and enclose it with the application;
- (3) Write "Automatically Revoked" at the top of the application and mailing envelope; and
- (4) Submit a written statement supporting its request if applying for retroactive reinstatement.

If the application is approved, the date of reinstatement generally will be the postmark date of the application, unless the organization qualifies for retroactive reinstatement. Alternate submissions and standards apply for retroactive reinstatement back to the date of automatic revocation. See Notice 2011-44, 2011-25 I.R.B. 883, at [http://www.irs.gov/irb/2011-25\\_IRB/ar10.html](http://www.irs.gov/irb/2011-25_IRB/ar10.html), for details.

## Changes for the Instructions for Form 1023

- Change to Part III. Required Provisions in Your Organizing Documents
- Clarification to Appendix A. Sample Conflict of Interest Policy

*(Continued)*

**Changes to Instructions for Form 1023,  
Application for Recognition of Exemption  
Under Section 501(c)(3) of the Internal  
Revenue Code (Rev. June 2006)**

**Part III. Required Provisions in Your  
Organizing Document**

Applicable to organizations in the state of New York. Changes are necessary to comply with Rev. Proc. 82-2, 1982-1 C.B. 367, to incorporate the state of New York as a jurisdiction that complies with the *cy pres* doctrine to keep a charitable testamentary trust from failing the requirement for a dissolution clause under Regulations section 1.501(c)(3)-1(b)(4), when the language of the trust instrument demonstrates a general intent to benefit charity. Therefore, the instructions on page 8, line 2c, after the third paragraph now include the state of New York in the state listing as an authorized state. Since the state of New York allows testamentary charitable trusts formed in that state and the language in the trust instruments provides for a general intent to benefit charity, you do not need a specific provision in your trust agreement or declaration of trust providing for the distribution of assets upon dissolution.

**Appendix A. Sample Conflict of Interest  
Policy**

Appendix A, Sample Conflict of Interest Policy, is only intended to provide an example of a conflict of interest policy for organizations. The sample conflict of interest policy does not prescribe any specific requirements. Therefore, organizations should use a conflict of interest policy that best fits their organization.

**Application for Recognition of Exemption**  
**Under Section 501(c)(3) of the Internal Revenue Code**

(00) OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

▶ (Use with the June 2006 revision of the Instructions for Form 1023 and the current Notice 1382)

Use the instructions to complete this application and for a definition of all **bold items**. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at [www.irs.gov](http://www.irs.gov) for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

**Part I Identification of Applicant**

<b>1</b> Full name of organization (exactly as it appears in your organizing document)		<b>2</b> c/o Name (if applicable)	
San Bruno Community Foundation			
<b>3</b> Mailing address (Number and street) (see instructions)	Room/Suite	<b>4</b> Employer Identification Number (EIN)	
567 El Camino Real		36-4777648	
City or town, state or country, and ZIP + 4		<b>5</b> Month the annual accounting period ends (01 - 12)	
San Bruno, CA 94066		June 30	
<b>6</b> Primary contact (officer, director, trustee, or authorized representative)		<b>b</b> Phone: 510-808-2000	
<b>a</b> Name: Britt Strottman, Authorized Representative		<b>c</b> Fax: (optional) 510-444-1108	
<b>7</b> Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>8</b> Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>9a</b> Organization's website: N/A			
<b>b</b> Organization's email: (optional) N/A			
<b>10</b> Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>11</b> Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY)		07 / 24 / 2013	
<b>12</b> Were you formed under the laws of a foreign country? If "Yes," state the country.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

**Part II Organizational Structure**

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification.  **Yes**  **No**
- 2 Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application.  **Yes**  **No**
- 3 Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.  **Yes**  **No**
- 4a Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.  **Yes**  **No**
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust.  **Yes**  **No**
- 5 Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected.  **Yes**  **No**

**Part III Required Provisions in Your Organizing Document**

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): **Art. of Inc., Article II (B) & V (A)**
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. **Art. of Inc., Article VI (B)**
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:

**Part IV Narrative Description of Your Activities**

Using an attachment, describe your *past, present, and planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors**

- 1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Nancy A. Kraus	President	567 El Camino Real San Bruno, CA 94066	None
John P. McGlothlin	Vice President	567 El Camino Real San Bruno, CA 94066	None
Emily Roberts	Secretary	567 El Camino Real San Bruno, CA 94066	None
Ben Cohn	Treasurer	567 El Camino Real San Bruno, CA 94066	None
Patricia Bohm	Boardmember	567 El Camino Real San Bruno, CA 94066	None



**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

**b** List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)

**c** List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
<b>Britt Strotzman, Meyers Nave</b>	<b>Senior of Counsel</b>	<b>555 12th Steet, Suite 1500 Oakland, CA 94607</b>	<b>\$75,000</b>
<b>Mari Ellen Loijens, SVCF</b>	<b>Chief Bus. Devel. &amp; Brand Ofcr.</b>	<b>2440 West El Camino Real #300 Mountain View, CA 94040</b>	<b>\$50,000</b>

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

- 2a** Are any of your officers, directors, or trustees **related** to each other through **family or business relationships**? If "Yes," identify the individuals and explain the relationship.  Yes  No
  - b** Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees.  Yes  No
  - c** Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship.  Yes  No
- 3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.
- b** Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through **common control**? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement.  Yes  No
- 4** In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.
- a** Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy?  Yes  No
  - b** Do you or will you approve compensation arrangements in advance of paying compensation?  Yes  No
  - c** Do you or will you document in writing the date and terms of approved compensation arrangements?  Yes  No

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- d** Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?  Yes  No
- e** Do you or will you approve compensation arrangements based on information about compensation paid by **similarly situated** taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- f** Do you or will you record in writing both the information on which you relied to base your decision and its source?  Yes  No
- g** If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is **reasonable** for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.
- 
- 5a** Have you adopted a **conflict of interest policy** consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c.  Yes  No
- b** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note:** A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.
- 
- 6a** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- b** Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- 
- 7a** Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine that you pay no more than **fair market value**. Attach copies of any written contracts or other agreements relating to such purchases.  Yes  No
- b** Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales.  Yes  No
- 
- 8a** Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.  Yes  No
- b** Describe any written or oral arrangements that you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f** Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
- 
- 9a** Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f.  Yes  No

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- b** Describe any written or oral arrangements you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f** Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

**Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You**

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1a** In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.  Yes  No
- b** In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.  Yes  No
- 2** Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.  Yes  No
- 3** Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds.  Yes  No

**Part VII Your History**

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1** Are you a **successor** to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G.  Yes  No
- 2** Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E.  Yes  No

**Part VIII Your Specific Activities**

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1** Do you support or oppose candidates in **political campaigns** in any way? If "Yes," explain.  Yes  No
- 2a** Do you attempt to **influence legislation**? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a.  Yes  No
- b** Have you made or are you making an **election** to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.  Yes  No
- 3a** Do you or will you operate bingo or **gaming** activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. **Revenue and expenses** should be provided for the time periods specified in Part IX, Financial Data.  Yes  No
- b** Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements.  Yes  No
- c** List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

**Part VIII Your Specific Activities (Continued)**

**4a** Do you or will you undertake **fundraising**? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)  Yes  No

- |   |  |
|---|--|
| <input type="checkbox"/> mail solicitations                         | <input type="checkbox"/> phone solicitations                                   |
| <input type="checkbox"/> email solicitations                        | <input type="checkbox"/> accept donations on your website                      |
| <input type="checkbox"/> personal solicitations                     | <input type="checkbox"/> receive donations from another organization's website |
| <input type="checkbox"/> vehicle, boat, plane, or similar donations | <input type="checkbox"/> government grant solicitations                        |
| <input type="checkbox"/> foundation grant solicitations             | <input type="checkbox"/> Other   |

Attach a description of each fundraising program.

**b** Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.  Yes  No

**c** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.  Yes  No

**d** List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.

**e** Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.  Yes  No

**5** Are you **affiliated** with a governmental unit? If "Yes," explain.  Yes  No

**6a** Do you or will you engage in **economic development**? If "Yes," describe your program.  Yes  No

**b** Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

**7a** Do or will persons other than your employees or volunteers **develop** your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.  Yes  No

**b** Do or will persons other than your employees or volunteers **manage** your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.  Yes  No

**c** If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

**8** Do you or will you enter into **joint ventures**, including partnerships or **limited liability companies** treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.  Yes  No

**9a** Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.  Yes  No

**b** Do you provide child care so that parents or caretakers of children you care for can be **gainfully employed** (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  Yes  No

**c** Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  Yes  No

**d** Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).  Yes  No

**10** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other **intellectual property**? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.  Yes  No

**Part VIII Your Specific Activities (Continued)**

- 11** Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.  **Yes**  **No**
- 
- 12a** Do you or will you operate in a **foreign country** or **countries**? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.  **Yes**  **No**
- b** Name the foreign countries and regions within the countries in which you operate.
- c** Describe your operations in each country and region in which you operate.
- d** Describe how your operations in each country and region further your exempt purposes.
- 
- 13a** Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.  **Yes**  **No**
- b** Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c** Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.  **Yes**  **No**
- d** Identify each recipient organization and any **relationship** between you and the recipient organization.
- e** Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f** Describe your selection process, including whether you do any of the following:
- (i) Do you require an application form? If "Yes," attach a copy of the form.  **Yes**  **No**
- (ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.  **Yes**  **No**
- g** Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
- 
- 14a** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.  **Yes**  **No**
- b** Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c** Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries.  **Yes**  **No**
- d** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.  **Yes**  **No**
- e** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.  **Yes**  **No**
- f** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.  **Yes**  **No**

**Part VIII Your Specific Activities (Continued)**

- |           |  |   |  |
|-----------|--|---|--|
| <b>15</b> | Do you have a <b>close connection</b> with any organizations? If "Yes," explain.   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>16</b> | Are you applying for exemption as a <b>cooperative hospital service organization</b> under section 501(e)? If "Yes," explain.  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>17</b> | Are you applying for exemption as a <b>cooperative service organization of operating educational organizations</b> under section 501(f)? If "Yes," explain.  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>18</b> | Are you applying for exemption as a <b>charitable risk pool</b> under section 501(n)? If "Yes," explain.   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>19</b> | Do you or will you operate a <b>school</b> ? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity.   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>20</b> | Is your main function to provide <b>hospital or medical care</b> ? If "Yes," complete Schedule C.  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>21</b> | Do you or will you provide <b>low-income housing</b> or housing for the <b>elderly or handicapped</b> ? If "Yes," complete Schedule F.   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>22</b> | Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |

**Note: Private foundations** may use Schedule H to request advance approval of individual grant procedures.

**Part IX Financial Data**

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

**A. Statement of Revenues and Expenses**

Type of revenue or expense	Current tax year	3 prior tax years or 2 succeeding tax years			(e) Provide Total for (a) through (d)
	(a) From 07/01/13 To 06/30/14	(b) From 07/01/14 To 06/30/15	(c) From 07/01/15 To 06/30/16	(d) From ..... To .....	
<b>1</b> Gifts, grants, and contributions received (do not include unusual grants)	0	71,088,703			71,088,703
<b>2</b> Membership fees received	0				
<b>3</b> Gross investment income	0	4,976,209	5,324,544		10,300,753
<b>4</b> Net unrelated business income	0				
<b>5</b> Taxes levied for your benefit	0				
<b>6</b> Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)	0				
<b>7</b> Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)	0				
<b>8</b> Total of lines 1 through 7	0	76,064,912	5,324,544		81,389,456
<b>9</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)	0				
<b>10</b> Total of lines 8 and 9	0	76,064,912	5,324,544		81,389,456
<b>11</b> Net gain or loss on sale of capital assets (attach schedule and see instructions)	0				
<b>12</b> Unusual grants	0				
<b>13</b> Total Revenue Add lines 10 through 12	0	76,064,912	5,324,544		81,389,456
<b>14</b> Fundraising expenses	0				
<b>15</b> Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)	0	3,554,435	3,500,000		
<b>16</b> Disbursements to or for the benefit of members (attach an itemized list)	0				
<b>17</b> Compensation of officers, directors, and trustees	0	184,500	191,880		
<b>18</b> Other salaries and wages	0	55,350	57,564		
<b>19</b> Interest expense	0				
<b>20</b> Occupancy (rent, utilities, etc.)	0	26,000	26,000		
<b>21</b> Depreciation and depletion	0				
<b>22</b> Professional fees	0	456,107	251,205		
<b>23</b> Any expense not otherwise classified, such as program services (attach itemized list)	0	110,450	91,000		
<b>24</b> Total Expenses Add lines 14 through 23	0	4,386,842	4,117,649		

**Part IX Financial Data (Continued)**

**B. Balance Sheet (for your most recently completed tax year)**

Year End: **6/30/13**

Assets		(Whole dollars)
1	Cash . . . . .	0
2	Accounts receivable, net . . . . .	0
3	Inventories . . . . .	0
4	Bonds and notes receivable (attach an itemized list) . . . . .	0
5	Corporate stocks (attach an itemized list) . . . . .	0
6	Loans receivable (attach an itemized list) . . . . .	0
7	Other investments (attach an itemized list) . . . . .	0
8	Depreciable and depletable assets (attach an itemized list) . . . . .	0
9	Land . . . . .	0
10	Other assets (attach an itemized list) . . . . .	0
11	<b>Total Assets (add lines 1 through 10)</b> . . . . .	<b>0</b>
Liabilities		
12	Accounts payable . . . . .	0
13	Contributions, gifts, grants, etc. payable . . . . .	0
14	Mortgages and notes payable (attach an itemized list) . . . . .	0
15	Other liabilities (attach an itemized list) . . . . .	0
16	<b>Total Liabilities (add lines 12 through 15)</b> . . . . .	<b>0</b>
Fund Balances or Net Assets		
17	<b>Total fund balances or net assets</b> . . . . .	<b>0</b>
18	<b>Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)</b> . . . . .	<b>0</b>
19	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Part X Public Charity Status**

Part X is designed to classify you as an organization that is either a **private foundation** or a **public charity**. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a **private operating foundation**. (See instructions.)

- 1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If you are unsure, see the instructions.  Yes  No
- b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.
- 2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI.  Yes  No
- 3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4.  Yes  No
- 4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation?  Yes  No
- 5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.  
The organization is not a private foundation because it is:
  - a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
  - b 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B.
  - c 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
  - d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.



**Part X Public Charity Status (Continued)**

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

**6** If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

**a Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

**Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code**

For Organization

(Signature of Officer, Director, Trustee, or other authorized official)

(Type or print name of signer)

(Date)

(Type or print title or authority of signer)

For IRS Use Only

IRS Director, Exempt Organizations

(Date)

**b Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

(i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. \_\_\_\_\_

(b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.

(ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box.

(b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

**7** Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  **Yes**  **No**

**Part XI User Fee Information**

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$850. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$400. See instructions for Part XI, for a definition of **gross receipts** over a 4-year period. Your check or money order must be made payable to the United States Treasury. *User fees are subject to change. Check our website at [www.irs.gov](http://www.irs.gov) and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.*

- 1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000?  Yes  No  
 If "Yes," check the box on line 2 and enclose a user fee payment of \$400 (Subject to change—see above).  
 If "No," check the box on line 3 and enclose a user fee payment of \$850 (Subject to change—see above).
- 2 Check the box if you have enclosed the reduced user fee payment of \$400 (Subject to change).
- 3 Check the box if you have enclosed the user fee payment of \$850 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

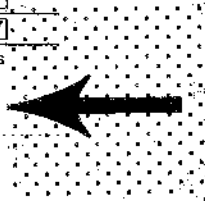
**Please Sign Here**

.....  
(Signature of Officer, Director, Trustee, or other authorized official)

**Nancy Kraus**  
(Type or print name of signer)

.....  
(Date)

**President**  
(Type or print title or authority of signer)



**Reminder:** Send the completed Form 1023 Checklist with your filled-in-application.

**Schedule A. Churches**

- 1a** Do you have a written creed, statement of faith, or summary of beliefs? If "Yes," attach copies of relevant documents.  Yes  No
- b** Do you have a form of worship? If "Yes," describe your form of worship.  Yes  No
- 2a** Do you have a formal code of doctrine and discipline? If "Yes," describe your code of doctrine and discipline.  Yes  No
- b** Do you have a distinct religious history? If "Yes," describe your religious history.  Yes  No
- c** Do you have a literature of your own? If "Yes," describe your literature.  Yes  No
- 3** Describe the organization's religious hierarchy or ecclesiastical government.
- 
- 4a** Do you have regularly scheduled religious services? If "Yes," describe the nature of the services and provide representative copies of relevant literature such as church bulletins.  Yes  No
- b** What is the average attendance at your regularly scheduled religious services? \_\_\_\_\_
- 5a** Do you have an established place of worship? If "Yes," refer to the instructions for the information required.  Yes  No
- b** Do you own the property where you have an established place of worship?  Yes  No
- 6** Do you have an established congregation or other regular membership group? If "No," refer to the instructions.  Yes  No
- 
- 7** How many members do you have? \_\_\_\_\_
- 8a** Do you have a process by which an individual becomes a member? If "Yes," describe the process and complete lines 8b-8d, below.  Yes  No
- b** If you have members, do your members have voting rights, rights to participate in religious functions, or other rights? If "Yes," describe the rights your members have.  Yes  No
- c** May your members be associated with another denomination or church?  Yes  No
- d** Are all of your members part of the same family?  Yes  No
- 
- 9** Do you conduct baptisms, weddings, funerals, etc.?  Yes  No
- 
- 10** Do you have a school for the religious instruction of the young?  Yes  No
- 11a** Do you have a minister or religious leader? If "Yes," describe this person's role and explain whether the minister or religious leader was ordained, commissioned, or licensed after a prescribed course of study.  Yes  No
- b** Do you have schools for the preparation of your ordained ministers or religious leaders?  Yes  No
- 
- 12** Is your minister or religious leader also one of your officers, directors, or trustees?  Yes  No
- 13** Do you ordain, commission, or license ministers or religious leaders? If "Yes," describe the requirements for ordination, commission, or licensure.  Yes  No
- 
- 14** Are you part of a group of churches with similar beliefs and structures? If "Yes," explain. Include the name of the group of churches.  Yes  No
- 
- 15** Do you issue church charters? If "Yes," describe the requirements for issuing a charter.  Yes  No
- 
- 16** Did you pay a fee for a church charter? If "Yes," attach a copy of the charter.  Yes  No
- 
- 17** Do you have other information you believe should be considered regarding your status as a church? If "Yes," explain.  Yes  No

**Schedule B. Schools, Colleges, and Universities**

If you operate a school as an activity, complete Schedule B

**Section I Operational Information**

- 1a** Do you normally have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly enrolled student body, and facilities where your educational activities are regularly carried on? If "No," do not complete the remainder of Schedule B.  Yes  No
- b** Is the primary function of your school the presentation of formal instruction? If "Yes," describe your school in terms of whether it is an elementary, secondary, college, technical, or other type of school. If "No," do not complete the remainder of Schedule B.  Yes  No
- 2a** Are you a public school because you are operated by a state or subdivision of a state? If "Yes," explain how you are operated by a state or subdivision of a state. Do not complete the remainder of Schedule B.  Yes  No
- b** Are you a public school because you are operated wholly or predominantly from government funds or property? If "Yes," explain how you are operated wholly or predominantly from government funds or property. Submit a copy of your funding agreement regarding government funding. Do not complete the remainder of Schedule B.  Yes  No
- 3** In what public school district, county, and state are you located?
- 4** Were you formed or substantially expanded at the time of public school desegregation in the above school district or county?  Yes  No
- 5** Has a state or federal administrative agency or judicial body ever determined that you are racially discriminatory? If "Yes," explain.  Yes  No
- 6** Has your right to receive financial aid or assistance from a governmental agency ever been revoked or suspended? If "Yes," explain.  Yes  No
- 7** Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," explain how that entity is selected, explain how the terms of any contracts or other agreements are negotiated at arm's length, and explain how you determine that you will pay no more than fair market value for services.  Yes  No

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 7a.

- 8** Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.  Yes  No

**Note.** Answer "Yes" if you manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

**Section II Establishment of Racially Nondiscriminatory Policy**

Information required by **Revenue Procedure 75-50.**

- 1** Have you adopted a racially nondiscriminatory policy as to students in your organizing document, bylaws, or by resolution of your governing body? If "Yes," state where the policy can be found or supply a copy of the policy. If "No," you must adopt a nondiscriminatory policy as to students before submitting this application. See Publication 557.  Yes  No
- 2** Do your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement of your racially nondiscriminatory policy?  Yes  No
- a** If "Yes," attach a representative sample of each document.
- b** If "No," by checking the box to the right you agree that all future printed materials, including website content, will contain the required nondiscriminatory policy statement.
- 3** Have you published a notice of your nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community? (See the instructions for specific requirements.) If "No," explain.  Yes  No
- 4** Does or will the organization (or any department or division within it) discriminate in any way on the basis of race with respect to admissions; use of facilities or exercise of student privileges; faculty or administrative staff; or scholarship or loan programs? If "Yes," for any of the above, explain fully.  Yes  No

**Schedule B. Schools, Colleges, and Universities (Continued)**

**5** Complete the table below to show the racial composition for the current academic year and projected for the next academic year, of: (a) the student body, (b) the faculty, and (c) the administrative staff. Provide actual numbers rather than percentages for each racial category.

If you are not operational, submit an estimate based on the best information available (such as the racial composition of the community served).

Racial Category	(a) Student Body		(b) Faculty		(c) Administrative Staff	
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year
<b>Total</b>						

**6** In the table below, provide the number and amount of loans and scholarships awarded to students enrolled by racial categories.

Racial Category	Number of Loans		Amount of Loans		Number of Scholarships		Amount of Scholarships	
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year
<b>Total</b>								

**7a** Attach a list of your incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.

**b** Do any of these individuals or organizations have an objective to maintain segregated public or private school education? If "Yes," explain.  Yes  No

**8** Will you maintain records according to the non-discrimination provisions contained in Revenue Procedure 75-50? If "No," explain. (See instructions.)  Yes  No

**Schedule C. Hospitals and Medical Research Organizations**

Check the box if you are a **hospital**. See the instructions for a definition of the term "hospital," which includes an organization whose principal purpose or function is providing **hospital or medical care**. Complete Section I below.

Check the box if you are a **medical research organization** operated in conjunction with a hospital. See the instructions for a definition of the term "medical research organization," which refers to an organization whose principal purpose or function is medical research and which is directly engaged in the continuous active conduct of medical research in conjunction with a hospital. Complete Section II.

**Section I Hospitals**

- 1a** Are all the doctors in the community eligible for staff privileges? If "No," give the reasons why and explain how the medical staff is selected.  **Yes**  **No**
- 2a** Do you or will you provide medical services to all individuals in your community who can pay for themselves or have private health insurance? If "No," explain.  **Yes**  **No**

**b** Do you or will you provide medical services to all individuals in your community who participate in Medicare? If "No," explain.  **Yes**  **No**

**c** Do you or will you provide medical services to all individuals in your community who participate in Medicaid? If "No," explain.  **Yes**  **No**
- 3a** Do you or will you require persons covered by Medicare or Medicaid to pay a deposit before receiving services? If "Yes," explain.  **Yes**  **No**

**b** Does the same deposit requirement, if any, apply to all other patients? If "No," explain.  **Yes**  **No**
- 4a** Do you or will you maintain a full-time emergency room? If "No," explain why you do not maintain a full-time emergency room. Also, describe any emergency services that you provide.  **Yes**  **No**

**b** Do you have a policy on providing emergency services to persons without apparent means to pay? If "Yes," provide a copy of the policy.  **Yes**  **No**

**c** Do you have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? If "Yes," describe the arrangements, including whether they are written or oral agreements. If written, submit copies of all such agreements.  **Yes**  **No**
- 5a** Do you provide for a portion of your services and facilities to be used for charity patients? If "Yes," answer 5b through 5e.  **Yes**  **No**

**b** Explain your policy regarding charity cases, including how you distinguish between charity care and bad debts. Submit a copy of your written policy.

**c** Provide data on your past experience in admitting charity patients, including amounts you expend for treating charity care patients and types of services you provide to charity care patients.

**d** Describe any arrangements you have with federal, state, or local governments or government agencies for paying for the cost of treating charity care patients. Submit copies of any written agreements.

**e** Do you provide services on a sliding fee schedule depending on financial ability to pay? If "Yes," submit your sliding fee schedule.  **Yes**  **No**
- 6a** Do you or will you carry on a formal program of medical training or medical research? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliations with other hospitals or medical care providers with which you carry on the medical training or research programs.  **Yes**  **No**

**b** Do you or will you carry on a formal program of community education? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliation with other hospitals or medical care providers with which you offer community education programs.  **Yes**  **No**
- 7** Do you or will you provide office space to physicians carrying on their own medical practices? If "Yes," describe the criteria for who may use the space, explain the means used to determine that you are paid at least fair market value, and submit representative lease agreements.  **Yes**  **No**
- 8** Is your board of directors comprised of a majority of individuals who are representative of the community you serve? Include a list of each board member's name and business, financial, or professional relationship with the hospital. Also, identify each board member who is representative of the community and describe how that individual is a community representative.  **Yes**  **No**
- 9** Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all agreements.  **Yes**  **No**

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 8.

**Schedule C. Hospitals and Medical Research Organizations (Continued)****Section I Hospitals (Continued)**

- 10** Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.
- Note.** Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.
- Yes  No
- 
- 11** Do you or will you offer recruitment incentives to physicians? If "Yes," describe your recruitment incentives and attach copies of all written recruitment incentive policies.
- Yes  No
- 
- 12** Do you or will you lease equipment, assets, or office space from physicians who have a financial or professional relationship with you? If "Yes," explain how you establish a fair market value for the lease.
- Yes  No
- 
- 13** Have you purchased medical practices, ambulatory surgery centers, or other business assets from physicians or other persons with whom you have a business relationship, aside from the purchase? If "Yes," submit a copy of each purchase and sales contract and describe how you arrived at fair market value, including copies of appraisals.
- Yes  No
- 
- 14** Have you adopted a **conflict of interest policy** consistent with the sample health care organization conflict of interest policy in Appendix A of the instructions? If "Yes," submit a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," explain how you will avoid any conflicts of interest in your business dealings.
- Yes  No

**Section II Medical Research Organizations**

- 1** Name the hospitals with which you have a relationship and describe the relationship. Attach copies of written agreements with each hospital that demonstrate continuing relationships between you and the hospital(s).
- 
- 2** Attach a schedule describing your present and proposed activities for the direct conduct of medical research; describe the nature of the activities, and the amount of money that has been or will be spent in carrying them out.
- 
- 3** Attach a schedule of assets showing their fair market value and the portion of your assets directly devoted to medical research.

**Schedule D. Section 509(a)(3) Supporting Organizations**

**Section I Identifying Information About the Supported Organization(s)**

1 State the names, addresses, and EINs of the supported organizations. If additional space is needed, attach a separate sheet.

Name	Address	EIN
City of San Bruno	567 El Camino Real San Bruno, CA 94066	94 - 6000414
		-

2 Are all supported organizations listed in line 1 public charities under section 509(a)(1) or (2)? If "Yes," go to Section II. If "No," go to line 3.  Yes  No

3 Do the supported organizations have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)?  Yes  No

If "Yes," for each 501(c)(4), (5), or (6) organization supported, provide the following financial information:

- Part IX-A. Statement of Revenues and Expenses, lines 1-13 and
- Part X, lines 6b(ii)(a), 6b(ii)(b), and 7.

If "No," attach a statement describing how each organization you support is a public charity under section 509(a)(1) or (2).

**Section II Relationship with Supported Organization(s)—Three Tests**

To be classified as a supporting organization, an organization must meet one of three relationship tests:

- Test 1: "Operated, supervised, or controlled by" one or more publicly supported organizations, or
- Test 2: "Supervised or controlled in connection with" one or more publicly supported organizations, or
- Test 3: "Operated in connection with" one or more publicly supported organizations.

1 Information to establish the "operated, supervised, or controlled by" relationship (Test 1)  
Is a majority of your governing board or officers elected or appointed by the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," continue to line 2.  Yes  No

2 Information to establish the "supervised or controlled in connection with" relationship (Test 2)  
Does a majority of your governing board consist of individuals who also serve on the governing board of the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," go to line 3.  Yes  No

3 Information to establish the "operated in connection with" responsiveness test (Test 3)  
Are you a trust from which the named supported organization(s) can enforce and compel an accounting under state law? If "Yes," explain whether you advised the supported organization(s) in writing of these rights and provide a copy of the written communication documenting this; go to Section II, line 5. If "No," go to line 4a.  Yes  No

4 Information to establish the alternative "operated in connection with" responsiveness test (Test 3)  
a Do the officers, directors, trustees, or members of the supported organization(s) elect or appoint one or more of your officers, directors, or trustees? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4b.  Yes  No

b Do one or more members of the governing body of the supported organization(s) also serve as your officers, directors, or trustees or hold other important offices with respect to you? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4c.  Yes  No

c Do your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization(s)? If "Yes," explain and provide documentation.  Yes  No

d Do the supported organization(s) have a significant voice in your investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets? If "Yes," explain and provide documentation.  Yes  No

e Describe and provide copies of written communications documenting how you made the supported organization(s) aware of your supporting activities.



**Schedule D. Section 509(a)(3) Supporting Organizations (Continued)****Section II Relationship with Supported Organization(s)—Three Tests (Continued)****5** Information to establish the "operated in connection with" integral part test (Test 3)

Do you conduct activities that would otherwise be carried out by the supported organization(s)? If "Yes," explain and go to Section III. If "No," continue to line 6a.  Yes  No

**6** Information to establish the alternative "operated in connection with" integral part test (Test 3)

**a** Do you distribute at least 85% of your annual **net income** to the supported organization(s)? If "Yes," go to line 6b. (See instructions.)  Yes  No

If "No," state the percentage of your income that you distribute to each supported organization. Also explain how you ensure that the supported organization(s) are attentive to your operations.

**b** How much do you contribute annually to each supported organization? Attach a schedule.

**c** What is the total annual revenue of each supported organization? If you need additional space, attach a list.

**d** Do you or the supported organization(s) **earmark** your funds for support of a particular program or activity? If "Yes," explain.  Yes  No

**7a** Does your organizing document specify the supported organization(s) by name? If "Yes," state the article and paragraph number and go to Section III. If "No," answer line 7b.  Yes  No

**b** Attach a statement describing whether there has been an historic and continuing relationship between you and the supported organization(s).

**Section III Organizational Test**

**1a** If you met relationship Test 1 or Test 2 in Section II, your organizing document must specify the supported organization(s) by name, or by naming a similar purpose or charitable class of beneficiaries. If your organizing document complies with this requirement, answer "Yes." If your organizing document does not comply with this requirement, answer "No," and see the instructions.  Yes  No

**b** If you met relationship Test 3 in Section II, your organizing document must generally specify the supported organization(s) by name. If your organizing document complies with this requirement, answer "Yes," and go to Section IV. If your organizing document does not comply with this requirement, answer "No," and see the instructions.  Yes  No

**Section IV Disqualified Person Test**

You do not qualify as a supporting organization if you are **controlled** directly or indirectly by one or more **disqualified persons** (as defined in section 4946) other than **foundation managers** or one or more organizations that you support. Foundation managers who are also disqualified persons for another reason are disqualified persons with respect to you.

**1a** Do any persons who are disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If "Yes," (1) describe the process by which disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons and the foundation managers they appoint, and (3) explain how control is vested over your operations (including assets and activities) by persons other than disqualified persons.  Yes  No

**b** Do any persons who have a family or business relationship with any disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If "Yes," (1) describe the process by which individuals with a family or business relationship with disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons, the individuals with a family or business relationship with disqualified persons, and the foundation managers appointed, and (3) explain how control is vested over your operations (including assets and activities) in individuals other than disqualified persons.  Yes  No

**c** Do any persons who are disqualified persons, (except individuals who are disqualified persons only because they are foundation managers), have any influence regarding your operations, including your assets or activities? If "Yes," (1) provide the names of these disqualified persons, (2) explain how influence is exerted over your operations (including assets and activities), and (3) explain how control is vested over your operations (including assets and activities) by individuals other than disqualified persons.  Yes  No

**Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation**

Schedule E is intended to determine whether you are eligible for tax exemption under section 501(c)(3) from the postmark date of your application or from your date of incorporation or formation, whichever is earlier. If you are not eligible for tax exemption under section 501(c)(3) from your date of incorporation or formation, Schedule E is also intended to determine whether you are eligible for tax exemption under section 501(c)(4) for the period between your date of incorporation or formation and the postmark date of your application.

- |           |   |                                     |                                    |
|-----------|---|-------------------------------------|------------------------------------|
| <b>1</b>  | Are you a church, association of churches, or integrated auxiliary of a church? If "Yes," complete Schedule A and stop here. Do not complete the remainder of Schedule E.   | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>2a</b> | Are you a public charity with annual <b>gross receipts</b> that are normally \$5,000 or less? If "Yes," stop here. Answer "No" if you are a private foundation, regardless of your gross receipts.  | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>b</b>  | If your gross receipts were normally more than \$5,000, are you filing this application within 90 days from the end of the tax year in which your gross receipts were normally more than \$5,000? If "Yes," stop here.  | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>3a</b> | Were you included as a subordinate in a group exemption application or letter? If "No," go to line 4.   | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>b</b>  | If you were included as a subordinate in a group exemption letter, are you filing this application within 27 months from the date you were notified by the organization holding the group exemption letter or the Internal Revenue Service that you cease to be covered by the group exemption letter? If "Yes," stop here.   | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>c</b>  | If you were included as a subordinate in a timely filed group exemption request that was denied, are you filing this application within 27 months from the postmark date of the Internal Revenue Service final adverse ruling letter? If "Yes," stop here.  | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>4</b>  | Were you created on or before October 9, 1969? If "Yes," stop here. Do not complete the remainder of this schedule.   | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>5</b>  | If you answered "No" to lines 1 through 4, we cannot recognize you as tax exempt from your date of formation unless you qualify for an extension of time to apply for exemption. Do you wish to request an extension of time to apply to be recognized as exempt from the date you were formed? If "Yes," attach a statement explaining why you did not file this application within the 27-month period. Do not answer lines 6, 7, or 8. If "No," go to line 6a. | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
| <b>6a</b> | If you answered "No" to line 5, you can only be exempt under section 501(c)(3) from the postmark date of this application. Therefore, do you want us to treat this application as a request for tax exemption from the postmark date? If "Yes," you are eligible for an advance ruling. Complete Part X, line 6a. If "No," you will be treated as a private foundation.   | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |
|           | <b>Note.</b> Be sure your ruling eligibility agrees with your answer to Part X, line 6.   |                                     |                                    |
| <b>b</b>  | Do you anticipate significant changes in your sources of support in the future? If "Yes," complete line 7 below.  | <input type="checkbox"/> <b>Yes</b> | <input type="checkbox"/> <b>No</b> |

**Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation (Continued)**

**7** Complete this item only if you answered "Yes" to line 6b. Include projected revenue for the first two full years following the current tax year.

Type of Revenue	Projected revenue for 2 years following current tax year		
	(a) From ..... To	(b) From ..... To	(c) Total
<b>1</b> Gifts, grants, and contributions received (do not include unusual grants)			
<b>2</b> Membership fees received			
<b>3</b> Gross investment income			
<b>4</b> Net unrelated business income			
<b>5</b> Taxes levied for your benefit			
<b>6</b> Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)			
<b>7</b> Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)			
<b>8</b> Total of lines 1 through 7			
<b>9</b> Gross receipts from admissions, merchandise sold, or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)			
<b>10</b> Total of lines 8 and 9			
<b>11</b> Net gain or loss on sale of capital assets (attach an itemized list)			
<b>12</b> Unusual grants			
<b>13</b> Total revenue. Add lines 10 through 12			

**8** According to your answers, you are only eligible for tax exemption under section 501(c)(3) from the postmark date of your application. However, you may be eligible for tax exemption under section 501(c)(4) from your date of formation to the postmark date of the Form 1023. Tax exemption under section 501(c)(4) allows exemption from federal income tax, but generally not deductibility of contributions under Code section 170. Check the box at right if you want us to treat this as a request for exemption under 501(c)(4) from your date of formation to the postmark date. ▶

Attach a completed Page 1 of Form 1024, Application for Recognition of Exemption Under Section 501(a), to this application.

**Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing****Section I General Information About Your Housing**

1 Describe the type of housing you provide.

2 Provide copies of any application forms you use for admission.

3 Explain how the public is made aware of your facility.

4a Provide a description of each facility.

b What is the total number of residents each facility can accommodate?

c What is your current number of residents in each facility?

d Describe each facility in terms of whether residents rent or purchase housing from you.

5 Attach a sample copy of your residency or homeownership contract or agreement.

6 Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all joint venture agreements.  Yes  No

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 8.

7 Do you or will you contract with another organization to develop, build, market, or finance your housing? If "Yes," explain how that entity is selected, explain how the terms of any contract(s) are negotiated at arm's length, and explain how you determine you will pay no more than fair market value for services.  Yes  No

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 7a.

8 Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.  Yes  No

**Note.** Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

9 Do you participate in any government housing programs? If "Yes," describe these programs.  Yes  No

10a Do you own the facility? If "No," describe any enforceable rights you possess to purchase the facility in the future; go to line 10c. If "Yes," answer line 10b.  Yes  No

b How did you acquire the facility? For example, did you develop it yourself, purchase a project, etc. Attach all contracts, transfer agreements, or other documents connected with the acquisition of the facility.

c Do you lease the facility or the land on which it is located? If "Yes," describe the parties to the lease(s) and provide copies of all leases.  Yes  No

**Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing (Continued)****Section II Homes for the Elderly or Handicapped**

- 1a** Do you provide housing for the elderly? If "Yes," describe who qualifies for your housing in terms of age, infirmity, or other criteria and explain how you select persons for your housing.  Yes  No
- b** Do you provide housing for the handicapped? If "Yes," describe who qualifies for your housing in terms of disability, income levels, or other criteria and explain how you select persons for your housing.  Yes  No
- 
- 2a** Do you charge an entrance or founder's fee? If "Yes," describe what this charge covers, whether it is a one-time fee, how the fee is determined, whether it is payable in a lump sum or on an installment basis, whether it is refundable, and the circumstances, if any, under which it may be waived.  Yes  No
- b** Do you charge periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined.  Yes  No
- c** Is your housing affordable to a significant segment of the elderly or handicapped persons in the community? Identify your **community**. Also, if "Yes," explain how you determine your housing is affordable.  Yes  No
- 
- 3a** Do you have an established policy concerning residents who become unable to pay their regular charges? If "Yes," describe your established policy.  Yes  No
- b** Do you have any arrangements with government welfare agencies or others to absorb all or part of the cost of maintaining residents who become unable to pay their regular charges? If "Yes," describe these arrangements.  Yes  No
- 
- 4** Do you have arrangements for the healthcare needs of your residents? If "Yes," describe these arrangements.  Yes  No
- 
- 5** Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of the elderly or handicapped? If "Yes," describe these design features.  Yes  No

**Section III Low-Income Housing**

- 1** Do you provide low-income housing? If "Yes," describe who qualifies for your housing in terms of income levels or other criteria, and describe how you select persons for your housing.  Yes  No
- 
- 2** In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined.  Yes  No
- 
- 3a** Is your housing affordable to low income residents? If "Yes," describe how your housing is made affordable to low-income residents.  Yes  No
- Note.** Revenue Procedure 96-32, 1996-1 C.B. 717, provides guidelines for providing low-income housing that will be treated as charitable. (At least 75% of the units are occupied by low-income tenants or 40% are occupied by tenants earning not more than 120% of the very low-income levels for the area.)
- b** Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? If "Yes," describe these restrictions.  Yes  No
- 
- 4** Do you provide social services to residents? If "Yes," describe these services.  Yes  No

**Schedule G. Successors to Other Organizations**

- 1a** Are you a **successor** to a **for-profit organization**? If "Yes," explain the relationship with the predecessor organization that resulted in your creation and complete line 1b.  Yes  No
- b** Explain why you took over the activities or assets of a for-profit organization or converted from for-profit to nonprofit status.

- 2a** Are you a successor to an organization other than a for-profit organization? Answer "Yes" if you have taken or will take over the activities of another organization; or you have taken or will take over 25% or more of the fair market value of the net assets of another organization. If "Yes," explain the relationship with the other organization that resulted in your creation.  Yes  No
- b** Provide the tax status of the predecessor organization.
- c** Did you or did an organization to which you are a successor previously apply for tax exemption under section 501(c)(3) or any other section of the Code? If "Yes," explain how the application was resolved.  Yes  No
- d** Was your prior tax exemption or the tax exemption of an organization to which you are a successor revoked or suspended? If "Yes," explain. Include a description of the corrections you made to re-establish tax exemption.  Yes  No
- e** Explain why you took over the activities or assets of another organization.

**3** Provide the name, last address, and EIN of the predecessor organization and describe its activities.

**Name:** \_\_\_\_\_ **EIN:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**4** List the owners, partners, principal stockholders, officers, and governing board members of the predecessor organization. Attach a separate sheet if additional space is needed.

Name	Address	Share/Interest (if a for-profit)

**5** Do or will any of the persons listed in line 4, maintain a working relationship with you? If "Yes," describe the relationship in detail and include copies of any agreements with any of these persons or with any for-profit organizations in which these persons own more than a 35% interest.  Yes  No

**6a** Were any assets transferred, whether by gift or sale, from the predecessor organization to you? If "Yes," provide a list of assets, indicate the value of each asset, explain how the value was determined, and attach an appraisal, if available. For each asset listed, also explain if the transfer was by gift, sale, or combination thereof.  Yes  No

**b** Were any restrictions placed on the use or sale of the assets? If "Yes," explain the restrictions.  Yes  No

**c** Provide a copy of the agreement(s) of sale or transfer.

**7** Were any debts or liabilities transferred from the predecessor for-profit organization to you? If "Yes," provide a list of the debts or liabilities that were transferred to you, indicating the amount of each, how the amount was determined, and the name of the person to whom the debt or liability is owed.  Yes  No

**8** Will you lease or rent any property or equipment previously owned or used by the predecessor for-profit organization, or from persons listed in line 4, or from for-profit organizations in which these persons own more than a 35% interest? If "Yes," submit a copy of the lease or rental agreement(s). Indicate how the lease or rental value of the property or equipment was determined.  Yes  No

**9** Will you lease or rent property or equipment to persons listed in line 4, or to for-profit organizations in which these persons own more than a 35% interest? If "Yes," attach a list of the property or equipment, provide a copy of the lease or rental agreement(s), and indicate how the lease or rental value of the property or equipment was determined.  Yes  No

**Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures**

**Section I** *Names of individual recipients are not required to be listed in Schedule H.*

**Public charities and private foundations complete lines 1a through 7 of this section. See the instructions to Part X if you are not sure whether you are a public charity or a private foundation.**

- 1a Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc.
- b Describe the purpose and amount of your scholarships, fellowships, and other educational grants and loans that you award.
- c If you award educational loans, explain the terms of the loans (interest rate, length, forgiveness, etc.).
- d Specify how your program is publicized.
- e Provide copies of any solicitation or announcement materials.
- f Provide a sample copy of the application used.

2 Do you maintain case histories showing recipients of your scholarships, fellowships, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you? If "No," refer to the instructions.  Yes  No

3 Describe the specific criteria you use to determine who is eligible for your program. (For example, eligibility selection criteria could consist of graduating high school students from a particular high school who will attend college, writers of scholarly works about American history, etc.)

- 4a Describe the specific criteria you use to select recipients. (For example, specific selection criteria could consist of prior academic performance, financial need, etc.)
- b Describe how you determine the number of grants that will be made annually.
- c Describe how you determine the amount of each of your grants.
- d Describe any requirement or condition that you impose on recipients to obtain, maintain, or qualify for renewal of a grant. (For example, specific requirements or conditions could consist of attendance at a four-year college, maintaining a certain grade point average, teaching in public school after graduation from college, etc.)

5 Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Describe whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will apply the grant funds only for enrolled students who are in good standing. Also, describe your procedures for taking action if the terms of the award are violated.

6 Who is on the selection committee for the awards made under your program, including names of current committee members, criteria for committee membership, and the method of replacing committee members?

7 Are relatives of members of the selection committee, or of your officers, directors, or **substantial contributors** eligible for awards made under your program? If "Yes," what measures are taken to ensure unbiased selections?  Yes  No

**Note.** If you are a private foundation, you are not permitted to provide educational grants to **disqualified persons**. Disqualified persons include your substantial contributors and foundation managers and certain family members of disqualified persons.

**Section II** **Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section.**

1a If we determine that you are a private foundation, do you want this application to be considered as a request for advance approval of grant making procedures?  Yes  No  N/A

b For which section(s) do you wish to be considered?

- 4945(g)(1)—Scholarship or fellowship grant to an individual for study at an educational institution
- 4945(g)(3)—Other grants, including loans, to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product

2 Do you represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring?  Yes  No

3 Do you represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described in line 2?  Yes  No

**Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures**  
(Continued)

**Section II Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section.** (Continued)

- 4a** Do you or will you award scholarships, fellowships, and educational loans to attend an educational institution based on the status of an individual being an *employee of a particular employer*? If "Yes," complete lines 4b through 4f.  Yes  No
- b** Will you comply with the seven conditions and either the percentage tests or facts and circumstances test for scholarships, fellowships, and educational loans to attend an educational institution as set forth in Revenue Procedures 76-47, 1976-2 C.B. 670, and 80-39, 1980-2 C.B. 772, which apply to inducement, selection committee, eligibility requirements, objective basis of selection, employment, course of study, and other objectives? (See lines 4c, 4d, and 4e, regarding the percentage tests.)  Yes  No
- c** Do you or will you provide scholarships, fellowships, or educational loans to attend an educational institution to employees of a particular employer?  Yes  No  N/A
- If "Yes," will you award grants to 10% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39?  Yes  No
- d** Do you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer?  Yes  No  N/A
- If "Yes," will you award grants to 25% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? If "No," go to line 4e.  Yes  No
- e** If you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer, will you award grants to 10% or fewer of the number of employees' children who can be shown to be eligible for grants (whether or not they submitted an application) in that year, as provided by Revenue Procedures 76-47 and 80-39?  Yes  No  N/A
- If "Yes," describe how you will determine who can be shown to be eligible for grants without submitting an application, such as by obtaining written statements or other information about the expectations of employees' children to attend an educational institution. If "No," go to line 4f.
- Note.** Statistical or sampling techniques are not acceptable. See Revenue Procedure 85-51, 1985-2 C.B. 717, for additional information.
- f** If you provide scholarships, fellowships, or educational loans to attend an educational institution to *children of employees of a particular employer* without regard to either the 25% limitation described in line 4d, or the 10% limitation described in line 4e, will you award grants based on facts and circumstances that demonstrate that the grants will not be considered compensation for past, present, or future services or otherwise provide a significant benefit to the particular employer? If "Yes," describe the facts and circumstances that you believe will demonstrate that the grants are neither compensatory nor a significant benefit to the particular employer. In your explanation, describe why you cannot satisfy either the 25% test described in line 4d or the 10% test described in line 4e.  Yes  No



San Bruno Community Foundation  
EIN: 36-4777648

**PART 1**

Line 7

See Form 2848

Britt Strottman  
Attorney at Law  
Meyers Nave  
555 12<sup>th</sup> Street, Suite 1500  
Oakland, CA 94607  
Phone: 510.808.2000  
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Stephen L. Taber  
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Meyers Nave  
575 Market Street, Suite 2080  
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staber@meyersnave.com

Line 8

Mari Ellen R. Loijens  
Chief Business, Development and Brand Officer  
Silicon Valley Community Foundation  
2440 West El Camino Real, Suite 300  
Mountain View, California 94040  
Phone: 650.450.5400  
Fax: 650.450.5401  
mrloijens@siliconvalleycf.org

Amounts paid or promised to be paid : \$50,000

Mari Ellen Loijens is the Chief Business, Development and Brand Officer of the Silicon Valley Community Foundation. The Silicon Valley Community Foundation has \$4.7 billion of assets under management and handles the professional investment management of the funds. Ms. Loijens is a seasoned nonprofit professional with nearly two decades of experience and provides advice and guidance to San Bruno Community Foundation about its formation and governance.

#### **PART IV**

See Attachment B – news articles about settlement and SBCF; joint press release of City of San Bruno and PG&E

See Attachment F – approved minutes of board of directors’ meetings

Pacific Gas & Electric Company (PG&E) paid \$70 million in restitution to the City of San Bruno (San Bruno) in a settlement dated March 12, 2012 for the 2010 PG&E natural gas pipeline explosion that killed eight people, destroyed 38 homes, and injured 66 people in San Bruno (see Attachment E; settlement agreement between the City of San Bruno and PG&E). The funds will assist San Bruno to recover from the tragedy and devastation caused by PG&E’s explosion and fire.

The City Council approved the purpose statement of the nonprofit in a publicly held City Council meeting on October 3, 2012. The stated purpose of SBCF is to: “benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and publicly-owned community facilities and programs over the long term.” (See Articles of Incorporation, Article II(B)). On March 13, 2013, San Bruno’s City Council took the first steps in forming the nonprofit and adopted a resolution authorizing the Mayor to sign and file the Articles of Incorporation for the establishment of the “San Bruno Community Foundation” (SBCF). On July 24, 2013, the Articles of Incorporation were filed and approved by the Secretary of State of California. On October 21, 2013, the bylaws were approved by San Bruno’s elected Mayor Jim Ruane.

On December 12, 2013, SBCF held its first public board meeting. The board has held five board meetings in total. In its public meetings, the board discussed and is in the process of developing policies and procedures for its operation. The board will continue to develop its internal procedures and structure. By doing so, it will have a strong basis from which to work from when it commences its collaboration with the community. The board will discuss establishing a public input process so that members of the community can share their ideas and interests for the expenditure of funds. The board will accomplish this by creating an advisory community. No decisions regarding the specific use of funds will be considered until there are public meetings to solicit community input. San Bruno has not yet transferred the settlement funds to the foundation and maintains partial control over SBCF through the retained powers in its bylaws.

#### **PART V**

##### Line 1a

Name	Title	Mailing Address	Compensation Amount
Frank Hedley	Board member	567 El Camino Real San Bruno, CA 94066	None
Regina Stanback Stroud	Board member	567 El Camino Real San Bruno, CA 94066	None

San Bruno Community Foundation  
EIN: 36-4777648

Line 3a

Name: Mari Ellen Loijens, Chief Business, Development and Brand Officer of the Silicon Valley Community Foundation. The Silicon Valley Community Foundation has \$4.7 billion of assets under management and handles the professional investment management of the funds.

Qualifications: Ms. Loijens is a seasoned nonprofit professional with nearly two decades of experience.

Average hours worked: Mari Ellen Loijens and SVCF work approximately 10 hours a month for SBCF.

Duties: Ms. Loijens provides advice and guidance to San Bruno Community Foundation about its formation and governance.

Name: Britt Strottman is Senior Counsel at the law firm Meyers Nave.

Qualifications: Ms. Strottman has practiced law for 13 and ½ years. Ms. Strottman served as a member of the City's negotiating team that obtained a \$70 million settlement from Pacific Gas and Electric Company (PG&E) to support the City and community's efforts to recover after the pipeline explosion.

Average hours worked: Ms. Strottman works approximately 20 hours a month for SBCF.

Duties: Ms. Strottman counsels San Bruno and SBCF on nonprofit formation and nonprofit governance matters in relation to the \$70 million settlement from PG&E.

Line 3b

Ms. Strottman, independent contractor listed in Part V, 1c, is Special Counsel for San Bruno since the 2010 explosion and receives compensation from San Bruno. Ms. Strottman handles the California Public Utilities Commission (CPUC) regulatory investigations into the explosion, assisted the City of San Bruno in the National Transportation Safety Board's federal investigation, and currently assists San Bruno in miscellaneous legal issues relating to the explosion.

Line 5a

See Attachment A - conflict of interest policy

See Attachment C - resolution adopting conflict of interest policy

See Attachment F - minutes of April 17, 2014 Board of Directors meeting adopting conflict of interest policy

**PART VI**

Line 1a

On December 12, 2013, SBCF's boardmembers held its first public meeting and have held a total of 5 meetings. At this time, SBCF has not made any decisions relating to whether it will provide goods, services, or funds to individuals. Any decision relating to the expenditure of funds will require that the expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (see Articles of Incorporation, Article II(B)). The board has been discussing and developing policies and procedures for its operation and will continue to develop its internal procedures and structure. Once the board develops its internal procedures and structures, it is anticipated that SBCF will provide goods, services, or funds to individuals. However, SBCF needs to discuss a public input process so that members of the community can share their ideas and interests relating to whether, how, and when SBCF will provide goods, services, or funds to individuals. No decisions regarding the specific use of funds will be considered until there are public meetings to solicit community input. Once SBCF receives community input on the expenditure of the funds, SBCF will vote and make decisions to provide goods, services, or funds to individuals in public meetings. These decisions will be recorded in SBCF's minutes, which will be approved by the board (see bylaws, Article XII, Section 1)).

Any grant proposal to an individual will specify the responsibilities of the grantee, will obligate the grantee to use the grant funds only for the purposes for which the grant was made, will provide for periodic written reports concerning the use of the grant funds, will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

#### Line 1b

On December 12, 2013, SBCF's boardmembers held its first public meeting and have held a total of 5 meetings. At this time, SBCF has not made any decisions relating to whether it will provide goods, services, or funds to organizations. Any decision relating to the expenditure of funds will require that the expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (Articles of Incorporation, Article II(B)). The board has been discussing and developing policies and procedures for its operation and will continue to develop its internal procedures and structure. Once the board develops its internal procedures and structures, it is anticipated that SBCF will provide goods, services, or funds to organizations. However, SBCF needs to discuss a public input process so that members of the community can share their ideas and interests relating to whether, how, and when SBCF will provide goods, services, or funds to organizations. No decisions regarding the specific use of funds will be considered until there are public meetings to solicit community input. Once SBCF receives community input on the expenditure of the funds, SBCF will vote and make decisions to provide goods, services, or funds to organizations in public meetings. These decisions will be recorded in SBCF's minutes, which will be approved by the board (see bylaws, Article XII, Section 1)).

Any grant proposal relating to an organization will specify the responsibilities of the grantee, will obligate the grantee to use the grant funds only for the purposes for which the grant was made, will provide for periodic written reports concerning the use of the grant funds, will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

Line 2

SBCF has not considered, nor voted, on giving funds to a specific individual or group of specific individuals. It is anticipated that SBCF's programs will limit the provision of goods, services, or funds to a specific individual or group of specific individuals. However, as stated in SBCF's Articles of Incorporation, any decision relating to the expenditure of funds will require that the expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (Articles of Incorporation, Article II(B)). At this time, the board has not discussed whether it will limit the provision of goods, services, or funds to a specific individual. If the board establishes a class of individuals, it will establish written guidelines and policies relating to limitations. This grant making policy will be carried out and observed by the board.

Any grant proposal will specify the responsibilities of the grantee, will obligate the grantee to use the grant funds only for the purposes for which the grant was made, will provide for periodic written reports concerning the use of the grant funds will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

**PART VIII**

Line 5

SBCF is affiliated with the City of San Bruno. SBCF was formed by San Bruno, is funded by San Bruno out of funds provided to it for the benefit of its citizens, and its Articles of Incorporation provide that its purpose is: "to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term." San Bruno appointed SBCF's board of directors and has the power to remove them, as well as reserving to the city council certain powers of the corporation. On March 13, 2013, San Bruno's City Council adopted a resolution authorizing the Mayor to sign and file the Articles of Incorporation for the establishment of the "San Bruno Community Foundation" (SBCF) (see Attachment C; Resolution 2013-26). SBCF oversees the settlement funds negotiated with PG&E as restitution for the San Bruno community. San Bruno has not yet transferred the settlement funds to SBCF and

maintains partial control over SBCF through its bylaws. Through its reserved powers in Article XVI of the bylaws, San Bruno's City Council has the power to change the Articles of Incorporation or bylaws; approve the adoption, amendment or repeal of SBCF's investment policy and spending policy; approve SBCF's annual budget; approve or amend SBCF's grant policies; approve the election of SBCF's officers; approve the agreement for the management of the affairs of SBCF; approve the acquisition of real estate or any project that would require the use of City property or resources, approval the incurrence of indebtedness by SBCF in excess of \$25,000, affiliate SBCF with any other entities; and appoint and remove members of the Board of Directors (see bylaws, Article XVI).

Line 11

It is anticipated that SBCF will accept contributions of real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type. If SBCF accepts the types of contributions as described above, SBCF will have written guidelines, policies, and contracts in place that describe any conditions imposed by the donor on the contribution and/or any agreements with the donor regarding the contribution.

Line 13b

On December 12, 2013, SBCF's board held its first public meeting and has held five meetings in total. At this time, SBCF has not made any decisions relating to how any grants, loans, or distributions will further SBCF's exempt purposes. SBCF is organized and operated exclusively for public and/or charitable purposes within the meaning of Internal Revenue Code Section 501(c)(3) (see Articles of Incorporation, Article V(A)). As stated in SBCF's Articles of Incorporation, any decision relating to the expenditure of funds will require that the expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (see Articles of Incorporation, Article II(B)). Once SBCF receives community input on the expenditure of the funds, SBCF will vote and make decisions to provide grants, loans, or other distributions only to the extent that they further SBCF's exempt purposes. SBCF will draft, approve, and execute a grant-making policy and the policy will include language that any grants, loan, or distributions have to made for exempt purposes. These decisions will be recorded in SBCF's minutes. Every grant, loan, or distribution will benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and publicly-owned community facilities and programs over the long term. Any grant proposal will specify the responsibilities of the grantee, will obligate the grantee to use the grant funds only for the purposes for which the grant was made, will provide for periodic written reports concerning the use of the grant funds, will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

Line 13c

SBCF does not have written contracts with any organizations at this time since it has not made any decisions relating to grants, loans, or other distributions. If SBCF makes grants, loans, or other distributions to organizations that further SBCF's exempt purposes, it will enter into written contracts with the organizations.

Line 13d

SBCF has not made any grants, loans, or distributions to any organizations at this time, so it cannot identify "each recipient organization."

Line 13e

Any decisions regarding grants, loans, and distributions will be discussed in public meetings of the board. If and when SBCF makes decisions regarding any grants, loans, or distributions, those decisions will be recorded in SBCF's minutes by SBCF's Secretary, which will be approved by the board (see bylaws, Article XII, Section 1).

Line 13(f)(i)

SBCF does not have an application form at this time since it has not made any decisions relating to grants, loans, or other distributions. If SBCF makes grants, loans, or other distributions to organizations that further SBCF's exempt purposes, it will develop an application form.

Line 13(f)(ii)

Any grant proposal will specify the responsibilities of the grantee, will obligate the grantee to use the grant funds only for the purposes for which the grant was made, will provide for periodic written reports concerning the use of the grant funds, will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

Line 13(g)

Any grant proposal will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

**PART IX**

See Attachment D, budget

## **SCHEDULE D**

### **Section II**

#### **Line 1**

SBCF is supervised and controlled by the City of San Bruno. The City received applications from 82 people after an extensive outreach process, which included letters to every home in San Bruno, newspaper articles, notifications to service and business organizations and advertising in local media (Attachment G). The City Council, with the assistance of a non-profit expert, identified 12 finalists, who were interviewed in public meetings (See Attachment G). On October 17, 2013 date, seven people were selected from the interview process by the City Council to serve on the board. (See Attachment G) Through its reserved powers in Article XVI of the bylaws, San Bruno's City Council has the power to appoint and remove of members of the Board of Directors.

### **Section III**

Both the City of San Bruno and SBCF serve the community of San Bruno. In the Articles of Incorporation, the specific purpose clause outlines the purpose of SBCF: "to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and publicly-owned community facilities and programs over the long term." The Articles of Incorporation specifically mentions the community of San Bruno, which includes the City of San Bruno. SBCF was formed by San Bruno, is funded by San Bruno out of funds provided to it for the benefit of its citizens, and its Articles of Incorporation provide that its purpose is: "to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term." As a general unit of government, San Bruno is benefitted from SBCF's San Bruno's functions and purposes. San Bruno appoints SBCF's board of directors and has the power to remove them, as well as reserving to the city council certain powers of the corporation.



**Schedule H**

**Section I**

Line 1a

At this time, SBCF has not made any decisions relating to whether it will provide educational grants to individuals. Any decision relating to the expenditure of funds will require that the expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (see Articles of Incorporation, Article 11(B)). The board has discussed and is in the process of developing policies and procedures for its operation and will continue to develop its internal procedures and structure. Once the board develops its internal procedures and structures, it is anticipated that SBCF will provide educational grants to individuals. However, SBCF needs to discuss a public input process so that members of the community can share their ideas and interests relating to whether, how, and when SBCF will provide educational grants to individuals. No decisions regarding the specific use of funds will be considered until there are public meetings to solicit community input. Once SBCF receives community input on the expenditure of the funds, SBCF will vote and make decisions relating to educational grants to individuals. These decisions will be recorded in SBCF's minutes.

Line 1b

See Line 1a

Line 1c

At this time, SBCF has not awarded educational loans. Therefore, the terms of the loans (interest rate, length, forgiveness, etc.) have not been contemplated by the boardmembers.

Line 1d

If SBCF awards educational loans, it will publicize that it will award educational loans in public places, on SBCF's website, through public meetings of the board, and in local media outlets. Any publication would include information about the application process.

Line 1e

N/A

Line 1f

N/A

Line 2

If SBCF awards educational grants, it will maintain case histories showing recipients of SBCF's scholarships, fellowships, education loans, or educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection and relationship (if any) to officers, trustees, or donors of funds to SBCF. SBCF will also record recipients of SBCF's scholarships, fellowships, education loans, or educational grants in its minutes (which are approved by the board).

Line 3

SBCF doesn't have criteria at this time to determine who is eligible for educational grants since SBCF at this time does not award educational grants. Any decision relating to the expenditure of funds will require that the expenditure benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long-term (see Articles of Incorporation, Article II(B)). If the board decides to use specific criteria to determine who is eligible for educational grants, SBCF will solicit public input so that members of the community can share their ideas and interests relating to criteria to determine who is eligible for educational grants. Once SBCF receives community input on educational grants, SBCF will vote and make decisions to relating to and these decisions will be recorded in SBCF's minutes.

Line 4a

See Line 3

Line 4b

See Line 3

Line 4d

See Line 3

Line 5

If and when SBCF awards educational grants, SBCF will have written procedures for supervising the educational grants. Any grant proposal will specify the responsibilities of the grantee, will obligate the grantee to use the grant funds only for the purposes for which the grant was made, will provide for periodic written reports concerning the use of the grant funds, will require a final written report and an accounting of how grant funds were used, and will acknowledge SBCF's authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

Line 6

San Bruno Community Foundation  
FIN: 36-4777648

Although SBCF has not contemplated awarding educational grants at this time, it will create an advisory committee for educational grants. SBCF's boardmembers will put together criteria for committee membership and the method for replacing committee members.

# ATTACHMENT A

**SAN BRUNO COMMUNITY FOUNDATION**  
**Conflict of Interest Policy**

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**ARTICLE I**  
**Purpose**

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. If this policy is in conflict with applicable state (including Corporations Code Section 5233) and federal laws governing conflict of interest, the applicable state and federal laws prevail.

**ARTICLE II**  
**Definitions**

**1. Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

**2. Financial Interest**

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:

- (a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- (b) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

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

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## ARTICLE III Procedures

### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

### 2. Determining Whether a Conflict of Interest Exists

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

### 3. Procedures for Addressing the Conflict of Interest

(a) An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### 4. Violations of the Conflicts of Interest Policy

(a) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member

of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### ARTICLE IV Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

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

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### ARTICLE V Compensation

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### ARTICLE VI Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **ARTICLE VII** **Periodic Reviews**

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

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### **ARTICLE VIII** **Use of Outside Experts**

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

2252062.1



## ATTACHMENT B

City of San Bruno Contacts

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Or Sam Singer

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## City of San Bruno and PG&E Reach Agreement on \$70 Million Restitution for San Bruno Community to Support Recovery from Pipeline Accident

**San Bruno, Calif. (March 12, 2012)** —The City of San Bruno and Pacific Gas and Electric Company (PG&E) today announced an agreement for PG&E to pay San Bruno \$70 million in restitution to support the City and community's efforts to recover after the Sept. 9, 2010 PG&E pipeline tragedy.

"I am pleased to announce that San Bruno has reached a settlement with PG&E for restitution for the community of San Bruno," said Mayor Jim Ruane. "This money will be used for the benefit of all the citizens of our city and to help us, as a community, get beyond the tragedy and devastation caused by PG&E's explosion and fire."

"The community of San Bruno has suffered through a terrible tragedy and we understand that this accident will affect this community forever," said PG&E President Chris Johns. "We committed the night of the tragedy and continue to commit that we will help the victims and the community heal and rebuild. Today's announcement is another step in that process. It is one that we hope will provide the community with the assurance that the resources will be there to rebuild the infrastructure that was damaged and provide for improvements where the community sees fit. We will continue to work with the victims and the community as a whole to address their needs. All 20,000 PG&E employees are working hard to make sure we have the safest gas and electric system in the United States."

The agreement calls for a \$70 million payment to be made by PG&E within 30 days. With this money, the city will establish a separate not-for-profit public purpose entity to manage the funds and determine how the restitution should be spent for the benefit of the community as a whole. This \$70 million payment is in addition to PG&E's commitment to fund replacement and repair of the city's infrastructure and other costs related to the accident and restore the neighborhood.

"As a community and as a city we remain fully dedicated to assuring our community's full recovery," said Mayor Ruane. "We will continue to advocate for the highest standards of pipeline safety, not only for our City, but throughout the nation. The lasting legacy of Sept. 9, 2010 is San Bruno's dedication to ensure this type of disaster is never allowed to happen again. PG&E and all utilities must uphold the highest safety standards for the safety of all," Ruane said.



Contact: Sam Singer  
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Email: [Singer@singersf.com](mailto:Singer@singersf.com)

**San Bruno Receives \$70 Million From PG&E for Explosion and Fire**  
**Money to be Placed in Non-Profit, Used for Greater Good of Entire San Bruno Community**

**San Bruno, Calif.**—The City of San Bruno today received \$70 million in restitution from Pacific Gas & Electric Co. to aid the community's recovery from the explosion and fire that ripped through the heart of this city on Sept. 9, 2010.

"These funds will never bring back the lives that were taken, the memories that were destroyed and the City prior to 6:11 p.m. Sept. 9, 2010," said Mayor Jim Ruane. "We will never forget the tragedy, but we must move beyond the explosion as individuals and as a community. These restitution funds will be used for a greater good for all the citizens of our city and to help us, as a community, move forward."

The Mayor said the City is now in the process of establishing a not-for-profit public purpose entity to manage the funds and determine how the restitution money should be spent for the benefit of the community as a whole. He estimated the process could take up to a year.

5/6/2014

Settlement with San Bruno Continues PG&E's Pledge to Help City Rebuild, Heal | PG&E Currents

NEWS AND PERSPECTIVES FROM PACIFIC GAS AND ELECTRIC COMPANY  
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Posted on March 12, 2012

## Settlement with San Bruno Continues PG&E's Pledge to Help City Rebuild, Heal

PG&E and the City of San Bruno today (March 12) announced an agreement under which PG&E will provide \$70 million to support the city and the community's efforts to recover after the Sept. 9, 2010, PG&E pipeline tragedy.

PG&E President Chris Johns said the settlement is an "important milestone" as the company works to help the City of San Bruno and the victims of the accident.

"The community of San Bruno has suffered through a terrible tragedy and we understand that this accident will affect this community forever," said Johns. "We committed the night of the tragedy and continue to commit that we will help the victims and the community heal and rebuild."

(See a video interview of Chris John discussing specifics of the agreement, how PG&E continues to work with victims of the tragic 2010 natural gas accident and how the company is working to make its gas operations the safest in the nation.)

Johns added, "Today's announcement is another step in that process. It is one that we hope will provide the community with the assurance that the resources will be there to rebuild the infrastructure that was damaged and provide for improvements where the community sees fit."

San Bruno Mayor Jim Ruane said, "This money will be used for the benefit of all the citizens of our city and to help us, as a community, get beyond the tragedy."

The money will enable San Bruno to establish a not-for-profit public purpose entity to manage the funds and determine how they should be spent for the benefit of the community.

The utility will not seek to recover the contribution through insurance or customer rates.

This agreement is in addition to PG&E's commitment to fund replacement and repair of the city's infrastructure and other costs related to the accident and restore the neighborhood.

PG&E also continues to provide assistance directly to

5/6/2014

Settlement with San Bruno Continues PG&E's Pledge to Help City Rebuild, Heal | PG&E Currents

those who lost loved ones and homes as a result of the accident. As PG&E has since the night of the accident, the company is committed to meeting the needs of these families and individuals.

"We will continue to work with the victims and the community as a whole to address their needs," Johns said.

Since the accident, PG&E has made substantial efforts to improve the operations and the safety of its gas system.

"All 20,000 PG&E employees are working hard to make sure we have the safest gas and electric system in the United States," Johns said. "The greatest way we can honor the victims of the San Bruno accident is by making PG&E's gas operations the safest in the country and doing whatever is necessary to see that a tragedy like this never happens again," Johns said.

"That's exactly what we intend to do."

Keywords: [Chris Johns](#), [Pipelining Safety](#), [San Bruno](#)



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## PG&E to Pay \$70 Million to San Bruno

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BY CASSANDRA SWEET  
March 13, 2010 3:33 P.M. ET

PG&E Corp. (PG&E) agreed to pay \$70 million to the city of San Bruno, Calif., to compensate for a fatal 2010 pipeline explosion that incinerated a neighborhood, city and company officials said Monday.

PG&E's gas pipeline in San Bruno exploded Sept. 9, 2010, igniting a fireball that killed eight people, injured 58, destroyed 38 homes and damaged 70 others.

Under the agreement, PG&E will create a \$70 million "restitution" fund, to be paid within 30 days, to help the city rebuild and heal after the disaster.

The community of San Bruno has suffered through a terrible tragedy and we understand that this accident will affect this community forever," PG&E President Chris Johns said in a statement. He added that the utility hopes the new fund "will help the victims and the community heal and rebuild."

The city will establish a nonprofit entity to manage the funds and will conduct a public process to hear city residents' ideas before deciding how to spend the money, San Bruno Mayor Jim Ruane said. PG&E had suggested spending some of it to build a new library, but the city will have sole discretion on how it will spend the funds, Mr. Ruane said.

PG&E earlier established a separate fund to pay the city's costs of rebuilding the neighborhood where the pipeline exploded. The company initially pledged to put up to \$70 million in that fund. Under the agreement signed Monday, that fund will be capped at \$50 million.

Mr. Ruane said \$50 million should be enough to replace underground water and sewer pipes that were destroyed in the blast, build new roads and sidewalks, replace traffic signals, rebuild a park and playground that were lost, and replant trees and other vegetation in the canyon that surrounds the neighborhood.

About a dozen homes that were damaged by the fire are being rebuilt, while another 15 are at various stages of redevelopment. But the neighborhood where the explosion occurred hasn't been rebuilt, as it took time for the city to deal with the aftermath of the disaster, and another several months to find and hire consultants and engineers, and for those groups to determine what needs to be done to restore the area, Mr. Ruane said.

The city has spent about \$3 million from the fund to date, to stabilize the canyon and repair retaining walls that were damaged by the fire, said City Manager Connie Jackson.

While city officials hope to complete the work soon, Mr. Ruane said the emotional scars will probably last years.

"What's happened here is the worst natural-gas disaster in the country's history," Mr. Ruane said in an interview. "We're just trying to work our way through it methodically so we can get the absolute best result for our city."

Also on Monday, California regulators were scheduled to release a final report in a probe of PG&E's record-keeping prior to the San Bruno explosion.

The investigation, one of a series being conducted by the California Public Utilities Commission, aims to determine whether the utility violated state and/or federal laws or rules in what federal investigators found was poor record-keeping by PG&E of its natural-gas pipeline information prior to the blast.

In a related investigation, CPUC agreed in February to consider financial penalties for PG&E after concluding that the pipeline rupture was caused by the utility's failure to comply with federal pipeline safety rules: failure to follow industry practices when it installed the section of pipe that ruptured; poor record-keeping; and a corporate culture that emphasized profits over safety.

A third investigation, in which the CPUC aims to determine whether PG&E violated state or federal rules in its operation of natural-gas pipelines in highly populated areas, is still pending.

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In August, following an 11-month investigation, the [National Transportation Safety Board](#) concluded that welding defects that weakened the pipeline over time caused the rupture. The board also blamed widespread flaws in PG&E's pipeline operations, including poor record-keeping and inadequate oversight by the CPUC.

CPUC, which has promised to beef up its pipeline-safety oversight, is widely expected to levy fines against PG&E for the alleged violations of federal and state regulations. The fines could total several hundred million dollars, or as much as \$1 billion.

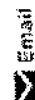
San Bruno is a party to the CPUC investigations and is expected to receive some of the proceeds from the fines. City officials have said they don't know how much the fines could be or how much the city would receive.

In February, PG&E said it had set aside \$200 million to cover the fines, although PG&E Chief Executive Anthony Earley said he thought the fines would be more than \$200 million.

The company also faces dozens of pending lawsuits filed by victims of the explosion who are seeking damage payments that could amount to millions of dollars.

PG&E executives predicted in February that the company could spend as much as \$1.7 billion on costs related to the explosion through 2013, not including fines or new expenses.

Write to Cassandra Sweet at [cassandra.sweet@dowjones.com](mailto:cassandra.sweet@dowjones.com)



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PG&E San Bruno Settlement: Company To Pay \$70 Million For Deadly Pipeline Blast

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SAN FRANCISCO

## PG&E San Bruno Settlement: Company To Pay \$70 Million For Deadly Pipeline Blast



TERENCE CHEA 03/12/12 04:02 PM ET Associated Press AP

SAN FRANCISCO — Pacific Gas & Electric Co. has agreed to pay \$70 million in restitution to San Bruno for the 2010 pipeline explosion that killed eight people in the San Francisco suburb, company and city officials said Monday. In a joint statement, PG&E and San Bruno said the money will be used to establish a nonprofit organization to help the community recover from the Sept. 9, 2010, blast, which also injured dozens of people and destroyed 38 homes. The funds will help San Bruno "get beyond the tragedy and devastation caused by PG&E's explosion and fire," said Mayor Jim Ruane. "As a community and as a city, we remain fully dedicated to assuring our community's full recovery." The agreement does not settle about 90 civil lawsuits that victims of the explosion have filed against the San Francisco-based company. A trial has been set for July 23 in San Mateo County Superior Court. The new nonprofit organization will determine how the restitution is spent for the benefit of the community as a whole. PG&E will make the \$70 million payment within 30 days and won't seek to recover the money through insurance or customers' utility rates, officials said. The company previously set up a \$100 million fund to support emergency needs in the aftermath of the explosion in a quiet neighborhood overlooking San Francisco Bay. PG&E President Chris Johns said: "We committed the night of the tragedy, and continue to commit, that we will help the victims and the community heal and rebuild. Today's announcement is another step in that process." Bob Pellegrini, who sued PG&E after losing his home in the blast, said he is happy for the city but hopes the company will move quickly to compensate people directly affected by the explosion. "This has been very traumatic for our entire neighborhood. You can see it on the people's faces. They're battle-weary," said Pellegrini, 49, who is still waiting to move into his house, which is being rebuilt. PG&E officials have said the company plans to compensate blast victims and hopes to settle the civil lawsuits without going to trial. They have not specified how much the company will pay victims. Federal investigators blame PG&E for the explosion, saying a litany of failures led to the blast, which they concluded was the result of an "organizational accident," not a simple mechanical failure. Escaping gas fed a pillar of flame 300 feet tall for more than 90 minutes before workers were able to manually close valves that cut off gas to the ruptured pipeline. Investigators said the damage would have been less severe had automatic valves been in place. The California Public Utilities Commission voted unanimously in January to open a top-level legal investigation into whether PG&E broke any laws, a process that ultimately could end in hefty fines for the company. Agency staff issued a scathing report saying the natural gas line blew up in part due to what they called the systematic failures of PG&E's corporate culture, which emphasized profits over safety. Staff also cited the utility's woeful record-keeping, haphazard emergency response and failure to follow both federal pipeline safety laws and accepted industry practices.

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San Bruno OKs \$70 million settlement from PG&E - SFGate



Sarah McLachlan  
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## San Bruno OKs \$70 million settlement from PG&E

Demian Bulwa

Published: 4:00 am, Tuesday, March 13, 2012

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The city of San Bruno agreed Monday to accept \$70 million from Pacific Gas and Electric Co. as a settlement for the suffering caused by the September 2010 explosion of a natural gas pipeline in a residential neighborhood.

As part of the deal, a \$50 million cap will be placed on a separate PG&E fund that is paying for rebuilding streets and utilities, replanting a burned canyon and other direct costs from the blast, which killed eight people and destroyed 38 homes. The cap had been \$70 million.

City officials and attorneys described the settlement as unprecedented, saying they could not find an example of a utility making a similar payment to a community after a disaster. By law, cities cannot sue companies for pain and suffering, as individuals can.

Without legal leverage, San Bruno put public pressure on PG&E, even holding a news conference last month to suggest the company was walking away from public promises to make the city whole.

### Tense talks

Mayor Jim Ruane said the settlement - which is more than twice as big as San Bruno's \$30 million annual general fund budget - had emerged from long and tense negotiations with PG&E. The City Council approved it Friday, and Ruane signed it Monday.

The money will be held in an account created for it. In coming months and years, Ruane said, city leaders and residents will decide how to spend it.

"Everybody was traumatized by this, not just the residents of the particular neighborhood but the city as a whole," Ruane said. "We will never completely get over this, but this will help us move forward."

He declined to speculate on possible uses for the money, saying, "I'm sure people will have ideas, and we want to hear those."

Ruane said PG&E had assured city leaders that the settlement will come from company shareholders, not the utility's rate-paying customers.

San Bruno also plans to ask for a share of any fine the California Public Utilities Commission levies on PG&E. Last month, the company said it expects to pay at least \$200 million in penalties tied to the explosion.

Federal investigators have concluded that the San Bruno pipeline ruptured at an incomplete weld. Government reports have blamed the tragedy on the company's sloppy record keeping, lax attitude toward safety and history of spending pipeline operations money on other things.

PG&E President Chris Johns said in a statement Monday that the company understands that the blast will "affect this community forever."

"We committed the night of the tragedy and continue to commit that we will help the victims and the community heal and rebuild," Johns said. "Today's announcement is another step in that process."

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### **City's needs**

Around San Bruno on Monday, residents talked about the city's needs, from filling potholes to building a new library. Some said they would like the money to be directed to the local school district, where leaders are discussing the possibility of campus closures.

Jackie Harrold, a 38-year-old mother of four, called the settlement a "good start," an acknowledgment that the blast had affected the entire community, and a clear public relations move by PG&E.

"They're covering their butts. This makes them look good," said Harrold, who has friends whose homes were damaged. "People understand that, but they won't turn down the money either."

### **Frustration builds**

Some residents of the Crestmoor neighborhood devastated by the blast and subsequent fire expressed frustration Monday. They said they needed more help rebuilding.

"We need to put that money in here," said Carole Guernsey, 72, whose home was destroyed by flames. "I don't think the city should get money until we are taken care of."

Guernsey and her husband are in the process of seeking building permits. She said PG&E - which her family is suing - had paid her \$50,000 after the explosion, plus additional money for a shortfall in her homeowner's insurance.

She spoke as she walked through the neighborhood, which on Monday was a whirl of construction, with workers laying foundations, framing walls and putting down landscaping.

### **Vacant lots**

Aaron Akin, San Bruno's community development director, said that just one of the 38 destroyed homes has been rebuilt and occupied. Fifteen homeowners are in the construction phase, four are seeking city approval of their plans and five others are working with architects.

That leaves 13 lots with no current plans - including five that PG&E bought from the owners after the blast.

Akin said the city is doing everything it can to help residents of the neighborhood, but that the process takes time. Besides approving home designs, the city has to oversee improvements in water and sewer lines and other utilities, he said.

"We're working as quickly as we can," Akin said, "while keeping the neighborhood as informed as possible."

*Demian Bulwa is a San Francisco Chronicle staff writer. [dbulwa@sfgate.com](mailto:dbulwa@sfgate.com)*

## **PG&E, San Bruno reach \$70 million restitution agreement**

*By Mike Taugher and Aaron Kinney Bay Area News Group Contra Costa Times*

ContraCostaTimes.com

Posted:

PG&E has agreed to pay the city of San Bruno \$70 million as compensation for the 2010 gas pipeline explosion that killed eight people and destroyed dozens of homes, the city and utility announced Monday.

The settlement comes less than a month after San Bruno officials publicly accused the company of dragging its feet in negotiations.

"The money will be used for the benefit of all the citizens of our city and to help us, as a community, get beyond the tragedy and devastation caused by PG&E's explosion and fire here in September 2010," said San Bruno Mayor Jim Ruane.

City officials said they could find no other examples of a company paying restitution directly to a city.

No decisions have been made on how the money will be spent. It will be managed by a nonprofit the city will form, and decisions will be made after a public process, said City Manager Connie Jackson.

As part of the deal, San Bruno agreed to cap at \$50 million a separate trust fund that PG&E created. That fund, which was previously limited to \$70 million, is being used to replace infrastructure destroyed in the blast, pay for social services for residents, and city staff time, Jackson said.

In addition, the city will seek portions of whatever fines regulators impose on PG&E.

PG&E also faces dozens of lawsuits from victims of the blast.

"We urge the utility company to settle those lawsuits quickly and with an understanding of the urgency our residents are experiencing as they continue to work on rebuilding their lives," Ruane said at a news conference Monday.

The explosion occurred after a power failure at a PG&E terminal in Milpitas caused pressure to increase along the gas transmission line. The explosion in San Bruno blew open a crater 72 feet long and 26 feet wide, launching a 28-foot section of 30-inch pipeline 100 feet. In the inferno, more than three dozen homes were destroyed and eight people were killed.

Subsequent state and federal investigations have painted a picture of PG&E as a company that valued profits far above safety, and exposed a litany of problems -- issues that new management at the company has vowed to reverse.

Among the shortcomings were inaccurate and missing records on the gas pipeline system. Records showed, for example, that the pipeline that exploded on Sept. 9, 2010, was a solid piece of seamless pipe when in fact it was welded. The California Public Utilities Commission issued a report late Monday on the company's poor record-keeping but made no recommendations on a possible fine.

Last month, San Bruno city officials called a news conference to lambaste the company for what it saw as a lack of progress in talks meant to reach an agreement on compensation for the city.

May 05, 2014 05:38:52PM MDT

"We did not believe the discussions with PG&E were proceeding in a forthright and timely manner," Jackson said on Monday.

Company officials were taken aback by the accusations and the agreement wrapped up within weeks. A spokesman said the company's commitment to address the explosion's aftermath never wavered.

"We've been in contact with the city on a regular basis since the accident," said PG&E spokesman David Eisenhower. "We've been committed to helping them rebuild and recover."

The payment will come out of shareholders' pockets, not ratepayers', PG&E President Chris Johns said in a video statement.

The payment to San Bruno is due in 30 days.

"No dollar amount will ever really compensate a community for that kind of loss," said Assemblyman Jerry Hill, D-San Mateo.

But Hill said it was good to see an agreement reached.

"I'm heartened that the company finally did the right thing," he said.

In determining how to spend the restitution, everything will be considered, including psychological counseling or anything else, Ruane said.

"It's a blank sheet of paper at this point in time," he said.

City Attorney Marc Zafferano cited the 2010 BP oil spill and a 1999 gasoline pipeline rupture and subsequent explosion that killed three youths in Bellingham, Wash., as cases where corporations made restitution payments but not directly to cities.

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5/5/2014

San Bruno Announces \$70M Blast Settlement With PG&E & CBS San Francisco



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Latest News

# San Bruno Announces \$70M Blast Settlement With PG&E

March 12, 2012 7:41 PM

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California firefighter Mark Medina works up a fire during a massive fire in a residential neighborhood September 9, 2010 in San Bruno. (Max Whitaker/Getty Images)

Related Tags: Pacific Gas and Electric, PG&E, Pipeline, Rostition San Bruno, San Bruno explosion, Settlement

**SAN BRUNO (CBS SF)** – San Bruno city officials announced Monday that a \$70 million settlement has been reached with PG&E for restitution for the deadly 2010 pipeline explosion in the city.

The settlement comes after months of negotiations between the city and utility over what compensation is necessary for the Sept. 9, 2010 blast, which killed eight people and destroyed or damaged more than 100 homes.

The agreement calls on PG&E to pay the \$70 million within 30 days. With the money, the city will establish a nonprofit public purpose entity to manage the funds and determine how they should be spent, according to city officials.

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"This money will be used for the benefit of all the citizens of our city and to help us, as a community, get beyond the tragedy and devastation caused by PG&E's explosion and fire," Mayor Jim Ruane said in a



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San Bruno Announces \$70M Blast Settlement With PG&E & CBS San Francisco

statement.

The restitution is in addition to a previous \$70 million trust set aside by PG&E to pay for direct damages of the explosion, such as destroyed pipelines, sewers, roads and other infrastructure. The utility has pledged not to seek to recover the payment through insurance or ratepayers.

KCBS' Susan Kennedy Reports:

"We committed the right of the tragedy and continue to commit that we will help the victims and the community heal and rebuild. Today's announcement is another step in that process," PG&E President Chris Johns said in a statement.

Ruane and other city officials plan to discuss the settlement at a news conference scheduled for 10:45 a.m. today at San Bruno City Hall.

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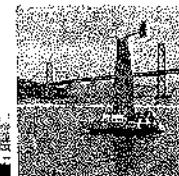
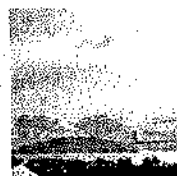


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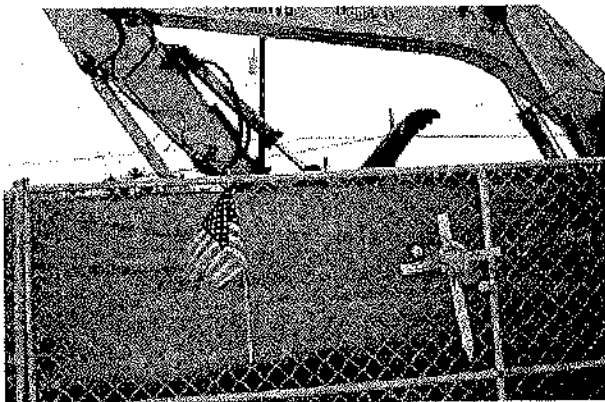
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## PG&E agrees to \$70 million reparation settlement after San Bruno fire

By Stephanie Soderborg | 20 Mar 2012



Memorials for those lost and injured during the fire still stand at the construction sites where the houses burnt down in San Bruno. (Photo: Stephanie Soderborg/ Peninsula Press)

The City of San Bruno's strong stance in dealing with PG&E after the Sept. 9, 2010 natural gas pipeline explosion finally paid off last Monday, when the company agreed to pay a \$70 million reparation settlement for civic damage.

The explosion's resulting fire destroyed 38 homes, damaged another 70 and killed eight people. Fifty-eight



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PG&E agrees to million reparation settlement after San Bruno fire « Frontpage Featured « Peninsula Press

individuals suffered serious injuries.

The reparations announcement came less than a month after San Bruno Mayor Jim Ruane announced the city's dissatisfaction with the slow pace of negotiations over the amount of money PG&E would pay to help the city recover from the tragedy.

"It got to the point a few weeks ago where we were a little frustrated in what was happening and what was not happening," Mayor Ruane said in a phone interview. "So we decided to go to the press."

City Manager Connie Jackson elaborated saying, "We felt that our timeline for the discussions was more urgent than it appeared PG&E's was, so we took a different approach in the way that we handled public communication regarding our relationship with PG&E — essentially encouraging them in a very public way to come back to the deliberative negotiations."

From the beginning of the PG&E discussions, San Bruno city representatives said they knew they had to fight to ensure that the company addressed more than just the physical damage.

City council member Rico Medina compared the situation to "David and Goliath." Ken Ibarra, another council member, said dealing with PG&E reminded him of Erin Bockovich, who played a major role in building a legal case against PG&E in 1993 for contaminating water in Hinkley, CA. The city decided it had to make sure it did not simply accept whatever company fine P&E gave but rather ensure that the company did what was best for the citizens of San Bruno, Ibarra said.

"We have that in the back of our mind, that we have to stay a step ahead because they are so big," Ibarra added.

Now with the \$70 million in reparations, the city says it can begin to heal from the disaster.

"We committed the night of the tragedy and continue to commit that we will help the victims and the community heal and rebuild," PG&E President Chris Johns said in a statement the morning of settlement. Monday's announcement "is another step in that process," he added.

City council members and other city employees credit Mayor Ruane, saying he was a strong leader in the PG&E negotiations

"PG&E was not giving us any kind of answers," City Clerk Carol Bonner said. "Jim finally came forward and said, 'You need to do something.'"

This money is separate from what PG&E will pay to rebuild city infrastructure that was destroyed or damaged in the fire and other direct costs for restoring the neighborhood — approximately another \$50 million. PG&E will also have to pay fines for negligence and perhaps even more resulting from lawsuits some residents filed.

Negotiating reparations with PG&E, however, was not the only way the city supported the citizens of San Bruno after the fire.

Beginning immediately after the incident, San Bruno organized a number of town hall meetings so citizens could keep abreast of relevant information related to the disaster.

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“Each meeting was very informative, kept us up to date,” Nellie Bishop said. The Bishops’ house backed up onto the canyon where the blast took place. The fire destroyed the surrounding houses, and while her house was spared, it suffered significant damage. “We’ve been very well taken care of,” she added.

The city has also helped fund mental-health counseling services, a serious need for the community after the fires. The disaster’s psychological effects have been lasting, and many residents are still seeking help.

“This is a generational issue for us,” Ruane explained. “One dad told me his son gets a little excited when he lights the barbeque. We have some kids, where three out of four are sleeping at night and one is still having trouble.”

The city has also helped residents deal with insurance companies and provided guidance on any tax issues related to receiving damage payouts from PG&E.

Over the past 18 months, the Glenview neighborhood where the fire occurred is slowly beginning to recover. Construction projects occupy the blocks surrounding the epicenter of the explosion as houses that burned down are rebuilt.

“All this hammering and stuff, it is a good thing,” said Bill Bishop, Nellie Bishop’s husband. “We couldn’t wait to hear the hammers going,” his wife added. “Because then we knew they were coming back.”

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# PG&E to pay \$70 million in San Bruno pipeline explosion

MARCH 12, 2012 | 11:51 AM



(<http://latimesblogs.latimes.com/a/6a00d8341c630a53ef0168e8b69bb7970c-pi>) Pacific Gas & Electric Co. has agreed to pay \$70 million in restitution to aid the city of San Bruno's recovery from a 2010 pipeline explosion that killed eight people and destroyed dozens of homes in the Bay Area town.

In a joint statement released Monday, the company said the money will go to support the community's efforts to recover.

"The community of San Bruno has suffered through a terrible tragedy and we understand that this accident will affect this community forever," PG&E President Chris Johns said in a statement. "We committed the night of the tragedy and continue to commit that we will help the victims and the community heal and rebuild."

**PHOTOS: San Bruno fire** (<http://framework.latimes.com/2010/09/09/fire-in-san-bruno/#/0>)

The settlement calls for PG&E to pay the city within 30 days, and the release said that the city will establish a separate "not-for-profit public purpose entity" to manage and distribute the funds.

On Sept. 9, 2010, a decades-old gas pipeline exploded under the suburb south of San Francisco and left a gaping crater in the street, whipping up an inferno that tore down everything in its path.

A month after the explosion, the National Transportation Safety Board determined that maintenance work at a pipeline control center triggered electrical problems and a rise in gas pressure just before the explosion. Facing scrutiny from federal regulators, former PG&E Chairman and Chief Executive Peter A. Darbee stepped down in April 2011.

Four months later, the NTSB issued a scathing report in which the agency blamed the gas company for "baffling" mistakes and lax oversight that led to the explosion. NTSB officials said PG&E took almost 95 minutes to shut off the gas spewing from the pipeline in San Bruno.

In the statement, Johns called the settlement "another step" in the healing process.

"It is one that we hope will provide the community with the assurance that the resources will be there to rebuild the infrastructure that was damaged and provide for improvements where the community sees fit," he said. "We will continue to work with the victims and the community as a whole to address their needs."

**ALSO:**

Simi Valley brush fire is out; traffic delays linger (<http://latimesblogs.latimes.com/lanow/2012/03/brush-fire.html>)

Nixon's love letters unveiled for Pat's 100th birthday (<http://latimesblogs.latimes.com/lanow/2012/03/nixon-love-letters-to-be-unveiled.html>)

Crystal Cathedral divided as Schullers leave, changes planned (<http://latimesblogs.latimes.com/lanow/2012/03/crystal-cathedral-divided-as-schuller-leave-changes-planned.html>)

-- Matt Stevens

[Twitter.com/mattstevenslat](https://twitter.com/mattstevenslat) ([Twitter.com/mattstevenslat](https://twitter.com/mattstevenslat))

*Photo: A natural gas explosion tore through San Bruno on Sept. 9, 2010. Credit: Don Bartletti / Los Angeles Times*

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5/5/2014

PG&E Reaches \$70 Million Accord With San Bruno Over Blast - Bloomberg

# Bloomberg

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## PG&E Reaches \$70 Million Accord With San Bruno Over Blast

By [Kara Geller](#) and [Michael Sauter](#) - Mar 12, 2012

PG&E Corp. (PCG) reached a \$70 million settlement with the city of San Bruno, California, over a 2010 pipeline explosion that killed eight people, the largest natural-gas disaster in U.S. history.

The settlement will support efforts to recover from the blast, which destroyed 38 homes and damaged another 70, city spokesman Sam Singer said today in an e-mail.

The California Public Utility Commission said in January that San Francisco-based PG&E's violations of state and federal safety laws led to the explosion.

PG&E, owner of California's largest utility, confirmed the settlement in a regulatory filing, saying it will contribute \$70 million to a not-for-profit entity set up to benefit the city. The company's Pacific Gas & Electric Co. unit won't seek to recover the money through insurance or customer rates, PG&E said.

### Recordkeeping Practices

Separately, state investigators found that PG&E's pipeline record-keeping practices leading up to the gas explosion didn't meet the utility's legal and regulatory requirements for safety standards, according to a report posted on the California Public Utilities Commission's website.

"PG&E's recordkeeping was a mess and had been for years," according to the report issued by the commission's consumer protection and safety division. The utility's request to collect \$222.8 million from customers to improve its record keeping system is "excessive", the report said.

"PG&E has acknowledged the need to improve how we collect, store, access, and share information about our natural gas system," said Nick Stavropoulos, executive vice president of gas operations at Pacific Gas and Electric, in an e-mailed statement. The utility is converting its paper records to electronic files and is asking for additional money for technology improvements to its system, Stavropoulos said in the statement.

The commission staff analysis is part of an investigation by state regulators into PG&E's role in the

5/5/2014

PG&E Reaches \$70 Million Accord With San Bruno Over Blast - Bloomberg

Sept. 9, 2010 blast, which could result in fines. Federal and state fines could be as much as \$1 billion, Hugh Wynne, a New York-based utility analyst with Sanford C. Bernstein & Co., wrote in a Feb. 17 research note.

To contact the reporters on this story: Karen Gullo in San Francisco at [kgullo@bloomberg.net](mailto:kgullo@bloomberg.net); Mark Chediak in San Francisco at [mchediak@bloomberg.net](mailto:mchediak@bloomberg.net)

To contact the editor responsible for this story: Stephen Farr at [sfarr@bloomberg.net](mailto:sfarr@bloomberg.net)

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# Reports: PG&E Pleads Not Guilty To Federal Charges From San Bruno Pipeline Blast

By RTT News, April 21, 2014, 11:52:00 PM EDT

## Reports: PG&E Pleads Not Guilty To Federal Charges From San Bruno Pipeline Blast

(RTTNews.com) - Public utility company PG&E Corp. (PG&E) on Monday pleaded not guilty to federal charges against its utility unit in connection with the fatal 2010 gas pipeline explosion and fire in San Bruno, California, according to media reports on Monday.

The September 9, 2010 explosion of PG&E's natural gas pipeline in San Bruno, California, killed eight people, injured 58 others and destroyed a residential neighborhood. PG&E's Pacific Gas and Electric Co. unit was the target of a criminal investigation by the U.S. Attorney's Office for the Northern District of California on behalf of the U.S. Department of Justice.

In early April, the utility was indicted by a federal grand jury for the Northern District of California and charged with 12 felony counts of violating safety regulations leading up to the deadly blast in San Bruno. The indictment alleges PG&E of "knowingly and willfully" violating the Natural Gas Pipeline Safety Act or PSA of 1968 and its regulations between 2003 and 2010.

According to the indictment, the charges stem from PG&E's record keeping and pipeline "integrity management" practices. The indictment alleges that PG&E failed to address recordkeeping deficiencies concerning its larger natural gas pipelines, knowing that their records were inaccurate or incomplete.

PG&E could reportedly face nearly \$3.5 million in statutory penalties if found guilty of all 12 felonies. An indictment merely alleges that crimes have been committed, and the defendant is presumed innocent until proven guilty beyond a reasonable doubt.

PG&E has spent more than \$1 billion on safety improvements since the explosion, which regulators have said could be counted toward paying the fine.

PG&E said that following the San Bruno accident, it adopted new, rigorous pipeline safety standards. PG&E Chairman and CEO Tony Earley, who was brought in to lead PG&E in 2011 after the San Bruno accident, has noted in late March that the company committed \$2.7 billion of shareholders' money to date and the company was making excellent operational progress.

The company has settled claims amounting to nearly \$500 million with the victims and families of the San Bruno accident, established a \$50 million trust for the City of San Bruno for costs related to recovery, and contributed \$70 million to support the city's and community's recovery efforts.

PG&E closed Monday's trading at \$44.78, down \$0.09 or 0.20-percent on a volume of 1.81 million shares.

For comments and feedback: contact [editorial@rttnews.com](mailto:editorial@rttnews.com)

<http://www.rttnews.com>

News » Peninsula

March 12, 2012

## San Bruno announces \$70 million settlement with PG&E for 2010 blast

By Bay City News



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JUSTIN SULLIVAN/GETTY IMAGES FILE PHOTO

A San Bruno police officer stands guard next to burned homes near the epicenter of the gas line explosion that devastated a neighborhood near San Francisco International Airport Sept. 24, 2010 in San Bruno. San Bruno city officials announced a settlement Monday with PG&E for restitution.

San Bruno city officials today announced a \$70 million settlement has been reached with PG&E for restitution for the deadly 2010 pipeline explosion in the city.

The settlement comes after months of negotiations between the city and utility over what compensation is necessary for the Sept. 9, 2010 blast, which killed eight people and destroyed or damaged more than 100 homes.

The agreement calls on PG&E to pay the \$70 million within 30 days. With the money, the city will establish a nonprofit public purpose entity to manage the funds and determine how they should be spent, according to city officials.

"This money will be used for the benefit of all the citizens of our city and to help us, as a community, get beyond the tragedy and devastation caused by PG&E's explosion and fire," Mayor Jim Ruane said in a statement.

The restitution is in addition to a previous \$70 million trust set aside by PG&E to pay for direct damages of the explosion, such as destroyed pipelines, sewers, roads and other infrastructure. The utility has pledged not to seek to recover the payment through insurance.



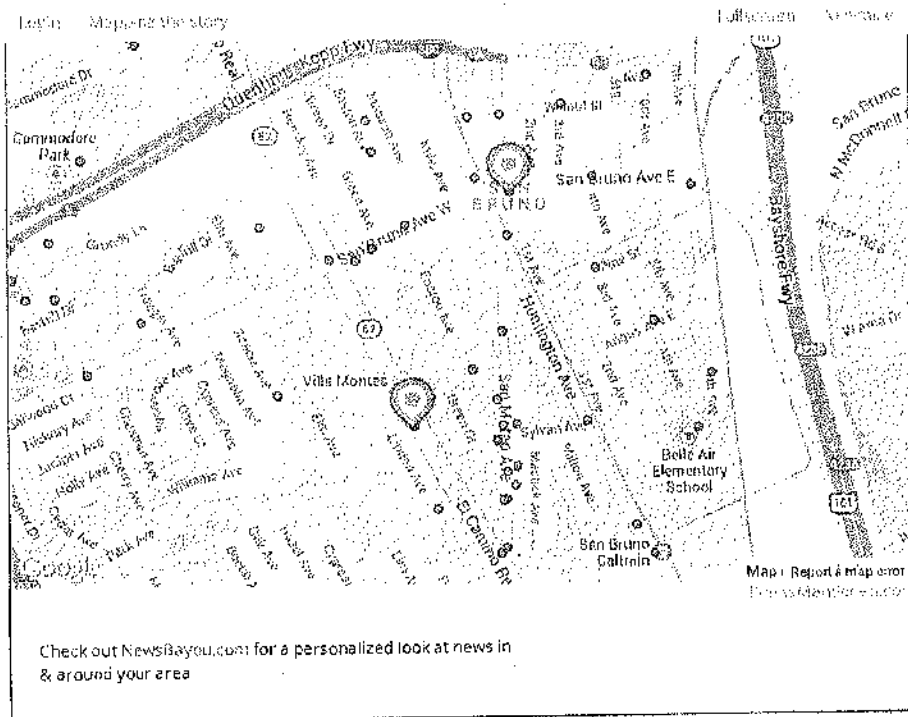
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San Bruno announces \$70 million settlement with PG&E for 2010 blast | Peninsula | San Francisco | San Francisco Examiner

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




"We committed the night of the tragedy and continue to commit that we will help the victims and the community heal and rebuild. Today's announcement is another step in that process," PG&E President Chris Johns said in a statement.

Ruane and other city officials plan to discuss the settlement at a news conference scheduled for 10:45 a.m. today at San Bruno City Hall.



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# ATTACHMENT C

**RESOLUTION NO. 2013 - 26**

**RESOLUTION AUTHORIZING THE MAYOR OF THE CITY OF SAN BRUNO TO EXECUTE AND FILE ARTICLES OF INCORPORATION FOR THE SAN BRUNO COMMUNITY FOUNDATION**

**WHEREAS**, the City of San Bruno received \$68,750,000 in cash and five vacant lots from PG&E in recognition of the impact of the September 9, 2010 explosion on the entire City;

**WHEREAS**, the settlement agreement with PG&E requires that the City establish a not-for-profit entity to receive, manage, administer and expend the funds for the benefit of the San Bruno community;

**WHEREAS**, the City Council desires to incorporate a not-for-profit entity named "The San Bruno Community Foundation" for public and/or charitable purposes as necessary to qualify for tax-exempt status as a 501(c)(3) corporation under federal law;

**WHEREAS**, the purpose of the corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term;

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of San Bruno that the Mayor of the City of San Bruno is authorized to execute and file the Articles of Incorporation for The San Bruno Community Foundation attached hereto.

---oOo---

I hereby certify that foregoing **Resolution No. 2013 - 26** was introduced and adopted by the San Bruno City Council at a regular meeting on March 12, 2013, by the following vote following vote:

AYES: Councilmembers: Ibarra, Medina, O'Connell, Salazar, Mayor Ruane

NOES: Councilmembers: None

ABSENT: Councilmembers: None

I hereby certify this to be a full, true and correct copy of the document it puports to be, the original of which is on file in my office.

Dated: March 13 2013

Carol Bonner  
City Clerk of the City of San Bruno

Carol Bonner  
Carol Bonner, City Clerk

RESOLUTION NO. 2013 - 72

RESOLUTION APPROVING BYLAWS FOR THE  
SAN BRUNO COMMUNITY FOUNDATION

**WHEREAS**, the City of San Bruno received \$68,750,000 in cash and five vacant lots from PG&E in recognition of the impact of the September 9, 2010, explosion on the entire City; and

**WHEREAS**, the settlement agreement with PG&E requires that the City establish a not-for-profit entity to receive, manage, administer and expend the funds for the benefit of the San Bruno community; and

**WHEREAS**, the City Council authorized the Mayor to execute Articles of Incorporation for a not-for-profit entity named "The San Bruno Community Foundation" for public and/or charitable purposes as necessary to qualify for tax-exempt status as a 501(c)(3) corporation under federal law; and

**WHEREAS**, the purpose of the corporation is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term; and

**WHEREAS**, the City Council must now approve bylaws for the San Bruno Community Foundation so that the process of forming the Foundation can expeditiously continue.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of San Bruno that the bylaws for The San Bruno Community Foundation attached hereto are approved.

---oOo---

I hereby certify that foregoing **Resolution No. 2013 - 72**  
was introduced and adopted by the San Bruno City Council at a regular meeting on  
August 27, 2013, by the following vote following vote:

AYES: Councilmembers: Ibarra, Medina, O'Connell, Salazar, Mayor Ruane

NOES: Councilmembers: None

ABSENT: Councilmembers: None

  
\_\_\_\_\_  
(Carol Bonner, City Clerk

RESOLUTION No. 2014 - 2

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION  
ADOPTING CONFLICT OF INTEREST POLICY

**WHEREAS**, the Board of Directors agrees that the Foundation should conduct its business affairs so as to avoid any possible conflict of interest between the duties and responsibilities that the Foundation's directors and officers owe to the Foundation, and other duties and responsibilities those individuals may have;

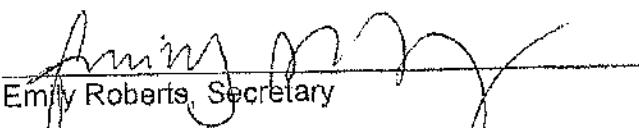
**WHEREAS**, the Board has reviewed the Conflict of Interest Policy attached as Exhibit A; and

**WHEREAS**, the Board has determined that the Conflict of Interest Policy attached as Exhibit A is appropriate for this Foundation.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors adopts the Conflict of Interest Policy attached as Exhibit A.

Dated: April 17, 2014

ATTEST:

  
Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2014- 2 was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 17<sup>th</sup> day of April, 2014, by the following vote:

AYES: Boardmembers: Bohm, Cohn, Hedley, Roberts, Stanback Stroud, McGlothlin, Kraus  
NOES: Boardmembers: None  
ABSENT: Boardmembers: None

## ATTACHMENT D

San Bruno Community Foundation						
STATEMENT OF PROJECTED REVENUE AND EXPENSES						
	Assumptions	Notes	Year One*	Year Two	Year Three	Total
<b>INCOME</b>						
Gifts, grants, and contributions:						
Government grants			\$ -	\$ -	\$ -	\$ -
Public charity grants			-	-	-	-
Private foundation grants			-	-	-	-
Corporate contributions			-	-	-	-
Establishing contribution in Year 2. No additional Contributions in Year 3.			-	71,088,703	-	71,088,703
Individual contributions			-	-	-	-
Program-related income			-	-	-	-
Unrelated business income			-	-	-	-
Investment income (interest, etc.)		1	-	4,976,209	5,324,544	10,300,753
Earnings net of investment management fees Year 1, 2, and 3			-	-	-	-
Other			-	-	-	-
<b>Total Income</b>			-	76,064,912	5,324,544	81,389,456
<b>EXPENSES</b>						
Salaries and wages:						
Directors and officers						
Executive Director Year 2- Assuming a max 4% annual raise		2	-	150,000	156,000	306,000
Program officers and other staff						
Administrative Assistant in Year 2 - Assuming a max 4% annual raise			-	45,000	46,800	91,800
Subtotal salary and wages			-	195,000	202,800	397,800
Payroll taxes and benefits						
Executive Director end of Year 2 & 3- 23%, 23%, 23%			-	34,500	35,880	70,380
Administrative Assistant in Year 2 and 3- 23%, 23%			-	10,350	10,764	21,114
Grants and assistance to others						
Estimated 5% Distribution Years 2 and 3			-	3,554,435	3,500,000	7,054,435
Occupancy						
An office and reception area			-	26,000	26,000	52,000
Insurance						
D&O Insurance Year 1, 2, and 3			-	19,950	15,000	34,950
Telecommunications						
			-	3,000	2,500	5,500
Postage & shipping						
Mailing to the SB community in Year 2			-	5,000	5,000	10,000
Mailing of annual report in Years 2 and 3			-	6,000	7,000	13,000
Printing & copying						
Printing of new materials Year 2			-	10,000	-	10,000
Annual report Year 2 and Year 3			-	15,000	15,000	30,000
Letterhead Years 2, and 3			-	10,000	10,000	20,000
Office supplies						
			-	1,000	500	1,500
Office equipment & furniture						
			-	15,000	10,000	25,000
Legal, accounting & payroll services						
Legal for Set up of Foundation and other in years 1, 2, and 3			-	150,000	50,000	200,000
990 Fee Payable to Audit/Tax Firm Years 2, and 3			-	2,500	2,500	5,000
Audit Fee Payable to Audit/ Tax Firm Years 2, and 3			-	2,500	2,500	5,000
Payroll service provider in Years 1, 2, and 3 assuming ED is hired at end of Year 1			-	1,107	1,205	2,312
Travel						
Travel for conference in Year 2 (1 staff) Year 3 (1 staff)			-	1,000	1,000	2,000
Local Travel and Mileage			-	2,000	2,000	4,000
Consultants						
Investment Consultant Years 2 and 3 assuming consultant begins works at end of year		3	-	140,000	140,000	280,000
HR recruiting firm for hire of ED Year 1 - 25-30% of starting salary		4	-	50,000	-	50,000
Consulting Provided by SVCF Years 1, 2, and 3			-	50,000	30,000	80,000
Marketing Consultant for website design and development in Year 2 and 3 assuming work flows into Year 3; Website update costs.			-	40,000	20,000	60,000
Marketing Consultant for design and development of logo and marketing materials including letterhead in Years 2 and 3 assuming work flows into Year 3 . Other design costs in Year 3.			-	20,000	5,000	25,000
Other						
Internal meetings in years 2 and 3			-	1,500	2,000	3,500
Public Hearings			-	2,000	2,000	4,000
Conferences			-	1,500	1,500	3,000
Board Development			-	7,500	7,500	15,000
HR comp survey in Years 2 and 3- assuming this must happen every year for ED salary review			-	10,000	10,000	20,000
<b>Total Expenses</b>			-	4,386,842	4,117,649	8,504,491
<b>Net Change</b>			\$ -	\$ 71,678,070	\$ 1,206,895	\$ 72,884,965
<b>Notes</b>						
* Year One is July 1, 2013- June 30, 2014; Year Two is 2014-2015; Year Three is 2015-2016.						
1 Assumes 7% annual rate of return for long-term growth oriented investment allocation for Years 2 and 3. Dollars rounded down to be conservative.						
2 Salaries and Wage information reported here pertains to amounts to be paid by the San Bruno Community Foundation as compensation for its own employees who will perform functions solely for the San Bruno Community Foundation. All staff will be paid amounts which are reasonable in light of amounts paid to comparably qualified individuals by comparable organizations for comparable responsibilities.						
3 Consultants and service providers will be arm's-length contractors, and will be paid amounts that are reasonable in light of similar services. In no case will individuals who would be properly classified as employees be paid as independent contractors.						
4 Traditional, non-discretionary investment consulting services estimated at 0.15% on assets.						

ATTACHMENT E



### Settlement Agreement

Pacific Gas and Electric Company ("PG&E") and the City of San Bruno ("City") enter into this Settlement Agreement ("Agreement") on March 12, 2012, to resolve and settle all claims arising out of the tragic September 9, 2010 pipeline incident in San Bruno and agree as follows:

1. PG&E will contribute \$70 million to City, which will be comprised of (1) fee simple title to five vacant lots in the Glenview neighborhood (identified on Attachment A), which the parties agree together have a fair market value of \$1,250,000; and (2) \$68,750,000 in cash, which will then be transferred to a tax-exempt, not-for-profit public purpose entity.
  - a. The purposes of the entity will be generally to benefit the City of San Bruno and the residents of the City of San Bruno.
  - b. PG&E will contribute the \$68,750,000 and the five vacant lots within 30 days of the signing of this Agreement.
2. Notwithstanding Paragraph 3 of the Irrevocable Trust Agreement, dated March 24, 2011, among PG&E, Michael Garvey, Robert Lanzone, and U.S. Bank, National Association (the "Trust Agreement"), the City, as beneficiary of the Trust Agreement, agrees that under no circumstances will PG&E be required to contribute more than \$50 million to the Trust Fund. The foregoing limitation on PG&E's obligation to fund the Trust will not in any way limit PG&E's obligations under law or under the Indemnity Agreement. Notwithstanding Paragraph 4 of the Trust Agreement, PG&E, as the grantor of the Trust, agrees that the City will not be required to submit claims to its insurer or to any other entity prior to submitting them to the trustee for reimbursement.
3. Within 10 business days of this Agreement, PG&E will provide, at its expense, an irrevocable standby letter of credit, substantially in the form of Attachment B, to secure the funding of the Trust for the difference between \$50 million and the amount by which the Trust has been funded. This difference is currently \$38 million. The letter of credit will have a one-year term with automatic renewal language making the final expiration the earlier of three years from the date of issuance or the termination of the Trust.
  - a. The amount of the letters of credit will be reduced from time to time as PG&E deposits more funds into the Trust in accordance with the terms of the Trust Agreement. The trustee of the Trust will execute and submit a Reduction Notice to the issuer of the letter of credit as provided in Attachment B within five business days of PG&E depositing additional funds into the Trust.
  - b. If the Trust has not terminated at the end of three years, PG&E and the City will meet and confer about extending the letter of credit; provided that extending the letter of credit will be treated as a cost of the Trust.
4. Any and all costs incurred by the City in connection with, related to or caused by the September 9, 2010 pipeline incident will be paid by PG&E pursuant to the Trust Agreement or the Indemnity Agreement between PG&E and the City, and the City

hereby releases certain other claims, demands or damages in accordance with the terms of Attachment C.

5. Any controversy, dispute or claim arising out of or relating to this Agreement will be exclusively resolved according to the provisions of Attachment D.
6. This Agreement will benefit and be binding on the respective successors and assigns of the parties. Nothing is intended to confer any rights, remedies, obligations, or liabilities upon any party other than the City and PG&E or their respective successors and assigns, and, with respect to paragraph 3, Michael P. Garvey and Robert J. Lanzone or their respective successors and assigns.
7. This Agreement may be executed in counterparts, each of which will be deemed an original and which together will constitute a single agreement.
8. The documents integrated into this Agreement are the Irrevocable Trust Agreement dated March 24, 2011, the Indemnity Agreement dated February 6, 2012, the side letter thereto dated February 7, 2012, and the letter agreement dated March 12, 2012 between PG&E Corporation and the City. This Agreement contemplates that the parties will meet within 30 days, and thereafter regularly and in good faith, to address other remaining issues, for example and including but not limited to: a) City's potential purchase at fair market value from PG&E of other lots PG&E acquires in the future; b) a "best practices" plan to provide for streamlined communications between the parties in both emergency and day-to-day operations; c) other matters arising out of the operation of the Trust. This Agreement may only be amended in writing signed by both parties.
9. The Indemnity Agreement dated February 6, 2012, paragraph 6, shall be amended to clarify that the rights assigned to PG&E therein are limited to coverage obtained by or on behalf of third parties for the benefit of City as a result of public works of improvement or public projects, and do not extend to rights City may have in any first-party insurance, risk pool, or self-insurance, and that City retains all rights thereto.
10. This Agreement will be construed and governed by the laws of the State of California

Upon execution of this Agreement by PG&E and the City of San Bruno, Michael Garvey, and Robert Lanzone, this Agreement shall be legally binding and enforceable.

PACIFIC GAS AND ELECTRIC COMPANY      CITY OF SAN BRUNO

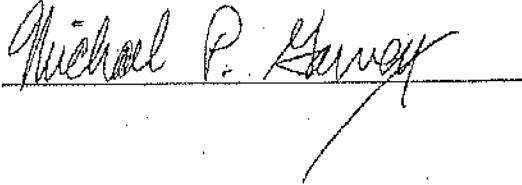
By Christopher P. Johns  
Christopher P. Johns, President

By Jim Ruane  
Jim Ruane, Mayor

As to Paragraphs 2 and 3 only:

MICHAEL P. GARVEY, TRUSTEE

ROBERT J. LANZONE, SUCCESSOR  
TRUSTEE

  
\_\_\_\_\_

  
\_\_\_\_\_

**ATTACHMENT A**  
**Vacant Lots Owned By PG&E**

1641 Claremont Dr.

1680 Claremont Dr.

1701 Earl Ave.

981 Glenview Dr.

1110 Glenview Dr.

**ATTACHMENT B**  
**Form of Irrevocable Standby Letter of Credit**

[The Issuer Bank Letterhead]

[\_\_\_\_\_] , 2012

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: [\_\_\_\_\_]

Beneficiary:

Mr. Michael Garvey  
Trustee  
60 Walton St.  
San Carlos, CA 94070-2013

Applicant:

Pacific Gas and Electric Company  
77 Beale Street  
San Francisco, CA 94105

Amount:

Thirty-Eight Million United States Dollars (\$38,000,000)

Credit Available with:

[Issuing Bank], [ ] Branch  
[ address ]  
[ ]  
by Sight Payment

Ladies and Gentlemen:

At the request and for the account of our customer, Pacific Gas and Electric Company (the "Applicant"), we hereby issue in your favor as a beneficiary, and on behalf of the Applicant, our Irrevocable Standby Letter of Credit No. [ ] (this "Letter of Credit") available to be drawn in an amount not to exceed Thirty-Eight Million United States Dollars (US \$38,000,000) (the "Stated Amount"). This Letter of Credit is issued to you in respect of the obligations of the Applicant pursuant to and limited by that certain Irrevocable Trust Agreement, dated March 24, 2011 (the "Trust Agreement"), among PG&E, Robert Lanzone, and U.S. Bank, National Association, and Michael Garvey, as trustee (the "Beneficiary"). This Letter of Credit is effective immediately.

This Letter of Credit shall terminate upon the first to occur of (a) three years after the issuance date of this Letter of Credit (the "Expiry Date"), (b) the date on which drawings hereunder total the Stated Amount at such time, or (c) the date on which this Letter of Credit, along with the original(s) of any amendment(s) hereto, is surrendered to us by you. The earliest to occur of the dates described in the previous sentence shall constitute the "LOC Expiry Date." This Letter of Credit shall be surrendered to us by you on the LOC Expiry Date.

Subject to the provisions herein, we shall make funds available to you under this Letter of Credit against presentation to us of the original of this Letter of Credit and any subsequent amendments, a sight draft substantially in the form of Annex A attached hereto (the "Sight Draft") and a drawing certificate substantially in the form of Annex B attached hereto (the "Drawing Certificate"), each signed by of the trustee as the Beneficiary. Subject to the provisions herein, we shall reduce the Stated Amount against presentation to us of a reduction notice substantially in the form of Annex C attached hereto (the "Reduction Notice"), assigned by of the trustee as the Beneficiary.

Only you are permitted to make a drawing under this Letter of Credit. Subject to the provisions herein, we hereby authorize you to make drawings hereunder in an aggregate amount not in excess of the Stated Amount in effect at such time, from the date hereof through our close of business on the LOC Expiration Date. Partial drawings are permitted under this Letter of Credit and each partial drawing shall reduce the Stated Amount thereafter available hereunder for drawings under this Letter of Credit. Upon payment of drawings in an aggregate amount equal to the Stated Amount in effect at such time, we shall be fully discharged of our obligations under this Letter of Credit and we shall not thereafter be obligated to make any further payments under this Letter of Credit.

Presentation of the Sight Draft, the Drawing Certificate (which shall each be dated the date of presentation) and this Letter of Credit with all amendments shall be made to our office located at [ ] Attention: [ ] (or any such address and contact information provided by us in writing to you) by (i) physical delivery of such original documents to such office, or (ii) facsimile transmission of such documents to such office at facsimile number [ ] followed by physical delivery of such original documents via overnight courier to such office. Our only obligation with regard to a drawing under this Letter of Credit shall be to examine the documents submitted to us and to pay in accordance therewith if the terms and conditions of this Letter of Credit have been satisfied.

A presentation under this Letter of Credit may be made only on a Banking Day during regular business hours. If any request for payment hereunder is presented in compliance with the terms of this Letter of Credit to us at the address mentioned above on any Banking Day, payment will be made on the next Banking Day. As used herein, a "Banking Day" shall mean any day on which commercial banks are not authorized or required by law to close in San Francisco, California.

If a demand for payment made hereunder does not conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (in writing) that your demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, as it may be

amended, stating the reasons therefor and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, as it may be amended, you may attempt to correct any such non-conforming demand to the extent you are able to do so; *provided, however*, that any documents presented to correct such non-conforming demand must be presented on or prior to the LOC Expiry Date.

Upon delivery to us of a Reduction Notice, the Stated Amount shall be reduced by the amount specified as the "Reduction Amount" in such notice if (but only if) the Reduction Notice is signed by you, refers to this Letter of Credit and its number and is headed "Reduction Notice".

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to you at the address set forth above; and communications to us other than for drawings shall be addressed to [the address set forth above][OR][enter address if different from above], Attention: [ ] and physically delivered in person or by facsimile transmission at [the fax number set forth above][OR][enter fax number if different from above], *provided* that the original of any such communications shall be sent to us at such address by overnight courier for our receipt on the next Banking Day after the date of any such facsimile transmission.

This Letter of Credit sets forth in full the terms of our undertaking and this undertaking shall not in any way be modified, amended, limited or amplified by reference to any document, instrument or agreement referred to herein, except for Annex A, Annex B and Annex C; and any such reference shall not be deemed to incorporate herein by reference any document, instrument, or agreement. This Letter of Credit may not be amended except in writing signed by the Beneficiary and us.

This Letter of Credit is not transferable or assignable.

All banking charges, including costs of establishing, renewing, substituting, canceling, increasing, reducing or otherwise administering this Letter of Credit (but excluding any transfer, advising and negotiating bank charges), are for the account of the Applicant.

This Letter of Credit and the attached Annexes are subject to the Uniform Customs and Practice for Documentary Credits (2007 revisions), International Chamber of Commerce Publication Number 600, as amended from time to time (the "UCP"). To the extent that provisions of this Letter of Credit are not covered by the UCP, this Letter of Credit shall be governed by, and enforced and construed in accordance with, the laws of the State of California.

Very Truly Yours,

[*Issuing Bank*]

By: \_\_\_\_\_

Name:  
Title:



Annex A

FORM OF SIGHT DRAFT

SIGHT DRAFT

[Beneficiary Letterhead]

[Date]

For Value [next Business Day succeeding  
date of presentation]

The undersigned hereby demands payment under the [Issuing Bank], [ ] Branch Irrevocable  
Standby Letter of Credit Number [ ], dated [ ] of USD  
\$[ ].

USD \$[ ] [amount not to exceed amount available under the Irrevocable Standby  
Letter of Credit].

[INSERT WIRE INSTRUCTIONS]

DRAWN UNDER THE [ISSUING BANK] IRREVOCABLE STANDBY LETTER OF CREDIT  
NUMBER [ ]

[Beneficiary]

By: \_\_\_\_\_  
Name:  
Title:

Annex B

FORM OF DRAWING CERTIFICATE

DRAWING CERTIFICATE

[Beneficiary Letterhead]

[Date]

[Issuing Bank]  
[address]

Attention: [\_\_\_\_\_]

Re: Drawing Certificate

Ladies and Gentlemen:

The undersigned, trustee of the San Bruno Irrevocable Trust (the "Beneficiary") hereby certifies to [Issuing Bank], [\_\_\_\_\_] Branch with reference to its Irrevocable Standby Letter of Credit No. [\_\_\_\_\_] (the "Letter of Credit"; the terms the Applicant, the Agreement, the Expiry Date, Banking Day, the Stated Amount and the LOC Expiry Date, as used herein, have their respective meanings as set forth in the Letter of Credit, unless otherwise provided herein), that:

1. This certificate (this "Drawing Certificate") is given pursuant to the Letter of Credit;
2. I, the undersigned, am authorized on behalf of the Beneficiary to make the certification set forth herein;
3. The Beneficiary's sight draft, in the form of Annex A to the Letter of Credit (the "Sight Draft") is drawn on you and the amount set forth in the Sight Draft is not more than the available Stated Amount under the Letter of Credit at the date of this Drawing Certificate;

**AND**

4.

Under the Irrevocable Trust Agreement, dated March 24, 2011, (the "Trust Agreement") between Pacific Gas and Electric Company, Robert Lanzone, and U.S. Bank, National Association, and Michael Garvey, as trustee, the Applicant is obligated to make a deposit in the amount of \$[\_\_\_\_\_] but such deposit of such amount has not been received within seven (7) Business Days of the date such deposit is due and payable pursuant paragraph 3 of the Trust Agreement.

**AND**

5. A copy of the letter delivered at least [ ] (X) Business Days prior to the drawing under this Letter of Credit was addressed and forwarded to the Applicant reading as follows: "We hereby indicate our intention to draw under Irrevocable Standby Letter of Credit No. [ ] and we hereby state that Pacific Gas and Electric Company has failed to perform its obligations set forth in that certain Irrevocable Trust Agreement, dated March 24, 2011, among Pacific Gas and Electric Company, Robert Lanzone, and U.S. Bank, National Association, and Michael Garvey, as trustee."

IN WITNESS WHEREOF, the undersigned has executed and delivered this Drawing Certificate on behalf of the Beneficiary as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

[ Beneficiary ]

By: \_\_\_\_\_

Name:

Title:

Annex C

FORM OF REDUCTION NOTICE

REDUCTION NOTICE

[Beneficiary Letterhead]

[Date]

[Issuing Bank]  
[address]

Attention: [\_\_\_\_\_]

Re: Reduction Notice

Ladies and Gentlemen:

The undersigned, trustee of the San Bruno Irrevocable Trust (the "Beneficiary") hereby certifies to [Issuing Bank], [\_\_\_\_\_] Branch with reference to its Irrevocable Standby Letter of Credit No. [\_\_\_\_\_] (the "Letter of Credit"; the terms the Applicant, the Agreement, the Sight Draft, the Stated Amount, the Expiry Date and Banking Day, as used herein, have their respective meanings as set forth in the Letter of Credit, unless otherwise provided herein) that:

1. This notice (this "Reduction Notice") is given pursuant to the Letter of Credit;
2. I, the undersigned, am authorized on behalf of the Beneficiary to make the certifications set forth herein; and
3. A deposit has been made by the Applicant pursuant to paragraph 3 of the Trust Agreement.

Accordingly, we hereby notify you that the Stated Amount for the purposes of the Letter of Credit is reduced by USD \$[\_\_\_\_\_] (the "Reduction Amount") to USD \$[\_\_\_\_\_].

IN WITNESS WHEREOF, the undersigned has executed and delivered this Reduction Notice on behalf of the Beneficiary as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

[\_\_\_\_\_Beneficiary\_\_\_\_\_]

By: \_\_\_\_\_  
Name:  
Title:

ATTACHMENT C  
Release

The City of San Bruno releases and discharges PG&E, and PG&E's current or former officers, directors, agents, employees, and/or successors and assigns (hereinafter collectively "PG&E") from any and all claims, demands and causes of action of every kind, nature, or character, that the City may now have, or has ever had, including all unknown, undisclosed, and unanticipated claims, related to, caused by or arising in connection with the September 9, 2010 pipeline incident. In order to effectuate the foregoing release, the City waives any and all rights or benefits under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Notwithstanding anything to the contrary above, this release does not extend to any of the City's rights or PG&E's obligations under the Trust Agreement or the Indemnity Agreement, nor does it extend to the rights of either party relating to any local, state, or federal agency proceedings or any legislative proceedings.

The City acknowledges that it has had the advice of counsel in deciding to enter into the Agreement and agree to this release.

**ATTACHMENT D**  
**Resolution of Disputes**

a) **Negotiation and Mediation.**

- i. **Negotiation.** The parties will attempt to resolve any dispute through good faith negotiations.
- ii. **Mediation.** If such negotiations fail to resolve a dispute, the parties will seek resolution through mediation with a mutually acceptable mediator.

b) **Arbitration.**

- i. **Selection of Arbitrator.** If the parties fail to resolve any dispute through negotiation and/or mediation, a party may initiate arbitration by sending written notice to the other party. Within ten (10) business days after receipt of such notice, the parties will meet to select a single arbitrator. If the parties cannot agree on the selection of an arbitrator, the arbitrator will be selected by the American Arbitration Association in accordance with its Commercial Arbitration Rules.
- ii. **Location.** The arbitration will be conducted in the County of San Mateo, California and will be governed by the Commercial Arbitration Rules of the American Arbitration Association, except as agreed by the parties in writing.
- iii. **"Baseball Style" Arbitration.** The arbitration will be a "baseball style" arbitration. Each party will submit a proposed resolution of the dispute. The arbitrator will choose one of the proposed resolutions without modification, provided that the arbitrator will not choose any resolution that is inconsistent with the terms of the Agreement. The decision of the arbitrator will be final and binding upon the parties, and a party may petition a court to correct or vacate the decision only upon grounds that it was procured by corruption, fraud or other undue means and may not petition a court to correct or vacate the decision for failure of the arbitrator to apply the law or any other ground or reason. Judgment may be entered on the decision in any court of competent jurisdiction upon the application of any party.
- iv. **Fees and Costs.** The arbitrator may award costs and reasonable attorneys' fees to the prevailing party.

ATTACHMENT F



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

## MINUTES

### SAN BRUNO COMMUNITY FOUNDATION

#### Board of Directors Meeting

December 12, 2013  
7:00 p.m.

#### 1. Call to Order/Welcome:

The meeting was called to order at 7:06 p.m. **President Kraus** welcomed the Board of Directors to the first meeting of the San Bruno Community Foundation (SBCF). **President Kraus** said in the aftermath of the tragedy that occurred in San Bruno three years ago, the San Bruno City Council accomplished a \$70 million restitution settlement where the funds must be spent and/or invested in the best interest of the community. The settlement funds and the SBCF is now in the hands of the newly established Board of Directors to protect and use this settlement wisely to benefit all of San Bruno.

#### 2. Roll Call:

Present were President Kraus, Vice President McGlothlin, Secretary Roberts, Treasurer Cohn, Boardmembers Bohm, Hedley and Stanback Stroud.

#### 3. Announcements

**President Kraus** said the Board will conduct a workshop on January 25, 2014 from 9:00 a.m. to noon. Topics for discussion will include the Foundation Bylaws and investment strategies. The meeting will be noticed in compliance with the Brown Act.

#### 4. Boardmember Comments

**President Kraus** congratulated fellow Boardmembers on their appointment to the Board of Directors and thanked the City Council, and City staff for the work that has been performed in establishing the Foundation. She asked the Board's availability for a workshop meeting on February 15 or 22 to continue the Board's orientation to enhance the Board's ability to serve. She stated that as a new Foundation the Board has much to do in order to prepare to make decisions about grant and project funding. The Board will be looking to the community for its participation on a variety of matters. She said that she has spoken with Capuchino High School about engaging art students to submit logo designs and she spoke to Skyline College about student help to design a website for the Foundation. All Boardmembers concurred with this approach. The Foundation will need to hire staff, develop procedures and processes and also decide on investment portfolio strategy. This Board is committed to seeking community input and keeping the community informed and involved.

**Vice President John McGlothlin** expressed his appreciation to key staff for being present and for the City Council placing trust in the Board. He also acknowledged members of the public who were present and encouraged them to be available to serve on advisory committees of the Foundation. He discussed the establishment of standing and advisory committees and as outlined in the ByLaws, including Audit, Executive, and Finance, among others. He suggested borrowing ideas from other organizations to help

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the Board determine how to structure committees such as looking at how the City Council has established committees where City Councilmembers are assigned as liaisons or to subcommittees of the Council. He asked that all Boardmembers consider their interest in serving on Board committees.

**Treasurer Ben Cohn** recognized the opportunity and responsibility to serve on the Board. He reported that he met with City Treasurer John Marty to discuss the current investment status of the settlement funds. Funds have been invested in very conservative low yield instruments to protect the fund from any loss of principal. He confirmed his interest in leading the Finance Committee. **President Kraus** noted that financing strategy would be discussed at the February meeting.

**Boardmember Frank Hedley** expressed appreciation for the work and preparation done in advance of the first workshop.

**Boardmember Regina Stanback Stroud** expressed appreciation for being selected to serve on the Board and requested copies of Boardmember biographies.

**Vice President McGlothlin** distributed a handout of Committee information and a listing of the City Council Committees.

5. Conduct workshop on the background of the San Bruno Community Foundation and the legal framework for the Board operations

**City Manager Connie Jackson** noted her commitment to ensuring that the Board is as well-informed as possible and gave an overview of the Foundation's origin. She stated that what happened in San Bruno on September 9, 2010 has never happened anywhere else and that the City has been working in a very unusual and un-navigated territory. In such unprecedented circumstances, the City of San Bruno committed to taking any and all action necessary to support its residents and the victims of this disaster and has done so in a way that differentiates it from others that have experienced hardship. She said that the incident has changed the identity of San Bruno and has affected people throughout the town and the region. This was recognized following the incident with the outpouring of support and by the way the community came together.

**City Manager Jackson** explained that shortly following the explosion, the City entered into an agreement with Pacific Gas and Electric (PG&E) to establish a trust fund, initially in the maximum amount of \$70 million, to cover all City expenses related to rebuilding the infrastructure of the neighborhood, provide support to residents and to cover costs associated with the City's participation in investigations and other ramifications of the explosion. Subsequently, the City entered into discussion with PG&E to negotiate a settlement for the City to receive restitution on behalf of the community for the intangible effects of the incident. The City successfully negotiated a restitution settlement that changed the cap on the existing trust fund to \$50 million and established a \$70 million restitution settlement fund. The settlement agreement specifically required that the City set up an independent not-for-profit foundation to take responsibility for the monies. The settlement occurred in March 2012, at which time the City received a check from PG&E in the amount of \$68.75 million designated to benefit the city as a whole. The settlement also included \$1.25 million in the form of five (5) vacant lots which PG&E had previously purchased. These lots were of interest to the City of San Bruno for the possibilities of using the land for replacement of the neighborhood park. The \$68.75 million has been invested in secure instruments to safe guard the funds from any loss of the principal amount. The City has selected a developer to develop homes on three of the five lots and will replenish the \$1.25 million to the Foundation by the sale of these lots, which will bring the Foundation's total to \$70 million.

The City continues to learn about the process of establishing a not-for-profit. Outside counsel, Britt Strotman and Silicon Valley Foundation representative Marl Ellen Loijens have assisted the City of San

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Bruno during the process of establishing the Foundation, respectively providing support on legal issues and a wealth of information on best practices of non-profit development. Specific requirements apply to the formation and operation of the Foundation as a result of it being formed and incorporated by the City of San Bruno, a municipal corporation. Certain requirements that the City must adhere to will also continuously apply to the operation of the Foundation. The workshops being scheduled will provide information about public entity operation and the many laws and requirements that apply.

**City Manager Jackson** offered her assistance and that of her staff for any questions that may come up during this process.

a. Foundation Incorporation

**City Attorney Marc Zafferano** introduced a binder that was developed to contain informational documents provided to the Board as reference material, as well as forthcoming documents, such as budget materials, Foundation policies, operational documents, and meeting minutes. He confirmed that the City had done everything necessary to establish the Foundation up to this point, and that other filings will be required of the Foundation as the Board continues its work.

**City Attorney Zafferano** clarified the settlement agreement between the City of San Bruno and PG&E also absolved the City from responsibility for any other potential third party claims as a result of the incident.

**City Attorney Zafferano** said that the City has procured two quotes for Directors and Officers insurance. These quotes are valid for several months, and will need to be executed prior to the first regular Board meeting being held to limit exposure to officers of the Board.

**Treasurer Cohn** asked for clarification of who is absolved of responsibility for future claims. **City Attorney Zafferano** explained there is a mutual release in the settlement agreement that says the City accepted \$70 million in lieu of suing and in addition PG&E provided the City a release and indemnification that calls for PG&E to defend and indemnify the City in case anyone files claims against the City. **Treasurer Cohn** asked about the two (of five) lots not scheduled for development and sale and what role the City and the Foundation would have in making decisions associated with these two lots. **City Manager Jackson** said the settlement agreement specifically identifies that the lots be transferred to the City of San Bruno. The City will evaluate and determine the use of the property as public space.

b. Brown Act Review

**City Attorney Zafferano** provided a background on the Brown Act requirements. The Brown Act requirements must be adhered to because the Foundation was created by formal action of the City Council. Requirements include deliberations and actions in public, notice and agenda requirements, the rights of the public, closed sessions and consequences of violation. A quorum of the Board, consisting of 4 of 7 members of the Board, is required to discuss business or take action, as having the majority of members making decisions or building consensus is what formally defines a meeting. The Brown Act requires public notice be provided by posting the meeting agenda at least 72 hours in advance of a regular meeting or 24 hours in advance of a special meeting. The agendas are required to include a meaningful description of items scheduled for discussion, including any action items. **Boardmember Stanback Stroud** asked about posting agendas and packets and asked about the need to update the packet online when additional information is provided to the Board during a meeting. **City Attorney Zafferano** confirmed that this would be necessary. **Boardmember Hedley** asked for clarification about the difference between personal notes written down during a public meeting verses a handout distributed at a meeting. **City Attorney Zafferano** confirmed that personal notes are not public records.

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**City Attorney Zafferano** said that the Board will be required to establish a regular meeting schedule. **President Kraus** added that the regular meeting schedule would be determined at the January 25<sup>th</sup> meeting. **City Attorney Zafferano** stated that if there is an urgent item that requires action after the agenda has been posted, that item can be added to the agenda at the start of a meeting by vote of two thirds of the Board (5 of 7 Boardmembers). Members of the public have the right to speak before or during the Board's discussion on agenda items before an action is taken. The public also has the right to bring up items not on the agenda during public comment. The Board can listen to what the public has to say and refer items or topics to staff but cannot discuss items raised during public comment that are not included on the meeting agenda. Members of the public are not required to identify themselves and have the right to speak anonymously. Written documents that are distributed by members of the public can be accepted and they become a public document. **Vice President McGlothlin** asked for clarification regarding documents provided to the Board by the public and if these are added to the Board packet. **City Attorney Zafferano** confirmed that the document is not formally part of the packet however it is a public document and part of the public record. Such documents are often recorded in the minutes. **President Kraus** reiterated that documents provided to the Board by the public would not be made available online in an updated Board packet.

**City Attorney Zafferano** said that members of the public do not have the right to disrupt a public meeting. Members of the public have their first amendment right to comment on items, however if they become disruptive, the chair can use a number of techniques to help move the meeting forward.

**City Attorney Zafferano** explained closed sessions. Closed sessions are meetings not held in public. Agendas are required, which briefly state what confidential item is scheduled for discussion, including personnel action related only to employees who are hired directly by the Board, litigation, and real property negotiation. **Boardmember Stanback Stroud** asked for clarification regarding direct report personnel directed by the Board, for example an executive director versus subordinate staff of the director. **City Attorney Zafferano** explained that the director will have legal authority to make decisions about subordinate staff, however under certain circumstances such as disciplinary action, procedures may provide for an appeal or review by the Board, in which case discussion can occur during closed session unless staff requests otherwise. **Boardmember Stanback Stroud** clarified if there is a change in employment status of a position, it is not necessarily a Board action. **City Attorney Zafferano** agreed. **Treasurer Cohn** asked who is typically present during closed session. **City Attorney Zafferano** explained that only individuals who are reasonably necessary to advise the Board on the matters that are being taken into consideration should be included in closed sessions.

**City Attorney Zafferano** explained remedies for violation of the Brown Act including civil action to invalidate an action taken in which case the person or entity is required to make contact or request to cure or to correct that action prior to proceeding; civil action to prevent future violations in which case the party that files the suit can get costs and attorney's fees; and, in extreme cases, being charged with a misdemeanor. In all cases, appearance matter and the appearance of violating any of the items discussed can be very difficult to disprove. Allegations can have negative effect whether they are true or not. **City Attorney Zafferano** recommended that Boardmembers review material carefully to understand the transition into a partially private and partially public life.

**City Attorney Zafferano** provided the following tips for meeting conduct: discuss one topic at a time; request to speak through chairperson; listen to others before expressing opinions; disagree without being disagreeable; adopt rules of procedures; be respectful; and during a disruption, take a break or clear the room. **Boardmember Stanback Stroud** asked if this body is required to use parliamentary procedure. **City Attorney Zafferano** suggested that this is not a requirement and confirmed the City Council uses Robert's Rules of Order. **Secretary Emily Roberts** asked if legal counsel would be present at every meeting. **City Attorney Zafferano** said it would be at the discretion of the Board. The Board will need to

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make a decision about hiring outside legal counsel to represent the Board during meetings. **President Kraus** confirmed that decisions about outside legal counsel and other positions to support the Board will have to be considered as continuing use of City staff would have to be compensated by the Foundation. **City Manager Jackson** reminded the Board that costs of the formation of the not-for-profit have been charged to the City's Trust Fund. At some point in the future, the Board will have to establish their own costs of operation to be funded by Foundation funds. **Treasurer Cohn** asked if there is an expectation for the Foundation to be responsible for any of the costs expended thus far. **City Attorney Zafferano** confirmed that this is one of the issues that the Board will have to decide. The City advanced funds for costs associated with outside counsel and the Silicon Valley Community Foundation; the Trust Fund Trustee has approved these expenditures for future consideration of reimbursement to the Trust. **Vice President McGlothlin** said one thing to consider is that the Trust agreement itself is what established and mandated the structure of the not-for-profit and therefore can support the expenses of the SBCF formation. **City Attorney Zafferano** clarified that the Trust agreement does not contain any information on the formation of the non-profit; rather that it is contained in the Settlement Agreement.

c. Public Records Act

**City Attorney Zafferano** explained the Public Records Act. The Act is a statute that defines a public document as one that is "used, maintained, prepared or retained" by the public agency. Public records include meeting-related materials, such as agendas, staff reports and adopted minutes, and any documents related to conduct of public business. Public records include documents in any medium, including electronic documents such as emails to or from Boardmembers, staff or constituents, and social media. The City will aide in establishing a retention policy for public records. **Treasurer Cohn** asked if all email correspondence should be retained. **City Attorney Zafferano** agreed. **City Attorney Zafferano** further explained that there are dozens of exceptions to the statutory requirements including personal information, drafts of documents, documents pertaining to deliberative process, attorney-client communications and work product, personnel records, and documents related to public contracting prior to contract award. **President Kraus** asked if applications for an executive director position are public record. **City Attorney Zafferano** indicated that applications are not personnel records and the reason for that is that the applicants are not employees of the Foundation or the City and therefore do not count as personnel records. **Outside Council Britt Strotzman** noted that personal information, for example address or contact information, would be redacted. Such requests can be submitted by oral or written request and the requestor is not required to identify themselves. A response to any public record request must be provided to the requestor within 10 days, which can be extended an additional 14 days if necessary. Costs for copying can be charged, which only includes the cost for the copy, but not staff time. The City currently charges \$0.25 per page. **Secretary Roberts** asked if public record requests need to be provided only to the requestor or be made public. **City Attorney Zafferano** confirmed that the response needs to be provided only to the requestor, however, once provided, it is considered a public document. **Boardmember Stanback Stroud** asked if there is a limitation on what can be requested. **City Attorney Zafferano** responded that there is no such limitation.

d. Conflict of Interest

**City Attorney Zafferano** explained financial and common law conflicts of interest. Financial conflicts of interest are defined as making, participating in making, or seeking to influence governmental decisions in which a member of the Board has financial interest. These laws are broad, complicated and are always changing and vary depending on facts of someone's particular situation. **Boardmember Stanback Stroud** asked about being a member of a public retirement system which invests in certain mutual funds that may be unknown to her and how to avoid conflict of interest related to Board investment decisions. **City Attorney Zafferano** explained that mutual funds and similar types of investments are typically exempt from conflict of interest. The California Fair Political Practice Commission (FPPC) can provide a written opinion if you have a question. **Boardmember Stanback Stroud** asked whether one needed to

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file an additional Form 700 if they had already done so for a position elsewhere. **City Attorney Zafferano** confirmed that this was true. He suggested that a conflict is reasonably foreseeable if that decision will have a material or financial effect on a Boardmember or their family. Conflicts of interest red flags would be where a Boardmember is affiliated with a business, real property, employment, investments, gifts or contract and the Board is considering a decision that would impact these issues of potential benefit. The Boardmembers will be required to submit an initial disclosure statement also known as a Form 700. The Board will also need to adopt a Conflict of Interest policy. If there is a conflict of interest, recusal is required where a Boardmember can leave the room during discussion. Boardmembers will be required to attend two hours of mandatory ethics training during the first year of serving on the Board. **Secretary Roberts** asked if conflict of interest recusal also applies to subcommittees. **City Attorney Zafferano** confirmed this is the case.

**City Attorney Zafferano** explained common law conflict of interest as a decision that should be made for the public and not private benefit. Common law conflicts include those that affect friends, family, a business or an organization, but which may not trigger financial conflict rules. **City Attorney Zafferano** recommended resources available to the Board: League of California Cities; Institute for Local Government; and the FPPC.

**President Kraus** asked when the Form 700 is due. **City Attorney Zafferano** said it is due within 30 days of this meeting. The form is available online and should be submitted to City staff.

**Vice President McGlothlin** asked about the public records issue, specifically about job applications. He wondered if the law treated differently applications when they have not yet made a hiring decision, since their release could harm the applicants and influence the process. **City Attorney Zafferano** agreed that these applications could be kept confidential through the hiring process. **Boardmember Patricia Bohm** asked about the time frame for the Directors and Officers insurance and if the Board will be voting on the insurance options. **City Attorney Zafferano** confirmed and said it would not be voted on until the first regular meeting and not at an orientation meeting.

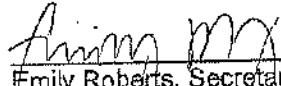
#### 6. Public Comment

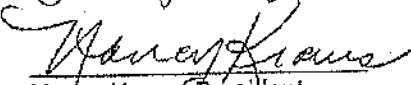
David Smith, Associate Pastor from Church of the Highlands, introduced himself to the Board and offered his help and commitment to the City.

#### 7. Adjourn

President Kraus closed the meeting at 8:53 pm. The next Special Board Meeting will be held on Saturday, January 25, 2014 at San Bruno City Hall, 567 El Camino Real, San Bruno, CA.

Respectfully submitted for approval at the Special Board Meeting of February 15, 2014 by Secretary Emily Roberts and President Nancy Kraus.

  
Emily Roberts, Secretary

  
Nancy Kraus, President

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

**MINUTES**  
**SAN BRUNO COMMUNITY FOUNDATION**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**JANUARY 25, 2014**  
**9:00 a.m. – 12:00 p.m.**

**Meeting Location: San Bruno City Hall, Conference Room 115,  
567 El Camino Real, San Bruno**

1. **Call to Order/Welcome:** President Kraus called the meeting to order at 9:00 a.m.
2. **Roll Call:**  
Present: President Kraus, Vice President McGlothlin, Secretary Roberts, Treasurer Cohn, Boardmembers Bohm, Hedley, and Stanback Stroud.
3. **Review of Minutes:** December 12, 2013, Special Board Meeting minutes were reviewed. The Board will discuss the preferred layout and standards for future minutes at a later time.
4. **Announcements:**  
President Kraus announced that the Board will conduct a workshop on Saturday, February 15, 2014, 9:00 a.m. – 3:00 p.m. The meeting will be noticed in compliance with the Brown Act.
5. **Boardmember Comments:**
  - a. President Kraus shared that she represented the Board at the San Bruno Centennial Planning Sub-Committee meeting. If any Boardmembers are interested in attending they can contact the City Manager.
  - b. Boardmembers shared their excitement and appreciation for the chance to be a part of the San Bruno Community Foundation and thanked City staff and the public for their involvement.
6. **Conduct Board of Directors Orientation:**
  - a. **Legal Update (Bylaws, Insurance, Email Accounts, Federal Tax ID Number):**  
City Attorney Marc Zafferano gave the board a legal update on the following:
    - **Bylaws:** The bylaws state the Executive Committee is made up of 4 members holding the positions of President, Vice President, Secretary, and Treasurer. However, there cannot be a committee comprised of more than half of the members, as it constitutes a quorum of the Board. Therefore the Executive Committee may not exceed 3 Boardmembers with a Board of Directors of this size. The City has advised that the President, Vice President, and Treasurer serve on this committee at this time. Board members suggested that the board composition and bylaws be reexamined at a later date to possibly change this structure, but that the Board ratifies the current proposed structure at its next meeting.
    - **Insurance:** The City has received two Directors & Officers Liability Insurance quotes from separate carriers. Once the City has collected all of the information from these carriers

and any others, it will be presented to the Board in a comprehensive report, including company references. The D&O insurance must be in place when the funds are transferred from the City to the Board.

- Email: The City is currently working on setting up official accounts for all Boardmembers.
- Tax ID Number: The City and Britt Strotzman, Legal Council with Meyers Nave, are in the process of getting the SBCF a Tax ID Number.

**b. Roles & Responsibilities of the Board, Establishing Operating Norms, Next Operational Steps:**

Mari Ellen Loijens, Chief Business Development and Brand Officer at the Silicon Valley Community Foundation, was hired by the City to help the newly established SBCF Board of Directors get started with establishing a strong foundation for a successful future.

- Roles and Responsibilities of the Board: The primary role of the Board is to provide governance for the nonprofit 501(c)(3) Public Charity. This distinction makes the Foundation eligible for state and county tax benefits, exempt from federal Income tax, able to accept donations that are tax deductible for the donor, and eligible for nonprofit grants. This particular Community Foundation is very unique as a result of its origin and use of the Community Foundation brand will need to be established. Loijens explained the responsibilities of Boards as The 3 Duties: duty of care, duty of loyalty, and duty of obedience. The Board also reviewed responsibilities within the three categories of government requirements, audit norms, and best practices. More information on best practices can be found through the Council of Foundations network, among other resources.
- Establishing Operating Norms: The Board agreed on a few internal operating norms including:
  - How to best support the process that the board undertakes to make its decisions and carrying out the actions required by the majority's decision.
  - The expectation that regular emails will be responded to within two business days and urgent emails within 24 hours.
  - Emails will be kept concise.
  - Any member addressed in the "To:" line will need to take action and members addressed in the "cc:" are for information purposes only.
  - Use of text messages or phone to draw attention to anything urgent.
  - The Board would like to receive the meeting packets via email three days prior to the meeting and Boardmember preparation time for packet materials is 7 days.
  - Each Boardmember will be responsible for bringing copies of materials to the meeting.
- Next Operational Steps: This topic will be covered at the February 15, 2014 meeting.

**c. Review Current Investment Portfolio:**

City Treasurer John Marty shared the status of the funds and detailed the considerations made in determining the initial investment strategy. \$68,750,000 was deposited in April of 2012. In order to keep the money as liquid and safe as possible, it has been invested in a laddered portfolio of U.S. Treasury securities. In efforts to keep everyone up to date, Marty will forward monthly statements to the Board. The current balance as of December 31, 2013 is \$68,833,070.90.

**d. Proposed Topics for February 15, 2014, Workshop:**

'Next Steps' with Mari Ellen Loijens  
Board Meeting Schedule



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Minutes (adoption from past meetings and format for future minutes)  
Branding  
Ratification of Executive Committee  
Executive Director Discussion  
Money Transition Discussion  
D & O Insurance Proposals  
Discuss Sub-Committees  
Presentation by Lyn Hutton of Prager & Company

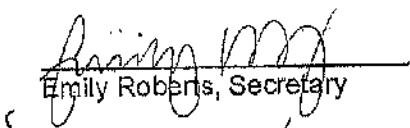
Vice President McGlothlin and Boardmember Hedley asked that City staff, in coordination with Loijens, bring a recommendation to an approach to the hiring of an Executive Director to the February meeting, if possible. Board members supported this suggestion and the Executive Committee will work with City staff to determine the detail of next month's agenda.

**7. Public Comment:**

Three members of the public, Gus Sinks, Councilman Ken Ibarra, and Michael Kesselman, spoke about their confidence in the Board and the fact that they have been given an amazing responsibility and a wonderful opportunity.

**8. Adjourn: 12:04 p.m.**

Respectfully submitted for approval at the Special Board Meeting of February 15, 2014 by  
Secretary Emily Roberts and President Nancy Kraus.

  
Emily Roberts, Secretary

  
Nancy Kraus, President

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

**MINUTES**  
**SAN BRUNO COMMUNITY FOUNDATION**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**FEBRUARY 15, 2014**  
**9:00 a.m. – 3:00 p.m.**

**Meeting Location: San Bruno City Hall, Conference Room 115,  
567 El Camino Real, 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 650-616-7058.

1. **Call to Order/Welcome:** President Kraus called the meeting to order at 9:00 a.m.
2. **Roll Call:**  
Present: President Kraus, Vice President McGlothlin, Secretary Roberts, Treasurer Cohn, Board members Bohm, Hedley, and Stanback Stroud.
3. **Review of Minutes:** December 12, 2013 minutes were approved as presented. (M/S JM/RSS)  
January 25, 2014 minutes were approved subject to verification of Executive Director commentary. (M/S FH/RSS)
4. **Announcements:** The SBCF Federal Tax ID has come through.
5. **Boardmember Comments:**
  - a. President Kraus shared a letter requesting SBCF support for the Relay for Life in San Bruno. Board members agree they are not yet prepared to support any requests as a foundation. Policies, goals, funds have not yet been determined. The Board will have further discussion on how to handle requests and applications for funding going forward.
6. **Conduct of Business:**
  - a. **Adopt Regular Board Meeting Schedule:** Adoption of Resolution 2014-01, regular public board meetings on the third Thursday of each month to begin at 6:30 p.m., 567 El Camino Real, San Bruno, Room 115. (M/S PB/JM)
  - b. **Ratify Executive Committee Composition:** Executive Committee will consist of the President, Vice President, and Treasurer. (M/S FH/ER) The Board requested a resolution to this effect to review at the next meeting.
  - c. **Review Insurance Coverage Options:** Packets should be available for Board members to review before the next meeting.

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**7. Conduct Board of Directors Orientation:**

**a. Discuss Next Steps for Foundation Operations:** Mari Ellen Loijens of Silicon Valley Community Foundation reviewed:

- **Signature Authority:** Signature authority determines who will sign and how many signatures will be required on financial transactions and contracts. The Board requested a resolution stating the requirement of two Officer signatures for all financial transactions and contracts, with one of the two being that of the Treasurer.
  - **Bank Account:** Once Signature Authority is in place, a bank account can be opened with some initial assets in order to begin paying bills.
  - **Reassignment of Contracts:** New agreements between the SBCF and outside vendors will need to be executed.
  - **Payout Rate:** The Payout Rate is the amount of money in which the SBCF will spend in grants and expenses in any given year. The establishment of a payout rate drives many other decisions for the organization. Board members shared ideas in order to come to an agreement as to how they will interpret the Mission Statement and what "enduring" means to the SBCF. The Board discussed the idea of a conservative payout rate of 5% a year, possibly allowing the trust to exist in perpetuity. They also discussed the responsibility of making sure the money benefits the people here and now. The Board will continue this discussion by incorporating additional financial information, community input, and examining the pros and cons of the available options.
  - **Budget:** It is required that the Board approves a budget and it is needed for IRS filing. A budget committee could be formed to draft a budget and it should be done before hiring staff. Budgets can be amended, if needed.
  - **Investments:** The Board's investment policy should be shaped to the Board's risk/return tolerance within best practices in the nonprofit field and ensure proper liquidity for anticipated activities.
  - **Staff Infrastructure:** Staff Infrastructure refers to a plan for how payroll will be processed, benefits will be issued, and employment insurance maintained. Before any hiring can begin, the infrastructure will need to be in place. The SBCF can be the hiring party or can contract out or partner with another organization until the SBCF has built up its infrastructure.
  - **Hiring:** The State of California has specific rules regarding hiring and compensation of Executive Director, Chief Executive Officer, and Chief Financial Officer positions to ensure best practices. Once the payout rate for the SBCF has been determined, it should be included in the job description. After an Executive Director is hired, it is that person's responsibility to hire all other staff. Hiring of an Executive Director will probably be, at minimum, an eight week process.
  - **Strategic Plan:** A strategic plan can cover one or many years and helps to shape the grant making focus as well as provide direction to the subcommittees of the Board. Once the payout rate has been established, a committee focusing on strategic planning should be organized.
  - **Communication and Brand Identity:** Branding should be in line with the strategic plan and a logo should represent the Boards interpretation of the Mission Statement.
- b. Receive Presentation and Discuss Investment Strategies and Policy:** Lyn Hutton of Prager & Co., LLC discussed Board responsibilities and how they relate to investment management functions, focusing on policies and accountability, now and in the future. Hutton noted the following key considerations:

- Decisions about grant making, fundraising and spending will drive the budget. This should

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precede investment management decisions.


- The Board will need to determine how to interpret the mission statement to plan an effective investment management strategy.
- The Board will need to establish an investment policy statement and figure out the best way to manage assets, possibly with help from a subcommittee dedicated to this function.


**8. Public Comment: None.**

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 review and/or action where appropriate. The Brown Act prohibits the Board from discussing or acting upon any matter not agendaized pursuant to State Law.

**8. Adjourn: 3:00 p.m.**

Respectfully submitted for approval at the Regular Board Meeting of March 20, 2014 by Secretary Emily Roberts and President Nancy Kraus.

  
\_\_\_\_\_  
Emily Roberts, Secretary

  
\_\_\_\_\_  
Nancy Kraus, President

# ATTACHMENT G

## San Bruno Community Foundation

### Board Member Job Description

- Attend all board meetings
- Serve on at least one board committee and attend all of its meetings
- Be informed about the organization's mission and programs
- Follow conflict of interest and confidentiality policies
- All meetings of the Board of Directors, or any committee thereof, shall be called, noticed, held and conducted in accordance with the applicable provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code). The Board of Directors shall take no action other than at a meeting called. Follow all applicable confidentiality and conflict of interest policies, including filing a Form 700 with the California State Fair Political Practices Commission as an appointed local official."
- Participate in all organization meetings keeping in mind the following obligations: duty of care, duty of loyalty and duty of obedience.

#### Duty of Care

The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

#### Duty of Loyalty

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.

#### Duty of Obedience

The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission.

### Additional expectations and information

- Board members should expect to attend monthly meetings of approximately three hours in length in person during the San Bruno Community Foundation's startup years. Regular board meetings will take place in the City of San Bruno.
- Board members should expect to attend a board member orientation at the beginning of each term.
- Board members should expect to attend at least one monthly committee meeting of approximately two hours in length in person during the San Bruno Community Foundation's startup years.

- Board members may be asked to attend at least one and as many as three City of San Bruno City Council Meeting each year for one hour.
- Board members will not be compensated.
- As a nonprofit entity, the San Bruno Community Foundation will be expected to share with the IRS, funders and other entities the names and affiliations of board members as well as some demographic information.

In addition to these duties, the following roles will have additional responsibilities:

#### **Board President**

- Oversee Board and Executive Committee Meetings
- Conduct meetings according to Robert's Rules of Order
- Serve as ex-officio member of all committees
- Serve as chair of the Executive Committee
- Call special meetings when needed
- Supervise the Executive Director
- Manage the search committee to identify an Executive Director
- Assist Executive Director in preparing for board meetings including developing the meeting agenda
- Act as a spokesperson for the organization
- Coordinate Board annual board reviews and assessments
- Represent the organization at City of San Bruno City Council meetings as needed and requested

#### **Board Vice President**

- Oversee Board and Executive Committee Meetings
- Serve on the Executive Committee
- Participate in the search committee to identify an Executive Director
- Lead the board as needed in the President's absence

#### **Board Secretary**

- Maintain all board records and oversee their maintenance
- Review board minutes
- Provide notice of meetings of the board
- Serve on the Executive Committee

#### **Board Treasurer**

- Serve as financial officer for the organization
- Lead the board's review of the organizations financials at board meetings
- Work with the Executive Director to ensure financial reports are accurate and provided to the board regularly
- Serve on the board executive committee



CITY OF SAN BRUNO  
MAYOR & CITY COUNCIL

Jim Ruane, Mayor  
Irene O'Connell, Vice Mayor  
Ken Ibarra, Councilmember  
Rico E. Medina, Councilmember  
Michael Salazar, Councilmember

September 13, 2013

Dear Community Member:

The City Council is distributing this announcement to all residents to ensure they are aware of an opportunity to serve our community as a member of the Board of Directors of the San Bruno Community Foundation (SBCF).

Last year, the City negotiated a settlement requiring PG&E to pay the City \$68,750,000 in cash and transfer title to five vacant lots in the Crestmoor neighborhood to the City. The settlement agreement requires the City to establish a non-profit entity to receive, manage, administer, and expend the funds for the benefit of the entire San Bruno community.

Over the past several months, the City Council has been working to form this non-profit. The SBCF will be governed by a Board of Directors of between five and eleven members appointed by the City Council. Those individuals, who will serve as volunteers without compensation, will be founding members of the Board and will serve as the stewards of the organization through its 501(c)(3) application process and beyond.

Those not initially selected for the Board may have other opportunities to serve our community. It is likely the Board will be forming advisory committees as part of its ongoing work, and your application may be considered in the future for those positions.

Please review the attached flyer. If you are interested and believe you are qualified, please submit a cover letter and resumé by the 5:00 p.m., Monday, September 30, 2013, deadline in accordance with the instructions.

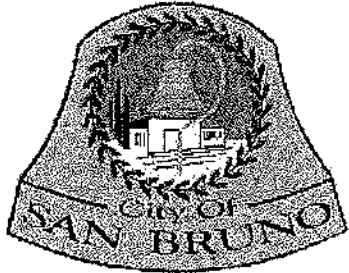
The City Council is excited about the opportunity the SBCF presents to provide long-term benefits for the San Bruno community.

Thank you,

The San Bruno City Council



## The City of San Bruno is Accepting Applications for Appointment to The Board of Directors of the Newly-Established San Bruno Community Foundation (SBCF)



### APPLICATION DEADLINE

5:00 p.m.,  
Monday, September 30, 2013

### APPLICATION PROCESS

- By 5:00 p.m., Monday, September 30, 2013, submit a 1-page cover letter and maximum 2-page resumé via email to [communitynonprofit@sanbruno.ca.gov](mailto:communitynonprofit@sanbruno.ca.gov) or in person to the City Clerk's office at 567 El Camino Real, San Bruno.
- Include your residence address, phone number, and email contact information.

### SELECTION PROCESS

- The City Council will review all applications and select the persons to be interviewed.
- Finalist interviews to occur between October 1-22, 2013, in a public session of the City Council.
- The City will send you an email regarding your application status before the interview date.
- Finalists must undergo and pass a credit and criminal background check before appointment.

### WHAT IS THE SBCF?

- The SBCF is a non-profit organization being established by the City Council following the City's \$68,750,000 settlement with Pacific Gas & Electric Company (PG&E) for the gas line explosion in the Crestmoor neighborhood on September 9, 2010.
- The SBCF's mission is to use these funds to benefit the entire community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly-owned community facilities, over the long term.
- The SBCF will be governed by a 5 to 11 member volunteer Board of Directors appointed by the City Council for 2 to 4 year staggered terms.

### DIRECTOR QUALIFICATIONS

- SBCF's adopted bylaws require a majority of Directors to be City residents.
- Directors may be representatives of a business located in, or with a substantial interest in the City of San Bruno.
- Directors may not simultaneously serve on the San Bruno City Council.
- Non-profit experience desired, such as financial, legal, philanthropic, or community-based programs.

### DIRECTOR DUTIES

- Attend Board meetings, serve on Board committees, attend City Council meetings as needed, and participate in all activities of the organization.
- Follow all applicable state and local laws regarding non-profits and public entities.
- View the complete job description and additional information at [www.sanbruno.ca.gov/Glenview\\_notforprofit.html](http://www.sanbruno.ca.gov/Glenview_notforprofit.html)



**Media Contact:**  
Connie Jackson, City Manager  
Phone: (650) 616-7056  
Email: [cjackson@sanbruno.ca.gov](mailto:cjackson@sanbruno.ca.gov)

17 October 2013  
For Immediate Release:

**CITY COUNCIL APPOINTS SAN BRUNO COMMUNITY FOUNDATION BOARD OF DIRECTORS TO OVERSEE PG&E RESTITUTION FUND**

**San Bruno, California** – The City Council recently took a major step toward fulfilling its goal of forming the San Bruno Community Foundation (SBCF) by appointing its initial Board of Directors. The Foundation will manage the \$68,750,000 in settlement funds negotiated with PG&E as restitution for the community following the explosion and fire of September 9, 2010. The settlement, which also includes five vacant lots previously owned by PG&E, recognizes the intangible and long-term losses that the entire community experienced as a result of the disaster.

The SBCF's purpose is to *"benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and publicly-owned community facilities and programs over the long term."*

The City Council received and reviewed over 80 applications after an extensive outreach process. After interviewing eleven finalists, the City Council selected the following individuals.

Patricia Bohm is the Executive Director of the Daly City Peninsula Partnership Collaborative. She is a 22-year resident of San Bruno and has over 13 years experience on non-profit volunteer boards.

Ben Cohn has a Ph.D. in organizational psychology. He is currently serving as District Representative in Assembly member Kevin Mullin's office, after holding several consulting positions with local organizations.

Frank Hedley is the former San Bruno Police Chief and former City Manager. He is an active member of the San Bruno Rotary Club and currently serves on San Bruno's Sister City Committee.

Nancy Kraus operates a public relations consulting business in San Bruno. She most recently assisted Sojourn to the Past, a nonprofit devoted to educating high school students about the civil rights movement, receive the nation's highest honor from the President's Committee on the Arts and Humanities.

John P. McGlothlin is a non-profit finance and management consultant to the Peninsula Women's Chorus, having received a master's degree in business administration. He previously enjoyed a long management career with the IRS. He resides in the Crestmoor neighborhood.

Emily Roberts has a masters degree from UC Berkeley in both public health and social welfare. She has an extensive background working with non-profit organizations that emphasize services to youth throughout the Bay Area.

Regina Stanback-Stroud received a doctorate in educational leadership from Mills College and is the President of Skyline College. She currently serves on the Board of Directors of the United Way of the Bay Area.

Those not initially selected for the Board are encouraged to participate in the many exciting opportunities that will become available to assist the Board with its work in the community.

In the next few months, the Board will be establishing a schedule of initial meetings to complete the formation of the SBCF. The schedule will be available on the City's website until a separate website is established. The public is invited to attend, and all meetings will be noticed in compliance with the Brown Act.

## MEMORANDUM

SAN BRUNO COMMUNITY FOUNDATION

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**DATE:** May 15, 2014

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

**FROM:** Mari Ellen Loijens, Silicon Valley Community Foundation  
Marc L. Zafferano, City Attorney

**SUBJECT:** Receive Report and Provide Direction Regarding Three-Year Operational Plan

With the anticipated completion of the filing of the Form 1023 for the San Bruno Community Foundation (SBCF), the Board, staff and consultants may now turn their focus on operating the SBCF. To move forward, staff recommends the adoption of an Operational Plan for the next three fiscal years.

The cornerstone of such a Plan is confirming the five (5) percent payout rate for grant making reflected in the three-year budget attached to the 501(c)(3) application. That would mean that in the fiscal years 2014-2015, 2015-2016, and 2016-2017 the Board would plan to make grants not to exceed five (5) percent of the assets of the SBCF. This would make the operations of SBCF align with those of a foundation with an endowment, preserving the principal until community input can provide the Board with further information and input about how to best implement the mission statement of the organization and support the San Bruno community.

Adopting a three-year Operational Plan to function as an quasi-endowment will permit the Board to hire an Executive Director specifically for the purposes of running the SBCF, assisting in the management of the community input process, and generating the SBCF's grant making strategies.

To begin implementing the Operational Plan, staff recommends as follows:

- Appointment of a Board committee to assist in the process of selecting an executive director, which will likely take 3-4 months after job posting
- Further discussion at an upcoming Board meeting regarding
  - Key financial decisions such as investment alternatives given the Operational Plan, grant making policies, and transferring the funds to the Foundation
  - Consideration of establishing the "brand" of the SBCF, including logo, website construction and operation, and messaging in the community
  - Scheduling additional training and educational programs for Board members

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- Discussion of the ongoing relationship between the SBCF, the SVCF, and the City in terms of ongoing staffing and operational assistance

Staff requests that the Board discuss the adoption and implementation of an Operational Plan with the features described and provide direction to staff to return to the Board as recommended.

## MEMORANDUM

SAN BRUNO COMMUNITY FOUNDATION

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**DATE:** May 15, 2014

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

**FROM:** Mari Ellen Loijens, Silicon Valley Community Foundation  
Marc L. Zafferano, City Attorney

**SUBJECT:** Receive Report and Provide Direction Regarding Operating Norms for SBCF Activities

During its January 25, 2014 workshop, the Board of Directors discussed possible operating norms for the SBCF. Below are the norms that were agreed upon at that meeting:

- Email response time will be within two business days. Emails marked "Urgent" will be responded to within 24 hours.
- Emails will be as concise as possible.
- Any Board Member addressed in the "To:" line of an email is expected to take action. Any in the "CC:" line should consider the email informational and not requiring action.
- Text messaging and phone calls should be used when a matter needs urgent attention to ensure that the emails are reviewed in the above time frames.
- The Board of Directors will receive their Board Packet by email no less than 72 hours prior to a meeting. Packet preparation time will be no less than seven (7) days.
- Each Board Member is responsible for bringing his or her own materials, including Board Packet, to each meeting.

There are several other categories of operating norms that the Board should consider. City staff and the consultant recommend that the Board discuss the norms and their alternatives, and then provide staff with direction to return with a comprehensive resolution at the next meeting.

### Agendas and Conduct of Board Meetings:

*Agenda Format:* It is proposed that agendas for Board meetings be in substantially the same form as attached as Exhibit A. This format has been tested at many other public

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meetings of the City, and the public is familiar with it. While the Board could consider rearranging the order of certain items (public comment at the beginning, announcements at the end, for example), the Board Chair retains discretion to do so if warranted at a particular meeting.

*Public Comment:* Staff proposes that each member of the public be allowed three minutes to comment on agenda items; this is the same as for public comment on items not on the agenda. The Board Chair would retain discretion to alter the amount of time given the number of individuals wishing to speak and the allotted time for the meeting.

*Board Questions:* When possible, it is recommended that Board Members who have questions or need additional information about a staff report or other item contact staff in advance of the meeting, so that staff can research the issue and be prepared to address it at the meeting.

*Agenda-Setting:* There are several ways an item could be proposed for placement on a Board agenda: by the Board, by staff, or by a member of the public. As noted below, one function of the Executive Committee is to develop Board agendas, and it is therefore recommended that proposed items be vetted with the Executive Committee, and with the Executive Director when one is appointed. However, City staff also recommends that if a majority of the Board requests an item for the agenda, it should be brought forward.

*Staff Reports:* The purpose of a staff report is to inform the Board and the public about the substance of an item on the agenda. It is recommended that staff reports include a complete discussion, analysis, recommendations, and alternatives as appropriate regarding the topic under consideration.

*Minutes:* Minutes of Board meetings shall be in substantially the format and include the level of detail as adopted by the Board at its prior two regular meetings.

#### Role of the Executive Committee:

The Executive Committee was appointed in accordance with the Bylaws. Working with staff, the Executive Committee should meet regularly to discuss follow-up items from the prior Board meeting and develop the agenda for the next Board meeting.

#### Appointment and Operation of Board Committees:

*Appointment:* The Bylaws require that Committees consisting solely of Board members be appointed by majority vote.

*Composition:* Board Committees should be composed of less than a quorum of the full Board, otherwise the Committee meetings would automatically be subject to the Brown Act.

*Brown Act:* Board Committees that have a continuing subject matter jurisdiction are required to notice and conduct their meetings in accordance with the Brown Act. Ad hoc Committees of less than a quorum of the full Board, which are appointed for a specific purpose and for a limited duration, are not required to comply with the Brown Act.

*Operation:* When a Board Committee is appointed, it is recommended that the Board discuss the role of the Committee and agree on its scope of work by majority vote. Committees should provide an oral report to the Board when requested or at the appropriate time to inform the Board regarding the progress of their assignment and any recommendations. Draft staff reports prepared as a result of Subcommittee meetings should be shared with the Committee prior to being finalized.

#### Appointment and Operation of Advisory Committees:

*Appointment:* The Bylaws require that Advisory Committees consisting of Board members and members of the public be appointed by majority vote.

*Composition:* Advisory Committees should include less than a quorum of the full Board, but may otherwise include any number of members of the public.

*Brown Act:* Advisory Committees are required to notice and conduct their meetings in accordance with the Brown Act.

*Operation:* When an Advisory Committee is appointed, the Board should discuss the role of the appointed Committee and agree on its scope of work by majority vote. Advisory Committees should provide an oral report to the Board when requested or at the appropriate time to inform the Board regarding the progress of their assignment and any recommendations. Draft staff reports prepared as a result of Advisory Committee meetings should be shared with the Advisory Committee prior to being finalized.

#### Authority and Communications:

It is recommended that only the President (or designee if unavailable) and the Executive Director have the authority to represent or speak for the organization when so directed or authorized to do so by a majority of the Board.

At the January 25, 2014 workshop, the Board Members agreed to support the process that the Board has created to make its decisions.

Following Board discussion and any public input, it is recommended that the Board provide direction to return at the next meeting with a resolution that incorporates the desired norms for SBCF activities.



## AGENDA

### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Board of Directors

[Date]  
6:30 p.m.

**Meeting Location: San Bruno City Hall, Conference Room 115,  
567 El Camino Real, 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 650-616-7058.

**1. Call to Order/Welcome**

**2. Roll Call**

**3. Approval of Minutes**

**4. Announcements**

**5. Boardmember Comments**

- a. President
- b. Others

**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 Boardmember, citizen, or staff.

**7. Conduct of Business**

**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 agendaized pursuant to State Law.

**9. Adjourn**

## MEMORANDUM

SAN BRUNO COMMUNITY FOUNDATION

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**DATE:** May 15, 2014

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

**FROM:** Marc L. Zafferano, City Attorney

**SUBJECT:** Receive Report Regarding Update on Timeline of San Bruno Community Foundation Activities

This report provides an update regarding the timeline for the ongoing activities of the SBCF.

To review, the City Council appointed the SBCF Board in mid-October of last year, and after undergoing a standard screening process, the Board held the first of three orientation sessions in mid-December 2013. Two other sessions were held in January and February 2014, for a total of eleven hours of orientation. City staff, outside counsel, and a consultant from the Silicon Valley Community Foundation (SVCF) presented and discussed the following topics:

- Background of the Foundation and its relationship to the separate Trust fund and settlement with PG&E
- Legal status of the Foundation, including review of the Articles of Incorporation, Bylaws, and other corporate documents
- The Brown Act, Public Records Act, and conflicts of interest under the Government Code and the Corporations Code
- Establishment of operational activities, including regular Board meeting dates and location, email accounts for Board Members, letterhead, tax ID number and other applicable tax forms, and roles and responsibilities of Board members
- Status of investment portfolio, and a detailed presentation by an investment manager regarding payout rate, investment strategies, grant making, fundraising, and spending policies

In March 2014, the Board held its first regular meeting, and as of tonight, the Board will have accomplished the following tasks:

- Adopted resolutions
  - Ratifying formation of the Executive Committee
  - Establishing signature authority

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- Creating formal policies for conflicts of interest, document retention, whistleblower, and parliamentary rules of procedure
- Binding directors and officers insurance coverage
- Appointing an ad hoc budget committee to review and recommend a proposed 3-year budget for purposes of filing the Foundation's 501(c)(3) application
- Authorizing filing of the 501(c)(3) application
- Took action to
  - Review operating norms for the conduct of the Foundation's business
  - Secure appropriate internet domain names for future use
  - Establish a three-year operational program and move towards retaining an Executive Director

If the Board provides direction to approve the 501(c)(3) application and to implement the Operational Plan recommended in the previous items on tonight's agenda, the Board can expect the following timeline of activities:

- Regarding the 501(c)(3) application and three-year budget, City Council review on June 10, 2014 pursuant to its retained powers under the Bylaws and filing shortly thereafter
- Regarding the proposed three-year operational program, appointment of a Board committee to assist in the Executive Director search and the other activities reflected in that staff report between now and the end of the calendar year

City staff and the consultants will continue to assist the Board in these and other activities as the SBCF continues to move forward to accomplish its mission.