



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

Finance & Audit Advisory Committee

May 20, 2021 – 9:00 -10:30 am
Virtual Communication System Zoom

MINUTES

In attendance

Committee Members: Wes Tyler, J. Timothy Falvey, Russell D. Keil Jr., Julie Taylor, Mark Purdy, Tad Moore, Paul Sandberg, and Stephen Brett.

Staff and contract service providers: Karin Flood (Executive Director), Ben Horne (Deputy Director), Zarrina Yousufzai (Administrative Coordinator), and Eva Schouten (Volunteer) and Kimberly Robertson from Marcum.

1. Call to Order and Introductions

Observing a quorum present, Ben Horne called the meeting to order at 9:06am. Introductions were made, and Ben welcomed back Paul Sandberg who has a new role at Neiman Marcus and has re-joined the Finance Committee.

2. Public Comment

Ben called for public comment. Seeing none, she moved to the next agenda item.

3. Action to approve the March 18, 2021 minutes.

Ben summarized the action items taken during last meeting and members reviewed minutes that were previously sent out.

Action: The committee unanimously approved the March 18, 2021 minutes as motioned by Paul Sandberg and seconded by Mark Purdy. No public comment received prior to action.

4. Since we last met & updates

- PPP updates and action

Ben reminded the committee that the first PPP loan has been forgiven in full. The second PPP loan application was originally denied but after reapplying it was accepted for \$146K. We will apply for forgiveness when available.

Action: The committee unanimously approved accepting the second PPP loan motioned by Tad Moore and seconded J. Timothy Falvey. No public comment received prior to action.

- Office Move

The admin office is scheduled to move on 05/29 and everyone is very excited about the new office. Stephen Brett was thanked for doing such a lovely job on the build out of the new office.

- Virtual Annual Lunch results

On May 6, the Virtual Annual Fundraiser took place. The Union Square Foundation raised \$35,000 in gross sponsorships and tickets. One more sponsorship of \$5K is pending. Expenses are roughly \$8K for the event.

- Staff announcement

Karin announced that she will be stepping down as Executive Director of the Union Square BID to take on the position of President of the Flood Corporation. A hiring committee has been assembled. The aim is for the new ED to start around October.

5. Assessment payments received April 27, 2021 and receivables review and discussion allowance adjustment.

Ben updated the committee that most of our assessment payments have been received totaling in \$5.9mil (out of \$6mil). The USBID will receive one or two more additional payments for delinquent assessments in June and July. Discussion took place about the allowance adjustment. At this time, due to the high collection of assessments an adjustment is not warranted.

6. Audit planning presentation, discussion, and review of engagement letter from Marcum LLP and Action to recommend engaging Marcum to the Board of Directors for audit and taxes services 20-21FY

Kimberly Robertson of Marcum gave a presentation about the audit process, staffing, and a timeline. The draft report of the audit will be shared with the Finance Committee on September 16, 2021. Ben summarized a few challenges due to City grants and shared the engagement letters for the audit and taxes services and rate was discussed.

Action: The committee unanimously approved recommending the engagement of Marcum for audit and tax preparation services as motioned by Mark Purdy and seconded by J. Timothy Falvey. No public comment received prior to action.

7. Bank discussion

Ben summarized the interactions he has had with several banks and the proposals received. Two banks gave full proposals (City National and First Republic). However, during the process, Wells Fargo indicated that they would be transferring our account back to San Francisco Relationship Manager by summer. Due to this change and the transition of the Executive Director the RFP will be delayed until later this year.

8. Action to accept the Unaudited Financial Reports of April 30, 2021, for recommendation to the Board of Directors

Ben directed the committee to the April 30, 2021 financial reports and gave an overview. The second assessment payment was received (\$2.54mil). The assessment/core operations have a \$1mil surplus through April. The assessment operations had a positive spending variance (\$276K) due to clean and safe expenses being less than budgeted and other expenses being mostly under budget. The first PPP loan was forgiven in late Feb (\$134K); however, the second PPP loan was received in May but was budgeted in Feb (creating negative revenue variance of \$117K). Union Square Park services expenses (\$196K) and revenues (\$224K) were not budgeted until January. The Hallidie grant will be booked mostly in 21-22FY. Net assets (reserves) are at \$3.1mil and cash balance was \$3,187 at 4/30/21. Members reviewed statements and discussed.

Action: The committee unanimously approved the Unaudited Financial Reports of April for recommendation to the Board of Directors as motioned by Mark Purdy and seconded by Russell D. Keil Jr. No public comment received prior to action.

9. Review of draft budget summaries for 21/22FY and Action to make recommendation to the Board of assessment rates for 21-22FY.

Ben presented the budget summaries for 21-22FY. Ben reminded the Finance Committee that the assessments had remained flat in 20-21FY, but costs were increasing rapidly. Additional expenses in 21-22 include the rebranding and new website, returning staff levels to pre-covid, possible overlap for the new hire of the ED. The summary was created with the assessments flat for 21-22FY as well. Discussion took place about raising the assessment payments which is possible up to 5%. A motion was made to increase the assessments by 5%. Members discussed and stressed the importance of maintaining service levels and activating and improving public space.

Action: The committee unanimously approved the assessment increase by 5% as motioned by Stephen Brett and seconded by J. Timothy Falvey. No public comment received prior to action.

10. Next Meeting & Events

- Board Meeting (Annual Meeting) – May 27, 2021 at 9am
- Executive Committee meeting – June 24, 2021 at 9am
- Finance & Audit Committee Meeting – July 15, 2021 at 9am.

11. Adjournment

Karin adjourned the meeting at 10:10am.