



Finance & Audit Advisory Committee

May 19, 2022 – 9:00 -10:30 am

Hybrid meeting

In-person (291 Geary St, #200) and Virtual Communication System Zoom

MINUTES

In attendance

Committee Members: Russell D. Keil Jr., Stephen Brett, Wes Tyler, Julie Taylor, Bryant Dawson, Jim Sangiacomo, J. Timothy Falvey, and Tad Moore.

Guests: Katheryn (Perotti & Carrade)

Staff and contract service providers: Ben Horne (Deputy Director), Zarrina Yousufzai (Senior Administrative Coordinator), Melanie Medina (Intern).

1. Call to Order and Introductions

Ben Horne called the meeting to order at 9:05am.

2. Public Comment

Ben called for public comments. He then announced Coco Republic is leasing the space formerly occupied by Crate&Barrel. Parc55 is reopening today, and overall hotel occupancy is at 67%. Ben then shared statistics regarding public opinion (from SF Chamber City Beat Breakfast poll) about San Francisco's direction.

3. Action to approve the January 20, 2022, minutes and March 17, 2022, meeting minutes of the Committees.

Ben summarized the action items taken during the last meeting and members reviewed minutes that were previously sent out. The January minutes were presented as there was no quorum at the previous meeting to approve them.

Action: The committee unanimously approved the January 20, 2022, minutes and March 17, 2022, meeting minutes as motioned by Russ Keil Jr. and seconded by Julie Taylor.

4. Since we last met & updates

- Staffing and Hiring Update

The Alliance has hired Stacy Jed as the new Director of Marketing and Events and Lance Goree as the Director of Services. There will also be a new Operations Manager for Block by Block starting 5/23.

- Strategic Planning retreat and update

The Board and the Alliance directors had a retreat with the strategic planning consultants, MIG and Streetsense in early May which was well attended and we



received a lot of positive feedback. A dropbox folder will be created to be shared with the Alliance Board that includes presentations from the retail summit and the retreat and other documents for Board members.

- Banking Change Update

CNB approved the \$1 million line of credit and paperwork is in process, and we have online access to the CNB accounts.

- Annual Luncheon

The annual luncheon was a success and raised over \$147,000 (setting a new record).

5. Assessment payment receivables

The Alliance received about \$2.7 million in payment receivables. A few properties have yet to pay (total receivable \$127K) and about \$14,000 was collected from penalties and interest. We will be receiving two more payments (of delinquent balances) this fiscal year; one in June and the other in July/August. Members reviewed the assessment receivables schedule.

6. Review of investment policy and possible action to amend to include T-Bills as possible investment alternative

Ben informed the committee that the Alliance due to the economy should consider updating its fiscal policy. CNB advised we should purchase T-Bills instead of CD's. T-bills are insured by the federal government and have slightly better rates with much more flexibility and maturity dates than CD's.

As of now, only 15% of our holdings can be in CD's and our current policy does not allow for it. Discussion took place regarding the rates and comparison of T-Bills and CD's. Ben will have to review the rates and present it to the Board for approval.

Action: The committee unanimously approved to amend the investment policy to include T-Bills as possible investment alternative as motioned by Tim Falvey and seconded by Tad Moore.

7. Audit planning presentation, discussion, and review of engagement letter from Perotti and Carrade and action to recommend engaging Perotti and Carrade to Board of Directors for audit and tax services 21-22FY

Katherine Harris from Perotti and Carrade joined the meeting to discuss the engagement letter for the audit and tax services they provide. She summarized the company's goals and responsibilities along with the responsibilities from the Alliance during the audit. A draft audit is expected to be completed by the end of October.

Ben mentioned the audit that will be in the annual report will have to be noted as unaudited since it will not be completed in time (or the annual report will be delayed along with the audit report and both submitted at a later date).



Action: The committee unanimously approved to recommend engaging Perotti and Carrade to Board of Directors for audit and tax services 21-22FY as motioned by Russ Keil Jr. and seconded by Julie Taylor.

8. Action to accept the Unaudited Financial Reports for April 2022, for recommendation to the Board of Directors

Ben summarized the unaudited financial reports for April 2022. The Union Square Alliance has a surplus of \$990K for the fiscal year which outperformed budget by \$392K overall and the second assessment payment has been received in late April 2022. The assessments and core operations outperformed the budget by \$388K due in large part to expenses being well under budget in both clean and safe and marketing categories. The assessment clean and safe operations had a positive spending variance of \$182K and marketing/public realm had a positive variance of \$233K. The organization overall spent less of other funds (Hallidie and Union Square Park) by \$177K (still ongoing). The USBID assessment operation expenses were near management plan levels with 72% on clean and safe (including security cameras), 13% on marketing and 16% on admin. The fiscal year is projected to have a total deficit of \$62K; the approved budget was \$284K deficit with the goal to break even for the fiscal year. The net assets (reserves) are at \$3.2mil and cash balance was \$3.56mil at 4/30/22.

Action: The committee unanimously approved to accept the Unaudited Financial Reports for April 2022, for recommendation to the Board of Directors as motioned by Russ Keil Jr. and seconded by Tim Falvey.

9. Review of draft budget and action to make recommendations to Board for assessment rate for the 22-23FY

Ben presented the draft budget for the upcoming fiscal year 22-23 that will be revised and approved in July by the Board of Directors. Several contracts need to be renewed such as the Bigbellys, WiLine, AVS etc. Large investment in the budget is left for the public realm and activation, some is grant funded, that Ben has budgeted for, along with additional staff with a focus on economic development and the public realm. The assessments have been left flat and we need approval of the board to raise it by 5% for the next FY. Overall, there is approximately a \$1 million deficit with the flat assessments. Discussion took place regarding the relationship between the Alliance and Rec&Park and how it affects the budget, specifically activations at the park. Members of the Committee stressed that before committing Alliance funds, advocacy and other grants should be exhausted. A discussion took place about increasing assessments with most members commenting that it was necessary to enable better economic recovery of the area.



Action: The committee unanimously approved making recommendation to the Board for increasing the assessment rate for 22-23FY by 5% as motioned by Stephen Brett and seconded by Jim Sangiacomo.

10. Next meetings & events

- Board Meeting: (Annual Meeting) May 26, 2022, at 9:00am
- Executive Committee: June 23, 2022, at 9:00am
- Finance and Audit Committee next meeting July 21, 2022, at 9:00am

11. Adjournment

Meeting adjourned at 10:30