



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

Finance & Audit Advisory Committee

January 21, 2021 – 9:00 -10:30 am
Virtual Communication System Zoom

MINUTES

In attendance

Committee Members: James Sangiacomo, Wes Tyler, Jeff Evans, J. Timothy Falvey, Russell D. Keil Jr., Julie Taylor, and Mark Purdy

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

1. Call to Order and Introductions

Observing a quorum present, Karin Flood called the meeting to order at 9:07am. Introductions were made.

2. Public Comment

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

3. Since we last met & updates

- Relief Funding Update – PPP forgiveness, Cal Relief & New PPP

The process to get the \$133K PPP loan forgiven started in December. The aim was to get at least \$124K forgiven, however there was some initial push back from Wells Fargo as the rent payment was not made within the allowed time frame. The current estimated amount is \$110K. A discussion took place about the process of the forgiveness application and applying for a new PPP. With the lack of fundraising and facing a deficit it was decided to apply for the new PPP. The foundation applied for a \$15K Cal Relief State grant.

- Staffing updates

Lisa Frisch has been hired as the new Director of Marketing and Member Services has been brought in-house. Four Member Services staff members have been hired this results in more oversight of Block by Block. A discussion about a COVID-19 case among the Member Services took place and the appropriate actions taken in response. Members inquired as to costs of

USBID staff compared to Block by Block costs and Ben agreed to follow with figures after the meeting.

- Line of Credit

The Wells Fargo line of credit of \$750K has been paid off in late January with the receipt of the first assessment payment for 20-21FY.

- Office move

The targeted moving date of the admin office to 291 Geary has been changed from 2/1 to 4/1 due to permitting issues.

4. Action to approve the November 12, 2020 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 November 12, 2020 minutes as motioned by J. Timothy Falvey and seconded by James Sangiacomo. No public comment received prior to action.

5. Assessment payment update and review receivables

On Christmas Eve we received approximately \$3.4M of assessment payments including some redemptions. The USBID had budgeted a million dollars less based on delays with the April 2020 assessment payment. A summary of properties who are behind on their payments was presented and a discussion followed as to property values and rents.

6. Update and discussion and possible action regarding banking services and discussion and possible action regarding CPA services

Unfortunately, there were some issues with the 1920FY audit with Marcum our CPA firm. Ben commented however, that he expected a smoother audit for 20-21FY. There have also been problems with the new relationship manager (no longer in San Francisco) and general services with Wells Fargo. It was advised to get proposals for banking services between March and April (after securing LOC, PPP forgiveness and new PPP) and come back to Committee in May 2021. A discussion about Wells Fargo's internal changes (centralizing of customer service), other member experiences with Wells Fargo and the possible process of an RFP took place.

Action: The committee unanimously approved researching potential new banking services as motioned by Wes Tyler and seconded by Russell D. Keil Jr. No public comment received prior to action.

7. Review of financial reports as December 31, 2020 and action to accept the unaudited financial reports for recommendation to the Board of Directors

Ben directed the committee to the December 31, 2020 financial reports and gave an overview. The first assessment payment was received on Christmas eve of \$3.4mil. The assessment/core operations have a \$335K surplus through December. The assessment operations had a positive spending variance (\$129) due to clean and safe expenses being less than budgeted (due to used banked hours) and other expenses being under budget despite additional projects. The PPP loan has not been forgiven yet which caused a \$116K negative revenue variance. Union Square Park Services

started in September 2020 with expenses (\$96K) and revenues (\$114K) which were not budgeted. Campton Grant (40K) has been written off. Net assets (reserves) are at \$2.6mil at the end of December. Cash balance was \$2.8mil at 12/31/20. The USBID paid down the Line of Credit (\$750K) in December. Members reviewed statements and discussed.

Action: The committee unanimously approved the unaudited financial reports for recommendation to the Board of Directors as motioned by Mark Purdy and seconded by J. Timothy Falvey. No public comment received prior to action.

8. Review of mid-year budget modification and action to accept budget modification for recommendation to the Board of Directors

Ben summarized the budget modifications of January – June 2021. The modifications involve the revenue difference due to higher assessment payments, increasing Clean and Save by using their banked hours, increasing the marketing expenses which includes events, public realm, advocacy, and streetscapes and increasing the expenses of other projects including Union Square Park. A more detailed overview of marketing expenses, administrative expenses, Union Square Foundation, and other expenses was presented.

Action: The committee unanimously approved the budget modifications for recommendation to the Board of Directors as motioned by Jeff Evans and seconded by Julie Taylor. No public comment received prior to action.

9. Next Meeting & Events

- Board Meeting – January 28, 2021 at 9am
- Executive Committee meeting – February 25, 2021 at 9am
- Finance & Audit Committee Meeting – March 18, 2021 at 9am.

10. Adjournment

Karin adjourned the meeting at 10:33am.