



Regular Meeting of the Finance & Audit Advisory Committees
July 18, 2019 – 9:00am
323 Geary Street, Suite 203

MINUTES

In attendance

Finance Committee Members: Julie Taylor, J. Timothy Falvey, Wes Tyler, Tad Moore, Jeff Evans, Mark Purdy, Paul Sandberg.

USBID Staff: Karin Flood, Ben Horne, Zarrina Yousufzai.

1. Call to order

Karin called the meeting to order at 9:06am. Introductions were made.

2. Public comment

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

3. Since we last met & updates

- Renewal Updates

Karin informed the committee that the USBID has been renewed for another 10 years. She thanked everyone who voted during the ballot phase for their support and confidence in the staff and organization.

- ***Services rollout***

Ben gave a brief timeline of what to expect (in terms of timing) with the new Services rolling out. He noted that the security camera program will be funded through the assessment budget starting in July. With the holidays coming up, the plan was to increase ambassador and cleaners and add the second 10b officer starting Nov 1, the Clean & Safe team will also get the full compensation increases starting on Nov.1.

- ***Post renewal projects***

Ben directed the committee to the post renewal objectives handout and briefly went over the major objectives and goals through December 2019.

- Audit Update
Ben informed the committee that the audit had begun with the closing of the 18-19FY books. Marcum will be sending in auditors to do field work for the 2018-2019 fiscal year from August 5-9.
- Assessment payment received June 2019
Ben reported that the June 24, 2019 assessment payment has been received amounting to approximately \$13,836 which left approximately \$10K of assessment receivables.
- Line of Credit update
Ben informed the committee that due to the new services rolling out, that the USBID will need a line of credit to fund the expanded services in Nov and December (since the first assessment payment won't be received until late December). Ben has been talking with Wells Fargo and they agreed to extend the Line of Credit (\$500,000) through November and potentially increase it after receipt of City contract to \$1mil (October). He further noted that a variety of documents must be submitted to Chris Corgas to start the legislative process to approve the contract.

4. Action to approve the May 16, 2019 minutes.

The May 16, 2019 minutes were reviewed by members and unanimously approved, as motioned by Paul Sandberg and seconded by Wes Tyler.

5. Review and discuss and action to accept the unaudited financial reports at June 30, 2019 for recommendation to the Board of Directors.

Ben directed the Committee to review the Unaudited Financial Reports handout. He noted that the USBID is doing well fiscally. The assessments core/operations have a \$159K year to date surplus. The USBID assessment/core operations had a \$508K positive revenue variance, due to the Winter Walk sponsorships and revenue and in-kind donations. Overall the USBID had a deficit of \$247K (mainly due to the continued depreciation of fixed assets purchased with the SVCF grants). Net assets (reserves) are at \$1.8million at 6/30/219 (\$400K better than approved budget). Members reviewed the financial reports and discussed and asked questions.

Action: The Unaudited Financial Reports at June 30, 2019 for recommendation to the Board of Directors was approved, as motioned by Mark Purdy and seconded by J. Timothy Falvey.

6. Review of draft budget for 19-20FY and action to make recommendation to the Board of Directors to approve 19-20FY budget draft.

Ben directed the Committee to review the draft budget for the 19-20FY. Ben noted that the remaining reserves (assessments) will be used to fund services in July-

October which include supporting the security camera program (which had historically been supported by grants). New services will be launched in November which will likely result in the need to draw on the line of credit in November. The overnight security and 24/7 operation including live monitoring overnight will begin on January 1. The estimated reserves at year end 19-20 is \$2.1mil. This means that in future years the USBID will likely need the line of credit each fall to support operations. It will be the goal of the USBID to increase the end reserves to \$3mil within 3 years. Members requested a multi-year plan be developed. Members discussed and asked questions. Some members thought that it may be better to wait to launch new services until the new assessments are received (Jan 2020) however the majority wanted the new services launched prior to Holiday season and thought that the members after a long (2 year) renewal process were eager to have the new services and improvements.

Action: The draft budget for the 19-20FY for recommendation to the Board of Directors was approved, as motioned by Tad Moore, and seconded by Julie Taylor.

7. Next Meetings & Events

- Member Mixer and Renewal Celebration July 18 at 6:00pm at ONE65 – Finance Committee members are invited to come celebrate with us.
- Board Meeting July 25 at 9:00am at Macy's (170 O'Farrell Street (Employee Entrance), 8th floor conference room)
- Executive Committee August 22, 2019 at 9:00am
- Finance & Audit Committee next meeting September 19, 2019 at 9:00am.

8. Adjournment- Meeting adjourned at 10:40am.