

Board of Directors
Wednesday, July 29, 2020 @ noon
Meeting Minutes

Location: Teleconference
Board in Attendance: Cathy Maupin, Ken Bukowski, Deborah Cullinan, Carol Tang, Anna Van Degna, , David McKenzie, Andrico Penick, Nadia Sesay, Aaron Grizzell, John Elberling, Sean Jeffries, Joaquin Torres
Staff: Scott Rowitz, Jill Linwood, Bri Maughan
Public in Attendance: Greg Caligari (Cox Castle), Katherine Gough (Squar Milner), Paul Frentsos (SF Travel), Jodi Cobalt (Yerba Buena Center for the Arts), Zel Farrell-Alvarado (YBGF), Steve Cho (YBGF), Virginia Grandi (Yerba Buena Alliance), Alen Velachic (SF Marriott), Lulu Lucero (YBGF), Misty Rache (B Restaurant), Elizabeth Ackerly

A. CALL TO ORDER AND REVIEW OF PUBLIC COMMENT GUIDELINES

Board Chair Cathy Maupin called the meeting to order at 12:02 pm. Cathy took Board roll call, and then asked each meeting participant to introduce themselves.

B. APPROVE MINUTES from the May 2020 Board of Directors meeting.

With the correction of Trustee Nadia Sesay's name spelled incorrectly, the meeting minutes were unanimously approved. MSC: KB/DM.

C. RECEIVE UPDATE from the Executive Committee.

Executive Committee reported that they met on June 24, 2020 at the meeting the Committee:

- Received an update from the Finance Committee.
- Received an update on the Board Nominating and Audit Committee processes.
- Discussed COVID impact on the organization's financials, Conservancy restaurants, small business tenants and nonprofit organizations.
- Received update on the Gardens management transition including process to enter into short-term six month agreements with multiple existing subcontractors for day-to-day operations.
- At the meeting the committee approved multiple interim subcontractor agreements. These agreements are short term in nature, and all have a 30-day out clause.
 - Agreement with **EPIC Security Works for Security Services** for the period July 1, 2020-December 31, 2020 at a base rate of \$33/hour estimated expenditure of \$500,135.
 - Agreement with **ABM Industry Groups** LLC for Gardens Janitorial Services for the

period July 1, 2020-December 31, 2020 at a base rate of \$52.21/hour for a total expenditure of \$247,944.

- Agreement with **Gardner's Guild** Inc for Landscaping Services for the period July 1, 2020-December 31, 2020 at a monthly fee of \$23,321 plus additional services as bid per proposal total budget expenditure of up to \$139,926.
- Agreement with **Waste Busters** for Gardens Trash Sorting and Diversion Services for the period July 1, 2020-December 31, 2020 at a rate of \$50/hour for a total expenditure of \$36,499.98
- Agreement with **Tekx** for Gardens IT Services for the period July 1, 2020-December 31, 2020 at a rate of \$2,364/month for a total expenditure of \$14,184.
- At the meeting the committee also approved the following Adoption Agreements
 - Collective Bargaining Adoption Agreement with **International Union of Operating Engineers, Stationary Engineers Local 39 Stationary** for the period July 1, 2020-June 30, 2024.
 - Tri Party Adoption Agreement for CDC/CCM waterproofing project with **Agbayani Construction Company and MJM Management** for original contract amount of \$2,898,957, with contracted billing of \$2,023,021.43 remaining
 - Tri Party Adoption Agreement for CDC/CCM waterproofing project with **Building Envelope Technology and Research and MJM Management** for original total bid of \$437,458.88 with 116,028.46 projected remaining
- At the meeting the committee also approved:
 - Exercising the second one-year Discretionary Extension to **Yerba Buena Gardens Programming Agreement with Yerba Buena Arts and Events** extending the term through June 30, 2021.

D. RECEIVE UPDATE from the Finance Committee.

Finance Committee Chair Ken Bukowski reviewed discussion from the Finance Committee's July 7th meeting. Ken relayed that the Finance Committee has:

- Discussed COVID impact on the organization's financials.
- Discussed the MJM Financial settlement and closeout.
- Reviewed an updated version of the FY 20/21 draft 9-month Q2-4 Operating Budget.
- Reviewed year to date financial activity.

Ken led the Board in a review and discussion of the draft FY 20/21 Q2-Q4 budget that will be formally presented at the September Board Meeting for Ratification.

Ken Reported

- Revenue: The budget assumed total revenue of 6.8 million for the year which was down 32% from last year original budget plan pre covid and 23% from the last budget version.

- The key shifts from previous versions on the revenue:
 - Marriott revenue in the model is updated and now shows zero in percentage rent for the full FY 20/21. The model assumes that Marriott will only be obligated to pay the fixed/guaranteed rent of 1.5 million for the year versus a normal year where revenue exceeds the base and percentage rent also is due.
 - Metreon rent is assumed in full for the year at 2 million. The model assumes that Metreon will follow the City Administrator Memo that allows no penalty or interest in rent due through December 31, 2020 and thus have assumed that Metreon has the liability for rent, but moved this six months of rent (1 Million) to doubtful accounts. Per discussions with Department of Real Estate and Metreon/Starwood we have assumed Metreon will pay the remaining six months of rent January – June 2021.
 - This assumes the smaller restaurants and tenants are still responsible and liable for rent but similar to Metreon will follow guidance from the City Administrator and moves the first six months (487k) to doubtful accounts.
 - This 1.5 million in total doubtful accounts is assumed not to be received in the cash model, but if it does occur will improve overall cash model in the future.
 - This version increases the 5M Developer fee to 1.9 million adding in the additional 900k in capital revenue.
 - This now assumes the 1 million insurance settlement for the MLK fountain in next fiscal year.
- Expenses:
 - Assumes total expense of 7.5 million for operations and 4.04 million in capital.
 - This reduces Gardens operations to 73% of previous fiscal year, a further reduction of 23% from last version. To accomplish this reduction, many shifts have been made to the expense model.
 - The model consolidated and reduced various subcontractors for security, operations and maintenance to be as prudent as possible.
 - It consolidated and minimized many of the existing positions under the Conservancy, reduced Compensation through the transition creating more efficient staffing structure, reduced overall staff compensation expenses in the budget. And, we have left four positions open in the Conservancy operation and will only fill those positions when demand and economics makes sense in this new environment.
 - Cultural organization support were originally projected in last budget version to be reduced -25% over two year period (was -10% in 20/21 and an additional -15% in 21/22). Due to recent and further revenue shifts with Marriott and Metreon we have accelerated this to occur earlier than expected with full amount occurring all in FY 21/22.
 - For background, the Gardens formation documents and the City Lease outline a model for priority of funding when funds are limited. Gardens Cultural Support is fundable with available funds only after Gardens Operations, Administration and Capital Projects. By reducing Garden Operations, Administration and Capital as outlined within this document, it minimized the amount of reduction in cultural support to only -25% versus potential of higher reduction.

Ken clarified why we are shifting the budget process to this two tier approach for this fiscal year. Andrico Penick clarified that Metreon has stated that they will pay rent starting in October, 2020. Joaquin Torres asked what the response has been like from Tenants. Andrico responded to provide information on his knowledge of discussions with Metreon and Marriott.

Finance Committee will bring back a final version of the Q2-Q4 budget at the September Board Meeting for final ratification.

REVIEW/DISCUSS interim financials as of May 31, 2020.

Ken led the Board through discussion and update on the Year to date financials and discussed the interim May 31 Balance Sheet and Income Statement

E. RECEIVE UPDATE from the Nominating Committee.

Nominating Committee Chair Carol Tang explained that the committee met on July 7. At the meeting, the group:

- Identified Board Members who had just finished their one-year first term and would need to be formally extended into a second term.
 - Discussed and approved a FY 20/21 Slate of Officers.
 - Discussed the process to identify, nominate, and confirm a representative for the vacant Community Board seat representing Family/Gardens User.
- a. **REVIEW/DISCUSS/APPROVE** extending board terms for a second three-year term for Ken Bukowski, John Elberling, Aaron Grizzel, Anna Van Degna, and Joaquin Torres who all completed their one-year first term.

The motion for approval to extend the terms of the existing board members whose term expires onto a second three-year term approved unanimously. MSC: DM/NS

b. **REVIEW/DISCUSS/APPROVE** recommended FY 20/21 Slate of Officers and Committee Chairs.

Officers

- i. Chair - Cathy Maupin
- ii. Vice Chair - Deborah Cullinan
- iii. Treasurer - Ken Bukowski
- iv. Secretary – Carol Tang

Committee Chairs

- v. Finance-Ken Bukowski
- vi. Audit-Anna Van Degna
- vii. Gardens Operations-Carol Tang
- viii. Nominating-Nadia Sesay

The motion for approval of the slate of officers was approved unanimously. MSC: AG/DM

c. **RECEIVE UPDATE** on process to fill three open Board seats.

Carol explained that the Community or Family/Gardens User seat will need to be nominated by the community users of the Board. The Committee created a process to send letters to tenants and key community members with the goal of requesting nominations. Carol asked the Board for any recommendations for this seat.

The second seat is open as the City is currently recruiting for the Director of Cultural Affairs. Once this person is hired, the City can fill this Board seat.

The third seat is held by a District 6 representative. Supervisor Matt Haney is aware this seat is open and committee has reached out to him to discuss next steps in the process.

F. RECEIVE UPDATE from the Audit Committee.

Audit Committee Chair Anna Van Degna discussed the process for reviewing RFPs, interviews, and selection of a finalist to conduct the Conservancy's first financial Audit.

- a. **DISCUSS/APPROVE** Audit Committee recommendation Moss Adams to conduct annual financial audit.

After narrowing down to four finalists, the committee recommended Moss Adams to conduct the annual financial statement audit, single audit and preparation of the formal financials and tax returns.

The motion to enter into an agreement with Moss Adams for auditing services was unanimously approved. MSC: DC/AP

G. RECEIVE UPDATE from Executive Director.

Executive Director **Scott Rowitz** gave the board an update on Organizational Activities. He shared with the Board a report on Gardens operations for July which had details on security, janitorial, landscaping as well as external relations and activations.

H. REVIEW/DISCUSS 2020 Board and Committee meeting schedules.

Cathy anticipates that all meetings will be held via Zoom for the foreseeable future. The Conservancy Board of Directors will continue holding meetings every other month, with Executive Committee meetings in the alternating months.

I. GENERAL PUBLIC COMMENT.

Virginia Grandi of the Yerba Buena Alliance invited the group to join the following day's Zoom call with Mayor London Breed at 3:00 pm.

J. ANNOUNCEMENTS AND REQUESTS FOR INFORMATION AND FUTURE AGENDA ITEMS.

None.

K. ADJOURN TO CLOSED SESSION.

L. REPORT out on actions taken during the closed session (if needed).

No action was taken in closed session.

M. ADJOURN.

Cathy Maupin adjourned the meeting at 1:40 pm.

