

Minutes of Regular Meeting
Board of Directors
San Jose Downtown Property Owners' Association

January 15, 2008

A regular meeting of the Board of Directors of the San Jose Downtown Property Owner's Association, a non-profit California corporation, was held at the SJDA office, 28 N. First St., Suite 1000, San Jose, CA 95113.

Board members present: Hammers, Knox, Munro, Ortbal, Shadman, Ryan and Utic.

Board Members absent: Berg, Gallagher, Isnard, Mattson.

Also present were Executive Director Scott Knies, Deputy Director Blage Zelalich, Communications Director Rick Jensen and Operations Manager Eric Hon.

Hammers called the meeting to order at 8:40 a.m.

Minutes

- Munro asked for language to be added about the board's direction on name tags/badges. The minutes of the December 18, 2007 were approved as amended.

President's Report

- Hammers had no report.

Contractual relationships (City, SGI, SJDA)

- PBID activities the past month concentrated on preparing for service delivery January 28 and finalizing the contract with the City.
- Knies reviewed two different flow charts attached in the board packet. The funding distribution chart depicts how the County collects the PBID assessments, transfers the money to the City's Finance department, then is received by the POA/SJDA. This chart also depicts how SJDA receives baseline services funding from the City once it is appropriated by the City Council. The other chart demonstrated the contractual relationships between the PBID/City/POA/SJDA and SGI.
- The City Council is expected to approve the agreement between the City and the SJDA this afternoon for the \$1.9 million that represents the combined PBID assessments and baseline services. Developing the agreement was a long process. The City contract clearly defines the POA board of directors will be the governing body under the guidance of the PBID management plan.
- Due to the amount of time dedicated to the City agreement, the SGI contract has not been completed. A draft of the SGI contract has been circulated. Ortbal asked for the status of both the SGI and the POA/SJDA contracts. Knies replied that specific duties have been identified in the SGI contract, along with equipment and payment options. The POA can receive a two percent discount if we choose to make quarterly payments. The board wanted to know if there will be a termination clause. Knies responded that the agreement includes a 60-cancellation policy. Munro asked what type of leverage the POA board of directors will have, knowing that they will provide oversight and that performance standards are very high. Knies added that the POA provides oversight of all PBID funds and if SGI does not perform up to the level of expectations, the board has the ability to terminate.
- Shadman asked how the board will assess SGI's performance? Hammers responded that SJDA will manage the PBID and provide the board with regular assessments. The Operations Manager will submit regular written reports to the board. Utic noted that board members also serve as an additional set of eyes and all of their observations can be funneled through the Operations Manager. Zelalich added that the benchmarking statistics developed by Progressive Urban Management Associates (PUMA) will also be used as performance measures. Shadman suggested adding owner surveys as additional performance measures. Zelalich added that ratepayer and customer satisfaction surveys were a good idea and part of the annual benchmarking process.
- Munro asked about the level of detail in SGI responsibilities. Ortbal reiterated that termination is a big issue. Ortbal also asked if there would be interim steps prior to termination, such as payment deductions? Zelalich

responded that SJDA has experience working with contractors and these type of provisions will be incorporated. She added that staff would welcome additional comments. Munro asserted that finances are the best mechanism to ensure proper service delivery.

- Ortbal asked when can the board expect a contract to be completed? Knies said that a contract should be completed by the next board meeting.
- Hammers cautioned against relying too heavily on the benchmarking statistics because SGI are the ones entering the data. Hammers preferred to have an operations report on the progress of SGI. Ortbal suggested a scoring sheet should be developed. Zelalich added that SJDA will develop their own mechanisms because the City did not previously keep such statistics. Knies added that the Operations Manager will be working closely with members, business owners, residents, HOA's and other committees who can provide additional feedback.
- Munro mentioned that the Mayor's office has received a letter from Universal Maintenance bringing PBID matters to the attention of a civil grand jury. Members concurred that this development was not ominous.
- Knies requested the PBID board's input on developing the POA/SJDA contract. Ortbal agreed that it was critical to have board input because there may be some potential for conflicts of interest. Hammers stated that the board members must work on the agreement because the POA has no staff. Hammers asked what type of issues could dissolve the POA/SJDA partnership? Ortbal asked what becomes of the SJDA/SGI contract should the POA/SJDA relationship end? Knies responded that the owners' association will have the ability to terminate its relationship with SJDA, but in order to do so, the matter would have to go before the City Council because the current structure is in the council-approved management plan.
- Ortbal asked Hammers to suggest a strategy for providing feedback and board involvement in drafting the POA/SJDA contract. Knies asked for volunteers for a contract committee. Hammers, Ortbal and Munro responded.

Soft Opening

- Knies asked the board how it would like to launch the implementation of services? The initial suggestion called for a soft opening, which was intended to avoid over-promising service delivery. The goal was to have perceptions change before we publicize change. Hammers asked if both clean and ambassador teams would be ready for January 28? Hon said both teams will be deployed. Munro reminded everyone that the Mayor had mentioned PBID services in his address and it should be publicized. Also, the property owners pay a lot of money and they should see where their money goes. Hammers stated that he does not like soft openings because this allows the media to dictate coverage. He also mentioned that any miscues should be minimal on the first day. Knies agreed, but preferred a conservative approach because he has witnessed embarrassing situations at other "first day" media events. Jensen asked the board how big should the story be? Ryan said "big." Hammers added "two million dollars" big. The board decided to proceed with a grand opening media event on January 28.

Operations Manager Report (included in Board packet)

- Hon reported that SGI is currently training their staff on their roles as ambassadors and cleaners. SGI's training is well rounded and quite extensive. Guest speakers will be utilized to highlight specific areas. Representatives from SJDA, the Department of Transportation, SJPD's Crime Prevention Unit, County Supervisor Gage's office and the Convention and Visitors Bureau. SJDA staff will provide a walking tour of the district.
- Hon shared with the board SGI's hiring status. SGI conducted multiple rounds of interviews and has completed their hiring. Zelalich and Hon participated in the hiring process by interviewing the finalists for the supervisor positions.
- The deployment schedule has been finalized. According to Hon, the new schedule represents the broadest coverage throughout the week, including extended coverage on weekends and special events. The deployment schedule can be modified and adjusted as needed. SGI will consult weekly with SJDA to keep abreast of upcoming events.
- Hon restated the status of the contracts with the City, SGI and the POA.

- Hon updated the board on the Groundwerx uniforms. SGI had some difficulty obtaining an exact match for the Groundwerx color palette, but will continue to search. Both teams will be fully dressed in the uniform that is adorned with the Groundwerx logo. Hon described the uniforms and identified the subtle differences between clean teams and ambassadors.
- The equipment will arrive in time for the implementation date and SGI will have the scrubbers painted green to match the color palette. All equipment will be outfitted with the Groundwerx logo.
- Hon informed the board that the Groundwerx office has been secured in the downtown core. The office will be at 99 North First St.
- Hon provided an update on the PUMA benchmarks. SGI is aware of the type of statistics they will record. The question is how they will record the data because a handheld device has not been selected. The Eponic system could still be used, however SGI is looking into developing a system with similar capabilities. SGI will manually record the data initially until a device is selected.
- Hon stated that a service hotline number will be established and all calls will be forwarded to him. The idea is to make a connection with the property owners. SGI will provide a communication device for Hon.
- Munro asked what the working relationship with SGI has been like? Hon replied that he has a good relationship and SGI has been responsive to his requests.

Meeting adjourned at 10:05 a.m.