

Minutes of Regular Meeting

Board of Directors

San Jose Downtown Property Owners' Association

October 11, 2016

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

Board members present: Bartl, Hammers, Utic, Ortbal, Berg, Mattson, Mussara and Zelalich

Members absent: Kline, Ryan and Messinger.

Also present were Executive Director Scott Knies, Finance Manager Peggy Bradley, Operations Manager Chloe Verrey, Business Development Manager Nate Echeverria, Street Life Project Manager Jason Su, Project Coordinator Stephanie Wong, Semu One Bear from Block by Block and Roberto Maragoni from Armanino.

Hammers called the meeting to order at 8:32 a.m.

Minutes

- The minutes for the August 30 meeting were distributed to the board prior to the meeting and were approved unanimously.

President's Report

- Nate Echeverria has been appointed Acting Director of Policy and Operations. Su and Verrey will report to Echeverria. PBID will begin to search for a replacement for Business Development Manager role.
- Annual Meeting is this Friday, October 11. The election of three directors will take place, Mussara (hotel), Friese (commercial property owner) and Schneider (resident). Knies thanked the nominating committee (Berg, Mattson and Hammers) for their work, since there were several resident candidates and it was a tough decision.

New Business

- FY 15-16 Audited Financials Presentation: Roberto Maragoni
 - PBID undergoes an audit once every three years. Several issues came up during this audit were not present in the past: the need to update MOUs between the three entities and payment of back-due assessments from recently sold SARA parcels.
 - One trend with our financials is that grantors like to grant to 501 (c) 3 nonprofits, resulting in grant funds being funneled SJDF – SJDA – PBID. These three distinct steps represent three exchanges. No changes were needed in the financials as a result of these steps. The recommendation from the auditor is to formalize the relationships between the three entities via updated MOUs.
 - Three SARA Properties sold in FY 15-16 (June 2016) and were discovered while the audit was taking place. PBID assessments were not paid and still have not been released to PBID. These delinquent assessments do not show up in the receivables for FY 15-16 because we did not know the funds would be released until after the fiscal year end. As a result, a notation was made in the audited financials about these three parcels. Penalties and interest were paid to the escrow accounts for each parcel and we

are working with the City to determine who should receive these funds. Ortbal suggested it may be better for PBID staff to work directly with Finance and SARA instead of DPW.

- The audit was unanimously accepted by the board.

- PBID – SJDA Management MOU: A draft MOU was presented to the board.

The management MOU needs to be updated to reflect the additional PBID staff roles (Business Development and Streetlife). This document is a formalization of the understanding we already have regarding the management relationship between PBID and SJDA.

- Zelalich suggested the MOU is tied to the budget process.

- Amendment to MOU suggested: Change the 2nd to last paragraph, 2nd sentence, to: "In addition, the parties may agree to other personnel necessary to further PBID purposes as approved in the organization's respective budgets".
- The members supported revisiting the MOUs in January with the new board members.

- Management MOU unanimously approved, as amended.

- PBID – SJDA – SJDF Grant Exchange MOU:

- A draft Grant Exchange MOU was presented to the board.

- Amendment: Include in 3rd to last paragraph: "Certain identified grants received by SJDA shall be expended to POA for PBID projects as a subcontractor expense within the same fiscal year as received and identified as an exchange transaction.

SJDF may serve as the fiscal agent for some grants and receive 2 (two) percent of grant funds."

- This two percent fee is common for fiscal sponsorships, per talks with larger foundations.

- Mentioned DCDC and the fact that it may not have a management fee associated with future exchange agreements.

- Grant Exchange MOU unanimously approved, as amended.

Old Business

Operations Report: Chloe Verrey

- Groundwerx Updates

- Groundwerx continues to work closely with PATH, the downtown homeless outreach organization. First Street, between Santa Clara and St. John Streets is an area of additional emphasis. This effort includes looking at environmental factors, pursuing alternative or enhanced case management for specific homeless individuals and communicating with properties and businesses about concerns and tactics.
- The Kubota tractor stolen in August 2016 has been recovered.
- As of October 10, we are 29.5 deployment hours below our contract for this time of year. This allows for greater coverage flexibility during the holidays. Groundwerx has on-call staff members to provide additional deployment hours when needed.
- Groundwerx held their Quarterly Training on September 22. Topics included SmartSystem training (Block by Block's internal service database), employee policy and procedures updates and a presentation on the downtown pedestrian count. Clean Team member Holly Kemp was recognized as Employee of the Quarter.
- Commercial Property Owners and Managers: A commercial property owners and managers meeting will be held on October 20 at 2 p.m. at the SJDA offices.
- PBID Secondary Employment Unit: The PBID Secondary Employment program has full coverage at this time.
 - Officers and PBID staff are working with Little Italy businesses regarding a group of aggressive transients. A community meeting

on safety is tentatively scheduled for the third week of October.

- The PBID golf cart underwent needed maintenance to replace two tires, corroded battery leads and repairs to the all-weather cover. Two new radios for the SEU officers were ordered after their radio was stolen from the golf cart.
- Construction Mitigation: We continue to provide notification to businesses and property owners for construction projects impacting the public right of way. Notable projects include the downtown resurfacing project, Julian Street Realignment and Marshall Squares.
- FY 15-16 Annual Financial Report: The PBID FY 15-16 Annual Financial Report was submitted to the City of San Jose on September 30. This report details our service delivery and provides analysis of our year-end financials.

Street life Report: Jason Su

- San Pedro Squared: The project continues to encounter new obstacles. The Office of Economic Development is currently reviewing the property use agreement draft and will return with comments. Department of Public Works is requiring a public bid for construction of the spaces. Excepting City Council vote in December. Given these incomplete issues with various City departments, expected project completion is now June 2017.
- Hart's Dog Park: Completes today, and will be opening at 10:30 a.m. Su thanked Stephanie Wong, Project Coordinator. Hours are listed as sunrise to sunset. Project cost was \$45,000, and includes two murals (one of which is currently complete). Project costs remained low because the private property owner is providing water and electricity at no cost to PBID.
- Almaden Boulevard Exercise Loop: The concept designs proposed have

been confirmed as feasible through field surveys. The completion of schematic design will be three to four weeks. Design development to 50% documents and full construction documentation should take four to five weeks each.

- Outreach has been conducted to interested parties. A no-cost grant extension was approved by Kaiser, Sharks Foundation, and SAP. We are continuing open communication with the funders, as there was concern with underperformance on this project. These types of projects are very ambitious and have taken much more time than anticipated due to their complexity and public sector partners.
- Project completion is scheduled for Spring 2017.
- SoFA Intersection Art: Met with Councilmember Peralez's Office on several street life project, including the SoFA Intersection Design. Ongoing conversations with DOT and the D3 Office continue, in an effort to reach a resolution.
- Musical Swings: Has been extended till Oct. 23. Great activation for downtown and very popular. Conversations are happening now on ways to get a permanent version of the swings in that location.
- Street Trees:
 - Ungirdling and maintenance are ongoing throughout the PBID. Notification to impacted businesses and properties is taking place.
 - Planters and hanging baskets being redone now as well.

Business Development Report: Nate Echeverria

- Downtown Real Estate Tour: The Downtown Real Estate tour took place last week. In total, there were over 200 attendees from a wide variety of real estate professions that participated in the tour. Initial feedback has been positive, with post-tour outreach ongoing.

- **Small Business Restaurant Pilot Program:** Currently we have six (6) Downtown businesses participating along varying stages of the process. One potential challenge to the long-term viability of the program is the impact on staff time for County Health Staff.
- **Food and Entertainment Committee:** The first planning meeting of the Food and Entertainment Committee took place September 21. Representatives from 10 nightlife and food businesses, along with the District 3 Councilman, participated.

Discussion topics included: Engaging with the City, ABC and/or Elected Officials with a unified voice; Engaging with property owners and/or brokers with a unified voice; Reviewing and providing feedback on proposed and/or potential projects; Recruitment of new operators/concepts that will complement the existing business mix.

- **Other matters:**
 - A question was raised about Downtown Doors maintenance. Verrey shared that Groundwerx Ambassadors complete an inventory of the 103 sites each month. Doors and utility boxes are then cleaned as needed. Damaged artwork is shared with our contractor and the damaged portion of artwork is then replaced.
 - Year in Review meeting will be the time that we celebrate Mattson and Berg.
 - Mattson thanked the board and staff for meaningful experience serving on the PBID board. Berg concurred.

The meeting was adjourned at 9:54 a.m.