



**ROCKVILLE ECONOMIC DEVELOPMENT, INC.**

**FINANCE COMMITTEE**

January 12, 2021 5:30 p.m.

VIA Zoom

**Committee Attendees:** Susan Prince, Nancy Regelin, Jennifer Hester, Angela Chaney, Todd Pearson, Bridget Donnell Newton

**Not Present:** Scot Browning

**Staff:** Cindy Rivarde

**1. CEO Report**

- Review of November 2020 financials

Ms. Rivarde noted that payments from SBA for FY2020, FY2021 and the CARES act have been delayed due to the SBA workload, and that staff is providing some corrected forms. There is cushion in the bank account so there is not a concern about not having cash flow. The Committee asked if SHS could provide a visual on our cash flow from month to month so that the Committee can see the highs and lows.

- 2019 990 Draft

The Committee reviewed the 2019 990 Draft prepared by Snyder Cohn. Mr. Pearson remarked that it was informational and did not raise any concerns. The draft will be presented to the full Board at their next meeting for Vote to allow filing.

- Budget Update

Ms. Rivarde and Ms. Prince are meeting individually with Councilmembers to go over our goals and budget request. Mayor and Council have started their budget hearings. Mr. Pearson suggested that REDI emphasize its ratios of general overhead to programming as shown on p. 10 of the 990, as REDI has a very good ratio.

- Status of SBA FY2019 Audit

Ms. Rivarde reported that SHS had provided details in Excel sheets on various account categories requested by the auditor, as the Quickbooks reports do not accurately show accounts for FY2019 as that was the year SHS rebuilt the class structure. Mr. Calvin Brockingham of Optimum Business Solutions, a former Federal auditor, has been brought on board to assist with the audit as well as SBA reporting. Mr. Brockingham has noted that the main concern is to

address the auditor's question about whether we made our match. He felt the remaining items were not significant. Ms. Rivarde stated that she and SHS believe the match was made, and that evidence has been presented to the auditor. She also noted that as a result of this audit, REDI has been put on moderate risk status. After the FY2016 audit, REDI was on high-risk status, but returned to regular status after showing how the FY2020 quickbook reporting met SBA requirements. The internal SBA auditor recommended that we be on moderate risk status in order to get extra support in our filings. This will not affect our eligibility for funding.

- Grant Management Consultants

As mentioned above, Mr. Brockingham has been brought on to assist with the SBA audit questions and reporting. In addition, with the recommendation from Angela Chaney, REDI has hired Andrea Dunathan, with a background in County budget, to assist with grant management from a strategic perspective and to help with the MWBC allocations of expenses across our various grants. This supplements the work SHS has done to create the Backlog that shows how expenses are being booked against the grants so that the spending down of each grant can be monitored. Ms. Dunathan is helping with the forward thinking budgeting so that we can streamline how we are allocating grant budgets, reduce some administration, and strategically choose to apply for grants that will allow us to support programs and services that meet our overall strategic plan.

- Status of Incentive Funds

Ms. Rivarde reported that the Incentive Review Committee distributed all of the MOVE/Expansion fund this year. Therefore, REDI is requesting that the Mayor and Council expand the program, given its impact on bringing jobs and headquarters to the City. Ms. Rivarde noted that there was an oversight in calculating the available funds, as one grantee was not in the calculation when the Incentive Review Committee granted the remaining funds. This puts the fund at a negative balance of \$15,361 when taking into account the \$50,000 committed to Aurinia Pharmaceutical, which has not yet been paid. This incentive will be paid in two phases of \$25,000 upon completion of certain improvements. It is expected that the first phase may be paid this spring, and that the second phase would not be paid until the next fiscal year or later. Therefore, there will not be a cash flow issue in the fund.

Ms. Rivarde also noted that the Incentive Review Committee has recommended that the application criteria for the Small Business Impact Fund be adjusted so that the financial information required tiers with the amount of funding requested. There was a concern raised that the application requirements may be deterring small business owners. Ms. Rivarde and Ms. Prince have been touching base with Councilmembers to get their reaction, and have received positive feedback. In addition, there appears to be a desire to discuss the geographic area eligible for these grants. Ms. Regelin noted that it is important to remind everyone periodically of the purpose of the SBIF, which was to create a core foundation and critical mass for retailers in the Town Center and Twinbrook Metro area, which were seeing a lot of businesses close at the time the fund was created. This fund has been impactful in achieving that goal. Dan Corwin at Federal Realty reported to Mayor and Council on January 4<sup>th</sup> that leasing activity was increasing despite the pandemic, and that several spaces are now being filled.

2. Other Business.

None.

Next meeting Tuesday, March 9, 5:30 p.m. VIA ZOOM