



ROCKVILLE ECONOMIC DEVELOPMENT, INC.
FINANCE COMMITTEE
MINUTES

June 10, 2021** 4:00 p.m.
VIA Zoom Meeting

** The meeting on June 8, 2021 did not have a quorum and was rescheduled to June 10, 2021, and was properly noticed on the REDI website.

Committee Attendees: Susan Prince, Nancy Regelin, Jennifer Hester, Todd Pearson, Angela Chaney

Not Present: Bridget Donnell Newton

Staff: Cindy Rivarde, Morgan Wortham, Richelle Wilson

Guest: Andrea Dunathan, Dunathan Consulting

1. CEO report
 - a. April Financials - The Committee received financial reports through April.
 - b. Status of SBA FY2019 Audit – pending contact from SBA.
 - c. Vault Consulting was selected through an RFP process to be REDI’s accounting firm. The review committee included Mr. Pearson, Ms. Chaney, Mr. Bijlani, Ms. Rivarde and Ms. Wortham. Staff is working on transitioning from SHS Services to Vault. REDI will continue to use SHS’s payroll services.
2. REDI Budget Presentation for FY2022
Andrea Dunathan assisted Ms. Rivarde and Ms. Wortham in putting together the draft budget. Ms. Rivarde went over the summary budget, noting the following:

The budget summary provided to the Board divides the budget into columns reflecting the Women’s Business Center program and Economic Development program. The budget for restricted funds (our Incentive Programs) are also separated out.

- Income that is shown in the budget is only that which is certain. For the MWBC program, we are receiving the same funding from Montgomery County, Rockville, Prince George’s County, Bowie, Frederick County, and the SBA Core that we typically receive. We have not included any fundraising from a luncheon this year, as we do not anticipate we will be back to hosting a large in person event until the following year. The City of Rockville increased funding for the Economic Development programs this year to create a communications position and to increase funding to the Move/Expansion Incentive Program.

- REDI received \$114,651 in PPP funding that has not been allocated. Ms. Rivarde will work with the new accounting firm Vault to properly allocate the funds and obtain loan forgiveness. Once that is done, excess funds will be brought back to the Board as an amendment to the adopted budget.
- The SBA CARES funding was extended to the end of December 2021 – the funding does not continue through the full fiscal year. However, expenses in the proposed budget are shown for the MWBC program budget for the full fiscal year notwithstanding the earlier depletion of the CARES Act funding, which results in a projected negative balance of (\$104,510). There are several options for closing this gap to retain full programming and staffing during the fiscal year: 1) obtaining additional funding; 2) using access to the PPP funding to free up other funds; or 3) using excess from the non-MWBC funds as has been done historically. There is also an option to reduce expenses. Several employees were hired with CARES Act funding with the understanding that their position is dependent on this one- time grant. Ms. Wortham is discussing obtaining additional funding with Montgomery County HHS for the childcare programming as well as the City of Frederick. There is also an SBA grant opportunity that Ms. Wortham is pursuing.
- Shared expenses and overhead like IT, HR, Insurance, etc. have been allocated between the programs in order to determine whether the MWBC program is financially self-sustaining. It has been historically evident that the program is not self- sustaining and annually requires supplementation from non-MWBC funds. Ms. Rivarde will work with Vault and Ms. Wortham to refine the actual target amount to close the gap. The infusion of CARES Act funding and ramping up of expenses to address the pandemic in FY2021 has made it hard to determine which portion of the (\$104,510) is allocable to the pre-pandemic operations.
- Based on the budget projections and moving the allocation of shared expenses and overhead to the MWBC program, the net Economic Development program funds would be 77,362 at the end of the fiscal year. In the past, non-MWBC funds have supported the overhead for the MWBC program. It is important to note that the SBA allows for very limited recovery of these kinds of costs from federal funds. Ms. Rivarde and Ms. Wortham will be working with Vault to refine the amount of additional funding MWBC needs to be a self-supporting program.
- In FY2021, due to the pandemic and reduced spending in a number of budget categories, the Economic Development programming has a balance of approximately \$100,000 rolling over to FY2022. It is proposed that that funding be allocated for one-time special projects in Economic Development as follows:
 - \$15,000 towards research projects.
 - \$40,000 towards launch of the Rock East District (banners, events, social media, and public relations).
 - \$20,000 towards an MOU with Visit Montgomery to develop a Rockville Tourism website that incorporates the Rock East District and is designed to allow future Commercial Districts to plug in. Visit Montgomery will provide over \$20,000 in in kind services annually to maintain the events calendar and website.

- 25,000 to kick off a mural program in Rock East.
- The current reserves are \$201,288. The Finance Policies and Procedures target of \$210,000 to cover three months of essential expenses. The Finance Committee previously indicated they would eventually like reserves to grow to \$290,000.

The Finance Committee agreed to move the FY 2022 budget forward to the full board for review and adoption.

3. Other Business
None.

Next Meeting: TBD