



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes - DRAFT**

**Tuesday, July 19th, 2011
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

Committee Members Present: Ann Magnano, David Ghoddousi, Skouge, Bruce Lorig

Other Council Members Present:

Staff Present: Ben Franz-Knight, Ryan Yale, Sabina Proto, Jay Schalow, Logan Zehner

Others Present:

This meeting was called to order at 4:34 p.m. by Ann Magnano, Vice Chair

Others Present:

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of June 21st, 2011 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None.

II. Review of Financial Statements for June 30th, 2011

- A. PDA Operating Statements

Sabina reported on the financial statements and stated that the first half of the year is over and PDA has operated very well financially. She noted that the PDA has exceeded the revenue projection and are currently under budget with regard to expenses. Based on the year to date variances we are planning to propose few revisions to the budget, which will be presented during next month's meeting.

Sabina continued to report that the Percent Rent has been the highest ever for the first 6 months of 2011 and the Residential Revenue is exceeding budget expectations with exception to the overall vacancies in available remaining low. She added that the Farm and Daystall revenue has increased even though the weather contributed to a later start for the farm season.

Sabina reported that the net operating result after required reserves and debt service to date is \$365,266, which includes the \$263,000 annual pension contribution made in April. She noted that the year to date performance is excellent and is exceeding budget projections by \$754,489. Sabina reported on the Balance Sheet and PDA Operating Statements that were reported at the July 19th, 2011 PDA Finance and Asset Management Committee Meeting. She commented on the Operating Budget and stated that the Current Assets decreased because a smaller amount was accrued in June for the levy funds receivable from City of Seattle compared to the May accrual. Designated Cash increased due to the collection of the funds through Draw#1 from PPM QB2. The amount of the draw received in June was \$ 2.2 million. In order to deposit these funds the PDA has set up a reserve account called NMTC2 Reserve, included in Designated Cash, and it is an LGIP account. The Restricted Cash saw a slight increase, which was due to the main transactions in this category during June that included a contribution to the Debt Service Account and the monthly deposit to the Turner Retainage Account. Our Current Liabilities increased as a result of our increase to Accounts Payable. Our Long Term Debt decreased due to the monthly payments on loans, mortgage and bonds. The Net Operating Capital had an overall increase and Our Current Operating Result increased from the prior month. The Levy Funds received to date is \$50 million, of which we received \$9.3 million in 2011. The Accounts Receivable Activity Report increased, which was mostly contributed to Daystall due to the peak season bringing in higher rates and attendance. Our Total Revenue for the end of June is \$6,048,646, which was over budget by \$359,705. The Total Operating Expense is \$4,470,909, which was under budget by \$ 394,638. The Net Operating Result for the end of June is \$1,577,737, which results in it being \$754,343 over budget. The Net Result after Debt Service & Reserves results in an Annual Budget of \$896,875, which results in a YTD of \$365,266. The Contribution to the Pension Plan approved by Council for the amount of \$263,000 was done in April.

Sabina reported that the Commercial Revenue is over budget due to lower vacancy than budgeted and CAUT and COMA are under budget due to the reduced CAUT and COMA rates for the relocated tenants. However, overall there has been good performance of the Percent Rent. Our Direct Utilities remain under budget due to the vacancies related to the renovation. The Residential Revenue is over budget due to less vacancy than anticipated. The Daystall Revenue saw lower attendance in the Daily Farmers and Crafts compared to the same period of the last year, however the attendance is higher than budgeted. The Surface Revenue is over budget as a result of a higher amount compared to the same period of the last year. In addition, our Garage Revenue is over budget based on a higher amount compared to the same period of the last year. Overall, Parking is up due to the stronger economy, automated equipment, stronger controls and better management.

Sabina reported that the Market Foundation contributed a larger amount from what was budgeted. The Miscellaneous Revenue is under budget due to due to the trending. The trending includes an increase in Trade Mark revenue during January through June, the Investment income from PPM QB2 will be less than budgeted due to the fact that NMTC 2 transaction closed on March 2nd, two months later than anticipated in the budget, and the Interest rates on the Investments continue to be low (LGIP interest rate for June 2011 was 0.18%)

Sabina noted that the Operating Expenses are under budget in almost in all departments due to staffing vacancies, and in some instances, the timing of the invoices are different from the budget trending. The Surface Lots Expenses are over budget because the Surface Lots Revenue caused an increase to the Management Fee paid to Republic Parking. Security is over budget in payroll due to covering some unexpected needs in the market. She noted that the Utilities are under budget and we believe that the vacant commercial spaces, cooling tower and improved system are the reasons for less consumption of Electricity and Water & Sewer. Pest Controls continue to be a high expense due to the bed bug treatment in several buildings.

The Percent Rent spreadsheet presents the performance during the first 6 months of the current year, as well as how they compare to the same period in 2010 and 2009. She stated that so far, we are doing very well in this category- over budget by \$246K.

B. Capital Projects Statement

Sabina reported on the Capital Reserve Status Report and stated it represents the amount contributed to the reserve, and the amount spent year to date out of the capital reserve. Sabina added that there are 32 projects on the capital project list, of which, ten of them are completed, six are deferred and the rest are in progress. The reason a few projects were put on hold is because of the renovation work in these particular areas.

III. Checking Account Activity Report

The Checking Account Activity Report was distributed to Ryan Yale, Executive Assistant

IV. Other Reports and Action Items

V. Items for the Consent Agenda

None

VI. Public Comment

None.

IX. Concerns of Committee Members

X. Adjournment

Meeting was adjourned at 4:49 p.m. by Ann Magnano, Vice Chair.