



Finance & Asset Management Committee Meeting Minutes

Tuesday, November 10th, 2015
4: 00p.m. to 6:00 p.m.
The Classroom

Committee Members Present: Gloria Skouge, David Ghoddousi, Ann Magnano, John Finke, Ray Ishii, Betty Halfon, Jim Savitt

Other Council Members Present:

Staff/ Consultants Present: Ben Franz-Knight, Sabina Proto, Jay Schalow, Tamra Nisly, Jennifer Maietta, John Turnbull, Jessica Carlson, Brian Lloyd, Mark Kantor, Dianna Goodsell

Others Present: Howard Aller, Joan Paulson, Chris Scott, Sharon Mukai, David Kenagy

The meeting was called to order at 4:01 p.m. by Gloria Skouge, Chair.

I. Administration

A. Approval of the Agenda
The agenda was approved by Acclamation

B. Approval of the Finance & Asset Management Committee October 20th, 2015
Finance & Asset Management meeting minutes.

The October 20th, 2015 Finance & Asset Management Committee meeting minutes were approved by Acclamation.

Betty Halfon entered into the meeting at 4:03p.m.

II. Announcements and Community Comments

None

Jim Savitt entered into the meeting 4:07p.m

III. Reports & Discussion Items

A. Preview of MarketFront Housing Financing Resolution – Low Income Housing Tax Credits

Mark Kantor, Counsel from Kantor and Taylor and Brian Lloyd, Development Director of Beacon Development Group presented a preview of the initial draft MarketFront housing financing resolution with the Committee.

There was a discussion that followed after the preview of the draft MarketFront Housing Financing resolution.

B. Review of the Financial Statements for October 2015

Sabina Proto, PDA Director of Finance presented a review of the Preliminary Financial Statements for October 2015. Sabina Proto discussed the PDA Balance Sheet with the Committee. She reported that there was a slight decrease from the prior month under Current Assets. Designated cash showed an increase from the prior month due to monthly contribution to Capitol Reserves Replacement Fund. Restricted cash had reported a very small change. Fixed Assets had increased due to the work completed under Capital Projects. Current Liabilities had increased in categories including accrued payroll and other liabilities. Long Term Debt had decreased due to payment on 2009 bond. Our Net Position for the current year operating result was \$3,776,060. Lastly, under the Accounts Receivable Report, the accounts receivable indicated a slight decrease compared to August.

Under the PDA Operating Statement, the Total Revenue for the end of October 2015 was \$13,659,763, over budget by \$739,514. The Total Operating Expense year-to-date was \$9,535,626, under budget by \$79,104. The Net Operating Result YTD for the end of September was \$4,124,137, over budget by \$818,618. The Net Result after Debt Service & Reserves that was included in the following Annual Budget was \$2,055,516. The Net Result after Debt Service & Reserves for the end of October 2015 year-to-date was \$2,424,618.

Lastly, Sabina Proto reported on the footnotes for the Operating Statements. Commercial Revenue was over budget mainly in percent rent by \$411,126 for the January to October period. Residential Revenue was over budget \$32,935. Daystall Revenue was under budget with lower attendance seen overall. Surface and Garage Revenue was over budget with Garage Revenue over budget by \$266,672. Operating Expenses were under budget in most departments besides the parking, surface parking management fee, garage expenses and utilities.

I. Checking Account Activity Report

The Checking Account Activity Report for the month of October 2015 was distributed to Dianna Goodsell, Executive Administrator.

IV. **Action Items**

A. **Action Item:** Proposed Resolution **15-76:** Adoption of the 2016 PDA Operating and Capital Projects Budgets

Ben Franz-Knight introduced Proposed Resolution 15-76 which states that the PDA is a public corporation responsible for the efficient development and operation of the Market and for the effective provision of services designed to preserve and promote the economic health of the Market and its tenants consistent with the Urban Renewal Plan, the Historic District Ordinance and Guidelines, the PDA Charter, deed restrictions, and other City and State ordinances and laws; and, whereas, as a public corporation, the PDA operates on a non-profit basis, where any excess of revenues over expenditures is

reinvested in the Market; and, whereas, the PDA desires to communicate to the Market community and the public the bases for its financial, operational and other policy and program decisions; whereas, except for HUD contract rents, the PDA's operations are not subsidized by public funds and rely on rental and miscellaneous income for its total operating and capital revenues; and, whereas, the Budget schedule and summary were made available to tenants; the PDA Council's Finance & Asset Management Committee conducted working sessions, considered public testimony, and suggested amendments to the 2016 Proposed Budget; and has recommended adoption of the 2016 Budgets; and whereas, the 2016 Operating and Capital budgets are approved as a whole, with the exception of the Employee Pension contribution which will be determined in February 2016 based on the 2015 Final Operating Statements.

Now, therefore be it resolved, that the PDA Council does hereby adopt the 2016 PDA Operating and Capital Budgets as outlined in the 2016 Budget Document attached hereto as Exhibit A,

And be it further resolved, that the PDA Council affirms its established budget, revenue and operating policies as follows:

(1) All tenant sectors of the Market bear a responsibility for PDA costs incurred to serve the Market's operating and capital needs as a whole, and to fulfill the public interest purposes of the PDA, to preserve and promote the traditional character of the Market;

(2) The PDA Council recognizes that external economic conditions and competitive pressures affect Market businesses and residents and attempts to prudently and sensitively take these factors and their potential effects into account in setting revenue estimates and requirements and in conducting its property management responsibilities in the course of the year;

(3) The Market is operated as an integrated whole with services distributed in accordance with ongoing maintenance and operations requirements, current and future capital needs, and needs for response to critical or emergency demands. The flexibility created by operating the Market as a whole, instead of as independent and exclusive separate and individual buildings or tenant groups, enables the PDA to maximize efficiency and responsiveness to community-wide and Market-wide needs, while still providing attention to individual tenant needs.

This operating mode, combined with the PDA's fulfillment of Charter-mandated public interest and preservation objectives, does not lend itself to a strict relationship between costs and revenues from individual buildings or between costs and revenues from individuals or groups of tenants. While costs and revenues can be estimated for subgroups of Market facilities and tenants, it is not appropriate from a policy or operational standpoint to develop the budget and operate the Market on a strict cost center basis.

Betty Halfon moved the proposed resolution, Ann Magnano seconded.

For: Gloria Skouge, David Ghoddousi, Ann Magnano, John Finke, Ray Ishii, Betty Halfon, Jim Savitt

Against: 0

Abstained: 0

Resolution 15-76: Adoption of the 2016 PDA Operating and Capital Projects Budgets had passed unanimously by the Committee by a vote of 7-0-0.

V. Property Management

A. Residential Property Management Report

John Turnbull presented the Residential Property Management Report for the month of October 2015. He reported that the residential vacancy rate at the Market was around 2%. He reported good news regarding the recent REAC inspection noting a 99 percent compliance.

VI. Public Comment

Joan Paulson commented on the proposed budget for 2016 .

VII. Closed Session

The Committee Chair stated that the Committee would go into Closed Session at 5:16pm and return in to Open Session at approximately 5:45pm.

The Committee entered into Closed Session at 5:16pm.

- I. Property Management Report - *Closed Session (RCW 42.30.110[c])*
- II. Review of Lease Proposals
 - Lease Renewal – Bella Umbrella, 1535 First Ave #8
 - New Lease – Choukette, 1500 Western Ave
- III. Review of Delinquency Report
 - a. Vacancy Report
 - b. Current Lease Negotiations

The Committee entered into Open Session at 5:35pm

The Committee discussed the property management report which included the delinquency and vacancy report along with the current commercial lease negotiations during the closed session.

VIII. Open Session

A. Action Item: Proposed Resolution **15-77**: Lease Proposals – November 2015

Jennifer Maietta introduced the lease proposals for November 2015 which included the following businesses:

<u>Tenant</u>	<u>Term</u>	<u>Start Date</u>
Bella Umbrella Jodell Egbert	Two (2) Years	December 1, 2015
Choukette, Inc. Elizabeth Bastoni & Ludovic Guillaume	Five (5) Years	December 1, 2015

IX. Resolutions to be added to the Consent Agenda

Resolution 15-77: Lease Proposals for November 2015 was added to the November 19th PDA Council meeting Consent Agenda.

X. Concerns of Committee Members

None

XI. Adjournment

The meeting was adjourned at 5:39p.m by Gloria Skouge, Chair

Meeting minutes submitted by:
Dianna Goodsell, Executive Administrator