



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Draft Meeting Minutes**

**Tuesday, May 17, 2011
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

Committee Members Present: Matt Hanna, Ann Magnano, David Ghoddousi, Gerry Kumata, Gloria Skouge, Bruce Lorig

Other Council Members Present:

Staff Present: Ben Franz-Knight, Ryan Yale, Sabina Proto, Jay Schalow, John Turnbull, Jennifer Maietta

Others Present:

This meeting was called to order at 4:32 p.m. by Matt Hanna

Others Present:

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of April 19th, 2001 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None.

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

- A. PDA Operating Statements
Sabina reported on the operating statements and stated the Current Assets increased because a higher amount was accrued for in April. This was due to the levy funds receivables from the City of Seattle compared to the March accrual. She stated that Designated Cash increased due to the monthly contribution to the Capital Replacement Reserve Fund (CRRF). The Restricted Cash saw a slight decrease because the main transactions during April were the contributions to the Debt Service Account, Turner Construction Retainage Account and the use of funds from the Reserve Account Non-Levy (NMTC1). She stated the Fixed Assets increased due to the work on the Capital Projects and Levy projects. She noted the Current Liabilities increased due to the fact that more levy invoices were processed based on the work performed during April. Sabina stated the Long Term Debt decreased due to the monthly payments on loans, mortgage and

bonds. She noted the Net Operating Capital and Current Operating Result have both increased from the prior month.

Account Receivable Activity Report - slight increase from the prior month because the new daystall rates kicked in for the shoulder season.

PDA Operating Statement:

Sabina stated the Total Revenue for the end of April is \$3,839,735 and over budget by \$ 303,281. The Total Operating Expense is \$2,899,246 and under budget by \$ 280,279. The Net Operating Result for the end of April is \$940,489, which is \$583,560 over budget. The Net Result after Debt Service & Reserves equates to the Annual Budget of \$896,875 and the actual year to date is \$45,963. A contribution in the amount of \$263,000 was made in April. She noted that this contribution amount was approved by Council.

Sabina discussed the operating statement and stated the Commercial Revenue is over budget due to lower vacancy, CAUT and COMA. She added that Residential Revenue is also over budget by \$22k, which is due to less vacancy than anticipated. She stated that there is lower attendance in from daily farmers and crafts in comparison to last year. However, the attendance is higher than was than what the PDA had budgeted for. The Surface Revenue and Garage Revenue are both over budget, which represents a larger amount as compared to last year. She also noted the Market Foundation contributed a larger amount than was budgeted for. Sabina stated the Miscellaneous Revenue is under budget, which is due to trending. She added that the PDA had trended more Trade Mark revenue during January through April, but this will be collected and will even out by the end of the year. In addition, the Investment Income from PPM QB2 will be less than budgeted by \$8k due to the NMTC 2 transaction closing later than anticipated. The Operating Expenses are under budget throughout all departments. She stated that we have had some staffing vacancies and in some instances the timing of the some invoices has been different based on the budget trending. She stated that the Surface Lots Expense is currently over budget due to the Management Fee which is higher than budgeted because of the increased amount paid to Republic Parking. However, the increased amount owed to Republic was based on the increase in the Surface Lots Revenue. She noted that Utilities (Electricity, Water & Sewer) are currently under budget, which is due to vacant commercial spaces, cooling tower and improved systems put into place. Sabina noted the Percent Rent spreadsheet represents the performance during the first four months of the current year, as well as how they compared to the same period in 2010 and 2009. She noted that so far, we are doing very well in this category and are currently over budget by \$132K. The Capital Reserve Status Report represents the amount contributed to the reserve, and the amount spent year to date out of the capital reserve.

B. Capital Projects Statement

Sabina reported that there are 32 projects on the Capital Projects list. She noted that eight of these are completed, six are deferred and the rest are in progress.

III. Other Reports and Action Items

A. Amended Resolutions 11-17 and 11-18

Ben presented resolution 11-17 and stated it provided an increased allowance of tenant improvements for Matt's in the Market from \$10,000 to \$15,000. The \$10,000 was initially committed to Matt's at the lease renewal time through approved Resolution 10-69. In addition to the TI increase, Resolution 11-17 also provides up to \$14,000 towards the construction costs of a new restroom. The total amount required for Matt's in the Market was \$29,000. Ben explained that the levy funded work adjacent to Matt's in the Market required construction of seismic frames at the location of the business' entrance. The PDA worked with the tenant to identify a temporary alternate entrance to the business during the construction period. As this work was not performed by Turner, PDA provided an allowance to the tenant for this work on a reimbursable basis. Concurrently, the PDA and Tenant negotiated a new lease which included

the addition of the temporary entrance to the leased premises and addition of an office area to the south.

Ben presented resolution 11-18 and stated it provided \$20,000 to Chez Shea that would go towards the reconstruction of the balcony and new bathroom, which was removed during the renovation work. The actual amount needed for this work is \$28,000. Ben added that the Levy funded work adjacent to Chez Shea resulted in the construction of a new elevator where their businesses lobby, restroom vestibule and balcony stairway was located. Relocation of the business entry and balcony stairs had to be done prior to Levy work. PDA assisted the tenant with design while the tenant secured contractors to do the work of which the PDA reimbursed those expenses up to a maximum amount. Reconstruction work was not identified on the renovation drawings and no reference at all was made to the balcony. Initial estimates for the restroom rebuild work were based on prior drawings. When the space was released by Turner, additional work was required to reconstruct the balcony area, modify the dimensions of the restroom as built.

Ben discussed the source of funds and stated that the primary source of funds considered for the costs associated with Resolution 11-17 and 11-18 is Phase II-IV Non-Levy Funds. He noted the work is consistent with the initial proposed use of funds for tenant restoration/relocation and the amount is within the range of initial NTMC budget estimates. Ben also provided other options to the committee for review. The committee agreed with Ben's recommendation, but stated the resolutions should be reviewed by the full PDA Council at the next meeting as a new business item.

Gerry moved, Gloria Skouge seconded

For: Hanna, Ghoddousi, Kumata, Lorig, Magnano, and Skouge
Against: 0
Abstain: 0

The proposed amended resolution 11-17 and 11-18 was passed by acclamation.

VII. Items for the Consent Agenda

None

VIII. Checking Account Activity Report

The checking account activity report was submitted to the Executive Assistant for inclusion in the minutes.

IX. Public Comment

None.

IX. Concerns of Committee Members

Bruce Lorig showed concern about the cash position. He felt there should be a process to think about what we will be using the money for, which includes the waterfront, social services, and other alternatives while dealing with the surplus of funds. Bruce also addressed how we invest these funds and if there is an alternate way of investing the funds in order to get a better return. Bruce also mentioned his concern with the budget process.

X. Adjournment

Meeting was adjourned at 5:41 p.m. by Matt Hanna, Chair.