



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

**Tuesday July 20th, 2010
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

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

Other Council Members Present: Patrick Kerr

Staff Present: Carol Binder, Anita Neill, Bob Beckstrom, Sabina Proto, Jay Schalow, Steve Nelson, John Turnbull

Others Present: Shaun Gill, Fiona Tsui, Horace Francis, Rick Thorson SAO

The meeting was called to order at 4:31 p.m. by Matt Hanna, Chair.

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of June 15th, 2010 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None

Patrick Kerr joined at 4:32 p.m.

II. Auditors Review

- A. **Action Item:** Proposed Resolution **10-28:** Approval of 2009 Audited Financial Statements.
Carol distributed copies of the Independent Auditor's Report and Financial Statements for the Year Ended December 31st, 2009. Horace Francis and Fiona Tsui from Francis & Company were present at the meeting. Horace first reviewed the auditors' opinion then he continued to review the scope of their audit engagement and their responsibility in relationship to the Financial Statements. They issued an unqualified opinion. He then went through and reviewed some points of interest to the financial statements (Balance Sheet, Operating Statement and Cash Flow Statement) noting the material changes from the prior years audit. He further noted that a lot of time was spent diligently reviewing the PDA's transactions and noted that the PDA is a large and complex organization. Horace and Fiona then reviewed the management letter and recommendations; three adjustments were proposed, an accrual of year end contractor invoice for construction costs, accrual of year end accounts receivable for levy funds and adjustment to incorporate revenue and expenses earned by Market Housing. Carol noted that the adjustments were made. Matt asked for a motion to approve the audit report.

Ann Magnano moved and David Ghoddousi seconded.

For: Matt Hanna, Bruce Lorig, David Ghoddousi, Ann Magnano, Gerry Kumata, Gloria Skouge
Against:
Abstain:

Proposed resolution **10-28** passed unanimously.

III. Review of Financial Statements for June 2010

A. PDA Operating Statements

Sabina reviewed the financial statements for June; there was nothing major to report on the balance sheet. Commercial revenue continued to do well despite report of sales were down. Residential revenue was under due to poor forecasting for the vacating of the Sanitary building Surface and garage revenue continued to be below budget for the year to date, however the garage had record high revenues in June even with the delay of installation of the automated system; revenues were expected to catch up. Matt requested to have a report prepared that reflected the trending of revenues over the past few years for the garage and surface parking lots. Misc revenue continued to be above budget. Most departments continued to be under budget due in part to vacant positions. Security was above budget due to increased filming for which we do receive revenue. Cuts in staffing to the parking department were beginning to be reflected in the results. Matt asked about the large fluctuation under utilities. Sabina and Carol explained the process with the new system and this was a timing issue, as we will receive the payments next month from the tenants. Sabina continued with her report noting percent rent was above budget. This was explained by Carol that certain larger tenants (percent rent payers) were doing very well while other smaller tenants struggled.

IV. Checking Account Activity Report

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

V. NMTC Update and Discussion

A. Action Item: Proposed Resolution **10-50**: Approving a Federal New Markets Tax Credit Financing in Connection with Phase II of the Market Infrastructure Program and the Execution of Certain Documents Related Thereto.

Shaun Gill noted that the transaction was proceeding well and as expected. He further explained that the transaction documents were now complete enough for Council to evaluate and vote on. Carol noted that these documents had been circulated to Council last week and no major changes had been made to them since then, but there would be minor revisions. Shaun further explained that during this time Council was given opportunity to give their input and ask questions about the documents. Matt noted to Council that he was inspecting the documents carefully but did not expect everyone to do the same. Matt requested that the documents in some manner acknowledge the resolution of the use of the proceeds. Shaun noted that the best place to add this would be in the development agreement. There was some further discussion on this. Carol noted that the bridge loan was unsecured and Shaun noted that the deal would be closed a day or two after the full Council meeting, contingent on it being passed by the Council.

Gerry Kumata moved and Ann Magnano seconded.

Gerry asked how quickly the funds would be available after the transaction was completed. Shaun replied that the funds' availability would be almost immediate, but put into a controlled account of the QALICB and subject to a normal construction draw process. There was some discussion on what the funds could and could not be used for and possible restrictions on projects.

For: Matt Hanna, Bruce Lorig, David Ghoddousi, Ann Magnano, Gerry Kumata, Gloria Skouge
Against:
Abstain:

Proposed resolution **10-50** passed unanimously.

Bruce Lorig left at 5:46 p.m.

VI. Surface Parking Contract Discussion

Action Item: Proposed Resolution **10-48:** Authorization for Contract Authority – Monitoring and Collection Services of Three Surface Parking Lots.

Carol reviewed the resolution noting that problems continued with the equipment and staffing of the three surface parking lots. It was determined that continued operation and management of the lots would require significant capital investment and the future of these lots was uncertain due to upcoming staging and construction surrounding the Alaskan Way Viaduct. After consultation with the City of Seattle whom the PDA is in a contract with to manage and operate these three surface parking lots, it was agreed that it was financially beneficial and prudent to hire Republic Parking Inc., to provide monitoring collection services to these lots. Carol further noted that Republic Parking Inc., would invest and install their own equipment, collect money and monitor the lots. The contract was cancelable with 60 days notice. PDA and City share of the revenues after expenses were expected to remain constant or increase.

David Ghoddousi moved and Gerry Kumata seconded.

For: Matt Hanna, David Ghoddousi, Ann Magnano, Gerry Kumata, Gloria Skouge

Against:

Abstain:

Proposed resolution **10-48** passed unanimously.

Matt noted that this was a good solution and thanked staff for their work on the parking issues and improvements to the operations.

VII. Other Reports and Action Items

A. **Action Item:** Proposed Resolution **10-26:** Authorization for Contract Authority – Restore Flower Row Windows – Leland Building.

B. **Action Item:** Proposed Resolution **10-45:** Authorization for Contract Authority – Repair Leaking Skylight – Economy Building.

C. **Action Item:** Proposed Resolution **10-46:** Authorization for Contract Authority – SRO Refinish Common Area Floors Stewart House SRO.

D. **Action Item:** Proposed Resolution **10-47:** Authorization for Contract Authority – Repair Garage Elevator Penthouse Landing and Roof.

Bob reviewed proposed resolutions **10-26**, **10-45**, **10-46** and **10-47**;

10-26, the Flower Row windows had deteriorated and were in need of restoration. A competitive bid process was completed and Experienced Construction, Inc. was selected.

Ann Magnano left at 5:55 p.m.

10-45, the Skylight in the Economy Building was leaking due to rust and deterioration, so much that the lights no longer worked. A competitive bid process was completed and a general contractor selected. **10-46**, the SRO common area floors were in need of sanding and refinishing. A competitive bid process was completed and the contractor Northwest Hardwoods, LLC was selected. **10-47**, the garage penthouse roof and landing was 20 years old, deteriorating and in need of repair before the winter and leaks formed. A competitive bid process was completed and Cobra Roofing and Metal Systems was selected to install a new 20 year roof.

Matt requested that future proposed resolutions included the budget amount from the Capital Projects list. David asked if the funds for 10-47 should be drawn from the garage reserves. Carol responded that the garage reserve funds would be used for this project.

David Ghoddousi moved and Gerry Kumata second.

For: Matt Hanna, David Ghoddousi, Gerry Kumata, Gloria Skouge

Against:

Abstain:

Proposed resolution **10-26, 10-45, 10-46** and **10-47** passed unanimously.

VIII. Items for the Consent Agenda

Matt recommended proposed resolution **10-26, 10-45, 10-46** and **10-47** be placed on the consent agenda, it was agreed.

IX. Public Comment

None

X. Concerns of Committee Members

None

XI. Adjournment

The meeting was adjourned at 6:00 p.m. by Matt Hanna, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant