



Pike Place Market Preservation and Development Authority (PDA)

FINANCE & ASSET MANAGEMENT
Meeting Minutes

Tuesday, November 16th, 2010
4:30 p.m. to 6:00 p.m.
PDA Conference Room

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

Other Council Members Present: Theresa Alexander

Staff Present: Ben Franz-Knight, Anita Neill, Sabina Proto, Jay Schalow, James Haydu, Bob Beckstrom, John Turnbull, Jennifer Maietta

Others Present:

The meeting was called to order at 4:30 p.m. by Matt Hanna, Chair.

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of October 19th, 2010 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None

II. Review of Financial Statements for September & October 2010

- A. PDA Operating Statements
Sabina reviewed the financial statements for September and October; she noted that there was nothing unusual to report in the September statement and continued to review October. She explained the increases and decreases on the balance sheet noting the contribution to restricted cash from the New Market Tax Credits. In the Operating Statement; total revenues generated continued to be above the budget and expenses were below with a net operating total above the budget. In revenues, Commercial and percent rent continue to be above budget, utilities were above budget due to the difficulty in predicting the increased rates by the City and the installation of the new power plant. Theresa and David noted their concern that tenants were being charged more than what they use. John T explained that there was a billing problem in the beginning but has since been corrected and City light had raised their rates by 10% over last year. Sabina continued to report; residential revenue was under budget due to early vacancy of the Sanitary Building and the Livingston Baker took longer than anticipated to lease up, Daystall revenue continued to do well due to high attendance. Ben noted that the remaining vacant units in the Livingston Baker would be held open for Steward House resident relocation during the renovations; this was a budgeted item for 2011. Sabina continued to report; surface parking was up significantly, Sabina distributed a handout that reflected side by side revenues generated for each surface lot for 2009 and 2010, garage revenue continued to

increase and was on budget target for years end. Miscellaneous revenue continued to do well on management fee, trademark and filming, and investment funds from the QALICB. Under expenses; commercial and residential were under budget due to vacancies in staffing, surface and garage parking were over budget due to the heavy use of credit cards with the new automated system and insurance coverage, facilities was under budget due to the managerial vacancy for the majority of the year, security was over due to the scheduling of overtime to assist with renovation projects and filming, utilities were underestimated and over budget, other departments continued under budget. Percent rent continued to do well and was above budget.

Bob Beckstrom reviewed the Capital Projects status worksheet noting that most of the projects were completed, and under budget, with only a few remaining to be completed before years end. Matt requested Sabina to write up a comparison report of expenses and savings for the Capital Projects. He also requested that at a future date, Steve Neilson brief Council on the process.

Sabina distributed the balance sheet of primary government and discrete component units.

III. **Checking Account Activity Report**

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

IV. **Discussion and Adoption of the 2011 PDA Operating and Capital Budgets**

A. **Continuing Discussion of Changes to the Budget**

Matt noted that the final narrative and budget was distributed to Council and reflected the most recent changes. Ann noted her concern that the budget was continually underestimated in income and expenses which made it difficult to accurately gauge performance. Bruce L noted that the budget could be used as a tool on how departments spent and help make informed decisions on the Market operations including the farm program and strategic planning. Additionally, the budget could drill down to further subsets for deep analysis and monitoring. Sabina noted that last year a similar budget was created but found that it was difficult to drill down that far on some aspects, IE time allocation. Matt suggested creating that type of budget again for review but not during the budget cycle. Ben noted that a set goal would help frame the context of the budget, for example what was to be accomplished could help set how items were tracked on the budget.

B. **Action Item: Proposed Resolution 10-73: Adoption of 2011 PDA Operating and Capital Projects Budget.**

David Ghoddousi moved and Ann Magnano seconded.

For: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gloria Skouge

Against:

Abstain:

Proposed resolution **10-73** passed unanimously.

V. **NMTC Update & Bridge Loan Options**

Ben noted that future discussions regarding the NMTC and Bridge Loan options may require executive session. He noted that the dry closing target date was December 1st with the disbursement of funds in early January. A couple of issues had been raised regarding the master lease, some changes had been made and would require approval by Council and potentially delay the process, however, Ben was working with legal council in correcting the problem and this should not be necessary. There was some discussion and it was decided that the master lease changes would be discussed and reviewed in the December full Council meeting.

Sabina reported that the PDA has sufficient reserve funds to cover the funding gap and a bridge loan would not be necessary. This would save the PDA a significant amount of money. Sabina explained in detail and there was some discussion on what action to take. It was decided that staff would prepare a resolution to use the reserves and bring forward to the December Finance meeting.

VI. Action Items

- A. **Action Item:** Proposed Resolution **10-74:** Contract for Consulting Services with Carol Binder.
Ann Magnano moved and David Ghoddousi seconded.

Ben reviewed the resolution noting that the consulting services were for guidance through the transaction completion of the New Market Tax Credits. Matt proposed that the resolution be amended to read ...services during 2010-2011. It was agreed.

For: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gloria Skouge

Against:

Abstain:

Proposed resolution **10-74** passed unanimously.

Bruce Lorig left at 5:40 p.m.

VII. Items for the Consent Agenda

None

VIII. Public Comment

None

IX. Concerns of Committee Members

Theresa noted her concerns on what impacts the House 2009 Food Safety Bill HR875 and Senate 2010 Food Safety Bill 510 would have on the Market farmers. Matt noted that he would look into having associate attorneys at his law firm do some research on the topic and brief Council on possible implications. He also asked Ben to follow up and report back to the Finance committee. Ann noted that Ben should check with James and Teri who just returned from the Tilth conference. Ann thanked Sabina and staff for their work on the budget process.

X. Adjournment

The meeting was adjourned at 5:53p.m. by Matt Hanna, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant