



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

**Tuesday November 11th, 2008
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

Committee Members Present: Jim Savitt, Ann Magnano, Gerry Kumata, Gloria Skouge, David Ghoddousi, Matt Hanna, Theresa Alexander

Other Council Members Present: Patrick Kerr, Tracy Roueche

Staff Present: Anita Neill, Carol Binder, Sabina Proto, Tracy Roueche, Tom Graham

Others Present:

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

I. Administration

- A. Approval of Agenda
Gerry moved and David seconded.

There was a moment of silence in observance of Veterans Day at Theresa's request.

Gloria noted that the agenda had Review of the Financial Statements for September 2008 and should read for October 2008. The agenda was amended to reflect this.

The agenda was approved, as amended, by acclamation.

- B. Approval of October 21st, 2008 Minutes
Gerry moved and Gloria seconded.

Theresa noted that she was on the Finance committee but was listed on the minutes as Other Council Members present and not as Committee Members Present. The minutes were amended to reflect this.

Patrick noted that Sabina Proto was present at the last meeting but was not recorded in the minutes. The minutes were amended to reflect this.

The minutes were approved, as amended, by acclamation.

- C. Announcements and Community Comments

Tom Graham handed out and presented the proposed 2009 budget for the Constituency. He reviewed and summarized the projected expenses and requested an allocation of \$6,500.

II. Adoption of the 2009 PDA Operating and Capital Budgets

A. Action Item: Proposed Resolution 08-58: Adoption of 2009 PDA Operating and Capital Projects Budgets.

Carol reported on changes that had occurred to the budget since the last Finance meeting in October. Changes included a decrease in garage revenue and garage expenses and an increase in marketing department. This was mainly due to a declining economy and various economic reasons. In marketing legal expenses were reduced and an increase in advertising expenses. Capital project expenses were reduced by a couple of project that could be put off and levy funds that would cover other projects.

Jim noted that the capital reserves and estimated revenue had been decreased since the last version of the budget and was reflected in the bottom line. There was discussion if the budgeted estimates were too conservative. Carol noted that adjustments and cuts can be made if necessary to meet the bottom line.

Theresa questioned if the contributions were decreased to the garage capital funds would there be enough money to complete necessary projects. Carol responded that there was a separate garage reserve that had sufficient funds to cover all necessary projects.

Jim questioned if there was any reason not to increase and grant the constituency their requested budget funds for 2009. Carol replied that was not a problem. There was a discussion regarding granting the constituency their budget funds up front in a lump sum. Carol noted that under current policy as outline by auditors made this difficult but a solution could be worked out. It was decided that Carol would research options and report back to Jim.

Sabina responded to a question asked earlier by Jim regarding the Marketing advertising line item and its inclusion. Sabina noted that agency fees, holiday expenses, magazine fees, media and other miscellaneous items were included in that line item. Jim questioned if there was a report that drilled down further to reflect these expenses. Carol responded that there was a detailed report available and it would be included in the full Council packet.

Theresa questioned the spending of over \$10,000 by the Marketing department and the lack of oversight by Council members. Carol noted that policy stated that was for contracts not already included in the operating budget.

Theresa moved and Gerry seconded.

There was a motion to move the budget with the addition of a friendly amendment to increase the Constituency budget from \$5,000 to \$6,500.

For: Jim Savitt, Ann Magnano, Gerry Kumata, Gloria Skouge, David Ghoddousi, Matt Hanna, Theresa Alexander

Against:

Abstain:

Proposed Resolution 08-58, as amended, passed unanimously.

Jim noted that he felt the capital reserves were less than optimal and Carol and Sabina should have a plan for cutting the budget should it become necessary to do so. Additionally, policies should be set for the reserve funds.

III. Livingston Baker Update

A. Proposals

B. Action Item: Proposed Resolution 08-55: Authority to Purchase Livingston Baker Building.

Carol handed out and reviewed the Livingston Baker Purchase Plan. She reported that after researching and reviewing all the options two choices that best matched the objective became clear. They were purchasing the building with a loan or outright with capital reserves. Carol recommended

the cash purchase option as this would provide the best return on the investment however a major disadvantage was that funds of nearly \$400,000 owed to the PDA would be lost.

Gerry questioned if there were other reserves associated with the LB building. Carol responded that the building had its own replacement reserve and residual receipt reserve. There was discussion about the reserves and their replenishment while still being able to target renters in the 35%-40% of AMI.

Theresa noted that there was no definition of workforce housing and if the PDA purchased the building there would be no HUD or governmental regulation on how apartments were rented out. Carol responded that when the current mortgage was paid off the 221 contract with HUD would expire and the new opt out contract would be in effect until the expiration date of the current mortgage. This would allow current tenants to be moved to section 8 vouchers and which states that a certain percentage of tenants must be 80% under AMI. There was further discussion and clarification regarding the section 8 vouchers, the mix of tenants, the reserves fund and funding.

Ann moved and Gerry seconded.

Gerry noted that the resolution authorizes the purchase but does not specify the method to be used. There was a motion to amend the proposed resolution to state that the purchase of the Livingston Baker would be done with cash from the capital reserves fund.

Gerry moved and David seconded the amended proposed resolution.

Ann moved and Gerry seconded in agreement to the amended proposed resolution.

For: Jim Savitt, Ann Magnano, Gerry Kumata, David Ghoddousi, Matt Hanna, Theresa Alexander
Against:

Abstain: Gloria Skouge, because she serves on the Market Housing Board.

Proposed Resolution **08-55** passed.

IV. Items for the Consent Agenda

None

V. Review of Financial Statements for October, 2008

A. PDA Operating Statements

Sabina reported on the financial statements for October 2008. She described the accounts on the balance sheet noting that the restricted cash was up due to the contribution to the debt service account and designated cash was up due to contribution to the CRRF account. In the outstanding balance of accounts receivable, commercial tenants were doing well, Daystall outstanding balance was lower, and residential remained flat.

Jim questioned if progress was being made towards improving the variance on residential revenue. Carol responded that the actual vacancy rate was at 3% and since June the variance has gone down.

The operating statement was above the budget and should end the year in a healthy position. Residential was under budget due to high vacancy in the beginning of the year but was recovering nicely. Farm revenue was under budget due to late start in the farm season but was not expected to catch up by the end of the year. Operating expenses were under budget with the exception of capital projects department due to salaries of the renovations staff which would be reimbursed with the levy funds next year. Utilities remain above budget due to water and sewer being much higher than what was budget.

The IT department was above budget due to the extra FTE hire.

VI. Checking Account Activity Report

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

VII. Public Comment

VIII. Concerns of Committee Members

Theresa gave congratulations to everyone's contributions to the passing of the levy.

IX. Adjournment

The meeting was adjourned at 5:59 p.m. by Jim Savitt, chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant