



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

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

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

Other Council Members Present:

Staff Present: Carol Binder, Anita Neill, Tyler Jamison, Bob Beckstrom, Jay Schalow, John Turnbull

Others Present: Patrick Evatt

The meeting was called to order at 4:31 p.m. by Bruce Lorig, Vice Chair, on behalf of Matt Hanna, Chair.

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of February 16th, 2010 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None

II. Review of Financial Statements for February, 2010

- A. PDA Operating Statements
Carol reviewed the operating statements; it was still early in the year and there was nothing unusual to report. On the balance sheet she noted that the work in progress account showed the renovation construction costs and they would be accumulated here until placed in service at the end of Phase I. In addition the receipt of the funds was in the net asset section rather than revenue and this was the accepted practice for government agencies to do with non operating revenue. There was nothing unusual in accounts receivable to report. The operating statement was above the budget in revenues due to commercial percent rent. Residential continued to be under due to the vacancies in the Livingston Baker. Due to the soft market there had been some difficulty in getting the LB occupied but the hope was to have it occupied by mid year. The Sanitary would continue to reflect a loss due to the building being vacated for the renovations however this was taken into consideration in the budget. Under expenses, utilities continued to be over budget particularly in water and sewer. Investigations were being conducted to locate the cause. If it was found to be due to use by Turner construction that cost would be charged back to the renovations account. Overall the financials were above budget.
- B. Capital Projects Statement

Carol noted that the Capital Projects were at the beginning of their season and still in the bid and design stages but the committee should expect resolutions for work to start coming in over the next few months.

Matt Hanna joined at 4:36 p.m. and took over the chairing responsibilities of the meeting.

III. Checking Account Activity Report

Missed (see concerns of committee members)

IV. Other Reports and Action Items

- A. **Action Item:** Proposed Resolution **10-07:** Authorization for Contract Authority – Repaint Underside of Marquees – Pine Building, Sanitary Building, Triangle Building, and Stewart House. Bob reviewed the resolution; it was determined that the paint on the underside of the marquees on the Sanitary, Pine and Triangle buildings and Stewart House were peeling and were in need of repainting. The proper bid process was executed and the contractor JJ Max Company was selected. Bob noted that bids were lower than what they would have been a year ago probably due to the slump in the economy.

David Ghoddousi moved and Bruce Lorig seconded.

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

Against:

Abstain:

Proposed resolution **10-07** passed unanimously.

- B. **Action Item:** Proposed Resolution **10-09:** Authorization for Contract Authority – Replace ACT on Floor 1,3, & 5 of the 1st and Pine Building. Carol clarified that the tiles were for the ceilings on the floor levels of the 1st and Pine. Tyler reviewed the resolution; it was determined that the ACT (Acoustical Ceiling Tile) had deteriorated and was in need of replacement. The proper bid process was followed and the contractor Mehrer Drywall, Inc. was selected. The bids on this project were also lower than predicted.

Gloria Skouge moved and Ann Magnano seconded.

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

Against:

Abstain:

Proposed resolution **10-09** passed unanimously.

- C. **Action Item:** Proposed Resolution **10-10:** Authorization for Contract Authority – Repair Benches in the North Arcade. Tyler reviewed the resolution; it was determined that the benches in the North Arcade had deteriorated and were in need of repair. The proper bid process was followed and the contractor Sargent Construction Services was selected. Tyler further explained the exact location of the benches and that the repair was necessary due to water damage. The work would be completed in about three days and during the night time as to not disrupt businesses during the day. The benches would be cut and painted offsite for the least tenant impact.

David Ghoddousi moved and Ann Magnano seconded.

Matt asked if there were any concerns from MHC to consider. Carol responded that the work was to fix and restore, a 'return in kind', and no approval was needed.

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

Against:

Abstain:

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

Matt had some questions about the process of the capital projects and some of the projects on the list. Bob explained and expanded on some of the projects that would be coming up in the next couple of months.

D. Staff Reports

V. New Market Tax Credit Update

Carol introduced Patrick Evatt, legal representative from Kantor Taylor, who was present to give a presentation on the proposed New Market Tax Credit (NMTC) structure. Carol gave a brief update of where the PDA was in the process of possibly obtaining NMTC. The purpose of obtaining these funds were for additional financing needed to complete much of the finish work that would enable business to benefit from the infrastructure upgrades and energy efficiencies provided. Many tenants did not have the means or ability to do this and the cost was not included as part of the original levy budget. Carol then handed out the Pike Place Market New Markets Proposal and reviewed the potential projects that the NMTC funds would be used for. Patrick then gave a PowerPoint presentation on the structure of the NMTC proposal. He noted that the structure would be similar to the one on the Leland / Fairly building with a master lease several of the buildings on the east side of Pike and with the large size of the loan, only a one day bridge loan would be used. There was some discussion and detailed explanation of how structure was configured. Patrick then reviewed and there was a detailed discussion of the financing steps and the operating cash flow.

- A. **Action Item:** Proposed Resolution **10-15:** Approving Developing a Federal New Markets Tax Credit Financing in Connection with Phase II of the Markets Tax Credit Financing in Connection with Phase II of the Market Infrastructure Program and the Payment of Commitment Fees Related Thereto.

Ann Magnano moved and Bruce Lorig seconded.

There was some discussion on the amount of the commitment fees. Matt noted that the committee would recommend the resolution to full Council with the possibility of an amendment regarding the commitment fees. Carol noted that she would gather the cost information and distribute to Council before the full Council meeting next week.

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

Against:

Abstain:

Proposed resolution **10-15** passed unanimously.

Bruce Lorig left at 5:51.

VI. Items for the Consent Agenda

Matt moved the contract resolutions, 10-07, 10-09 & 10-10 to the consent agenda, it was agreed.

VII. Audit Report – LaSalle

Carol reviewed the LaSalle LLC Senior Housing Auditor's Report and Financial Statements for the Year Ended on December 31, 2009. She explained that because it received federal funding (HUD subsidy) there was both a Financial Audit and a Single Audit. On the Balance sheet there were no significant changes from the prior year. The statement of operations on the residential portion of the building was showing a net loss mostly due to depreciation and amortization. Carol explained that this was typical of a real estate project for tax purposes, she further explained in detail the investment significance of this and the soft loans on the building. The next few pages showed depleting equity, statement of cash flow, notes to the basis of the accounting, detail pages as required by HUD, reports on HUD compliance and description of

any deficiencies that were found, there were none, the last page described the compliance with non discrimination and fair housing practices.

VIII. Public Comment
None

IX. Concerns of Committee Members

Gloria noted that the passing of checking activity report was skipped. Jay gave Anita the checking account activity report was submitted to the Executive Assistant for inclusion in the minutes.

X. Adjournment

The meeting was adjourned at 6:02 p.m. by Matt Hanna, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant