



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

**Tuesday, October 21st, 2008
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

Committee Members Present: Jim Savitt, Ann Magnano, Bruce Lorig, Gerry Kumata, Gloria Skouge, John Finke, David Ghoddousi

Other Council Members Present: Theresa Alexander

Staff Present: Bill Stalder, Jeff Jarvis, James Haydu, Carol Binder, Anita Neill, Tamra Nisly, Coyle Jefferson, Erica Bates, Bob Beckstrom, Cecilia Hall, Joe Strong, Brady Morrison, Tracy Roueche, Suzanne Stevens, Steve Nelson

Others Present: Dan Landes, Dale Wittner, Judy Hurley, John Macklin, Paul Dunn

The meeting was called to order at 4:01 p.m. by Jim Savitt, Chair.

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of September 16th, 2008 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments

II. Report on Livingston Baker Refinancing Options – Dan Landes

Carol introduced Dan Landes of common ground. Carol noted that the proposed resolution that was to be brought forward today would be delayed until the contract was completed. Carol suggested that motion be brought forward to direct negotiating a contract with Market Housing. Jim noted that the report should be given first.

Dan gave an overview of the history of the Livingston Baker then proceeded to review the pros and cons of refinancing the Livingston Baker.

Bruce Lorig joined at 4:04 p.m.

He reviewed eight different refinancing scenarios including, tenant income requirements, potential benefits and the disadvantages of each. There were three approaches to providing financing that would allow the PDA to purchase the Livingston Baker and pay off its debts; the use of tax credits or public financing, borrowing the money or drawing down reserves. Any of the options that involve tax credits or public financing were better financially than just borrowing. However, the viability of each of them was questionable and some of them would entail unacceptable compromises or compliance requirements from

HUD or other regulatory agencies. Of the public finance options considered, the Seattle Housing Levy made the most sense, but initial conversations with DOH indicated not much interest in this project, as it does not fit their priorities. Private financing was also a viable approach, and of the options considered, tax exempt bond financing made the most sense. The PDA would borrow enough to acquire the Livingston Baker and still be able to charge affordable rents. Historic tax credits with low income housing tax credits was a good option financially, but had many obstacles including transferring property ownership and timing. Cash payment option from PDA reserves will give the PDA the opportunity to make a good return on its investment.

Theresa joined at 4:12pm

It was decided that Council would carefully review the options presented by Dan and discuss in detail at the November 11th Finance meeting.

Bruce L. noted that the options of a bank loan and the use of existing resources should be looked into with more detail. Carol responded that she would look into it and come back with some detail on those options.

III. Presentation of Budget

Carol announced that the Public Budget Hearing scheduled for November 4th was moved to November 3rd due to a conflict with Election night.

Sabina briefly explained the steps taken in this year's budget process. Economic forecasting was taken into consideration, benchmarks were defined and the budget developed in this context. Additionally, assets, costs, program expenses, and salary studies were taken into consideration. A preliminary budget was reviewed and discussed among the PDA managers that aided in the development of this budget.

John Finke left at 4:55 p.m.

Each department's revenue and expenses were reviewed. It was noted that caution was taken in revenue forecasting due to the declining economic conditions. Overall revenue was expected to remain flat but expenses were expected to rise. The staffing levels would remain consistent with 2008 as the PDA was a service agency and would rely on reserves to maintain the same level of services if in fact revenues declined to the point where cost could not be covered.

Sabina summarized the 2009 PDA operating budget noting expenses were expected to increase 4.6% over 2008, debt services, and the net results after debt service and designated reserves.

Carol gave a brief explanation of the operating reserves and each directors explained the areas of the operation under their direction and the changes in the 2009 budget.

Steve Nelson reviewed the 2009 proposed capital projects budget. Overall there were 19 projects scheduled for the next year mostly smaller maintenance type projects that are not in the renovation plan. The largest was the automation of the Market parking garage. Steve noted that it would be a challenge to complete projects with the renovation going on.

IV. Review of Financial Statements for September 2008

A. PDA Operating Statements

Due to time constraints, the review of the financial statements for September, 2008, was omitted.

V. Other Reports and Action Items

A. **ACTION ITEM:** Proposed Resolution **08-54:** Authorization for Contract Authority – Bathroom Remodel – Stewart House SRO Units.

Bob briefly explained the necessity of the remodel to the Stewart House SRO units. In general the conditions of the bathrooms had deteriorated grossly and were in desperate need of replacement of tile, fixtures etc. Bob additionally noted that the \$25,000 was for tile replacement costs only. The remainder of the work would be done in house and the fixture replacements would come out of capital inventory.

Gerry moved and David seconded.

For: Savitt, Magnano, Lorig, Kumata, Skouge, Finke, Ghoddousi

Against:

Abstain:

Proposed resolution **08-54** passed unanimously.

VI. Checking Account Activity Report

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

Due to time constraints the remainder of the agenda was omitted.

VII. Capital Asset Management

A. Capital Renovation Update

B. Capital Projects Update

VIII. Items for the Consent Agenda

Jim moved to pass the proposed resolution to the Consent Agenda it was agreed and approved unanimously.

IX. Public Comment

X. Concerns of Committee Members

XI. Adjournment

The meeting was adjourned at 6:15 p.m. by Jim Savitt, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant