



# Finance & Asset Management Committee Meeting Minutes

**Tuesday, January 16<sup>th</sup>, 2018**

**4:00 p.m. to 6:00 p.m.**

**Classroom**

**Committee Members Present:** Ray Ishii, Gloria Skouge, David Ghoddousi, Devin McComb, Paul Neal, Jim Savitt

**Other Council Members Present:**

**Staff/ Consultants Present:** Kristie Beattie, Mary Bacarella, John Turnbull, Jay Schalow, Matthew Holland, Karin Moughamer

**Others Present:** Howard Aller, Chris Scott, Joe Read

The meeting was called to order at 4:01 pm by Ray Ishii, Chair.

## **I. Administration**

### **A. Approval of the Agenda**

*The MarketFront Finance presentation will be postponed until next month and approval of the October 17, 2017 minutes will be added to the February agenda.*

*The agenda was approved as amended by acclamation.*

*Jim Savitt entered the meeting at 4:06 pm.*

### **B. Approval of the Finance & Asset Management Committee December 12<sup>th</sup>, 2017 Minutes**

*The December 12<sup>th</sup>, 2017 meeting minutes were approved by acclamation.*

## **II. Announcements and Community Comments**

Howard Aller mentioned the approval of lease proposals this month, which includes the Turkish restaurant replacing Cycene. Howard noted the steel fence in front of this restaurant is not bolted to the sidewalk and they don't have permanent furniture outside. He requested to alter the lease of the new café to allow for the outdoor seating to be removed during slow times. In addition he asks that all future leases involving the public sidewalks have to have removable barriers.

## **III. Reports & Discussion Items**

### **A. Review of the Preliminary Financial Statements for December 2017**

Jay Schalow presented the preliminary financial statements in place of Sabina Proto, noting calculations that still need to be done include the QB2 and QB3 values, which are based on a formula in the contracts. Depreciation and amortization will be done later in January. 2017 invoices are still being collected and awaiting approval. Jay directed the Committee to review

Sabina's notes in the packet and to let him know if they have any questions. The LaSalle and WASH audits have started and will begin in earnest on Monday.

Ray Ishii noted that QB2 is set to unwind in February and added that if there are any questions feel free to email to him and they can be included in Sabina's report next month.

i. Checking Account Activity Report

Jay Schalow handed the Checking Account Activity Report to Karin Moughamer.

B. Review of MarketFront Financing

This topic is postponed to a future Committee meeting.

C. Sammamish River Farm Update

John Turnbull directed the Committee to the one-page summary provided in the packet. He continued that since the December meeting PDA staff has been trying to work with King County to get a draft agreement for offsite management of the Sammamish Farm, including collection of payments and ensuring the property is maintained and in good condition. The County has not been able to provide a contract term as they aren't sure how to prepare a services agreement that is no bid at no cost to the County.

David Ghoddousi asked for clarification on the collection of rents and insurance. John Turnbull responded that if the Market enters into an agreement with the County the PDA would, as proposed, collect the rents and insurance. However, this has yet to be approved by the Council.

Jim Savitt noted he missed last month's meeting but has read the minutes, which doesn't explain why the PDA wants to do this. John Turnbull directed Jim to the handout included in the packet to review.

Ray Ishii asked if Gerry Johnson has reviewed this proposal as it relates to the PDA Charter. John Turnbull responded that Gerry Johnson has looked at the Charter and John and Mary have both met with Gerry to discuss the proposal. As long as the PDA is providing services to the tenants and not having an agreement with the property itself, it fits within the Charter.

Jim Savitt asked who owns the land. John Turnbull responded King County. Jim followed up by asking if the PDA doesn't step in, who will manage the property. John responded King County will continue to collect rent from the farmers and probably not much else. Jim asked what the point of the PDA being involved is. John responded PDA staff can better communicate with the farmers.

John Turnbull continued by saying this is a way to provide targeted assistance to farmers, linking it to already existing technical support programs offered by the Market farm team. Staff has been researching the PDA Charter, the financial risk and the operational issues and presenting that to PDA Council showing that this proposal is no net change to the PDA and a net positive to farmers.

Jim Savitt asked for further clarification on what the benefit of this agreement is to the PDA. John Turnbull responded that this agreement would allow the PDA Farm Coordinator to

provide technical assistance and a direct connection to four farmers who could experiment with growing new crops and specialty products for the CSA. The Farm Coordinator could assist with helping to provide training on succession farming and help younger generations learn new techniques to take over the family business. If the PDA doesn't enter into this agreement, some of this work would still happen.

Jim Savitt stated that unless he hears a better rationale for this proposal, he would vote no on a resolution.

Mary Bacarella added that this is a topic with split support on the Council and the PDA needs to determine if it's the right thing to do.

Kristi Beattie mentioned that some of the discussion last month was around the collection of rents and how that feels a little awkward to collect on behalf of the County. She suggested asking the County if they could provide a nominal payment to the PDA to solve the contracting issue and recognize the Market is putting administrative effort towards this interaction.

John Turnbull feels that is an option worth exploring and wonders if the Council would be in support of an agreement that removes the PDA collecting rents but still provides the technical assistance onsite.

Mary Bacarella stated more discussion on this should take place within PDA staff.

David Ghoddousi, for him, it's about the collecting of rents that he doesn't agree with. He believes the PDA should continue to provide education opportunities and support of farmers.

Ray Ishii asked how this fits into the Farm Programs Strategic Plan. John Turnbull responded that part of the mission of the PDA is to preserve the Market as a place for farmers to sell locally grown produce. The number of local farmers is decreasing and there is a legacy of working with immigrant farmers on this property. The farm program is focused on helping farmers learn how to get more out of their land, learn how to experiment with new crops and crop rotation, and work with other farmers to develop new ways for farmers to combine forces to sell wholesale. This agreement would help build stronger relationships with the farmers.

David Ghoddousi thanked John and his staff for their work on this proposal. David mentioned the ½ acre that is currently fallow and his concern that farmers are perceiving the PDA of stepping in to help when they are not needed. John Turnbull added there is a ½ acre that is fallow but the farmers don't know what to do with it since no one is in charge. The PDA could work with the farmers to determine how the land could be used for the benefit of everyone.

Ray Ishii added that no decision needs to be made today and PDA staff will continue to work with the County to procure a draft agreement for the Council to review. A decision will need to be made in February.

**IV. Action Items**

A. Proposed Resolution 18-01: Approval to Add New Signer on PPMPDA Bank Accounts  
Jay Schalow introduced proposed resolution 18-01 which states that:

WHEREAS the Pike Place Market Preservation and Development Authority (PPMPDA) was chartered by the City of Seattle pursuant to RCW 35.21.730 et. Seq with the mission of promoting enterprises essential to the functioning of the Pike Place Market, including the preservation and expansion of the low-income residential community, the promotion and survival of small businesses , and the expansion of services to the public market and community; and,

WHEREAS the Pike Place Market PDA has to make changes on the Signature Authority;

NOW THEREFORE, BE IT RESOLVED, that Mary Bacarella, the Executive Director of the PDA, will be added to the list of the authorized signers on the following list of bank accounts to honor and pay checks or other appropriated orders for the payment or withdrawal of money in the name of Pike Place Market Preservation and Development Authority (PPMPDA) and the organizations PDA manages:

<b><u>Bank of America Merrill Lynch:</u></b>	<b><u>Account #</u></b>
PDA Operating Account	*****019
PDA Payroll Account	*****001
PC1 Revenue Fund	*****023
HUD Depository Account	*****518
Sanitary Market Replacement Reserves	*****534
In Trust for Residents	*****320
Low Income Housing Reserve	*****940
Pine Residential Revenue Fund	*****301
SNAP Program	*****040

**US Bank – Corporate Trust Accounts:**

2015 Special Obligation and Refunding Bonds Series A Debt Service Fund A	SEAPIKREF15
2015 Special Obligation and Refunding Bonds Series B Debt Service Fund	SEA PIK15B

**U.S. Bank:**

WASH LLC Operating Account	*****011
WASH LLC Operating Reserve Account	*****052
WASH LLC Replacement Reserve Account	*****045
WASH LLC Tenant Security Deposit Account	*****029
PPM QB2 Operating Account	*****083
PPM QB2 SIF Asset MGMT Fee Reserve	*****984
PPM QB2 LIIF Asset MGMT Fee Reserve	*****976
PPM QB2 KITSAP County Asset MGMT Reserve	*****992

PPM QB3 Operating Account \*\*\*\*\*003  
PPM QB3 Fee and Expense Reserve Account \*\*\*\*\*971

**Home Street Bank**

	<b><u>Account #</u></b>
LASALLE SENIOR HOUSING LLC Operating Account	*****167
LASALLE SENIOR HOUSING LLC Operating Reserve Account	*****419
LASALLE SENIOR HOUSING LLC Replacement Reserve Account	*****385
LASALLE SENIOR HOUSING LLC Security Deposit Account	*****988
LASALLE SENIOR HOUSING LLC Special Purpose Reserve	*****988

**State of Washington Local Government Investment Pool:**

L.G.I.P. - PMPDA 1755  
and

**Business Credit Card with Bank of America Merrill Lynch**

BE IT FURTHER RESOLVED, that the following persons are duly designated to authorize deposits and withdrawals of funds for the above listed accounts:

(a) Checks up to \$250.00: Any one of the following: Mary Bacarella (Executive Director) alone, Sabina Proto (Director of Finance) alone, Erica Bates (Director of Human Resources) alone, John Turnbull (Director of Asset Management) alone.

(b) Checks over \$250.00: Any two of the following:

- Mary Bacarella, Sabina Proto, Erica Bates, John Turnbull

All signatories are reminded, especially those who are co-signing checks, to verify that the check is completely filled out and the purpose of the check is clearly known before signing, including, and not limited to:

- Against what invoice is the check being drawn?
- To satisfy what obligation is the check being written?
- Is the amount of the check appropriate to its purpose?
- For what reason are monies being transferred between accounts?

The Market relies on the diligence of its check signatories.

These public funds are deposited in accordance with laws of the State of Washington. This authority revokes all previous authorities for these accounts, and shall continue in force until notice in writing of its revocation shall have been received by said bank.

David Ghoddousi moved the proposed resolution and Paul Neal seconded the motion.

For: Ray Ishii, Gloria Skouge, David Ghoddousi, Devin McComb, Paul Neal, and Jim Savitt

Against: 0

Abstain: 0

Proposed Resolution **18-01** passed by a vote of 6-0-0

**V. Property Management**

**A. Residential Property Management Report**

John Turnbull started by stating residential ended the year pretty well. The audit season is starting for Western Avenue and many of the people who have moved in have been recertified. The rental application process is constantly having to be updated to comply with various regulations. Interaction with the Market Commons is increasing as a place for a referral center and where residents can receive services and assistance with a variety of needs. Progress is being made with the Senior Center to extend the Social Services Contract and include a half-time staff person, most likely someone who acts as a tenant services assistant (TSA). Pest control is working well. There will be a dog test at Stewart House at the end of January and if that goes well the contract for intensive treatment will be reduced.

John continued by noting a recap summary for the Events and Programs department. The Loft, Elliott Bay and Salish rooms are being advertised for rent as office space. The Classroom and old events office space will be maintained, with the possible removal of the wall between the two spaces. In the meantime the old office space will stay storage. The Goodwin Library is being rented out approximately 5-10 times per month and the budget projection is for one rental each month. Conversations are starting on how to manage event space on the MarketFront Pavilion. One thing that has already been learned is that operating a full events department is time intensive. At the end of the year the budget ended better than anticipated.

David Ghoddousi asked about events staff members. John Turnbull responded one events staff position has been moved into the Commercial department and maintains rental of the Goodwin Library.

**VI. Public Comment**

None.

**VII. Closed Session**

*The Committee Chair stated that the committee would go into closed session at 4:38 p.m. to discuss the property management report and return into open session at approximately 5:08 p.m.*

*The committee entered into closed session at 4:39 p.m.*

- A. Property Management Report - *Closed Session (RCW 42.30.110(c))*
- B. Review of Lease Proposals
  - i. New Tenant – Miss Café, 1523 1<sup>st</sup> Avenue
  - ii. New Tenant – Dave Ryan Pop Art, 1501 Pike Place #317B
  - iii. Lease Renewal – Sunny Honey, 89 Pike Street
- C. Review of Delinquency Report
  - i. Vacancy Report
  - ii. Current Lease Negotiations

*The committee entered into open session at 5:04 p.m.*

*The committee discussed the property management report which included the delinquency and vacancy report along with the current commercial lease negotiations during the closed session.*

**VIII. Open Session**

Proposed Resolution **18-02**: Lease Proposals – January 2018

<u>Tenant</u>	<u>Term</u>	<u>Start Date</u>
Sunny Honey Company/Sunny Honey Company LLC. Anne Smith	Five (5) Years	February 1, 2018
Miss Café / River Up LLC Seyit Embel and Melike Portakal	Two (2) Years	February 1, 2018
Dave Ryan Pop Art / Dr. Umbrella Corp. Vyvyn Lazonga	One (1) Year	February 14, 2018

David Ghoddousi moved the proposed resolution and Gloria Skouge seconded the motion.

For: Ray Ishii, Gloria Skouge, David Ghoddousi, Devin McComb, Paul Neal, and Jim Savitt

Against: 0

Abstain: 0

Proposed Resolution **18-02** passed by a vote of 6-0-0.

**IX. Resolutions to be added to the Consent Agenda**

Proposed Resolution **18-01**: Approval to Add New Signer on PMPDA Bank Accounts

Proposed Resolution **18-02**: Lease Proposals – January 2018

**X. Concerns of Committee Members**

Devin McComb would like the full Council to review the Sammamish River Farm proposal before any decision is made, in respect of the time spent researching by PDA staff. Jim Savitt asked if Devin believes this should be on the January full Council agenda.

Ray Ishii asked if this will need approval by the Finance & Asset Management Committee. John Turnbull responded that if there is a contract in place longer than a year, then yes, FAM will need to approve. Right now the County is proposing a two year contract. Ray noted that hopefully there will be a draft agreement for the Committee to review in February before going to full Council.

**XI. Adjournment**

The meeting was adjourned at 5:08 p.m. by Ray Ishii, Chair

Meeting minutes submitted by:  
Karin Moughamer, Executive Administrator