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**Pike Place Market Preservation and Development Authority (PDA)**

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**FINANCE & ASSET MANAGEMENT**  
**Draft Meeting Minutes**

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**Tuesday, June 21<sup>st</sup>, 2011**  
**4:30 p.m. to 6:00 p.m.**  
**PDA Conference Room**

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

**Other Council Members Present:**

**Staff Present: Ben Franz-Knight, Ryan Yale, Sabina Proto, Jay Schalow, John Turnbull, Jennifer Maietta, Tyler Jamison**

**Others Present: Matthew Smith**

This meeting was called to order at 4:30 p.m. by Matt Hanna

**Others Present:**

**I. Administration**

- A. Approval of Agenda  
The agenda was approved by acclamation.
- B. Approval of May 17<sup>th</sup> 2011 Minutes  
The minutes were approved by acclamation.
- C. Announcements and Community Comments  
None.

**II. Review Audited Financial Statements for the year ended December 31, 2010**

Presentation by the auditors from Peterson Sullivan LLP, Certified Public Accountants  
Matthew Smith of Peterson Sullivan LLP distributed a report of the Audited Financial Statements for year end December 31, 2010. The report he discussed is attached.

A brief question and answer period followed.

**III. Review of Financial Statements for May 31<sup>st</sup>, 2011**

- A. PDA Operating Statements  
Sabina reported on the PDA Operating Statements and stated that May was another good month for the PDA. She noted the percentage rent remains high and has exceeded budgeted expectations and the overall expenses are either in-line with budget trending or below budget. Sabina stated the Farm and Daystall revenue has increased, but weather and

temperature have contributed to a later start for the farm season. Residential revenue is exceeding budget expectations to date and overall vacancies in available units remain low. She added that the net operating result after required reserves and debt service to date is \$80,617. This includes the \$263,000 annual pension contribution made in April. Year to date performance is excellent, exceeding budget projections by \$655,160. She reported that the Current Assets decreased because a smaller amount was accrued in May for the levy funds receivable from City of Seattle compared to the April accrual. Prepaid Expenses increased because in May 1<sup>st</sup> we renewed the property insurance, and prepaid the bulk of the premium, which will be expensed during the next 12 months. In addition, some other components of the insurance are billed monthly by the Arthur Gallagher. She stated that the Designated Cash decreased due to the transfer of funds out of Capital Replacement Reserve to fulfill the capital expenditures needs. The Restricted Cash saw a slight increase, which were a result of the contribution to Debt Service Account and Turner Retainage Account; payment of the semiannual portion of the Interest on PC-1 Bonds out of the Debt Service Account. The Fixed Asset increased due to the work on the Capital Projects – budgeted capital projects and Levy projects. The Current Liabilities increased because of higher Accounts Payable and a higher payroll accrual in May. Sabina noted that the Long Term Debt decreased due to the monthly payments on loans, mortgage and bonds. Sabina noted that the Operating Result increased from the prior month and the Levy Funds received in total to date of \$49.3 million. The Account Receivable Activity Report saw a slight decrease in part due to better collection from Commercial and Residential tenants, an increase in Daystall Receivables because of the higher rates (shoulder season) and larger attendance. The Total Revenue for the end of May is \$4,889,248, which is over budget by \$382,090. The Total Operating Expense is \$3,753,233, which is under budget by \$ 272,950. The Net Operating Result for the end of May is \$1,136,015, which is \$655,043 over budget. The Net Result after Debt Service & Reserves: Annual Budget is \$896,875, and actual YTD is \$80,617. Sabina continued to report and stated the Contribution to the Pension Plan approved by Council for the amount of \$263,000 was done in April. Sabina reported that the Commercial Revenue is over budget due to lower vacancy than budgeted,; CAUT and COMA, and good performance of the Percent Rent. The Direct Utilities is under budget due to the vacancies related to the renovation. The Residential Revenue is over budget due to less vacancy than anticipated. The Daystall Revenue has had lower attendance in the Daily Farmers and Crafts compared to the same period of the last year, however the attendance is higher than budgeted. Sabina stated the Surface Revenue is over budget and has increased compared to the same period of the last year. The Garage Revenue is over budget and a higher amount compared to the same period of the last year. Parking is up overall due to the stronger economy, automated equipment, stronger controls and better management. She also noted that the Market Foundation contributed a larger amount from what was budgeted. Sabina reported on Miscellaneous Revenue and stated it is under budget due to the trending. She noted that we had trended more Trade Mark revenue during January through May, but the collection will happen a bit latter during the upcoming months. In addition, the investment income from PPM QB2 will be less than budgeted due to the fact that NMTC 2 transaction closed on March 2<sup>nd</sup>, two months later than anticipated in the budget. She also noted that the interest rates on the Investments continue to be low (LGIP interest rate for May 2011 was 0.15%) Sabina reported on the Operating Expenses, which are under budget in almost all departments. She noted that we have had some staffing vacancies and in some instances the timing of the invoices is different from the budget trending. Surface Lots Expense is over budget. This is because of the Management Fee which is higher than budget; increase of the Surface Lots Revenue has caused increase of the Management Fee payable to the Republic Parking. She stated that Security is over budget in payroll due to covering some unexpected needs in the market.

In the Utilities section of her report, Sabina noted that the Electricity, Water & Sewer are under budget and she believe that the vacant commercial spaces, cooling tower and improved system are the reasons for less consumption of Electricity and Water & Sewer. The Pest Controls continue to be a high expense due to the bed bug treatment in several buildings. The Percent Rent spreadsheet distributed presents the performance during the first four months of the current year, as well as how they compare to the same period in 2010 and 2009. She noted that so far, we are doing very well in this category- over budget by \$213K. Capital Reserve Status Report represents the amount contributed to the reserve, and the amount spent year to date out of the capital reserve.

**B. Capital Projects Statement**

Sabina reported on the status of the Capital Projects and stated there are 32 projects in the Capital Projects list. Ten of them are completed, six are deferred and the rest are in progress. The reason few projects were put on hold is because of the renovation work in these particular areas.

**IV. Checking Account Activity Report**

The Checking Account Activity Report was distributed to Ryan Yale, Executive Assistant

**V. Other Reports and Action Items**

**A. Action Item: Proposed Resolution 11-50: Approval of 2010 Audited Financial Statements**

The resolution was presented and requested the PDA Council approve the 2010 PDA financial statements, audited by Peterson Sullivan LLP, Certified Public Accountants, covering the period beginning January 1, 2010 through December 31, 2010.

David moved, Bruce Lorig seconded.

Approve: 6

Against: 0

Abstain: 0

The Resolution passed by acclamation

**B. Action Item: Proposed Resolution 11-51: Authorization for Contract Authority – Paint Underside of Skybridge – PCI Garage**

Tyler Jamison presented the resolution and requested the PMPDA Council authorize the PMPDA Executive Director or his designee to enter into a contract with Long Painting Company in an amount not to exceed \$18,296.36 for the execution of painting the underside of the Skybridge PCI.

David moved, Bruce Lorig seconded.

Approve: 6

Against: 0

Abstain: 0

The Resolution passed by acclamation

**VI. Items for the Consent Agenda**

Resolution 11-50 and 11-51 were placed on the Consent Agenda

**VII. Checking Account Activity Report**

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

**VIII. Public Comment**

None.

**IX. Concerns of Committee Members**

**X. Adjournment**

Meeting was adjourned at 5:35 p.m. by Matt Hanna, Chair.