



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

**Tuesday, December 9th, 2008
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

Committee Members Present: Jim Savitt, Gloria Skouge, Bruce Lorig, Gerry Kumata, Matt Hanna, Theresa Alexander

Other Council Members Present: David Ghoddousi, John Finke

Staff Present: Carol Binder, Anita Neill, Joe Paar, Tracy Roueche, James Haydu, Sabina Proto, John Turnbull

Others Present:

The meeting was called to order at 4:32 p.m. by Jim Savitt, Chair.

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of November 11th, 2008 Minutes
Approval of November 3rd 2009 Budget Public Hearing Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
Carol introduced John Turnbull as the new Director of Asset Management and Development. His work experience included working for the PDA during the renovations of the early 80's and other real estate development. He would be working closely with the renovation staff with an emphasis on tenant relocation and coordination, working with management and the new systems and how the PDA operates and assist with the new market tax credits. He would also be working on the non-levy projects.

II. Review of Financial Statements for November, 2008

- A. PDA Operating Statements
Sabina reviewed the November operating statements. She described the accounts on the balance sheet noting that the decrease in the restricted cash category was due to payment on the principle and interest for the PC-I bonds. Revenue was above budget and expenses were under. The net results after dept services and reserves exceeded the budgeted amount.

Bruce L joined at 4:36 p.m.

Carol noted that historically a surplus was budgeted then allocated to the reserves and when that was exceeded the additional was put into the Capital reserves account. She asked that Committee

members consider what should be done with the surplus this year. This would be completed in February when the books are closed for the year.

Matt questioned what the minimum operating reserve goal was. Carol responded that it was 5% of projected operating revenues.

Sabina continued to note that commercial revenue was above budget, Base rent retail was above budget. Base rent office & LB was under budget due to ministry moving out and the PDA occupying that space. Caut / Coma were above the budget and was a reflection of base rent retail being above the budget. Percent rent it was above budget compared to this time last year but below last year for this month and this was a direct reflection of the turndown in the economy. Carol noted that this number may improve as the year comes to an end as more people report.

Matt questioned what could be expected in recovery in the next few months. Sabina replied that the numbers would come up but not fully recover from the negative variance.

Storage and cooler was under budget and this was due to the fact that an scheduled increase was not implemented this year. Residential revenue continues to be under as a result of the high vacancy from earlier in the year. Daystall, Daily crafts and the Farmers were doing well. Farmers was recovering from the slow beginning of the season but would not recover fully. Surface revenue was above budget but the garage continues to be under. Sabina noted that a portion of the garage funds were invested in the LGAP and interest rates have been down the last few months. Jim questioned Sabina of what interest rates were used to configure next years budget. Sabina replied a rate of 2.29%.

III. **Checking Account Activity Report**

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

IV. **Other Reports and Action Items**

A. **Action Item:** Proposed Resolution **08-63**: Amendment to the Adoption of 2009 PDA Operating and Capital Projects Budgets Resolution 08-58.

Carol reviewed and explained the purpose of the amendment to the adoption of 2009 PDA Operating and Capital Projects Budget resolution. She noted that the purpose was to clarify the policy, that by adopting the budget through resolution, daily and on going expenses were included in the general concurrence outlined by the charter. Contract purchases over \$10,000 were to be approved according to PDA policy by the Council through resolution. This resolution would codify the process already in place.

Jim noted concern for the wording of the resolution and felt additional clarification was necessary.

Gerry moved and John seconded.

John noted that his understanding of the charter was that contracts over \$10,000 came forward to council in resolution and operating expenses were inclusive in the budget.

Jim read a segment out of the charter regarding transactions by the PDA that exceeded \$10,000. There was some discussion regarding the interpretation of the charter. It was decided that Jim and Carol would discuss and come up with possible solutions then revisit the issue in January's meeting. Additionally, Carol would create a list of disbursements from the past year that was over \$10,000.

Theresa noted that the monthly statements included in the packet become part of the minutes and are approved with the minutes every month, therefore approving the monthly operating budget. Jim clarified and noted for the record that approving the minutes approved what was said at the meeting and in no way approved documents included in the packet.

Matt noted that perhaps the language in the charter was in need of updating as to how the Market operates in today's market. Bruce L. responded that he did not feel that was the issue, the issue was as Theresa noted, what was what degree of specifics should there be.

The motion was withdrawn by Gerry who moved it and John who seconded it.

V. Capital Projects Update

Carol reviewed the capital projects list for 2008. The majority were complete but some items would need to be carried forward to the 2009 capital projects list and some reassessed. Carol briefly described the general process of paying for these projects. Generally they are funded with the operating funds then at the year end items are reconciled and the reserve account in turn pays back into the Operating budget.

John questioned if each item over \$10,000 was represented by a resolution. Carol responded that they were.

Theresa questioned what was pending with the Stewart house upgrades. Joe responded that the renovations to the Stewart house may be covered under the levy funding but nothing had been finalized yet.

VI. Discussion of Reserves

Jim noted that this was a follow up discussion from the October council meeting. The discussion for today was, what specifically was the purpose of the funds and how much should be contributed annually.

Carol handed out copies of resolution 05-76 Minimum Operating Reserve (MOR) Policy and resolution 05-77 Capital Repair and Replacement Fund (CRRF) Policy and Contribution. She reviewed the resolutions and answered questions from the Council.

John suggested that keeping the current policy and maximum funds should be put into the CRRF account during the renovations. When the renovations were completed, re-evaluate and determine the level of funds necessary to keep in the CRRF reserve.

It was decided that, in general, Council was happy with the existing MOR and the existing 5% contribution rate. The Capital Reserve Fund should be set up so savings are at capacity each year and a preliminary analysis was necessary to evaluate and set the contribution rate. This would be done after the majority of the renovations were complete. Resolutions would be drawn up to state the above and brought forward to Council in January.

It was further decided that the capital needs assessment would wait until after renovations were completed and this would also be stated in the resolution.

VII. Items for the Consent Agenda

There were no items for the Consent Agenda.

VIII. Public Comment

IX. Concerns of Committee Members

Theresa questioned how the decrease of the property values effect our levy funds. John responded that property tax payers would be paying more.

Bruce L. noted concern that the projection of expense for tenant relocation and other levy / tenant disruption were not sufficiently budgeted. Carol noted that it may be necessary to use PDA funds for this. Bruce also stated that the renovation budget would be changing over time as estimates come in more firmly

Carol handed out the Livingston Baker and LaSalle quarter end balance sheet. She noted that there was nothing unusual to report but wanted Council to have an opportunity to review. The reports would be put on the agenda for next month's FAM meeting.

X. Adjournment

The meeting was adjourned at 5:58 p.m. by Jim Savitt, chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant