



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

**Tuesday, February 17th, 2009
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

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

Other Council Members Present:

Staff Present: Carol Binder, Anita Neill, Sabina Proto, Tracy Roueche

Others Present:

The meeting was called to order at 4:33 p.m. by Jim Savitt, Chair.

I. Administration

- A. Approval of Agenda
The agenda was approved by acclamation.
- B. Approval of January 20th, 2009 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments

II. Review of Financial Statements

- A. Review of Final 2008 Operating Statement
Sabina reviewed the final summary of the 2008 Operating Statements, she noted that in general revenue was above budget which was mostly due to the trending of the base rent, residential vacancy was high in the beginning of the year then dropped considerably, crafts did well overall while the farm season did poorly due to the late start of the season and surface parking was under due to several factors.

John Finke joined at 4:38 p.m.

Expenses were under budget generally except for high utility expense, the rest was relatively normal.

Jim noted and appreciated the inclusion of the 5 year comparison analysis, then questioned why the expenses were much higher the past two years relative to prior years that remained relatively flat. Carol explained that this was due in part to the control of expenses in earlier years which in turn increased net revenues. We were then able to increase tenant service and programs and thus the increase in expenses. Net surplus did not reduce as revenues remained strong.

B. Allocation of Additional Surplus

Carol reported that typically the additional surplus was contributed to the CRRF fund but this year PDA staff proposed to move it to the MOR. She explained that due to the adverse economic conditions it would be most judicious so the Market does not have to cut any services.

Matt questioned if the amount budgeted had already been contributed to the CRRF. Carol responded that the budgeted goal had been met for the year and this would be additional.

Jim asked for a motion to accept the recommendation from staff to contribute the excess to the MOR instead of the CRRF.

Gerry moved and Ann seconded.

For: Jim Savitt, Ann Magnano, Gloria Skouge, Bruce Lorig, Gerry Kumata, Matt Hanna, Theresa Alexander, David Ghoddousi

Against:

Abstain:

The motion passed unanimously.

C. PDA Pension Calculation and Contribution

Carol reviewed the PDA pension calculation and contribution sheet. She noted that it was an employer contribution plan for employees retirement, a deferred comp plan was also available to staff but was not funded by the PDA. Annual contributions of 3-6% of eligible payroll were made to the pension plan. Sabina continued to review the workings of the pension allocation reconciliation plan.

Bruce L. questioned where the funds were held. Carol responded that they were held with a trustee and was reviewed regularly with investment advisors.

There was some discussion regarding the contribution amount to the fund and how the allocation was determined.

D. Review of January 2009 Operating Statement

Sabina reviewed the January 2009 Operating Statement. There was not a lot to report as it was only the first month of the year and it was hard to determine any trends at this point. She noted that some items variances could be explained by trending.

III. Checking Account Activity Report

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

IV. Revised Budget Discussion

A draft copy of the 2008 revised budget was handed out to Council and Carol reviewed it. She noted that managers were asked to cut their expense budgets by 10% and overall PDA cuts were reviewed. This draft was created at the request of Council should economic conditions worsen and budget cuts become necessary the plan could be implemented. Carol continued to review each department and the cuts that were made noting a major cut of 25% came from percent rent, and a wage freeze which was currently in effect. Capital projects were cut and funds from the MOR were transferred to the budget to meet the bottom line. This proposed budget would enable the Market to remain fully staffed and at full service. It was determined that it was too early to implement the alternate budget but was readily available should it become necessary. The Council concurred that the drafted proposed budget looked good and that it should be place on the April agenda for further discussion.

V. Policy Discussion

A. PDA Charter \$10,000 transaction approval process

Due to time constraints and the urgency of the NMTC discussions, it was decided that the PDA Charter \$10,000 transaction approval process would be moved to the March Finance meeting when more time could be devoted to the discussion.

B. Reserve Policies

Jim noted that he would like to revisit proposed resolutions 09-01 and 09-02 regarding the reserve policies for the MOR and CRRF. He felt that they should clearly define who was spending the funds. He had circulated an email earlier that morning with his suggested revisions and asked Council for input. Due to time constraints Carol suggested, and it was decided, that Council would review the proposed revisions and revisit the issue in the March Finance meeting.

Carol reported on PDA special obligation bonds that were originally issued by the PDA in 1991 and refunded in 1996. At this time she felt it was advantageous to have the bonds reissued through the City. There was some discussion of the PDA reissuing the bonds versus with the City. Carol noted that the PDA would benefit by having a lower interest rate and it would not change the underlying business deal and the City would benefit by reducing their overall debt capacity.

Bruce L. moved to consider the reissuing of bonds through the city and move forward with the bond refinance, Gerry seconded. It was decided that a draft resolution and full presentation of the rescheduling would be presented to Council on the February 26th full council meeting. At that time if Council was comfortable the rescheduling would proceed if not a special meeting would be scheduled prior to the March 11th deadline. The motion passed unanimously.

VI. Public Comment

VII. Concerns of Committee Members

VIII. Adjournment

The meeting was adjourned at 6:00 p.m. by Jim Savitt, chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant