



Pike Place Market Preservation and Development Authority (PDA)

SPECIAL COUNCIL MEETING MINUTES – JULY 2010

**Thursday July 29th, 2010
4:00 p.m. to 4:30 p.m.
PDA Conference Room**

Council Members: Jim Savitt, Ann Magnano, Gloria Skouge, Patrick Kerr, Bruce Burger, Theresa Alexander, David Ghoddousi, Matt Hanna, Gerry Kumata, Bruce Lorig

Staff Present: Carol Binder, Anita Neill, John Turnbull, Ryan Hostetler, Jennifer Maietta, Teri Wheeler, Sabina Proto, Brittney Farrow, Kateesha Atterberry, Steve Nelson, Logan Zehner, Matt Holland, James Haydu

Others Present: Marlys Erickson, Liza Coachman, Gerry Johnson, Shaun Gill (by teleconference)

The meeting was called to order at 4:00 p.m. by James Savitt, Chair.

I. Administration

- A. Adoption of Agenda
The agenda was approved by acclamation.

II. Action Item: Proposed Resolution 10-50: Approving a Federal New Markets Tax Credit Financing in Connection with Phase II of the Market Infrastructure Program and the Execution of Certain Documents Related Thereto.

Carol reviewed proposed resolution 10-50 and noted the changes that were made to the execution documents. She then handed out the Pike Place Market – Phase II NMTC Transaction Financial Forecast Flow Chart at Closing and reviewed what the finalizing process would be.

Shaun Gill further explained that the documents, as listed on the resolution, were approximately 70% complete and only minor changes, which would not affect the business deal, would occur towards closing. He additionally noted that changes were made after Council was given the opportunity to provide their feedback. Shaun further noted that if the transaction was approved by Council, the anticipated close date would be two to three weeks from today. Council requested that Carol discuss the use of funds and the process of allocation to anticipated projects and how the general levy funds would be used. She noted three distinct applications, the façade work to the Stewart House, tenant TI and core project costs as outlined in the agreement with the City which were the first obligation of funds use. Gerry Johnson continued to describe how the funds would be used, as described by the levy agreement with the City and other funds for other projects. NMTC funds and levy funds would intermingle and be used for core projects and non levy projects. The obligation to complete the core projects was top priority.

Jim gave time for any public comment. There was none.

Matt Hanna moved and Gerry Kumata seconded proposed resolutions **10-50** and **10-57**.

There was a long discussion on the use of funds. Gerry explained that the core projects required by the City agreement must be completed and were top priority. He further explained that some of the NMTC funds would be used to complete the projects while the PDA waited for levy funds to come in. There was further discussion on this, possible constraints and the flow of funds.

Theresa questioned why the lease term was changed from a 40 year term to 55 years and the life of the QALICB was only 42 years. Shaun noted that the consent of articles of incorporation of QB2 was amended from 40 years to 57 years. The purpose was to collect as much of the rent leaseholds upfront to minimize the bridge loan as well as other benefits. Jim clarified that the entity could still be collapsed after the required seven year period. Patrick questioned what the collateral was in the transaction. Jim replied that the rent proceeds of the underlying leases were the collateral and that there was no encumbrance on any of the properties

For: James Savitt, Ann Magnano, Gloria Skouge, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata
Against: Theresa Alexander
Abstained: Patrick Kerr

Proposed resolution **10-50** passed.

Action Item: Proposed Resolution **10-57:** Approving a Bridge Loan in Connection with Phase II of the Market Infrastructure Program and the Execution of Certain Documents Related Thereto.

A revised 10-57 was distributed. The only change was to the amount of the not to exceed bridge loan figure. Shaun explained how the number was configured; and it was a not to exceed because we did not have the completed leasehold value, which would drive the bridge loan amount. Bruce B asked how long the bridge loan would take to pay off. Carol responded that she projected approximately 6-7 months. Bruce B asked if the 8 million was a gross or net number after the bridge loan interest. Carol noted that some of the interest was already accounted for, and the final interest would be about \$150k.

For: James Savitt, Ann Magnano, Gloria Skouge, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata
Against: Theresa Alexander
Abstained: Patrick Kerr

Proposed resolution **10-57** passed.

There was some discussion if the agreement would obligate required increases in rent. Carol responded that rental increases were not required in the agreement and would continue to follow the PDA's current rent schedule.

III. Adjournment

The meeting was adjourned at 4:57 p.m. by James Savitt, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant