



Pike Place Market Preservation and Development Authority (PDA)

FINANCE & ASSET MANAGEMENT COMMITTEE
Meeting Minutes

Tuesday, February 18th, 2013
4:00 p.m. to 6:00 p.m.
Elliott Bay Room

Committee Members Present: Gloria Skouge, Ann Magnano, Betty Halfon, Patrice Barrentine, David Ghoddousi

Other Council Members Present:

Staff Present: Ben Franz-Knight, Sabina Proto, John Turnbull, Jennifer Maietta, Kateesha Atterberry, Jay Schalow, Brady Morrison, Andre Zita, Steve Nelson, Matt Holland, Dianna Goodsell

Others Present: Howard Aller, Joan Paulson

The meeting was called to order at 4:02p.m. by Gloria Skouge, Chair

I. Administrative

A. Approval of the Agenda

Proposed Resolution 14-06: Authorization for Contract Authority - Western Ave Fairley Windows was pulled from the agenda.

The agenda, as amended, was approved by acclamation.

B. Approval of the January 16th, 2014 Finance & Asset Management Committee Minutes.

The minutes were approved by acclamation.

II. Announcements and Community Comments

None

III. Presentations and Discussion

A. Review of the Final Unaudited Financial Statements for the year ending December 31, 2013

Sabina Proto reviewed a summary of the Final Unaudited Statements for the year ending December 31, 2013. She reported on Section I, The Balance Sheet. Current Assets were reduced due to the reduction of Receivable from City of Seattle related to the Levy Work. There was a reduction in designated cash due to the spending for the Capital Projects completed during 2013. Restricted cash was reduced due to payment of the Retainage amount to Turner Construction after the completion of the construction. Fixed Assets increased by \$3.94 million, Current Liabilities increased by \$279k and Long Term Debt decreased by \$1.6 million. The Current Operating Result was impacted by the large amount of depreciation (\$3.1 million). Before depreciation, the Current Operating Result is \$2.97 million compared to the \$1.95 Operating Result for 2012, so almost \$1 million higher than the prior year.

Sabina Proto reported under Section II, Operating Statement. Total Revenue was \$734,035 over budget and

Total Operating Expenses was \$9,843 under budget. The Transfer to PPM QB2 \$675,147 was to maintain the minimum requirement of the Cash Balance for QB2. Net Result after Debt Service, Designated Reserve and Transfer to QB2 was \$1,959,620, \$74,883 over budgeted amount of \$1,884,836. Revenues included the following: Strong Performance of Percent Rent, Lower vacancy in Residential, Strong Performance of parking, especially Garage and Additional income from Trademark income. Under Expenses, the one category to be pointed out is the Utilities, Electricity and Water Sewer; the reason is reclassification of the PDA in a different category which charges additional "demand charges". The additional surplus to be allocated is \$74,883.

Sabina Proto reported on Section III, IV, V, and VI of the Final Unaudited Financial Statements for the year ending December 2013. Under Section III, the amount to be allocated for the pension plan should be no more than 25% of Net Operating Result before Capital and Parking, and 3-6% of eligible payroll. Based on the final data for year 2013, the amount that can be contributed is \$345,000. \$307,000 estimated during the 2014 Budget process, plus \$38K from the additional surplus of year 2013. Section IV represents results of the 5 year performance, as you can see, the 2013 has topped all the prior years. Section V provides the details of budget-actual comparison of the operations. Section VI provides the activity of the Capital Projects during 2013. She lastly reported on the Financial Statements of the Primary Government PDA and Discrete Component Units: LaSalle Senior Housing LLC, PPM QALICB and PPM QB2. LaSalle is the only organization audited for the year end 2013, while PDA and QALICB and QB2 audits will start during the second half of March. All entities are performing very well. Before the depreciation, all organizations have performed with surplus.

B. Review of the Financial Statements for January 2014

Sabina Proto gave a brief overview of the Financial Statements for January 2014. The following content was included with the Financial Statements for January 2014. Current Assets decreased compared to the prior month mostly in the unrestricted cash Category. Designated Cash shows an increase due to monthly contribution to the CRRF. Restricted Cash increased due to the monthly contribution to Debt Service Accounts. Fixed Assets increased because of the work performed in different capital projects. Current Liabilities increased mainly in the category of Accounts Payable. Long Term Debt decreased due to the monthly payments on our long term obligations. Our Net Position for the current year operating result was \$478,430. Under Accounts Receivable Report, the accounts receivable decreased in January compared to December mostly in the Daystall category.

Under the PDA Operating Statement, the Total Revenue for the end of January 2014 was \$1,429,757 or over budget by \$137,794. The Total Operating Expense YTD was \$902,154 or over budget by \$71,170. The Net Operating Result YTD for the end January was \$527,603 or \$208,964 over budget. Under the Net Result after Debt Service & Reserves, the Annual Budget was \$ 1,783,408 and for the end of January the actual amount was \$378,930

Footnotes on the Operating Expenses noted the following: Commercial Revenue was over budget mainly in Base Rent and Percent Rent and Direct Utilities. Percent rent was \$32,394 over budget and \$46,623 over actuals of the same period compared to last year. Residential Revenue was over budget overall by \$ 3,388. Surface Revenue was over budget by \$6,634, Garage Revenue was over budget by \$6,634 and Miscellaneous Revenue was over budget overall. Under Operating Expenses, expenses were under budget in most departments.

I. Checking Account Activity Report

The Checking Account Activity Report was distributed to Dianna Goodsell, Administrative Services Coordinator.

IV. Reports and Action Items

A. Action Item: Proposed Resolution I4-05: Authorization for Contract Authority - Replace Stewart House Daystall Tenant Storage

Bob Beckstrom introduced the resolution which stated that the in order to maintain the viability of the Pike Place Market buildings the PPM PDA has determined the Stewart House Building Daystall tenant storage units are inefficient, of substandard quality, and are in need of replacement. The PPM PDA has

executed a competitive bid process to replace the Stewart House Building Daystall tenant storage units, including demolition and disposal of the old wooden units currently in place. BE IT RESOLVED that the PMPDA Council authorizes the PMPDA Executive Director or his designee to enter into a contract with Engineered Products, in an amount not to exceed \$93,850.00 for the execution of replacing the storage units in the Stewart House basement level. The funds for this project will be drawn from the Capital Projects Budget, Accounting Code 163754-00.

Betty Halfon moved, Ann Magnano seconded

For: Gloria Skouge, Ann Magnano, Patrick Kerr, Betty Halfon, Patrice Barrentine, David Ghoddousi
Against: 0
Abstain: 0

Resolution 14-05 was passed unanimously

B. Action Item: Proposed Resolution **14-09:** Authorization for Contract Authority - To Purchase A Gem Electric Car

Brady Morrison introduced which states that the in order to maintain the viability of the Pike Place Market buildings the PMPDA has determined the Pike Place Market PDA is in need of a utility use hauling vehicle for the Market to meet the demands of all the various Market functions. WHEREAS, the PMPDA has executed a competitive search process to purchase an electric GEM Car. BE IT RESOLVED that the PMPDA Council authorizes the PMPDA Executive Director or his designee to enter into a contract with Mc Electric, in an amount not to exceed \$15,888.00. The funds for this project will be drawn from the Capital Equipment Budget, Accounting Code 172300-00.

Ann Magnano moved, Patrice Barrentine seconded

There was a brief discussion that followed.

For: Gloria Skouge, Ann Magnano, Patrick Kerr, Betty Halfon, Patrice Barrentine, David Ghoddousi
Against: 0
Abstain: 0

Resolution 14-09 passed unanimously

C. Action Item: Proposed Resolution **14-12:** Allocation of 2013 Year End Balance

Ben Franz-Knight introduced the resolution which states that the PDA staff has carefully reviewed the 2013 year-end PDA un-audited operating statements and finds that there is a year-end net-result operating balance after debt service and reserves of \$ 1,959,620; and, WHEREAS, the full PDA Council in their annual budget process had budgeted a surplus of \$1,884,836 to be contributed to PDA capital repair and replacement fund (CRRF), leaving an unallocated balance from 2013 operations of \$74,783; and, WHEREAS, the PDA Finance Committee has considered PDA Council priorities and alternatives for use of additional year end monies available, and annually recommends to the full Council use of any such un-programmed operating balance. THEREFORE BE IT RESOLVED that the PMPDA Council allocates the remaining year-end operating balance as follows: \$ 36,783 to the Capital Repair and Replacement Fund (CRRF) \$ 38,000 to the Pike Place Market Pension Plan

David Ghoddousi moved, Patrick Kerr seconded

There was a brief discussion that followed.

For: Gloria Skouge, Ann Magnano, Betty Halfon, Patrice Barrentine, David Ghoddousi
Against: 0
Abstain: Patrick Kerr

Resolution 14-12 passed with a vote 5-0-1

V. Public Comment Items

Howard Aller noted that about a year ago there was a bed bug incident in his unit in which he reported that the bed bugs are finally gone. He noted that the Pike Place Market PDA treats their tenants very well.

VI. Property Management

A. Residential Property Management Report

John Turnbull distributed a copy of the Residential Property Management Report. A copy of the Residential Property Management Report was included with the meeting minute's record. He discussed the laundry facilities in residential with the committee.

Closed Session started at 5:05p.m.

B. Closed Session (RCW 42.30.110 [c])

I. Review of Lease Proposals

- II. New Lease - Axis Planning & Development, LLC - 1529 Western Ave**
- Lease Renewal - All Things Lavender, LLC -76 Pike Street # 2
- Lease Renewal - Cintli by Beto Yarce - 1501 Pike Place # 1501 Pike Place #321
- Lease Renewal - Downtown Food Bank - Western Ave
- Lease Renewal - Totem Smokehouse, Inc - 1906 Pike Place

III. Review of Delinquency Report

- a. Vacancy Report
- b. Current Lease Negotiations

C. Prelease Agreement for PPM-WE Development - OldStone (Closed Session per RCW 42.30.110 (l)(b))

D. Open Session: Approval of Lease Proposals

Closed Session ended at 5:32p.m.

Open Session started at 5:33p.m.

E. Action Item: Proposed Resolution 14-13: Lease Proposals - February 2014

Jennifer Maietta introduced the resolution which states the Lease Proposals for February 2014 below:

<u>Tenant</u>	<u>Term</u>	<u>Start Date</u>
Axis Planning & Development Carrie Holmes	Two (2) Years	March 1, 2014
All Things Lavender, LLC Patrick Hovey & Melissa Hovey	Three (3) Years	March 1, 2014
Cintli by Beto Yarce Beto Yarce	Three (3) Years	March 1, 2014
Downtown Food Bank Pike Market SeniorCenter/ Downtown Food Bank, NPC	Ten (10) Years	January 1, 2014
Totem Smokehouse, Inc Mark Zenger	Five (5) Years	March 1, 2014

Patrice Barrentine moved, Ann Magnano seconded

There was a motion to include an amendment to Proposed Resolution 14-13 to include the prelease agreement with Old Stove Brewery tenant.

For: Gloria Skouge, Ann Magnano, Patrick Kerr, Betty Halfon, Patrice Barrentine

Against: 0

Abstain: David Ghoddousi

Amended Resolution 14-13 passed with a vote of 5-0-1

VII. Resolution(s) to be added to the Consent Agenda

Resolution 14-05 and 14-09 was moved to the Consent Agenda.

VIII. Concerns of Committee Members

Patrick Kerr stated his concern regarding the Market craftspeople being too cold on the crafts line; he would like to include a discussion from the Executive Director, Ben Franz-Knight next month on how to proceed with the issue.

Gloria Skouge noted to change the public comment section after the residential report for the future Finance and Asset Management Agenda.

IX. Adjournment

The meeting was adjourned at 5:47 p.m. by Gloria Skouge, Chair

Meeting minutes submitted by:
Dianna Goodsell, Administrative Services Coordinator