



PDA Council Meeting Minutes

Thursday, February 26, 2015
4:00 p.m. to 6:00 p.m.
The Classroom

Committee Members Present: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Staff Present: Ben Franz-Knight, Tamra Nisly, John Turnbull, Lillian Hochstein, Kelly Lindsay, Randy Stegmeier, Sabina Proto, Jay Schalow, Jennifer Maietta, Bob Beckstrom, Matt Holland, Dianna Goodsell

Others Present: Gerry Johnson, Fred Eoff, Howard Aller, Carrie Holmes, Chris Scott, Frank Coble, Haley Land, Tom Graham, Sharon Mukai, Joan Paulson, Bob Messina, Bo Zhang, David Kenagy

The meeting was called to order at 4:02p.m.by Matt Hanna, PDA Council Chair.

I. Administration

A. Approval of the Agenda

Due to time constraints from the PDA Council meeting, Section VIII - Closed Session and Section IX, A - Proposed Resolution 15-13: Lease Proposals were removed from the agenda.

The agenda, as amended, was approved by Acclamation

B. Approval of the December 18th, 2014 Meeting Minutes.

The minutes were approved by Acclamation

II. Announcements and Community Comments

Bob Messina commented on one of the public art installations by John Flemming for Western Avenue. He noted potential observations as a pedestrian and how the public art piece could look different depending on the angle of the views. He mentioned that from the front view of the mural, the art installation would look spectacular but we have to consider the views from facing behind the mural. His suggestion for improvement with the art mural was to work with the artist and see if he would be able to consider replacing the solid metal panels for colored glass panels. The advantages of the colored glass panels included the natural illumination from the sun from various view perspectives as well as the projection of color from the glass panels to the sidewalk wall; this artistic affect would animate both sides of the art panels.

Rico Quirindongo entered into the meeting at 4:08p.m.

Frank Coble commented on the possibility of educational outreach with children and utilizing the market for that purpose. He mentioned the opportunity to work with small business owners at the Market in learning about cash handling. He separately commented on the daystall appeals process.

Jim Savitt entered into the meeting at 4:09p.m.

III. Reports and Information Items

A. Council Chair Report

Matt Hanna presented a brief Council Chair report for the month of February. He briefly discussed the evening's agenda items including the Financing of the MarketFront project and approval of the Development Agreement Exhibits in Proposed Resolution 15-15. He lastly noted that Ben and him had discussed the financing approval schedule with the City.

B. Executive Director's Report

Ben Franz-Knight noted that there was a written ED Report included in the PDA Council packet for February. He provided a brief update from the ED Report to the Council. He noted that on February 16th we hosted a Town Hall panel on the MarketFront project; he thanked Rico for his contribution at the meeting and Emily Crawford for her ongoing PR efforts. He lastly reported that we had received approval from the Market Historic Commission (MHC) for additional bicycle parking in front of the Stewart House.

C. Committee Chair Report

None

D. Other Reports

None

IV. Action Item

A. Ad-Hoc Appeals Committee Recommendation to the PDA Council regarding Appeal by Frank Coble

Betty Halfon, Ad-Hoc Appeals Committee Chair presented the Committee recommendation to the PDA Council. In the January 28, 2015 letter from the Ad-Hoc Committee, it states the following: The Committee reviewed the statements presented and made by Frank Coble and also reviewed the evidence presented by the Executive Director. The Ad Hoc Appeals Committee determined that Mr. Coble presented no evidence to support his statement and reasons for appealing the decision of the Executive Director and that the only evidence he did present, in the form of a written statement from David Morley only reinforced the accuracy of the Executive Directors findings on the matter. The Committee recommended denial of the appeal requested to reinstate Frank Cobles permit.

The PDA Council voted upon the Ad-Hoc Appeals Committee's recommendation regarding the Frank Coble Appeal, which would be in denying the appeal to reinstate Frank Cobles permit.

For: Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstain: Matt Hanna

The recommendation in denying the appeal to reinstate Frank Cobles permit passed unanimously by the PDA Council by a vote of 10-0-1.

V. Key Issues and Presentations

A. Presentation and Review of MarketFront Financing Plan and PDA Debt

Ben Franz-Knight, Gerry Johnson and Fred Eoff presented the review of the MarketFront Financing Plan and PDA Debt to the PDA Council and public; a copy of the presentation was included with the PDA Council records. A summary of the MarketFront Financing presentation was noted below:

MarketFront Financing Presentation Summary

Funding Sources

- City Funding - \$34 million
 - PDA Equity - \$3 million
 - WSDOT - \$6 million
 - Housing Grants - \$9.2 million
 - Philanthropy - \$2.1 Committed, \$3.9 million remaining*
 - State Grants - \$2-2.5 million*
 - NMTC - \$4 million*
 - PDA Debt - \$8.5 - \$18.9 million (short and long term)
- *indicates funding not yet secured

PDA Debt History

- PDA Debt History from 1999 – 2015 and projections through 2022

PDA Debt – Refinancing and Retirement

- 1st & Pine Loan and Bond – To be refinanced – current interest rate of 5.4% and 5.12% – Projected interest rate for refinancing below 4%
- Garage Bond – \$2.2 million callable now and note due to City of \$680,692 to be paid from bond reserves of \$441,166 and \$2,299,526 from the CRRF. Remaining CRRF Balance after payment - \$8,418,769
- Series 2009 Bond – Current annual debt service of \$472k – paid off in 2021

Current Financing Market Analysis

- Current interest rate levels
- Still historically low below 4%

- Options for debt
- Direct Placement - variable loan (fixed for 7), lower initial interest rate
- Public Offering - Bond (fixed for 20), higher interest rate

Financing Scenario – Direct Placement or Financing Scenario – Public Offering

The benefits with the Direct Placement Financing Scenario included the fastest transaction completion timeframe, least transaction costs and greatest extraordinary redemption flexibility. The disadvantages with Direct Placement included the loan maturity expected at a less than desired amortization term and a variable interest. The benefits with the Public Offering Financing Scenario included a fixed rate at a full desired term. The disadvantages with a Public Offering included decreased extraordinary redemption flexibility, greater transaction completion timeframe and increased transaction costs.

PDA Debt Capacity

- Assumptions
- Current Garage Bond Paid off in 2015
- 1st & Pine Loan and Bond refinanced
- Maximum capacity - \$24 million – additional \$500k approx. per year in debt service
- Medium – \$22 million – does not include project alternates or TI Funds
- Low – \$18 million – does not include above plus PDA carry on NMTC and portion of Philanthropy

Market Pro-Forma with MarketFront

- Summary of Expense and Revenue – from 2005-2021
- Modeled with \$18, \$20, \$22 and \$24 million in debt/refinancing

Project Cost

- Total Project Cost - \$73,205,983
- Alternates - \$1,192,923 million
- TI Funds - \$1.3 million
- Contingencies
- Construction Contingency - \$4.5 million (10%)
- Owner Contingency - \$3.9 million (8.5%)
- Base Project without TI funds and Alternates - \$71,763,250

Ben Franz-Knight reviewed the MarketFront financing Project Debt and Long Term Risk best case to worst case scenario. He discussed the best case scenario where the long term debt would be estimated at \$7,563,250; this included PDA Philanthropy at \$6,000,000 and State and other Grants at \$2,000,000. The mid-range scenario placed long term debt at \$13,563,250; this included PDA Philanthropy reduced from \$6,000,000 to \$4,000,000 and no State or other Grants. The worst case scenario would include long term debt at \$17,563,250; in this scenario there would not be a

contribution from the PDA Philanthropy, New Market Tax Credit and State and other Grants.

Future Related Costs

- Cooling Tower Relocation - \$840,000 (Upon notice from City of commencement of Overlook Walk)
- South Walkway - \$540,000 (Part of future Heritage House Remodel – and informed by Overlook Walk)
- Retail space fronting Overlook Walk - \$200,000 (Dependent on Overlook Walk)
- Vertical Green-scape infill on west face of garage - \$350,000 (dependent on Overlook Walk)
- Shared responsibility for driveway connecting to new Alaskan Way - \$400,000
- Signage Plan Integrated with existing Market Signage - \$200,000
- Total Future Related Costs - \$2,530,000 (\$1,930,000 dependent on Overlook Walk)

Key Decisions and Recommendations

- Variable Loan vs. Long Term Bond
 - Recommendation - Pursue fixed rate long term Bond over variable rate loan
 - Will take additional time to finalize. Potential short-term savings with variable loan not significant enough to outweigh value of long term predictability.
- Total Amount of Debt Required
 - Recommendation - Total debt including refinancing of 1st & Pine Loan/Bond not to exceed \$24 million
 - Exercise all prudent project cost control efforts. Base project cost not including TI funds and Alternates in favor of robust contingency during early work.
 - Secure corresponding debt required to bridge funding gap with early call options for Philanthropy, Grants, and NMTC projected funding amounts and timing.

There was a discussion that followed the presentation regarding the MarketFront Financing Plan and PDA Debt.

- B. Proposed Resolution **15-15**: Approval of Development Agreement Exhibits: Exhibit E- Form of Quit Claim Deed, Exhibit F - Form of Covenant and Exhibit G - Form of Easement

Gerry Johnson reviewed the exhibits that were part of Proposed Resolution 15-15: Approval of Development Agreement Exhibits: Exhibit E- Form of Quit Claim Deed, Exhibit F - Form of Covenant and Exhibit G - Form of Easement. The resolution stated that the Pike Place Market Preservation and Development Authority (“PPMPDA”) has been actively engaged in the prospective redevelopment of the PC-1N site with the MarketFront project (MarketFront) in conjunction with emerging plans for the

redevelopment of the central waterfront by the City, as reflected in over 15 resolutions adopted by the PPMPDA Council since 2012; and WHEREAS, Consistent with the guidance provided by the PPMPDA Council-adopted resolutions, the PPMPDA has completed the negotiation process with the City for a Development Agreement Concerning Redevelopment of the PC-1 North Site Within the Pike Place Market Historical District (the “Development Agreement”); and WHEREAS, The PPMPDA previously approved the Development Agreement Concerning Redevelopment of the PC-1 North Site Within the Pike Place Market Historical District (the “Development Agreement”) between the between the Pike Place Market PDA and the City of Seattle at the February 9th Special Meeting of the PDA Council with Resolution 15-10; and WHEREAS, PDA Council approval of the Development Agreement was subject to review and approval of exhibits E - Quit Claim Deed, F - Form of Covenant and G - Form of Easement by the PDA council at its February 26, 2015 meeting; and

NOW, THEREFORE BE IT RESOLVED that

1. Exhibit E- Form of Quit Claim Deed, Exhibit F - Form of Covenant and Exhibit G - Form of Easement attached hereto are approved by the PDA council.

Betty Halfon moved, Rico Quirindongo seconded

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

Resolution **15-15**: Approval of Development Agreement Exhibits: Exhibit E- Form of Quit Claim Deed, Exhibit F - Form of Covenant and Exhibit G - Form of Easement passed unanimously by the PDA Council by a vote of 11-0-0.

VI. Resolutions and Other Action Items (Old and New Business)

A. Consent Agenda

Proposed Resolution **15-08**: Authorization for Renewal of Non-Exclusive Trademark Licensing Agreement with Pike Place Chowder

Motion to approve the Consent Agenda

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

The Consent Agenda passed unanimously by a vote of 11-0-0.

B. New Business

New Business items were presented and voted upon prior to the Presentation and Review of MarketFront Financing Plan and PDA Debt under Section V, Item A.

Action Item: Proposed Resolution **15-05:** Authorization for Contract Authority – Sand and Refinish Floors DownUnder

Bob Beckstrom introduced the resolution which states that the Pike Place Market Preservation and Development Authority (PPMPDA) was chartered by the City of Seattle pursuant to RCW 35.21.730 et. Seq with the mission of promoting enterprises essential to the functioning of the Pike Place Market, including the preservation and expansion of the low-income residential community, the promotion and survival of small businesses , and the expansion of services to the public market and community; and, WHEREAS, in order to maintain the viability of the Pike Place Market buildings the PPMPDA has determined that the floors DownUnder need to be refinished due to high foot traffic over the years; and, WHEREAS, the PPMPDA has executed a bid process to sand and refinish the floors in the DownUnder; and, NOW, THEREFORE BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or his designee to enter into a contract with Seattle Floor Service in an amount not to exceed \$41,503.46 for sanding and refinishing the floors DownUnder.

The funds for this project will be drawn from the Capital Projects Budget, 2015 COMFAI – CC Sand & Refinish Floors DownUnder: 163782--00

Betty Halfon moved, David Ghoddousi seconded

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

Resolution **15-05:** Authorization for Contract Authority – Sand and Refinish Floors DownUnder passed unanimously by the PDA Council by a vote of 11-0-0.

Action Item: Proposed Resolution **15-06:** Approval of Acceptance of Seattle Farmers Market Operations and Collaboration Agreement

Kelly Lindsay introduced the resolution which states that Seattle has a strong network of farmers markets that adhere to the standards established by both the City of Seattle and the Washington State Farmers Market Association, and; WHEREAS, The Seattle markets are extremely popular in the neighborhoods where they take place and provide valuable public benefits that include:

- Contributing to Seattle's economic and cultural life
- Providing fresh regionally produced farm products directly to consumers

- Increasing access to locally grown high quality fruits and vegetables for low-income customers (Fresh Bucks, EBT, WIC and Senior FMNP, food bank donations, etc.).
- Supporting direct market opportunities for regional small farms, providing a vitally important source of revenue that enables these farms to stay in production
- Preserving local farmland for farming
- Enhancing the economic vitality of rural communities
- Provide a regular gathering place for people to interact in their neighborhoods
- Increasing commerce in business districts adjacent to market locations, and;

WHEREAS, In the interest of promoting shared success and maximizing the social, financial and environmental benefits provided by farmers markets across the City of Seattle, the Neighborhood Farmers Market Alliance, Seattle Farmers Market Association, Queen Anne Farmers Market and Pike Place Market Preservation and Development Authority (Market Organizers) have developed guidelines for operations and collaboration in the following areas:

- New Market Development
- Consumer Outreach
- Joint Advocacy and Resources
- Farm Vendor and Resource Development, and;

WHEREAS, Acceptance of this agreement does not imply any contractual obligation or financial commitment between the Market Organizations, NOW THEREFORE BE IT RESOLVED; that the PDA Council authorizes the Executive Director or his representative to execute a non-binding agreement with Neighborhood Farmers Market Alliance, Queen Anne Farmers Market and the Seattle Farmers Market Association regarding the operating farmers markets in the City of Seattle.

Ann Magnano moved, Bruce Burger seconded

There was a brief discussion that followed

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

Resolution **15-06**: Approval of Acceptance of Seattle Farmers Market Operations and Collaboration Agreement passed unanimously by the PDA Council by a vote of 11-0-0.

Action Item: Proposed Resolution **15-11**: Allocation of Year End 2014 Balance

Sabina Proto introduced the resolution which states that the PDA staff has carefully reviewed the 2014 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 \$ 2,841,032; and, WHEREAS, the full PDA Council in their annual budget process had budgeted a surplus of \$1,626,409 to be contributed to PDA capital repair and replacement fund (CRRF), leaving an unallocated balance from 2014 operations of \$1,214,623; 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, NOW BE IT RESOLVED that the PPMPDA Council allocates the remaining year-end operating balance as follows: \$ 1,214,623 to the Capital Repair and Replacement Fund (CRRF)

Patrick Kerr moved, Patrice Barrentine seconded

There was a brief discussion that followed

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

Resolution **15-11**: Allocation of Year End 2014 Balance passed unanimously by the PDA Council with a vote of 11-0-0.

Action Item: Proposed Resolution **15-12**: Amendment of the Property Management Agreement between PPM PDA and PPM QALICB

Sabina Proto introduced the resolution which states that the PDA has carefully reviewed the 2014 Management Fee Agreement and is requesting additional payment of Management Fee from PPM QALICB for year 2014. WHEREAS, The Property Management Agreement between PPM PDA and PPM QALICB states: "PDA shall be entitled to additional management fees as agreed by the parties from time to time." Based on the actual performance of the QALICB during 2014, which has exceeded the projected revenues provided on the financial model for PPM QALICB, and because this performance has created excess cash in PPM QALICB books, THEREFORE BE IT RESOLVED, that the PDA Council hereby authorizes the PDA Executive Director, or his designee, to approve policy terms and conditions in consideration for PDA's performance pursuant to the Management Fee Agreement (EXHIBIT A), Master Tenant shall pay to PDA a one-time Additional Fee in the amount of five hundred twenty thousand one hundred fourteen dollars (\$520,114).

Gloria Skouge moved, Ann Magnano seconded

There was a brief discussion that followed

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

Resolution **15-12**: Amendment of the Property Management Agreement between PPM PDA and PPM QALICB passed unanimously by the PDA Council by a vote of 11-0-0.

Action Item: Proposed Resolution **15-14**: Authorization for Payment for Central Plant connections to Heritage House Kitchen Equipment

John Turnbull introduced the resolution which states that in February 2014 the Seattle Housing Authority transferred to Pike Place Market PDA title to the property above the Public Market Garage which is leased to Providence/ Heritage House at the Market , and WHEREAS, Providence/Heritage House notified the PDA of intent to make upgrades and repairs to kitchen equipment as part of their tenant improvements to the space, and WHEREAS, the Pike Place Market PDA has generally provided all restaurant tenants with connections to the central plant cooling loop to increase overall energy efficiency, and WHEREAS, the Pike Place Market PDA has generally encouraged tenants to make renovations to their spaces and provided compensation for repairs of structural damage identified in this work, and WHEREAS, Providence /Heritage House consulted with the PDA in determining the scope of work in kitchen repairs, configuration and coordination of work to connect to the central plant systems and provided PDA with itemized invoices from Merit Mechanical for this work (which was completed in 2014)

NOW, THEREFORE, BE IT RESOLVED that the Pike Place Market allocate \$31,521.77 from the commercial tenant improvement capital reserve fund to pay for the costs of connecting condenser piping to the Heritage House kitchen cooling equipment and \$ 4,821.47 from the same fund for the repair of floor and structure necessary to support a new cooler and freezer in this space. This expense shall be coded to PDA Account 160280-00 – Commercial Tenant Improvements.

Patrick Kerr moved, Betty Halfon seconded

There was a brief discussion that followed

For: Matt Hanna, Gloria Skouge, Jim Savitt, Jackson Schmidt, Rico Quirindongo, Patrice Barrentine, Betty Halfon, Patrick Kerr, Ann Magnano, Bruce Burger, David Ghoddousi

Against: 0

Abstained: 0

Resolution **15-14**: Authorization for Payment for Central Plant connections to Heritage House Kitchen Equipment passed unanimously by the PDA Council by a vote of 11-0-0.

C. Other

VII. Further Public Comment

Frank Coble inquired on the status of his appeal with the revocation of his daystall permit.

Matt Hanna responded that the Ad-Hoc Appeals Committee and Council had unanimously recommended denying the appeal made by Frank Coble and that his permit would be revoked indefinitely.

Joan Paulson commented on an issue in regards to the Form of Easement and Overlook Walk as part of the Development Agreement between the PPM PDA and the City of Seattle. She read an insert of the Form of Easement which stated that “Any such signage is subject to prior review and approval of the MHC”. She noted that this is a current change from the Market Historic Commissions role in authority; the MHC responsibility has now been extended further West. She separately commented that we have come a long way in regards to the expenditure of funds in the post development. She thanked the PDA Council for the agreements although there were not enough questions regarding the agreements and time to ask questions.

VIII. Closed Session

- I. Property Management Report - *RCW 42.30.110 [c]*
- II. Review of Lease Proposals
 - New Lease - Our Fabric Stash - 93 Pike St #103
 - Lease Renewal - Conscious Wear - 1501 Pike Place #402
 - Lease Renewal - House of Silver & Gold - 1501 Pike Place #407
- III. Review of Delinquency Report
 - a. Vacancy Report
 - b. Current Lease Negotiations

Due to time constraints from the PDA Council meeting, Section VIII - Closed Session on the Property Management Report was removed from the agenda. This item would be presented at the March 17, Finance & Asset Management Committee meeting.

IX. Open Session

- A. **Action Item:** Proposed Resolution **15-13:** Lease Proposals - February 2015
Proposed Resolution **15-13** would be presented at the March 17, Finance & Asset Management Committee meeting.

Jackson Schmidt left the meeting at 6:17p.m.

X. Concerns of Committee Members

Rico Quirindongo noted that a tentative date for the MarketFront groundbreaking is scheduled for May 7th.

VIII. Adjournment

The meeting was adjourned at 6:20pm. Matt Hanna, PDA Council Chair

Meeting minutes submitted by:
Dianna Goodsell, Administrative Services Coordinator