Doris Koo called the meeting to order at 9:03 a.m. A quorum was present. There was no public comment.

Consent Calendar Minutes

The Finance Committee voted to approve the Finance minutes from November 3, 2021 (Moved/2nded Sue Taoka/Paul Feldman, 5 of 5 in favor)

Update on Program Committee and Grantmaking

The Executive Director updated the Finance Committee on Program Committee and grant activities.

- Program Committee reviewed the 2022 Major and Renewal Grant Guidance and forwarded them to the Governing Council.
- The Associate Director reviewed the Nimble Grant Cycle 3 report summaries.
- Nimble Grant Cycle 1 Review Panel is evaluating applications.

Financial Stewardship

Investment Update

The Associate Director reviewed the Investment Update with the Finance Committee. The rates are low, but we plan to move additional money to the LGIP while reviewing other investment options.

October 2021 Financial Statements

The Associate Director reviewed the October 2021 Financial Statements.

- PHPDA received the parking income late so it is not included on the statements.
- We have additional revenue due to All Grantees Meeting sponsorships.
- We are continuing to work with CBRE regarding payments for PacMed leases to ensure correct amounts are received from the completed lease, as well as the new Clinic lease and the Quarters extension.

The Finance Committee voted to accept the October 2021 Financial Statements (Moved/2nded by Doris Koo/Paul Feldman, 5 of 5 in favor)

2022 Pacific Tower Operating Budget

The Associate Director discussed 2022 Pacific Tower Operating Budget provided by JLL.

- The main part of the budget is designated to Commerce and PacMed's space and shows their allocated amounts.
The capital budget line for this year is all direct bill to Commerce. In the PacMed lease, we bill only capital over a certain amount separately.

The Finance Committee voted to accept and forward the 2022 Pacific Tower Operating Budget to the Governing Council (Moved/2nded by Sue Taoka/AyeNay Abye, 5 of 5 in favor)

2022 PHPDA Operating Budget (Res 12-2021)

The Associate Director discussed Resolution 12-2021 on the 2022 PHPDA Operating Budget.
- She highlighted changes made since last month, including to the updated Tower Budget.
  - JLL took over Quarters 2 management, increasing the cost of maintenance compared to the previous flat rate.
- Our accountants provided an updated depreciation value regarding the fixed assets schedule.
- We have not received renewal information from our insurance brokers. There could be changes to our health and dental insurance before the final budget is brought to the Governing Council.
- One of our grantees, Seattle Counseling Service, plans to discontinue their program and we will remove their second half payment in the grants budget before finalizing it.
- There may be some additional program and grant spending outside of our standard grant funding, but they are not included yet, as there is no certainty. Any new grant spending would be brought to the Governing Council for approval during the year.
- The Associate Director and Finance Committee Chair reviewed the Net Operating Loss, noting that the budget includes only three months of payments from PacMed, which could increase.
- The expected North Lot closing will have a significant impact on our revenue.
- When the 2022 Audit is delivered, we will see non-operating expenses affecting the bottom line.
- The Committee discussed reassessing the budget and Reserve Fund in mid-2022 if there are significant changes, such as a new Quarters lease.

The Finance Committee voted to accept and forward Resolution 12-2021 on 2022 PHPDA Operating Budget to the Governing Council (Moved/2nded by Doris Koo/AyeNay Abye, 5 of 5 in favor)

2022 Reserve Fund and Savings Goal

The Associate Director discussed the 2022 Reserve Fund and Savings Goal.
- The SCIDpda deposit is listed, but it is not an actual part of the Reserve Plan, as it is already a liability on the balance sheet.
- We have updated the leasing and brokerage costs to reflect the fact that the Clinic lease brokerage has been paid and with the assumption that the future Quarters lease will likely not have a brokerage fee on the tenant side, as this is the most likely scenario.
- The Committee discussed the Reserve Plan following the Budget and suggested some minor language changes.

The Finance Committee voted to accept and forward the amended 2022 Reserve Fund and Savings Goal to the Governing Council (Moved/2nded by Sue Taoka/Paul Feldman, 5 of 5 in favor)

Charitable Trust and Solicitations Renewal

The Associate Director reviewed the Charitable Trust and Solicitations Renewal and informed the Committee on the completion of the renewal.
Renewal of Professional Services Relationship with Greenwood Ohlund (Res 13-2021)

The Associate Director discussed Resolution 13-2021 on the Renewal of Professional Services Relationship with Greenwood Ohlund.
- She reviewed Greenwood Ohlund’s scope of work.
- The professional services relationship is renewed every three years and we sign an Engagement Letter annually.

The Finance Committee voted to accept and forward Resolution 13-2021 on Renewal of Professional Services Relationship with Greenwood Ohlund to the Governing Council (Moved/2nded by Paul Feldman/Sue Taoka, 5 of 5 in favor)

Grant Management

Report on Grantee Audits

The Associate Director reported on the Grantee Audits.
- This year, we picked four grantees to audit and asked for their accounting to match financial reports we have received.
- Two of the chosen grantees provided clear documentation with minimal follow up required.
- The Associate Director reported on Seattle Counseling Service’s (SCS) audit:
  - As noted earlier in the meeting, SCS decided to discontinue the program in November 2021 due to lack of outreach activities. They attempted to expand their outreach to a population they have not traditionally reached, immigrants and refugees, rather than their general LGBTQI+ community.
  - SCS recently changed locations, and had major turnover in leadership, which could have affected their outreach capabilities.
  - They will send us their unexpended funds and final reports.
  - There is still some outstanding documentation due for the audit of their July 2020 – June 2021 grant, but staff are confident that they will provide satisfactory information.
- The Associate Director discussed the final grantee audit, which was of a grantee that had some financial inconsistencies over the last year:
  - There were some concerning items in the organizational financials received with an application that prompted us to review their finances more thoroughly.
  - We have been reviewing their financial statements each quarter with ongoing discussion with them regarding earlier financial management struggles and work toward improvements.
  - As part of the more thorough review, we have been and will continue to send quarterly grant payments instead of bi-annual. The Associate Director will be spot-checking their financials and requesting documentation if needed. We have been seeing steady improvement in their documentation and financial management.
  - We do not have concerns about the program effectiveness and have not seen evidence of fraud in the current financial statements. The issues are more related to past mistakes in accounting and the significant work required to correct those mistakes.
Meeting of the Finance Committee  
Wednesday, December 1, 2021, 9:00 – 10:30 AM

Meeting: https://zoom.us | Meeting ID: 819 0956 2166  
https://us02web.zoom.us/j/81909562166?pwd=bnBDUUNBc2tkVEx1aWlTSEdONHcrZz09  
Phone Option: +1 253 215 8782  
Password: 649024

Committee Governance

Review of 2021 Finance Committee Workplan

The Associate Director asked the Committee to review the 2021 Finance Committee Workplan and send any individual comments to her. We can include the 2021 Workplan on the next Committee agenda.

Real Estate

North Lot Update

The Executive Director provided an update on the North Lot.
- SCIDpda is highly communicative regarding their actions on the property.
- Staff had conversations with SCIDpda to collaborate on PHPDA’s 40th Anniversary celebrations and SCIDpda’s North Lot groundbreaking.
- PHPDA will check in with SCIDpda prior to the groundbreaking to review any minor changes and/or updates.

PacMed Update

The Executive Director provided an update on PacMed.
- PHPDA has signed all the documents for the new lease and Quarters lease extension.
- We have not had an official hand off for Quarters 10. Our Real Estate Consultant did a walkthrough of Quarters 10 and only one tenant remains.
  - We will work with the JLL Engineer on Quarters 10 operations.
- Commerce has selected SHKS Architects to conduct the Quarters 3-10 feasibility study. The Executive Director, our Real Estate Consultant and Committee Chair, Doris Koo, are meeting with Commerce to review and clarify the contract.
  - Makers’ will be the sub-contractor and has informed SHKS about the project.

Returning to the subject of grant funding, AyeNay Abye made a comment about complementary funding for capacity building in grant making. An organization can do an assessment to help strengthen their development and/or financial infrastructure. Funds could be pulled from a separate pool of money or an add on to existing grants. A new Quarters lease could provide additional revenue to address strengthening organizations to make them more successful in their Health Equity Fund programs.

Adjournment

The meeting adjourned at 10:33 a.m.

Minutes approved: ___________________________ 1/17/22  
by JOHN KIM  
(Date)
Please ask John to sign on my behalf. Thanks.

Hi Doris,

Please see attached for the Finance Committee’s 12/1/2021 amended minutes which were approved at our 1/5 meeting today.

The highlighted words below were amended:

• The expected North Lot closing will have a significant impact on our revenue.
• Returning to the subject of grant funding, AyeNay Abye made a comment about complementary funding for capacity building in grant making.

I also removed Gene from the Not Present list.

John is cc’d to this email. Let us know if you would like him to sign the minutes on your behalf.

Thank you!

Whitney Gerlach (she/her) | Office Coordinator
206.432.3027 | w.gerlach@phpda.org | 2020 Annual Report
Pacific Hospital Preservation & Development Authority
1200 12th Ave S Quarters 2 Seattle, WA 98144

For all grant related matters, please email grants@phpda.org.