



**Meeting of the Finance Committee**  
 Wednesday, March 2, 2022, 9:00 – 10:30 AM

**Meeting:** <https://zoom.us> | Meeting ID: 812 2660 5484  
<https://us02web.zoom.us/j/81226605484?pwd=UitMZ0s0dzZKMIBBejl2Szl2UDZxUT09>  
**Phone Option:** +1 253 215 8782  
**Password:** COMMUNITY (Numeric Password for Phone: 240660676)

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
AyeNay Abye	Doris Koo	Sue Taoka	John Kim	Christina Bernard
Bob Cook	Gloria Burton		Michael Finch	Gene Yoon
Paul Feldman			Denise Stiffarm	Whitney Regan
			Ellie Menzies (until 9:55am)	

Bob Cook called the meeting to order at 9:05 a.m. A quorum was present. There was no public comment.

**Consent Calendar Minutes**

The Finance Committee voted to approve the Special Meeting minutes from February 2, 2022 (Moved/2<sup>nd</sup>ed by Doris Koo/Gloria Burton, 5 of 5 in favor)

**Update on Program Committee and Grantmaking**

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

- Program Committee discussed developing a specific policy for emergency grant funding and decided on following the same method used for Afghan Health Initiative (AHI).
  - Refer to Resolution 01-2022 AHI Grant, noting an exceptional request for funding.
  - The Committee is expecting possible funding requests for incoming Ukrainian refugees.
- Program Committee is generating topics of interest for future learnings and speakers. Some topics are specific to the Program Committee as well as the Governing Council. Learning topics discussed were Equity, Diversity, and Inclusion (EDI) training, workforce retention, King County Regional Homelessness Authority, legislative updates, and community-based/community organizing organizations
- Nimble Grant Cycle 2 Review Panel meeting is tomorrow, March 3.
- Renewal Grant applications were due Monday, February 28.
- The New Major Grant applications are due Thursday, March 17. The grants staff has met with all twelve (12) New Major Grant applicants.

**Financial Stewardship**

*Investment Update*

The Associate Director discussed LGIP investments. The interest rate went up slightly and continuing to discuss other investment opportunities.

*Year End 2021 Financial Statements*

The Associate Director discussed the Year End 2021 Financial Statements:

- The prepaid insurance and accrued PTO were adjusted at the end of year.
- PacMed and Commerce both have deferred revenue due to the Tower operating cost reconciliation, as well as PacMed’s normal pre-payment for January.
- In the Statement of Activities, the grant expense is negative for the month due to unexpended funds.



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- We budgeted for a small Operating deficit before depreciation but actually had about an \$825,000 surplus (\$62,000 after depreciation).
- The December miscellaneous expense is for the fraud related cost.

The Finance Committee voted to accept and forward the Year End 2021 Financial Statements to the Governing Council. (Moved/2<sup>nd</sup>ed by Doris Koo/Paul Feldman, 5 of 5 in favor)

### *January 2022 Financial Statements*

The Associate Director reviewed the January 2022 Financial Statements.

- The parking income was late, so it was not included on the statements.
- PHPDA updated the reserve and savings goal, Tower reimbursements, and payments to Major and Nimble grantees.
  - The net assets decreased due to grant checks sent out at the beginning of the year, as it always does in January.
- We had a negative travel expense of roughly \$300 due to an airline credit. The Associate Director did not attend a conference in early 2020 due to the pandemic and used the reimbursed airline credit for a personal ticket, as it was about to expire and no work-related trips needed to be booked. She reimbursed PHPDA for the portion of the credit she used.

The Finance Committee voted to accept the January 2022 Financial Statements. (Moved/2<sup>nd</sup>ed by Paul Feldman/AyeNay Abye, 5 of 5 in favor)

### *40<sup>th</sup> Anniversary Unbudgeted Expenses*

The Communications Manager discussed unbudgeted expenses for the 40<sup>th</sup> Anniversary celebration.

- PHPDA is requesting the Finance Committee's endorsement of \$15,000 to cover the cost of the mosaic.
- We did not include the 40<sup>th</sup> Anniversary commissioned mosaic in the 2022 budget. The proposed mosaic budget includes material, labor, framing, and installation.
  - We are keeping JLL and Commerce updated on the mosaic construction and 40<sup>th</sup> Anniversary activities.
  - The Office Coordinator asked Kasey Krohn from JLL for any historical Tower fragments we can include in the mosaic, such as broken glass or brick.
- We contracted with a local BIPOC Beacon Hill artist to create the mosaic image because we wanted an authentic voice from the community.
- The mosaic represents the past, present, and future of the PHPDA with a strong focus on community and our grantees. We want to be a resource and ally to our neighbors in Beacon Hill.
- The first event is an opening reception on Wednesday, April 13 in the Pacific Tower.
  - The Governing Council should RSVP so we can prepare for quorum. We will post a notice of general assembly with no action needed.
- The completed mosaic will be unveiled in November at the 40<sup>th</sup> Anniversary closing reception.
- After the completion of Maker's Master Plan, we discovered a sense of welcome was missing on campus and we lacked engagement and outreach. PHPDA is going to invite community members, organizations, and Tower tenants to various 40<sup>th</sup> Anniversary events as one way to engage and reach out to the community.



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- We are in negotiations with SCIDpda regarding the adverse impact findings by Washington State Department of Archaeology and Historic Preservation (DAHP). We plan to include the mosaic construction and 40<sup>th</sup> Anniversary events as mitigation activities.
- The 40<sup>th</sup> Anniversary events are an opportunity to announce PHPDA's strategic plans and strengthen our four roles: Ally, Change Agent, Convenor, and Resource. There will be a message to the community about our roles and the preservation of the Pacific Tower campus.
- We plan to reach out to the City of Seattle Arts and Culture office to inform them of the mosaic and ask about other offerings we might have missed.

The Finance Committee voted to accept and forward the 40<sup>th</sup> Anniversary unbudgeted expenses to the Governing Council for approval. (Moved/2<sup>nd</sup>ed by Bob Cook/Paul Feldman, 5 of 5 in favor)

### Property Management

#### *Reconciliation of 2021 Tower Operating Expenses*

The Associate Director provided a report of the Reconciliation of 2021 Tower Operating Expenses.

- Commerce and PacMed both overpaid and reimbursement credits were already sent to them to apply to future rent payments.
- Commerce was close to their 2021 budget and received a \$4,000 credit on their March invoice.
- A planned capital project for PacMed was not completed. They were on target for their 2021 budget otherwise, but ended up under budget due to the incomplete project. PacMed plans to use their credit in April.

#### *East Parking Garage*

The Associate Director and Real Estate Consultant Michael Finch discussed the unbudgeted maintenance work on the East Parking Garage.

- Pioneer Masonry will be repairing the East Parking Garage (roughly \$55,000 plus tax). PHPDA will talk to their accountants about how to treat larger capital costs under the amortized reimbursement in PacMed's new lease.
- The work is reimbursable under PacMed's lease. Currently, PacMed has 87% of the parking spots in the garage.
  - Any amount over \$50,000 is amortized with a commercially reasonable interest rate.
- JLL will incorporate the amortized costs into PacMed's budget over a seven-year period. Adjustments will be made with any new Quarters tenants if they have allocated space in the garage. A new lessee may take some PacMed parking spots, which means a lower amount would be charged to PacMed.
- The Committee discussed whether PHPDA should inform PacMed of the amortized costs. The costs are for repair and maintenance, which is included in their lease and the Property Manager, reported that she would not normally reach out about specific projects.
- If the repairs are not addressed now, it could lead to more expenses in the future. The structural fractures could take on water and get worse overtime especially in freezing temperatures.

The Finance Committee voted to accept and forward the unbudgeted maintenance work on the East Garage to the Governing Council for approval. (Moved/2<sup>nd</sup>ed by Paul Feldman/AyeNay Abye, 5 of 5 in favor)



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### Grant Management

#### *Summary of 2021 New and Renewal Major Mid-Year Financial Reports*

The Associate Director reviewed the 2021 New and Renewal Major Mid-Year Financial Reports.

- The report shows spending for July- December 2021. As of the beginning of February, four organizations have not submitted their reports and have been contacted.
- Several grantees are behind on their spending due to staffing issues. Some grantees do have plans to get people hired and catch up on their spending.
- Grantees will be doing some budget revisions, which are due at the end of March. PHPDA is encouraging grantees to do budget revisions.

### Committee Governance

#### *2022 Finance Committee Workplan*

The Finance Committee Chair reviewed the 2022 Finance Committee Workplan.

- They added a review of lease accounting due to guideline changes by the Government Accounting Standards Board (GASB).
- The Committee would like to do a full review of Operating Policies and update how often we review each policy.

The Finance Committee voted to approve the 2022 Finance Committee Workplan. (Moved/2<sup>nd</sup>ed by Doris Koo/Bob Cook, 5 of 5 in favor)

#### *Policy 01-2019 Records Retention, Inspection and Copying*

The Associate Director reviewed the Operating Policy 01-2019 for Records Retention, Inspection and Copying. There were no changes made prior to the meeting. The Committee reviewed the policy and did not identify necessary changes.

### Real Estate

#### *Update on North Lot Project and Quarters*

The Executive Director and Real Estate Consultant Michael Finch updated the Committee on the North Lot and Quarters activities.

- The concrete strike is affecting SCIDpda's anticipated May/June closing. In order to get certain tax credits, SCIDpda must begin construction by the end of August. Pushing the closing too far out would affect the construction schedule and push the closing into the fall.
  - If they miss a construction deadline, investors will not receive their full tax credit benefit and a formula will be used to discount the tax credit contribution. It could cause inventors to contribute a lower amount.
- City of Seattle asked SCIDpda to install a 12-inch water main along the main access road. They planned to appeal it, but did not submit the appeal in time causing mitigation to the site.
  - There is now \$1 million additional cost for the water main and SCIDpda is trying to mitigate the cost because they do not want to disrupt the roadway.



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- PHPDA offered mitigation activities to help SCIDpda with the Washington State Department of Archaeology and Historic Preservation's (DAHP) adverse impact study. The activities include our 40<sup>th</sup> Anniversary events and collaboration with SCIDpda at the North Lot ground breaking and opening. All the mitigation activities are in line with DAHP's guidelines
- A North Lot investor asked SCIDpda to acquire forty-seven (47) additional parking spots.
  - PHPDA has been meeting with SCIDpda to help acquire the additional parking spots. SCIDpda has met with Seattle Colleges and plans to meet with PacMed.
  - A solution could be a shared parking agreement for evening parking and ask Seattle Parks and Recreation for spots at Dr. Jose Rizal Park.
- ICHS continues to proceed with the AiPACE program for the North Lot. They have received \$8 million in donations out of the \$25 million needed for the space, but anticipate having \$20 million by September.
- ICHS is negotiating the purchase of a condominium in the North Lot, which is a different deal compared to a rent-free ground lease. This is at their expense not SCIDpda's or PHPDA's.

### *Proposed Quarters Lease Term Sheet for Commerce*

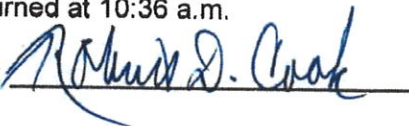
Real Estate Consultant Michael Finch discussed the proposed Quarters lease term sheet for Commerce.

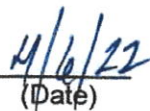
- SHKS Architects and subcontractors have completed Phase 1 of the residential use feasibility study for Quarters 3-10. They arrived at a total construction budget including soft costs.
- PHPDA asked Commerce if they were ready for a Quarters lease proposal, which includes a short-term lease for twelve months starting July 1, 2022 through June 30, 2023 with an option to extend. Also, includes a thirty-year lease similar to the Tower lease beginning July 1, 2023.
  - The first long-term lease offer would include Quarters 1 and 2 because proposing all Quarters buildings could help with the final offer.
  - We would ask Commerce about the proposed use of the Quarters buildings.
- The Committee discussed the possibility of alternative programming in the Quarters at a lesser expense. They also discussed whether Commerce would entertain a lease proposal without specific future use.
- The big upgrades for the Quarters will not change because the buildings must be brought up to code, but internal changes may vary mattering on the lessee.
  - ADA improvements were included in SHKS Architects study
- PHPDA could include a clause in Commerce's short-term lease stating that Commerce does not have to rent the entire space after the lease ends. In addition, we could explore budgets for improvements that would move into a Phase 2 of the feasibility study.
- The feasibility study shows minimal cost for upgrades to get the market rent if Commerce does not want to lease. We have a good sense of how the Quarters were maintained after working with PacMed.
  - We prefer not to rent out each building separately.
- PHPDA should not ask SHKS Architects for a tiered approach to the renovations because we can do the math on our end to reduce some of the expenses for residential use.

### **Adjournment**

The meeting adjourned at 10:36 a.m.

Minutes approved:

  
\_\_\_\_\_

  
4/6/22  
(Date)