



**Meeting of the Finance Committee**  
 Wednesday, June 1, 2022, 9:00 – 10:30 AM

**Physical Location:** Quarters 2 Building, Pacific Tower, 1200 12th Ave S., Seattle, WA 98144

**Virtual Location:** <https://zoom.us> | Meeting ID: 849 4624 5793

<https://us02web.zoom.us/j/84946245793?pwd=ay90cnY1WkdqSkIGbkDUUHJKbEhnUT09>

**Phone Option:** +1 253 215 8782

**Password:** SUNSHINE (Numeric Password for Phone: 88193446)

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Bob Cook	Gloria Burton	Doris Koo	John Kim	Christina Bernard
AyeNay Abye	Paul Feldman	Sue Taoka	Mallory Fitzgerald	Gene Yoon
			Whitney Regan	Denise Stiffarm
			Michael Finch	Andrew Prather (until 9:32am)
			Katya Newton (until 9:32am)	Ellie Menzies (arrived 9:20am)

Bob Cook called the meeting to order at 9:03 a.m. A quorum was present. The Committee and Staff started with introductions and welcomed public comment. Clark Nuber representatives (Andrew Prather and Katya Newton) introduced themselves.

The Finance Committee voted to amend the agenda to add an action item under Real Estate for the Quarters regarding PacMed’s Quarters lease extension requiring a third amendment to their 2003 lease. (Moved/2<sup>nd</sup> Paul Feldman/Bob Cook, 4 of 4 in favor)

**Consent Calendar Minutes**

The Finance Committee voted to approve the amended Finance Committee minutes from May 4, 2022. (Moved/2<sup>nd</sup> Bob Cook/AyeNay Abye, 4 of 4 in favor)

**2021 Independent Audit**

Andrew Prather and Katya Newton from Clark Nuber presented on the 2021 Audit.

- The Audit year ending December 31, 2021 resulted in an unmodified opinion with no adjustments- a clean audit.
- The Committee discussed the audit, reserve funds, leases, and North Lot sale agreement.
- The auditors suggested an outside party conduct a penetration test of PHPDA’s internal technology every few years. Finance Committee discussed when that could potentially occur.
  - The Committee may wait and discuss the topic in more detail when planning the 2023 budget. Considered migrating to a Cloud server.
- Clark Nuber reported on the new lease accounting standards to be implemented this year.
  - Finance Committee discussed the steps PHPDA could take to follow the new lease accounting standards. This will be a topic for discussion by the Committee later in the year.
- The Governing Council Treasurer will present the audit at the next Governing Council meeting.

The Finance Committee voted to accept and forward the 2021 Independent Audit to the Governing Council for their consideration. (Moved/2<sup>nd</sup> AyeNay Abye/Gloria Burton, 4 of 4 in favor)

**Update on Program Committee and Grantmaking**

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

- Renewal grantees are currently submitting exhibit revisions and the Office Coordinator is scheduling 2022 New Major Grant contract meetings, which will take place between June 13- 24.



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- The Grants Manager provided a summary of the 2022 New Major Grants.
- Program Committee discussed how PHPDA could continue building strong relationships with past, current, and potential grantees.
- The Associate Director provided an update on the 2022 Health Equity Scholars. One Scholar has completed their project and may present at the August Program Committee meeting. The other two Scholars will begin this summer.
- Students have begun registering for the Seattle University Law Clinic course. PHPDA is trying to create a fulfilling experience by providing data the students can translate into policy.
- The Associate Director gave an update on cohort and technical assistance work. She has created a list of potential topics. This will help PHPDA develop capacity-building opportunities and free training for current, past, and potential grantees.

### Financial Stewardship

#### *Investment Update*

The Associate Director reported on LGIP investments. The rate has increased.

#### *April 2022 Financial Statements*

The Associate Director reported on the April 2022 Financial Statements. She discussed two new capitalized items:

- Per PacMed's lease, items over \$50,000 will be paid back on an amortized basis over the useful life. The payments will be included in PacMed's operating expense reimbursement. The first such expense has been incurred (repairs for the East Parking Garage). The PHPDA has capitalized the expense into a separate fixed asset account to be depreciated over the same term of the amortized reimbursement. This account will be used for all such items.
- The 40<sup>th</sup> Anniversary mosaic costs will be capitalized, as it is over \$10,000. Eventually costs will be rolled into the primary fixed assets account once all invoices are paid. It will likely not depreciate, per accounting rules regarding art.

The Finance Committee voted to accept the April 2022 Financial Statements. (Moved/2<sup>nd</sup> Paul Feldman/Bob Cook, 4 of 4 in favor)

#### *Insurance Renewal*

The Associate Director updated the Committee on Insurance Renewal activities.

- All premiums were paid in full and insurance policies have been renewed. Renewal date is annually June 1.
- Directors and Officers Liability Insurance (D&O) went up due to increases in asset value and revenue. Additionally, the value of the parking garages caused the premium to increase.

### Real Estate

#### *North Lot Project Update*



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The Executive Director discussed the North Lot Project.

- SCIDpda is targeting a June 28 closing date. PHPDA may seek Governing Council approval on amendments to the North Lot Purchase and Sale Agreement. Our Legal Counsel and Real Estate Consultant plan to work with SCIDpda to prepare drafts for the next Council meeting.
  - The amendments could include a recognition of SCIDpda's LLLP, which will acquire one of the North Lot parcels and the other parcel will be assigned to SCIDpda.
- Additionally, other documents that could likely go to the Finance Committee and Governing Council for approval include an updated Reciprocal Easement Agreement to reflect SCIDpda's project plans, Property Conditions Agreements, and a document regarding the King County Transit Development loan.
  - PHPDA's Legal Counsel plans to meet with SCIDpda's Legal Counsel. Depending on when PHPDA receives the documents, the Governing Council may hold a special meeting to approve the documents in time for closing.
- SCIDpda continues to face some challenges:
  - SCIDpda has not received the Seattle Public Utilities System Improvement Contract.
  - Seeking additional parking spaces with an equity investor, but it will not affect closing.
  - A construction issue came up with AiPACE regarding access to the new space.
  - ICHS is still working on funding to purchase the condominium.
- PHPDA included a promissory note option in the North Lot Purchase and Sale Agreement. SCIDpda would provide up to \$2 million of the sale price as a promissory note with zero percent interest to be paid in full in three years of closing. So far, they have not indicated that they intend to use this option, but that could change.
- Based on the Purchase and Sale Agreement, SCIDpda technically has until the end of August to close, but if they close then the weather could make construction more difficult.

### *Update on Quarters*

The Executive Director and Real Estate Consultant Michael Finch reported on the Quarters Buildings.

- PHPDA is in the beginning stages of securing a one-year Quarters 3-10 lease with Commerce.
- PacMed has requested a one-month Quarters lease extension. PHPDA will amend PacMed's 2003 lease to include the Quarters lease extension.
- Department of Commerce continues Phase 2 of their Quarters feasibility study. PHPDA has seen some programming concepts.
- Commerce, SHKS Architects, and sub-contractors have included PHPDA in their Design Workshops. Makers, a sub-contractor, has strongly supported PHPDA when looking at potential Quarters programming. Topics discussed at the Design Workshops:
  - When selecting programming, others share the Campus such as Tower tenants and neighbors.
  - Programs serving those in need of housing and supportive services: fewer dorm-like settings preferred and supportive services could be set up in Quarters 10.
- The feasibility study is moving into the phase of meeting with Pacific Tower campus neighbors and Beacon Hill community groups. PHPDA would like to be involved in these conversations to maintain relationships with our neighbors and community members.
- Commerce's final report for Phase 2 is due June 30. PHPDA is expecting to receive a draft in early June.



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*PacMed's Quarters Lease Extension*

The Executive Director and Real Estate Consultant Michael Finch discussed PacMed's Quarters lease extension requiring a third amendment to their 2003 lease.

- PacMed would like extend their current lease by one-month to July 31, 2022 due to internet issues at their new location. The rent amount will remain the same and the terms will be consistent with the previous Quarters lease extension.
- Department of Commerce's potential one-year lease would begin right after PacMed's lease extension ends.

The Finance Committee voted to accept and forward PacMed's Quarters lease extension requiring a third amendment to their 2003 lease to the Governing Council for approval. (Moved/2<sup>nd</sup> Bob Cook/Gloria Burton, 4 of 4 in favor)

**Adjournment**

The meeting adjourned at 10:35 a.m.

Minutes Approved

*Robert J. Cook*

7/7/22  
(Date)