



## Meeting of the Finance Committee Wednesday, August 3, 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: 810 5793 7407  
<https://us02web.zoom.us/j/81057937407?pwd=TGdCN3ZPdE9VdU9BZG9OOE96MFJvZz09>

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

**Password:** SUPPORT (Numeric Password for Phone: 3264637)

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Sue Taoka	Doris Koo		John Kim	Mallory Fitzgerald
Bob Cook	Gloria Burton		Gene Yoon	Denise Stiffarm
AyeNay Abye	Paul Feldman		Whitney Regan	Michael Finch
			Ellie Menzies	

Bob Cook 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 July 6, 2022. (Moved/2<sup>nd</sup>ed Doris Koo/Sue Taoka, 6 of 6 in favor)

### Update on Program Committee and Grantmaking

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

- Nimble Grant Cycle 3 applications are due on Friday, August 12. Review Panel members will begin application evaluations the week of August 15.
- Program Committee and Governing Council will vote on the 2023 Nimble Grant guidance at their September meetings.
- Program Committee considered raising the funding cap for Major and Renewal Grants due to growing programs and inflation. Additionally, PHPDA could help grantees seek other funding sources and address aligned funding.
- King County Regional Homelessness Authority provided a presentation and discussed their current and future work.

### Financial Stewardship

#### *Investment Update*

The Finance Committee Chair reviewed LGIP investments. The rate has increased over 1%.

#### *June and Q2 2022 Financial Statements*

The Committee Chair reported on the June and Q2 Financial Statements.

- Notable accounts within the fixed assets:
  - PacMed is reimbursing PHPDA for a portion of the East Parking Garage repairs. Per PacMed’s lease, items over \$50,000 will be paid back on an amortized basis over the useful life. PHPDA has capitalized the expense into a separate fixed asset account to be depreciated over the same term of the amortized reimbursement.
  - 40<sup>th</sup> Anniversary mosaic will be moved to fixed assets and capitalized once it is completed and will likely not be depreciated
- PHPDA received the final North Lot parking income.
- The new PHPDA website is launching soon. We are discussing with our accountants the possibility of capitalizing the new website.



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- Column three and four under Statements of Revenues, Expenses, and Changes in Net Position should be labeled as six months rather than twelve months.

The Finance Committee voted to accept the June and Q2 2022 Financial Statements and forward them to the Governing Council with the appropriate changes to column three and four under Statements of Revenues, Expenses, and Changes in Net Position. (Moved/2<sup>nd</sup>ed by Sue Taoka/Paul Feldman, 6 of 6 in favor)

### Property Management

#### *Q2 2022 Tower Operating Expenses*

The Committee Chair discussed the Q2 2022 Tower Operating Expenses provided by JLL.

#### *Review of Jan-Jun Parking Income*

The Committee Chair reported on the January- June Parking Income

- Republic Parking contract is month-to-month and JLL has been providing them updates. PHPDA provided 30-days' notice to Republic Parking at the end of May due to SCIDpda potentially closing on the North Lot at the end of June.
- As of July 1, we will no longer receive parking income.
- We are over budget in what we expected to receive in parking income this year.

### Committee Governance

#### *Finance Committee Strategic Advisors*

The Finance Committee Chair discussed potential Finance Committee Strategic Advisors.

- Former Governing Council member Ellie Menzies is interested in joining the Finance Committee as a Strategic Advisor. The Finance Committee expressed their support and the Council will vote to appoint her as a Strategic Advisor at their next meeting.
- An additional candidate is interested in joining Finance Committee as a Strategic Advisor. The Committee Chair and Associate Director plan to meet with them this month or in September.
- The Chair asked if the Committee has any other suggestions for Finance Committee Strategic Advisors. If there are any suggestions, email the Executive Director, Associate Director, and/or the Committee Chair. They plan to meet with any potential candidates in September.
- Finance Strategic Advisor Paul Feldman will be joining the Governing Council and will no longer be on the Finance Committee. The Committee thanked Paul for their service and commitment to the Finance Committee.

### Strategic Planning

#### *Summary of PHPDA Staff Work Plan*

The Executive Director provided a summary of the PHPDA staff work plan.



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- PHPDA staff met virtually to discuss their work plan and deliverables for the end of 2022 and 2023. The staff focused on the major and key pieces of work that align with the Strategic Plan Framework.
- We used the RACI (Responsible, Accountable, Consulted, and Informed) method as a way to delegate specific tasks. PHPDA staff recognized we have created a culture in which we do quite a bit of work together.
  - Suggestion to had S to RACI for Support Role
- The Committee discussed professional development and creating a more specific deliverable.
  - If there is a request, the Executive Director and Associate Director will address it appropriately
  - Possibly take the unspent 2022 professional development funds and add that to the 2023 professional development funds
  - Consider making it more purposeful in 2023 by helping PHPDA staff think about what is appropriate and help them find opportunities
  - As PHPDA builds the 2023 budget, we may want to include more detail around development
  - Include a discussion of professional development during annual staff performance reviews
- PHPDA staff will be taking on new responsibilities in 2023 and roles will be shifted and evolve.

### Real Estate

#### *North Lot Update*

The Executive Director and Legal Counsel discussed SCIDpda and the North Lot.

- SCIDpda continues to work with AiPACE/ICHS to finalize the condominium sale in Building A.
- The potential North Lot closing date has moved to the end of August. SCIDpda did inquire about a closing extension because they are concerned they may not close by the August 31 deadline.
  - PHPDA cannot extend the closing date beyond October 31 due to budget planning. Additionally, the later SCIDpda extends the closing date, the more difficult construction could be due to weather.
  - Our Legal Counsel drafted a first amendment to the North Lot Purchase and Sale Agreement so it is ready if needed.
  - A special Governing Council meeting may be held if the closing deadline needs extension.
- Once SCIDpda closes on the North Lot and begins construction, a luffing crane will be put on the Pacific Tower property and possibly swing over the North Lot Access Road. SCIDpda will need a licensing agreement to allow the crane to pass over PHPDA's property. Our Legal Council will draft an agreement and we plan to defer it for later action.

#### *Update on Quarters Buildings*

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

- SHKS Architects and Makers Architecture continue community outreach for potential Quarters programming.
- Commerce is currently calculating the cost to rehabilitate the Quarters buildings and prepare the buildings for supportive housing and future operating costs.



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- Our Real Estate Consultant is still advertising the Quarters for a possible long-term lease.
- PacMed will remain in Quarters 3-9 until the end of the month. The fourth amendment to PacMed's 2003 lease has been finalized.

### *Department of Commerce Access Agreement*

The Executive Director discussed a Department of Commerce Access Agreement.

- PHPDA continues discussions with Commerce regarding a Quarters 3-10 Access Agreement for September 1, 2022- June 30, 2023. A Washington state budget proviso states Commerce can only spend the \$375,000 allocated on the Quarters.
- Planning to have the Access Agreement ready for Governing Council approval next week.

The Finance Committee did not take action on the Department of Commerce Access Agreement.

### **Upcoming Finance Committee Projects**

The Committee Chair provided an update on upcoming Finance Committee Projects.

- Executive Director Salary Review
  - The Committee may discuss the salary review next month after more consideration.
- Operating Policy Updates
  - The Associate Director has been reviewing the operating policies. She also sent some policies related to personnel matters to K&L Gates for review.
- Updated Lease Accounting
  - The Committee Chair and Associate Director have been meeting to discuss the new the lease accounting standards. They discussed how to recognize income overtime and determining the appropriate interest rate.
  - Our auditors and other organizations will be implementing the new lease accounting standards. PHPDA plans to reach out to our auditors and other organizations for guidance around the interest rate.
  - PHPDA plans to continue managing financial statements like we currently do. The rental income and interest will be compiled at the end of the year.
  - The end of the year financial form will have twelve months plus an additional section that includes the lease accounting.
- Preliminary Discussion of Updated Risk Management Plan
  - The plan includes the weighted average around the likelihood an event would happen and the possible severity if it happens.
  - The 2018 Risk Management Plan includes North Lot items
  - Committee Chair asked to review finance related risks and think about things that we have not addressed before. Also, look at the current Strategic Plan Framework when reviewing the past Risk Management Plan.
  - The Committee considered including a pandemic in the future Risk Management Plans.
  - Possibly include professional development to help staff grow and retain knowledge. In addition, PHPDA could potentially bring someone in to help with collaborative learning.
  - Add a lead for all tasks and include a backup/support person that understands the task if anything happens to the lead.
  - Committee Chair suggested revisiting the plan more frequently than every four years.



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**Adjournment**

The meeting adjourned at 10:25 a.m.

Minutes approved: Robert D. Cook 9/7/22  
(Date)