



Meeting of the Finance Committee
 Wednesday, October 5, 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: 871 8074 5027
<https://us02web.zoom.us/j/87180745027?pwd=aTBWWU1CNGc1RUR3SGtLaUp6bHI0QT09>

Phone Option: +1 253 215 8782

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MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Doris Koo	Sue Taoka	Gloria Burton	John Kim	Christina Bernard
Bob Cook	AyeNay Abye (arrived at 9:18am)		Mallory Fitzgerald	Gene Yoon
			Whitney Regan	Denise Stiffarm
			Michael Finch	

Doris Koo called the meeting to order at 9:04 a.m. A quorum was not present at the start of the meeting. There was no public comment.

Update on Program Committee and Grantmaking

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

- The Program Committee discussed 2021 Major and Renewal Grant Final Report Summaries and Demographic Summaries from June 2021- July 2022.
- The Committee is working on 2023 New Major Grant Guidance, Application Questions, and potentially emerging Focus Areas.
- The Executive Director and Associate Director met with a potential Strategic Advisor candidate that has shown a strong interest in joining the Program Committee. The candidate used to work at Public Health – Seattle and King County and currently works at AARP of Washington.
- The 2022 All Grantees Meeting will likely be on December 8 and/or December 9. Due to the meeting being mandatory to Major Grantees, the Program Committee recommended meeting virtually.

Financial Stewardship

Investment Update

The Associate Director reviewed the LGIP investments. The interest rate continues to climb and is now over 2%. The interest income is over budget for the year. PHPDA plans to transfer income from the North Lot sale into the LGIP. The Associate Director and Executive Director continue to discuss investment options with financial advisors and Verdant.

2023 Draft Budget & Reserve Plan

The Associate Director discussed the 2023 Draft Budget and Reserve Plan.

- The highlighted cells indicate what will likely change with more information.
- Income will look different next year due to the new lease accounting standards, but will be budgeted based on payments expected.
 - In 2020 PHPDA added an amendment to the Commerce Tower lease allowing for deferred payments due to the pandemic. Commerce has paid some of the deferred payments. Next year, Commerce will return to their previous rent payment schedule and pay the remaining deferred payments.
 - The Quarters Access Agreement income will be split between 2022 and 2023 because it starts September 2022 and ends June 2023.



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- Tower Operating Reimbursements and Operating Costs will increase quite a bit in 2023 due to elevator work, but decrease again in 2024. The elevator work will cost roughly \$5 million.
- Property income for 2022 will be updated following the closing of the North Lot Sale
- Major Grants
 - Propose to increased Renewal Grants, which will allow grantees more growth during their second and third year. The Committee discussed whether \$2.3 million is enough of an increase. Grantees often request increases for Renewal Grant funds by 10%- 15% per grant year, but PHPDA has had overall flat funding. It is a good start and will help spread out the funds more next year.
 - First year grantees may ask for max funding during the second and third year because the Renewal Grant budget is larger. Those that received \$200,000 their first and second year can only ask for flat funding, so the PHPDA could consider increasing that limit.
 - Finance inquired whether PHPDA included potential grantee wage increases. PHPDA does not require specific wage amounts, but there may be more discussion around wage increases in the coming years.
 - Once a long-term Quarters lease is established, PHPDA may look into increasing the overall program budget.
- The Nimble Grant Guidance has already been approved by the Governing Council for 2023, but could still add more funds for the year (which is included in this draft).
- The funds for the Seattle University Health Law Policy Clinic are proposed to remain the same in 2023, but PHPDA may eventually stop funding the course in the future.
- Added funds for technical assistance, capacity building, and cohorts next year. That includes possibly hiring a consultant or giving a stipend to a grantee if they help plan a meeting.
- Increased the Health Equity Scholar rate to \$4,000 from \$3,500.
- Personnel
 - The Associate Director, Finance Chair, and Governing Council Chair are currently working on the Executive Director Salary Review. They should have more information by the end of the month.
 - Increasing professional development funds quite a bit next year. The Executive Director is going to be paid for coalition work and PHPDA plans to put those funds towards professional development.
- Professional Services. PHPDA expects increases for several of the ongoing professional relationships.
 - Accounting fees will increase next year
 - Increased Strategic Communications due to non-Pyramid Communications related work. Pyramid will shift to a more strategic planning role next year because the Communications Manager will take over more designing and implementing.
- The Committee asked about setting up a possible IT penetration test next year because PHPDA's independent auditor recommended it. The Associate Director plans to reach out to PHPDA's IT Consultant.
- Under PHPDA operating expenses, increased catering because we are expecting more in person events next year. Additionally, added a new events line for possible health equity related programming on campus.



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- Reserve Fund Plan. At this point in the process, the reserve is still projected around \$9 million, but this may increase with more information from the Property Manager and Real Estate Consultant.
 - Assets will increase due to the North Lot sale. Expecting a \$5 million net increase due to the sale.
 - May release some money in the reserve to put towards items that could potentially use more funds, such as grants.
 - Updating the leasing and brokerage amounts due to the North Lot sale and possible long-term Quarters lease.

Consent Calendar Minutes

Quorum was established with the addition of a Governing Council member. The Finance Committee voted to approve the Finance minutes from September 7, 2022. (Moved/2nd Doris Koo/AyeNay Abye, 4 of 4 in favor)

Financial Stewardship

August 2022 Financial Statements

The Associate Director reviewed the August 2022 Financial Statements.

- PHPDA received unexpended funds from 2021 Major and Renewal grantees.
- August is the last month of Quarters income from PacMed. PHPDA only budgeted through March. The PacMed rent amount will therefore be less going forward.

The Finance Committee voted to accept the August 2022 Financial Statements. (Moved/2nd Sue Taoka/AyeNay Abye, 4 of 4 in favor)

Grants Management

2021 Major & Renewal Grant Financial Report Summaries

The Grants Manager provided 2021 Major and Renewal Grant Financial Report Summaries.

- Grants Staff remind grantees they can adjust their budgets so they utilize all funds awarded.
- The Grants Manager reviewed the 2021 Major and Renewal Grant Final Financial Reports submitted so far.
- She reported on where grantees underspent and the amount of unexpended funds PHPDA expects to receive.
 - The unexpended funds are included in the projection for actual expense this year.

Professional Services

Renewal of Professional Services Relationship with Century Pacific, LLLP (Res. 12-2022)

The Associate Director discussed renewal of the professional services relationship with Century Pacific, LLLP (Res. 12-2022).



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- The resolution will allow PHPDA to administer contracts with Century Pacific for 2023- 2025.
- Prior to the meeting, the Associate Director sent the Finance Committee brokerage contracts from 2017 and 2018 as information. Both are still currently active.
- PHPDA is updating the North Lot brokerage contract to include an amendment due to the official North Lot sale. The prior contract did not include an official North Lot sale because PHPDA was unsure about the sale when the contract was written.
- Century Pacific continues to be a great resource for PHPDA regarding property issues. Michael Finch, PHPDA's Real Estate Consultant, has been very helpful answering questions when needed and addresses our concerns.

The Finance Committee voted to accept and forward Resolution 12-2022 Renewal of Professional Services Relationship with Century Pacific, LLLP to the Governing Council for approval. (Moved/2nd Doris Koo/AyeNay Abye, 4 of 4 in favor)

Committee Governance

Strategic Advisor Candidates

The Associate Director and Finance Committee Chair discussed potential Strategic Advisor candidates.

- The Associate Director and Finance Chair met with two possible Strategic Advisor candidates.
 - One candidate is a new Finance Officer with growing experience. They work at a local non-profit that focuses on BIPOC youth. The organization aligns with PHPDA's mission and goals.
 - The second candidate is a retired Finance Officer with a lot of experience in housing management.
- PHPDA Staff and the Finance Committee Chair recommend both candidates as Strategic Advisors to Finance.

The Finance Committee voted to accept and forward the two recommended Strategic Advisor candidates to Governing Council for approval. (Moved/2nd Bob Cook/Sue Taoka, 4 of 4 in favor)

Other Update

The Executive Director updated the Committee on Ellie Menzies' Finance Strategic Advisor role. She has decided to step back as an advisor and resign from her role.

Real Estate

North Lot Update

The Executive Director provided an update on the North Lot.

- SCIDpda has selected a new Executive Director.
- SCIDpda anticipates the North Lot will close on October 20. PHPDA does not expect any additional documents needing Governing Council approval.



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Update on Quarters Buildings

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

- PHPDA and Department of Commerce adopted the Quarters 3-10 Access Agreement for the period of September 1, 2022- June 30, 2023. Commerce can access the Quarters to complete their feasibility study.
 - Commerce plans to have the study completed in November prior to next year's legislative session so they can prepare for potential future use of the Quarters.
 - Currently, SHKS Architects, Commerce, and sub-contractors, including Makers, are looking into programming that would address homeless youth in crisis and prevention. They are meeting with providers and people with lived experience.
- The Pacific Tower Campus is unique because Quarters 1-9 allow for a more residential style setting compared to institutional type settings. Quarters 10 could possibly be set up for mix use and include support services and community services.
- There is interest in working with current campus stakeholders, such as Seattle Colleges and PacMed, on existing programming. An external organization has shown interest in leasing the Quarters so Michael Finch connected them to Commerce.

Tower Lease Tax Credit Expiration & NDA

The Executive Director and Legal Counsel Denise Stiffarm discussed the expiration of the Tower lease tax credits and Non-Disturbance Agreement (NDA).

- In 2015, there were new market tax credits undertaken by Seattle Colleges, Commerce, and several LLLC's created by Commerce. The tax credits helped make the Commerce Tower lease possible.
- Commerce put together several LLLCs to assist with the transaction. All the LLLCs have dissolved and PHPDA will have a more direct relationship with Commerce going forward.
- An eight-year (2015- 2023) NDA was included with the tax credits in the event Commerce defaulted on the lease. PHPDA could not terminate the lease if Commerce defaulted.
- The tax credits are now expired, but the NDA was still in effect. Once PHPDA was aware the credits expired and before the LLLC's officially dissolved, our Legal Counsel reached out to Commerce, Seattle Colleges, and the LLLC's regarding the termination of the NDA. All parties agreed to the termination.

Adjournment

The meeting adjourned at 10:27 a.m.

Minutes approved: _____

11/9/2022

(Date)

From: [Bob Cook](#)
To: [Whitney Regan](#)
Subject: Re: PHPDA FC Chair Signature Requested
Date: Wednesday, November 9, 2022 10:25:49 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)

CAUTION: This email originated outside the organization. Please don't click links, open attachments, or reply with confidential details unless you are certain you know the sender and are expecting the content. **NEVER PROVIDE CREDENTIALS** via email!

Please do so...thanks!

From: Whitney Regan <w.regan@phpda.org>
Sent: Wednesday, November 9, 2022 9:14 AM
To: Bob Cook <Bob.cook@outlook.com>
Subject: FW: PHPDA FC Chair Signature Requested

Good Morning Bob,

Following up with you regarding the October Finance Committee meeting minutes. Please see attached for the 10/5 minutes which were approved at the 11/2 meeting.

With your permission, I can add your digital signature to the meeting minutes.

Thanks!



[NEW phpda.org](http://NEW.phpda.org)

Whitney Regan (she/her) | **Office Coordinator**
206.432.3027 | w.regan@phpda.org | [2021 Annual Report](#)

Pacific Hospital Preservation & Development Authority
[1200 12th Ave S](#) Quarters 2 Seattle, WA 98144



*For grant related matters, please email grants@phpda.org.
[Join our email list](#) for newsletters, grant announcements, and reports.*

From: Whitney Regan
Sent: Wednesday, November 2, 2022 12:44 PM
To: Bob Cook (Bob.cook@outlook.com) <Bob.cook@outlook.com>
Subject: PHPDA FC Chair Signature Requested

Good Afternoon Bob,

Please see attached for the Finance Committee's 10/5 minutes which were approved at the meeting today 11/2.