



**Meeting of the Finance Committee**  
 Wednesday, December 7, 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: 876 1839 3299  
<https://us02web.zoom.us/j/87618393299?pwd=YzI0ZkFUejgxTkx5QnVkYzUmdBUT09>

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

**Password:** HOLIDAYS (Numeric Password for Phone: 47896198)

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Bob Cook	Doris Koo (until 10:15am)	Gloria Burton	John Kim	Christina Bernard
Kara Zollner	Sue Taoka (until 10:19am)		Mallory Fitzgerald	Gene Yoon
AyeNay Abye	Diane Pietrowski		Whitney Regan	Denise Stiffarm (until 10:18am)
			Michael Finch	

Bob Cook called the meeting to order at 9:03 a.m. A quorum was present. There was no public comment. The Committee Chair welcomed Diane Pietrowski and Kara Zollner.

**Consent Calendar Minutes**

The Finance Committee voted to approve the Finance minutes from November 2, 2022. (Moved/2<sup>nd</sup>ed Doris Koo/AyeNay, 6 of 6 in favor)

**Update on Program Committee and Grantmaking**

- The Executive Director updated the Finance Committee on Program Committee and grant activities.
- Nancy Sugg attended her last meeting as Program Committee Chair. The Program Committee thanked her for her leadership.
  - Program Committee reviewed the 2023 Major and Renewal Grant Guidance and forwarded them to the Governing Council.
  - Program reviewed their 2022 workplan and began discussing their 2023 workplan.

**Financial Stewardship**

*Investment Update*

The Associate Director reviewed the LGIP investments. The interest rate is currently around 3.7%. PHPDA is over our budgeted interest for the year.

- The Associate Director and Executive Director met with a Northwestern Mutual financial advisor to discuss possible investment options and they suggested not to hire an investment broker.
- Potentially discuss opening CD investments next year.

*October 2022 Financial Statements*

The Associate Director reviewed the October 2022 Financial Statements.

- We have additional revenue due to All Grantees Meeting sponsorships.
- Under other receivables is unexpended funds from grantees.
- Significant changes were made under assets due to the North Lot sale. Also, the sale reduced PHPDA's land value by the proportional acreage.



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- SCIDpda's promissory note for the North Lot sale is included. The promissory note is for three years and interest free for the first two years. Interest will begin to accrue at the start of the third year.
- The note payable and deposit on sale for the North Lot are off the balance sheet. Additionally, the net assets increased significantly due to the sale, with the total net income noted at the bottom of the income statement.
- Quarters Access Agreement included under income. The agreement is for September 2022- June 2023 and the 2023 portion is considered deferred revenue.

The Finance Committee voted to accept the October 2022 Financial Statements. (Moved/2<sup>nd</sup> Doris Koo/Sue Taoka, 6 of 6 in favor)

### *2023 Pacific Tower Operating Budget*

The Associate Director discussed the 2023 Pacific Tower Operating Budget provided by JLL.

- The main part of the budget is designated to Commerce and PacMed's spaces and shows their allocated operating expenses.
- Second part of the budget is capital expenses, which includes roughly \$5 million for an elevator project (expense, as well as reimbursed income) in the Tower, fully reimbursable by the Department of Commerce.

The Finance Committee voted to accept and forward the 2023 Pacific Tower Operating Budget to the Governing Council. (Moved/2<sup>nd</sup> Bob Cook/Doris Koo, 6 of 6 in favor)

### *2023 PHPDA Operating Budget (Res. 17-2022)*

The Associate Director discussed Resolution 17-2022 on the 2023 PHPDA Operating Budget.

- She reviewed changes made since last month's meeting. The landscaping costs increased for Quarters, added additional funds for small equipment to cover new video conferencing equipment, and accountant fees decreased.
- The Executive Director reminded the Committee about the proposed change to his salary. Following his full performance review by the Governing Council, the amount may change. Last year, the Council conducted the review in January. The current budget includes an increase in line with past practice and increases for other staff.
- PHPDA budgeted for an HR Consultant next year to assist with the Staff salary review process. If PHPDA adjusts any salaries next year, those changes will be brought to the Committee as a separate action item.
  - In the updated operating policies, PHPDA revised the guidelines for the Executive Director's annual performance review so it doesn't have to be completed in December each year.
  - PHPDA may update the timeline for the Executive Director salary review and Staff salary reviews so they align at the same time each year.



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- Typically do a 3% increase to each staff member's salary every year following performance reviews, but it is not specifically noted in the Employee Handbook or operating policies.
- The Committee asked about potential PTO payout if a staff member leaves. PHPDA includes it as a liability on the balance sheet.
- The Associate Director added a note at the bottom of the budget sheet stating it does not include impacts related to the new lease accounting guidelines.

The Finance Committee voted to accept and forward Resolution 17-2022 on 2023 PHPDA Operating Budget to the Governing Council. (Moved/2<sup>nd</sup>ed Sue Taoka/AyeNay Abye, 6 of 6 in favor)

### *2023 Reserve Fund & Savings Goal*

The Associate Director discussed the 2023 Reserve Fund and Savings Goal.

- The only change made since last month was the lease and brokerage costs. Updated the amount for a Quarters lessee with a lessee broker in the notes.
- The overall goal is higher than previous years.

The Finance Committee voted to accept and forward the 2023 Reserve Fund and Savings Goal to the Governing Council. (Moved/2<sup>nd</sup>ed AyeNay Abye/Bob Cook, 6 of 6 in favor)

### *Charitable Trust & Solicitations Renewal*

The Associate Director reviewed the Charitable Trust and Solicitations Renewal and informed the Committee on the completion of the renewal.

- She asked the Committee if they want to continue seeing these renewals each year and suggested Staff send them as information only rather than an item on the agenda. Finance Committee agreed to the change.

## **Grant Management**

### *Grantee Audits*

The Associate Director reported on the Grantee Audits.

- As a public entity, PHPDA must track the funds given to grantees. Grants Staff audits several Major grantees each year to see how they use PHPDA funds. They review their bookkeeping data and financial reports.
- The Grants Manager selected three grantees this year to audit. She sent them questions and requested some documentation to see if their financials line up.
- The audits have been conducted remotely the last couple of years, but could possibly be done in person next year.
- One grantee discovered a line item they missed and they were able to make adjustments to their financials which decreased their unexpended funds.



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- Another grantee was going through a bookkeeping software transition at the time of the original report and were able to take time to review everything and update their report.

### PHPDA Operating Policies

The Associate Director discussed the updated PHPDA Operating Policies and Employee Handbook.

- She provided an overview of the changes and updates made to the PHPDA operating policies, Employee Handbook, and accounting manual prior to the meeting. All HR related policies were sent to K&L Gates for review and some policies were sent to PHPDA Legal Counsel Pacifica to review.
  - Most changes were minor, but large changes were made to the Employee Handbook and Public Works policy.
- Changes were made to the bank deposit policy that will remove the requirement to do a CD Investment resolution every year.
- Updated the reimbursement policy to put additional protections for employees and the PHPDA.
- PHPDA will continue discussing updates to some HR related operating policies after hiring an HR Consultant next year.
- The Committee inquired about PHPDA's internal accounting controls and whether the specific controls are in place due to PHPDA being a public entity or if Staff generated them. Over the years, PHPDA has been able to streamline more tasks due to an increase in staff.
- Under Benefits in the Employee Handbook, PHPDA added wording to comply with Seattle's Paid Sick and Safe Time Ordinance. Going forward, limited time employees, such Health Equity Scholars, will get sick leave at the level that meets City requirements.
- Some operating policies will be reviewed every three years and others will be reviewed when necessary.
- Staff may set up a SharePoint folder for Committees and Governing Council that includes the PHPDA operating policies, Employee Handbook, and other important PHPDA documents.
- Once the updated Employee Handbook is approved by the Governing Council, PHPDA Staff will review it and sign off.

The Finance Committee voted to accept and forward all the updated PHPDA Operating Policies and Employee Handbook to the Governing Council for approval. (Moved/2<sup>nd</sup>ed Doris Koo/AyeNay Abye, 6 of 6 in favor)

### Committee Governance

#### *Review of 2022 Finance Committee Workplan*

The Associate Director led a review of the 2022 Finance Committee workplan.

- PHPDA Staff reviewed the workplan. The Committee completed most tasks on the workplan.
- Finance Committee pushed the Risk Management Plan update to 2023.
- The Committee will not include the North Lot in the 2023 workplan, but will address any issues as they occur.
- Finance Committee will continue working on a possible long-term Quarters lease in 2023.



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- Continue monitoring PHPDA’s progress on the Strategic Framework. Staff will add a note to the 2022 workplan that years were adjusted to 2022- 2026.
- PHPDA included funds in 2023 budget for a Campus Development Consultant, which will address some portions of the Strategic Framework.
- Program Committee may form a program focused work group and it will help to have a Finance Committee member in the group. This topic arose due to a potential increase in revenue from a long-term Quarters lease.
- The Committee will review the first draft of the 2023 workplan during the January meeting.

**Real Estate**

The Executive Director reported on the North Lot. The construction started and PHPDA is working on any issues that may need our input.

*Update on Quarters Buildings*

The Real Estate Consultant, Michael Finch, and the Executive Director provided an update on the Quarters buildings.

- Department of Commerce is preparing their final feasibility study report and planning to share it with the program work group and capital work group. PHPDA has not seen a draft of the report.
  - The report will include costs to refurbish the Quarters buildings, which will be helpful going into Washington State legislative session next year.
  - Next step is gathering information from both work groups to build a compelling vision that shows the importance of the proposed programming.
- PHPDA’s Real Estate Consultant and Executive Director wrote a one-page document regarding the potential programming for the Quarters. It is a narrative they plan to share with electeds so they can learn the importance of the programming and why it is a good fit for the Quarters.
  - The Executive Director will send the one-page document to the Committee.
- Commerce gathered stakeholders to discuss the possible Quarters programming so they could understand its impact.

**Adjournment**

The meeting adjourned at 10:26 a.m.

Minutes approved: \_\_\_\_\_

1/7/2023  
(Date)

**From:** [Whitney Regan](#)  
**To:** [Bob Cook](#)  
**Subject:** RE: PHPDA FC Chair Signature Requested  
**Date:** Monday, January 9, 2023 8:14:00 AM  
**Attachments:** [image007.png](#)  
[image008.png](#)  
[image009.png](#)  
[image010.png](#)  
[image011.png](#)

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Thank you, Bob! I will add your digital signature to the meeting minutes.



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

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



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**From:** Bob Cook <[bob.cook@outlook.com](mailto:bob.cook@outlook.com)>  
**Sent:** Saturday, January 7, 2023 3:29 PM  
**To:** Whitney Regan <[w.regan@phpda.org](mailto:w.regan@phpda.org)>  
**Subject:** Re: PHPDA FC Chair Signature Requested

**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!

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**From:** Whitney Regan <[w.regan@phpda.org](mailto:w.regan@phpda.org)>  
**Sent:** Wednesday, January 4, 2023 3:00 PM  
**To:** Bob Cook <[Bob.cook@outlook.com](mailto:Bob.cook@outlook.com)>  
**Subject:** PHPDA FC Chair Signature Requested

Good Afternoon Bob,

Please see attached for the Finance Committee's 12/7 minutes which were approved at the meeting today 1/4.

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

Thank you!

**Whitney Regan** (she/her) | **Office Coordinator**



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

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