



**Meeting of the Finance Committee**  
 Wednesday, May 3, 2023, 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:** 828 9972 4218  
<https://us02web.zoom.us/j/82899724218?pwd=UHEvZHZtMWJ5c0kwblozcHNQbkxuUT09>

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

**Password:** FLOWERS (Numeric Password for Phone: 2753607)

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Bob Cook	Doris Koo	Gloria Burton	John Kim	Christina Bernard
AyeNay Abye		Sue Taoka	Mallory Fitzgerald	Gene Yoon
		Diane Pietrowski	Whitney Regan	Denise Stiffarm (until 10:29am)
		Kara Zollner	Michael Finch (until 10:29am)	

Bob Cook called the meeting to order at 9:01 a.m. A quorum was not present. There was no public comment.

**Consent Calendar Minutes**

The Finance Committee did not vote on the Finance minutes from April 5, 2023.

**Update on Program Committee and Grantmaking**

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

- Program Committee discussed the 2022 New Major and Renewal Grant quarterly reports as well as the Nimble Grant quarterly and final reports.
- The Grants Manager updated Program Committee on the Renewal and New Major Grant processes.
  - Renewal grantees are currently completing their contract revisions.
  - The 2023 New Major Grant Review Panel meets tomorrow, May 4. The Governing Council will receive the panel’s recommendations at the Council meeting next week.
- Program Committee reviewed the compiled Risk Management scores submitted by Council members, Strategic Advisors, and Staff.
- PHPDA will work with three Health Equity Scholars this summer.
- The UW School of Public Health capstone student has completed their report and plans to present at the June Program Committee meeting. Finance Committee members are invited to attend the presentation.
- The Executive Director provided a presentation on why PHPDA must champion health equity. He discussed finding ways PHPDA can branch out to support and collaborate with the community.

**Financial Stewardship**

*Investment Update*

The Associate Director discussed LGIP investments. The rate is close to 5%.

- The Associate Director and Executive Director met with PHPDA’s new banking officer at Umpqua Bank.



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### *March & Q1 2023 Financial Statements*

The Associate Director reported on the March and Q1 2023 Financial Statements.

- There will be a one-time entry at the end of the year on the balance sheet for lease accounting, so these entries will not be updated during the year.
- Normal receivables and deferred from tenants with early lease payments.
- The income statement will look like it has in past years until the year-end lease accounting entries. For Tower operating, on both the income and expense side, there will be a lot of fluctuation due to the elevator project coming up sometime in the year, appearing like we are under budget for now, but will increase significantly for the elevator costs.
- PHPDA started working with Makers on Quarters community outreach. Not expected to be a large expense.
- On the expense side, you will see the expected grant payments. Also, there are more travel and conference costs being incurred for the first time in a long time.
- The Finance Committee members in attendance reviewed the March and Q1 2023 financial statements and recommended no changes.

### *Update on 2022 Independent Audit*

The Associate Director updated the Committee on Audit activities.

- PHPDA Staff and the Council Treasurer met with the Auditors last week. PHPDA expects a clean audit. No adjustments, no findings.
- Auditors said the lease accounting entries and North Lot sale entries look correct.
- The Associate Director will review the final audit report and write the Management Discussion and Analysis which will be included with the final report.
- The Associate Director will sign the Management Representation letter, with the timing of the Executive Director transition.
- The Governing Council will consider approving the Audit at their June meeting after the auditors present at the June Finance Committee meeting.

## **Property Management**

### *Q1 2023 Tower Operating Expenses*

The Associate Director reviewed the Q1 2023 Tower Operating Expenses provided by JLL.

- Most categories are close to the budget for the year. Energy is lower due to less electricity being used and the cost for the Chief Engineer changed due to a new Chief Engineer onboarding.
- Finance Committee asked about possible changes due to upcoming projects. There will be some additional capital expenses due to water pump and filtration upgrades as well as the elevator project.

## **Risk Management**

### *Updating Risk Management Plan*



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The Associate Director led a discussion on updating the PHPDA Risk Management Plan.

- She showed the Committee the compiled average scores for the identified risks from Governing Council members, Strategic Advisors, and Staff.
  - The ones highlighted in red are high risks and those in green are lower risks.
  - Most of the higher scored risks relate to property, IT, and reputation
- Staff will add current mitigation then send out the compiled average scores and current mitigation to both Committees. After the Committees' review, next step is discussing possible additional mitigation.
  - Program Committee and Finance Committee will likely discuss possible additional mitigation at their June or July meetings.
- Program Committee asked about possible trends. Going forward, PHPDA plans to use the same process when updating the plan. This year we made some changes to the process.
- The Committee discussed scoring consistency. Scoring can vary quite a bit dependent on how long a Council member has been on the Governing Council and their knowledge of PHPDA.
- It could be beneficial to have Governing Council, both Committees, and Staff decide on scores together rather than scoring risks individually and compiling the scores. Individual scoring can be valuable because it conveys different viewpoints.

### Committee Governance

#### *Update on PHPDA Executive Director Transition*

The Associate Director updated the Committee on the PHPDA Executive Director transition.

- She helped the Acting Council Chair and PHPDA's Legal Counsel finalize the new Executive Director's contract. The new Executive Director will start on May 22.
- Staff have had several meetings to discuss the Executive Director transition. They reviewed tasks and discussed who will handle certain tasks during the transition.
- The Associate Director plans to reach out to the Acting Council Chair and/or Council Treasurer to sign a letter to remove the current Executive Director as signer on our bank account.

### Real Estate

#### *North Lot Update*

The Executive Director provided an update on current North Lot activities.

- Concrete work continues on the North Lot.
- PHPDA's Real Estate Consultant provided an update on the Pacific Tower water pumps:
  - The Executive Director, Real Estate Consultant, JLL, Commerce, and PacMed met to discuss the proposed upgrades to the Tower water pumps and filtration system. Commerce and PacMed understand the need for the upgrades.
  - PHPDA anticipates sediment will appear in the Tower's water during North Lot construction.



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- The useful life of the current Tower water pumps exceeds the terms of the PacMed lease. If PacMed departs at the end of their lease, the remaining amortized cost for the upgrades will transfer to the next tenant as operating costs.
- Once the Governing Council authorizes the payment for the water pump and filtration system upgrades, PHPDA will likely receive some reimbursement from the tenants soon after the authorization.
- Commerce might request funding for this project through supplemental Washington State funding next year. If the legislature approves those funds, Commerce will receive the funding right away.
- PHPDA may ask Governing Council to approve the use of PHPDA funds for this project at their meeting next week then tenants and SCIDpda will reimburse per existing and new agreements.

### *Update on Quarters Buildings*

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

- Washington State legislature allocated \$5 million in capital funding to renovate the exteriors of Quarters 3-9, but the funding is tied to housing for youth and young adults experiencing homelessness.
- Additionally, funds have been allocated by legislation to extend the Quarters Access Agreement so Commerce can hold the Quarters Buildings for two more years; \$450,000 per year for two years, totaling \$900,000.
  - PHPDA will begin working on the renewal agreement with an option to negotiate a long-term Quarters lease following the expiration of the access agreement.
- PHPDA plans to gradually work on the capital funds agreement because we want our requests to be acknowledged and to receive input from the community on the proposed programming.
  - Possibly create a list of suggestions to share with Commerce as they prepare the Request for Proposals (RFP). Commerce plans to issue the RFP this fall for a Quarters provider or operator.
  - The Committee discussed finding a possible Quarters provider or operator before PHPDA begins using the capital funds. Finding a provider or operator could help with community outreach.
  - Potentially look at community-based organizations (CBO) that work closely with homeless youth and young adults and are knowledgeable about that specific population, but CBO's may not have the funds to put towards the programming being discussed.
  - It is important to get community input before planning next steps. PHPDA plans to accelerate community outreach and potentially correlate it with our new Executive Director announcement.
  - PHPDA does not want to set up a Quarters project model until we look at similar projects to see how other projects operate and how successful their models are.
- Crosscut released an article about Quarters programming and PHPDA's role in the planning process.



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- Commerce would be PHPDA’s preferred Quarters master lessee. PHPDA would stagger the Tower and Quarters leases to avoid potential vacancy at the same time.
- PHPDA plans to have a Plan B or C if the initial concept does not work out.
  - Possibly figure out a short-term and long-term schedule for Quarters planning.

**Adjournment**

The meeting adjourned at 10:35 a.m.

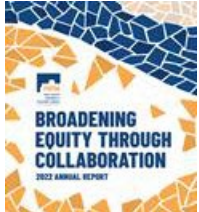
Minutes approved: \_\_\_\_\_

6/7/2023  
(Date)

**From:** [Whitney Regan](#)  
**To:** [Bob Cook](#)  
**Subject:** RE: PHPDA FC Chair Signature Requested  
**Date:** Wednesday, June 7, 2023 2:50:00 PM  
**Attachments:** [image003.png](#)  
[image004.png](#)

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



[2022 Annual Report](#)

**Whitney Regan** (she/her) | **Office Coordinator**  
206.432.3027 | [w.regan@phpda.org](mailto:w.regan@phpda.org) | [www.phpda.org](http://www.phpda.org)

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



*For grant related matters, email [grants@phpda.org](mailto:grants@phpda.org).  
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**From:** Bob Cook <[bob.cook@outlook.com](mailto:bob.cook@outlook.com)>  
**Sent:** Wednesday, June 7, 2023 1:03 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 attach signature as indicated. thanks!

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**From:** Whitney Regan <[w.regan@phpda.org](mailto:w.regan@phpda.org)>  
**Sent:** Wednesday, June 7, 2023 12:23 PM  
**To:** Bob Cook <[Bob.cook@outlook.com](mailto:Bob.cook@outlook.com)>  
**Subject:** PHPDA FC Chair Signature Requested

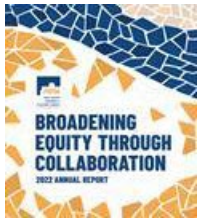
Hi Bob,

Please see attached for the Finance Committee's 4/5 and 5/3 minutes which were approved at the meeting today 6/7

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

Thank you!

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