



Special Meeting of the PHPDA Governing Council
January 16, 2015 9:30-10:30 a.m.
 Quarters 2 Building, Beacon Hill
 1200 12th Ave South Seattle, WA 98144

MEMBERS PRESENT		ALSO PRESENT
Tony McLean	Judy Tobin	Jeff Natter
Nancy Sugg (phone 9:36-9:40)	Rhonda Berry (from 9:33)	Christina Bernard
Mike Heinisch	Doris Koo	Tom Dixon
Nate Dreon	Eleanor Menzies	Michael Finch
Rich Nafziger		Denise Stiffarm
		Several members of the public – sign-in sheets on file at PHPDA office

Mike Heinisch called the meeting to order at 9:32 a.m. A quorum was present. There was no public comment.

Property Management/Tower Update

Discussion of proposed Nondisturbance and Attornment Agreement (Resolution 01-2015)

Executive Director Jeff Natter provided an overview of the topic, discussing the fact that while there is risk to the PHPDA, he encouraged approval. He stated that he hoped that any negative impact of this action will be mitigated in order to minimize the damage to the PHPDA and our important grantmaking work.

Chair Mike Heinisch asked for acknowledgement of potential conflicts of interest and recusals, and the following were noted:

- Mike Heinisch recused himself from discussion and action because he serves on the board of a Tower subtenant, Community Center For Educational Results (CCER). He noted he would, however, continue to chair the meeting and facilitate the discussion.
- Nancy Sugg recused herself from discussion and action because she is a State of Washington employee (University of Washington).
- Rich Nafziger stated that he would have had a conflict because of his service on the board of SEIU Training Partnership, a Tower subtenant. However, he stated that he had resigned from that board on the evening of January 15th and would send a letter to the PHPDA by the end of the day confirming that resignation. He stated that, with that resignation, he would participate in the discussion and action.
- Rhonda Berry stated that she had reviewed her potential conflict as a County employee with both the County and PHPDA’s legal counsel and determined that there is no conflict and that she would participate in the discussion and action.

PHPDA real estate counsel Tom Dixon summarized the proposed Nondisturbance and Attornment Agreement (NDA). He stated that there is a very low risk that Commerce will default but that, should a default occur during the term of the NDA, the PHPDA will have to pay for Tower operating expenses without any obligation for reimbursement from the Tower subtenant who would assume the lease at a payment of \$1/year. He further noted that, in such case, while the PHPDA can sue Commerce for lost rent and operating expenses, the length of a potential law suit and the PHPDA’s limited resources would likely mean that the PHPDA would run out of money before a recovery. He stated that these terms are not normal for non-disturbance agreements. He summarized further provisions, including that



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the NDA has a term of eight years which is an improvement over an original proposal of 30 years.

Rich Nafziger asked if the version being reviewed at the meeting was different than the one emailed to the Governing Council the previous day. Tom Dixon stated that a few non-substantive changes had been made since the document was emailed. He noted that he had requested some terms that would provide additional protection to the PHPDA (for example, that the PHPDA not be held in default of the lease terms in the case that Commerce defaults and the PHPDA runs out of money to maintain the Tower). However, these proposed terms were rejected by attorneys for Commerce and the College Foundation.

Several Council members asked clarifying questions and Mr. Dixon stated that the final form will be exactly what is being reviewed or very slightly modified in favor of the PHPDA, and that the eight years begins upon execution of the agreement. Ms. Stiffarm noted that minor non-substantive changes can be made to the document without further Governing Council action but that any substantive changes would require a new vote by the Governing Council.

Doris Koo moved approval of Resolution 01-2015, authorizing the Executive Director to execute the NDA in substantially the form attached to the resolution (2nd Menzies).

Doris Koo stated that she appreciated the effort to seriously protect the mission and charter of the PHPDA, even recognizing the unlikelihood of a Commerce default.

The Governing Council approved resolution 01-2015 (7 of 7 in favor, Heinisch recused).

Council member Judy Tobin read a prepared statement expressing her concerns with the manner in which the PHPDA was treated during the NDA process and the potential negative impact on the future work of the PHPDA Governing Council.

The Executive Director updated the Governing Council on one other Tower issue, the Historic Preservation Certification Application (Part 2). He stated that it would be approached in a different way, with the PHPDA providing a letter acknowledging the application, rather than signing the document itself. At the February meeting, the Governing Council can act to retroactively recognize the procedural change.

Committee Assignments of New Governing Council members

Chair Mike Heinisch stated that all Governing Council members serve on one of two Committees, so each of the three new members would be assigned to one of them. Per Committee Charters, the Chair makes appointments to the Committees. He noted that he also need to appoint a new Planning Committee Chair.

The Chair appointed Nancy Sugg as Planning Committee Chair.

The Executive Director summarized the work of the two Committees:

- Finance Committee – fiscal oversight, review of financial documents, risk management (meetings 4-5:30 pm immediately preceding Governing Council the second Tuesday of each month).



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- Planning Committee – grant processes and materials, advocacy, strategic planning, presentations about health care topics (meetings 7-9:30 am the first Wednesday of each month).

He noted that both Committees also have voting strategic advisors.

Chair Mike Heinisch appointed Ellie Menzies and Rich Nafziger to the Planning Committee and Doris Koo to the Finance Committee.

Adjournment

The meeting was adjourned at 10:11 a.m.

Minutes approved _____ (Date)