



Meeting of the Finance & Audit Committee
Tuesday July 14, 2015
4:00-5:25p.m.
 Quarters 2 Building, Beacon Hill Campus
 1200 12th Ave South Seattle, WA

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT
Doris Koo from 4:13	Tony McLean	Nate Dreon	Jeff Natter
Bob Cook	Rhonda Berry		Christina Bernard
Paul Feldman			Rikka Dayao
			Mike Heinisch from 4:31

Tony McLean called the meeting to order at 4:01 p.m. A quorum was present. There was no public comment.

The Executive Director welcomed the PHPDA’s newest Strategic Advisor, Paul Feldman, to the Finance Committee and his first meeting with the organization.

Minutes

The June 9, 2015 Finance & Audit Committee meeting minutes were approved (Moved/2^{nded} by Cook/Berry. 3 of 4 in favor). Paul Feldman abstained due to this being his first Finance Committee meeting.

Financial Stewardship

Investment Update

The Committee reviewed the PHPDA’s current investments and year-to-date interest income. The Finance & Grants Manager advised that the PHPDA anticipates the grant payments to go through relatively soon.

May 2015 Financials

The Finance & Grants Manager reviewed May 2015 Financials with the Committee and clarified a few questions that the new Finance Advisor had regarding the statements. The Finance Committee accepted the May 2015 financial statements (Moved/2^{nded} by Berry/Cook. 4 of 4 in favor).

Report on meeting with City of Seattle Finance staff

The Executive Director and Finance & Grants Manager updated the Committee regarding their meeting with City of Seattle Finance staff and possible investment options for the PHPDA. The City of Seattle Finance staff advised that the PHDPA can invest in government bonds for some return; however, they do not recommend it for the PHPDA due to the size of the organization and the lack of time and expertise within our small staff. The City commented that the PHPDA is choosing the proper and secure investing options already with their funds, which the Executive Director credited to the Finance & Grants Manager. The Executive Director proposed to further explore and discuss the PHPDA’s investing options within their legal parameters. A sub-committee within the Finance Committee consisting of Doris Koo, Bob Cook and Paul Feldman along with the Executive Director and Finance & Grants Manager was then formed to further discuss those options in the near future. The Executive Director and Finance & Grants Manager will have a meeting with the City’s Facility Operations Division this week to discuss strategies for the allocation of reserve funds.

Personnel

Update to PHPDA PTO policy

The Finance & Grants Manager presented the proposed changes and updates to the PHPDA PTO



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policy. Per the Committee's request, the Finance & Grants Manager researched and compared the PHPDA's current PTO policy to PTO at other organizations. Staff provided several options for the PTO schedule for non-Executive staff. The Executive Director recommended Option #1, in which non-Executive Staff would start with 24 days of annual PTO and increase accrual by one day at each work anniversary until reaching a maximum of 37 days. Members of the Finance Committee agreed with the recommended edits to the Employee Handbook and forwarded these changes, including the Executive Director's recommended PTO schedule, to the Governing Council (Moved/2nd by Koo/Feldman. 5 of 5 in favor).

Time series of staff time tracking

The Finance & Grants Manager presented the staff's time tracking series over the past six months in comparison to last year's numbers. The PHPDA staff submits time tracking to the Finance & Grants Manager during one randomly chosen week a month which then will eventually be used in part towards yearly staff reviews and proper allocation of Property Management expenses. The Committee requested to see time tracking trends between years which the Finance & Grants Manager will report at a later meeting.

Risk Management Check-in/Update

The Finance & Grants Manager provided a Risk Management check-in to the Committee. Overall, the PHPDA has completed and updated a good amount of the risk areas identified in 2014. Staff will continue to integrate mitigation plans into their workplans for 2015 and following years.

Grant Management

Grantee audits

The Finance & Grants Manager advised the Committee that the state auditors requested that the PHPDA request more financial records and reports from the PHPDA's grantees. Each grant contract states that the PHPDA holds the right to request an audit and/or a check-in of their financials. Moving forward, the Finance & Grants Manager will choose a couple of grantees to randomly audit and check-in on the funded program's financials. She will conduct a few audits later in the summer after final financial reports are received from the PHPDA's 2014 Major Grants.

Strategic Planning

The Executive Director brought up for discussion a different approach to the PHPDA's 2016-2019 Strategic Plan: Strategic Thinking. He referenced an article, The Guide for Successful Nonprofit Management published by Third Sector New England, which compares Strategic Thinking vs Strategic Planning. Based off of the size of the PHPDA's staff, the Executive Director suggested using a Strategic Thinking approach in moving forward with the new Strategic Plan. The Committee was in agreement with the Strategic Thinking approach and discussed ways to still include the Board and Advisor's expertise and ideas into the new Strategic Plan.

PHPDA Reserve Funds

The Executive Director presented to the Committee a plan to designate the \$5 million received as consideration from PacMed in 2014 as part of the Pacific Tower and Property Reserve Fund. The discussion was previously tabled at last month's meeting due to the request to wait for the Executive Director and Finance & Grants Manager's meeting with the City of Seattle Finance staff. The reserve



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fund itself would accommodate the PHPDA's need with regard to expected or unexpected maintenance, restoration, and operating expenses that may arise during or following the terms of the State Lease and the PacMed Lease. After further discussion with the Committee and wanting to obtain more information from the City's Facility Operations Division this week regarding allocation of reserve funds, the Committee decided to table the PHPDA Reserve Funds topic for next month's meeting following an update from the Executive Director and Finance & Grants Manager.

Adjournment

The meeting was adjourned at 5:16 p.m.

Minutes approved: _____

(Date)