



Meeting of the Finance & Audit Committee
Tuesday October 6, 2014
4:00-5:25p.m.
 Quarters 2 Building, Beacon Hill Campus
 1200 12th Ave South Seattle, WA

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT
Rhonda Berry	Tony McLean	Kevin Fox	Jeff Natter
Bob Cook	Nate Dreon	Jackie Wolfe	Christina Bernard
			Mike Heinisch (from 4:55)

Nate Dreon called the meeting to order at 4:18 p.m. A quorum was present. There was no public comment.

Minutes

The September 9, 2014 Finance & Audit Committee meeting minutes were approved (Moved/2^{nded} by Cook/McLean. 4 of 4 in favor).

Risk Management Discussion

The Committee reviewed the current mitigation activities for the risks identified over the last several months. They believed that the mitigation activities are already adequate for many of the risks. They asked staff to review each risk and the current mitigation to determine what additional mitigation might be necessary. Staff will bring a first draft of suggested additional mitigation to the next Finance Committee meeting.

Personnel

Staff salary review process (Operating Policy 01-2014)

The Executive Director presented an updated draft of Operating Policy 01-2014, incorporating changes suggested at the September Finance Committee meeting. In particular, the new draft clarifies the procedure for how to handle the salaries of staff that have reached the top of the salary range for their position. They discussed the limitations on hiring salary, in light of the necessary balance between attracting experienced staff and being responsible with public funds. The Committee added language stating that the Executive Director must consult with the Governing Council Chair if he or she proposes a hiring salary at or above step 6 of the 10-step salary range. The Committee forwarded Operating Policy 01-2014, as amended, to the Governing Council for approval (Moved/2^{nded} by McLean/Berry. 4 of 4 in favor).

The Executive Director also reported that he was beginning the salary review process for the two existing staff positions, using comparables from the Council on Foundations salary survey, a local nonprofit salary survey, King County, and the City of Seattle. He also noted that since the current PHPDA positions incorporate varied roles and responsibilities, he would be weighting the comparables for different aspects of the jobs to come up with an overall salary. The new salaries will be incorporated into the 2015 budget.

Financial Stewardship

Investment Update

The Finance & Grants Manager updated the Committee on PHPDA's investments and year-to-date interest income.



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August 2014 Financials

The Committee reviewed and accepted the August 2014 financial statements (Moved/2nd Cook/Berry. 4 of 4 in favor).

Reserve Fund – Designate additional LGIP funds

The 2014 budget sets aside \$924,156 to be added to the current \$200,000 in reserve funds within the year. The \$200,000 in reserve is currently held as part of the funds in the PHPDA's Local Government Investment Pool (LGIP) account. The Committee voted to designate an additional \$924,156 of the funds in the LGIP account as part of the Pacific Tower & Property Reserve Fund. (Moved/2nd Berry/McLean. 4 of 4 in favor). There is now a total of \$1,124,156 in the reserve fund, all of which is held in the LGIP.

CD investments

The Finance & Grants Manager reported that staff had reviewed bank CD rates to inform investment plans. The Committee discussed these plans, as well as future plans for adding to the Pacific Tower & Property Reserve Fund. The reserve plans will be discussed further at the upcoming board retreat and/or future 2015 budget discussions. In the meantime, the Committee authorized the Executive Director, with the advice and approval of the Treasurer, to invest in two new \$500,000 CDs, with maturities of up to 24 months each (Moved/2nd Cook/Berry. 4 of 4 in favor).

2012-2013 State Audit

The Finance & Grants Manager updated the Committee on the ongoing State Audit. She reported that the auditor is focusing on four items and would likely be contacting staff in the coming weeks with follow-up questions. The final report is expected in November.

Property Stewardship

Real Estate Committee Update

The Executive Director updated the Committee on ongoing discussions with the Department of Commerce about their funding. He also reported that several tenants had moved in to the Tower, with more to come in the next few months.

Budget

Draft 2015 operating budget

The Committee reviewed the first draft of the 2015 operating budget. They discussed several items, including the Tower operating costs, which will be finalized by the Property Manager, the budgeted amount for legal fees, the planned program-related spending, and the plans for reserves in 2015. An updated draft will be reviewed in November, with final action to be taken in December.

Adjournment

The meeting was adjourned at 5:31 p.m.

Minutes approved: _____

(Date)