



Meeting of the Finance & Audit Committee
Tuesday February 10, 2015
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 (from 4:16)	Tony McLean		Jeff Natter
Doris Koo	Nate Dreon		Christina Bernard
Bob Cook			

Nate Dreon called the meeting to order at 4:05 p.m. A quorum was present. There was no public comment.

Minutes

The January 13, 2015 Finance & Audit Committee meeting minutes were approved (Moved/2nded by Cook/McLean. 4 of 4 in favor).

Financial Stewardship

Investment Update and CD Investments

The Committee reviewed current investments and year-to-date interest income. New Committee member Doris Koo asked some questions to clarify the rules regarding PHPDA's investments. Staff provided an overview of the rules and will follow up by sending her the PHPDA's full investment policy.

Draft December 2014 Financials

The Finance & Grants Manager presented draft December 2014 financial statements and noted that a few more outstanding 2014 items would be added before sending a final draft to the PHPDA's auditors. She also discussed some of the new tenant reimbursement categories that have been added to the PHPDA's statements.

The Committee reviewed and accepted the draft December 2014 financial statements (Moved/2nded by Cook/McLean. 5 of 5 in favor).

Draft 2014 Year-End Financials

The Committee reviewed the draft year-end statements. The narrative included with the statements focuses more on full-year income and expenses, as opposed to focusing on monthly activity in the December statements.

The Committee voted to forward the draft 2014 year-end financials to the Governing Council for review (Moved/2nded by Berry/McLean. 5 of 5 in favor).

Property Stewardship

Report on Final 2014 Tower Operating Expenses

The Committee reviewed the Property Manager's report on final Tower Operating Expenses, which were under budget. The Finance & Grants Manager will complete a reconciliation of actual costs to operating costs paid by Tower tenants. Because costs were lower than expected, there was likely an overpayment in 2014, in which case each tenant will be provided a credit in the amount of their overpayment.



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Grantmaking

Nominations for 2015 Grant Review Panels

The Committee reviewed the planned 2015 Grant Review Panel membership and the responsibilities for each. The panels will be appointed by the Governing Council.

Grant Management

Summary of 2014 Major Grant Mid-year financial reports

Staff provided an overview of the mid-year financial reports from PHPDA's 2014 grantees. Several of them are behind in their spending, but most expect to fully expend their PHPDA grant funds by the end of the contract period. There are a few that may not be able to do so, and staff will work with them over the next several months to determine the best way to proceed in collecting unused funds. Staff also reported that they were happy with the financial tracking systems set up by all grantees.

The Committee discussed options on how best to deal with underexpenditure in the future, including return of funds and potential for grant extensions.

Reserve Fund Discussion

The Finance & Grants Manager presented a background on the PHPDA's Pacific Tower and Property Reserve Fund and several questions to be addressed by the Committee over the coming months in planning for future deposits and investments of the reserve fund. Questions include:

- Should there be annual reserve deposits for the next several years or should a larger amount be deposited in 2015 or 2016, with small or no deposits into the reserve in following years?
- What is the target balance for reserves?
- Should the reserve fund be maintained as part of the LGIP account or put in a new separate account?

Committee Chair Nate Dreon further discussed the purposes of the reserve fund, including restoration of the Tower at the end of the Commerce lease.

Committee members agreed that it is important to grow the reserves, whether through a large deposit or smaller deposits over several years. They focused discussion on investment options, including the idea of program-related investments, which can both provide a higher return than the LGIP and further the PHPDA's mission. Staff and some Committee members will look into whether and how the PHPDA can further explore this option.

Adjournment

The meeting was adjourned at 5:23 p.m.

Minutes approved: _____

(Date)