



Meeting of the Finance & Audit Committee
Tuesday September 9, 2014
4:00-5:25p.m.
 Quarters 2 Building, Beacon Hill Campus
 1200 12th Ave South Seattle, WA

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Kevin Fox	Jackie Wolfe (phone)	Tony McLean	Jeff Natter	Lincoln Ferris (from 4:27)
Bob Cook	Nate Dreon	Rhonda Berry	Christina Bernard	Mike Heinisch (from 4:31)
				Michael Finch (from 4:40)

Nate Dreon called the meeting to order at 4:02 p.m. A quorum was present. There was no public comment.

Minutes

The July 8, 2014 Finance & Audit Committee meeting minutes were approved (Moved/2nded by Cook/Fox. 4 of 4 in favor).

Risk Management Discussion

The Committee reviewed the scores for all of the risks identified over the previous months. The discussed the fact that PR and reputational risks are linked to several of the risks across all categories, and suggested that a new crisis communications plan should be part of the risk management plan. They asked staff to do two things before October to move forward:

- Plot the severity and probability scores for each risk to provide a visual representation of the scores.
- List mitigation activities already in place for each risk.

Personnel

Staff salary review process

The Executive Director presented a draft operating policy on the process to set and review staff salaries. The Committee discussed several aspects of the proposed policy, including how to adjust salaries once a staff person has reached the top of the range for their position, where on a range new staff members should be placed, and how the Executive Director will determine comparable jobs. The Executive Director will work to address some of the questions and will bring an updated draft for action at the October meeting. He will also begin the process of determining comparable salaries for current staff in preparation for the 2015 budget, likely using the Council on Foundations survey, United Way survey, and the public sector salaries.

Grantmaking

Nimble Fund Subcommittee

At their September 3 meeting, the Planning Committee recommended that the subcommittee reviewing Nimble Fund applications for the first round of grants (awarded in December for projects in early 2015) be made up of two Planning Committee members (Sharyne Shiu Thornton and Michael Leong), one Finance Committee member (TBD), and two staff members (Jeff Natter and Christina Bernard). The Finance Committee discussed which member would participate in the subcommittee and voted to recommend that Jackie Wolfe be appointed (Moved/2nded by Fox/Cook. 4 of 4 in favor).



**Meeting of the Finance & Audit Committee
Tuesday September 9, 2014
4:00-5:25p.m.**

Quarters 2 Building, Beacon Hill Campus
1200 12th Ave South Seattle, WA

Financial Stewardship

Investment Update

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

June and July 2014 Financials

The Committee reviewed and accepted the June and July 2014 financial statements (Moved/2nded Cook/Fox. 5 of 5 in favor). Their review included discussion of the fact that a significant amount of the overbudget spending discussed in July will be reimbursed by tenants, as they are costs related to project management.

The Finance & Grants Manager also updated the Committee on plans to purchase new grant management software. As the software chosen after staff review requires payment of a two-year fee upfront, this could result in an overbudget expense in 2014. More information will be provided once the payment schedule is clear.

Quarter 2 2014 Financials

The Committee forwarded the Quarter 2 2014 financial report to the Governing Council for approval (Moved/2nded Cook/Fox. 4 of 4 in favor).

Revisions of PHPDA Investment Policy (04-2006), including review of RCWs, and FDIC Insurance Policy (01-2010)

The Committee reviewed proposed changes to Operating Policies 04-2006 and 01-2010. The proposed changes will allow for investments that are over FDIC insurance limits. They made several additional changes to the wording in Policy 01-2010 to remove a remaining reference to FDIC insurance limits and to clarify the frequency of the Finance Committee's review of investments. The Committee forwarded the policies, including the additional changes to 01-2010, to the Governing Council for approval (Moved/2nded by Fox/Cook. 4 of 4 in favor).

The Committee also completed their annual review of RCWs related to investments (included in Policy 04-2006).

Resolution (12-2014) CD investments

The Committee forwarded Resolution 12-2014, as amended to be consistent with the changes made to Policy 01-2010, to the Governing Council for approval (Moved/2nded by Fox/Wolfe. 4 of 4 in favor). The Resolution governs CD investments through September 2015.

Short-term investment plans

The Committee discussed several options for short-term investments. They asked staff to pursue or research two over the next several months:

- Purchase of larger, longer-term CDs.
- CDARS, a program allowing for easier management of CDs across several institutions.

They are not interested in pursuing investment directly in bonds at this time. Staff will also remain in touch with the LGIP to monitor any changes to their offerings.



Meeting of the Finance & Audit Committee
Tuesday September 9, 2014
4:00-5:25p.m.
Quarters 2 Building, Beacon Hill Campus
1200 12th Ave South Seattle, WA

Property Stewardship

Real Estate Committee Update

The Executive Director updated the Committee on potential work with the Department of Commerce on assisting them in securing funding for improvements in the Tower. PHPDA staff and advisors are working to determine the best way the PHPDA can assist in this work without exceeding the PDA's administrative capacity or putting the organization at unnecessary risk. Michael Finch, PHPDA Real Estate advisor from Century Pacific, and Lincoln Ferris, from Seattle Colleges, each spoke about the amount of funding needed and their process for gathering information to determine the next steps.

Report on Apr-Jun Tower Operating Expenses

The Committee reviewed the report from the PHPDA property manager that details actual Tower operating costs versus budget for Q2 2014. Expenses are under-budget for the year compared to the re-forecast the property manager completed several months ago.

Grant management

Project Access NW Medical grant Jan-June financial report

The Committee reviewed and accepted the Project Access NW Medical grant mid-year financial report (Moved/2nded by Fox/Wolfe. 4 of 4 in favor).

Project Access NW Dental grant May 2013-June 2014 final financial report

The Committee reviewed the Project Access NW Dental grant final financial report and forwarded it to the Governing Council (Moved/2nded by Fox/Wolfe. 4 of 4 in favor).

Adjournment

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

Minutes approved: _____

(Date)