Tony McLean called the meeting to order at 4:04 p.m. A quorum was present. There was no public comment.

Minutes
The October 11, 2016 Finance & Audit Committee meeting minutes were approved (Moved/2nded by Bob Cook/Rhonda Berry, 4 of 5 in favor, Paul Feldman abstained).

Update on Program Committee

The Executive Director gave an update on the November Program Committee Meeting. “Addressing systemic and structural racism” was added to the principles/grantmaking focus for 2017. The Program Committee established the following grantmaking foci for 2017:

- Provide health related services and outcomes for those experiencing homelessness and housing instability.
- Provide health related services and outcomes for populations in South King County.
- Provide health related services and outcomes for African American populations.
- Advocacy (same as 2016)

The Finance and Grants Manager inquired if the PHPDA would be interested in hiring an intern from the Evans School of Public Health to continue the evaluation work done last year. Last year’s evaluation was useful and well received by the grantees and the Program Committee supports doing it again. The Program Committee discussed the possibility of increasing the Nimble Fund grant budget for 2018 and possibly limiting the number of applications. The Program Committee decided to table the discussion for a later date.

The Finance and Grants Manager advised that the due date for Major Grants was changed to March 22nd due to PHPDA staff attending a conference. The Committee was reminded that there will be no fourth year exceptions.

The Finance & Grants Manager updated the Committee on the Nimble, Major, and Renewal grant quarterly report summaries with most programs being on track. There was some concern over staffing and turnover challenges with some of the organizations. Overall, the Committee was pleased with the report summaries provided by the grantees.
The Executive Director discussed the potential to hold an African American Health Summit. A committee will be established. Ellie Menzies, Doug Jackson, and Michael Leong volunteered. The Executive Director requested that the Program Committee reach out to prominent members of the African American communities to start a dialogue and establish a network.

**Financial Stewardship**

*Investment Update*

The Committee reviewed the PHPDA’s current investments and year-to-date interest income.

**September 2016 Financials**

The Finance & Grants Manager advised the Committee that there was nothing out of the ordinary last month for the September financials. The Committee reviewed and accepted the September 2016 financial statements (Moved/2nded by Paul Feldman/Doris Koo, 6 of 7 in favor, Tony McLean abstained).

The Finance and Grants Manager advised that the North Lot expenditures are currently recorded as a miscellaneous line item, but will eventually have its own account. The quarterly report will also need to be presented differently to account for the North Lot expenditures.

**Q3 2016 Financial Report**

The Committee reviewed and accepted the Q3 Financial Report to forward to the Governing Council (Moved/2nded by Paul Feldman/Bob Cook, 6 of 7 in favor, Tony McLean abstained).

**Charitable Solicitations and Charitable Trust Renewals**

The Finance & Grants Manager advised the Committee that every year the PHPDA has to renew with the Corporations & Charities Division of the Office of the Secretary of State as a grantmaking entity. This also ensures that the PHPDA is able to accept donations although we have not done so. The paperwork has been completed and will be mailed in next week. The information submitted was based on 2015 Financial Statements.

**Draft 2017 Operating Budget**

The Finance and Grants Manager presented the draft 2017 Operating Budget. It was noted that 2016 was the first year the Tower was fully occupied with tenants for all months. The Program Committee recommends $1 million in new grants for 2017. The $1 million does not include unexpended funds. There could be more updates for the Tower budget.

The North Lot will eventually have its own budget. Costs for the North Lot will come out of the Reserve Fund. The Finance Committee discussed options on how to replenish the Reserve Fund, and the
possibility for a detailed tracking process for the development expenses. Budgeting and staffing for the North Lot project will become clearer once it is ascertained what the role of the PHPDA will be. The Grants and Finance Manager advised that once a contract has been finalized up with the County, the PHPDA will send it to the State Auditor for advice on how to record the North Lot budget.

State Audit Update

The Finance and Grants managed advised that PDA costs for the State audit budget will increase starting in 2017 due to a policy change to switch from the GAAS standard to the new GAGA format. Even though the State audit occurs every two years, the PHPDA will continue to perform an independent audit on each year.

This year the state audit was conducted for 10 days and focused on the 2014-2015 term. The first half was spent determining which items to focus on. The highest risk areas evaluated included the PHPDA financials, meeting minutes, contracts, past years’ grantmaking and the NDA agreement. So far there have been no findings. An exit meeting will be conducted with the PHPDA with an invitation extended to the Governing Council members. The Finance and Grants Manager does not foresee any issues.

Property Management

Report on Q3 2016 Tower Operating Expenses

The Finance and Grants Manager reviewed the Quarter 3 2016 Tower Operating Expenses report. Further clarification may be given by Property Manager Cheryl Mauer if necessary.

2016 North Lot rent bump

The Finance and Grants Manager advised that the annual rent adjustment for 2016 on the North Lot is retroactive to September 1st.

Real Estate

North Lot Project Update

The Executive Director updated the Finance Committee on the progress of the North Lot project. Maria Barrientos and Jeff Natter have held meetings with stake holders including county executives, the Office of the Mayor of Seattle, the Landmarks Preservation Board, Seattle College, ICHS and the communities of Beacon Hill to gather input and concerns. Seattle Indian Health Board and El Centro de la Raza were informed via email about the North Lot project. Maria Barrientos and her architectural team put together several site massing plans to present to the Real Estate Committee. These plans take into consideration the viewing corridors, height limitations, green spaces and street access. The mayor’s office supports multiple types of housing, but the site must include low income housing. The PHPDA legal counsel team continue their work to finalize the contract with HSDPDA. HSPDA has committed to a grant of $1.7 million dollars directly to the PHPDA. In the event that the ICHS/AiPACE program does not happen, the PHPDA will be required to pay back the $1.7 million. The PHPDA has
not yet received the draft contract from the County. The Executive Director reminded the Committee that in order to purchase the North Lot, the PHPDA is dependent on the $1.7 million from HSDPA. The PHPDA’s ability to receive the $1.7 million from HSPDA is contingent on giving ICHS site permission for the AiPACE program.

**Future Real Estate Committee and Finance Committee Oversight**

The Executive Director advised that the PHPDA has already established an ad hoc Real Estate Committee for the North Lot project. The Committee consists of committee chair Doris Koo, Teresa Mosqueda, Paul Feldman, Bob Cook, Mike Heinisch and Michael Finch. It was decided that the committee will exist as long as needed, with no sunset date. The Finance and Grants Manager advised that if the committee has four or more Governing Council members in attendance, a public meeting must be announced. It was noted that the PHPDA Office Coordinator takes notes for the Real Estate Committee meetings whenever possible, and that these notes are public record.

**Adjournment**

The meeting was adjourned at 5:20 p.m.

Minutes approved: ____________________________ (Date)