



Meeting of the Finance & Audit Committee
Tuesday July 8, 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	Rhonda Berry (from 4:26)	Tony McLean	Jeff Natter
Bob Cook	Nate Dreon		Christina Bernard
Jackie Wolfe (until 5:20)			

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

Minutes

The May 13, 2014 and June 10, 2014 Finance & Audit Committee meeting minutes were approved (Moved/2nded by Fox/Cook. 4 of 4 in favor).

Risk Management Discussion

The Committee members reviewed their preliminary scores for the financial stewardship and property management risks identified at the last meeting. All scores will be reviewed and discussed once all risk areas are identified.

The Committee then discussed the risks related to data and information security and requirements as a public entity in more detail, identifying specific risks within those areas.

Risk areas within data and information security:

- Data back-up strategy
- Access by outside party
- Data breach/hack
- Password protection
- Server crash
- Public records requirements
- Personnel files
- Paper files

Risk areas within public entity requirements:

- Open Meeting Act, including executive session restrictions
- Meeting notice periods
- EEO/non-discrimination requirements
- Acting within charter and deed restrictions
- Actions and authority at appropriate level
- City Council and mayoral oversight
- Landmark preservation
- State administrative rules
- State audit
- GASB
- 501(c)(3) requirements



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Staff will condense the discussion of these risks into several risk statements for the Committee's review. The Committee will then rate each risk's severity and probability. The only risk area identified that has not been discussed is public image. As this is often a risk related to other risks, the Committee asked staff to review all identified risks and create a list of those that are most likely to lead to an impact on the PHPDA's public image.

The risk management discussion at the next Committee meeting will focus on review of all risk scores.

Financial Stewardship

Investment Update

The Finance & Grants Manager updated the Committee on PHPDA's investments and year-to-date interest income and noted a correction to the dates listed. Two CDs that matured in June were renewed for an additional year.

May 2014 Financials

The Committee reviewed and accepted the May 2014 financial statements (Moved/2nd Cook/Fox. 5 of 5 in favor).

Budget Update – Legal and Real Estate Advisor Expenses

The Committee discussed two items that will be significantly over-budget for the year: legal fees (largely related to the discussions with PMC early in the year) and real estate advisor fees (related to greater-than-expected need for advice surrounding PHPDA's leases). The Committee voted to recommend that the Governing Council (1) acknowledge the fact that both lines will exceed their 2014 budget amounts, (2) ask staff to discuss expected remaining 2014 costs with the respective consultants, and (3) ask staff to build an action plan to attempt to control expenditures while still using these services when necessary to mitigate risks (Moved/2nd Fox/Berry. 5 of 5 in favor).

Staff time tracking Jan-Jun 2014

The Committee reviewed the monthly staff time tracking results for the first half of 2014.

Discussion of PHPDA Investment Policy

The Committee discussed potential changes to the PHPDA investment policy, including changing limits on CD investments and how to invest the Pacific Tower and Property Reserve Fund, as well as concerns about other types of investing for which staff has no expertise. The Committee asked staff to bring a draft investment policy deleting the section limiting CD investments by time and amount to the next meeting for consideration. They also asked that staff work on additional potential changes to be made either at the same time or at a later date.

Property Stewardship

Real Estate Committee Update

The Executive Director updated the Committee on meetings and discussions with PHPDA's tenants, including the Department of Commerce's tenant improvement and sub-leasing, as well as PacMed's work on electrical issues in the Quarters buildings.



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Professional Services

Renew professional relationship with Pacifica Law Group (Res 11-2014)

The Committee reviewed a resolution to continue a professional services relationship with Pacifica Law Group, who provide as-needed legal and other advice to the PHPDA. All such relationships must be reviewed every three years. The primary PHPDA advisor at the firm is Gerry Johnson, who has a unique and extensive historical knowledge of the PHPDA, having been involved in the creation of the PHPDA, the leases with WRC.Com Tower LLC and WRC.Com Development LLC, and other significant events in PHPDA's history. He also has worked extensively with other PDAs. The PHPDA solicits advice and input from him for limited and specific issues that require his expertise. The Committee recommended that the Governing Council adopt Resolution 11-2014 (Moved/2nded Fox/Berry. 4 of 4 in favor).

Adjournment

The meeting was adjourned at 5:22 p.m.

Minutes approved: _____

(Date)