



Meeting of the Finance & Audit Committee
Tuesday November 11, 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		Christina Bernard

Nate Dreon called the meeting to order at 4:20 p.m. A quorum was present. There was no public comment.

Minutes

The October 6, 2014 Finance & Audit Committee meeting minutes were approved (Moved/2^{nded} by McLean/Berry. 4 of 4 in favor).

Committee Governance – Strategic Advisor Jackie Wolfe

Staff reported that Finance Committee Strategic Advisor Jackie Wolfe has taken a leave of absence from the Committee through the end of 2014. While she is on leave, she will not count as a Committee member for purposes of quorum. She expects to rejoin the Committee in 2015.

Risk Management Discussion

The Committee reviewed proposed additional risk management mitigation activities, including holding exit interviews with staff and Governing Council members when they leave the organization and regular planned review of the PHPDA Charter and other key documents. The Committee agreed with the suggested mitigation and asked staff to add time frames for each. Staff will also write a summary of the process for preparing the risk management plan and bring a final document to the December Finance Committee and Governing Council meetings for review.

Financial Stewardship

Investment Update

The Committee reviewed current investments and year-to-date interest income. The Finance & Grants Manager reported that one of the authorized \$500,000 CDs had been opened, but that finding another bank to open a public funds CD of that size with a high interest rate had been a challenge. The Committee suggested that the PHPDA not open any additional CDs at this time, and make further investment plans once additional plans for the Pacific Tower and Property Reserve Fund had been made over the next several months.

September 2014 Financials

The Committee reviewed and accepted the September 2014 financial statements (Moved/2^{nded} McLean/Cook. 4 of 4 in favor).

Quarter 3 2014 Financials

The Committee forwarded the Quarter 3 2014 Financial Statements to the Governing Council for review (Moved/2^{nded} Berry/Cook. 4 of 4 in favor).



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Charitable trust & solicitations renewals

The Committee reviewed and approved the Charitable Trust and Solicitations renewals and authorized staff to complete and submit them in future years without Committee review (Moved/2nd Cook/Berry. 4 of 4 in favor). Staff will report to the Committee when they are complete each year.

Professional Services – Auditor (Res 13-2014)

The Committee discussed a proposed resolution to continue the relationship with Clark Nuber as the PHPDA's external auditor for a further three years. The Committee forwarded the recommendation to the Governing Council because the PHPDA has been happy with Clark Nuber's work, they are experts in public and nonprofit accounting, and they proposed minimal fee increases for the 2014-2016 audits (Moved/2nd Berry/McLean. 4 of 4 in favor).

Property Stewardship

Pacific Tower Update

The Executive Director provided information related to the Department of Commerce and Seattle Colleges about their desire for the PHPDA to consider participating in financing tenant improvements at the Tower. After consultation with the Chair and Vice Chair of the PHPDA, the Executive Director provided a letter to Commerce indicating the PHPDA's desire not to depart from the existing lease terms where Commerce is responsible for all tenant improvements.

Report on Jul-Sep 2014 Tower Operating Expenses

The Committee reviewed the Property Manager's quarterly report on Tower Operating Expenses.

North Lot Annual CPI Adjustment

The Committee reviewed the North Lot CPI adjustment, which is retroactive to September 1, 2014. The rental amount will be \$18,289 (up from \$17,962). The Committee approved the calculation and authorized staff to finalize the calculation without their approval in future years, since the formula is laid out clearly in the North Lot lease, and just report the results to the Committee (Moved/2nd Cook/McLean. 4 of 4 in favor)

Budget

Draft 2015 operating budget and discussion of Pacific Tower & Property Reserve Fund

The Committee reviewed the 2015 operating budget. A few items were changed since the previous review in October, including: staff salaries were updated, per the new operating policy; the Property Manager's Tower Operating budget was incorporated; the small equipment budget was increased after discussion with the PHPDA's IT consultant about IT needs in 2015. The Committee had no changes to any of the budget items. A final budget will be brought for Governing Council approval in December.

The Committee then discussed the amount to be placed into the Pacific Tower and Property Reserve in 2015, especially considering the large positive net income expected for the end of 2014 (mainly due to a one-time large payment). The annual deposit is specified in the budget. The Committee agreed that they would like to look into options for placing a large amount in reserves within the next year, and then no or small additional deposits in the future. For the time being, they asked that the budget designate the same amount for 2015 that was deposited in 2014, but that more may be added after



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the more in-depth discussion.

Adjournment

The meeting was adjourned at 5:25 p.m.

Minutes approved: _____

(Date)