Meeting of the Finance & Audit Committee  
Tuesday June 11, 2013  
4:30-5:25 p.m.  
Quarters 2 Building, Beacon Hill Campus  
1200 12th Ave South Seattle, WA

<table>
<thead>
<tr>
<th>MEMBERS PRESENT</th>
<th>ALSO PRESENT</th>
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<tbody>
<tr>
<td>Marite Butners</td>
<td>Kevin Fox</td>
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<tr>
<td>Nate Dreon</td>
<td>Theresa Rambosek (from 4:40)</td>
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<td>Erica Floyd (phone)</td>
<td>Jackie Wolfe (from 4:37)</td>
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<td>Andrew Prater, Clark Nuber (phone, 4:50-5:15)</td>
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Marite Butners called the meeting to order at 4:34 p.m. A quorum was present. There was no public comment.

The Committee voted to amend the agenda to add an item regarding Property Management Services (Moved/2nded by Fox/Dreon. 4 of 4 in favor).

Minutes
The May 14, 2013 Finance & Audit Committee meeting minutes were approved (Moved/2nded by Fox/Dreon. 4 of 4 in favor).

Financial Stewardship
Investment Update and CD renewal
The Finance & Program Analyst updated the Committee on PHPDA’s investments and year-to-date interest income.

The Committee discussed reinvestment plans for the three CDs maturing in June and July. They voted to authorize the Executive Director, with the advice and approval of the Treasurer, to re-invest the funds currently held in the CDs with East West Bank, Regal Financial Bank, and Umpqua Bank upon maturity (Moved/2nded by Fox/Dreon. 6 of 6 in favor).

April 2013 Financials
The Committee reviewed and accepted the April 2013 financial statements (Moved/2nded by Fox/Dreon. 6 of 6 in favor).

Budget Update
The Finance and Program Analyst discussed three budget expense items, all related to Tower leasing, that are likely to exceed the levels approved in the 2013 Operating Budget by more than $10,000, thus requiring approval by the Governing Council. The Committee voted to recommend that the Governing Council take action to recognize that three budget categories – Legal, Real Estate Consultant, and Government Relations Consultant – are likely to exceed the 2013 approved operating budget by more than $10,000 (Moved/2nded by Fox/Dreon. 6 of 6 in favor).

Time Study of PHPDA staff
The Finance & Program Analyst presented the results of a PHPDA staff time study conducted over six weeks in April and May. The percentages calculated from the time study are used to allocate several expenses to PHPDA programs. The new allocation percentages will be applied beginning with July 2013 expenses. The committee voted to approve the allocation (Moved/2nded by Rambosek/Dreon. 6 of 6 in favor).
2012 Audit
Andrew Prather of Clark Nuber, the PHPDA audit firm, joined the meeting by phone and presented the draft 2012 Audited Financial Statements. He reported that the PHPDA had a clean audit with no findings and no material internal control weaknesses. One minor adjustment, primarily due to a timing issue, was made to the balance sheet. It did not impact the income statement. He also discussed the areas of emphasis in their review, including several areas related to the Tower lease termination and PHPDA’s assumption of property management duties and expenses. He noted that GASB is in the process of making several changes that will likely result in differences in presentation in this and future audits. He also stated that, after discussion, Clark Nuber’s opinion is that there is no need to perform an inventory of fixed assets left by the PHPDA’s former tenant after the Tower lease was terminated.

The Committee voted to forward the 2012 Audit to the Governing Council for approval (Moved/2nded by Dreon/Wolfe. 6 of 6 in favor).

Property Stewardship
Report on Renewal of Tower and Quarters Building Insurance
The Finance and Program Analyst reported on the renewal of the Towers and Quarters insurance policies. She noted that policies with one carrier (CNA) were canceled, and that coverage was combined with the PHPDA’s commercial policy with Philadelphia. The Committee discussed whether terrorism coverage was necessary for the building, and determined that it was not.

RFP for Property Management Services
The Executive Director reported that the PHPDA’s property manager, Cheryl Mauer, is leaving her company (JSH Properties) and moving to a new property management firm (Jones Lang LaSalle) at the end of the month. As there are currently two potential tenants frequently asking questions about the management of the Tower building and property, continuity in property managers is extremely important at this time. Ms. Mauer has knowledge of the property and the Tower building and is regularly answering these questions raised by the potential tenants. As such, the Executive Director will ask the Governing Council to authorize her to terminate the contract with JSH, and contract with Jones Lang LaSalle to continue working with Ms. Mauer. The importance of continuity in management, particularly with regard to the lease negotiations, constitutes an emergency situation. Therefore, no RFP process is required. However, the Executive Director noted that she is working on a draft RFP to be used if and when the PHPDA needs to hire a permanent property manager.

Adjournment
The meeting was adjourned at 5:24 p.m.

Minutes approved: ________________________________  
(Date)