



Meeting of the Real Estate Committee
 Monday, April 3, 2019, 9:00 AM - 10:30 AM
 Quarters 2, Beacon Hill Campus
 1200 12th Ave South, Seattle, WA

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Bob Cook	Gloria Burton		Jeff Natter	Denise Stiffarm
Paul Feldman	Sue Taoka		Michael Finch	Ellie Menzies
Doris Koo (phone 9:15 AM) (arrived 9:22 AM)			Gene Yoon	

Sue Taoka called the meeting to order at 9:14 AM. There was no public comment.

Update on Tower Campus and Quarters Assessment

Michael Finch updated the Real Estate Committee on Tower Campus and Quarters Assessment.

- Michael Finch and Jeff Natter met with staff from Marx | Okubo and walked around the Tower campus. Found minor repairs and maintenance issues related to age and obsolescence:
 - Trees are very mature. Suggested retaining an arborist for tree evaluation.
 - ADA compliance was discussed based on structure and how the Tower campus is a historic landmark.
 - Earthquakes: Seismic activity concerns from Marx Okubo means exterior brick cladding may fall. More of problem outside than inside the buildings.
- Real Estate Committee next steps:
 - ADA Consultant. Masonry contractor and evaluate quarters buildings to provide a phase plan. May work with someone from Landmarks.
 - Review 20 year capital budget from JLL (water heaters, boilers, etc.)
 - Arborist consultant.
- PacMed Lease is ending 2021 without an automatic renewal. PacMed may not be interested in their current Quarters space or the Tower basement.
 - The Marx Okubo report should be given to PacMed. Lease renewal and PacMed's interest should be discussed by the Governing Council. The Real Estate Committee could provide recommendations to the Council to help analyze costs and future rental income.
 - The Committee agrees lease downtime is not good for cash flow.
 - Quarters buildings are currently not suitable for living space.

North Lot Development Project

Denise Stiffarm discussed the summary of lease documents that follow the discussions on the letter of intent with SCIDpda.

- SCIDpda is working to get funding. Timeframes are coming up in early 2021, where money has to be paid back if the PHPDA doesn't demonstrate progress.
- AiPACE also needs to demonstrate site control for their funding. Ideally, SCIDpda will get site control and sub-lease it to AiPACE. SCIDpda suggested working with AiPACE for leasing site control. When we first took funds from HSDPDA, it dictated AiPACE to be on the project as a prerequisite. All they have is a letter of commitment from us, and that is probably not enough for their funders/investors.



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- Moving this forward in an efficient manner will be our priority. There are no firm deadlines at present.
- If SCIDpda signs an agreement, there will be a feasibility period. They have the option to phase the project. This project is estimated to be a \$135 mil and we're at 2.5% of total capital required.
- The PDA may want some control to say the project stays affordable past the lease term. Currently contemplating a 90 year lease (requested by SCIDpda).

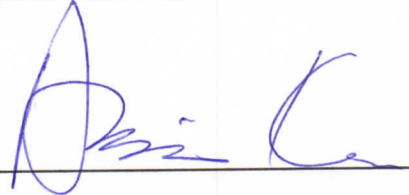
The Executive Director updated the Committee on his meeting with HSDPDA.

- The PDA is required to present quarterly updates to HSDPDA. The Executive Director presented to their full board, to let them know we're moving forward with SCIDpda. The Committee agreed that SCIDpda and ICHS should be present at future presentations.

Adjournment

The meeting adjourned at 10:37 AM.

Minutes approved:

 5/1/2019
(Date)