

Pike Place Market PDA Council Meeting Minutes

ALL PMPDA COUNCIL MEETINGS ARE BEING HELD BOTH IN PERSON AND VIRTUALLY

Date: Thursday, April 27, 2023

Time: 4:00 p.m. to 6:00 p.m.

Location: Economy Building Classroom (1435 First Ave, 3rd Floor) **OR**

Join Zoom:

<https://us02web.zoom.us/j/81690121247?pwd=eINoZTNzMjlWSXNuYWR5TWxMR010dz09>

OR Dial 253-215-8782 (alternative number 253-205-0468), Meeting ID: 816 9012 1247, Passcode 850646

Councilmembers Present: Devin McComb, JJ McKay, Nick Setten, Gordie McIntyre, Russell Monroe, Paul Neal, Gundeep Singh, David Ghoddousi, Patrice Barrentine, Margaret Norton-Arnold, Jan Hendrickson

Staff/Consultants Present: Mary Bacarella, Karin Moughamer, Sabina Proto, Will Cadra, Zack Cook, Madison Bristol, Isaiah Kahn, Ashley Conradi, Alana Crawley, Amy Wallsmith, Erica Bates, Carter Grant, Gerry Johnson, Tanya Sinkovits

Others Present: Chris Scott, Lillian Sherman, Clint Bennett, Haley Land, Bob Messina, Joan Paulson, Traci Calderon, Heather Pihl, Grace Leong

The meeting was called to order at 4:02 p.m. by Devin McComb, Chair

1. Administrative

A. Approval of the Agenda

The agenda was approved by acclamation.

B. Approval of March 30, 2023 Meeting minutes

The March 30, 2023 PDA Council Meeting Minutes were approved by acclamation.

Devin McComb noted that he will be using a two minute timer for public comment.

Nick Setten and David Ghoddousi entered the meeting at 4:04 pm.

2. Public Comment Including the Market Community

Haley Land commented that at the last Council meeting councilmember McIntyre made a comment about having a stronger relationship with schools. He believes the Market needs to have a mentor program for high school students who might be interested in careers similar to those at the Market.

Bob Messina commented the core ideas being discussed by the Master Plan advisory group need to be shared so the public can make comments. He believes the interview questions posed by BERK are too general and they need to be more specific. He noted he would like to know what real estate strategies are being proposed.

Joan Paulson noted that on the governance slides there needs to be more information as some is missing, such as the Open Public Meeting Act and the Hildt Licata. There is no mention of the Market

Historical Commission being receiving a federal designation of a historical district. She wants to ensure there is more conversation on the governance changes before they are approved as part of the Master Plan. She commended the 40 years of the Market Foundation.

3. Discussion Items

A. Governance Overview and Master Planning

Gerry Johnson noted the purpose of the presentation is to provide the essential structure under which the PDA functions. There are additional components that are important and that the council needs to be mindful of. Gerry touched on the following topics:

- Basic state law under which all PDA's may be formed by cities and counties throughout Washington. To change that would require the state legislature.
- The City of Seattle is authorized to form PDA's. There is a generic PDA section of City Code, Chapter 3.110, which provides the structure for which the PPM PDA operates. The Charter is what governs the PPM PDA and it authorized the creation of a Constituency. The Charter identifies items needing Council and Constituency approval.
- The PPM PDA also has Rules and Regulations, which are comparable to Bylaws.
- The PDA created the status and structure of the Constituency in the 1980's.
- The Market Historical Commission deals with historic preservation and it originally was created by the Save the Market initiative. It is a separate entity and an element of the City of Seattle and operates under different municipal code authority. It has its own guidelines.

Gerry Johnson discussed what would need to happen to make changes to current governance structure. Amendments to the Charter can be approved by the mayor without City Council approval. Some changes do need approval from the Constituency. Gerry noted the recent changes to the ordinance pertaining to the Market Historical Commission and administrative review.

Gerry Johnson noted the Council is like a board of directors. It is the Council's job to make policy decisions. The management of the Market and day-to-day operations belongs with the Executive Director.

Gerry Johnson suggested some questions that could be considered during the Master Plan process:

1. Ask whether our governance and decision making processes enable or prohibit the implementation of recommendations that emerge from the process the Council likes.
2. Ask, independently, if there are ideas to refresh governance that you'd want considered.
3. With regards to the Historical Commission, consider whether some decision making can be streamlined through administrative process at the City such as:
 - a. Example: Persistent challenge with replacing windows
 - b. Example: Regulations for strong preference for local ownership of businesses. He discussed the challenges that might arise when we look for a new butcher. It might be a challenge to find someone willing to open a new business butcher shop.
4. Spotlight what the authority is and whose approval would be needed for a change.

Gundeep Singh left the meeting at 4:35 pm.

Gordie McIntyre noted the need to change the Charter after the Urban Group debacle. He asked about the selling of the LaSalle and Western Avenue Senior Housing and he's not sure how the Charter change in 2003 allowed that sale. Gerry Johnson responded the Charter was amended to allow for the tax credit

that the PDA new was going to dissolve. Gerry noted the different type of tax credits and leasing strategies involved.

Nick Setten asked for clarification for what the Constituency needs to approve. Gerry Johnson noted the Charter notes what areas the Constituency needs to approve and what the Council can approve independently.

JJ McKay reiterated the PDA Council is not overseen by another organization.

David Ghoddousi stated he heard Gerry Johnson say the Mayor can approve Charter Changes. Gerry Johnson responded that is correct.

Patrice Barrentine thanked Gerry for the refresher and appreciated the examples to consider during the planning process.

JJ McKay noted the only way the PDA Charter changes is if the PDA Council initiates it. Gerry Johnson noted many things require the Council approval. Some things require Constituency approval. Everything has to be approved by the Mayor. The City can change the Charter anytime it wants.

Devin McComb noted the only instance since he's been on the Council there were discussions on Charter changes had to do with the Sammamish Farm proposal.

B. Pike Place Market Foundation Report

Lillian Sherman began by introducing the reasons behind Celebrate the Market. She continued by reviewing the Social Determinants of Health which include Neighborhood and Physical Environment, Community and Social Context, Health Care System, Education, Food, and Economic Stability.

Lillian Sherman noted last year the Foundation worked with donors to raise and invest \$2.5MM into the Market community and that helped 18,000 downtown neighbors.

Clint Bennett reviewed the economic stability for serving the community, highlighting how the Market Foundation is helping to fill the economic gap for neighbors living paycheck-to-paycheck or on fixed or low incomes. The Market Foundation supports annual support to a network of social services at the Market, including Heritage House assisted living, Pike Market Senior Center and Food Bank, Pike Market Preschool, and Neighborcare Health. Over \$19MM have been granted to these organizations since 1982. An additional \$500,000 has been granted in special projects to these organizations. This year's grants total \$1,155,000.

Lillian Sherman discussed The Market Commons has resource specialists to help people navigate the supports available to them. They help people access information on food assistance (EBT), utility assistant, health insurance and reduced fair Orca passes. Food access, granting small businesses, and community safety net are centered in The Market Commons. More than 16,000 interactions occurred there last year. More than 480 hygiene kits were handed out to residents and 1,000 holiday gifts were provided to residents and community social services.

Lillian Sherman reviewed the Community Safety Net. In 2022 \$62,000 was distributed, a reduction from 2021 since Cares Act funds were utilized first before Foundation funds. In 2022 the referral breakdown was: 24% PDA Farm, 7% PDA Daystall, 2% PDA Commercial, 45% PDA residential, Legacy Partners 22%

Small Business Recovery Fund provided \$1.1MM in grants to 174 small businesses, with \$643,000 in 86 grants to commercial and daystall business (2021) and \$500,000 in 88 grants to farmers (2022). Small grants for seeds and bulbs helped the farmers think about their future.

Lillian Sherman discussed the new Protein Bucks Food Access Program. In 2022 Food Access programs assisted over 16,000 shoppers at the Market. Programs include: Pike Bucks which are distributed through Market services and residential; Protein Bucks; matching food stamp EBT program helps double spending; bulk buy program allows services to work directly with farmers.

Clint Bennett discussed the history of the Market Foundation's 40 years of service and noted there are four stories listed on their website.

Clint Bennett concluded by noting Celebrate the Market is taking place on the MarketFront on May 18th.

Jan Hendrickson congratulated the Foundation on their anniversary. She appreciated the qualitative presentation and noted she would appreciate more economic data including how much money is raised, metrics from year to year and size of staff in order to better understand overall performance. Lillian Sherman commented when the audit is complete and the annual report will be shared and posted online.

Gordie McIntyre thanked the Foundation on behalf of Vincent House residents and himself. Gordie asked if they receive any federal funds and if not whether they should pursue that route. Lillian Sherman responded they do not receive federal funds as most of the granting is passed through, nearly 100% individuals and entities. When they are in a capital campaign with a service agency or the PDA they have sought out federal or state funds.

Clint Bennett clarified the Foundation is less of a service provider and he considers it a resource navigator.

Patrice Barrentine commented it's always excited to see the services provided by the Foundation and applaud the small business recovery work, essential to the health of the Market. She would like to see more information on the metrics from year-to-year. She commented on the amazing \$500,000 in funds to farmers. She doesn't know any other granting agency in the state that contributed this much to the health of farmers through grants. It's a great story to get out there and would love to help get that story out there.

David Ghoddousi appreciates the Foundations partnership in the community.

C. Master Plan Update

Mary Bacarella began by noting she has been going around to various community groups sharing information and updates on the Master Plan process. She noted the last Council meeting included a presentation and discussion with the Master Plan consulting team and reviewed the discussion. Mary then reviewed the Public Engagement Plan, providing details on each of the elements contained in the plan. A copy of the plan is included in presentation materials on BoardDocs as well as the Master Plan website.

Devin McComb noted Mary has been conducting outreach in the meetings and community outreach is the largest part of this plan. Mary discussed the importance of talking with the community to understand what it's like as a business owner or employee to work in the Market as well as opportunities and constraints.

Mary Bacarella continued by noting there will be a community survey BERK is currently drafting.

Devin McComb noted the community presentations have included Market Foundation, Constituency, Market Historical Commission, and Friends of the Market.

Mary Bacarella provided an overview of the upcoming planning for the eco-charrette at the May Council meeting. Staff are currently meeting with Mithun as they start to gather data for the presentation. Devin McComb commented there will most likely be council homework for this Council meeting.

Mary Bacarella further detailed the staff meetings with Mithun noting one of those included a tour of the Market and discussions about the current status of Market buildings and systems. The conversations center on ensuring the sustainability of the buildings and the community as a whole.

Russell Monroe would like to know what the carbon footprint of the Market is. He asked if that is something that Mithun will answer during this process. Mary Bacarella responded not directly, but they will be looking at the Market footprint. Mithun may have ideas for future study depending on the development of the Master Plan.

Paul Neal asked how the council can prepare for the Eco-Charrette. He would like to ensure the Council has definitions for terms and ideas being discussed at the Eco-Charrette. Mary Bacarella noted Mithun will develop a glossary and they will probably develop a set of questions for the council to consider.

Paul Neal asked if the Open House goals were achieved. Mary Bacarella responded we didn't get enough people but the takeaways for the consulting team were good and included:

- The Market community is close knit and there is a lot of love and pride for the Market.
- Concerns for changes to governance
- Engagement should continue to gain trust for the Market over the next 30 years.
- Drop in engagement is one method for gaining trust in the community

Paul Neal noted he thought the Open House was successful and he also liked the Meet Up, mainly because it was more dialogue focused and it was great to hear from the community.

Margaret Norton-Arnold commented she likes the direction the project is going and the diversity of groups being talked to. She hopes that more detailed discussions are forthcoming and that people will be able to provide more details as the project progresses. She wants to ensure there is enough open-ended questions to dive into more detail. Mary Bacarella responded the one-on-one conversations are a great way to dive into that level of detail.

Nick Setten asked if there will be a way for community feedback during the eco-charrette. Mary Bacarella responded that work will take place during the council meeting in May.

4. Programs and Information Items

A. Council Chair Report

Devin McComb did not provide a report.

B. Executive Director Report

Mary Bacarella provided the following updates:

- She noted the passing of Rachel Marshall, owner of Rachel's Ginger Beer. She was a generous person supportive of small business owners. The Market was lucky to have her at the Market.
- We received another \$500,000 in support for the elevator from the state.
- A plan for the Heritage House is forth coming.
- A letter will be going out to the community about open hours
- David Ghoddousi will not be running for another term on the PDA Council. He has been a councilmember for five terms and instrumental in so many things. She thanked him for everything he's done for the Market.

C. Committee Chair Reports

Patrice Barrentine did not give an update in order to allow for other council work.

D. Nominations Working Group Update

Jan Hendrickson provided a brief introduction to the nominations working group. The first meeting is in two weeks and will include herself as chair, Paul Neal, and Russell Monroe. Jan recommended sharing the bulk of the presentation at next month's meeting. She reviewed the work the group will take on including

- Potentially recommend candidates for one Council originated position, following the longer-term framework set forth to Council in October 2022
- Recommend slate of 2023-24 Officers and Committee Chairs & Vice Chairs
- Evaluate and bring forward recommendation change Executive Committee membership to include Vice-Chair and Secretary/Treasure of the Council
- Evaluate and bring forward for discussion the potential to expand the Nominations Group into a Governance & Nominations Committee
- Capture thoughts & ideas for improvements or changes to PDA governance to feed into Master Planning efforts on governance section

5. Action Items

A. New Business

i. Proposed Resolution 23-22: Unwind of New Markets Tax Credit Financing of 1501 Western Avenue – MarketFront

Sabina Proto introduced Proposed Resolution 23-22 which states:

On April 27, 2023, the following resolutions were adopted at a regular meeting of the Council Members of Pike Place Market Preservation and Development Authority, a public corporation of the State of Washington (the "PDA"), at which a quorum was present, by a majority of the council members ("Members").

BACKGROUND

WHEREAS, the PDA participated in the renovation and development of the property located at 1501 Western Avenue, Seattle, WA for utilization as parking for the market and waterfront, space for expanded social services, and added market retail space (the "Project") by using New Markets Tax

Credits financing ("NMTC Financing") under Section 45D of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, in furtherance of the Project and to enable the Project to benefit from the NMTC Financing, Pike Place Market QB3, a Washington nonprofit corporation (the "QALICB") borrowed "qualified low-income community investment" loans, as defined in Section 45D of the Code, in the aggregate amount of \$10,250,000.00 (the "QLICI Loan"), pursuant to that certain Loan Agreement, dated February 11, 2016 between the QALICB, MS New Markets X LLC, a Delaware limited liability company ("CDE Lender"), as evidenced by that certain (i) Promissory Note (Note A) in the original principal amount of \$7,310,125, dated as of February 11, 2016, between the QALICB and CDE Lender ("Note A"), and Promissory Note (Note B) in the original principal amount of \$2,939,875, dated as of February 11, 2016, between the QALICB and CDE Lender ("Note B" and together with Note A, known as the "QLICI Loan Notes");

WHEREAS, the NMTC Financing requires a seven-year compliance period ("Compliance Period") during which the QLICI Loan must remain outstanding. The Compliance Period ended on or about February 11, 2023, and the NMTC Financing was unwound in accordance with the terms of the NMTC Financing on March 31, 2023 (the "Unwind");

WHEREAS, in furtherance of the Project and to enable the Project to benefit from the NMTC Financing, the PDA (in such capacity, the "Leverage Lender") made a loan to Pike Place MarketFront Investment Fund LLC, a Delaware limited liability company ("Investment Fund") pursuant to that certain Loan and Security Agreement with Investment Fund dated as of February 11, 2016 (the "Leverage Loan Agreement"), and as evidenced by that certain Promissory Note dated February 11, 2016, in the principal amount of Seven Million Three Hundred Ten Thousand One Hundred Twenty-Five and No/100 Dollars (\$7,310,125.00) ("Leverage Loan Note");

WHEREAS, in connection with the Unwind, PDA desires to terminate that certain Commercial Space Lease dated February 11, 2016, by and between the QALICB, as lessee, and PDA, as lessor, and the related Memorandum of Commercial Space Lease, pursuant to a Memorandum of Termination of Commercial Space Lease ("Commercial Space Lease Termination Documents");

WHEREAS, in connection with the Unwind, PDA desires to terminate that certain Commercial Space Master Sublease dated February 11, 2016, by and between the PDA, as lessee, and QALICB, as lessor, and the related Memorandum of Commercial Space Master Sublease, pursuant to a Memorandum of Termination of Commercial Space Master Sublease ("Commercial Space Master Sublease Termination Documents" and together with the Commercial Space Lease Termination Documents, the "Lease Termination Documents");

WHEREAS, in connection with the Unwind, PDA has purchased from MS NMSC Equity Fund, LLC, a Delaware limited liability company ("MS Fund"), in the amount of one thousand and no/100 Dollars (\$1,000.00), all of the right, title and interest of MS Fund's interest as 99.99% member of Investment Fund pursuant to that certain Membership Interest Purchase Agreement, dated March 31, 2023 ("Purchase Agreement") and New Markets Support Company, LLC, a Delaware limited liability company ("NMSC") withdraws its .01% Managing Member interest of Fund pursuant to that certain First Amendment to Operating Agreement for Fund dated March 31, 2023;

WHEREAS, in connection with the Purchase Agreement, the PDA became the sole member and holds 100% of the membership interest of Investment Fund and reaffirmed the guaranty in favor of MS Fund

pursuant to a Confirmation and Reaffirmation Indemnification Agreement (QALICB), by and between MS Fund, QALICB, and PDA dated March 31, 2023 ("Reaffirmation Agreement");

WHEREAS, the PDA is the holder of the Leverage Loan Note and, in its capacity as Leverage Lender, desires to enter into a Loan Satisfaction Agreement pursuant to which the outstanding amount of the Leverage Loan shall be forgiven in full, the Leverage Loan Agreement shall be terminated, and the Leverage Loan Note shall be cancelled and/or returned (as applicable) (the "Leverage Loan Satisfaction Agreement");

WHEREAS, as a result of the Unwind, PDA, as the sole member of Investment Fund, will be the indirect holder of the QLICI Loan Notes; pursuant to that certain Assignment and Assumption Agreement (CDE to Investment Fund) dated March 31, 2023, by and among CDE Lender and Investment Fund, and desires to enter into a Loan Satisfaction Agreement pursuant to which the outstanding amount of the QLICI Loans shall be forgiven in full, the QLICI Loan Agreement shall be terminated, and the QLICI Loan Notes shall be cancelled and/or returned (as applicable) (the "QLICI Loan Satisfaction Agreement");

WHEREAS, subsequent to the execution and delivery of the Loan Satisfaction Agreement and the obligations arising thereunder, PDA desires to prepare and submit for filing with the Secretary of State of the State of Delaware a Certificate of Cancellation for the Investment Fund pursuant to which the Investment Fund will be dissolved ("Fund Cancellation"); and

WHEREAS, in furtherance of the Unwind, the PDA desires to take the following actions to complete the Unwind (collectively, the "Members Actions"):

1. The PDA, in its individual corporate capacity, is authorized, empowered and directed to enter into and execute the Lease Termination Documents and take any other actions as may be reasonably required in order to terminate the Commercial Space Lease and Commercial Space Master Sublease;
2. The PDA, in its individual corporate capacity, is authorized, empowered and directed to enter into and execute the Leverage Loan Satisfaction Agreement and take any other actions as may be reasonably required in order to forgive the Loan, terminate the Leverage Loan Agreement, and cancel the Leverage Loan Notes;
3. The PDA, in its individual corporate capacity, is authorized, empowered and directed to enter into and execute the QLICI Loan Satisfaction Agreement and take any other actions as may be reasonably required in order to forgive the QLICI Loans, terminate the QLICI Loan Agreement, and cancel the QLICI Loan Notes;
4. The PDA, in its individual corporate capacity, ratifies entering into and executing the Purchase Agreement.
5. The PDA, in its individual corporate capacity, ratifies entering into and executing the Reaffirmation Agreement.
6. The PDA, in its capacity as Sole Member of the Investment Fund and in its capacity, is authorized, empowered and directed to prepare and submit for filing with the Secretary of State of the State of Delaware, a Certificate of Cancellation for the Investment Fund

and to cause the Fund Cancellation.

RESOLUTIONS

The PDA will do all things, and execute and deliver any and all agreements, documents, certificates, and authorizations, which may be necessary, convenient or advisable to accomplish all of the Members Actions and to retain, authorize and instruct their attorneys and other consultants in regard to the foregoing.

Mary Bacarella, Executive Director of the PDA, is authorized to negotiate and determine the specific terms and conditions of each of the Members Actions, as she determines would be reasonable and in the best interests of the PDA.

Mary Bacarella, Executive Director be, and hereby is, authorized to execute any and all documents and take all other actions authorized herein on behalf of the PDA.

The PDA hereby ratifies any documents previously executed on behalf of the PDA, in regard to the Members Actions; and further ratifies all actions taken prior to date of this resolution in regards to the Members Actions.

JJ McKay moved the proposed resolution and Jan Hendrickson seconded the motion.

Gordie McIntyre asked if the PDA still owes money on the building. Sabina Proto responded there are no loans and the PDA owns the building.

For: Devin McComb, JJ McKay, Nick Setten, Gordie McIntyre, Russell Monroe, Paul Neal, David Ghoddousi, Patrice Barrentine, Margaret Norton-Arnold, Jan Hendrickson

Against:

Abstain:

Proposed Resolution 23-22 passed by a vote of 10-0-0

B. Consent Agenda

- i. Proposed Resolution **23-19**: Authorization for Contract Authority – Project Management Services Next Bold Move, LLC
- ii. Proposed Resolution **23-20**: Authorization for Contract Authority – Replace Stewart House Roof
- iii. Proposed Resolution **23-21**: Insurance Renewal and Premium Payments

The Consent Agenda was approved by acclamation

6. Further Public Comment

Heather Pihl commented the MHC guidelines are a living document and are amended periodically and do not require a hearing before city council. The commission is currently going through guidelines review open to the public. Heather summarized the handling of windows during the renovation of the Fairley and Leland and provided reasoning for not approving aluminum windows during that process. She would guess new window designs have evolved and may better meet MHC guidelines but the issue of how to gain access to those windows for annual inspections remains a challenge. Heather also noted the Commission may deny applications from potential tenants that own businesses outside the historic district and gave several examples of denials and approvals.

Haley Land commented he would like to see minutes from the Open House. Haley noted close to \$800,000 is going into the Master Plan process and in the last 25 years the council has made decisions that may not have been best for the Market. He cautions the Council from buying into conclusions that are presented in the Master Plan and he hopes the Council stops and thinks critically about the Master Plan. He does not want the council to take risks. Haley noted several long time farmers the Shong's left the Market and moved out of state and he hopes they are doing well.

Joan Paulson seconded the comments by Heather Pihl regarding the windows and she feels the PDA is not following the 30 year plan and incorporating that into the 50 year plan. Joan complimented Haley's comments regarding lost businesses. She also noted that PDA staff are not getting enough recognition, especially those that have been at the Market for a long time.

7. Concerns of Councilmembers

Gordie McIntyre asked if Rachel's Ginger Beer is going to continue in the Market. Mary Bacarella responded the Market is letting them take care of their family right now.

Paul Neal noted the PDA anniversary is coming up and asked if that information will come before Council. Mary Bacarella noted she would be happy to provide an update.

Nick Setten asked if there is an update for reopening the office door to the public. Mary Bacarella responded no. Paul Neal asked if there is a target for when council will get an update. Mary Bacarella responded no.

8. Adjournment

The meeting was adjourned at 6:18 p.m. by Devin McComb, Chair.

Meeting minutes submitted by:
Karin Moughamer, Executive Administrator