

Clerk File No. 310236

The City of Seattle – Legislative Department

Clerk File sponsored by: _____

Clerk File No. 310236
2009 Annual Report of the Museum
Development Authority (MDA) Council.

Committee Action:

| Date | Recommendation | Vote |
|------|----------------|------|
| | | |
| | | |
| | | |
| | | |

Related Legislation File: _____

| | |
|-------------------------------|------------------------------|
| Date Introduced and Referred: | To: (committee): |
| Date Re-referred: | To: (committee): |
| Date Re-referred: | To: (committee): |
| Date of Final Action: | Disposition: Filed |

This file is complete and ready for presentation to Full Council. _____

Full Council Action:

| Date | Decision | Vote |
|------|----------|------|
| | | |
| | | |
| | | |
| | | |
| | | |

Oct. 13, 2009
Date Filed with City Clerk
Emilia M. Sanchez
By

FILED
CITY OF SEATTLE
09 OCT 13 AM 10:42
CITY CLERK

MUSEUM DEVELOPMENT AUTHORITY
ANNUAL REPORT

Year ended June 30, 2009

SUBMITTED BY:

Robert Cundall, Staff
Museum Development Authority
c/o Seattle Art Museum
1300 First Avenue
Seattle, WA 98101

Phone: 206.654.3150
Fax: 206.654.3135

I. SUMMARY

Date Chartered: September 13, 1985

Purpose/Scope of Activities: To undertake and assist with and otherwise facilitate the development and operation of public art museum facilities in conjunction with the Seattle Art Museum ("SAM" or "Museum"), including but not limited to a downtown art museum and a public sculpture park adjacent to Myrtle Edward Park and the Seattle waterfront.

Board (Appointing Source): 9 members, 3-year term

- 3 Members - Mayoral appointed
- 3 Members - Council elected
- 3 Members - SAM board appointed

Constituency: General Public

Geographic Boundaries: Citywide

II. FINANCIAL INFORMATION FOR FYE 6/30/09:

Audited statements will be available on November 30, 2009.

III. PROJECTS & ACTIVITIES PLANNED FOR FY10

The MDA owns and the Seattle Art Museum leases the downtown museum. SAM's rent payments pay the debt service on the MDA's City-guaranteed bonds issued to purchase the downtown museum expansion space. The initial source of revenue for SAM's rent payments to the MDA was rent that SAM received from its former lease of space to Washington Mutual. The FDIC's seizure and sale of Washington Mutual to JPMorgan Chase allowed Chase to terminate that lease. Under the bond Guarantee Agreement between the City, SAM and the MDA, SAM is now obligated to market the space and secure a replacement tenant and is working to do so. The MDA will continue to monitor SAM's efforts. Meanwhile, SAM continues to pay rent to the MDA from other sources.

IV. BUDGET INFORMATION FOR FY10

See attached "Projected Operating Budget of Revenues and Expenses"

V. CAPITAL BUDGET

No capital expenditures are anticipated during FY10.

VI. COUNCIL APPROVAL OF THE FY10 BUDGET

See attached meeting minutes of June 2009.

VII. CORPORATE OFFICERS

See SECTION X

VIII. BONDED CORPORATE OFFICERS

N/A

IX. DEPOSITORIES

US Bank

X. PDA COUNCIL MEMBERS

NOTE: Please contact SAM directly for Member contact information

| NAME | APPOINTED BY: |
|-----------------------------|----------------------|
| Robert Strong | SAM |
| Joann Francis Vice Chair | Mayor |
| Vacant Secretary | SAM |
| Dorothy Mann, PhD | MDA |
| | |

Henry W. McGee, Jr.

Mayor



Rosita Romero

Mayor



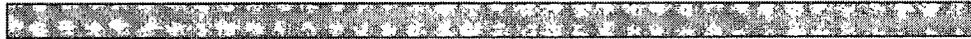
Douglas Norberg

SAM



Douglass Raff
Chair

MDA



J. Thurston Roach
Treasurer

MDA



XI. MDA RULES & REGULATIONS

No changes to previously filed rules & regulation.

XII. INSURANCE

See attached policy

MUSEUM DEVELOPMENT AUTHORITY OF SEATTLE
PROJECTED OPERATING BUDGET OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2010

| | <i>Budgeted</i> <u>2010</u> |
|---|--------------------------------|
| OPERATING REVENUES | |
| Ground lease | \$ 4,667 |
| Lease Revenue | <u>4,497,913</u> |
| | <u>4,502,580</u> |
| | |
| OPERATING EXPENSES | |
| General and administrative | 69,200 |
| Depreciation and amortization | <u>2,806,831</u> |
| | <u>2,876,031</u> |
| | |
| Operating income | <u>1,626,549</u> |
| | |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | 211,141 |
| Interest expense | (2,905,413) |
| Amortization of bond issuance costs | (78,013) |
| Amortization of bond premium | <u>167,572</u> |
| Nonoperating revenues (expenses) | <u>(2,604,713)</u> |
| | |
| CHANGE IN FUND NET ASSETS | (978,164) |
| | |
| FUND NET ASSETS, beginning of year | <u>42,995,746</u> |
| | |
| FUND NET ASSETS, end of year | <u>\$ 42,017,582</u> |

MUSEUM DEVELOPMENT AUTHORITY OF SEATTLE

1300 First Avenue
Seattle, WA 98101

Meeting Minutes: MDA Council Meeting
Wednesday, June 11, 2009 8:30AM
Maloney Boardroom
Seattle Art Museum, DT

Attendees:

Henry McGee
Doug Raff
Thurston Roach
Rosita Romero
Bob Strong
Maggie Walker

Mimi Gates – SAM Staff
Linda Wilson – SAM Staff
Nancy Zwieback – SAM Staff

Gerry Johnson – K&L Gates

The meeting was called to order at 8:30 a.m. Chair Doug Raff presided. Nancy Zwieback took the minutes. There was no public comment. The Council reviewed and approved minutes from the February 11, 2009 and April 8, 2009 meetings.

The March 1 through April 30 expenditures for the MDA along with the actual-to-budget variances were reviewed by the Council.

The Council discussed the possibility of moving its monthly meeting from Wednesday to either Tuesday or Thursday. A proposed meeting schedule for the upcoming fiscal year will be finalized and circulated among Council members.

Nancy Zwieback presented the MDA annual budget for the period ending June 30, 2010. The Council reviewed and approved the budget.

Mimi Gates announced the selection of Derrick Cartwright, currently Executive Director at the San Diego Museum of Art, as the next director of the Seattle Art Museum. Mimi Gates will be retiring from her position at SAM as director on June 30. The Council expressed genuine appreciation and thanks to Mimi for her 15 years of dedicated leadership during a period of tremendous growth.

The Council held an executive session to discuss real estate matters.

Michael Darling, Curator of Modern & Contemporary Art, provided a preview of the upcoming special exhibition opening later this month at the museum.

The meeting adjourned at 9:15 a.m.

Douglass A. Raff
Chair



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/27/09

PRODUCER 1-425-454-3386
Arthur J. Gallagher Risk Management Services, Inc.
 P.O. Box 367
 Bellevue, WA 98009-0367
 Fax: 425-451-3716

INSURED
Seattle Art Museum
 1300 First Avenue
 Seattle, WA 98101

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

| INSURERS AFFORDING COVERAGE | NAIC # |
|------------------------------------|--------|
| INSURER A: PHILADELPHIA IND INS CO | 18058 |
| INSURER B: | |
| INSURER C: | |
| INSURER D: | |
| INSURER E: | |

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR ADD'L LTR INSRD | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YYYY) | POLICY EXPIRATION DATE (MM/DD/YYYY) | LIMITS | |
|----------------------|--|---------------|------------------------------------|-------------------------------------|---|---------------|
| A | GENERAL LIABILITY | PHPR433520 | 07/01/09 | 07/01/10 | EACH OCCURRENCE | \$ 1,000,000 |
| | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) | \$ 100,000 |
| | <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR | | | | MED EXP (Any one person) | \$ 5,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: | | | | PERSONAL & ADV INJURY | \$ 1,000,000 |
| | <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | | | | GENERAL AGGREGATE | \$ 2,000,000 |
| | | | | | PRODUCTS - COMP/OP AGG | \$ 2,000,000 |
| | AUTOMOBILE LIABILITY | | | | COMBINED SINGLE LIMIT (Ea accident) | \$ |
| | <input type="checkbox"/> ANY AUTO | | | | BODILY INJURY (Per person) | \$ |
| | <input type="checkbox"/> ALL OWNED AUTOS | | | | BODILY INJURY (Per accident) | \$ |
| | <input type="checkbox"/> SCHEDULED AUTOS | | | | PROPERTY DAMAGE (Per accident) | \$ |
| | <input type="checkbox"/> HIRED AUTOS | | | | | |
| | <input type="checkbox"/> NON-OWNED AUTOS | | | | | |
| | GARAGE LIABILITY | | | | AUTO ONLY - EA ACCIDENT | \$ |
| | <input type="checkbox"/> ANY AUTO | | | | OTHER THAN EA ACC | \$ |
| | | | | | AUTO ONLY: AGG | \$ |
| A | EXCESS / UMBRELLA LIABILITY | PHUB275030 | 07/01/09 | 07/01/10 | EACH OCCURRENCE | \$ 15,000,000 |
| | <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE | | | | AGGREGATE | \$ 15,000,000 |
| | <input type="checkbox"/> DEDUCTIBLE | | | | | \$ |
| | <input checked="" type="checkbox"/> RETENTION \$ 10,000 | | | | | \$ |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | | | WC STATU-TORY LIMITS | OTH-ER |
| | ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) | | | | E.I. EACH ACCIDENT | \$ |
| | If yes, describe under SPECIAL PROVISIONS below | | | | E.I. DISEASE - EA EMPLOYEE | \$ |
| | OTHER | | | | E.I. DISEASE - POLICY LIMIT | \$ |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Certificate Holder is included as Named Insured as respects operations of the Insured.

CERTIFICATE HOLDER

Museum Development Authority of Seattle
 P O Box 2700
 Seattle, WA 98122-9700
 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
 AUTHORIZED REPRESENTATIVE *Judith A. May*

IMPORTANT

If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ACORD CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YY)
06/27/09

PRODUCER
1-425-454-3386
Arthur J. Gallagher Risk Management Services, Inc.
P.O. Box 367
Bellevue, WA 98009-0367
Fax: 425-451-3716

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

INSURED
Seattle Art Museum
1300 First Avenue
Seattle, WA 98101

COMPANY
A AFFILIATED FM INS CO
COMPANY
B
COMPANY
C
COMPANY
D

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | COVERED PROPERTY | LIMITS |
|--------|--|---------------|----------------------------------|-----------------------------------|---|----------------|
| A | <input checked="" type="checkbox"/> PROPERTY | TT127 | 07/01/09 | 07/01/10 | BUILDING | \$ |
| | CAUSES OF LOSS | | | | PERSONAL PROPERTY | \$ |
| | <input type="checkbox"/> BASIC | | | | BUSINESS INCOME | \$ |
| | <input type="checkbox"/> BROAD | | | | EXTRA EXPENSE | \$ |
| | <input checked="" type="checkbox"/> SPECIAL | | | | BLANKET BUILDING | \$ |
| | <input checked="" type="checkbox"/> EARTHQUAKE | | | | BLANKET PERS PROP | \$ |
| | <input type="checkbox"/> FLOOD | | | | <input checked="" type="checkbox"/> BLANKET BLDG & PP | \$ 183,507,236 |
| | | | | | <input checked="" type="checkbox"/> Earthquake | \$ 75,000,000 |
| | | | | | <input checked="" type="checkbox"/> Loss of Rents | \$ 20,000,000 |
| | | | | | | |
| | INLAND MARINE | | | | \$ | |
| | TYPE OF POLICY | | | | \$ | |
| | CAUSES OF LOSS | | | | \$ | |
| | <input type="checkbox"/> NAMED PERILS | | | | \$ | |
| | <input type="checkbox"/> OTHER | | | | \$ | |
| | CRIME | | | | \$ | |
| | TYPE OF POLICY | | | | \$ | |
| | BOILER & MACHINERY | | | | \$ | |
| | OTHER | | | | \$ | |

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS/OTHER COVERAGES

Certificate Holder is included as Named Insured as respects operations of the Insured.

CERTIFICATE HOLDER

Museum Development Authority of Seattle
P O Box 2700
Seattle, WA 98122-9700

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE *Judith A. May*

MUSEUM DEVELOPMENT AUTHORITY (MDA) COUNCIL

9 members: All subject to City Council confirmation, 3-year terms

- 3 (one each year) Appointed by Mayor
- 3 (one each year) Appointed by Seattle Art Museum Board of Trustees
- 3 (one each year) Appointed by MDA Council (may not be members of SAM Board of Trustees)

| <u>Councilmember</u> | <u>Term Ends</u> | <u>Representing</u> |
|----------------------|------------------|---------------------|
| Rosita Romero | July 12, 2010 | Mayor |
| Margaret K. Walker | July 12, 2010 | Seattle Art Museum |
| Dorothy H. Mann | July 12, 2010 | MDA Council |
| Henry McGee | July 12, 2009 | Mayor |
| Robert Strong | July 12, 2009 | Seattle Art Museum |
| Douglass A. Raff | July 12, 2009 | MDA Council |
| Robert J. Flowers | July 12, 2011 | Mayor |
| Douglas Norberg | July 12, 2011 | Seattle Art Museum |
| J. Thurston Roach | July 12, 2011 | MDA Council |

| <u>Men</u> | <u>Women</u> | <u>Vacant</u> | <u>Minority</u> | (1) <u>Asian</u> | (2) <u>Black</u> | (3) <u>Hisp</u> | (4) <u>Nat.Amer</u> | (5) <u>Other</u> |
|------------|--------------|---------------|-----------------|---------------------|---------------------|--------------------|------------------------|---------------------|
| 6 | 3 | 0 | 4 | 0 | 3 | 1 | 0 | 0 |

MEMO

Date: October 8, 2009

To: City Clerk

Cc: Jen Chan, PDA Coordinator Office of Policy and Management

Company: Office of the City Clerk, City Hall

FILED
CITY OF SEATTLE
09 OCT 13 AM 10:42
CITY CLERK

From: Lauren Hoo

Phone: 206-654-3204

Fax: 206-654-3135

Email: laurenh@seattleartmuseum.org

RE: Museum Development Authority – FY09 PDA Report

Items Transmitted: Enclosed: X Items sent separately:

Dear City Clerk,

Per my email message (dated 10/8/09), please find attached the Museum Development Authority Annual Report for FY09 for City filing. Please let me know if there are any questions about the report.

Thank you,

Lauren Hoo