

Seattle Social Housing Developer

April 2025 Board Meeting Agenda

(regular meetings 3rd Thursday every month)

<p>Date/Time: Thursday April 17th, 5:30 - 7:30pm Meeting Location: Seattle City Hall, rm L280 (mask required for in person attendance) Online option: https://seattle.webex.com/seattle/j.php?MTID=mbd809efc732765889405b07136c499c1</p>		
<p>Reference Materials for this meeting:</p> <ul style="list-style-type: none">- Today's Agenda- March 2025 meeting minutes (digital)- Resolution to approve Real Estate negotiations to continue- Proposed language to amend Executive Committee Charter- SSH Values Statement (for potential adoption)- March 2025 Cash-Flow & Financial Report- Draft Annual FY24 Financial Report		
5:30pm (2min)	<p>Call to Order</p> <ul style="list-style-type: none">• Role Call• Review & Approve Agenda <p><i>Items for Approval:</i></p> <ul style="list-style-type: none">• Today's Agenda• March Meeting Minutes	Wylie (Chair)
5:32 (5min)	<p>Public Testimony</p>	Wylie
5:37 (15 minutes)	<p>Executive Session</p> <ul style="list-style-type: none">• Pursuant to RCW 42.30.110 section 1.b.	Board
5:52 (up to 30min*)	<p>Executive Committee Updates</p> <ul style="list-style-type: none">• Resolution for pursuing real estate deal• Update on new Board Members• Proposal for new Executive Committee Member• Officer Elections in May; Open floor for nominations <p><i>Items for Approval:</i></p> <ul style="list-style-type: none">• Approve Resolution granting the Real Estate Committee permission to continue to pursue a timely real estate deal• Approve amendment to Executive Committee Charter adding a fifth member; Committee/Board Liaison	Wylie

6:22* (15min)	Finance Report <ul style="list-style-type: none">● Review Monthly Financials <i>Items for Approval:</i> <ul style="list-style-type: none">● Monthly financial approval● Monthly transaction report approval● Approve Annual FY24 Financial Report	Kay (Treasurer)
6:37	- 10min break -	
6:47 (15min)	Strategic Planning Update <ul style="list-style-type: none">● Overall Strategic Planning update<ul style="list-style-type: none">○ Testing Strategic Plan Draft Externally● Review Values Statement for adoption by board <i>Items for Approval:</i> <ul style="list-style-type: none">● SSH Values Statement	Kaileah
7:02 (15min)	Real Estate Committee Update <ul style="list-style-type: none">● Scheduling upcoming Special Session with Executive Session for acquisition discussion● New Real Estate Committee Member	Mike (Real Estate Committee Chair)
7:17 (5min)	Communications Committee Update <ul style="list-style-type: none">● Looking to hire social media contractor	Wylie (Comms Committee Chair)
7:22 (2min)	Reminders & Announcements <ul style="list-style-type: none">● Officer elections in May● June meeting shifted for Juneteenth observation<ul style="list-style-type: none">○ Third Thursday is June 19th, so we have moved the meeting to June 26th	Wylie, ALL
7:30pm	Adjourn	Wylie



COVER SHEET FOR SUBMITTING RESOLUTIONS

Document # (Secretary will provide):	
Name of Document: Resolution on Real Estate Development Project X	
Date of Board Meeting: April 17, 2025	Requested by (Department/Staff title/Board Member name): CEO
Referred by (Committee Recommendation?): Real Estate Committee	
Documented in Committee Meeting Minutes (attach): NA	
Committee Meeting Date: NA	
Purpose (What would/could be achieved if action is ratified?): The resolution authorizes the CEO to proceed with feasibility on Project X. The resolution does not commit SSH to purchase of the Project.	
Impacts: The resolution allows SSH to incur expenses related to feasibility of the project.	



COVER SHEET FOR SUBMITTING ACTIONS

Document # (Secretary will provide):	
Name of Document: Executive Committee Charter	
Date of Board Meeting: April 17, 2025	Requested by (Department/Staff title/Board Member name): Executive Committee
Referred by (Committee Recommendation?): Executive Committee	
Documented in Committee Meeting Minutes (attach): N/A	
Committee Meeting Date: 4/10/2025	
Purpose (What would/could be achieved if action is ratified?): The Executive Committee Charter will be amended to add a fifth Officer-at-Large: the Committee & Member Liaison.	
Impacts: This amendment adds a fifth member of the Executive Committee, which both prevents Executive Committee vote stalemates as well as provides a resource for Committee and Board Communications and relationship-building.	

SEATTLE SOCIAL HOUSING DEVELOPER

EXECUTIVE COMMITTEE CHARTER

Purpose, Responsibilities, Membership, and Authority

Purpose

The Executive Committee ensures that the full Board and all Board committees are supported so that they may function efficiently and effectively to advance the organization's mission.

In addition, the Executive Committee can act on behalf of the Board between meetings and to address organizational emergencies, with subsequent ratification by the full board.

The Executive Committee will act as the communication link to the Chief Executive Officer and will perform the Chief Executive's performance evaluation.

Time Commitment

Five to seven hours a month.

Responsibilities

1. **Support Board and Board committee productivity and effectiveness.** The Executive Committee supports and guides the Board and Board Committees in the implementation of activities and actions that advance the goals and objectives of the organization. The Executive Committee will seek and respond to input from other Board members to provide direction on important issues facing the organization.
2. **Carry out board-approved actions on behalf of the board.** The Executive Committee has the power and authority to act and make decisions on behalf of the full board when it is not feasible to bring the board together, for example in the event quick action is required.
3. **Lead the hiring process for the CEO, assess performance, and recommend the compensation package.** Although the full board is responsible for hiring and firing the CEO, the Executive Committee is responsible for the recruiting and interviewing process for the CEO and making a recommendation to the Board. The Executive Committee will also lead the process to review the performance of the CEO, set executive compensation levels and work with the CEO to establish goals. The committee reports to the board on their activities in connection with executive appointments and performance.
4. **Serve in an advisory capacity to the board and the CEO.** The Executive Committee works closely with the CEO and advises them on important matters.
5. **Assist and support strategic planning efforts.** Executive Committee members are responsible for conducting research as necessary on various issues, including governance issues. The committee will help to evaluate the organization's progress toward strategic goals and initiatives.

6. **Provide oversight for the entire organization.** The Executive Committee is responsible for overseeing board policies and ensuring good governance practices.
7. **Establish and sunset committees and task forces.** Executive Committee members take responsibility for ensuring that all board members serve on at least one committee.
8. **Address high-level workplace issues that are serious in nature.** If serious issues escalate beyond the normal chain of command, the Executive Committee hears the matter first and makes the decision about the next best steps.
9. **Support Board Member Education and Development.** To ensure effective leadership in governance practices, the Executive Committee takes the lead on ensuring that board members learn about their responsibilities and the committee takes responsibility for following through with board self-evaluations.
10. **Beta Test.** The Executive Committee beta tests new ideas and solutions to problems and advises on Board presentations. The Executive Committee will help determine what might be missing from a presentation, pose questions trustees are likely to ask, and uncover any points of confusion before such stumbling blocks derail constructive conversation at the board level.
11. **Assess Issues Outside Typical Committee Work.** Because the Executive Committee is smaller and more nimble than the whole board, it is poised to act around a particular issue when it doesn't fall squarely within another committee or task force's domain, e.g. engaging a board consultant.
12. **Manage Emergent and Sensitive Issues.** The Executive Committee is on-call and available to work with the CEO or board leaders on urgent or time-sensitive issues as well as issues that are sensitive in nature and require more discretion.

Limits of Executive Committee Authority

To avoid delegating essential powers away from the full board, the Executive Committee cannot:

- Amend bylaws
- Elect or remove board members
- Hire or fire the chief executive
- Approve or change the budget
- Make major structural decisions (i.e. add or eliminate programs or dissolve the organization)

Membership

The membership of the Executive Committee will consist of the Board Chair, Vice Chair, Secretary, Treasurer, and Committee & Member Liaison. The Executive Committee may elect to add an immediate Past Chair as the organization matures or any other Chairs of Board Committees as it sees fit.

Their responsibilities are:

- A. **Chair:** responsible for leading the board and facilitating meetings
 - a. Oversee board and executive committee meetings and collaborate with the Vice Chair and/or chief executive in preparing board meeting agendas.

- b. Work in partnership with the chief executive to make sure board resolutions are carried out.
 - c. Call special meetings if necessary.
 - d. Recommend who will serve on committees, in collaboration with the chief executive. May appoint committee chairs in cases where the committee cannot agree on a chair, or to expedite (when committee does not choose a chair within two (2) committee meetings).
 - e. Oversee searches for a new chief executive and coordinate chief executive's annual performance evaluation.
 - f. Work with the fellow board members, chief executive, and Governance Councils to recruit new board members and assist in their onboarding.
 - g. Periodically consult with board members on their roles and help them assess their performance.
 - h. Act as an alternate spokesperson for the organization.
- B. Vice Chair:** The Vice Chair serves as co-strategist to the chair and in the absence of the Chair, the Vice Chair shall:
- a. Preside at all regular and special meetings of the Board and shall perform all other duties incident to the office of the Chair required by the Bylaws or from time to time as assigned by the Chair or the Board.
 - b. The Vice Chair shall have the authority to sign all legal documents for the Organization in cases where the Chair is unavailable and a delay would be detrimental to the Organization.
- C. Secretary:** responsible for record-keeping minutes and materials in compliance with OPMA.
- a. Ensure that accurate records are retained for the board, including all copies of official documents, communications, and correspondence of the organization (including articles of incorporation, bylaws, and legal notices and filings), as well as notices and meeting minutes of all regular and special meetings of the board.
 - b. Ensure that accurate and complete minutes of all official meetings are kept.
 - c. Collaborate with communications committee to share agendas, organizational documents, and meeting minutes with the public in compliance with OPMA.
- D. Treasurer:** oversees all matters related to the organization's finances, property, and budget. The treasurer stewards the finance committee in collaboration with Chair, Vice Chair, and chief financial officer.
- a. Oversee the processes of financial management and accountability for the organization.
 - b. Help make sure that all resources are used appropriately and that their use is documented.
 - c. Ensure the preparation, presentation, and retention of financial reports and records for monthly and annual board review and approval.
 - d. May perform actual financial operations of the organization as needed.
- E. Committee & Member Liaison:** maintains relationship and timely communication with all committee chairs and board members in order to foster work, transparency and expediency in work when items need to be

brought back to the Executive Committee, another committee, the CEO, or other board members in a timely manner.

- a. Maintains consistent communication with each committee chair (either attends all committee meetings possible OR communicates directly with each chair) after a committee meeting has occurred to ensure anything of note is brought forward to appropriate parties.
- b. Supports transparency in work items between committees and board members where appropriate.
- c. Makes themselves available for questions from board members and non-board committee members regarding committee work.

Meeting Participation and Leadership

The Committee shall meet at least six times per year.

The CEO shall be a regular participant in the meetings. However, the committee may call an executive session that excludes the CEO when desired, such as when discussing the CEO's performance review. Other staff leaders or outside guests will be included at the discretion of the Chair or CEO.

Values Statement Update

Proposed for Adoption April 17, 2025

Presented by Kaileah Baldwin, Vice Chair

As we're now at the stage of testing our draft Strategic Plan with community members, components that are expected to be included in the polished draft are being identified. Our SSHD Values Statement is one such component that we'd like to ensure is in our final draft Strategic Plan, but one has not yet been adopted by our board.

Our board first reflected on organizational values at our April 2024 retreat and shared with the July 2024 board packet. We then did some work to refine them at the November 2024 retreat. The feedback gathered there is reflected in the attached proposed Values Statement, which has been slightly reworked to address the following concerns that came up during our review at the November 2024 retreat (and with final review by the Executive Committee on April 10th, 2025):

- Update values to **action statements**, rather than simple nouns or verbs (e.g. "Sharing our Journey" instead of "Educational");
- More **clarity around the *solidarity*** value to illustrate the term's underpinning of cross-issue collaboration and people-power;
- **Changing the *educational* value** to something less paternalistic, making it more clearly about sharing what we've learned to build power.

This values statement now also references our mission to "build, own, and maintain social housing" (per our charter), but with reiteration of the core tenets of the kind of social housing SSH is committed to developing: **permanently affordable**, cross-class (**mixed income**), **resident led**, **climate-conscious**, and **publicly owned** in perpetuity. The addition of these tenets here is to protect their importance in SSH's work even if our board charter is amended in a way that excludes or warps them.

Seattle Social Housing Developer Values Statement:

In our mission to develop, own, and maintain social housing that is permanently affordable, cross-class (mixed income), resident led, climate-conscious, and publicly owned in perpetuity, we strive to do our work in ways that uphold these commitments. ~~In that spirit, At Seattle Social Housing Developer, our mission is rooted in the core values that guide every decision we make and every project we undertake.~~ We prioritize the well-being and empowerment of our community above all else, embodying a commitment to solidarity, respect, and inclusivity. We do so by:

Uniting people in Solidarity: We believe in the power of unity and collaboration, and strive to move from a place of shared interest. We value diversity of thought and perspective, actively listening to and respecting the voices of all community members, and seeking common ground. By operating from a foundation of solidarity across seemingly disparate perspectives, we create housing solutions that are equitable, accessible, and responsive to the diverse needs across our communities. ~~By fostering an environment of solidarity, we ensure that every individual feels heard, valued, and included.~~ Through solidarity and collaboration, we inspire collective action and drive positive change, both within our community and beyond.

Being People-first: Our community is at the heart of everything we do. We prioritize the needs and aspirations of our residents, placing their well-being and quality of life above all other considerations. ~~By fostering an environment that centers people, we ensure that every individual feels heard, valued, and included.~~ ~~By prioritizing people first, we create housing solutions that are equitable, accessible, and responsive to the diverse needs of our community.~~

Prioritizing Sustainability: We are committed to building a more sustainable future for generations to come. Our projects adhere to rigorous environmental standards, incorporating passive house ~~and~~ practices and renewable energy solutions wherever possible. By prioritizing sustainability, we strive to minimize our environmental impact and create healthier, more resilient communities.

Fostering Transparency: We acknowledge that SSH was formed at the behest of the people of Seattle, and we recognize that we are beholden not only to our residents, but to the people who voted us into existence. We strive to uphold ~~believe in~~ open and honest communication, ~~including financial transparency and accountability to stakeholders.~~ We are committed to transparency in ~~all~~ our operations, and meaningful engagement of our residents and community members in decision-making. ~~ensuring that our stakeholders have access to clear, accurate, and timely information regarding our finances, projects, and decision-making processes.~~ By fostering ~~financial~~ transparency and accountability, we build trust, integrity, and confidence in our organization and its leadership.

Sharing our journey Educational: We are dedicated to lifelong learning and growth, not just within our community but also as a beacon for others ~~seeking to expand housing solutions for people and planet over profit.~~ We view education as a powerful tool for empowerment and change, and we are committed to serving as a model for other communities seeking to create social housing solutions. By sharing our knowledge, experiences, and best practices, we empower others to replicate our successes and learn from our challenges. ~~Through education and collaboration, we inspire collective action and drive positive change, both within our community and beyond.~~

Seattle Social Housing Developer Values Statement:

At Seattle Social Housing Developer, our mission is rooted in the core values that guide every decision we make and every project we undertake. We prioritize the well-being and empowerment of our community above all else, embodying a commitment to solidarity, respect, and inclusivity.

Solidarity: We believe in the power of unity and collaboration. We value diversity of thought and perspective, actively listening to and respecting the voices of all community members. By fostering an environment of solidarity, we ensure that every individual feels heard, valued, and included.

People-First: Our community is at the heart of everything we do. We prioritize the needs and aspirations of our residents, placing their well-being and quality of life above all other considerations. By prioritizing people-first, we create housing solutions that are equitable, accessible, and responsive to the diverse needs of our community.

Sustainability: We are committed to building a more sustainable future for generations to come. Our projects adhere to rigorous environmental standards, incorporating passive house practices and renewable energy solutions wherever possible. By prioritizing sustainability, we strive to minimize our environmental impact and create healthier, more resilient communities.

Transparency: We believe in open and honest communication, including financial transparency and accountability to stakeholders. We are committed to transparency in all our operations, ensuring that our stakeholders have access to clear, accurate, and timely information regarding our finances, projects, and decision-making processes. By fostering financial transparency and accountability, we build trust, integrity, and confidence in our organization and its leadership.

Educational: We are dedicated to lifelong learning and growth, not just within our community but also as a beacon for others. We view education as a powerful tool for empowerment and change, and we are committed to serving as a model for other communities seeking to create social housing solutions. By sharing our knowledge, experiences, and best practices, we empower others to replicate our successes and learn from our challenges. Through education and collaboration, we inspire collective action and drive positive change, both within our community and beyond.



MEMORANDUM

DATE: April 7, 2025
TO: SSHD Finance Committee and Board of Directors
FROM: Christine Smith, CPA, MBA
TDJCPA Incorporated, Acting Controller

SUBJECT: March 2025 Board Financial Report

Attached is the Seattle Social Housing Developer Board Financial Report. Highlights of the financial activity through March 31, 2025, include:

- The City of Seattle has paid the invoice that was sent in February for \$445,500.
- Cash on hand as of March 31, 2025, is \$453,351.
- Projections anticipate a spend-down of 75% of the cash on hand between September-October 2025 before the next billing to the City can take place.
- For the first two months of the year, \$186,294 in cash has been spent on payroll, services and Board Stipends.
- As of March 31, 2025, the following invoices were outstanding for payment.

<u>Date</u>	<u>Num</u>	<u>Vendor display name</u>	<u>Due date</u>	<u>Amount</u>
03/20/2025	101951221	Cogency Global Inc	04/19/2025	115.00
03/31/2025	SSHD7	Amy Besunder	04/25/2025	9,187.50
03/31/2025	7330	Teresa D Johnson CPA Inc	04/30/2025	8,356.43
TOTAL				<u><u>\$17,658.93</u></u>

- A new banking relationship has been created with Key-Bank. The Executive Director and TDJ CPA will begin the process of transitioning all banking activities to Key-Bank as quickly as possible.
- Bookkeeping/Fiscal Services are at 38.7% of the annual budget. This is due in part to work related to preparing financial statements for year-end, support for bank changes, and other technical support throughout the first part of the year. A draft of the annual financial statements is also being provided, the submission to the State Auditors must occur in or before May 28, 2025.
- Payroll cost for the Executive Director is on target, however, taxes and benefits are lagging behind expectations as we continue to work to find a complete benefits package.
- The Strategic Planning contract expenses are approximately 60% of the budgeted line item. An invoice received for work completed in March was the largest received to date and covered multiple meetings and plan refinement.

Seattle Social Housing Developer

Statement of Net Position

As of March 31, 2025

Substantially all disclosures required by GAAP are omitted

Assets

Current Assets

Cash and Cash Equivalents	\$ 453,351
Prepaid Items	25,500
Total Current Assets	<u>478,851</u>

Deferred Outflows of Resources - Pension

6,766

Liabilities

Current Liabilities

Accounts Payable	17,659
Payroll Liabilities	13,122
Total Current Liabilities	<u>30,781</u>

Net Position

Unrestricted Net Position	454,836
Total Net Position	<u>\$ 454,836</u>

Seattle Social Housing Developer
Statement of Revenues, Expenses, and Changes in Net Position
For the Three-Months Ending March 31, 2025

Substantially all disclosures required by GAAP are omitted

Operating Revenues

Local Grants	\$ 445,500
Total Operating Revenues	<u>445,500</u>

Operating Expenses

Payroll, Salaries and Taxes	57,648
Board Stipends	4,050
Professional Services	77,659
Rent	-
Other Administration	1,479
Total Operating Expenses	<u>140,836</u>

Increase in Net Position	304,664
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Net Position - Beginning of Year	<u>150,172</u>
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Net Position - End of Year	<u><u>\$ 454,836</u></u>
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Seattle Social Housing Developer

Statement of Budget to Actual

For the Three-Months Ending March 31, 2025

Substantially all disclosures required by GAAP are omitted

	2025 Approved Budget	Three-Months Ending 3/31/2025 Actuals	% of Budget Used
<u>REVENUES - SOURCE OF FUNDING</u>			
City of Seattle Funding	445,500	445,500	
<i>Total - Revenues</i>	<u>\$ 445,500</u>	<u>\$ 445,500</u>	100%
<u>EXPENSES - USE OF FUNDING</u>			
<i>Board Compensation</i>	\$ 21,600	\$ 4,050	18.8%
Administrative Costs			
Board Meeting Costs (Room, beverages & Video)	2,500	-	0.0%
Liability, D&O Insurance, and Worker's Compensation	9,132	3,145	34.4%
Other technology needs / Branding Materials	5,000	1,252	25.0%
Other Admin/Misc.	40,000	227	0.6%
<i>Office/Shared Space</i>			
<i>Hosting/Hospitality</i>			
<i>Telephone, Mileage, etc.</i>			
<i>Office Set-up/Misc.</i>			
Finance and Accounting Costs			
Bookkeeping/Fiscal Services	56,694	21,946	38.7%
Audit Services	5,000	-	0.0%
Professional Memberships	6,000	928	15.5%
Professional Development/Conferences/Subscriptions	8,500	-	0.0%
Personnel Costs			
CEO/Executive Director	210,000	49,631	23.6%
Taxes and Benefits	73,250	8,017	10.9%
Legal Services	50,000	-	0.0%
Consultant Services			
Compensation Consultant	10,000	-	0.0%
Public Outreach/Communications Consultant (Pyramid)	50,000	36,673	73.3%
Strategic Planning (Amy Besunder)	25,000	14,969	59.9%
Other - TBD	18,922	-	0.0%
Total - Expenses	<u>\$ 591,599</u>	<u>\$ 140,836</u>	23.8%
Increase in Net Position	(146,099)	304,664	
Beginning Net Position	146,099	150,172	
Ending Net Position	<u><u>\$ -</u></u>	<u><u>\$ 454,836</u></u>	
Percentage of Ending Net Position to Beginning Net Position		303%	

Teresa D Johnson, CPA, Inc did not perform an audit, review or compilation engagement on these financial statements, and no assurance is provided on them.

Seattle Social Housing Developer

Statement of Cash Flows

For the Three-Months Ending March 31, 2025

Substantially all disclosures required by GAAP are omitted

Cash Flows from Operating Activities:	
Cash Received from Grants	\$ 445,500
Payments related to employees, wages and benefits	(63,171)
Cash Payments to Suppliers for Goods and Services	(119,073)
Cash Payments to Board	(4,050)
Net Cash Provided from (Used for) Operating Activities	<u>259,206</u>
Net Increase in Cash and Cash Equivalents	259,206
Cash and Cash Equivalents January 1, 2025	194,145
Cash and Cash Equivalents at End of Year	<u><u>\$ 453,351</u></u>

Reconciliation of Cash Flow from Operating Income to Operating Activities

Operating (Loss)	\$ 304,664
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities	
Decrease (Increase) in Prepaid Items	2,530
Increase(Decrease) in Accounts Payable	(42,465)
Increase(Decrease) in Payroll Liabilities	(5,523)
Total Adjustments	<u>(45,458)</u>
Net Cash Provided from (Used for) Operating Activities	<u><u>\$ 259,206</u></u>

**Seattle Social Housing Developer
Transaction Report
For the Month Ending March 31, 2025**

Date	Num	Transaction Type	Name	Amount
03/03/2025	1043	Bill Payment (Check)	Pyramid Communications, Inc	166.75
03/05/2025	Payroll	Payroll Check	Robert A Jimenez	5,881.20
03/06/2025	BA13	Bill Payment (Check)	DRS	1,353.62
03/12/2025	Autopay	Expenditure	Google	225.11
03/17/2025	1044	Bill Payment (Check)	Teresa D Johnson CPA Inc	6,381.04
03/17/2025	1045	Bill Payment (Check)	Amy Besunder	2,943.75
03/17/2025	Payroll	Tax Payment	IRS	5,714.30
03/18/2025	BP82	Bill Payment (Check)	Kayellen Zimmerman	300.00
03/18/2025	BP84	Bill Payment (Check)	Katie LeBret	300.00
03/18/2025	BP81	Bill Payment (Check)	Thomas Barnard	300.00
03/18/2025	BP85	Bill Payment (Check)	McKenna Jean Duffy	250.00
03/18/2025	BP83	Bill Payment (Check)	Kaileah Baldwin	200.00
03/19/2025	Autopay	Expenditure	Microsoft	582.66
03/21/2025	BA14	Bill Payment (Check)	DRS	1,353.62
03/21/2025	Payroll	Payroll Check	Robert A Jimenez	5,897.40
				\$ 31,849.45

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described, or that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the (city/county/district), and that I am authorized to authenticate and certify to said claim.

Auditing Officer

Approved:

Chair of the Board

Seattle Social Housing Developer Management's Discussion and Analysis

December 31, 2024

The Seattle Social Housing Developer (SSHD) discussion and analysis offers readers of the SSHD's statements a narrative overview and analysis of the SSHD's financial activities for the fiscal year ended December 31, 2024. We will also provide other financial discussion and analysis of certain plans, projects and trends necessary for understanding the full context of the financial condition of the SSHD. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the financial statements (which immediately follow this discussion.)

The Social Housing Developer was created through the passage of the City of Seattle initiative I35, under the authority of RCW 35.21. The SSHD is a special purpose business-type government.

FINANCIAL HIGHLIGHTS

The assets of the SSHD exceeded its liabilities at December 31, 2024, by \$150,171. All of this amount may be used to meet the government's ongoing obligations to citizen's and creditors.

The SSHD's one governmental fund report combined ending net position of \$143,405, \$28,030 is related to prepaid expenses and is non spendable and the remaining \$115,375 is unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the SSHD's basic financial statements. This information will assist users in interpreting the basic financial statements. We will also provide other financial discussion and analysis of certain plans, projects and trends necessary for understanding the full context of the financial condition of the SSHD.

Basic Financial Statements

The basic financial statements comprised three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide the reader with a broad overview of the Agency's finances.

The statement of net position presents information on the total of the SSHD's assets and deferred outflows of resources, as well as the total of the SSHD's liabilities and deferred inflows of resources, with the difference between the two totals reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the SSHD is improving or deteriorating.

The statement of activities presents information showing how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will be related to cash flows in future fiscal periods (e.g. uncollected revenues).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The SSHD, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. The single fund of the SSHD is reported as a governmental fund.

**Seattle Social Housing Developer
Management's Discussion and Analysis**

December 31, 2024

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position over time may serve as a useful indicator of a government's financial position. Because this is SSHD's first year, there is no prior year analysis. The SSHD's net position totaled \$150,171 at December 31, 2024; all of which is unrestricted in 2024.

Statement of Net Position

	<u>2024</u>
ASSETS	
Current and other assets	\$ 222,175
Total Assets	<u>222,175</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	<u>6,766</u>
Total Deferred Outflows	<u>6,766</u>
LIABILITIES	
Other Liabilities	<u>78,770</u>
Total Liabilities	<u>78,770</u>
NET POSITION	
Unrestricted	<u>150,171</u>
Total Net Position	<u>\$ 150,171</u>

The largest component of "current and other assets" is made up of cash, which represent 87% of current assets in 2024.

As presented above, total long-term liabilities represent accounts payable and payroll liabilities.

Statement of Activities

Key elements in the changes in net position are discussed below. Because this is SSHD's first year, there is no prior year analysis. The full statement is a tabular depiction of the relationship of revenues and expenses for the SSHD.

**Seattle Social Housing Developer
Management's Discussion and Analysis**
December 31, 2024

Statement of Activities (changes in net position)

	2024
<u>REVENUES</u>	
Grants	585,000
Total revenue	585,000
<u>EXPENSES</u>	
Natural and Economic Environment	434,829
Total operational expenditures	434,829
Change in net position	150,171
Net Position beginning of the year	-
Net Position end of the year	\$ 150,171

The City of Seattle provided SSH with startup funds in the form of a pass-through grant from the Washington State Department of Commerce in the amount of \$180,000. Additionally, the City of Seattle funded \$405,000 of direct funding to SSH, with a commitment to provide, at least, \$445,000 more thru June 30, 2025.

FINANCIAL ANALYSIS OF THE DEVELOPER'S FUND STATEMENT

The SSHD's general fund balance was \$143,405 at year end.

The SSHD's Revenues consist primarily of grant revenue for 2024. These start up grant revenues will decrease and eventually be replaced by tax revenue. The table below shows the trend data for grant revenue for the first year of SSH.

Operating Revenues	
	2024
Operating Grants	\$ 585,000
	585,000
Total	\$ 585,000

Expenditure increases occurred as this is the first year of reporting. The largest category of expenses is professional services, which represents 72% of total expenses. Professional services related to start up included attorney fees and employee recruiting services.

Unassigned fund balance on December 31, 2024, is \$115,375 or 80.5% of total fund balance.

**Seattle Social Housing Developer
Management's Discussion and Analysis**

December 31, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The SSHD is dependent upon the new payroll tax on employers with highly compensated employees within the City of Seattle limits. These revenues are dedicated to develop, own, lease and maintain mixed-income housing that is permanently affordable, owned as a public asset forever and designed for people priced out of market-rate housing in the Seattle area.

Requests for Information

The financial report is designed to provide a general overview of Seattle Social Housing Developer's finances for all those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Seattle Social Housing Developer, 600 4th Avenue Seattle, WA 98104.

DRAFT

**Seattle Social Housing Developer
Statement of Net Position
As of December 31, 2024**

ASSETS

Cash, cash equivalents and pooled investments	\$ 194,145
Prepaid Expenses	<u>28,030</u>
Total Assets	<u>222,175</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	<u>6,766</u>
Total Deferred Outflows of Resources	<u>6,766</u>

LIABILITIES

Liabilities	
Accounts payable	60,125
Payroll payable	<u>18,645</u>
Total Liabilities	<u>78,770</u>

NET POSITION

Unrestricted	<u>150,171</u>
Total Net Position	<u><u>\$ 150,171</u></u>

DRAFT

**Seattle Social Housing Developer
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants and Contributions	
Natural and Economic Environment	\$ 434,829	\$ -	585,000	-	\$ 150,171
Total governmental activities	<u>\$ 434,829</u>	<u>\$ -</u>	<u>585,000</u>	<u>-</u>	<u>\$ 150,171</u>
			Net position, beginning		-
			Net position, ending		<u>\$ 150,171</u>

DRAFT

Seattle Social Housing Developer

Balance Sheet

Governmental Funds

As of December 31, 2024

Assets

Cash and Cash Equivalents	\$	194,145
Prepaid Items		28,030
Total Assets		<u>222,175</u>

Liabilities

Current Liabilities

Accounts Payable		60,125
Payroll Liabilities		18,645
Total Liabilities		<u>78,770</u>

Fund Balance

Nonspendable		28,030
Unassigned		115,375
Total Fund Balance		<u>143,405</u>
Total Liabilities and Fund Balances	\$	<u>222,175</u>

DRAFT

**Seattle Social Housing Developer
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of December 31, 2024**

Fund Balance	\$	143,405
Amounts reported for governmental activities in the statement of net position are different because:		
Other items related to Pension activity that are not financial resources therefore, not reported in the funds		<u>6,766</u>
Net position of governmental activities	\$	<u><u>150,171</u></u>

DRAFT

Seattle Social Housing Developer
Statement of Revenues, Expenses, and Changes in Net Position
Governmental Funds - General Fund
For the Year Ending December 31, 2024

Revenues

Local Grants	585,000
Total Operating Revenues	585,000

Expenditures

Payroll, Salaries and Taxes	81,242
Board Stipends	27,600
Professional Services	316,234
Rent	990
Other Administration	15,529
Total Operating Expenses	441,595

Net Change in Fund Balance 143,405

Fund Balance - Beginning of Year	-
Fund Balance - End of Year	143,405

DRAFT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Net Change in fund balance for governmental funds \$ 143,405

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds 6,766

Changes in Net Position \$ 150,171

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Seattle Social Housing Developer conform to generally accepted accounting principles as applied to local governmental units. The more significant accounting policies are described below.

A. The Reporting Entity

In 2023, the Seattle Social Housing Developer (SSH) was created through the passage of the City of Seattle Initiative 135, under the authority of RCW 35.21. The Developer's mission is to develop, own, lease and maintain mixed-income housing that is permanently affordable, owned as a public asset forever and designed for people priced out of market-rate housing in the Seattle area.

The SSH Board of Director's is comprised of thirteen members appointed by the Seattle City Council (2) and Mayor (1), Seattle Renters Commission (7) and community and labor organizations (3). There are no component units that should be included.

B. Basis of Presentation – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The SSH's policy is to allocate indirect costs to a specific function. During the first year of formation, the program revenues consist of operating grants only.

Separate fund financial statements are provided for governmental funds.

The accounting records of the SSH are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The SSH uses the *Budgeting, Accounting and Reporting System for GAAP for Cities, Counties and Special Purpose Districts* in the State of Washington.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Capital asset purchases are capitalized and long-term liabilities are presented.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Grant revenues are considered to be available when they are billed. Expenditures are recorded when a liability is incurred, as under accrual accounting. The general (or current expense) fund is the operating fund of the SSH.

C. Budgets and Budgetary Accounting

The Developer budgets on the full accrual basis. Each year the Board Treasurer presents to the Board a proposed budget for operation of the Developer for the next calendar year. The budget is prepared in accordance with the Developer's budget timetable. The annual budget is adopted by the thirteen-member Board. The budget is prepared for managerial control and can be amended only by Board approval.

D. Assets, Liabilities and Net Position or Equity

1. Cash, Cash Equivalents and Pooled Investments

It is the Developer's policy to invest all temporary cash surpluses into an investment program that is within the legal requirements of the State of Washington. Investments are stated at fair value. For the purpose of the statement of cash flows, the Developer considers cash and cash equivalents to include cash and deposits, as well as pooled investments with original maturities of three months or less from the date of acquisition.

2. Receivables

Receivables will consist of amounts owed from private entities, or grants earned, or amounts associated with leases.

3. Prepaid expense

Prepaid expense includes payment for insurance and similar services extending to future accounting periods.

4. Capital Assets

SSH has established a policy for recognizing and reporting capital assets in accordance with the Generally Acceptable Accounting Principals. Although SSH had no capital assets as of December 31, 2024,, it has adopted the following policies for future acquisitions and reporting of capital assets:

Capital assets will be recorded at historical cost or, if donated, at their estimated fair value at the date of donation. A capitalization threshold will be established to determine which assets are recorded in the financial statements. This threshold will be applied consistently across all asset categories. Capital assets will be assigned estimated useful lives based on industry standards, historical data, and government-specific considerations. The useful lives will be periodically reviewed and updated as necessary.

Depreciation will be calculated using the Straight-Line method over the estimated useful lives of the respective assets. Should SSH have any right to use assets, the right to use assets will be amortized over the shorter period of the useful life of the underlying asset category or the agreement term.

5. Deferred Outflows of Resources and Deferred Inflows of Resources

A Deferred Outflows of Resources is a consumption of net position that is applicable to future periods. Deferred Inflows of Resources are acquisitions of net position in one period that are applicable to future periods. These are distinguished from assets and liabilities in the statement of net position. The Developer recognizes Deferred Outflows related to pensions. The Developer recognizes Deferred inflows related to pensions.

6. Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

7. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The Developer records unpaid leave for compensated absences as an expense and liability when incurred.

25 days of vacation time are awarded annually and must be used within the current year.

8. Pensions

For purposes of measuring the net pension assets, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the Developer includes the net pension asset only.

9. Fund Balance Classification and Details

The SSH fund balance is classified according to the relative strength of the spending constraints placed on the purpose for which resources can be used.

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.

Restricted fund balance has constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the SSH's Board of Directors, which is the SSH's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board of Director's removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The SSH reports no committed fund balances.

Unassigned fund balance is the residual fund balance for the general fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The SSH's policy reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

2. DEPOSITS AND INVESTMENTS

The Developer is authorized to invest in obligations of the U.S. Treasury and U.S. agencies, government money market funds, certificates of deposit and bankers' acceptances.

Classification

Cash and cash equivalents held as long-term operating reserves or for the future payment of long-term liabilities are classified as non-current assets. Cash and cash equivalents legally or contractually restricted as to their use are classified as restricted.

At December 31, 2024, the Developer held \$194,145 in unrestricted cash deposits.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Developer's deposits may not be returned to it. The Developer does not have a deposit policy for custodial credit risk. At December 31, 2024, the Developer had \$194,145 of bank deposits (checking accounts and savings accounts). All deposits in excess of NCUA insurance limit (\$250,000) are not covered by the Public Deposit Protection Commission (PDPC) of the State of Washington established under Chapter 39.58 of the Revised Code of Washington, because the SSH selected bank has not completed a depository pledge agreement with the PDPC. In March 2025, SSH corrected this problem by transferring banking activity to a depository institution covered by the PDPC.

3. PENSION PLAN

State Sponsored Pension Plans

On September 19, 2024, Seattle Social Housing Developer, became a participant in the statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment

(COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The PERS 1 and PERS 2/3 employer contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits

The PERS Plan defined benefit required contribution rates (expressed as a percentage of covered payroll) for fiscal year were as follows:

Employer Contribution Rates				
<i>Time Frame</i>	<i>Contribution Rate</i>	<i>PERS 1 UAAL</i>	<i>Administrative Fee</i>	<i>Employer</i>
January – June	6.36%	2.97%	0.20%	9.53%
July – August	6.36%	2.47%	0.20%	9.03%
September - December	6.36%	2.55%	0.20%	9.11%

Employee Contribution Rates	
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies: 5% to 15%

The Developer's actual PERS plan contributions were \$1,933 to PERS Plan 1 and \$4,833 to PERS Plan 2/3 for the year ended December 31, 2024.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in

the valuation were based on the results of the Office of the State Actuary’s (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024 are summarized in the table below. The inflation component used to create the table is 2.50 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>% Long-Term Expected Real Rate of Return Arithmetic</u>
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%

Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Because the state PEFI showed no contributions at the end of June 2024 for the Developer, no proportionate share of the net pension liability is recognized.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the Developer reported deferred outflows of resources - contributions subsequent to the measurement date for PERS 1 and PERS Plan 2/3 respectively, of \$1,933 and \$4,833.

Deferred outflows of resources related to pensions resulting from the Developer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

4. RISK MANAGEMENT

The Developer is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

5. RELATED PARTY TRANSACTIONS

Initiative I35 required the City of Seattle to provide limited in-kind assistance as necessary for the first 18 months of startup, including but not limited to office space, staffing, supplies, insurance and bonding and legal services. Additionally, the City of Seattle provided SSH with startup funds in the form of a pass-through grant from the Washington State Department of Commerce in the amount of \$180,000. Additionally, the City of Seattle funded \$405,000 of direct funding to SSH, with a commitment to provide, at least, \$445,000 more thru June 30, 2025.

6. SUBSEQUENT EVENTS

In a special election in February 2025, Seattle voters approve a 5% employer payroll tax on individual compensation over \$1 million to fund SSH. This tax is retroactive to January 1, 2025. The first year, all tax is due by January 31, 2026, with quarterly payments required thereafter. 95% of this tax will be paid to SSH and the lower of 5% or two million will be earmarked for administration on the tax.