

PPA Finance and Administration Committee Minutes 2/10/19

Attendees: Will Watkins, Lydia McAnerney, David Frank, Margy Stein, Lynn Vob Korff (Chair)
Absent: Dick Kain was out of town.

Lynn Von Korff was elected Chair

Background on the “Rent Gap” was presented

1. PPA’s Board of Directors has consistently stated that *PPA’s share of office rent should be at or under \$1,000 per month.*
2. In 2017 four groups occupied the office space jointly. PPA holds the lease and pays the overall rent, which is then “offset” by rent PPA collects from its subtenants. Jan 2017 through April 2017 four groups shared rent equally, paying \$750 per month each. Sometime in 2017-18, Towerside Business Alliance also began sharing office space.
3. Around April 2017, tenants renegotiated rent shares leaving a **\$6,000 per year rent gap.** Plans (e.g. new tenant, fundraising) were proposed to fill this gap, but a long-term solution apparently did not materialize.
4. Jeff Barnhart at Prospect Park Properties generously absorbed the \$6,000 “rent gap” until July 2018. He is not asking for reimbursement and continues to provide other substantial rent discounts.
5. In August 2018, PPA began to absorb the rent gap by default, when a new lease and sublease extensions were signed. PPA’s share of office rent increased from \$1,000 per month to \$1,532 per month (\$18,381 per year).
6. There are other lease issues to be resolved as well (e.g. three lease extensions terminate at different times).

Proposal

Create a PPA “Mediation” Task Force, consisting of at least two board members and one community member, to work with representatives selected by each subtenant to “fill the rent gap” and address other problems with the current lease and subleases. The Task Force may also work with Jeff Barnhart, Prospect Park Properties. The Task Force is authorized to consider a wide range of solutions. The Task Force is encouraged to obtain legal opinions, if needed, from “Mission Guardian” on: current leases, proposed amendments, newly created leases, or other solutions that may be developed. (NCR contracted with Mission Guardian to provide legal services for neighborhood groups.) A possible outcome is that PPA’s share of rent will be at or below \$1,000 per month. Tentative proposals or agreements reached by the Task Force will be presented for approval at a PPA Board of Directors meeting.

The Finance and Administration Committee approved the proposal to be presented to the board of Directors on February 25, 2019.