

**APPROVED Minutes**  
**Board of Directors Meeting**  
**Fort Worden Public Development Authority**  
**Friday, October 19, 2018 | 9 a.m. to 12 p.m.**  
**Chapel Building 24, Fort Worden**

- ❖ **Action:** September 26, 2018 Regular Board Meeting Minutes – Unanimously APPROVED
- ❖ **Action:** Motion to approve Resolution 18-09 authorizing the CFO to enter lease-purchase agreement with TCP Equipment Finance for an industrial trash compactor. Unanimously APPROVED

**Regular Board Meeting:**

**I. Call to Order:** 9:01 a.m.

**II. Roll Call**

Board Members: Bill James, Cindy Finnie, Jane Kilburn, Lela Hilton, Gee Heckscher, Norm Tonina, Jeff Jackson, Herb Cook, Bill Brown, Todd Hutton

Staff: Dave Robison, Diane Moody, Rufina Garay, Karolina Anderson

Public: Owen Rowe, David Goldman, Cody Griffith, Jeanie Cardon

**III. Changes to the Agenda**

No Changes

**IV. Consent Agenda**

A. Review and Approval of Regular Board Meeting Minutes, September 26, 2018

Action: Motion to approve September 26, 2018 Board Meeting Minutes  
Unanimously APPROVED

**V. Review and Discussion of Financials**

**A. Staff Report**

Diane Moody reviewed financials (see financial memo) and commended Cody Griffith and her sales and marketing team for higher occupancy numbers.

**B. Board Discussion**

None

**VI. Resolution to authorize Chief Financial Officer to enter into a lease-purchase agreement with TCP Equipment Finance for an industrial trash compactor.**

**A. Staff Report**

Staff reviewed the terms of the lease purchase agreement with TCP Equipment Finance and the reasoning supporting the lease, including reduced utility expenses. Robison noted that the purchase of the compactor is part of the sustainability plan and Daniele Costello noted that it is physically easier on staff to use the compactor.

**B. Board Discussion**

Board and staff discussed the terms of the lease and purchasing versus leasing. Moody noted that the compactor includes a maintenance agreement for 5 years and that there is an option to purchase the compactor after that timeframe.

**Action:** Motion to approve **Resolution 18-09** authorizing the CFO to enter lease-purchase agreement with TCP Equipment Finance for an industrial trash compactor. **Unanimously Approved**

**VII. Staff Report**

**A. Energy Efficiency Update**

Robison reported that over 5,000 lightbulbs have been replaced with LED lights across the campus as part of the energy efficiency project. Robison stated that a grant has been submitted to the Department of Commerce (DOC) for \$648,000 for a geothermal heating system for Makers Square. Robison stated that the geothermal project would result in a significant carbon footprint reduction, that the project would pay for itself within 14 years, and that the system will last for 65 years. Robison reported that he and Sammons met with staff at the Office of Financial Management in Olympia to explain our capital needs.

**B. Makers Square Project Update and Timeline**

Gee Heckscher reviewed the Makers Square timeline and stated that the permit application was submitted yesterday – initiating a 60-day review process. Robison stated that 100% construction drawings are scheduled to be completed in November and that the project is scheduled to go out to bid in January. Robison reported that the emptying of the old State Parks maintenance Building 305 is moving ahead and that FWPDA has been doing most of the work. Robison reported that the restoration of historic windows in Makers Square is in progress and that FWPDA has recruited Kevin Palo, a very experienced historic preservation specialist to lead the project. Palo previously managed the window restoration project at Point Reyes. Palo will manage a crew and also train FWPDA facilities personnel in historic window preservation. Robison noted that this also lays the foundation for a possible future historic preservation trades program at Fort Worden. Robison and the board discussed the reasoning for choosing to hire the window restoration crew as employees. Heckscher noted that the windows must be restored before general construction begins to ensure that the project timeline is met. Board and staff discussed the Makers Square timeline and Robison reminded the board that a certificate of occupancy must be received before June 30, 2020 in order to secure Historic Tax Credits. Board and staff discussed possible risks associated with the timeline and Heckscher stated that the timeline includes extra days as a buffer. The board and staff discussed cost escalation, availability of materials, the competitive construction market and the risk point of getting competitive bids that are within the Makers Square project cost estimate. Board and staff discussed securing a qualified and experienced firm and the challenges to finding local firms who are experienced in this kind of construction.

Robison reviewed the fundraising status for Makers Square (see below). The received column includes \$9,100,000 in awarded grants (including the Historic Tax Credits). The “committed but not received” column is for \$1,800,000 pending in the Washington State Capital Budget.

Fundraising status	\$mm
Received	\$ 9.1mm
Committed but not received	\$ 1.8mm
Total Committed	\$10.9mm

Norm Tonina presented three phasing options for Makers Square (below). Robison noted that additional value engineering is underway.

	Option 1 Total Project Completion	Option 2 Complete Phase 1	Option 3 Complete most of Phase 1, leasing Partner completes 308 and 324
Project	<ul style="list-style-type: none"> <li>➤ Buildings 305, 308, 324</li> <li>➤ Complete interior build-out</li> <li>➤ All MS Site Improvements and utilities (\$1.4mm)</li> <li>➤ Taps Parking Lot (\$0.9mm)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Buildings 305, 308, 324</li> <li>➤ Complete interior build-out</li> <li>➤ Limited site improvements</li> </ul>	<ul style="list-style-type: none"> <li>➤ FW completes 305</li> <li>➤ Complete interior build-out</li> <li>➤ B308 and 324 core and shell, and build-out</li> <li>➤ Leasing partner(s) completes MEP + Utilities for 308, 324</li> </ul>
FW Cost	\$14.3mm	\$12.0mm	\$10.7mm
Funding Status	\$3.4mm deficit	\$1.1mm deficit	+\$0.2mm surplus
Tenant cost to complete			Bldg 308 - \$575K Bldg 324 - \$750K

Board and Staff discussed Historic Tax credits terms, timing and qualified reimbursable expenses. Jeff Jackson stated that Option 3 is attractive because it gives flexibility for an existing partner or new partner to tailor the interior of the building for their use. Robison noted that about \$11,000,000 has been raised without a capital campaign and that all phasing options (1, 2 and 3) are under consideration. Robison noted that the Fort Worden Foundation will be recruiting for a Development Director position and that the goal is to secure full funding as soon as possible. Board and staff discussed requirements to obtain a certificate of occupancy (which will be necessary to obtain HTC's). Board and staff discussed tenant investments and RFP's for potential partners. Todd Hutton stated that he strongly recommends putting restrooms in all of the buildings. Hutton suggested matching funds with tenants as a way to attract new partners. Cindy Finnie suggested prioritizing exterior improvements (landscaping, parking lot, etc.). Robison noted value engineering opportunities for site improvements and constraints imposed by the cultural landscape and historic preservation.

**C. Glamping Update**

Robison stated that the SEPA checklist has been submitted to State Parks. Robison stated that the project team is working on permit documentation and infrastructure engineering. Robison noted that the project is heavily dependent on financing and that a significant portion of the total project expense is the cost of installing water/sewer to each of the units. Robison stated that the environmental review should be completed by the end of the year. Diane Moody stated that she is developing phasing scenarios and exploring financing options.

**D. Legislative Fam Tour**

Robison reported that the Legislative Fam Tour was very successful. Robison stated that the tour included a deep dive presentation about pending capital projects and Makers Square as well as visits to partner organizations (Port Townsend School of the Arts, Port Townsend Marine Science Center and Port Townsend School of Woodworking). Robison reported that the legislators were impressed, engaged and supportive. Robison stated that he reviewed capital budget line items with legislators including replacing the failing sewer lines and water lines - impressing upon them the cost and necessity of these types of improvements – and asking legislators to be our advocates while also considering what kind of support legislators need to keep Fort Worden high on the legislative list.

#### **E. Staff Retreat**

Robison reported that staff held a retreat at Sleeping Lady, a comparable site to Fort Worden. Robison stated that the main purpose of the two-day intensive retreat was to look at what has been accomplished in 2018, what remains to be accomplished in 2018 and identifying 2019 strategic priorities. Robison noted that the Directors held a three-hour follow up meeting yesterday. Moody stated that another key area of focus was organizational culture. Robison reported that Directors visited Loge on the way back from the retreat. Tonina stated that Loge enters into contract w/ defunct properties and that the resorts appeal to younger adults and often include a coffee shop, community space, outdoor concerts, fishing, camping or ski destination in winter. Robison noted that Loge places a focus on creating community and a sense of refuge. Staff discussed takeaways and observations including: using in room collateral to create context and communicate values and tell the story of the place; well-designed spaces for meeting and retreating; organic garden that encourages guests to engage with and experience sustainability. Moody noted that Sleeping Lady was restrictive in what they offer to groups (i.e. dining options). Norm Tonina stated that Sleeping Lady does a great job with the quality and consistency of accommodations. Moody added that their service is excellent. Garay noted that staff were well educated as to what happens on property and able to easily inform guests.

#### **F. 2019-2021 Capital Budget**

Robison reviewed the Capital Budget priorities (see packet). Robison stated that the capital budget priorities includes the following: a line item for the Port Townsend Marine Science Center pier renovation planning process; historic roof renovation (bldgs. 308, 324 201); housing areas exterior improvements to Officer's Row, water and sewage lines and ADA improvements. Robison noted that line item to make improvements to Schoolhouse building 298 is lower in the list of priorities (and therefore less likely to be funded).

#### **G. Fortopia**

Robison stated that a small group of women participated in a mini-Fortopia including staying and eating on property and attending the Billy B concert as well as the screening of Return of the River. Robison reported that the group stated that Fort Worden is a compelling place and encouraged Fortopia organizers to build in time for experiencing the property and connecting with other program participants. Garay stated that the group has agreed to serve as advisors for how we shape future plans for Fortopia. Garay noted that the Return of the River brought in about 150 people. Lela Hilton noted that Fort Worden has a rich sense of place and is an experience in itself. Hilton asked "how do we articulate building a visceral platform?"

### **VIII. Staff Workgroup Reports**

#### **❖ Branding for the Lifelong Learning Center**

Members of the branding work group reported that they have received excellent feedback from partners and staff and that the next step is to host a branding discussion forum for community members.

**IX. Board Reports/Discussion**

Dave Robison stated that there is a Fort Worden Foundation pledge form at the back of the board packet and that the Foundation is seeking year-end gifts or multi-year pledges for Makers Square. Herb Cook talked about the FWPDA employee fund, the plan to hire a development director for the Fort Worden Foundation and opportunities for pledges or gifts. Herb Cook encouraged board members to refer people who may be interested in making a donation and stated that Fort Worden Foundation board members are willing to sit down with interested parties. Todd Hutton encouraged board members to give at the level that they are comfortable. Herb Cook thanked Cindy Finnie, Norm Tonina, Jeff Jackson and Dave Robison for making donations. Cook stated that some foundations are more likely to fund organizations that receive funding from all members of their board.

**X. Public Comment**

David Goldman stated that Makers Square phasing option 3 is an opportunity to articulate the underlining value of the Lifelong Learning Center and create a substantive understanding of the Lifelong Learning Center (why it is here, why it matters). Goldman encouraged board and staff to avoid uninspiring partnerships and noted that some members of the community are disappointed in what has happened with building 202. Finnie stated that she liked what Goldman said about the importance of articulating our values before prospecting for new partners in a proactive way. Robison stated that the branding work group has made progress on further articulating values and the Lifelong Learning Center. Todd Hutton replied to Goldman stating that the branding statement begins to build a deeper understanding of the Lifelong Learning Center by identifying the noble purpose of Fort Worden and stated that the concept will continue to grow, getting closer to capturing the “gestalt” of this place. Owen Rowe noted that there are some real synergies and encouraged board and staff to let future partners help define the Lifelong Learning Center.

**XI. Next Meetings**

- ❖ Executive Committee Meeting November 20, 2018
- ❖ Board of Directors Meeting November 28, 2018

**XII. Walking Tour of Makers Square Building 305**

- ❖ Tour is open to the public

**XIII. Adjourn: 11:59 a.m.**

*Board Packets and PowerPoint Presentations are available on our website at: [www.fortworden.org](http://www.fortworden.org) under public documents>agendas & documents>public meetings>PDA Board Meeting 10.19.18*