



APPROVED Minutes
Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, March 25, 2020 | 9:30 a.m.
Remote meeting per State Proclamation 20-28

- ❖ **Action:** Motion to approve the February 26, 2020 Board Meeting Minutes. **Unanimously approved**
- ❖ **Action:** Motion to approve Resolution 20-06 recognizing the public health emergency due to COVID-19 and authorizing the Executive Director to engage the PDA in emergency management efforts that assist with the protection of public health during the COVID-19 crisis. **Unanimously approved**

Regular Board Meeting:

I. Call to Order: 9:30 a.m.

The March 25th board meeting was a remote Internet- and phone-based meeting in accordance with the “Stay Home” emergency proclamation issued by Governor Jay Inslee on March 23, 2020. Remote access information to the meeting was published on the Fort Worden website and in public notices to the media, along with an invitation to submit written public comment.

Board Co-Chair Norm Tonina stated that there would not be an executive session following today’s meeting.

II. Attendance

Fort Worden PDA Board Members: Norm Tonina, Todd Hutton, Jeff Jackson, Cindy Finnie, Gee Heckscher, Herb Cook, Lela Hilton, Terry Umbreit

Staff: Dave Robison, Diane Moody, Joan Rutkowski

Public/Staff Guests: Owen Rowe, David Goldman, Jeanie Cardon, Shelley Leavens, Bill Drath, Lisa Werner, Renee Klein, David Beckman, Lane DeCamp, Sonya Baumstein, Cody Griffith, Aislinn Palmer

III. Public Comment

Sebastian Eggert, who runs a small contracting business, said he has been working as a subcontractor on Makers Square under the direction of Clark Construction. He shared that he and his workers are not being paid on time due to PDA cash flow issues. Eggert said it’s important for him to bring family wage jobs to the community, and he is concerned about delaying payment to his workers. He said he understands the financial stress that the PDA is under and encourages staff to do all they can to get tied up funding released.

IV. Correspondence

See board packet on the website for PDA-related articles and communications.

V. Consent Agenda

Review and approval of regular Board meeting minutes, February 26, 2020

Action: Motion to approve the February 26, 2020 Board Meeting Minutes. **Unanimously approved**

VI. PDA COVID-19 Response

A. Staff Report

Robison provided an update on the PDA's response to the COVID-19 pandemic. He said that since the statewide "Stay Home" order was issued on May 23rd, the PDA has kept on employees who do essential work for the PDA. Robison also noted that State Parks has closed all of its parks, which means Fort Worden is closed to vehicle access. Clark Construction has chosen to suspend Makers Square work after deeming themselves nonessential, he said. Robison added that he is reviewing the Governor's mandate and definition of essential work to determine whether glamping construction can continue. Capital Projects Director David Beckman said the glamping crew is working with safe distancing measures in place and working with one person per tent platform. Robison said he and Chief Financial Officer Diane Moody will be identifying a few more people to put on standby now that the park is closed.

B. Board Discussion

Board members confirmed the need to maintain facilities and communication networks while operations are scaled back. Board member Lela Hilton commended staff for clear and compassionate written public communications about the PDA's response to the crisis.

VII. Resolution 20-06 to Assist with the Protection of Public Health

A. Staff Report

The proposed board resolution recognizes the public health emergency due to COVID-19 and authorizes the Executive Director to respond to emergency management needs during the COVID-19 crisis. Attorney John Watts said the PDA's charter and formation documents direct the PDA to engage in activities that further the lifelong learning center. Watts and Robison said the City is considering drafting a proclamation that would expand the PDA's scope of authority to engage in emergency management activities. Watts said the PDA board resolution also recognizes that strict compliance with processes for entering into contracts can be waived if needed to respond quickly to the emergencies. He said those contracts must be explicitly necessary and directly relate to the emergency. As required by law, the Executive Director must seek board approval for such actions, which gives the board opportunity to approve or disapprove the action, Watts said. The resolution also provides for the Executive Director to request all available local, state, and federal assistance for the PDA to respond to the COVID-19 emergency.

B. Board Discussion

Board co-chair Todd Hutton asked if the resolution would sunset when the City determines there is no longer an emergency. Watts said the resolution implies that it sunsets when emergency declarations are no longer in place, and the board could also take official action to terminate the resolution when needed.

Action: Motion to approve Resolution 20-06 recognizing the public health emergency due to COVID-19 and authorizing the Executive Director to engage the PDA in emergency management efforts that assist with the protection of public health during the COVID-19 crisis.
Unanimously approved

VIII. Review and Discussion of Financials/Cash Flow Projection

A. Staff Report

Moody provided an overview of the financial reports (see board packet). Year-to-date net revenue (through February) is 80 percent to budget. Moody said February revenue from accommodations and food service was stronger than budgeted. She said the shortage in other revenue is primarily due to lower than expected sales of Discover Passes. Moody said personnel costs for February were about 10 percent over budget, but that will change dramatically in March and April. The majority of other expenses have been under budget, she said. The balance sheet shows more than \$800,000 in accounts receivable, most of which is grant funds that will come from the Department of Commerce and pay Clark Construction, Moody said.

Moody also presented a cash flow report for hospitality services and a cash flow report for Makers Square construction. She said the hospitality projections, which show a negative cash position for May and June, are based on the worst-case scenario of not having lodging or food service revenue from activity in those months. The projections show a significant drop in both income and expenses due to an overall decline in hospitality activity at Fort Worden. Moody noted that the PDA is drawing down on advance deposits from cancellations, but there has been a greater amount moved to future dates. She thanked the sales team for helping guests to find future dates for their visits to Fort Worden, which has provided cash to get through April. She noted a significant drop in projected personnel expenses beginning in April and remaining lean through June. Hutton noted that this all means the PDA is virtually shut down through May. Moody said the cash flow projection for Makers Square construction through October reflects grant income that has been delayed, creating the current negative cash flow position. Robison discussed the status of delayed grant income. Grant funds from two state sources have been re-appropriated into grant programs that involve an easier submission process for expense reimbursements, he said. Federal grant contract issues should be resolved in the next few weeks. Moody said that \$800,000 from historic tax credits should be available in October to use beyond Makers Square. She also said Kitsap Bank has suggested that the PDA consider getting an accounts receivable line of credit to help with the timing of funds that may be difficult to access.

B. Discussion

Board and staff members briefly discussed the use of an accounts receivable line of credit through Kitsap Bank for Makers Square, which can help with payments to contractors and subcontractors. Moody said she feels good about the line of credit option because the contracts are guaranteed. If the option is pursued, the PDA would need to seek approval from the board, Moody said. Moody and Robison also said they are drafting a “ramp up” plan to guide a return to normal operations for when that becomes possible, and it would be proposed to the board. Board member Herb Cook shared that a few board members and staff leaders also have been discussing how PDA and Fort Worden Foundation board members could provide financial assistance to employees who have been placed on standby status. Cook said the best option may be to seek donations from board members to cover health insurance premiums for 90 days, which would cost approximately \$135,000. Some donations have already been received, he said. Board

members expressed support for the effort, and Tonina said he would send a letter with details to both boards. Donations would be received through the Fort Worden Foundation.

IX. Staff Report

A. Current Construction Projects & Major Repairs

Robison said Clark Construction and its subcontractors temporarily suspended Makers Square construction beginning on the 24th in accordance with the Governor's "Stay Home" order. Makers Square does not immediately appear to qualify as an essential capital project, he said. Robison is seeking more clarity from the Governor's office on this; he said the PDA would like to continue with the construction because Makers Square is critical to the PDA's revenue picture. Robison and Beckman are talking with State Parks staff about the timing of their campus infrastructure projects. Robison said he anticipates that the PDA's energy efficiency project work can continue.

B. Makers Square Update

Robison said that in addition to the cash flow information discussed earlier, he wanted to share that the PDA's finance director is working almost exclusively on the invoicing needed to secure grant funds for construction expenses. Moody said the process is time consuming and includes tracking expenses back to 2016.

C. Audit Follow-up Regarding Foundation/PDA Relationship

Moody reported on the response to the audit team's feedback that the PDA should include the Fort Worden Foundation and its component units in its financial statements. She and Robison consulted with an attorney with expertise in public development authorities. She said there is agreement that as of 2019, the Foundation is seen as a component unit of the PDA, but that has yet to be defined further. Moody said this means decisions will soon be needed about financial reporting. She recommended that the Finance and Audit Committee consider how to proceed at its next meeting and then report back to the board in April.

D. Events Update

Robison provided an update on upcoming and summer events. He said that the Seattle Theater Group (STG) has postponed announcing the lineup and selling tickets for this year's THING event. He said organizers are anxious to see how long COVID-19 remains a concern. Robison said planning for the 4th of July event is on hold. Robison asked Lisa Werner about Centrum's event plans. Werner said Centrum staff and board members are discussing their summer programming and considering creative options for the worst-case scenario. Werner asked about Centrum's request for having up to 45 days to cancel events without penalty, and Moody said this will be honored. Hutton added that the State Parks Commission has cancelled its May 6th and 7th meetings, which were to be held at Fort Worden.

X. Public Comment

Renee Klein expressed appreciation for efforts made during the extraordinary time people are working in and said she's enjoyed hearing how creative people are being with their offerings. Klein said she has heard many positive comments from people about the importance of Fort Worden.

David Goldman said the crisis is providing quite a difficult learning experience, and he believes that the PDA project will go forward one way or another. Goldman suggested that the board consider

allowing the public to contribute to the fundraising effort to cover employee health insurance premiums. He thanked board and staff members for all their work to keep advancing the PDA.

Sebastian Eggert thanked PDA staff for their work to free up grant-based reimbursements.

XI. Meeting Adjourned at 10:46 a.m.

Board meeting materials are available at: <https://fortworden.org/category/pda-documents/>