AGENDA
Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, June 24, 2020 | 10:00 a.m. – noon
Via ZOOM

Please click the link below to join the webinar:
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Public Meeting Agenda

I. Call to Order

II. Changes to the Agenda

III. Public Comment

IV. Consent Agenda
   A. Review and Approval of May 27, 2020 Regular Board Meeting Minutes
      Action: Motion to approve the May 27, 2020 regular Board Meeting Minutes
   B. Review and Approval of June 12, 2020 Special Board Meeting Minutes
      Action: Motion to approve the June 12, 2020 Special Board Meeting Minutes
   C. Review and Approval of June 18, 2020 Finance & Audit Committee Meeting Minutes
      Action: Motion to approve the June 18, 2020 Finance & Audit Committee Meeting Minutes

V. Recovery Team FEMA Status Update
   A. Staff Report
   B. Board Discussion

VI. Finance & Audit Committee Recommendation Discussion
   A. Staff Report
   B. Board Discussion
   C. Action: Motion to approve Finance & Audit Committee Recommendation

VII. Staff Update
   • Makers Square & Glamping
   • Fort Worden State Park Reopening
   • Fort Worden Collaborative

VIII. Public Comment

IX. Next Meetings: TBD Finance & Audit Committee
    July 21st Exec Committee
    July 29th Board Meeting

X. Adjourn
DRAFT Minutes
Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, May 27, 2020 | 10 a.m.
Remote meeting per State Proclamation 20-28.2

❖ **Action:** Motion to approve the May 13, 2020 Special Board Meeting Minutes. **Unanimously approved**

Public Meeting Agenda

I. **Call to Order:** 10:02 a.m.
The May 27 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 and subsequently extended. Access information to the meeting was published on the Fort Worden website and in a meeting notice to the media.

II. **Roll Call/Attendance**
Fort Worden PDA Board Members: Norm Tonina, Todd Hutton, Jeff Jackson, Jane Kilburn, Cindy Finnie, Gee Heckscher, Terry Umbreit, Herb Cook, Lela Hilton (joined at 10:12 a.m.)
Staff: Dave Robison, Diane Moody, David Timmons, Joan Rutkowski
Public/Staff Guests: Seth Rolland, Leah Mitchell, Janine Boire, Owen Rowe, Bill Drath, Rob Birman, Lisa Werner, Jeanie Cardon, Claudia Zysk, Renee Klein, Sebastian Eggert, Charles Bermant, David Goldman, Don Englebach, Everett Moran, Hali Kalae, Heron Scott, Jeffrey Krida, Jon Schorr, Michael Carman, Mitch Freeman, Peter West, Lindy Adelmann, Sonya Baumstein, Cody Griffith, Natalie Maitland, Aislinn Diamanti, Daniel Nyby, Donna Mine

III. **COVID-19 Background Information**
Board Co-Chair Norm Tonina noted that the board packet contains articles of interest and background information on Washington State’s “Safe Start Plan” and Jefferson County’s Phase 2 process. (The board packet is available on the PDA website.) Executive Director Dave Robison encouraged board members and partners to read the opening guidelines for the business types that operate on the Fort Worden campus, as well as articles about COVID-19 transmission and risks. Robison said operations at Fort Worden are influenced by when Jefferson County allows overnight camping, which is now tied to when camping is allowed in Clallam County. He reviewed Jefferson County’s Phase 2 variance approval and said that Jefferson County is expected to issue a mask mandate.

The packet also contains a resignation letter from Board member Naushard Cader, whom Tonina said resigned due to not being able to actively participate after moving to another state.

Board Treasurer Jeff Jackson encouraged people to read the public remarks Robison gave at the joint Jefferson County/City of Port Townsend/Board of Health meeting. He said the comments provide a comprehensive and direct description of the PDA’s reality. Robison said the opportunity to comment on the County’s Phase 2 plan also allowed him to share how the crisis threatens the survival of the PDA, its ability to support campus partners, and the long-term viability of the business model.
IV. Consent Agenda

Action: Motion to approve the May 13, 2020 Special Board Meeting Minutes. Unanimously approved

V. Review of April Financial Report

A. Staff Report
Chief Financial Officer Diane Moody provided information about particular line items from the Revenue & Expense Report and Balance Sheet for April (see board packet on website for financial reports). April revenue is negative $146,716 and April YTD net revenue is negative $846,778 (budget: negative $551,066). As of April 30, net income is approximately negative $2 million. Moody said the PDA continues to focus on cost savings as expected revenue is lost from COVID-19 related closures and restrictions. Moody thanked volunteers for helping to maintain the Fort Worden campus grounds. She said April personnel costs reflect March employee activity that happened before the majority of employees were placed on unemployment standby. Moody said the PDA is reducing utility costs as much as it can, spending approximately $21,000 in April instead of the budgeted $48,767. The finance team is currently doing a close reconciliation of capital project staffing and operations staffing expenses, which will lead to some corrections, she added.

B. Discussion
Board members and staff briefly discussed utility expenses. Moody said electricity costs, at $18,000, are the largest portion of the April utility expenses, and the PDA is doing all it can to maintain the lowest electricity level possible by closing buildings and moving fuel and propane to on-call. Some water expenses continue for limited watering of grounds and basic operations. Finance Director Sonya Baumstein added that utilities have minimum charges that can’t be adjusted.

The group also briefly discussed the status of nonrefundable deposits and advance deposits. Moody said the $846,000 negative net revenue is being covered by nonrefundable advance deposits and other revenues. Regarding the legal review of the PDA’s nonrefundable policy, Moody said she is waiting for a response from the State Auditor’s office.

VI. Review Cash Position and Flow Projections

A. Staff Report
Moody reviewed cash flow projections for operations and Makers Square construction. She said the operations report hasn’t been updated since it was presented at the special board meeting on May 13; the main change is that the cash position for May is $16,000 higher, now projected at approximately $131,000. Moody also noted that a funding source has yet to be identified for $500,000 that is needed from grants or loans, and that this gap needs to be addressed in the next 15 to 30 days, as $250,000 is needed in July and the rest is needed by the end of the year. Regarding the Makers Square cash projection, Moody said the notable change from the May 13 report is that the $500,000 grant from the Save America’s Treasures (SAT) program may be disbursed in full in June. She also expects to finalize the process for Local Community Project (LCP) grant funding this week, and this would open the door for money that does not require matching funding. Moody said the SAT and LCP funds are two important cash flow inputs that would move Makers Square cash flow into a positive position going forward.

B. Discussion
Board and staff discussed the certainty of funding that is needed or in process. Regarding the $500,000 needed from grants or loans for PDA operations, Board Treasurer Jeff Jackson noted that
it’s unusual to list amounts that don’t have known sources. Moody agreed, and added that without the $500,000, the operations cash flow projection is negative and funding for operations will run out by mid-July.

Moody said ongoing negotiations with a local bank would result in securing Historic Tax Credit income from investors for Makers Square in August. Tonina asked about the certainty of other figures, and Moody said most of the funding has been received and paid to Clark Construction. Moody said she would seek clarification on how Clark is distributing payments owed to subcontractors. If all Makers Square funding comes in as expected, the PDA will be paid up with Clark Construction by the end of June, she said. Board Secretary Jane Kilburn asked about the process for approving the use of Makers Square grant money for PDA cash flow needs. Moody said she would consider a recommendation from the committee.

VII. Staff Update on Reservations and Cancellations

A. Staff Report
Moody and Sales and Marketing Director Cody Griffith reviewed business on the books for group and leisure reservations from May 2020 through March 2021. Approximately $700,000 from leisure reservations is on the books, and nearly $484,000 of that is non-refundable per the contracts. Moody said that as of May 25th, nearly $10,000 has been refunded for group cancellations and $62,000 has been refunded for leisure cancellations. Griffith said she has noticed a shift in May in which there are more inquiries than there are cancellation requests. She said most people would rather move their date than cancel, and the challenge is in finding new dates.

B. Discussion
Jackson and Board Co-Chair Todd Hutton asked staff to prepare an analysis of how business on the books for June, July and August would be impacted by statewide size limitations on groups. Moody and Griffith said they would have the information ready for the Finance & Audit Committee meeting. Griffith noted the difficulty in knowing whether some groups would be able to scale back their numbers. She said she is pleased with how much people want to visit Fort Worden, and a decision on opening would help her department move forward with rescheduling dates for them.

VIII. Recovery Strategy Update

A. Staff Report
Robison and consultant David Timmons provided an overview of the five stages to the PDA’s reopening and recovery (see board packet on the PDA website for slides about the stages). Robison noted that the five stages take the PDA through the first three phases of Governor Inslee’s Safe Start Plan. He said the recovery strategies discussed at the last meeting go hand in hand with the reopening plan; the recovery plan is a longer-term process that involves five stages that are tied to seeking reimbursement from FEMA and other funders for expenses related to addressing COVID-19.

- **Stages 1 and 2.** Timmons said the Response Stage is focused on identifying recoverable costs for emergency work performed before PDA operations were fully suspended. The Pre-Recovery Stage involves reporting on the financial ability of the PDA to move ahead with the remaining stages and analyzing what level of opening could be done by July 1st.

- **Stages 3 and 4.** Timmons said the Recovery Stage (July 1 to December 31, 2020) is at the heart of bringing the Fort back online. It involves assembling a team to develop a plan for reopening services and programs at the Fort and assessing how to make the Fort resilient in future emergency situations. Timmons said special board meetings may be needed to secure the
authorizations and documentation required for FEMA funding applications. Robison added that expenses for staff who are brought back will be categorized by whether the work relates to general operations or is for recovery efforts that could be funded by FEMA or other public assistance funds. The Restoration of Operations Stage (begins concurrently with the Recovery Stage and runs longer, through March 31, 2021) is focused on a selective re-opening that could begin in August 2020. It also includes finalizing existing capital projects. Robison said the next two to three months are focused on whether or not the PDA can reopen in August or September and implement all COVID-19 best practices for buildings and operations. In the fall, planners can look to the long-term strategy, he said.

- **Stage 5.** The last stage, Reopening, is identified as no later than April 1, 2021 and involves resuming full operations under new COVID-19 standards.

B. Discussion

Board and staff members discussed the process for reconsidering the PDA operations model and the skill sets needed for the planning work. Timmons said the stages would involve a working group that makes recommendations about restructuring for a more resilient model and lays the framework for that longer-term work. He suggested that the working group include examining the expectation of long-term leases for partners as part of developing a more sustainable model. Hutton said the Fort Worden Collaborative also involves a working group looking at new ideas for Fort Worden that will be provided as input into the PDA process. Timmons noted that PDA work on looking forward may not be eligible for FEMA funding and other sources may need to be pursued. Jackson and Hutton said it will be important for the PDA team to involve people with experience in startups or in recreating organizations. Hutton added that the work will require financial modeling that the PDA doesn’t currently have the bandwidth for, but the financial analysis could happen in the fall. Timmons said the work should be transparent and bring unity and definition to the partners’ and PDA planning processes. Robison noted the need for long-term capital fixes to safely support business as usual and meet new COVID-19 requirements. Tonina encouraged Timmons and Robison to reach out to the board for help if needed.

IX. Reopening Plan Scenarios

A. Staff Report

Moody said the reopening plan for hospitality services is a subset of the overall recovery strategy. (See the board packet on the PDA website for the reopening plan outline.) The outline states that the assessment phase runs through June and includes assessing the current financial situation and adjustments to facilities and services that would be needed for re-opening. She said additional risk assessment is needed in this phase (adding later that it will be regarding the risks and opportunities in a limited reopening). The PDA is looking at what it’s going to take for a limited opening and what it’s going to take for long-range opening, Moody said. The numerous considerations include looking at air circulation needs in rooms, the spacing of guests, and sanitization. To re-open, 8 to 12 weeks is needed for the activities that first need to be completed. She said this time estimate is conservative because of the time it takes to receive new equipment and supplies and the budget work needed. The activities include establishing new procedures, protocols, and policies for a new way of operating and training staff. She said some staff will need to return to work to help prepare for the reopening. The plan is designed to make the PDA the best it can be for a safe reopening and good guest experience, Moody said.

B. Discussion

Tonina said the Finance & Audit Committee and full board will need to understand the financial impact of all of the decisions. Moody agreed and added that the FEMA money is important for the cost of the extra PPE and cleaning supplies that will be needed to reopen. Board member Gee Heckscher noted the risk involved in accruing expenses that may not end up qualifying for FEMA
reimbursement. Timmons said a measured approach is needed because of that risk, and FEMA may also cover some funding requests up front. Robison added that this speaks to the need for strong documentation and justification for COVID-19 response expenses.

X. PDA Decision-Making Timeline (tentative)

A. Staff Report
Robison presented a draft timeline that highlights key dates for expected actions or decisions over the next two months, with the caveat that the dates are approximate and subject to change. He asked for a board motion to move ahead with the reopening and recovery strategy presented today. Robison noted that Jefferson County’s public health officer will be issuing a mask mandate for public spaces in the County, so the PDA will need to figure out how to ensure compliance in its operations. He said that Makers Square construction is expected to restart between June 1 and June 15, which will help with the PDA’s cash flow. Between June 1 and June 15, the PDA also will flesh out the details of the reopening plan that Moody presented in order to be ready for a limited reopening when the state is in Phase 3 (date unknown), Robison said. This work includes finishing the cost/benefit assessment and cash flow plan by June 8 to begin a phased rehiring of staff, he said. On a parallel track is the recovery strategy and steps outlined earlier by Timmons, he added, and funding requests will be submitted to FEMA in June. Robison said budget recommendations for how to move forward will be brought to the Finance & Audit Committee’s June 18th meeting, and they could recommend the budget to the PDA board for consideration at its June 24 board meeting. If approved, necessary supplies and equipment would be ordered, he said. The PDA board also would review the draft reopening plan and decide whether to restart glamping work in July or later and reopen limited food services. Robison said that throughout this time the PDA will be monitoring hot spots around the country to help determine if it’s safe to reopen. The outline notes that on July 22 the board would decide whether to reopen (fully) in phase 3 or wait until April 2021.

B. Discussion
Board members and staff talked briefly about camping at Fort Worden. Robison said Washington State Parks may open camping in conjunction with a statewide Phase 3 opening. He said that the PDA’s glamping project falls within its hospitality portfolio, and its construction could resume in Phase 3 (alongside other PDA hospitality services). Board members and staff also talked about the rehiring of staff. Moody clarified that the June 8th date for a phased rehiring is for staff who are needed to help prepare the reopening plan. A reopening date needs to be identified before staff training is conducted, and Moody said that needs to begin a month before reopening. Robison said the phased rehiring will include identifying which aspects of staff work could be covered by emergency recovery funds.

XI. Staff Updates
● The Makers Square and Glamping topics were covered earlier in the meeting.
● Legislative/Agency Conversations: Robison reported that he and Timmons have been having conversations with Washington State Parks about the opening of their campgrounds and whether Parks can take on some campus maintenance obligations, such as groundskeeping and HVAC, during this transition phase. They also have been talking with district legislators about making sure public development authorities are eligible for future State and Federal assistance funds for capital improvements, he said. Robison noted the importance of this because as a quasi-governmental entity, unlike the City and County, the PDA hasn’t been eligible for the emergency public assistance money that was released for other public entities. He said the conversations have also provided updates on grant processes and the PDA’s recovery planning.
● Fort Worden Collaborative: Hutton thanked Renee Klein for serving as the prime mover and steward of the process. From recent meetings the group has identified three working groups, one focusing on near-term operational issues, one looking at ways to develop resilience and stability
in the mid-term, and the third group (“New Futures”) is exploring long-term possibilities for how Fort Worden can meet community needs and expectations, the best possible models for funding and governance, and integrated plans for saving Fort Worden. Hutton suggested that the collaborative may need to morph into something permanent that allows for mutual decision-making among the PDA and its partners. Hutton said his one caution is that the PDA is going to have limited bandwidth for analyses and work on behalf of the collaborative while it focuses on the immediate recovery needs and opening tasks.

XII. Public Comment

- Sebastian Eggert, owner of Rain Shadow Woodworks, thanked PDA leaders for their work on the difficult, large-scale challenge. He said he is reassured by hearing that the PDA will be paying Clark Construction in June, and that it will probably wrap up what he is owed [as a subcontractor].
- Renee Klein (Madrona MindBody) thanked Hutton for his comments about the collaborative process. She said the issues need to be fixed together, and she appreciates everyone’s commitment and energy. The working groups are launching and gathering ideas and it will be an iterative process, Klein added.
- Lisa Werner (Centrum) said she echoes Klein’s comments, and added that sometimes when things fall apart there is a good view on new and interesting ways to collaborate. Werner said the process could provide an opportunity to get a baseline of needs across the campus more easily than doing so one at a time with each partner; information from the planning process to form the PDA could be updated now.
- Seth Rolland (Port Townsend School of Woodworking) thanked everyone for their work on the issues. He said it might be a good time for the PDA to consider longer-term housing for woodworking school students and to collaborate with other partners to provide student housing. The school currently has 15 students signed up for classes from October through December, he said. While rental rates would be lower, Rolland said the PDA wouldn’t have to deal with the increased cleaning costs [from shorter-term leisure stays] during that time period. He noted that the woodworking school has never had an opportunity to house students at the Fort, and affordable housing is one of the barriers to getting students to come to Port Townsend. Rolland also suggested that the PDA should reconsider fixing up its buildings beyond what is necessary and customary for arts organizations.

XIII. Other Business

Rob Birman asked for clarification on the PDA’s origins. Robison said the City of Port Townsend established the PDA through a charter. He said the PDA’s governing contract is the 50-year master lease with Washington State Parks (WSP), which tells the PDA what it can and cannot do. The lease must comply with the city charter, which is very broad and is based on a 2008 Fort Worden long-range plan that was adopted by WSP, Robison added.

Kilburn asked about the process to decide when the 2019 audit should be conducted and whether a recommendation on timing will come to the board from the Finance & Audit Committee. Moody said the goal is to submit the 2019 audit in the fall instead of in May. Tonina asked Moody to add this topic to the Finance & Audit Committee agenda.

The board addressed Robison’s earlier request for a motion approving the reopening and recovery strategy work. **Action:** Motion to ratify and move ahead with the reopening and recovery strategy presented today. **Unanimously Approved**
The next regularly scheduled PDA board meeting is on June 24th, and Tonina said there is a chance that there also will be a special board meeting before then. Public notice for a special meeting would be provided as soon as possible if such a meeting is needed, Tonina said. It also was noted that the Finance & Audit Committee meeting has tentatively moved to June 18th.

XIV. Meeting Adjourned at 12:14 p.m.

Board meeting materials are available at: https://fortworden.org/category/pda-documents/
Action: Motion to approve Resolution 20-08 authorizing the delay of staff work on the 2018 and 2019 State Audit. Moved by Jane Kilburn and seconded by Herb Cook. **Unanimously approved.**

Action: Motion to approve Resolution 20-09, as amended, Amending Resolution 20-06 to Designate a Recovery Director During the COVID Crisis. Motion made by Terry Umbreit, seconded by Gee Heckscher. **Unanimously approved.**

Action: Motion to approve Resolution 20-10 Providing Signatory Authority for Board Co-chair During the COVID Crisis. Moved by Jane Kilburn, Seconded by Gee Heckscher. **Unanimously approved.**

Attendance
Fort Worden PDA Board Members: Norm Tonina, Todd Hutton, Jeff Jackson, Jane Kilburn, Cindy Finnie, Terry Umbreit, Gee Heckscher, Herb Cook
PDA Staff: Dave Robison, Diane Moody
Foundation Staff: Lane DeCamp
Public/Staff Guests: David Timmons, Leah Mitchell, Janine Boire, Owen Rowe, Bill Drath, Rob Birman, Lisa Werner, Renee Klein, Sonya Baumstein, Aislinn Diamanti, Cody Griffith, Natalie Maitland, Joan Rutkowski, Matthew Bellah, David Opp-Beckman

**Public Meeting Agenda**

I. **Call to Order** 10:02am

II. **Changes to the Agenda**
No changes made to the agenda.

III. **Public Comment**
No public comment was given.

IV. **Review Cash Position and Flow Projections**
Chief Financial Officer Diane Moody presented a draft capital cash flow that will be reviewed at the Finance & Audit Committee, and noted the money that will be left over from the Makers Square project will be discussed by the Committee. This is separate funds from the Makers Square HTC operating reserve. Moody also reviewed an operating cash flow, noting the Finance Committee will look at detailed group information on total cash expected if we partially reopen. Treasurer Jeff Jackson asked revenue questions and recommended a new format for cash flow reports moving forward. The cash on hand line does not include deposits, which are in a separate account. Compensated absences are currently a $92K liability. Jane Kilburn asked if this meant we were out of money prior to July, and Diane said yes if all vacation pay had to be paid out. The Finance & Audit Committee will evaluate whether money in the Makers Square project can be used for operations and make a recommendation to the board. Members of the board discussed data available on risks or potential income from reopening.
V. Draft Recovery Budget
Consultant David Timmons discussed the preliminary Recovery Budget, and reported on meeting with representatives from FEMA. The scope of the declaration is fairly narrow right now, and only emergency expenses qualify at this time. In a disaster, the emergency period is usually closed after a few months, but this one has been left open and will stay open for the time being. A new program is planned to be released for August, and at that point more long-term fixes/mitigations may be covered. The intention is to pull parts of staff members’ time from the operating staff to work on the recovery. David said the PDA is planning the first FEMA submission for later this month, likely targeting the expedited process, which could take 30-45 days to get the money in hand. There will be more detail of the draft budget presented at the Finance & Audit Committee. Treasurer Jeff Jackson asked if reopening being supported by FEMA was dependent on our reopening date, and David Timmons confirmed that the same items would be reimbursable for either reopening timeframe. Jeff asked about the employees who are split in focus between Operations and Recovery, and how the accounting would work for this. David confirmed that there would be a separate account, and reimbursements for moneys already spent would be able to be paid back to Operations. Staff who work on both will need to track separate hours, similar to the capital fund. Items that may be eligible in the program opening in August have not been accounted for in current operations budgets. David will bring this budget forward to the Finance & Audit Committee for further review. Funds beyond FEMA are also being looked at, as well as joint contracting with other agencies.

VI. Draft Revised 2020 Post-COVID Operations Budget
Moody reviewed a base-case draft budget of what it would take to maintain the assets of the Fort through the end of the year without reopening. A reopening budget will also be reviewed by the Finance & Audit Committee. Board Member Jane Kilburn asked how not reopening would affect partners. In the draft budget scenario reviewed, Partners would only be able to operate within their leased spaces, other meeting spaces would be closed.

VII. Resolution 20-08 authorizing the delay of staff work on the 2018 and 2019 State Audit
Moody reviewed the recommendation of the Finance & Audit committee to delay staff work on the audit until the fall, and the likelihood of two findings as the result of the delay and the Foundation not auditing the years covered. Foundation Board Member Herb Cook asked what the penalty/consequences would be for these potential findings. Diane said it’s noted in their review and while a bank would likely not be concerned with these findings, they would be public. Action: Motion to approve Resolution 20-08 authorizing the delay of staff work on the 2018 and 2019 State Audit. Board Co-Chair Norm Tonina called for a motion at 11:20pm, moved by Jane Kilburn and seconded by Herb Cook. Unanimously approved.

VIII. Resolution 20-09 Amending Resolution 20-06 to Designate a Recovery Director During the COVID Crisis
Executive Director Dave Robison reviewed the differences between Resolution 20-09 and the resolution it is amending, 20-06. Resolution 20-09 designates Robison’s time to be split 50-50 between Executive Director work and Recovery Director work, and increases Robison’s COVID-related spending authority to $50K. Treasurer Jeff Jackson asked about process controls, and Herb Cook recommended this be addressed by the Finance & Audit Committee. Robison noted a strike-out of language in the distributed draft, beginning with “and authorizes the Executive Committee to assume certain duties with respect to Fort Worden management.” Action: Motion to approve Resolution 20-09, as amended, Amending Resolution 20-06 to Designate a Recovery Director During the COVID Crisis. Motion made by Terry Umbreit, seconded by Gee Heckscher. Unanimously approved.

IX. Resolution 20-10 Providing Signatory Authority for Co-chair During COVID Crisis
Action: Motion to approve Resolution 20-10 Providing Signatory Authority for Board Co-chair During the COVID Crisis. Moved by Jane Kilburn, Seconded by Gee Heckscher. Unanimously approved.

X. Staff Update
Facilities Director David Opp-Beckman reported that Makers Square construction has restarted, and now has an October 7th completion date in the new schedule.
XI. Public Comment
No public comment was given.

XII. Next Meetings: June 18th 11am-1pm Finance & Audit Committee
       June 24th Regular Board Meeting

XIII. Executive Session – Conference Call
The board entered Executive Session at 11:35am to discuss with legal counsel representing the agency potential litigation when public discussion of the legal risks is likely to result in an adverse legal or financial consequence to the agency. No board actions were taken during Executive Session.

XIV. Meeting Adjourned 12:08 p.m.
DRAFT MINUTES

Attendance
Finance & Audit Committee: Jeff Jackson, Cindy Finnie, Herb Cook, Todd Hutton
PDA Board Members: Norm Tonina, Terry Umbreit, Gee Heckscher, Jane Kilburn
Participating Staff: Dave Robison, Diane Moody, Sonya Baumstein, Cody Griffith, Aislinn Diamanti

Public Meeting Agenda:

I. Call to Order: 11:07am

II. Budget Scenarios and Cash Flow Options Presentation
Consultant David Timmons provided an overview of what is currently eligible for FEMA, which is limited to emergency spending and only looking out about 30 days ahead. Foundation employee Lane DeCamp stated that Category B Emergency Measures are all that are being covered at this time. The steps to submission were reviewed, including the expectation of a 30-day reimbursement cycle. Committee Chair Jeff Jackson recommended we submit as soon as possible for what is eligible now.

Chief Financial Officer Diane Moody reviewed the Makers Square cash flow position by month and reopening scenario, showing that reopening in August would improve the cash position through the remainder of 2020. Herb Cook asked if the scenario had been run for opening in August but closing in November. Diane explained that this scenario included restaurants closing in October but leisure accommodations staying open through the end of the year. Jeff clarified that the current assumptions included much lower staff at this scaled level and that’s why it is hard to compare to prior years.

Looking first at Scenario 1, which includes a partial reopening of lodging and restaurants, Moody reviewed reservations on the books, focused on leisure travelers. She noted that the PDA hasn’t been taking any reservations since March 2020 and the PDA can likely increase occupancy due to pent up demand. Assumptions for this reopening scenario are that the county will enter Phase 3 in late June/early July, and be in Phase 3 for opening in August. Advantages, including bringing back some staff and providing partner services, were reviewed. Risks were also reviewed, including potentially having to close again due to a spike in disease activity. Moody said that daily sales would be monitored tightly in this scenario. She noted there are groups under 50 that are currently booked, and further discussion is needed to determine if it is the PDA will be able to service this market. It is not expected that groups over 50 will be able to be accommodated this year, per the Governor’s guidance.

Moody noted there is no catering in this budget, with food only provided through the Canteen and Taps. There is an assumption that the PDA could book about twice as much leisure business as is currently on the books. PPE reimbursement from FEMA is included, and whether that full amount will eligible should be known soon. Todd Hutton asked about base utilities, and Moody and Baumstein cited $16,000 as an example of a recent low-occupancy month, but that wouldn’t be enough information to forecast with partners reopening. Gee Heckscher noted that heat will be required in the winter to prevent mold.
Sales Director Cody Griffith reviewed how leisure assumptions were made and context for the Business on the Books numbers based on client/guest communications. On Monday alone, the Reservations line had 60 calls from people asking if they could come to the property. It was noted that, based on industry trends, people are looking for accommodations that is offered by the PDA. Cindy Finnie called out the dynamic of our strong constituency and our sustainability based on the loyalty of our guests. Griffith said 95% of 2020 budget is still captured, spread over holds for this year and booking next year. It’s noted that booking for the leisure traveler only opens up a year in advance of their stay.

Gee Heckscher brought up the Officers Row sewer project, and Griffith responded that if Officers Row was available for reservations over the fall/holiday season the PDA could realize more revenues. The conversation has been started to see if the sewer project can be moved to Q1 2021. Jeff and Cindy pointed out that Leisure rates are *not* expected to drop this summer, especially because we have a desirable product (separate houses with outdoor spaces and no lobbies/forced public mixing). Jeff noted that while he is not concerned about the ADR assumptions, he is concerned about occupancy assumptions, which Diane and Cody will explore deeper. Cody noted they also have a queue of leads on pause while they get determination on dates they can rebook current clients. Jeff requested refinement about monthly demand and cash for the next board meeting. Cindy recommended that if reopened, numbers are reviewed daily for quick agility.

Diane presented some detail of the PDA’s cleaning and sanitization plan, which goes above CDC recommendations and will include new procedures that make check-in safer for both guests and staff. She noted some airflow dangers and booking restrictions for multi-unit buildings. Cindy will be testing electrostatic sprayer and offered for PDA employees to participate in the test. Reopening lodging under this scenario could net approximately $300K, exclusive of business overhead.

Diane noted that overhead is not included in the accommodations/lodging budget presented. Reopening Taps and the Canteen requires adjustments to their layouts and a focus on outdoor dining. Retail merchandise is not planned to be included in these scenarios due to safety concerns, acknowledging that reduces revenue. Reopening Taps and Canteen in this scenario could net an estimated $14,300.

Jeff requested a closer look at maintenance, and a sense of the risk of what could go out and affect these assumptions. Dave noted that most of the costly repairs are focused on meeting room spaces, and not on accommodations. Norm and Cindy joined Jeff’s request to explore this risk in more detail.

Moody then reviewed Scenario 2, which assumes no services open prior to April 2021. This includes a part-time skeleton crew throughout the closure. Makers Square would still be completed by the end of October 2020, and Historic Tax Credits would need to be secured by the end of the year to fund the skeleton crew and April 2021 reopening.

Cash flow considerations were reviewed for both scenarios, including needing to source an additional $400K in Scenario 1 or an additional $700K in Scenario 2. Jeff noted that these assumptions are for limited operations in both scenarios, April 2021 will not be a return to pre-COVID staffing or revenues. Potentials sources of cash could be Makers Square or a new credit line, which the committee needs to discuss.

### III. Makers Square Cash Flow Report

Diane gave a brief overview of the Makers Square cash flow report. She noted that the local investor continues to remain interested in purchasing the Historic Tax Credits for Makers Square and that the PDA is anticipating completion of the investment by mid-August.

Norm opened up the discussion to all PDA Board members attending the Committee meeting to comment or ask questions about the budget scenarios presented or cash flow projections.

Todd noted both budget scenarios presented to the Committee need a cash flow bridge plan – a plan to
make it through while a new business plan is developed. Herb noted there may be an opportunity cost to reopening in August, and that would be key staff focusing on meeting numbers in the current business model. If not reopening until April, there may be more bandwidth to reconsider the business model with a more sustainable future. Jeff noted that as far as recommendations from this Committee, he doesn’t feel ready to make a recommendation at this point.

Dave Robison mentioned that “new normal” planning will take some time, there won’t be a new business plan by the end of the year in any of the scenarios we look at. He cited a long vetting process for the new business model. Cindy mentioned that partner business models are also likely to change over this time.

Norm noted the financial difference in Scenario 1 and Scenario 2, Scenario 1 will require aggressive business monitoring, potentially weekly dashboards.

Todd Hutton requested that Diane and Dave take another look at the skeleton crew and pare it down further, noting the PDA may need to plan for a new staff altogether come April.

IV. Discuss Recommendation to the PDA Board

Jeff Jackson asked for board members to submit requests on what they need to decide at the next board meeting, settling on a process of requests going to Diane and copying Dave.

V. Public Comment

Centrum Executive Director Rob Birman asked about bonds held by the PDA. Diane Moody responded that the PDA has three bonds, including Makers Square (bridge loan structured as a revenue bond), Glamping (revenue bond), and Energy Efficiency (revenue bond). Rob then asked about salaries paid by Foundation that are not showing up in these scenarios. Diane replied that Lane DeCamp is a Foundation employee and part of Finance Director Sonya Baumstein is covered for time spent on financial management of Makers Square grants.

Lisa Werner commented on partners and the importance of Building 225 (dorms). Lisa mentioned the importance of that kind of lodging to many partner models. She wondered if they could be elevated as a priority. Dave Robison responded that they are looking at potential funding sources that could help with that request.

VI. Adjourn 1:12pm