



APPROVED MINUTES
Special Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Friday, June 12, 2020 | 10:00 a.m. – 12:00 a.m.
Via ZOOM

- ❖ **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**

Public Meeting Agenda

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

II. **Roll Call & 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

III. **Changes to the Agenda**

No changes made to the agenda.

IV. **Public Comment**

No public comment was given.

V. **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.

VI. **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.

VII. **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.

VIII. **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**

IX. **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**

X. **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.**

XI. **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.

XII. Public Comment

No public comment was given.

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

XIV. 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.

XV. Meeting Adjourned 12:08 p.m.



**APPROVED Finance & Audit Committee
Fort Worden Public Development Authority
Thursday, June 18, 2020 | 11:00 a.m. to 1 p.m.
Via ZOOM**

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

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. Potential 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