



**Special Board of Directors Meeting Agenda
Fort Worden Public Development Authority (FWPDA)
Thursday, October 22, 2020 | 1 p.m.
Via Zoom (Remote Meeting Per Governor Inslee’s Proclamation 20-28.8)**

ATTENDEES Public Meeting Access Information:

To join the webinar by computer/web:

<https://zoom.us/j/94509417325?pwd=RVI5UjcyditzeUtuazVxeUJpcGpKQT09>

Phone call only dial:

1 + 253-215-8782

Meeting ID: 945 0941 7325

[No Participant ID - #]

Passcode if needed: 876671

International numbers available: <https://zoom.us/u/adXSsilE2d>

**9 to raise hand to speak*

Public Meeting Agenda

- I. Call to Order
- II. Roll Call/Introductions
- III. Partner Presentation: The Future of the Port Townsend Marine Science Center (Janine Boire)
- IV. Professional Services Contract with Tara Dunford, CPA
 - A. Staff Report
 - B. Board Discussion

Action: Motion to authorize the Acting Associate Executive Director to enter into a professional services contract with Tara Dunford, CPA, to assist in the preparation of the PDA’s 2015-2019 financial statements and to provide other technical accounting assistance as needed, and not to exceed \$16,000.
- V. Resolution 20-17 Regarding Madrona MindBody Lease Assignment to Centrum
 - A. Staff Report
 - B. Board Discussion

Action: Motion to approve **Resolution 20-17** authorizing the Executive Director (or designee) to execute a Consent to Assignment of the 2012 lease of Building 310 from Madrona MindBody Institute to Centrum
- VI. Public Comment on Special Meeting Topics Only
- VII. Executive Session to discuss potential litigation in accordance with 42.30.110(1)(i)
- VIII. Next Meeting: PDA Regular Board Meeting, Wednesday, October 28th, 9 a.m.
- IX. Adjourn

Tara Dunford, CPA
Certified Public Accountant

taradunfordcpa@yahoo.com

(253) 273-4379

October 8, 2020

David Timmons
Fort Warden Public Development Authority
200 Battery Way
Port Townsend, WA 98368

Dear David,

Thank you for requesting my assistance with your accounting needs. The purpose of this letter is to outline the services to be provided and give you an estimate of the time it will take.

You have requested that I assist with preparation of the financial statements for the Fort Warden Public Development Authority, which comprise of the statements of fund resources and uses from cash transactions as of December 31, 2015, 2016, 2017, 2018 and 2019, and the related notes to the financial statements; and that I provide other technical accounting assistance as requested.

My Responsibilities

The objective of the engagement is to apply accounting and financial reporting expertise to assist you in the preparation of financial statements in accordance with accounting practices prescribed by the State Auditor's Budgeting, Accounting and Reporting System (BARS) manual.

I will conduct the engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence and due care.

I am not required to, and will not, verify the accuracy or completeness of the information you provide for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, I will not express an opinion or a conclusion nor provide any assurance on the financial statements.

The engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the public development authority or noncompliance with laws or regulations. However, I will inform you of any material errors or evidence of fraud that come to my attention during the financial statement preparation process. In addition, I will inform you of any evidence or information that comes to my attention during the preparation process regarding any wrongdoing within the public development authority or noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. I have no responsibility to identify and communicate deficiencies or material weakness in your internal control as part of this engagement.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that my responsibility is to assist you in the preparation of the financial statements in accordance with BARS requirements. You have the following overall responsibilities that are fundamental to my undertaking the engagement in accordance with Statements on Standards for Accounting and Review Services:

1. The prevention and detection of fraud.
2. To ensure that the public development authority complies with the laws and regulations applicable to its activities.
3. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgements, you provide to me for the engagement.
4. To provide me with –
 - a. Documentation and other related information that is relevant to the preparation and presentation of the financial statements.
 - b. Additional information that I may request for the purpose of preparing the financial statements.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Other Relevant Information

I am solely responsible for performing the engagement. Work will be performed primarily from my home office. Fees for these services will be based on the actual time spent at an hourly rate of \$160/hour, not to exceed 100 hours or \$16,000. I will not bill you for any out-of-pocket or other costs. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before additional costs are incurred. Invoices for these fees will be rendered each month as work progresses and are payable within 30 days.

I appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of the engagement. If you have any questions, please let me know. If you acknowledge and agree with the terms of the engagement as described in this letter, please sign it and return to me.

Sincerely,

Tara Dunford

Tara Dunford, CPA

Acknowledged:

Fort Warden Public Development Authority

David Timmons, Associate Executive Director

Date

RESOLUTION NO. 20-17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FORT WORDEN LIFELONG LEARNING CENTER PUBLIC DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR (OR DESIGNEE) TO EXECUTE A CONSENT TO ASSIGNMENT OF THE 2012 LEASE OF BUILDING 310 FROM MADRONA MINDBODY INSTITUTE TO CENTRUM

RECITALS:

1. Madrona MindBody Institute LLC (Madrona) entered into a lease for Building 310 with Washington State Parks (WSP) dated December 20, 2012 (the "Lease").
2. In 2014, WSP assigned its interest in this Lease to the Fort Worden Lifelong Learning Center Public Development Authority (FWPDA). All WSP's rights and obligations in the Lease are now held by the FWPDA.
3. Further, all partner tenant leases were assigned by WSP to the FWPDA in 2014. Since that time, the FWPDA has negotiated all partner tenant leases with new general terms, rates and conditions with the exception of Madrona MindBody. The leases were revised to ensure the same general terms and lease conditions were standardized between all partners' organizations. The FWPDA and Madrona MindBody chose not to renegotiate the terms of their WSP lease which was assigned to the PDA subsequently, although the FWPDA did have the authority to do so after 2017. As a point of policy, new partner tenant leases negotiated and approved by the FWPDA do not allow for subleases or assignments of leases.
4. Madrona desires to assign its interest in the Lease to Centrum, and requests the FWPDA's consent to the assignment. The Lease provides at paragraph 8.

"Assignment/Transfer. The rights granted under this Lease may not be transferred to any other person or entity by act of Lessee, operation of law, or other means without the State's prior written approval, provided Lessee may assign, sell or transfer this lease for operations as described in Section 1 with the State's prior written approval, which approval shall not be unreasonably withheld."

5. FWPDA's Executive Director Dave Robison advises the Board that an assignment of the Lease to Centrum would not negatively impact the FWPDA's financial position in the Lease, and therefore the FWPDA's consent cannot be withheld. He notes that an assignment of the Lease puts the assignee (Centrum) in the same position as the assignor (Madrona) under the Lease and makes the assignee subject to all the terms of the Lease. He further notes that the Lease between Madrona and WSP provides for annual rent adjustment, and that the FWPDA has planned to make rent adjustments for this Lease and other FWPDA leases in the next year consistent with ongoing rent models discussed with

the Board. He also notes that the term of the Lease entered into by WSP and Madrona expires in 2033, unless an extension is mutually agreed to by the parties to the Lease.

6. The Board acknowledges this Lease would be subject to these provisions, including the provision for annual rent adjustment. Under the terms of the existing lease, a new annual rent rate may be determined after 2017 through an independent, third party appraisal.
7. The Executive Director acknowledges that, with future FWPDA Board action, stair-stepping rent increases are likely to begin in 2021 for current Centrum buildings. However, he recommends, with concurrence of the FWPDA Board co-chairs, that in order to provide Centrum and Madrona MindBody opportunity to plan for a future annual rent increase for Building 305, that the FWPDA Board delay an appraisal of Building 310 until late 2024 by a mutually selected appraiser to determine any potential rate increase. The parties agree to commence a two-year stair-step rent increase in early 2025 (years 5 and 6) to the appraised rate, subject to FWPDA Board approval. In the interim, the FWPDA will continue to assess the annual 3% lease increase on Building 310 between 2021 and 2025.
8. The Board affirms its expectation of action on the recommendations of the Executive Director in the near future. The Board includes these Recitals so Madrona MindBody and Centrum are fully aware of possible rent adjustments for buildings currently leased to Centrum and Building 310.
9. The Executive Director advises if this Resolution is approved that a consent to assignment would be executed between FWPDA, Madrona, and Centrum providing, among other things, that the Lease remains in effect, that Madrona remains liable under the Lease for performance of all obligations under the Lease, and Centrum's assumption of all rights and obligations of Madrona under the Lease and that Centrum shall be directly and primarily responsible for performance of all obligations under the Lease.
10. The Board by this Resolution consents to the requested assignment in accordance with this Resolution, subject to execution of a consent to assignment executed by the FWPDA, Madrona, and Centrum in form acceptable to the Board co-chairs and the Executive Director (or designee).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fort Worden Lifelong Learning Center Public Development Authority:

The Board consents to Madrona's request to assign its lessee position in the Lease between Washington State Parks and Madrona MindBody Institute LLC (Madrona) for Building 310 with (WSP) dated December 20, 2012, to Centrum, subject to execution of a consent to assignment by FWPDA, Madrona, and Centrum in form acceptable to the Board co-chairs and the Executive Director (or designee), and authorizes the Executive Director or designee to sign all necessary documents in connection with this consent to assignment.

ADOPTED by the Board of Directors of the Fort Worden Lifelong Learning Center
Public Development Authority at a special meeting thereof, held this 22nd day of October 2020.

By: _____
Norm Tonina, Co-Chair

By: _____
Todd Hutton, Co-Chair

ATTEST:

By: _____
Jane Kilburn, Secretary