

**Board of Directors Meeting Agenda
Fort Worden Public Development Authority (FWPDA)
Wednesday, February 24, 2021 | 9 a.m.
Via Zoom (Remote Meeting Per Governor Inslee’s Proclamation 20-28)**

To join the webinar by computer/web:

<https://zoom.us/j/93061975870?pwd=U2NYMExBOWp4Q0JXNjkzd2t0Wmg4dz09>

Phone only dial:

1 + 253-215-8782

Meeting ID: 930 6197 5870

[No Participant ID - #]

Passcode if needed: 713728

**9 to raise hand to speak*

Public Meeting Agenda

- I. Call to Order
- II. Roll Call/Introductions
- III. Changes to the Agenda
- IV. Public Comment
- V. Communications of Interest
 - A. Fort Worden Partner Communication: “2020: A Year of Resilience, Creativity and Innovation”
 - B. Fort Worden PDA Reorganization: FAQ release
- VI. Consent Agenda
 - A. Review and approval of January 27th, 2021 Board meeting minutes
Action: Motion to approve January 27th, 2021 Board meeting minutes
- VII. FWPDA Recovery and Reorganization Plan Update
 - A. Staff Reports/Presentation
 - Hospitality Business Plan and Concession Contract Term Sheet
 - Makers Square Status Report and Term Sheet
 - B. Board Discussion
Action: Motion to authorize the Board Co-Chairs and Interim Executive Director to negotiate the terms of the Hospitality Concession Contract and bring a formal proposal to the FWPDA Board in March
Action: Motion to authorize the Interim Executive Director to recommend to the Fort Worden Foundation the supplemental terms between Makers Square Landlord and Master Tenant for final assignment to the Fort Worden Foundation

- VIII. Financial Reports
 - A. Staff Report
 - Asset and Liability Reconciliation
 - Business on the Books (Q1 and Q2)
 - B. Board Discussion
- IX. Public Comment
- X. Next Regular Board Meeting: Wednesday, March 24th, 9 a.m.
- XI. Adjourn

2020: A YEAR OF RESILIENCE, CREATIVITY AND INNOVATION

FORT WORDEN LIFELONG LEARNING CENTER PARTNERS

We acknowledge that we are on the ancestral homelands of the S'Klallam peoples. Native peoples have lived on and stewarded these lands since time immemorial and continue to do so today.

Last year has been described in so many ways—*uncertain, tenuous and challenging*. But the 14 programming partners of the Fort Worden Lifelong Learning Center also use words like *creative, resilient ...* and even *successful*. The past 12 months proved that adaptability, community building, innovation and inclusivity are vital to our success—with or without a pandemic—and that the future Fort Worden will look different in 2021 and beyond. If there was a through-line that remained constant, it was our eagerness to learn, grow and collaborate for a stronger coalition—a stronger future. As we take on a new year for our partnerships together, we're sharing 2020 milestones as well as what lies ahead. 🌱



Friends of Fort Worden restored and installed the historic Guard Shack on the Parade Grounds. During the busy season, it will serve as an Information Center.

CENTRUM



One of the last in-person events before the 2020 shutdown was this exploration of Indian music at Centrum's "Communiversity" Series.

Centrum was buoyed by the outpouring of support during the pandemic. Operating at less than half its normal size, the staff, faculty and volunteers reached more than 36,000 households through online programs and workshops, limited in-person gatherings and artist residencies. Among its 2020 accomplishments:

- Balanced budget, retained core staff
- Pioneered models for online delivery, and launched five new podcast channels
- Forged a new long-term partnership with Madrona MindBody
- Attained a fifth-straight record result for its annual Gala and Auction
- Launched new arts and lectures series "Communiversity" with KCTS-9 and Crosscut in Seattle

In 2021 Centrum is investing \$326,000 in new technology to include online participation as a permanent feature of its programs, helping reimagine the Lifelong Learning Center to champion arts and culture, broadening representation within its Board, and embarking on a long-term investment in diversity, equity and inclusion. Reach out to (360) 385-3102, email info@centrum.org, or visit www.centrum.org.

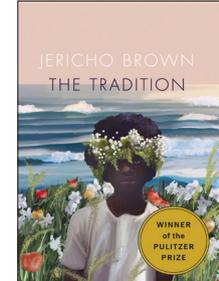
COAST ARTILLERY MUSEUM

Fort Worden, one of three "Triangle of Fire" forts controlling ship access to Puget Sound, began in 1898, and the majority of Fort Worden structures predate WWI.

The Puget Sound Coast Artillery Museum, established to preserve and interpret coast artillery history with a special emphasis on the harbor defenses of Puget Sound, normally receives 15-20,000 visitors each year. The Museum has exhibits showing the history of Fort Worden through its use as a military base, a State diagnostic and treatment center for adolescents, and finally as one of Washington's premier state parks.

Volunteers look forward to reopening the museum once the pandemic recedes. Visit www.CoastArtillery.org.

COPPER CANYON PRESS



After having to cancel its regular spring activities, Copper Canyon staff quickly created an online "Literary Livestream" series launching their spring 2020 books,

and earned *The New York Times'* recognition as an innovative response to the shutdown. E-book sales spiked to historic highs, validating the organization's prior strategic investment in e-book marketing. Fundraising efforts were expanded to provide direct support to Black Lives Matter and racial equity initiatives. Other successes:

- Won a Pulitzer Prize for *The Tradition*
- Retained all staff, met projected publishing schedule

- Introduced virtual book launches and fundraising, reaching new global audiences
- Set a record in net book sales for the second year in a row
- Revitalized the organization's racial equity initiative

This year Copper Canyon will continue publishing poets that represent a diverse range of voices, ethnicities, cultures, political viewpoints, and aesthetics, including distinct and often marginalized voices; contribute to a larger literary culture with the publication of 20 books in 2021; and support diversity initiatives. Visit online at coppercanyonpress.org.

CORVIDAE PRESS

Like virtually all programming partners on the Fort Worden campus, Corvidae Press, an association of artists who share an interest in printmaking, was at first brought up short by the pandemic. But with passion for their craft and a dedication to health and safety, in 2020 Corvidae members:

- Followed state guidelines to continue operating safely
- Kept studio open and its guild active
- Made art!

In the new year, Corvidae looks forward to continuing its safe operations and to supporting discussions about Fort Worden's present and future. Corvidae will continue furthering its mission to provide an active, nontoxic studio dedicated to the pursuit of the printmaker's craft, with a focus on education, community and regional interaction. To learn more visit www.CorvidaePress.com.

FRIENDS OF FORT WORDEN

The Friends of Fort Worden were busier than ever last year, and their many thousands of volunteer hours benefit all who enjoy and love Fort Worden. The Friends continued to maintain and enhance the park and implemented many major projects to improve the visitor experience. The year was singularly successful because of the dedication of volunteers and the generous financial support received from the community. The Friends...

- Established a five-year "Nix the Nox" program to remove invasive plants



At the September ribbon-cutting ceremony for the Chinese Gardens Interpretive Trail were Friends' board member Zan Manning, artist Larry Eifert, who created the five interpretive panels, and State Parks Area Manager Brian Hageman.

- Received great community support—record fundraising, new volunteers
- Funded two AmeriCorps positions to address habitat restoration

In 2021 the Friends will continue maintaining the forest and improving trail accessibility, help restore critical parts of the campus, and engage the community. To be involved visit www.fwfriends.org.

GODDARD COLLEGE



With its low-residency model blending remote learning with in-person experiences, Goddard weathered the changes of 2020 at its campuses in Vermont and Washington. Innovation became necessity as Goddard reimaged student engagement in the digital world. Also notable last year:

- Renewed accreditation
- Largest new class since 2016, 7% increase in enrollment
- Ranked #3 in terms of best value for money—behind only Harvard and Yale—and ranked #1 for contribution to the public good
- Former faculty Louise Gluck awarded Nobel Prize for Literature, and former faculty Jacqueline Woodson awarded a MacArthur Genius Grant
- Record fundraising (almost \$1m)

This year Goddard looks forward to more digital possibilities, increased enrollment diversity, and strengthening admissions, finances and fundraising. Contact claudia.zysk@goddard.edu, (206) 769-5194.

JEFFERSON COUNTY HISTORICAL SOCIETY



Gabe Van Lelyveld of Whaleheart Productions films actor Zula Mosher for JCHS' first Collection Connections video for kids.

2020 was an unexpected yet positive reset for JCHS. Museum closures — including the Commanding Officer's Quarters at Fort Worden — gave staff time to thoughtfully examine their work in new ways, devising new systems for a resilient future. JCHS also provided context to a historically significant year and, alongside this community, welcomes what feels like an awakening. 2020 highlights:

- Adopted a refreshed mission, vision and strategic plan
- Moved staple programs to virtual and added a new successful History Happy Hour
- Broke ground on \$875K facility renovation and brought high speed internet to its Research Center
- Added 9,000 digital records to its online collections access portal
- Raised over \$60,000 for projects at the 1868 Rothschild House

In 2021, JCHS will further its work to understand decolonization, racial equity, and inclusive museum practices, and will launch plans for a comprehensive Jefferson Museum history exhibits refresh. Another priority is working with volunteers on new systems, training, and engagement opportunities. Visit jchsmuseum.org.

KPTZ RADIO Port Townsend



KPTZ DJ/host Phil Andrus presented JCHS Archivist Ellie DiPietro with the complete audio recordings from nine years of weekly Tossed Salad radio shows for the museum's collection.

In response to the pandemic's challenges, KPTZ championed the concept "Radio Connects Us All," offering information and programming including weekly Jefferson County BOCC public health briefings on COVID-19 best practices, and PT City Council business meetings. Staff and volunteers brought purpose and enthusiasm, both for messaging about public affairs as well as to entertain and provide an array of quality 91.9FM programming. Also last year at KPTZ:

- Expanded staff to add Ruby Fitch as KPTZ Programming Lead
- Replaced retiring *Tossed Salad* with *Filter*, *Live from Rainshadow* and *Crackin' the Vault*, presenting live and Centrum archives music
- Added *Exploring Music* with PT Symphony conductor Tigran Arakelyan, *Cats in Our Laps* with Phil Andrus, and *Critical Conversations* with Robert Ambrose and author Dahr Jamail.
- Provided 3X daily broadcasts of community resources throughout the initial Safe Start lockdown, maintaining broadcast operations 24/7 despite Covid restrictions.

KPTZ looks forward to moving to its new Maker's Square facility, reopening station doors to the public, and welcoming new volunteers. Prioritizing diversity, equity, access and inclusion, KPTZ plans to roll out its Inclusion Radio program to reach a wider and more diverse population.

MADRONA MINDBODY INSTITUTE



Madrona MindBody hosted hundreds of online classes, attended not only by students locally, but students around the world.

The beautiful ballroom in Building #310 may not have been filled with dancers and yogis moving about last year, but Madrona MindBody nonetheless offered mindful movement through a robust online presence. Faculty and students transitioned to Zoom, as coffee tables served as yoga blocks, family pets became living room dance partners, and garages transformed into cycling studios. In the process, students from around the country and even abroad could join in the joy—and keep healthy! Staying afloat during a pandemic is challenging for any business, and Madrona is pleased to have closed the year in the black. Other highlights:

- Provided free classes to health care workers and those impacted financially by COVID-19
- Offered hundreds of hours of classes and workshops to more than 1,000 students worldwide
- When weather permitted, moved, breathed, stretched in the Great Outdoors classroom

In the New Year Madrona looks forward to implementing its robust health and safety protocols as in-person classes resume, and expanding with more workshops, programming and Fort Worden partnerships. Oh, and a beautiful new website—check out www.MadronaMindBody.com, or call (360) 344-4475.

NORTHWIND ART

FORMERLY PORT TOWNSEND SCHOOL OF THE ARTS

Last year brought the merger of Port Townsend School of the Arts and Northwind Arts Center to become Northwind Art, focused on sustaining and growing Port Townsend's vibrant arts community. While the world hunkered down, Northwind Art kept exhibits and programs going while also reaching for growth, innovation, connection and vitality. 2020 highlights:

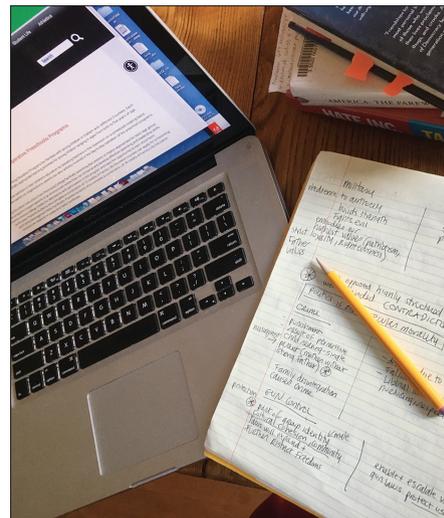
- Free *Art Prompts for Kids* videos, Art Salons via Zoom and virtual gallery exhibit tours
- Launched the "Postcards from Home" exhibit, connecting us to each other through art
- Provided training and opportunity for faculty to adapt to online teaching
- Nurtured community partnerships including the Art in the Hospital and Art in the Library



Student artist Pauline Morgan at work on collage piece in abstract art class.

Since the arts are vital for personal expression, social connection, economic opportunity and mental health, Northwind Art is focusing on well-being for individuals, community and the world. Northwind looks forward to more partnerships with education for new, emerging and professional artists, exhibits for the community and visitors, and programs to advance artists' skills and careers. Visit www.northwindart.org, or contact Teresa Verraes, director@parts.org, or phone (360) 379-1086.

PENINSULA COLLEGE

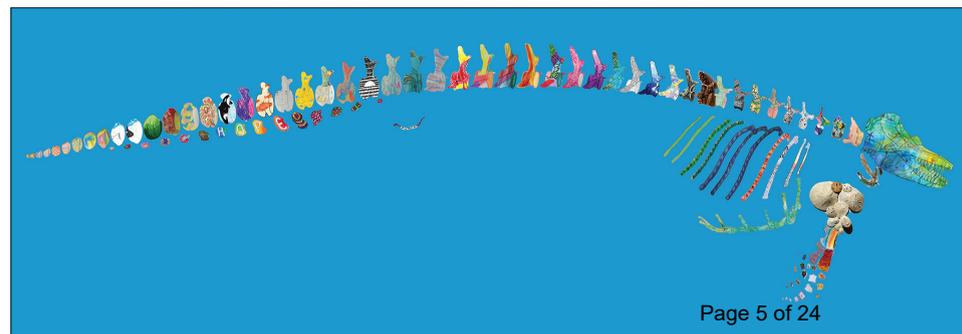


During the pandemic, Peninsula College Port Townsend has found creative ways to continue classes, activities and services remotely, and is encouraged by the resilience and persistence of our college community.

- In addition to pivoting to virtual offerings and services in 2020, we also re-invented our Community Education program with a variety of non-credit classes for all ages; www.pencol.edu/CE.
- 2020 helped us discover new tools and skillsets to improve the student experience in ways we may not have discovered otherwise. We look forward to the year ahead with optimism and enthusiasm.

To contact Port Townsend staff and faculty, call (360) 385-4605 or email PT@pencol.edu. To reach our Port Angeles campus call (877) 452-9277 or visit www.pencol.edu. Zoom meetings are available by appointment.

Below: An Orca-ARTiculation community art project. Dozens of artists of all ages contributed their work to bring new life to the Marine Science Center's orca skeleton



PORT TOWNSEND MARINE SCIENCE CENTER

One of the first projects created by the Port Townsend Marine Science Center (PTMSC) after the shutdown was a community art project involving all 160 digitized bones of the museum's orca skeleton "Hope." Participants were given an outline of a unique bone, which they decorated and sent back. The resulting creation was "re-articulated" virtually. This set the tone of innovative co-creation, making something beautiful out of what was available throughout 2020.

- Community members stepped up, with the most past supporters donating in a single year ever
- Kept entire staff employed creating innovative ways to connect people with the wonders of the Salish Sea
- With Centrum, created the first entirely online Water World arts and science program for 5th and 6th graders
- Continued critical citizen science—the Marine Mammal Stranding Network, responding to a stranded humpback whale, Sound Toxins and a Bio-blitz at Fort Worden
- Safely re-opened Aquarium and Museum in September with a new online reservation system

PTMSC looks forward to resuming safe, in-person programming including summer camps, in-person visits to the aquarium/museum, beach walks and wildlife cruises; resuming volunteer programs, especially our docents, husbandry volunteers, and citizen scientists; and safe in-person gatherings such as Party-on-the-Pier and the annual Stewardship Breakfast. Contact Gabriele Sanchez, info@ptmsc.org, (360) 385-5582 ext 104.

PORT TOWNSEND SCHOOL OF WOODWORKING



Students bucking a fir log with a double-handled crosscut saw.

Port Townsend School of Woodworking (PTSW) pivoted to course development, classroom infrastructure, and COVID-19 mitigation shortly after the shutdown in March. Fortunately, approval to reopen

due to the school's vocational status brought back the welcome sounds and smells of a woodshop—the scrape of a plane over a piece of hardwood, the wafting aromas of sawdust, and shavings littering the floor. Students returned in mid-July for timber framing, the first course of the restart, and since then, the school has continued to operate safely and responsibly. PTSW is proud of these 2020 accomplishments:

- Managed with no staff layoffs
- Completed a new Strategic Plan
- Ended the year in the black
- Piloted a new 12-week intensive with 7 students

In 2021 PTSW looks forward to launching new courses, clarity around the future of Fort Worden, and being able to operate safely as the virus hopefully abates. To learn more contact Heron Scott at (360) 344-4455, heron@ptwoodschool.org, or visit www.ptwoodschool.org.

RAINSHADOW RECORDING



The COVID-19 pandemic presented both challenges and opportunities. As restrictions relaxed over the summer, Rainshadow remained open, hosting a diverse array of recording clients, with the help of a healthy supply of masks and disinfectant! Pandemic restrictions provided time for studio upgrades, including a vintage (but more reliable) recording console, and acoustic treatments for more accurate Control Room monitoring. Rainshadow also:

- Recorded and mixed an upcoming release by United By Music North America, "a unified performance-based program and band for neuro-diverse and neuro-typical people with exceptional musical talent." Participants work with musician mentors, find the musical talents for the program, work in sessions to create performances and play at events.
- Recorded compositions by Macklemore's Residency alumni participants of the 2020 Winter Hip Hop Camp, hosted by Centrum.
- Collaborated with KPTZ to broadcast weekly Friday afternoon *Live From Rainshadow* performances.
- Conor Sisk joined engineering staff.
- Recorded and/or mixed records for a variety of Indie Rock artists and singer-songwriters.

For information, contact Rainshadow Recording, centrumrecording@gmail.com, (360) 301-0291.

FORT WORDEN LIFELONG LEARNING CENTER PARTNERS

Last year our teams met regularly, usually online but occasionally on glorious days outside enjoying Fort Worden's breathtaking scenery, to reimagine how we can better support lifelong learning through our organizations. Our conversations resulted in new partnerships and improvements to our capabilities. They made us more...**resilient, creative** and **innovative**. Even successful.

We also worked as part of the Fort Worden Collaborative which includes the Public Development Authority (PDA), the City of Port Townsend, and the Fort Worden Advisory Committee. We extend our appreciation to these organizations and to Washington State Parks. The Lifelong Learning Center partners remain committed to helping the PDA and State Parks address the challenges of managing this magnificent 434-acre park that is so important to the local community, as well as visitors from around the world.

In 2021, as we continue to grapple with the effects of the pandemic and how the economy, travel, and personal connections have changed, supporting Fort Worden partners and encouraging more people to get involved in Fort Worden's future is paramount to ensuring the economic vitality of this place. Your participation is encouraged. Your voice for the future of Fort Worden is made possible through the Fort Worden Advisory Committee, established by the Washington State Parks and Recreation Commission—fwacinfo@gmail.com.



Corvidae Press and the Coast Artillery Museum are just two of 100 historic buildings at Fort Worden.

1. Is the FWPDA Reorganizing?

Yes, and here's why: The Fort Worden Public Development Authority (FWPDA) is reorganizing to create operational structures that are better suited for addressing its two primary challenges: recovering from the financial losses caused by the pandemic and addressing the ongoing major maintenance needs of the 95-acre campus and its 73 historic buildings.

Under the plan the FWPDA retains its identity as a public entity governed by a board of directors and chartered by the City of Port Townsend. It is downsizing to a small administrative support group that focuses on holding the public trust and campus lease with State Parks, managing the leases with campus partner organizations, and passing through state and federal assistance for the Fort's capital needs. Managing the campus assets will remain a priority for the FWPDA in 2021 while it works with stakeholders to develop a new approach for this need. Hospitality services currently operated by the FWPDA will instead be undertaken by a newly formed local nonprofit organization. 2021 is the nonprofit's startup year, and it will operate under the terms of a concession agreement under development with the FWPDA.

2. How exactly will changes to hospitality services and asset management address the financial challenges that face the Fort Worden campus?

As a nonprofit instead of a public entity, the hospitality business will be able to take advantage of tools traditionally used to successfully operate a hospitality business. It also would qualify for emergency assistance that the FWPDA was unable to receive during the pandemic, which will make the Fort more resilient in future emergencies. The reorganization plan also reduces the outsized campus maintenance burden that had been placed on hospitality operations.

The FWPDA's reorganization work in 2021 involves working with stakeholders to find a fair way to fund the major maintenance and capital investment needs of the campus buildings. This has historically been a challenge for both State Parks and the FWPDA. When the FWPDA took over campus maintenance from State Parks in 2018 it inherited approximately \$100 million in deferred maintenance. State Parks will be an active partner in the development of the Asset Management strategy.

3. Will the Lifelong Learning Center mission still exist for the FWPDA?

Absolutely. The FWPA remains governed by a charter with the City that includes the call for "facilitating the implementation of a Lifelong Learning Center." The reorganization plan works to strengthen the resilience of campus operations in order to better support partner organizations. We remain a part of the Fort Worden Collaborative as part of the effort to sustain a vibrant Lifelong Learning Center at Fort Worden. Additionally, the FWPDA's concession contract will require Hospitality to maintain its commitment to providing services in support of the partners and the campus Lifelong Learning Center mission.

4. Does the new Hospitality Nonprofit have a mission statement?

Yes! Here is the Mission Statement as filed with the Secretary of State: Fort Worden Hospitality welcomes visitors to a treasured state asset – Fort Worden State Park and Lifelong Learning Center. We connect people to the park’s resources: the lifelong learning center campus; the cultural, educational, artistic, environmental, and recreational programs offered by the park’s partner organizations; and the trails, beaches, and historic batteries. We also provide hospitality packages, meeting and events spaces, food services, and lifelong learning programming.

The incoming staff members have also established a set of **Company Values**:

- **Community:** Inclusive of On-Site Partners, Guests, Visitors, Employees and Residents
- **Passion:** For employee well-being, positive guest experience and working to the best of our abilities
- **Integrity:** Leading with ethics and honesty through a proactive leadership approach and fostering an adaptable, positive work environment
- **Environmental Stewardship:** Preserve the history of Fort Worden State Park while building the future for a sustainable ecosystem
- **Culture of Learning:** Fostering an environment of mentorship, training, collaboration and ownership of work with goals of employee growth and success

5. Does the reorganization affect the campus partner organizations?

Yes, it is our belief that the new organization of the FWPDA will be more responsive and better capable to address the needs of the partners. The reorganization also is being established in a manner that will be adaptable to future changes to the partners’ needs. Concerns have been raised that we may make changes that cannot be undone or will limit future opportunities. Those concerns have been heard and the final documents will be crafted in a way that can allow future changes if that need presents itself.

6. Is the FWPDA making progress with its debt?

Yes. A plan has been developed that allocates the debt to be addressed by elements of the reorganization. Makers Square debt is incorporated into the project and secured by the lease terms. Glamping is incorporated in the business plan of the Hospitality nonprofit. The energy debt is allocated to the Asset Management program. The remaining debt liability for diverted capital funds will remain with the FWPDA and will be repaid using the leases and contracts as collateral to finance a term note to repay the diverted funds.

7. Can I get involved in the FWPDA reorganization effort as a community member?

Yes! We have been talking about this plan extensively in our public board meetings since the process began in October 2020, and we continue to do so in 2021. Anyone can learn and share their thoughts through our public board meetings and also reach out to us at any time. Meeting notices are published on our website and distributed to our media contacts before each meeting, in accordance with the Open Public Meetings Act. Each meeting involves two opportunities for public comment. The meetings are recorded and minutes are taken, both of which are posted to the website alongside meeting materials for public viewing. As we dive into developing a new asset management strategy, we look forward to public input on how to address this critical challenge. If you would like to reach out to our board or staff leaders or share a comment for a board meeting, please contact Joan Rutkowski at jrutkowski@fortworden.org. Public meeting information can be found here: <https://fortworden.org/category/pda-documents/>



DRAFT MEETING NOTES
Special Board of Directors Meeting
Fort Worden Public Development Authority (FWPDA)
Wednesday, January 27th, 2021 | 2 p.m.
Via Zoom (Remote Meeting Per Governor Inslee’s Proclamation 20-28)

The meeting recording and agenda materials are available on the public documents page of the FWPDA website: www.fortworden.org/category/pda-documents/

- ❖ **Action:** Motion to approve the December 9th, December 16th, and December 29th 2020 board meeting minutes. **Unanimously approved**
- ❖ **Action:** Motion to adopt **Resolution 21-01** amending Resolution 20-22 to provide for the adjustment of the interest rate and maturity date of the FWPDA’s Revenue Bond, 2019A, through Kitsap Bank. **Unanimously approved**
- ❖ **Action:** Motion to establish the recommended objectives for the transition of the PDA Board of Directors, with modifications to work the lifelong learning mission into the objectives. **Unanimously approved**
- ❖ **Action:** Motion to endorse the Executive Director’s recommended objectives for the PDA Trust Board of Directors, with amendment to include the work on the lifelong learning mission in the objectives, with modifications to work the lifelong learning mission into the objectives. **Unanimously approved**
- ❖ **Action:** Motion to amend **Resolution 20-04** as presented to incorporate supporting details for the Enterprise Services Fund budget for fiscal year 2021. **Unanimously approved**
- ❖ **Action:** Motion to adopt **Resolution 21-02** to adopt the schedule of regular board meetings for 2021. **Unanimously approved**

Special Board Meeting

- I. **Call to Order: 2 p.m.**
The January 27th 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 PDA website, in a meeting notice to the media, and via email to the campus partner mailing list.
- II. **Roll Call/Introductions of Board Members and Staff**
Fort Worden PDA Board Members: Norm Tonina, Todd Hutton, Jeff Jackson, Gee Heckscher, Jane Kilburn, Cindy Finnie, Lela Hilton, Terry Umbreit, Herb Cook
Staff: David Timmons, Aislinn Diamanti, Natalie Maitland, David Beckman, Joan Rutkowski, Hannah Burn (consultant)
- III. **Public Comment (special meeting topics)**
The PDA received public comments in writing that were read out loud during the meeting and are available in full with agenda materials on the PDA’s website.

- Phyllis Leah Speser called for a coherent set of goals, objectives, and metrics for realizing a clearer vision of the PDA through the reorganization process. She said the City should reconstitute the PDA board to realize the promise of Fort Worden.
- Steve Johnson wrote about his family’s upcoming family reunion at Fort Worden and encouraged the board to either postpone deposit due dates until there is more certainty about operations and/or guarantee the return of deposits for contracted services that cannot be delivered.
- Mark Blatter wrote that he thinks the PDA process thus far has not provided enough information about its issues and proposed solutions and has involved little opportunity for public input. He asked the board to develop a public process to review information, consider alternatives, and approve the final plan.
- Robert Gray asked the board to involve the public more, including holding public workshops for discussions only and establishing a public stakeholder working group for ongoing input.

In response to a point in Speser’s letter, board member Herb Cook, who also is president of the Fort Worden Foundation, countered that every member of the PDA board and Foundation board has contributed financially to support either the Foundation or the PDA, and in some cases both. He said that in some cases the support stretches well into five figures, and in one case the support has stretched well into six figures. Interim Executive Director David Timmons said that administrative staff will respond to the letter about the security deposit for a family reunion. Board Co-chair Todd Hutton thanked the letter writers and said they are taken under advisement. Information about public process thus far was provided later in the agenda during the reorganization update.

IV. Consent Agenda

A. Board Meeting Minutes

Action: Motion to approve the December 9th, December 16th, and December 29th 2020 board meeting minutes. **Unanimously approved**

V. Resolution 21-01 to adjust the interest rate of Kitsap Bank Revenue Bond 2019A

A. Staff Report

Timmons said Resolution 21-01 is presented to correct an error in the interest rate for the line of credit/bond and to update the maturity date. He said the other line of credit (grant anticipation note) has been paid and closed.

B. Board Discussion

Timmons and Board Secretary Jane Kilburn talked about the 2021 maturity date. Timmons said the terms are that it can be reviewed every six months for up to two years.

Action: Motion to adopt **Resolution 21-01** amending Resolution 20-22 to provide for the adjustment of the interest rate and maturity date of the FWPDA’s Revenue Bond, 2019A, through Kitsap Bank. **Unanimously approved**

VI. FWPDA Recovery and Reorganization Plan Update

A. Staff Report

[The presentation and meeting recording are on the PDA website:
www.fortworden.org/category/pda-documents/]

Timmons provided a detailed overview of the progress made since a reorganization concept for the

PDA was first presented to the board in October. Topics covered were the state audit, capital project financing, 2020 finances, 2021 budget, organizational restructuring, PDA leadership change, PDA/partner relations, and PDA/State Parks relations. For context, Timmons talked about the financial challenges arising from the transfer of campus maintenance responsibilities from Parks to the PDA in 2018 and the closure of operations for nearly five months in 2020 in response to statewide COVID-19 emergency guidelines. He noted that previous reports inflated 2020 contributed income by counting donations from board members and the public to cover employee healthcare costs during a staff furlough period. When adjusted to remove this contributed income, the PDA shows a 79% revenue decline from 2019.

Timmons said the framework that is guiding recovery actions involves the PDA's master lease with Washington State Parks, its charter with the City of Port Townsend, and the campus Lifelong Learning Center Plan. The Open Public Meetings Act and Public Records Act also have been followed to ensure proper notice and transparency about the plan and board actions. He said that all actions comply with legal terms and conditions set for the PDA, have been recorded and are accessible to the public, have been taken in public with allowance for public comment, and factor into account advancement of the Lifelong Learning goals.

Progress highlights from the presentation include:

- The State's "accountability audit" is underway and completion is anticipated soon with a report to be released in March. The financial audit is delayed while Makers Square accounting is adjusted to comply with the Historic Tax Credit structure, and the accrual to cash accounting conversion process is underway.
- Timmons said that in response to the financial impact of COVID, staff had (without informing the board) transferred funds from capital project reserves to operations with the hope that those funds could be restored from revenues. He said that left capital project debt liability in an awkward position, affecting glamping, Makers Square, and the energy efficiency project. As part of the reorganization, Timmons said, the \$2 million glamping loan will be assigned to the hospitality nonprofit (new terms to be negotiated), the now deferred \$1.5m Makers Square line of credit will be assigned to Makers Square; and the \$1.6 million energy efficiency project loan will be serviced by the asset management group.
- Makers Square Historic Tax Credits are secured, and closing is anticipated early next month.
- The PDA's leasehold interest in Makers Square has been clarified in accordance with Historic Tax Credit requirements and one of the project grants. Ultimately, the Fort Worden Foundation becomes, in effect, the landlord overseeing the implementation of Makers Square. The terms are being worked out with the Foundation, and Timmons is evaluating how to restore diverted funds from the project, he said.
- PDA staffing is downsized and building occupancy reduced. Timmons said the PDA is still operating month-to-month because it's still in a crisis. He said hospitality sales are stable and showing a strong comeback in the second half of the year and into 2022. Timmons noted that revenue is impacted by Officers Row housing being out of service until spring for State Parks capital improvement projects.
- Accounts payable is at \$200,000, half of which is for utility accounts. It's not growing but more progress at reducing outstanding balances is needed, Timmons said.
- Timmons said he is beginning to explore investment models to address the many capital maintenance needs on the campus. He said he does not think Fort Worden can operate successfully without an infusion of capital funds for the property.
- The restructuring plan has been adopted and is in progress, and Timmons said he thinks it is more in line with the intent for the PDA. The PDA will involve two divisions, with the administrative side serving as a "Trust" that manages real estate, and the operations side will focus on long-term maintenance and capital investment needs. Hospitality has been divested

as a new nonprofit partner entity. Timmons said he believes strongly that the PDA as a government entity has restrictions that limit its ability to run a successful hospitality business. 2021 will be the nonprofit's transition year, Timmons said, and it will operate under the terms of a concession agreement that is under development.

- Timmons said a new lease model approach is needed to address long-standing issues with campus partner organizations. He said this process should be undertaken alongside the development of a new asset management strategy.
- The Fort Worden Foundation is taking steps to amend its bylaws to separate from PDA as a "Type 1" Foundation instead of a component unit of the PDA. Steps are underway to make the Foundation the lease holder for Makers Square, and the PDA could give them 25-year assignable terms, by which they can choose to either manage the property or assign management, with terms and conditions set by the PDA.
- Timmons expressed his thanks to State Parks for contributing in-kind services to the PDA during the crisis and taking back the campground check-in process. He said State Parks has agreed to assist with maintenance matters as needed on a temporary basis and will be an active partner in the development of the asset management strategy.
- Timmons reviewed the Historic Tax Credit structure for Makers Square landlord and tenant relationships. The structure is required for IRS tax purposes. Tax credit income comes in at the end of the project, which has contributed to cash flow challenges during the project.

Timmons and Board Co-Chair Norm Tonina presented draft objectives for the current board during the transition period to new leadership and a separate set of draft objectives for the PDA Trust board that isn't in place yet. The transition objectives identify organizational, financial, and asset management needs currently before the PDA, and call for a full transition to a new board by no later than June 1, 2021. Timmons said he is recommending that the City lead the board member recruitment process for the PDA Trust board, as it did when the PDA was formed. Timmons summarized what he recommends for the Trust board as part of its role to serve as a property manager for the campus area and work collaboratively with campus partner organizations to sustain a Lifelong Learning Center at Fort Worden. He noted the pressing need to focus on the creation of an asset management strategy that addresses the extremely high costs of deferred maintenance and capital investment necessary for the partners to sustain their investments in the Fort. Timmons emphasized that the PDA Trust objectives are a draft recommendation to the City of Port Townsend, which may modify the objectives or come up with their own.

B. Board Discussion

During the presentation, Board Treasurer Jeff Jackson said it is important for people to understand that for a full year, the PDA has been working to stay alive so that it can rebuild when possible. He said the consequences of shutting down during a crisis make it more difficult for any entity to start back up after employees leave and assets deteriorate. Jackson said the best alternative the PDA has is to keep going at a minimum level until the business environment picks up and allows it to operate at a greater level.

Hutton noted that no public dollars have been accepted during the pandemic, and the PDA received a \$200,000 donation and a \$350,000 private loan to get through the end of 2020 (and the loan has been paid back). Timmons confirmed that the PDA didn't qualify for any local, federal, or state emergency funds. He said the Jefferson County PUD and the City provided significant credits towards outstanding balances via the CARES program.

Regarding the objective about completing the accountability audit, Hutton addressed what he said is misinformation in the community about an alleged misappropriation of PDA funds. He said the PDA hired an investigator to advise on the matter, and there isn't an active (criminal) investigation while

state auditors conduct their work. Timmons confirmed that the PDA reported its concerns to the local police, the Jefferson County prosecuting attorney's office, and the state auditor's office, as required by law. The concern is only an allegation at this point, based on evidence that hasn't been tested, Timmons said. He said that after its internal investigation, the PDA chose to have the state auditor's office continue the investigation and is waiting for the report to determine what action may be taken next, if needed. It is premature to jump to conclusions until all facts are in, Timmons added.

Board member Lela Hilton noted the need to identify the centrality of the PDA's commitment to the lifelong learning mission in the board objectives. Kilburn suggested that purpose language regarding the lifelong learning mission be included in the objectives list to highlight the fact that the PDA works with partners collaboratively on the lifelong learning center and not just the business aspects on the list. Hilton and Kilburn said they would draft an update to the objectives to better reflect this commitment. Timmons agreed that the edit should be made. He added that the PDA needs to be in a supportive foundational role to the partners, and a mechanism is needed to help partners be more empowered and self-govern.

Action: Motion to establish the recommended objectives for the transition of the PDA Board of Directors, with modifications to include the lifelong learning mission in the objectives.
Unanimously approved

Action: Motion to endorse the Executive Director's recommended objectives for the PDA Trust Board of Directors, with amendment to include the work on the lifelong learning mission in the objectives, with modifications to include the lifelong learning mission in the objectives.
Unanimously approved

VII. FWPDA Budget Update and Presentation

A. Staff Report

Interim Operations Director Aislinn Diamanti and Senior Sales and Marketing Manager Natalie Maitland presented the PDA's 2021 budget outlook. They were joined by Hannah Burn, a contractor working on the budget modeling. Palmer said the hospitality advisory team currently working with staff is David Rinn, Alan Crain (Kitsap Bank) and PDA board members Jackson and Cindy Finnie. Diamanti said the budget is based on a forecasting model that was built on 2019 actuals overlaid with current assumptions about 2021 leisure, group, and restaurant activity. She said that it's a conservative budget that assumes the higher end of costs and lower end of revenue assumptions, and shifts could happen as details are worked out. The scenario assumes no complete closure due to COVID-19.

Diamanti described plans for the hospitality nonprofit, which include operating with a smaller management team than when hospitality was run by the PDA, and phasing to a \$15-hour base wage and reducing the difference between top and bottom wages. She said the spending priorities involve the safety of guests, employees, and the community at large. Following the departure of the PDA's IT director, IT services will be contracted and how this will work to support partner needs is being developed, Diamanti said. She said hospitality activity is part of PDA numbers until July 1st; in reality the transition will be rolling and the hospitality nonprofit may operate some aspects sooner than July 1st.

Burn provided an overview of line items for the PDA's 2021 budget, which includes administration, hospitality, and asset management as divisions, with hospitality spinning off beginning in the 3rd quarter and no longer contributing revenue directly to the PDA. The outlook presented line item details not available when the budget was presented to the board in December. The beginning

operating fund balance is currently shown at zero, and the number will be revisited along with what the figures will be for the administrative debt service, Burn said. She called attention to a new revenue line item, inter-entity service fees, which reflects what the PDA will pay hospitality for support in the areas of IT and Human Resource services. The budget assumes that the hospitality entity will receive start-up funding (estimated \$818,770 from PDA) as bridge financing to cover operating losses at least for the first six months. Burn described how the budget adjusts for sales figures that were actually advance deposits from prior years. The PDA spent advanced deposits for 2021 bookings in 2020, she said.

The budget shows a \$95,536 operating deficit and a negative \$387,938 operating fund balance for the PDA, with the assumption that the PDA begins with a zero-fund balance. Burn said the budget doesn't yet show two pending transactions: \$600,000 from the PDA to the hospitality nonprofit to restore money diverted from glamping to cover operations (to be used by hospitality to complete construction) and \$450,000 from the PDA to hospitality to restore the advance deposit reserve to the level required by policy.

B. Board Discussion

Jackson noted that the advance deposit line is really a liability and it doesn't go away. Regarding providing IT support to the campus, he recommended that hospitality staff consider service satisfaction alongside a cost analysis, if they haven't already. Palmer said in addition to support from the IT contractor, other staff would cover some needs. Cook asked how the net operating fund figure was calculated, and Burn explained how advance deposit adjustments contribute to the number. Burn and board member Gee Heckscher talked about how utility activity for hospitality and the PDA is represented.

Jackson pointed out that ultimately the numbers show that at least \$400,000 to \$500,000 in the form of donations or equity is needed for the scenario to succeed, and a contingency fund for maintenance also needs to be developed for long-term sustainability. He said the upside is that hospitality generated almost \$7 million in revenue in 2019. Hutton added that the budget doesn't yet include debt service that needs to be added in the future.

Board and staff talked about the hospitality business assumptions. Maitland reiterated that because of COVID-19 the assumptions are for minimal activity but no complete closure. She added that the budget does include an assumption of hospitality receiving some bridge financing. Jackson said it's appropriate to be cautious, and there is support to also build an upside case that investors can consider. He said the type of product that the Fort offers is rebounding well relative to the rest of the hospitality world. Maitland said hospitality is already outpacing January estimates.

Timmons said the budget will naturally adjust and be monitored. Tonina asked if what will be approved today will be modified again and shared with the board. Timmons said yes, beginning with when financial restatement work is done and the beginning balance and liability numbers are clarified.

[Tonina left the meeting.]

Hutton said he thinks budget work should eventually show the PDA or hospitality entity incurring costs related to lifelong learning programming and/or coordination of programming. Diamanti said people will see more work in this area than before through the hospitality nonprofit given the entity's commitment to lifelong learning in its mission.

Action: Motion to amend **Resolution 20-04** as presented to incorporate supporting details for the

Enterprise Services Fund budget for fiscal year 2021. **Unanimously approved**

VIII. Resolution 21-02 to adopt the 2021 FWPDA Regular Board Meeting Schedule

Action: Motion to adopt **Resolution 21-02** to adopt the schedule of regular board meetings for 2021.
Unanimously approved

IX. Public Comment

No public comments were shared.

X. Adjourn

The board adjourned its meeting at 5:05 p.m.

Term Sheet for a Concessionaire Agreement between the Fort Worden Lifelong Learning Center Public Development Authority (“PDA”) and _____ (“Vendor”) for services to be provided by Vendor at the Fort Worden State Park Campus

PDA is the tenant under that certain Master Lease dated _____ (“Master Lease”), between the PDA and the State of Washington, acting through the Washington State Parks and Recreation Commission, as landlord, for the Fort Worden State Park Campus (“Fort Worden”). The purpose of this non-binding Term Sheet is to set forth the terms and conditions of a possible concessionaire agreement (“Agreement”) agreement between PDA and Vendor pursuant to which Vendor may provide certain services at Fort Worden. This Term Sheet is not binding upon the parties, and only a fully executed final Concessionaire Agreement will be binding on the parties.

Term: The term of the Agreement will commence _____ and end _____.

[*Question: Will there be extension options? Does either party need a termination option, for other than the other party’s default?*]

Services to be provided: The services to be provided by Vendor would include, but not be limited to, the following services at Fort Worden (greater detail on each to be provided in the Agreement):

- Accommodation sales and management for 43 housing units
- Group rental coordination for dorm buildings up to 233 total beds
- Venue sales and management for nine indoor venues, five outdoor venues; including audio visual equipment rental and services
- Operate three restaurants
- Operate event catering
- Support the campus Lifelong Learning Center mission in the vendor services that support campus partner organizations
- Provide event management services for private and public events, including vendor coordination
- Provide building and equipment maintenance, janitorial and sanitation, garbage and grounds maintenance within service area
- Manage guest on-site experience and wayfinding in conjunction with partner agencies
- Manage branding, marketing and online presence for all hospitality offerings; work in cooperation for co-marketing opportunities across the Fort Worden campus where applicable; develop product enhancements in line with business needs
- Develop and sell sponsorships, partnerships or marketing opportunities for products, services and events
- Develop educational programs in service of hospitality workforce needs for Fort Worden and broader community

Premises to be used; Maintenance: The Agreement will provide a license for Vendor to access and use the buildings and real property located at Fort Worden necessary to provide the above-referenced services (“**Licensed Premises**”). The Agreement will provide a depiction detailing all of the Licensed Premises. Vendor will be required to maintain and repair all of the Licensed Premises according to standards to be identified in the Agreement. The responsibility for performing capital repairs and

improvements will be detailed in the Agreement. *[This paragraph can contain greater detail about these allocations if appropriate.] [Note: I've referred to the legal right for Vendor to use the property as a license, but we may conclude that it needs to be a sublease in order to allow for the rental of housing at the Park.]*

Equipment: *[Question: Will Vendor be entitled to use any equipment, machinery, etc. at Fort Worden? For example, for grounds maintenance or in the kitchens? Who is responsible for maintaining and replacing this equipment?]*

Restaurants and Catering: Vendor's services include operating the following 3 restaurants: _____ . The Agreement will require Vendor to operate the restaurants according to industry standard health regulations. *[Question: Does the Vendor have the right to change the restaurant name/concept/menu/etc. without PDA approval? Does the Vendor control pricing? Can the Vendor enter into exclusive sponsorship agreements (e.g., Pepsi)? Where are the catering services to be provided, and for what sort/size of events? What hours and days will we require that the restaurants operate?]*

Rental Housing: *[Question: Are there rental parameters, such as a minimum/maximum stay? Who controls pricing?]*

Reporting Obligations: *[Question: What periodic reports will be required regarding the Vendor's operations, expenses, receipts, etc.? What is the annual budget process? What kind of reporting will be needed to demonstrate to the FWPCA the Vendor's commitment to the Lifelong Learning Center mission?]*

Rent: *[Question: What rental or other payments will the Vendor make to Fort Worden? To what extent does Fort Worden share in the Vendor's receipts from providing the services (e.g., restaurant, housing rentals, catering, etc.)?]*

Capital Investment: *[Question: Will there be a capital investment by Vendor in the facilities?]*

Reserves: *[Question: Will Vendor be required to fund various reserves (e.g., a repair reserve)?]*

Advertising: *[Question: What are Vendors obligations with respect to advertising and marketing? Is there a minimum annual spend required?]*

Subcontracting: *[Question: Can Vendor further subcontract out the required services?]*

Vendor Personnel: *[Question: What specific roles will Vendor employ? Are specific individuals to be hired? Does PDA have approval over Vendor hires?]*

Makers Square Lease Term Sheet (DRAFT)
Buildings 305 (Main and Upper floors), 308, and 324

FWPDA and Fort Worden Foundation

Background

In connection with qualifying for and obtaining state and federal building rehabilitation grants, FWPDA leased Building 305 to Foundation in 2016.

In connection with qualifying for and obtaining historic tax credits (HTCs), FWPDA leased (December, 2017) Buildings 305, 308, and 324 to Makers Square Landlord, LLC (an entity created as part of the HTC structure, and controlled by Foundation). To qualify for HTCs, FWPDA and Foundation needed to terminate the 2016 FWPDA lease to Foundation on the understanding that Foundation would still control the Buildings for grant purposes through its management of HTC entities.

Also as part of the HTC structure, Landlord, LLC leased its interest in Buildings 305, 308, and 324 to Makers Square Master Tenant, LLC (also an entity created as part of the HTC structure, and controlled by Foundation).

The HTC tax credits closed on February 19, 2021.

The HTC structure and entities (Landlord, LLC and Master Tenant, LLC) will almost certainly collapse (terminate) in 5 years once the HTC credits are used up.

FWPDA and Foundation (and Landlord, LLC and Master Tenant LLC) need to provide for resumption of Foundation's leasehold interest in Buildings 305, 308, and 324 at this time to ensure state rehabilitation grant compliance. This would be accomplished with a lease from Master Tenant, LLC to Foundation. (While Master Tenant, LLC is controlled by Foundation, it is a separate legal entity that can lease its interest in the Buildings to Foundation.)

In addition, FWPDA and Foundation desire to establish the option in Foundation to manage Buildings 305, 308, and 324 and the "quad" (the land between and around the Buildings, which is not part of the HTC structure). Foundation could either manage the assets directly or through a contract service provider (which could be FWPDA or a third party). On this basis, the Term Sheet provides for a 25-year term (as some tenants of the Buildings may require a long-term lease or other use agreement).

In connection with future subleases to third parties for lease and use of Buildings 305, 308, and 324, FWPDA and Foundation have negotiated preliminary terms and minimum standards that would

Makers Square Lease Term Sheet (DRAFT)
Buildings 305 (Main and Upper floors), 308, and 324

be included in any sublease. Key terms are set forth in this Term Sheet.

To ensure these terms become effective, there would be a series of lease amendments or other acknowledgements between the parties (namely, FWPDA and Landlord, Landlord and Master Tenant, Master Tenant and Foundation).

FWPDA Board approval authorizes the Executive Director to recommend to the Fort Worden Foundation supplemental terms between Makers Square Landlord and Master Tenant for final assignment to the Fort Worden Foundation.

Separately, Master Tenant, LLC has negotiated a lease with KPTZ. This lease is not affected by a new lease between Master Tenant, LLC and Foundation or other amendments to leases between FWPDA and Landlord, Landlord and Master Tenant, Master Tenant and Foundation.

Parties: FWPDA and Foundation (and Landlord LLC and Master Tenant LLC).

Building Premises:	<i>Building</i>	<i>Program Sq. Ft.</i>	<i>Common Area Sq Ft.</i>
	305	6,411*	5,783#
	308	2,050	395^
	324	2,195	807^
	<i>Total</i>	10,656	

* Excludes basement space leased to KPTZ

^ If one tenant leases entire building, Common Area Sq Ft will be added to Program space square footage

Includes square footage for building 305 deck currently

Land: Property includes Buildings 305, 308, and 324, and land between and around the Buildings.

Term: 25 years total, inclusive of the Master Tenant LLC lease, which will hold the lease for the initial term (first 5 years) with options for two 5-year renewals. At the expiration of the 25-year term, the parties agree to negotiate in good faith for mutually agreeable terms for one 10-year extension.

Rent: Rent terms are set forth in Exhibit x.

Capital Investment The Foundation raised \$6.2 million in private gifts to fund the

Makers Square Lease Term Sheet (DRAFT)
Buildings 305 (Main and Upper floors), 308, and 324

Offset (CIO) rehabilitation and development of the stated Makers Square buildings. The Foundation will receive a CIO totaling 35% of these gifts, equaling \$2,170,000 over the 25-year term of this lease. Should the Foundation decide to assign their lease for any or all of the Makers Square buildings, the CIO will not transfer but remain with the Foundation for the 25-year term of this lease.

State Leasehold Tax Rate: A monthly leasehold tax rate of 12.84% will be added to the rent (required by state of Washington), unless the Foundation is exempt from this payment. Documentation of exemption must be provided by the Foundation to FWPDA.

Assignment/ Change of Control Foundation can assign the Premises to sub-tenant(s) as long as subtenant offers lifelong learning programming in the areas of arts, education, or culture. Should the Foundation decide to lease any or all of the Makers Square buildings, the CIO will not transfer but remain with the Foundation for the 25-year term of this lease. Additionally, in connection with building 305, the Foundation may maintain control of and manage the exterior deck attached to Building 305 in addition to the Makers Square quad in between buildings 305, 306, 308, and 324 as detailed in Exhibit A.

Sub-Recipient Requirements

Gifts	Grants	Contracts
Sage Foundation	(F)BFA- B1804	KPTZ
Chandler #1	(PDA)LCP-117	Slate Roof (WSP)
Chandler #2	(PDA)LCP	
Anonymous Donor	(F)SAT	
Individual Donor	(PDA)HCP - 19-11	
	Murdock	
	First Federal Community Foundation	
	Norcliffe	

Foundation will be required to adhere to and comply with all sub-Recipient requirements, as outlined in Exhibit x (to be added to document).

Value Exchange TBD

General Terms Other terms would follow standard FWPDA lease terms, including, insurance, hold harmless, alterations, prorated share of common area and campus area fees, parking and utilities.

Makers Square Lease Term Sheet (DRAFT)
Buildings 305 (Main and Upper floors), 308, and 324

Disclaimer: The terms as outlined in this Term Sheet are not all inclusive, but serve as a general summary of business terms for which a Lease Agreement will be drafted. Other terms, which are not included, are to be negotiated. The Parties mutually agree that neither shall have any binding contractual obligations to the other with respect to the matters referenced herein, unless and until a formal written Lease Agreement has been prepared with adequate opportunity to be reviewed by legal counsel, and has been fully executed and delivered by the parties.

DRAFT

Makers Square Lease Term Sheet (DRAFT)
Buildings 305 (Main and Upper floors), 308, and 324

EXHIBIT x

RENT SCHEDULE – CURRENT ASSUMPTIONS

Market Rate	<p>Rent paid for by Foundation shall be market rent. The Foundation is in process of getting an appraisal on buildings 305 (main level and upper level separately), 308, and 324. These appraisals will then be peer reviewed.</p> <p>Annual rent escalation rate will be planned at 2.5%.</p>
Capital Investment Offset	<p>Foundation will be awarded a Capital Investment Offset (CIO) of 35% for all private gifts raised by the Foundation, which equals \$6.2 million.</p> <p>Maximum CIO awarded to the Foundation will be \$2.17 million over the 25-year term of the lease.</p>
Rent Commencement Date	<p>Currently assumed to be 1 June 2021.</p>
State Leasehold Tax Rate	<p>The Foundation is seeking an opinion as to whether it will be required to pay State Leasehold Tax. This opinion may impact final lease rate charged to sub-tenant.</p>

Asset/(Liability) Allocation

	Current Status	PDA Operations	Makers Square	Hospitality	Asset Management
Makers Square					
PDA LOC Makers Square	\$ (1,500,000)		\$ (1,500,000)		
PDA Operations owed to Makers Square	\$ (404,000)	\$ (404,000)	\$ 404,000		
Balance to pay Clark as of 02/22/2021	\$ (1,448,363)		\$ (1,448,363)		
Balance to pay Signal as of 02/22/2021	\$ (133,823)		\$ (128,653)		\$ (5,170)
Historic Tax Credits Income	\$ 1,400,000		\$ 1,400,000		
Remaining Grants and other income	\$ 724,046		\$ 724,046		
Contingency for other costs	\$ (250,000)		\$ (250,000)		
Glamping					
PDA LOC Assigned Glamping	\$ (2,000,000)			\$ (2,000,000)	
Hospitality Glamping Completion	\$ (600,000)			\$ (600,000)	
Hospitality Term Loan to replace PDA Glamping LOC	\$ 2,000,000			\$ 2,000,000	
PDA Operations owed to Hospitality - Glamping	\$ (600,000)	\$ (600,000)		\$ 600,000	
Bridge Loan for Startup (3 - 5 Yrs)				\$ (1,000,000)	
Startup Operating Revenue (3 - 5 Yrs)				\$ 1,000,000	
PDA Operations owed to Hospitality - Advance Deposits 2021	\$ (450,000)	\$ (450,000)		\$ 450,000	
Energy Efficiency					
PDA Operations to Asset Management	\$ (330,000)	\$ (330,000)			\$ 330,000
Asset Management Project Completion	\$ (330,000)				\$ (324,830)
Total	\$ (3,922,140)	\$ (1,784,000)	\$ (798,970)	\$ 450,000	\$ -
		Total PDA net liability	\$ (2,582,970)		

Current Business on the Books Projection 2021 Q1 & Q2

		Room Revenue	Venue Revenue	Catering Revenue**	Projected Total Revenue	Advanced Deposits	Actualized Business	Outstanding Revenue***	ADR	Occupancy
Jan	Leisure	\$ 35,597.09	\$ -	\$ -	\$ 35,597.09	\$ -	\$ 35,597.09	\$ -	\$ 242.15	24.05%
	Group	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Feb	Leisure	\$ 39,667.44	\$ -	\$ -	\$ 39,667.44	\$ 12,169.13	\$ 25,531.42	\$ 1,966.89	\$ 251.05	29.64%
	Group	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
March	Leisure	\$ 31,329.98	\$ -	\$ -	\$ 31,329.98	\$ 26,553.90	\$ -	\$ 4,776.08	\$ 344.01	16.11%
	Group	\$ 7,200.00	\$ 1,750.00	\$ 2,750.00	\$ 11,700.00	\$ 3,894.35	\$ -	\$ 7,805.65		
April	Leisure	\$ 55,894.90	\$ -	\$ -	\$ 55,894.90	\$ 41,504.01	\$ -	\$ 14,390.89	\$ 338.21	17.56%
	Group	\$ 9,475.90	\$ 2,500.00	\$ 2,750.00	\$ 14,725.90	\$ 9,342.48	\$ -	\$ 5,383.42		
May	Leisure	\$ 83,981.90	\$ -	\$ -	\$ 83,981.90	\$ 65,120.48	\$ -	\$ 18,861.42	\$ 518.40	8.36%
	Group	\$ 15,117.60	\$ 8,500.00	\$ 11,250.00	\$ 34,867.60	\$ 16,289.44	\$ -	\$ 18,578.16		
June	Leisure	\$ 133,505.57	\$ -	\$ -	\$ 133,505.57	\$ 90,585.92	\$ -	\$ 42,919.65	\$ 483.36	23.38%
	Group	\$ 83,043.45	\$ 13,694.84	\$ 20,000.00	\$ 116,738.29	\$ 23,771.95	\$ -	\$ 92,966.34		
TOTAL		\$ 494,813.83	\$ 26,444.84	\$ 36,750.00	\$ 558,008.67	\$ 289,231.66	\$ 61,128.51	\$ 207,648.50	\$ 362.86	19.85%

* Updated as of 2/22/2021

** Most groups don't have any catering actuals, only minimums contracted;

***Outstanding Revenue is the amount still owed by guest based on projected BOB

Source: Maestro Room Occupancy Forecast, Arrivals w Adv Deposits and Group BOB Reports

Note: Small segment of group business remains as of this report; possibility for additional rescheduled group events