Board of Directors Meeting Agenda  
Fort Worden Lifelong Learning Center Public Development Authority (FWPDA)  
Wednesday, May 26, 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/94730162975?pwd=N21zdzRvZi9xUk9MWnJPb0U4NU9Qdz09

Phone only dial:  
1+253-215-8782  
Meeting ID: 947 3016 2975  
[No Participant ID – #]  
Passcode if needed: 377503  
*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. Consent Agenda (packet)  
   A. Review and approval of the April 28th, 2021 board meeting minutes  
      Action: Motion to approve the April 28th, 2021 board meeting minutes  
   B. Review and approval of May Accounts Payables  
      Action: Motion to approve the May Accounts Payables

VI. Interim Executive Director Contract Update (packet)  
   A. Board Discussion  
      Action: Motion to approve the amended and extended Interim Executive Director contract with David Timmons

VII. Interim Executive Director Administrative Update  
   A. Staff Reports  
      - Insurance Renewal (packet)  
      - Audit Update  
      - FWPDA’s Public Records Act Policy (packet)  
   B. Board Discussion  
      Action: Motion to endorse the FWPDA Public Records Act Administrative Policy as presented
VIII. Finance Reports
   A. Staff Reports
      • FWPDA Profit & Loss and Cash Flow Statements (packet)
      • Makers Square Financial Reconciliation Update
      • Financing Requests Update
      • Hospitality Business on the Books Update (packet)
      • Infrastructure Project Funding Update
   B. Board Discussion

IX. Fort Worden Hospitality Update and Resolution 21-03 re Fort Worden Hospitality Concession Agreement
   A. Staff Reports
      • Initial Board Appointments Status Report (packet; information only)
      • FWH Bylaws (packet; information only)
      • Fort Worden Hospitality Terms and Concession Agreement (packet)
   B. Board Discussion
      Action: Motion to approve Resolution 21-03 authorizing the Interim Executive Director to execute a Concession Agreement with Fort Worden Hospitality in substantially the form of agreement presented and to make non-substantive changes that do not materially alter the agreement presented to the Board on May 26, 2021.

X. Public Comment

XI. Next Regular Board Meeting: Wednesday, June 23rd, 9 a.m.

XII. Adjourn
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 March 15 special board meeting minutes and the March 24, 2021 board meeting minutes. **Unanimously approved**

❖ **Action:** Motion to accept the Fort Worden Hospitality draft concession documents as presented as a first reading and to approve the scheduling of a meeting in about two weeks to formally consider the documents. **Approved by a supermajority of the board; two recusals**

❖ **Action:** Motion to direct David Timmons to establish a PRA policy that allows the FWPDA to respond in a reasonable way to public records requests without compromising the FWPDA’s administrative functions. **Unanimously approved**

Regular Board Meeting

I. **Call to Order:** 9:00 a.m.
The April 28 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 and other stakeholders.

II. **Roll Call/Introductions of Board Members and Staff**
Fort Worden PDA Board Members: Norm Tonina, Todd Hutton, Jane Kilburn, Jeff Jackson, Herb Cook, Lela Hilton, Terry Umbreit, Gee Heckscher, Cindy Finnie
Staff: David Timmons, Aislinn Diamanti, David Opp-Beckman, Natalie Maitland, Becky Wagner, Joan Rutkowski, and John Watts (legal counsel)

III. **Changes to Agenda**
Board co-chair Norm Tonina announced the addition of two items to the agenda: 1) the PDA board relationship to other organizations in light of City of Port Townsend code changes and 2) Public Records Act policy. Interim Executive Director David Timmons said he would be asking for approval of a motion to direct him to establish a policy framework for the Public Records Act to help with time management challenges related to downsizing in the organization and people performing multiple jobs.

IV. **Communications of Interest**
Tonina pointed out articles of interest in the packet (see website for packet). The readings include an
announcement from KPTZ about the signing of their lease for space in Makers Square, where they will establish new studios and offices.

V. Consent Agenda

A. Board Meeting Minutes

Action: Motion to approve the March 15 special board meeting minutes and the March 24, 2021 board meeting minutes. Unanimously approved

VI. Agenda Change Discussion

Timmons and Attorney John Watts talked about the measures needed to make sure that action regarding Fort Worden Hospitality does not violate the recently amended city code that guides the FWPDA. To avoid conflict of interest issues given their interest in providing financial assistance to Fort Worden Hospitality, Tonina and Board Treasurer Jeff Jackson will recuse themselves (turn off their sound and cameras). Watts said board members Terry Umbreit and Cindy Finnie, who are interested in serving on the Fort Worden Hospitality board, can vote. Timmons noted that Tonina and Jackson have only pledged to make a financial contribution to Fort Worden Hospitality, and nothing is finalized.

Watts also discussed his interpretation of when to apply the new city code requirement for a supermajority vote on certain matters. He determined that the concession contract could be argued as a trigger for the supermajority requirement. Watts also talked about what the code amendments might mean for the ability of a FWPDA board member to serve on an additional board. Because the hospitality board has not yet been formed, FWPDA board members who may eventually serve on the hospitality board are not in conflict with the code by voting, he said. Board member Lela Hilton asked Watts whether the code provision regarding dual board service applies to partner boards only or to any other nonprofit board. Watts said the language doesn’t specify this, and instead prohibits dual service if that service would reasonably impair independent judgement. Board co-chair Todd Hutton noted that Fort Worden Hospitality is a nonprofit board by which directors do not receive any compensation, and said that across the nation people serve on boards with interlocking relationships and recusal is a common practice. Watts said the code also is unclear regarding whether the fact of service on another nonprofit board with overlapping interest with the FWPDA by itself is a violation, or if the violation only occurs if the board member fails to recuse. The Fort Worden Hospitality topic was moved up in the agenda to ensure supermajority participation.

VII. Public Comment

Staff member Joan Rutkowski read into the record a comment submitted in advance by Lorilee Houston. Houston asked if the Fort Worden Hospitality concession agreement would establish any performance criteria and what the process would be if the organization does not succeed. She suggested criteria and incentives for its success. (Please see the FWPDA public documents webpage for the written comment in its entirety.) Jackson said Fort Worden Hospitality’s financial models are sophisticated, and key performance indicators for difference aspects of the operations will be an important part of managing the business.

VIII. Fort Worden Hospitality

As discussed earlier, Tonina and Jackson recused themselves by shutting off their cameras and sound. Co-chair Todd Hutton led the review and discussion of staff reports:

● Initial Board Appointments Status Report. Timmons reviewed the status of commitments for the initial Fort Worden Hospitality board.
• **Draft Bylaws.** Timmons said the hospitality board will enact the organization’s bylaws. He noted that the draft bylaws have been shared with the FWPDA as a courtesy; they are not in the purview of the FWPDA board.

• **Pro forma and Business Plan Update/Advisory Team Recommendations.** The update in the packet involved extensive input from many parties, Timmons said. He said the analysis continues to show that Fort Worden Hospitality is a viable, sustainable business and the model is a conservative model that builds up operating and debt reserves. Timmons said he is talking with Washington State Parks about contributing capital investments to the properties managed by Fort Worden Hospitality.

• **Draft Terms and Concession Agreement.** Timmons said the contract would go before both the FWPDA board and the Fort Worden Hospitality board for approval. He said the only action recommended today is to advance the contract for a final reading and vote at a future meeting, which provides additional time for public review and input. The draft documents may continue to be refined but they are essentially in final form, Timmons said. Interim Operations Director Aislinn Diamanti noted that a building inventory with square footage assumptions is included in the packet, and that information will be presented differently when it is part of the contract. She said a full inventory of PDA equipment also is being developed as part of the process of transferring equipment to Fort Worden Hospitality for its operations. Timmons reviewed the benefits of forming Fort Worden Hospitality. He said the pro forma work included an analysis of the status quo (combined model with PDA operating hospitality), and the analysis showed that model does not work without significant income to address issues related to asset management and maintenance. He said that separating hospitality under a concession agreement secures its future for the benefit of the Fort and the lifelong learning center mission, allowing the PDA to focus more on its obligations under the master lease with State Parks. Timmons said July 1 is the target for when Fort Worden Hospitality disconnects from the FWPDA and operates as a nonprofit. Hutton noted that despite this status, Fort Worden Hospitality would provide periodic public reports. The draft agreement lists specific commitments to transparency. Timmons addressed a concern that the FWPDA’s reorganization would diminish its preservation ethic. He said he strongly believes the restructuring will strengthen the preservation ethic because hospitality is a specialized business operation that dominated the FWPDA board’s agenda and could overwhelm preservation work. The change will allow the FWPDA to focus on preservation needs, Timmons said. Umbreit agreed with Timmons, and said he sees significant benefits from the reorganization.

**Action:** Motion to accept the Fort Worden Hospitality draft concession documents as presented as a first reading and to approve the scheduling of a meeting in about two weeks to formally consider the documents. **Approved by a supermajority of the board in a roll call vote** -- Umbreit (yes), Finnie (yes), Cook (yes), Hilton (yes), Kilburn (yes), Heckscher (yes), Hutton (yes); Tonina and Jackson recused themselves from the report, discussion, and vote)

IX. **Mission Review: Foundational Documents Excerpts - Staff Report and Board Discussion**

Timmons provided an overview of the key foundational documents for Fort Worden and the FWPDA to help align people in their understanding of what the lifelong learning center mission means. The 2008 State Parks Long Range Development Plan states as Fort Worden’s mission: “Fort Worden is Washington's state park conference center for recreation, arts, culture, history and the environment. It is a confluence of creative learning, recreation, and retreat opportunities for people of all ages, abilities, and backgrounds. Fort Worden is a partnership of the Washington State Parks and Recreation Commission, the Washington State Arts Commission, resident cultural institutions and businesses and major funders, achieving financial vitality through coordination and collaboration. The partnership 1) Promotes personal growth and professional development through conferences, workshops, performances, exhibitions and special events for individuals and groups, 2) Develops and manages businesses that fund annual operations, 3) Attracts public-private funding for
capital projects and endowment, and 4) Restores, preserves and interprets the significant historical, cultural and natural resources of the area.” (See packet for additional information.) Tonina noted that the charter and master lease refer to the 2008 plan. Hilton said the FWPDA also created an internal values statement that aligned with the foundational documents and could be brought forward with the new board. Timmons agreed.

X. **Stakeholder Relationships and Agreements - Staff Report and Board Discussion**

Timmons said work is needed over the next few months to harmonize the PDA’s lease, charter, and bylaws with the updated City Code. He expects inconsistencies will be found and clarification may be needed to ensure that nothing conflicts with the master lease. Based on State Parks’ recommendation, the PDA entered into a letter of intent to work with Parks and the City to develop a memorandum of understanding on issues that need further clarification and discussion. (See board packet for letter and MOU outline.) Timmons said guidance also is needed on how to conduct the PDA board’s transition, and a board member may need to be appointed to the Nominating Committee. The revised code streamlines the nominations process. Hutton said there might be a few ways to make the transition, one being a mass resignation, but that would put staff and the organization at risk. Board member Cindy Finnie said she thought the City had started this work months ago. Tonina said a few months ago the board expressed a desire to see four things through by July 1, before a board membership transition: the State’s accountability audit, secured PDA financing, the finalization of KPTZ’s lease at Makers Square (now done with Foundation’s Master Tenant LLC), and the Fort Worden Foundation lease. Timmons said he believes the City is ready to prioritize the nomination process now that the code work is complete. Jackson said he would be happy to be part of the Nominating Committee if the City would have him.

XI. **FWPDA Recovery and Reorganization Plan Update - Staff Report and Board Discussion**

- **Audit Update.** Timmons said he has an upcoming meeting with auditors and he hopes to get a timeline for when the audit will be complete. Finance staff member Becky Wagner talked about the additional audit work that has been needed, including providing details about the handling of refundable deposits. Timmons noted that the refunds were technically a settlement of claims, as the PDA’s attorney advised that refunds be done by class and because of contract language regarding force majeure. Timmons noted that the organization is paying the State Auditor’s Office for their staff time.

- **Insurance Renewal.** Timmons said the insurance renewal is due September 1 and he will share the information at the next board meeting. The FWPDA is insured through Enduris, a self-insurance risk pool for governmental entities and special purpose districts. Timmons said the FWPDA is currently paying about $80,000, largely for liability coverage, and the premium is based on worker hours. By separating hospitality operations and with drastic staff reductions in 2020, he said the renewal will come in at about $15,000 for the same level of coverage. (Timmons noted that the FWPDA is hoping to secure funding through a claim for business interruption, and he also is filing for a grant from the shuttered venue program through the Small Business Administration.)

- **Financing Requests Update.** Timmons said he is working closely with Craft 3 and Kitsap Bank on financing. He said the Craft 3 terms, which would be for hospitality start-up needs only, would be a stretch for the organization. The Kitsap Bank request is to help the FWPDA refinance its debt and for hospitality startup funds; a special meeting may be called if terms become available soon. Timmons noted Makers Square project reconciliation is showing that the FWPDA’s debt situation may be lower than originally projected (down to the $2 million to $2.6 million range).

XII. **Financial Reports - Staff Report and Board Discussion**

- **FWPDA Profit & Loss and Cash Flow Statements.** Wagner reviewed the financial reports. All bank accounts have been reconciled through March, she said. Wagner noted the hospitality
income is down about two-thirds from the previous year at this time, but with the lower cost of goods and continuing to operate with a small staffing team, the net income loss is approximately $143,000 (compared to $747,000 in March 2020). With the capital projects wrapping up, losses also are greatly reduced, she said. The first quarter cash flow statement showed the receipt of grant funds, advanced deposits, and payments on loans for a net cash increase of approximately $13,000.

- **Accounts Payable Report.** Timmons said the accounts payable have historically been approved through FWPDA administration except for expenses over $25,000, which go before the board. He said that while there is not a law requiring board approval of payables, a State Auditor’s Office guideline implies that accounts payables should be presented for approval to the board each month. Timmons said he had wanted to start this along with other directives that may come from the pending accountability audit report, but the approval practice will begin with the board’s next meeting. The AP report in the board packet shows a lot of progress, with a 50% reduction in amounts past due, he said. Hutton asked about the current practice of holding a percentage of advance deposits. Wagner said nothing is being held back at this time. Hutton suggested that because a policy to hold 35 percent exists (suspended by board action in 2020), the policy could be updated and brought to the next meeting.

- **Makers Square Financial Reconciliation.** Earlier in the report, Timmons noted that the reconciliation process includes rebooking qualified expenses through the Makers Square LLC structures for the requirements of the historic tax credits. Timmons said he also is working with First Federal, the historic tax credit investor, to help with the challenge of needing the tax credits to resolve all financial obligations, including contractor payments, but at the same time needing contractors to be fully paid to secure the remaining HTC payments. First Federal is going to advance the funds to Makers Square Master Tenant LLC to complete contract obligations, he said. Timmons also noted that the Department of Commerce has frozen payments from a grant because of something they read in the paper, and the State Auditor’s Office interceded on the FWPDA’s behalf and provided information that resolved the concern and led to the release of funds. He summarized other reconciliation needs needed to close out the Makers Square project. He expressed appreciation for Representative Steve Tharinger’s help re-appropriating a grant that had not been awarded; the funding is now in the governor’s budget for Makers Square site improvements.

- **Infrastructure Project Funding.** Timmons reviewed a draft proposal by State Parks for federal stimulus funding for rehabilitating and maintaining several buildings and infrastructure systems at Fort Worden. State Parks is recommending $35 million for specific infrastructure and historic preservation projects. He mentioned that there may also be changes to federal historic tax credit rules that would also help address deferred maintenance. Jackson said that if input is possible, he would like to see the dorms prioritized so that lower-cost housing could be available for partner programs and building 203 could be used for employee housing. Jackson said he would like to see money spent on infrastructure needs that increase programming opportunities for partners. Timmons described other financing possibilities that also could help with these needs and interests, possibly sooner.

- **Hospitality Business on the Books Update.** Senior Sales and Marketing Manager Natalie Maitland reviewed the report in the packet. She noted that $17,000 was added to the month of April since the last report was published, which reflects the trend of last minute bookings. The group line for June has been adjusted down. In a few days, the Fort will host its first wedding of the season, and it will involve following all mandated guidelines, Maitland reported. Many group inquiries have come through recently for August through November, showing an increase in demand, she said. Overall, she sees many positive signs for hospitality activity at the Fort. Regarding the pro forma projections, Maitland said accommodations activity in the first and second quarters outperformed pro forma projections, and Reveille cafe also outperformed first quarter projections. She noted that the pro forma assumes Taps and Canteen would reopen in May, and so this is a crucial period for hiring in order to continue the upward
XIII. Public Records Act Policy

Timmons talked about the challenge of having one staff person provide the organization’s administrative support and also serve as the Public Records Officer. The law allows entities to set policy regarding the allocation of staff time for records requests alongside other essential staff duties and responsibilities. He said most public organizations’ Public Records Act (PRA) policies address time management, and it is important for the FWPDA to do this with the Public Records Officer also serving a few other roles for the organization. Timmons said the records officer is currently researching PRA policies adopted by other public entities, including their frameworks for managing records requests alongside other necessary organizational work, and he would like to have the board support that direction and review the policy at its next regular meeting. Cook said that as a former publisher he strongly supports the PRA and has observed that the current records request workload is excessive relative to other administrative needs of the organization.

**Action:** Motion to direct David Timmons to establish a PRA policy that allows the FWPDA to respond in a reasonable way to public records requests without compromising the FWPDA’s administrative functions. **Unanimously approved**

Public Comment

No comments were shared or submitted in writing for the public comment period.

XIV. Adjourn

The board adjourned its meeting at 11:10 a.m.
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Amendment to Employment Agreement
Interim Executive Director
Fort Worden Lifelong Learning Center Public Development Authority – David Timmons

This Amendment to Agreement is made by and between the Fort Worden Lifelong Learning Center Public Development Authority (“FWPDA”) and David Timmons (“Timmons”) this ___ day of _____, 2021 (last date of person signing below).

RECITALS

A. The FWPDA Board on October 28, 2020 authorized the Board Co-Chairs to enter into an employment agreement with David Timmons as Interim Executive Director (“October 28, 2020 Agreement”). The October 28, 2020 Agreement covered a period from November 1, 2020 to June 30, 2021.

B. The parties desire to amend the October 28, 2020 Agreement on the terms set forth in this Amendment to Agreement.

AMENDMENT TO AGREEMENT

1. Amendment to Agreement.

The parties agree to extend the October 28, 2020 Agreement on a month-to-month basis for an indefinite period of time starting June 1, 2021.

Either party has the ability to terminate this agreement with 90-days’ notice, with no further obligations, subject to the following: In the event FWPDA gives notice of termination for cause, it has no further obligation under the October 28, 2020 Agreement or this Amendment from the date of notice of termination for cause. “Cause” would be intentional wrongdoing, fraudulent conduct, substantial failure to perform duties, theft, intentional breach of FWPDA policies, and the like.

In the event of a termination without cause, nothing prevents FWPDA from placing David Timmons on paid administrative leave following a notice of termination.

2. Other Terms. Except as set forth in this Amendment to Agreement, all other terms in the October 28, 2020 Agreement remain in full force and effect.
DAVID TIMMONS

__________________   Dated: ______________

David Timmons
FWPDA Interim Executive Director

FWPDA

__________________   Dated: ______________

Todd Hutton
FWPDA Board Co-Chair

__________________   Dated: ______________

Norm Tonina
FWPDA Board Co-Chair
Employment Agreement [Oct. 28 2020]  
Interim Executive Director  
Fort Worden Public Development Authority – David Timmons

This Agreement is made by and between the Fort Worden Lifelong Learning Center Public Development Authority (“FWPDA”) and David Timmons (“Timmons”) this __ day of _____, 2020 (last date of person signing below).

RECITALS

A. The FWPDA Board on October 28, 2020 authorized the Board Co-Chairs to enter into an employment agreement with David Timmons as Interim Executive Director.

B. The FWPDA and Timmons previously entered into an employment agreement for Timmons to serve as Acting Associate Executive Director, and intend by this Agreement to terminate that Agreement and elevate Timmons to Interim Executive Director effective November 1, 2020 on the terms set forth in this Agreement. This action overlaps and approximately coincides with the retirement, effective November 15, 2020, of David Robison as Executive Director.

AGREEMENT

1. Agreement. FWPDA and Timmons agree to enter into this employment agreement for Timmons to serve as Interim Executive Director on the terms set forth herein. The parties’ employment agreement for Timmons to serve as Acting Associate Executive Director is hereby terminated and superseded by this Agreement. Certain payments deferred or not paid under that Agreement, by agreement and in consideration of this new Agreement, will be paid under this Agreement as a benefit allowance, and therefore, no other monies or payments are due Timmons under the Acting Associate Executive Director Agreement.

2. Effective Date. Duration. The effective date of this Employment Agreement is November 1, 2020. It shall terminate June 30, 2021, absent prior termination by either party for any cause or no cause, or unless superseded or amended by another agreement. Provided, if not terminated as set forth above, then it shall continue on the same terms on a month-to-month basis.
3. **Powers and Duties.**

a. Timmons shall have all duties and responsibilities as the Executive Director of the FWPDA.

b. Timmons’ responsibilities include appointment to the position of Recovery Director.

c. The Recovery Director shall have direct responsibility for implementation of the FWPDA Strategic Goals Implementation adopted by the Board on May 13, 2020 (including any amendments), and for organization, administration and operation of the PDA for emergency management, and is authorized, to take all appropriate and necessary steps consistent with state and local law to respond to the emergency to safeguard the PDA’s assets, its employees, and the general public. This authorization includes emergency planning and partnering with other agencies and organizations to utilize PDA assets and staff for emergency management purposes, provided, the Recovery Director keeps the Board informed of major planned actions and seeks Board approval as required by law. The Recovery Director is authorized to modify employee work schedules and close or limit access to buildings and properties under PDA control. The Recovery Director is authorized to enter into contracts for emergency purposes without following processes and requirements for contracting in Resolution 15-02, as amended, provided, the contract must be explicitly necessary and directly relate to the emergency.

d. The Recovery Director is authorized to request all available local, state and federal assistance necessary to respond to this emergency. As required by funding agencies, the Recovery Director is authorized to sign all grant applications, grant agreements and other documents in connection with obtaining grants and other funding for emergency operations and recovery.

e. The Interim Executive Director shall report to and be under the oversight supervision of Board Co-Chairs Todd Hutton and Norm Tonina, who shall act in consultation with the Board of Directors.

4. **Salary.** Timmons’ salary shall be base salary of $12,040 per month as and for a full time salaried position. In addition, Timmons shall receive the monthly the sum of $892 as a benefit allowance. He shall not receive and not be entitled to any additional compensation or benefits unless agreed to in writing.
5. **Review of Full-time Position.** Periodically, and at least quarterly, as determined by FWPDA, FWPDA Co-Chairs and Timmons will review if Timmons’s position remains full-time. The first review is contemplated in mid-January. If the parties agree (as documented by email or letter amendment) that the position has become other than full-time, then Timmons’ salary shall be adjusted accordingly (for example, half time position at half the base salary). If the parties are not able to reach agreement, then either party may terminate this Agreement.

6. **Indemnification, Hold Harmless and Defense.** FWPDA shall indemnify, hold harmless and defend Timmons from and against any claims related to or arising out of the exercise of his powers and duties as Active Associate Executive Director.

7. **Entire Agreement.** This Agreement constitutes the entire agreement and supersedes any other agreements, oral or written, between the parties. This agreement may not be amended or changed by a writing signed by both parties.

**DAVID TIMMONS**

__________________  Dated: ________________

David Timmons

**FWPDA**

__________________  Dated: ________________

Todd Hutton

__________________  Dated: ________________

Norm Tonina
• Enduris is a joint self-insured risk pool.
• Formed in 1987 under RCW 48.62 to provide coverage for governmental members
• Enduris members are the Pool’s joint self-insured participants
• 536 Members, $4.2B assets insured
• Enduris provides coverage for a broad array of special purpose districts across the state
To provide financial protection, broad coverage, and risk management services responsive to members’ needs.

Providing Reliability In A Risky World
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Vicki Carter, Vice-Chair  
Spokane Conservation District

Patsy Martin, Chair  
Port of Skagit

BiJay Adams, Secretary/Treas  
Liberty Lake Sewer & Water District

Kim Bedier, Director  
Everett Public Facility District

Noel Hardin, Director  
Asotin Co. FPD #1

Matt Schanz, Director  
NE Tri-County Health District

Jeri Sevier, Director  
Port of Olympia

Sheryl Brandt, Ex-Officio  
Executive Director, Enduris
Liability

- General Liability
- Auto Liability
- Professional Liability
- Employment Practices
  - 20% co-pay*
  - $20 million annual aggregate
- Public Officials Errors & Omissions
  - $20 million annual aggregate

*Waiver Available

$20,000,000 each Occurrence
- No aggregate for G.L.
- No shared limits
- $1,000 deductible
Property

- $800 Million
  - Pool aggregate
- $50 Million flood (shared)
- $10 Million quake (shared)
- Blanket property limit
- Replacement cost valuation
- No co-insurance requirement
- Boiler and machinery
- Business interruption

*Deductible:
  - $1,000 Property
  - $1,000 Mobile Equip.
  - $250 APD

*Sublimits apply
Bond Insurance

Covers money and securities from employee theft, both inside and outside the premises for employees, officials and volunteers

**Blanket Bond Coverage**

- $2,500 per occurrence
- No aggregate
- $1,000 deductible on the indemnity
- Limits available up to $1 million
Cyber Liability

• $2 million member aggregate*
• $25 million program aggregate
• Timely notice of loss is critical
• 20% co-pay deductible (up to $100,000)
  o Waiver Available
• Covers the cost of:
  o Breach response
  o Privacy Notification costs
  o Regulatory Defense and Penalties
  o Data and Network Liability
  o Media Liability
  o Cyber Extortion
  o Data Recovery Loss
  o Business Interruption Loss

*sublimits within aggregate apply, check your policy for detail
Pollution

Coverage for first and third party losses
  • $2M aggregate *
  • Claims made and reported policy
  • Timely notice of loss is critical
  *sublimits within aggregate apply, check your policy for detail

Pollution coverage is not available for all members.

Excludes the following member types (not a comprehensive list):
  • Members with **no property** coverage at Enduris
  • Owned **locations not itemized** on the property policy
  • **Airport** locations
  • **Landfill** locations
  • Certain types of **water locations** (Port specific)
Claims Handling

- Managed in-house
- We dispatch local claims adjusters
- 24 hour claims service
  - 1-800-462-8418
- Forms can be found on the Enduris website
  - Claim for damage form
  - Incident report form
  - Agent to receive claims filing
Identity Fraud

Identity Fraud Expense Reimbursement and Identity Fraud Resolution Services

- Administered by TRAVELERS
- Maximum benefit $25,000
- Covers full time district employees and elected officials, as well as live-in family members
- See flyer for more information
Risk Control

- Pre-Defense Program (employment practices)
- Cyber Co-Pay Waiver
- Contract Review for insurance requirements
- MRSC (ask a question)
- Ongoing Training & Education
- Sponsorship for association conferences and scholarships to select conferences/seminars
- General coverage consultation
- Coverage analysis
- Risk Management Online Handbook
Pre-Defense Program - EPL

• 20% co-pay on EPL claims may be waived
  o Keep Enduris in front of the employment issue
  o Employment law specialist may assist when needed

• Prevention is key

• No deductible is utilized

Contact: Susan Looker, Director of Claims
Toll free at 1-800-462-8418
Co-Pay Waiver - Cyber

• 20% co-pay on Cyber claims up to $100,000
• Can be waived if the following are in place prior to a breach/claim
  o Accurate inventory of electronic devices
  o Secure and encrypted Wi-Fi networks
  o Antivirus, Malware, Spyware software installed and updated on all entity devices
  o Firewall software installed at perimeter or on all entity devices
  o SPAM filter implemented on all district email accounts
  o Unique passwords for all users
  o Frequent backup on a scheduled basis, minimum of one copy stored offsite (cloud acceptable)
Risk Control - Contracts

- Review of insurance requirements
- May make recommendations on indemnification / hold harmless language
- Transfer of risks
- Certificates of coverage

Contact: Joe Davis, Risk Manager
Email jdavis@enduris.us
Risk Control - MRSC

MRSC “ask a question”

✓ A free service provided through Enduris!

Legal policy research on:

• RCW/Municipal law
• Budget and finance
• Public administration
• Planning and growth management
• Public works and utilities
• Local government policies

MRSC.org -or- (206) 625-1300
Risk Control - Online University

- Over 150 courses available
- User-friendly, 30-minute modules
- Quiz and certificate printed
- Can take individually or in team setting
- HR can access staff training records
- HELP DESK - 1-800-845-8887
- email: enduris@localgovu.com
- www.enduris.localgovu.com
Risk Control - Training

Seminars

• Employer and human resources related topics
• On or off-site locations. Webinars.
• Scholarships may be available
• Registration and scholarship info on website

DVD Library

• Convenient online access and check-out
• 30 days – longer if needed
• Enduris.us/Risk Management/Video Library

Contact: Sindy Joseph, Member Relations Coordinator
Email sjoseph@enduris.us
Risk Control - Consultation

- Review of property and associated exposures
- Property walk thru’s to assist in identification and mitigation of risk
- Review of insured values and provide coverage analysis
- Provide coverage explanation and guidance associated with Enduris Memorandum of Coverage
Risk Control – Member Portal

The Enduris Member Portal is accessible online for all members.

- Access to current schedules, binder, and vehicle ID cards
- Ability to update schedules
- Risk Management Handbook
- Claims forms available
- Renewal survey and documents
CONTACT INFORMATION

Shellie Klink  
Marketing and Membership Coordinator  
sklink@enduris.us

Joe Davis  
Director of Risk Management and  
Member Relations  
jdavis@enduris.us

Susan Looker  
Director of Claims  
slooker@enduris.us

(509) 838-0910  
(800) 462-8418

1610 S. Technology Blvd., Suite 100  
Spokane, WA  99224  
www.enduris.us
Section 1. Authority and purpose.

(1) RCW 42.56.070(1) requires each agency to make available for inspection and copying nonexempt public records in accordance with published rules. The Public Records Act (the “Act”) defines "public record" to include any "writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained" by the agency. RCW 42.56.070(2) requires each agency to set forth "for informational purposes" every law, in addition to the Public Records Act, that exempts or prohibits the disclosure of public records held by that agency.

(2) The purpose of Act is to provide the public full access to information concerning the conduct of government, mindful of individuals’ privacy rights and the desirability of the efficient administration of government. The Act and these rules will be interpreted in favor of disclosure. In carrying out its responsibilities under the Act, the Fort Worden Public Development Authority (FWPDA) will be guided by the provisions of the Act describing its purposes and interpretation.

(3) The purpose of these rules is to provide the procedures the FWPDA will follow to provide full and timely access to public records, mindful of the need to protect public records from damage or disorganization, and to prevent excessive interference with other essential functions of the agency, as required by RCW 42.56.100. These rules provide information to persons wishing to access public records of the FWPDA.

Section 2. Contact information—Public Records Officer.

(1) The FWPDA’s office is located at 200 Battery Way, Building 200, Port Townsend, WA, 98368

(2) The Executive Coordinator is designated as the FWPDA’s Public Records Officer. Any person wishing to request access to public records of the FWPDA or seeking assistance in making such a request should contact the Public Records Officer in one of the following ways:

- By Email: publicrecords@fortworden.org
- By Mail: FWPDA Public Records Officer, 200 Battery Way, Building 200, Port Townsend, WA 98368
- In person: FWPDA Public Records Officer, 200 Battery Way, Building 200, Port Townsend, WA 98368
- By Phone: 360-344-4400, ask for Public Records Officer

Information is also available at the FWPDA’s website at https://fortworden.org/category/pda-documents/

(3) The Public Records Officer will oversee compliance with the Act and may also work in collaboration with other staff and board members to process requests. Therefore, these rules will refer to the Public Records Officer “or designee” where appropriate.
Section 3. Availability of public records.

(1) Hours for in-person inspection of records. Records may be available electronically or in hard copy form. Hard copy public records are generally available for inspection and copying during normal administrative business hours of the FWPDA: Monday through Friday, 9:00 a.m. to 5:00 p.m. (excluding legal holidays and subject to office closures due to staffing requirements and emergencies). To assure protection of public records, FWPDA staff may require that inspection and/or copying of records responsive to a specific request occur at such dates and times as mutually agreed upon between the Public Records Officer and the requestor. A requestor shall not take FWPDA records from FWPDA offices without permission of the Public Records Officer.

(2) Electronic access to records. For those seeking responsive records in electronic format, the FWPDA may provide access to public records by transmitting the responsive record via e-mail, providing links to FWPDA’s web site if it hosts an electronic copy of desired records, or providing records on a USB flash drive. The Public Records Officer will work with the requester to determine the most appropriate method for providing electronic copies of responsive records.

(3) Organization of records. The FWPDA will maintain its records in a reasonably organized manner. The FWPDA will take reasonable actions to protect records from damage and disorganization.

(4) Records Index. RCW 42.56.070(4) provides that an agency need not maintain a public records index if doing so would be unduly burdensome, but the agency must issue and publish a formal order specifying the reasons why and the extent to which compliance would be unduly burdensome or would interfere with agency operations. By Resolution 15-05, adopted on April 29th, 2015, the FWPDA Board of Directors established that the FWPDA is not required to maintain an all-inclusive index of public records due to the undue burden of maintaining such an index.

Section 4. Making a request for public records.

(1) Any person wishing to inspect or copy public records of the FWPDA should make the request in one of the ways described in Section 2(2) and shall include the following information:
   (a) Name of requestor;
   (b) Mailing address of requestor;
   (c) Other contact information, including telephone number and email address;
   (d) Identification of the public records adequate for the Public Records Officer or designee to locate the records; and
   (e) The date and time of day of the request. If the request is mailed, the date the mail is received will generally be the date in which the initial request response window begins.
   (f) Use the terms “public records” or “Public Records Act”
(2) If the requestor wishes to have hard copies of the records made instead of receiving electronic copies or inspecting them on-site, the requestor must indicate this.

(3) Form. An optional public records request form is available for use by requestors at the FWPDA administrative offices or via the website at www.fortworden.org. While written submission of a records request via email or mail is encouraged, the Public Records Officer will accept oral requests that contain the above information via telephone, voice mail, or face to face. If the Public Records Officer accepts such a request, the officer shall confirm receipt of the information and the substance of the request in writing.

(4) Identification and scope of records requests. A requestor must request an "identifiable record" or "class of records" before the FWPDA must search for records. An "identifiable record" is one that is existing at the time of the request and which FWPDA staff can reasonably locate. The Act does not allow a requestor to make "future" or "standing" (ongoing) requests for records not in existence. RCW 42.56.520 allows Public Records Officers to request clarification from requestors in two ways, which may be used with vague or complex requests: 1) An interpretation of the request can be provided with the opportunity for the requestor to provide correction, or 2) more information can be asked for about any portion of a request that may be unclear. An "identifiable record" is not a request for "information" in general. For example, asking "what policies" the FWPDA has for space rental inquiries is merely a request for information. A request to inspect or copy the FWPDA’s policies and procedures for space rental inquiries would be a request for an identifiable record.

(5) Reasonable notice of submission. The Public Records Act requires that an agency be provided reasonable notice that a public records request has been submitted. To do so, a requestor must request records as set forth in this policy. Public records requests may not be buried in other communications or otherwise delivered in an unapproved or roundabout manner. Failure to provide reasonable notice of submission may result in delayed production of records. Unless otherwise set forth in this policy, the Public Records Officer is the official portal for receipt of all records requests made to the FWPDA.

Section 5. Processing of public records requests--general.

(1) Providing "fullest assistance." Mindful of the requirements of RCW 42.56.100, to the extent reasonably possible, the Public Records Officer will process requests in the order allowing the most requests to be processed in the most efficient manner.

(2) Acknowledging receipt of request. Within five business days of receipt of a request, the Public Records Officer will do one or more of the following:

(a) Make the records available for inspection or copying;
(b) Provide a link to the FWPDA’s website if it hosts requested records;
(c) If copies are requested and payment of a deposit for the copies, if any, is made or terms of payment are agreed upon, send the copies to the
(d) Acknowledge the request and provide a reasonable estimate of when records will be available; or
(e) If the request is unclear or does not sufficiently identify the requested records, request clarification from the requestor (see Section 4(4)). Per 42.56.520(d), in an attempt to clarify a request, the FWPDA shall provide a reasonable estimate of the time it will take to respond if a request is not clarified; or
(f) Deny the request.

(3) **Consequences of failure to respond.** If the FWPDA does not respond in writing within five business days of receipt of the request for disclosure, the requestor should contact the Public Records Officer to determine the reason for the failure to respond.

(4) **Reasonable estimate of time to fully respond.** If not able to fulfill the request within the five-business-day period, the Public Records Officer will provide a reasonable estimate of the time it will take to either fully respond to the request or produce the first installment of records. Timing updates will be provided with each installment. The Public Records Officer should briefly explain the basis for the time estimated to respond, noting relevant reasons, such as the factors listed in Section 5(5). Should an extension of time be necessary, the Public Records Officer will provide a revised estimate and identify circumstances related to the extension.

(5) **Prevention of excessive interference with essential FWPDA functions.**
Public records requests are an essential function of the Public Records Officer. However, the FWPDA also must protect against excessive interference with its other essential functions. Due to the small size of the FWPDA administrative team and the other executive and governance support responsibilities assigned to the Executive Coordinator who also serves as the Public Records Officer, the following criteria will be used to manage the records request queue and establish expectations for when records can be released:

(a) the scope of the search for records;
(b) the number of records responsive to any given request;
(c) the number and size of other records requests in the queue;
(d) the amount of processing and review anticipated or required for the request or other requests in the queue;
(e) how much consultation with the FWPDA’s attorney is needed regarding possible redaction or withholding of information exempted by law from disclosure;
(f) the time needed for third party review or requester action; and
(g) the current volume of other FWPDA work, as it affects the amount of staff time that can be devoted to requests.

The Executive Director is authorized to set a maximum number of hours per month for the Public Records Officer (and related staff) to respond to public records requests if the Executive Director determines it necessary in order to manage and prevent excessive
interference with other essential functions of the FWPDA.

(6) **Managing the request queue.** Responding to a records request is not always a sequential process. The Public Records Officer will manage the active queue by moving between requests based on circumstances that may include, but are not limited to the following:

- a request is waiting for records to be retrieved;
- a request is waiting for the requester to respond to a request for clarification;
- a request is waiting for legal review of records to determine if they meet the definition of a public record or the applicability of exemptions;
- a request is waiting for the expiration of the time allowed a third party to obtain an order from a court enjoining release of records;
- a request is waiting for resolution of a legal action filed by a third party to enjoin release of records; or
- a request is waiting for consideration of a petition to review denial of access

(7) **Searching for records.** The FWPDA must conduct an objectively reasonable search for responsive records. The Public Records Officer will determine where responsive records are likely to be located and involve other staff and board members, as needed, to engage in the search for records. After potentially responsive records are located, the Public Records Officer should take reasonable steps to reduce the number of records assembled to those that are in fact responsive. If the FWPDA does not locate any responsive documents, the Public Records Officer will so indicate to the requestor and will explain in at least general terms the places searched and/or the search terms employed.

(8) **Installments.** The FWPDA may provide records in installments over time if the Public Records Officer reasonably determines that it would be practical to provide the records in that way. The Public Records Officer will inform the requester in advance that the records may be produced in installments, and that, if applicable, the copy costs for each installment must be paid before the next installment will be produced. If, within thirty days, the requestor fails to inspect the entire set of records or one or more of the installments, the public records officer or designee may stop searching for the remaining records and close the request.

(9) **Records exempt from disclosure.** The Public Records Act and other statutes provide that a number of document types and information are prohibited from being disclosed or are exempt from public inspection and copying. The FWPDA will maintain on its website a current list of disclosure prohibitions/exemptions, other than those listed in the Act, which exempt or prohibit disclosure of specific information or public records.

If the FWPDA determines that a record is exempt from disclosure and should be withheld, the Public Records Officer will provide a log that states the specific exemption(s) and provides a brief explanation of why the record is being withheld. If only
a portion of a record is exempt from disclosure, but the remainder is not exempt, the Public Records Officer or designee will redact the exempt portions, provide the non-exempt portions, and use a log to indicate to the requestor why portions of the record are being redacted.

(10) **Court protection of records (Third-party notice).** If the requested records contain information that may affect rights of a person who is named in the record or to whom the record specifically pertains and that may be exempt from disclosure, prior to providing the records the Public Records Officer may give notice to such persons. Generally, 14-days’ notice will be given in order to make it possible for the 3rd party to contact the requestor and ask them to revise the request or, if necessary, allow affected individuals to seek an order from a court to prevent or limit the disclosure. The notice to the affected person(s) will include a copy of the request. Nothing in this section requires the FWPDA to provide such third-party notice, unless otherwise required by law.

The Public Records Act provides that an agency’s officials or employees are not liable for loss or damage to any person, including a third party, based on release of a FWPDA record if the employee or official acted in good faith in attempting to comply with the PRA.

**Section 6. In-person inspection of records.**

(1) Consistent with other demands, the FWPDA shall promptly provide space for in-person inspection of public records if requested and when records are ready. No member of the public may remove a document from the viewing area or disassemble or alter any document.

(2) The requestor must claim or review the assembled records within thirty days of the FWPDA’s notification that the records are available for inspection or copying. The agency will notify the requestor in writing of this requirement and inform the requestor that they should contact the agency to arrange to claim or review the records. If the requestor or a representative of the requestor fails to claim or review the records within the thirty-day period or make other arrangements, the FWPDA may close the request and re-file the assembled records. Other public records requests can be processed ahead of a subsequent request by the same person for the same or almost identical records, which can be processed as a new request.

(3) After inspection is complete, the Public Records Officer or designee shall make the requested copies or arrange for copying.

(4) When all requested copies are provided (other than records exempt from disclosure), the public records officer or designee will indicate that the FWPDA has completed a diligent search for the requested records and made any located non-exempt records available for inspection.

(5) When the requestor either withdraws the request or fails to fulfill their obligations to inspect the records or pay the deposit or final payment for the requested
copies, the Public Records Officer will close the request and indicate to the requestor that the FWPDA has closed the request.

Section 7. Fulfillment of requests. Along with or immediately after production of the final installment of records, a letter or email acknowledging fulfillment shall be sent to the requestor. The communication should refer to the request and any agreed upon clarifications and inform the requester that the FWPDA believes the records request has been fulfilled and will take no further action. If the requester contacts the FWPDA subsequent to the fulfillment communication, they will be required to submit a new Public Records Request.

Section 8. Later discovered documents. If, after the FWPDA has informed the requestor that it has provided all available records, the Public Records Officer becomes aware of additional responsive documents existing at the time of the request, the officer will promptly inform the requestor of the additional documents and provide them on an expedited basis.

Section 9. Costs of providing copies of public records. There is no fee for inspecting public records in person. An agency can charge for copies of public records if it adopts a fee schedule pursuant to RCW 42.56.070(7). The FWPDA reserves the right to adopt a fee schedule in accordance with RCW 42.56.070(7) and will append the schedule to this policy and post to its website.

Section 10. Review of denials of public records.

(1) Petition for internal administrative review of denial of access. Any person who objects to the initial denial or partial denial of a records request may petition in writing (including e-mail) to the public records officer for a review of that decision. The petition shall include a copy of or reasonably identify the written statement by the public records officer or designee denying the request.

(2) Consideration of petition for review. The Public Records Officer shall promptly provide the petition and any other relevant information to the FWPDA’s attorney or designee to conduct the review. That person will immediately consider the petition and either affirm or reverse the denial within two business days following the FWPDA’s receipt of the petition, or within such other time to which the FWPDA and the requestor mutually agree.

(3) Judicial review. Any person may obtain court review of denials of public records request pursuant to RCW 42.56.550 at the conclusion of two business days after the initial denial regardless of any internal administrative appeal.
## Profit & Loss Prev Year Comparison

### April 2021

#### Ordinary Income/Expense

<table>
<thead>
<tr>
<th>Category</th>
<th>Apr 21</th>
<th>Apr 20</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4000 Accomodations</td>
<td>86,125</td>
<td>0</td>
<td>86,125</td>
<td>100%</td>
</tr>
<tr>
<td>4400 Food Sales Revenue</td>
<td>9,655</td>
<td>0</td>
<td>9,655</td>
<td>100%</td>
</tr>
<tr>
<td>4600 Other Revenues</td>
<td>17,640</td>
<td>22,354</td>
<td>-4,714</td>
<td>-21%</td>
</tr>
<tr>
<td>4900 PDA Grants/Donations</td>
<td>310,989</td>
<td>298,400</td>
<td>12,589</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>424,409</td>
<td>320,754</td>
<td>103,655</td>
<td>32%</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Goods</td>
<td>4,265</td>
<td>0</td>
<td>4,265</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total COGS</strong></td>
<td>4,265</td>
<td>0</td>
<td>4,265</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>420,144</td>
<td>320,754</td>
<td>99,390</td>
<td>31%</td>
</tr>
<tr>
<td>Expense</td>
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<td></td>
</tr>
<tr>
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<td>-32%</td>
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<tr>
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<tr>
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<td>560</td>
<td>32%</td>
</tr>
<tr>
<td>8500 Operating Expense</td>
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<tr>
<td>Other Income/Expense</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9600 Leasehold Improvements</td>
<td>0</td>
<td>38,806</td>
<td>-38,806</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Total Other Expense</strong></td>
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<td>38,806</td>
<td>-38,806</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Net Other Income</strong></td>
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<td>-38,806</td>
<td>38,806</td>
<td>100%</td>
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<td>165,943</td>
<td>-357,747</td>
<td>523,691</td>
<td>146%</td>
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FORT WORDEN PDA  
Hospitality Comparative Profit and Loss  
April 2021 & 2020

<table>
<thead>
<tr>
<th>Ordinary Income/Expense</th>
<th>Apr 21</th>
<th>Apr 20</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4000 Accomodations</td>
<td>86,125</td>
<td>0</td>
<td>86,125</td>
<td>100%</td>
</tr>
<tr>
<td>4400 Food Sales Revenue</td>
<td>9,655</td>
<td>0</td>
<td>9,655</td>
<td>100%</td>
</tr>
<tr>
<td>4600 Other Revenues</td>
<td>17,640</td>
<td>22,354</td>
<td>-4,714</td>
<td>-21%</td>
</tr>
<tr>
<td>4900 PDA Grants/Donatio...</td>
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<td>48,400</td>
<td>-23,400</td>
<td>-48%</td>
</tr>
<tr>
<td>Total Income</td>
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<td>67,666</td>
<td>96%</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Goods</td>
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<td>0</td>
<td>3,743</td>
<td>100%</td>
</tr>
<tr>
<td>Total COGS</td>
<td>3,743</td>
<td>0</td>
<td>3,743</td>
<td>100%</td>
</tr>
<tr>
<td>Gross Profit</td>
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<td>70,754</td>
<td>63,923</td>
<td>90%</td>
</tr>
<tr>
<td>Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6010 Personnel Costs</td>
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<td>156,502</td>
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<tr>
<td>7000 Repairs &amp; Maintenanc...</td>
<td>312</td>
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<td>184</td>
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<td>7100 Utilities</td>
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<td>8400 Contracts PDA</td>
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<td>32%</td>
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<tr>
<td>8500 Operating Expense</td>
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<td>Net Ordinary Income</td>
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<td>-134,858</td>
<td>70,807</td>
<td>53%</td>
</tr>
<tr>
<td>Net Income</td>
<td>-64,051</td>
<td>-134,858</td>
<td>70,807</td>
<td>53%</td>
</tr>
</tbody>
</table>
## Capital Comparative Profit and Loss

**April 2021 & 2020**

<table>
<thead>
<tr>
<th>Category</th>
<th>Apr 21</th>
<th>Apr 20</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Income/Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4900 PDA Grants/Donations</td>
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<td>250,000</td>
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<td>14%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>285,989</td>
<td>250,000</td>
<td>35,989</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6010 Personnel Costs</td>
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<td>60,457</td>
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<td>-85%</td>
</tr>
<tr>
<td>7000 Repairs &amp; Maintenance</td>
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<td>-20,086</td>
<td>-100%</td>
</tr>
<tr>
<td>8000 Contracts</td>
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<td>355,334</td>
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<td>-90%</td>
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<tr>
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<td>-701</td>
<td>-100%</td>
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<td><strong>Net Ordinary Income</strong></td>
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</tr>
<tr>
<td><strong>Other Income/Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9600 Leasehold Improvements</td>
<td>0</td>
<td>38,806</td>
<td>-38,806</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Total Other Expense</strong></td>
<td>0</td>
<td>38,806</td>
<td>-38,806</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Net Other Income</strong></td>
<td>0</td>
<td>-38,806</td>
<td>38,806</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>241,320</td>
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**OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$165,943</td>
</tr>
<tr>
<td>Adjustments to reconcile Net Income</td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>$(28,227)</td>
</tr>
<tr>
<td>Inventories</td>
<td>$(1,379)</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>$(11,708)</td>
</tr>
<tr>
<td>Hospitality A/P</td>
<td>$(31,084)</td>
</tr>
<tr>
<td>Capital Fund A/P</td>
<td>$(219,204)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$3,494</td>
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<tr>
<td>Public Works Retainage</td>
<td>$1,316</td>
</tr>
<tr>
<td>Advance Deposits</td>
<td>$104,511</td>
</tr>
<tr>
<td><strong>Net cash provided by Operating Activities</strong></td>
<td><strong>$(16,338)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash increase for period</td>
<td>$(16,338)</td>
</tr>
<tr>
<td>Cash at beginning of period</td>
<td>$172,956</td>
</tr>
<tr>
<td><strong>Cash at end of period</strong></td>
<td><strong>$156,618</strong></td>
</tr>
<tr>
<td></td>
<td>Room Revenue</td>
</tr>
<tr>
<td>--------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td>$35,597.09</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td>$43,593.26</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>$ -</td>
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<tr>
<td><strong>Leisure</strong></td>
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<tr>
<td><strong>Group</strong></td>
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<tr>
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<tr>
<td><strong>Leisure</strong></td>
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</tr>
<tr>
<td><strong>Group</strong></td>
<td>$16,153.60</td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td>$199,267.47</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>$43,886.08</td>
</tr>
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</table>

* Updated as of 5/21/2021
** Most groups don't have any catering actuals, only minimums contracted; Partners have no catering estimates or minimums included
*** Outstanding Revenue is the amount still owed by guest based on projected BOB
Source: Maestro Room Occupancy Forecast, DART, Arrivals w Adv Deposits and Group BOB Reports
Fort Worden Lifelong Learning Center Public Development Authority
Fort Worden Hospitality
CONCESSION AGREEMENT

This CONCESSION AGREEMENT ("Agreement"), by and between the FORT WORDEN LIFELONG LEARNING CENTER PUBLIC DEVELOPMENT AUTHORITY ("FWPDA") and FORT WORDEN HOSPITALITY ("Concessionaire"), grants non-exclusive (except where otherwise stated) concession rights on the Fort Worden State Park campus in Jefferson County, Washington, SUBJECT TO the terms and conditions contained in this Agreement, including exhibits to this Agreement, which are incorporated into and made a part of this Agreement by reference.

RECITALS

(a) Whereas, pursuant to the Master Lease dated August 2, 2013 by and between State of Washington, acting through the Washington State Parks and Recreation Commission, as Landlord and Fort Worden Lifelong Learning Center Public Development Authority, a Washington public authority chartered by the City of Port Townsend under authority of Washington law and City ordinance (the “FWPDA”), as tenant, FWPDA assumed primary responsibility for management of the Fort Worden campus and its 72 historic buildings and additional revitalized buildings;

(b) The State, as assignor, and FWPDA have entered into that certain Assignment and Assumption Agreement, dated as of July 16, 2014, as amended by letter agreement dated August 8, 2014, wherein the State has assigned, and the PDA has assumed, the right, title, and interest of the lessor in and under the 2013 Lease.;

(c) On December 29, 2017, FWPDA as lessor and Makers Square Master Landlord, LLC ("Master Landlord, LLC") as lessee entered into a lease of Buildings 305, 308 and 324 in connection with a transaction known as Makers Square to secure Historic Tax Credits (HTCs) for rehabilitation of these buildings. Separately, Master Landlord LLC leased the buildings to Master Tenant LLC, which in turn has or intends to lease the buildings to
Fort Worden Foundation. In addition, FWPDA has leased or will lease the grounds in and around the buildings to Foundation to manage with the buildings as part of its lease of the buildings. This Agreement does not pertain to or affect those buildings or grounds known as Makers Square.

(d) The FWPDA enters into this Agreement to grant to Concessionaire certain rights to operate certain services within and at certain facilities as described in this Agreement and more particularly in Exhibit A (“Business”), within and at facilities shown on Exhibit B (“Concession Facilities”). The purpose of this Agreement is to provide enhanced and expanded visitor experiences with the Lifelong Learning Center.

**Contractor**: A person or company that undertakes a contract and/or is under contractual obligation to provide materials or labor to perform a service or do a job.

**Concessionaire**: A Contractor that the FWPDA has authorized to use/possess a structure or location under lease to FWPDA as lessee under the Master Lease with the State. Note: A Concessionaire is always a Contractor and for purposes of this agreement the terms may be used interchangeably.

1. **TERM**

1.1 Term. This Agreement shall commence on Date of Execution (date of last signature) and shall expire coterminal with and in accordance with Section 1.2 – Concessionaire’s Performance

1.2 Concessionaire Performance. This Concessionaire shall commence performance on July 1, 2021, or on the date signed by the FWPDA, whichever is later (“Commencement Date”), and expire on July 1, 2046, unless terminated earlier under another provision of this Agreement (the period from the Commencement Date to the date of expiration or termination is the “Agreement Term”)

2. **OPERATION**

2.1 Concessionaire’s Operation of the Business. Concessionaire shall operate the Business as described in Exhibit A and shall perform all work, provide all labor, and provide all, equipment, furnishings, and supplies sufficient for the operation
of the Business, except that equipment, furnishings, and supplies identified in Exhibit A as being provided by the FWPDA. At all times during the Agreement Term, Concessionaire shall use reasonable efforts in operating the Business. Nothing prevents Concessionaire from entering into such agreement or agreements as it deems appropriate to carry out the Business, PROVIDED, that Concessionaire ensures that any sub-concessionaire or service provider comply with all terms of this Agreement that apply to the operation of the Business, and that Concessionaire retains the right to terminate any sub-concessionaire or service provider agreement for failure to do so.

2.2 Additional Services. The FWPDA may, at its sole discretion, authorize Concessionaire to provide other directly related concession services, all subject to space availability and approval in writing by the FWPDA. Any such expansion of concession services shall be documented in an amendment to the description of the Business contained in Exhibit A.

2.3 Qualifications of Concessionaire and Concession Personnel. Concessionaire and Concessionaire’s employees and agents shall be qualified to operate the Business, including, but not limited to, operating and maintaining any necessary equipment. Concessionaire and Concessionaire’s employees and agents shall perform in a businesslike and courteous manner and strive to provide quality service to campus visitors. As required by state or local law, Concessionaire and employees must be in possession of all health or food and/or alcohol handling permits. If directed to do so by the FWPDA Executive Director, Concessionaire or Concessionaire’s employees must at all times when on duty wear a name tag and clothing approved by the FWPDA in order to be recognized as an employee of Concessionaire and any limitations or disapprovals will be communicated to Concessionaire in writing which may include email.

2.4 Public Benefit and Mission. All terms of Public Benefit, as described in Section 3.2 of the FWPDA Master Lease with Parks, remain in place and Concessionaire agrees to fulfill those terms on behalf of the PDA. Public Benefits generally include, but are not limited to, the following: operation of the Campus as a Lifelong Learning Center open and accessible to the public; provision of services and programs consistent with such use; provision of facilities conducive to public enjoyment of the Campus as a Lifelong Learning Center; and provision of ancillary benefits to the Port Townsend community resulting from such operation of the Campus. The scope and nature of Public Benefits may change as the Lifelong Learning Center matures. A Public Benefits Report shall be included as a part of the Annual Report from the PDA to the
Commission, and the Vendor agrees to full participation in the creation of that Annual Report.

While operating within this Agreement, the Vendor’s mission statement must include reference to the Lifelong Learning Center.

2.5 Background Checks. A criminal background check shall be performed on each and every person working on behalf of Concessionaire under this Agreement, including, but not limited to, each employee, agent, and volunteer of Concessionaire, and Concessionaire him- or herself (if a natural person), except that a person who neither interacts with campus visitors nor enters Park/campus lands is not subject to a background check. Background checks required under this section shall be performed at Concessionaire’s expense or at the expense of the person subject to the background check. Background checks required under this section shall be completed prior to the person initially commencing work on behalf of Concessionaire and prior to resuming work on behalf of Concessionaire in each subsequent season, or a background check shall be performed at least annually for persons working year-round on behalf of Concessionaire. Concessionaire may not allow any person for whom a background check is required under this section to work on Concessionaire’s behalf if the person’s background check reveals information suggesting that the person poses a danger to the person or property of any campus visitor or campus staff or volunteers, or a danger to the FWPDA’s property. At the FWPDA’s request, Concessionaire shall provide the FWPDA with copies of any and all background checks conducted under this section.

2.6 Compliance with Laws, Rules, and Regulations. Concessionaire shall comply with all laws, ordinances, and rules relating to the use and occupancy of the Concession Facilities and conduct of the Business. Concessionaire will not permit any objectionable action which would constitute a nuisance or commit any waste upon the Concession Facilities.

2.7 Permits and Licenses. Concessionaire shall obtain and keep in force all permits, licenses, permissions, consents, and approvals required by governmental agencies or third parties in connection with Concessionaire’s operation of the Business and occupation of the Concession Facilities. Application for permits shall be at the sole risk, cost, and expense of Concessionaire. A copy of UBI licensing must be submitted to the FWPDA prior to commencing operation of the Business, and copies of all other permits shall be supplied to the FWPDA upon request. Concessionaire shall pay on a timely basis all taxes as may be lawfully imposed and will comply with all applicable
local, state, and federal licensing requirements and standards necessary in the performance of this Agreement.

2.8 Watercraft Rental. If renting watercraft, Concessionaire shall provide Coast Guard approved personal flotation devices and a whistle to all watercraft rental customers and shall require in rental agreements, and in practice, their use by all persons in or on the watercraft as a condition of rental. The sale, rental, or provision of flotation devices not approved by the U.S. Coast Guard is prohibited. Rentals shall only be offered during daylight hours and must be returned by sundown. No rentals shall be taken out during inclement weather (such as high winds or chance of lightening).

2.9 Independent Contractor: Concessionaire operates the Business as an independent contractor of FWPDA. Operation of the Business is not in any way a partnership, agency, franchise, or joint venture between the FWPDA and Concessionaire. Except as expressly provided in this Agreement, neither party shall be bound, with respect to third parties, by any representation made by the other party. The FWPDA has no obligation with respect to Concessionaire’s debts or other liabilities. Concessionaire has the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, discipline, and discharge its employees and contractors and Concessionaire has the sole and exclusive control over its labor and employee relations policies and its policies related to wages, hours, and working conditions of its employees and contractors. In performing under this Agreement, neither Concessionaire nor Concessionaire’s employees or contractors are employees of the FWPDA.

3. FINANCIAL RECORD KEEPING AND REPORTING

3.1 Reporting and Cash Handling. Concessionaire shall adhere to written cash handling procedures. Such cash handling procedures shall be commercially reasonably given the nature of the Business and sufficient to ensure safe and accurate accounting of all monies received by Concessionaire through operation of the Business.

3.2 Credit and Debit Cards. Concessionaire’s payment and record-keeping systems must be fully compliant with all Payment Card Industry Data Security Standards (PCI DSS) issued by the official Payment Card Industry Security Standards Council. Concessionaire acknowledges that it is responsible for the
security of cardholder data that it possesses, or otherwise stores, processes, or transmits on behalf of the customer.

3.3 **Financial Sustainability.** A 120-day operating reserve is required and must be fully funded by year six of Concessionaire’s operations. The Concessionaire must establish a Strategic Plan, updated yearly, in addition to their Annual Budget, that includes a Financial Sustainability element. The Concessionaire’s Annual Budget must include provisions for funding and then maintaining the operating reserve. At such time as reserve funds may be needed they may only be accessed by vote of the Concessionaire’s board for budgeted uses.

3.4 **Review and Audit.** Concessionaire shall maintain a true account of all receipts and disbursements and other commercially reasonable financial and accounting records related to operation of the Business. Concessionaire shall make available to a contracted independent auditor any and all financial and accounting records related to operation of the Business, including, but not limited to, individual transaction receipts, daily records of gross sales, annual financial statements (balance sheet and income statement), and Excise Tax Returns submitted to the Washington State Department of Revenue. In addition to full participation in the FWPDA’s Annual Report on Public Benefit, Vendor agrees to the following reporting requirements and provisions for operational transparency: Reporting Annual Audit, due by May 1st of the following year; Twice yearly public meetings, one on future strategy and one on financial results; Quarterly Financial Reports (closed within 45 days); Any kind of pending default must be reported within 15 days; Disclosure of material adverse events/legal proceedings; Annual marketing and advertising plan submitted; Vendor will participate in the Operations Work Group as defined in the FWPDA Master Lease; Vendor may present to FWPDA board meetings as invited.

4. **REQUIRED PAYMENTS**

4.1 **Concession Fee.** Vendor agrees to pay a Concession fee in lieu of rent, set at 3% of gross operating income. Non-operating revenues will not be included in calculation of concession fee. Concession fees will be paid quarterly within 45 days of the close of the quarter, and fees will be reviewed and reconciled with the audited yearly financials.

4.2 **Subcontracting Fees Apply.** If the Vendor further contracts for services outlined in the Agreement, then the gross revenue shall be calculated to include sub-concessionaire’s revenue as if Vendor performed the work, for purposes of calculating the concession fee.
4.3 Master Lease Revenue Sharing. Concessionaire acknowledges that FWPDA is currently negotiating with State Parks an amendment to eliminate the obligation in Section 7.9 of the Master Lease that commences as of the 7th annual anniversary of the Date of Possession (as defined in the Master Lease). Pursuant to that negotiation, at such point as the vendor generates income in excess of funding operations, reserves, improving product offerings, and improving operating spaces, then excess funds will be directed to a restricted account for campus improvements outside of vendor’s operating spaces, as directed by FWPDA.

4.4 Uses and Maintenance Fees for Common Areas and Campus Areas

Common areas and campus areas are defined as areas leased to FWPDA by State and under FWPDA’s control (unless exclusively leased to another entity.)

(a) Use of the Common Areas and Campus Areas shall be governed by FWPDA’s policies and applicable rules as may be amended from time to time.

(b) FWPDA shall at all times have exclusive control and management of the Common Areas and Campus Areas (subject to the terms of its Master Lease with State Parks) and no diminution thereof shall be deemed a constructive or actual eviction or entitle Concessionaire to compensation or a reduction or abatement of fees.

(c) Beginning in 2022, (a) Concessionaire may be charged an annual Common Area maintenance (“CAM”) fee and (b) an annual Campus Area maintenance fee (fees to be determined by FWPDA in consultation with Concessionaire, and existing tenants or subtenants based on historical operational and maintenance cost data provided by FWPDA) for the Fort Worden Campus area and projected operational and maintenance costs for the common areas. Concessionaire shall pay to FWPDA (or its designee), a Common Area maintenance fee which will be a pro rata share of operational and maintenance costs related to any shared elevator within the
building where the leased premises are located, shared performance space, gallery space, restrooms, and other maintenance.

(d) FWPDA (or designee) reserves the right, in its sole determination, to require additional, future, common area user or maintenance fees (in addition to facility charges) for the maintenance, repair and upgrades to campus-wide facilities that serve Concessionaire and other tenants and users of the campus area. The common area user or maintenance fees would be based on fees or projected fees for the maintenance, repair and upgrades to campus-wide facilities that are related to Concessionaire’s use. For example, if FWPDA determined that parking areas that serve Concessionaire and other users needed maintenance (or would need maintenance in the near future), user fees would be charged to cover Concessionaire’s share of the costs based on Concessionaire’s parking use.

Operating costs are based on actual costs and normal maintenance and repair (but not capital projects as defined by Office of Financial Management of the State of Washington), including utilities, alarm response service, police, fire and EMT service contracts, janitorial, HVAC and elevator inspections, attributable to or incurred in connection with the operation of facilities.

4.5 Utilities and Other Expenses. During the term of this Agreement, Concessionaire shall pay all expenses incurred by Concessionaire in the use of the Concession Facilities and operation of the Business, including, but not limited to, all utility charges, including all charges for electricity, water, gas, telecommunications, and all costs of maintaining and repairing the Concession Facilities and all improvements thereon whether now existing or hereafter installed. Concessionaire is so obligated whether or not such expenses are billed to Concessionaire, to the FWPDA, or to any other party. Concessionaire shall indemnify, defend, and hold the FWPDA harmless against and from any loss, liability, or expense resulting from any failure of Concessionaire to pay all such charges when due. All service lines of such utilities shall be installed and connected to existing public utilities at no cost to the FWPDA.
4.6 **Taxes and Assessments.** Concessionaire shall pay all taxes and assessments and other governmental charges of any kind applicable or attributable to the operation of the Business or use and occupation of the Concession Facilities, including, without limitation, any leasehold tax payable to the FWPDA pursuant to RCW 82.29A.

4.7 **Manner of Payment.** All payments, including fee payments and payments for other sums owed, shall be made by check or money order payable to the FWPDA and mailed to the address listed in section 12.1 (Notices and Submittals), or to any other payee as directed by the FWPDA in writing, or mailed to any other address which the FWPDA, or any successors-in-interest to the FWPDA, may designate to Concessionaire in writing. Notwithstanding that payments may be made by mail, payments shall in any event be received by the FWPDA on or before the date due as specified in this Agreement. Payments may also be made to the FWPDA by electronic funds transfer, per arrangement through the FWPDA’s Financial Services Office.

4.8 **Charges for Late Payments and NSF Checks.** Notwithstanding the FWPDA’s right to terminate this Agreement for nonpayment of fees, Concessionaire shall pay interest at the rate of one percent (1%) per month on delinquent sums owing under the terms of this Agreement, commencing with the date originally due. Payment of fees and other sums when due is required under this Agreement and this section does not constitute or imply the extension of credit by the FWPDA. There shall be a thirty-dollar ($30.00) handling fee for any check returned by the bank as uncollectible for any reason. The parties agree that such charges represent a fair and reasonable estimate of costs incurred by the FWPDA by reason of late payments and uncollectible checks.

4.9 **No Counterclaim, Setoff, or Abatement of Rent or Other Sums Owed.** Rent, additional Rent, if any, and all other sums for which Concessionaire is obligated to pay the FWPDA under this Agreement shall be paid without notice, demand, counterclaim, setoff, deduction, or defense and without abatement, and the obligations and liabilities of Concessionaire shall in no way be released, discharged, or otherwise affected (except as expressly provided in this Agreement) by reason of:

   a. Any damage to or destruction of or any taking of the Concession Facilities or any part thereof;
b. Any restriction of or prevention of or interference with any use of the Concession Facilities or any part thereof;

c. Any title defect or encumbrance or any eviction from the Concession Facilities or any part thereof by title paramount or otherwise;

d. Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to the FWPDA, or any action taken with respect to this Agreement by any trustee or receiver of the FWPDA, or by any court, in any such proceeding;

e. Any claim which Concessionaire has or might have against the FWPDA;

f. Any failure on the part of the FWPDA to perform or comply with any of the terms of this Agreement or of any other agreement with Concessionaire; or

g. Any other occurrence whatsoever, whether similar or dissimilar to the remedy consequent upon a breach thereof, and no submission by Concessionaire or acceptance by the FWPDA of full or partial Rent during the continuance of any such breach, shall constitute a waiver for any such breach or of any such term.

No waiver of any breach shall affect or alter this Agreement, which shall continue in full force and effect, or the respective rights of the FWPDA and Concessionaire with respect to any other then-existing or subsequent breach.

4.10 Failure to Pay. In the event Concessionaire fails to pay any expense or amount due under this Agreement, the FWPDA may, but shall not be obligated to, pay any such amount, and the amounts so paid shall immediately be due and payable by Concessionaire to the FWPDA and shall thereafter bear interest at the rate of 12% per annum.

4.11 Late Charge for Failure to Pay. In the event Concessionaire fails to make any payment due under this Agreement upon the date due, including, but not limited to, payment of Rent, the FWPDA shall be entitled to collect from Concessionaire a late charge equal to one percent (1%) of the amount of the delinquent payment.
4.12 **Application of Payments.** Payments made under this Agreement will be applied in the following order: (1) interest, (2) Rent, (3) leasehold tax (if any), and (4) other charges.

5. **INDEMNITY AND INSURANCE**

5.1 **Indemnity.** Concessionaire shall release, indemnify, defend (with counsel acceptable to the FWPDA), and hold harmless the FWPDA, its employees, officers, and agents from and against any and all claims arising out of Concessionaire’s operation of the Business and the use, occupation, or control of the Concession Facilities by Concessionaire, Concessionaire’s sublessees, invitees, agents, employees, licensees, or permittees, or caused by the operation or failure to operate any equipment, improvements, or other property or fixtures on the Concession Facilities, except as may arise solely out of the willful and grossly negligent acts of the FWPDA or the FWPDA’s officials, employees, or agents. “Claim” as used in this section means any claim of any nature whatsoever for penalties, financial loss, damages (including, but not limited to, bodily injury, sickness, disease, or death, or injury to or destruction of property, land, and other natural resources, including the loss of use thereof), costs or expenses (including, but not limited to, attorneys’ fees), whether or not resulting in a suit or action or reduced to judgment. This release and the obligation to indemnify shall not be eliminated or reduced by the concurrent negligence of the FWPDA, its officials, employees, or agents, except as provided in this section. To the extent that RCW 4.24.115 is applicable to any indemnification provision of this Agreement, the FWPDA and Concessionaire agree that provision shall not require Concessionaire to indemnify, defend, and hold the FWPDA harmless from the FWPDA’s sole or concurrent negligence, if any. Concessionaire waives its immunity under RCW Title 51 to the extent it is required to indemnify the FWPDA. This subsection is in addition to and does not in any way limit or diminish Concessionaire’s liability or indemnity obligations otherwise provided for in this Agreement. If a Concessionaire requires any person to execute a personal release of liability related to use of goods or services provided through the Business, Concessionaire shall include within the release an express release of the FWPDA in addition to any other persons or entities released.

5.2 **Liability Insurance.** At all times during the Agreement Term, Concessionaire shall keep in full force a commercial general liability insurance policy, acceptable to the FWPDA, insuring Concessionaire and providing coverage for liability for both bodily injury and property damage arising out of any and all of Concessionaire’s actions or omissions related to operation of the Business or
use of the Concession Facilities. Said commercial general liability insurance policy shall also name the FWPDA as an additional insured under the policy and provide coverage as well against any liability arising out of the use, occupancy, or maintenance of the Concession Facilities and all areas appurtenant thereto, including, but not limited to, liability arising out of any and all activities described in Exhibit A. Such insurance must be provided on an occurrence basis of not less than one million dollars ($1,000,000) combined single limit per occurrence, with a general aggregate limit of not less than two million dollars ($2,000,000). Purchase of these minimum limits does not relieve Concessionaire from liability for losses greater than these amounts. The amount of the insurance required may hereafter be increased or decreased by written notice of the FWPDA at its sole option. A certificate evidencing such coverage referencing this Agreement shall be provided to the FWPDA at its address of record provided in this Agreement. All policies shall specify that any legal expenses incurred by any claim against the insured shall be covered over and above said liability limit, such that said liability limit represents a “‘net’” liability limit. In the event insurance containing such specifications cannot be acquired, then Concessionaire shall purchase insurance with liability limits which are fifty percent (50%) higher than set forth above.

5.3 Cancellation. The Certificate(s) of Insurance must provide a minimum of 30 days’ written notice to the FWPDA by the insurer before cancellation, non-renewal, or any material change of any insurance coverage included therein. No reduction in the amount of coverage shall be made without the prior written approval of the FWPDA.

5.4 Industrial Insurance Coverage. Concessionaire shall obtain and maintain at all times during the Agreement Term industrial insurance coverage as required by the Department of Labor & Industries for itself and its employees prior to commencing operation of the Business under this Agreement. The FWPDA will not be responsible for payment of industrial insurance premiums or for any other claim or benefit for Concessionaire, or any subcontractor or employee of Concessionaire, which might arise under the industrial insurance laws during Concessionaire’s operation of the Business under this Agreement.

5.5 Automobile Insurance. Concessionaire shall obtain and maintain at all times during the Agreement Term business auto liability as required by state law and, if necessary, commercial umbrella liability insurance with a limit of not less than one million dollars ($1,000,000) per accident. Such insurance shall cover liability arising out of “Any Auto.”
5.6 Fire Insurance. Unless expressly waived, Concessionaire shall obtain and maintain at all times during the Agreement Term insurance for fire and casualty. Such insurance shall be a fire legal liability policy in the amount of full replacement value or fifty thousand dollars ($50,000), whichever is higher, naming the FWPDA as the beneficiary. The amount of insurance required may hereafter be increased or decreased at the option of the FWPDA. All policies shall carry a minimum 30 days’ notification of cancellation clause.

5.7 Other Insurance. In addition to that insurance specifically required by this Agreement, Concessionaire shall obtain and maintain at all times during the Agreement Term such other insurance as is typically or customarily maintained for the Business.

5.8 Evidence of Insurance. Concessionaire must furnish evidence of all insurance required under this Agreement in the form of a Certificate of Insurance satisfactory to the FWPDA (such as ISO form CG 00 01 or equivalent), executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth herein, and shall be sent marked “Concession Program” to the FWPDA’s address shown herein.

5.9 Independent Contractors. Concessionaire shall require any independent contractors, if any, to obtain and maintain the same insurance coverage required of Concessionaire, at all times such independent contractor is performing work at the Concession Facilities on behalf of Concessionaire during the Agreement Term.

6. FACILITIES

6.1 Use of Facilities. The FWPDA authorizes Concessionaire to use the Concession Facilities as described in Exhibit B for purposes of operation of the Business. The Concession Facilities shall be used only for the operation of the Business as authorized in this Agreement. Other commercial or non-commercial activities, or use and occupancy by other parties of the Concession Facilities not directly related to Concessionaire’s operation of the Business are prohibited unless approved in advance and in writing by the FWPDA.

6.2 Condition of Concession Facilities. Concessionaire accepts the Concession Facilities in its present condition, after renovation work by the FWPDA and removal of trade fixtures and other personal property of the FWPDA’s predecessor concessionaire, if any, as set forth in Exhibit B. The condition of
the Concession Facilities shall be verified by the Concessionaire’s inspection of the Concession Facilities prior to the commencement of this Agreement.

6.3 Access to Concession Facilities. Concessionaire shall have access to the Concession Facilities as necessary to operate the Business over established Park/campus roads and driveways. Concessionaire may park vehicles and equipment only in those areas designated by FWPDA. Concessionaire’s access rights shall not be exercised in such manner and to such extent as to: (i) impede or interfere with the operation of the Park/campus or business conducted other concessionaires or authorized occupants; or (ii) violate any lease or agreement entered into between the FWPDA and a third party. FWPDA cannot and does not guarantee access in the event of an emergency or other factor beyond FWPDA’s control, including, for example, infrastructure failure for which FWPDA does not in its determination have budget to address.

6.4 Parking. Concessionaire shall have non-exclusive use of parking areas managed by FWPDA. Concessionaire does not have exclusive parking areas unless the same are specifically identified in Exhibit B (Facilities).

6.5 Management. Concessionaire shall manage and maintain the Concession Facilities and all improvements thereon in accordance with the customary standards of the industry.

6.6 Maintenance. Concessionaire shall perform all minor maintenance and repairs to keep the Concession Facilities in a safe, inviting, sanitary, and usable condition. Minor maintenance and repairs shall include, but is not limited to, routine maintenance; cleaning; removal of debris, litter, and obstructions; painting the inside of buildings; replacing light bulbs; and performing other minor interior maintenance, including minor electrical and plumbing repairs. Concessionaire shall immediately notify the FWPDA Executive Director in writing of any major maintenance or repair needs in the Concession Facilities. Major maintenance and repair necessitated by the failure of Concessionaire to perform minor maintenance and repair shall be the responsibility of Concessionaire.

6.7 Damage. Concessionaire shall, at its own expense, repair to the FWPDA’s satisfaction any damage to the FWPDA’s property resulting from actions or omissions by Concessionaire or its agents or employees, beyond normal wear and tear.
6.8 **Signs and Advertisements.** All signs of Concessionaire, whether affixed to the Concession Facilities, or placed upon or adjacent to the Concession Facilities, or used in any manner by Concessionaire, must fit into the aesthetics of the Park/campus and agency sign policy.

6.9 **Sanitation.** Concessionaire is responsible for the cleanliness of the Concession Facilities, including all equipment, appliances, storage areas, and grounds used by Concessionaire. Concessionaire is responsible for removal and disposal of all garbage and refuse generated in the operation of the Business and shall participate in the FWPDA’s recycling programs. As may be specified in Exhibit A, Concessionaire is responsible for disposal of all garbage and refuse in the area adjacent to the Concession Facilities as designated by the FWPDA Executive Director. If serving food is part of the Business, Concessionaire shall use recyclable food and beverage containers as practicable. Concessionaire shall promptly provide to the FWPDA Executive Director a copy of any and all health department inspection reports conducted by or on behalf of any governmental authority.

6.10 **Hazardous Substances Prohibited.** Except as expressly allowed in writing by the FWPDA in Exhibit A as essential to the operation of the Business, Concessionaire shall not bring or keep in, on, or about the Concession Facilities, any hazardous substances. For purposes of this Agreement, hazardous substances include any that have been designated as hazardous, toxic, dangerous, or harmful, or which are subject to regulation as hazardous, toxic, dangerous, or harmful by any federal, state, or local law, regulation, statute, or ordinance. Concessionaire is liable for all cleanup costs and damages associated with the use, disposal, transportation, or generation of hazardous substances by Concessionaire or its employees, agents, assigns, contractors, subcontractors, licensees, or invitees. This provision shall survive the expiration or termination of the Agreement.

6.11 **Personal Property.** The FWPDA is not be liable in any manner for or on account of any loss of damage sustained to any property in or about the Concession Facilities, except for such claims or losses which may be caused by the FWPDA or its authorized agents or employees.

6.12 **Condition at End of Agreement Term.** Concessionaire shall, at its sole expense, clean and repair the Concession Facilities and restore it to the condition it was in upon delivery of the Concession Facilities to Concessionaire at the Commencement Date, reasonable wear and tear excepted.
6.13 Non-Applicability of Relocation Assistance. Concessionaire acknowledges that this Agreement does not at any time entitle Concessionaire to assistance under the Uniform Relocation and Real Property Acquisition Policy (RCW 8.26).

7. CONCESSIONAIRE EQUIPMENT, FURNISHINGS, AND SUPPLIES

7.1 Equipment, Furnishings, and Supplies. As set forth in Exhibit A, Concessionaire shall, at its own expense, provide all equipment, furnishings, and supplies necessary for operating the Business beyond any equipment, furnishings, or supplies provided by the FWPDA at its sole discretion. The FWPDA shall have no responsibility to provide any equipment, furnishings, or supplies, except as identified in Exhibit A. Concessionaire accepts any equipment, furnishings, or supplies provided by the FWPDA in its present condition, as-is-where-is. Concessionaire may attach or fasten (such as by screwing, nailing, welding, gluing, etc.) equipment in or on the Concession Facilities without the prior written approval of the FWPDA provided that premises are returned to FWPDA at end of term in same condition as at start of agreement, less reasonable wear and tear.

7.2 Maintenance Equipment, Furnishings, and Supplies. Concessionaire shall, at its own expense, maintain, in good working order and in a safe and sanitary condition, all equipment, furnishings, and supplies necessary for operating the Business, including that equipment provided by the FWPDA (if any). The FWPDA shall have no responsibility to maintain any equipment, furnishings, or supplies or for the loss or damage to Concessionaire’s equipment, furnishings, or supplies. To mitigate the potential for damage or loss through theft or malicious mischief, Concessionaire shall store equipment and supplies as provided in Exhibit A when not in use.

7.3 Equipment Replacement. Concessionaire shall maintain that equipment provided by the FWPDA (if any) in good working order and shall, at its own expense, replace any equipment provided by the FWPDA that is not in good working order or that may otherwise pose a hazard. Concessionaire shall maintain any Concessionaire-owned equipment and shall replace, at its own expense, any of its own equipment that is not in good working order or that may otherwise pose a hazard. Equipment purchased by Concessionaire, including equipment purchased by Concessionaire to replace equipment provided
by the FWPDA, shall remain the property of Concessionaire. Except as expressly agreed to in writing by the FWPDA, the cost of equipment replacement or repair shall in no way reduce or offset fees or other payments due to the FWPDA under this Agreement.

7.4 **Ownership of Equipment and Supplies at Agreement Expiration or Termination.** Any personal property owned by Concessionaire used in the conduct of business by Concessionaire and placed by Concessionaire in or on the Concession Facilities shall not become part of the real property, even if attached or fastened to the Concession Facilities. Such personal property may be removed by Concessionaire at any time during the term of this Agreement, or within 30 days of the expiration or termination of this Agreement, provided Concessionaire is not in default under this Agreement, and provided any damage to the Concession Facilities occasioned by such removal is immediately repaired to the satisfaction of the FWPDA. All other fixtures, equipment, and improvements constructed or installed in or upon the Concession Facilities shall be deemed to become part of the real property and, upon completion, shall become the sole and exclusive property of the FWPDA, free of any and all claims of Concessionaire or any person or entity claiming by or through Concessionaire. In the event Concessionaire does not remove its personal property from the Concession Facilities within 30 days of the expiration or termination of this Agreement, the FWPDA may at its sole election:

a. Require Concessionaire to remove such property at Concessionaire’s sole expense, and Concessionaire shall be liable for any damage to the Concession Facilities;

b. Treat said personal property as abandoned, retaining the property as part of the Concession Facilities; or

c. Have the personal property removed and stored or disposed of at Concessionaire’s sole expense.

Concessionaire shall promptly reimburse the FWPDA for damage caused to the Concession Facilities by the removal of any of Concessionaire’s personal property from the Concession Facilities, whether removal is by Concessionaire or the FWPDA.
8. **IMPROVEMENTS**

8.1 **Authorized Improvements.** Concessionaire may, at no cost to the FWPDA and with the FWPDA’s prior approval, make improvements, including additions and modifications to Concession Facilities provided by the FWPDA to enable provision of the services as set forth in the Agreement. Any alteration must conform to Master Lease Requirements. In making any improvements, Concessionaire shall obtain all licenses and permits, and comply with all applicable codes, regulations, and statutes. Concessionaire shall supply such plans, drawings, and specifications as needed by the FWPDA to evaluate the acceptability of any improvements prior to commencing work. The FWPDA may condition, limit, or deny approval of proposed improvements at its sole discretion, which approval shall be provided only in writing. Improvements become the property of the FWPDA upon completion unless otherwise agreed upon by the FWPDA in writing in advance.

8.2 **Development Plan.** Prior to any development or the construction of any and all improvements on or to the Concession Facilities, Concessionaire may be required to submit a complete development plan to the FWPDA for its written approval. The plan shall include, but is not limited to, the following:

a. Map showing areas to be developed, location of improvements, and location of utility and other easements;

b. Land clearing, leveling, and erosion control plans;

c. List of proposed improvements and detailed plans for the improvements;

d. Estimated itemized cost of proposed improvements; and

e. Schedule of completion dates for proposed improvements.

Any alteration must conform to Master Lease Requirements. After completion of construction, Concessionaire shall provide to the FWPDA “as-built” drawings showing the exact location of all improvements. In case of incomplete improvements or development, Concessionaire shall restore the land to its original condition unless otherwise directed in writing by the FWPDA.
8.3 **Unauthorized Improvements.** Any improvements not included in the original or amended development plan as approved by the FWPDA, or as provided for by Letters of Authorization issued by the FWPDA, made on or to the site, without the written consent of the FWPDA, shall immediately become the property of the FWPDA or at the FWPDA’s option, must be removed by Concessionaire at Concessionaire’s sole cost. Said removal shall occur within 30 days unless sooner required by FWPDA Executive Director for reasons of safety.

8.4 **Concessionaire Liens.** Concessionaire must not suffer or permit any lien to be filed against the FWPDA’s interest in the Concession Facilities, or improvements thereon by reason of work, labor, or services performed thereon or materials supplied to, by, or through Concessionaire. Concessionaire agrees to pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Concession Facilities. Concessionaire must indemnify the FWPDA for any costs, damages, or expenses (including attorneys’ fees and court costs) incurred in defending any liens or in obtaining their discharge or as a result of such other asserted claims against the right, title, and interest of the FWPDA in the Concession Facilities or under the terms of this Agreement, whether such costs, damages, or expenses were incurred prior or subsequent to expiration or termination or cancellation of this Agreement.

9. **RESERVATIONS BY THE FWPDA**

9.1 **The FWPDA’s Reserved Rights.** The FWPDA reserves the right to merchandise, through vending machines or other means, at any location within the Park, other than the Concession Facilities, certain items including, but not limited to, snacks, beverages, and educational, recreational, and interpretive materials, as well as official FWPDA memorabilia. The FWPDA further reserves the right to grant privileges on occasion to certain non-profit groups to sell materials and provide food and beverage for fund-raising purposes.

9.2 **Compliance.** The FWPDA shall have access to the Concession Facilities at all times to secure compliance with this Agreement.

9.3 **Park Closure.** Concessionaire acknowledges that the Park may be closed, or access to the Park may be limited, from time-to-time.
Concessionaire hereby waives any claim against the FWPDA for any losses suffered or allegedly suffered due to change of fees, park-operating periods or conditions, or closure of the Park for any reason.

9.4 Easements. The FWPDA reserves the right to grant easements, permits, and other rights (“Easements”) over and across the Concession Facilities and the right for Easement holders to enter upon the Concession Facilities to maintain, repair, and enhance existing facilities and install new facilities. Such rights shall be exercised in such a manner so as to minimize any disruption to Concessionaire.

9.5 The FWPDA Modification/Improvement of the Park or Concession Facilities. The FWPDA may at any time, at its discretion and expense, make improvements to, or repairs, maintenance, and/or modifications of the Park or the Concession Facilities. Concessionaire hereby waives any claim against the FWPDA for any loss of income suffered or allegedly suffered by Concessionaire from the FWPDA’s improvement to, or repairs, maintenance, and/or modifications of the Concession Facilities.

10. ASSIGNMENT

10.1 Assignment/Transfer. The rights granted under this Agreement may not be transferred to any other person or entity by act of Concessionaire, operation of law, or other means without the expressed prior written approval of the FWPDA at its sole discretion. Assignment or transfer may require Washington State Parks approval under its Master Lease with the FWPDA. Concessionaire shall not mortgage, assign, encumber, transfer, sublease, or otherwise alienate this Agreement without the prior written approval of the FWPDA. Concessionaire shall not grant any interest therein or engage in any other transaction that has the effect of transferring or affecting the right of enjoyment of the Concession Facilities without the prior written approval of the FWPDA, at its sole discretion. Notwithstanding the forgoing, nothing prevents Concessionaire from entering into such agreement or agreements as it deems appropriate to carry out the Business without prior approval by FWPDA, PROVIDED, that Concessionaire ensures that any sub-concessionaire or service provider comply with all terms of this Agreement that apply to the operation of the Business, and that Concessionaire retains the right to terminate any sub-concessionaire or service provider agreement for failure to do.
10.2 **Non-Waiver.** Consent of the FWPDA to an assignment will not waive its right to approve or deny subsequent assignments. The acceptance by the FWPDA of payment or performance following an assignment shall not constitute consent to any other assignment, and the FWPDA’s consent shall be evidenced only in writing.

10.3 **Assignee Obligations.** Each permitted assignee of Concessionaire shall assume and be deemed to have assumed all obligations of Concessionaire under this Agreement. Notwithstanding any such assignment, Concessionaire shall be and remain jointly and severally liable with the assignee for all obligations under this Agreement, unless released in writing by the FWPDA. Concessionaire’s obligations shall continue in full force and effect as to include any additional obligations created by any renewal, amendment, modification, extension, or assignment of the Agreement, whether or not Concessionaire shall have received notice of or consented to the same. Concessionaire waives all surety defenses and waives notice of any breach by a subsequent assignee.

10.4 **Corporations, Limited Liability Corporations, General Partnerships, Limited Partnerships.** If Concessionaire is a corporation, any merger, consolidation, liquidation, or any change in ownership, control, or the power to vote the majority of its outstanding voting stock, shall constitute an assignment, whether the result of a single transaction or a series of transactions. If Concessionaire is a limited liability company, the death, withdrawal, or expulsion of a member or members owning, or transfer of interests representing, in the aggregate, more than fifty percent (50%) of the company profits or capital shall constitute an assignment, whether the result of a single transaction or a series of transactions. If Concessionaire is a general partnership, the death, withdrawal or expulsion of a partner or partners owning, or transfer of interests representing, in the aggregate more than fifty percent (50%) of the partnership profits or capital shall constitute an assignment, whether the result of a single transaction or a series of transactions. If Concessionaire is a limited partnership, the death, withdrawal or expulsion of any general partner shall constitute an assignment.
11. TERMINATION

11.1 Breach and Default. In the event of any breach of any provision of this Agreement by Concessionaire, the breach shall be deemed a default entitling the FWPDA to the remedies set forth in this Agreement or otherwise available at law after the FWPDA has delivered to Concessionaire notice of the alleged breach and a demand that the breach be remedied as required by this Agreement (“Breach Notice”). If the breach pertains to a matter other than the payment of Rent, Concessionaire shall not be in default after receipt of the Breach Notice if Concessionaire promptly commences to cure the breach and cures the breach within 30 days after receipt of the Breach Notice. If the breach pertains to the payment of Rent, Concessionaire shall not be in default after receipt of the Breach Notice if Concessionaire cures the breach by paying all outstanding Rent to the FWPDA within 15 days after receipt of the Breach Notice. If the breach is non-monetary in nature, and as determined by the FWPDA, is not reasonably susceptible of being cured within 30 days from the date the Breach Notice (provided that the lack of funds, or the failure or refusal to spend funds, shall not be an excuse for a failure to cure), Concessionaire shall commence to cure such breach within the 30-day period and diligently pursue cure with continuity to completion. If a breach has been cured within the grace periods permitted by this section, it shall not constitute a default. In the event the FWPDA deems the breach to constitute a threat to safety, life, or property, it may elect to intervene immediately, without notice, to remedy the breach, and Concessionaire hereby agrees to repay the FWPDA for any and all costs in remedying the breach upon demand, together with interest thereon from the date of expenditure at the rate set forth in this Agreement. Alternatively, the FWPDA may require Concessionaire to act immediately to remedy the breach should the FWPDA deem it a threat to safety, life, or property.

11.2 Multiple Default. If Concessionaire breaches any provision of this Agreement three times within any 12-month period, whether the same provision or not, the third breach will be deemed “non-curable” and a default entitling the FWPDA to the remedies set forth in this Agreement or otherwise available at law.

11.3 Remedies. Upon the occurrence of any default, the FWPDA shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:
a. Terminate this Agreement, in which event Concessionaire must immediately surrender the Concession Facilities to the FWPDA, and if Concessionaire fails so to do, the FWPDA may, without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Concession Facilities and expel or remove Concessionaire and any other person who may be occupying the Concession Facilities or any part thereof, without being liable for prosecution or any claim of damages therefore, and Concessionaire agrees to pay the FWPDA on demand the amount of all loss and damage which the FWPDA may suffer by reason of such termination, whether through inability to re-lease the Concession Facilities on satisfactory terms or otherwise.

b. Enter upon the Concession Facilities, without being liable for prosecution or any claim for damages therefore and do whatever Concessionaire is obligated to do under this Agreement; and Concessionaire agrees to reimburse the FWPDA on demand for any expenses the FWPDA incurs in performing Concessionaire’s obligations under this Agreement.

c. Obtain damages from Concessionaire, including, but not limited to: all rentals lost, all legal expenses, and other related costs incurred by the FWPDA in restoring the Concession Facilities to good order and condition, or in remodeling, renovating, or otherwise preparing the Concession Facilities for re-leasing, all costs (including, but not limited to, any brokerage commissions and the value of the FWPDA’s time) incurred by the FWPDA, plus interest thereon from the date of expenditure until fully repaid at the rate of 12% per annum.

Pursuit of any of the foregoing remedies will not preclude immediate pursuit of any of the other remedies under this Agreement or any other remedies provided by law, such remedies being cumulative and non-exclusive. No waiver by the FWPDA of any violation or breach of any of the terms, provisions, and covenants of this Agreement will be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants of this Agreement. If, on account of any breach or default by Concessionaire in Concessionaire’s obligations under the terms and conditions of this Agreement, it becomes necessary or appropriate for the FWPDA to
employ or consult with an attorney concerning or to enforce or defend any of the FWPDA’s rights or remedies hereunder, Concessionaire agrees to pay any reasonable attorneys’ fees so incurred.

11.4 The FWPDA’s Entry. In the event of any default by Concessionaire, the FWPDA shall have the right, with or without canceling this Agreement, to secure and/or enter the Concession Facilities and to remove all persons and property from the Concession Facilities and take whatever actions may be necessary or advisable to re-lease, protect, or preserve the Concession Facilities. Any property so removed may be stored in a public warehouse or other suitable place or otherwise disposed of in the FWPDA’s discretion at the expense and for the account of Concessionaire. The FWPDA shall not be responsible for any damages or losses suffered by Concessionaire as a result of such the FWPDA entry, removal, storage, or other disposition, and no such action shall be construed as an election to terminate this Agreement unless a written notice of termination is given to Concessionaire.

11.5 Termination of Agreements. Whether or not the FWPDA elects to terminate this Agreement based on any default by Concessionaire and subject to any non-disturbance and attornment agreements, if any, the FWPDA shall have a right to terminate any and all subleases, licenses, concessions, or other arrangements for possession affecting the Concession Facilities. Alternatively, the FWPDA, in its sole discretion, may succeed to Concessionaire’s interest in such sublease, license, concession, or arrangement, and Concessionaire shall have no further right to or interest in the lease or other consideration receivable thereunder.

11.6 Termination due to exchange, transfer, or sale. Either the FWPDA or Concessionaire may terminate this Agreement upon 90 days’ written notice in the event the FWPDA includes the Concession Facilities in a land exchange, transfer, and sale or if the Park is closed due to budgetary conditions.

11.7 Vacation of Premises. Concessionaire must give written notice to the FWPDA at least 90 days prior to vacating the Concession Facilities and must arrange to meet with the FWPDA for a joint inspection of the Concession Facilities prior to vacating. Failure to inspect or enforce compliance with Concessionaire’s obligations under this Agreement with respect to the condition of the Concession Facilities at the end of
the Agreement term will not be construed as a waiver of the FWPDA’s right to declare a breach, or relieve Concessionaire of any liability to the FWPDA for any breach of the terms, conditions, or requirements of this Agreement. In the event Concessionaire fails to vacate the Concession Facilities on the date of expiration or termination of this Agreement, Concessionaire will be liable for any and all costs to the FWPDA arising from such failure.

12. MISCELLANEOUS

12.1 Notices and Submittals. Any notice or submittal given under this Agreement shall be deemed as received when delivered by hand or five (5) days after deposit in the United States mail with first-class postage affixed, addressed as provided in this section. Changes of address may be given in accordance with this section. Any notice or submittal given under this Lease shall be:

To FWPDA:  
Fort Worden PDA  
Building 200  
200 Battery Way  
Port Townsend, WA 98368

To Concessionaire:  
Fort Worden Hospitality  
Building [XXX]  
200 Battery Way  
Port Townsend, WA 98368

12.2 Entire Agreement. This Agreement, including the attached Exhibits, is the entire agreement of the parties and no other agreement, statement, or promise made by any party, or by any employee, officer, or agent of any party, will be binding or valid.

12.3 Modification. The parties agree to a modification period of 12 months from the date the agreement takes effect. Modifications may be made by mutual written agreement of the parties, executed by party agents and reported to boards monthly, and are expected as a regular course of business during the modification period. The modification period will conclude with a set of changes voted for adoption by the boards of the parties. Following the modification period, modifications must be filed as addendums to the agreement and require individual votes. Except where this Agreement expressly provides that specific provisions of this Agreement may be modified by the FWPDA, this Agreement may not be modified except by mutual written agreement of the parties.
12.5 **Venue.** Venue for any litigation arising out of this Agreement will be brought in the Superior Court of Jefferson County, Washington. Any litigation wrongly filed in any other county shall be transferred by court order to the Superior Court of Jefferson County with the plaintiff to pay all related attorneys’ fees and court costs.

12.6 **Governance.** This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws. In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

a. Applicable state and federal statutes and rules;
b. The Special Terms and Conditions;
c. The General Terms and Conditions;
d. Any other provisions of this Agreement, including materials incorporated herein by reference.

12.7 **Severability.** If any provision of this Agreement shall be deemed void or otherwise invalid for any reason, the remainder of the Agreement shall be interpreted in a manner as to be effective and valid to the fullest extent possible. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision.

12.8 **Interpretation.** This Agreement has been submitted to the scrutiny of all parties hereto and their counsel, if desired, and will be given a fair and reasonable interpretation in accordance with the words of the Agreement, without consideration or weight being given to its having been drafted by any party hereto or its counsel.

12.9 **Disputes.** Whenever Concessionaire and a successor, or Concessionaire and the FWPDA, cannot agree, the matter at issue shall be submitted to arbitration and such arbitration shall be binding. Each party to the dispute will appoint one arbitrator who together will choose
a third arbitrator. The arbitration shall be governed by the State Arbitration Act, contained in RCW 7.04.

12.10 Attorneys’ Fees. If either party brings suit or submits to an alternative dispute process to interpret or enforce any provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees, paralegal fees, accountant, and other expert witness fees, and all other fees, costs, and expenses actually incurred in connection therewith, including those incurred on appeal, in addition to all other amounts provided by law, regardless of whether the matter proceeds to judgment or is resolved by the defaulting party curing the default.

CONCESSIONAIRE

By: __________________________________ Date

FORT WORDEN LIFELONG LEARNING CENTER PUBLIC DEVELOPMENT AUTHORITY

By: __________________________________ Date

David Timmons, Interim Executive Director

APPROVED AS TO FORM ONLY:

Fort Worden Hospitality
Rodger Kohn, Legal Counsel

Fort Worden Lifelong Learning Center Public Development Authority
John Watts, Legal Counsel

ATTACHMENTS:

Exhibit A  Description of Business
Exhibit B  Description of Concession Facilities and equipment, furnishings, and supplies
Exhibit A

1. **Description**

2. **Season and hours of operation of Business.** The period of operation of the Business shall be from January through December of each year during the Agreement Term. The Business is open seven days a week, hours vary seasonably.

3. **Equipment, Furnishings, and Supplies**

4. **Marketing, Advertising, and Signage**

5. **Pricing List** (attached) On each subsequent anniversary of this contract, the Business shall submit an updated price list to the FWPDA Executive Director. The FWPDA has no responsibility over or approval of pricing.

6. **Point of Contact**
   Name, phone, e-mail, website

7. **Grounds Maintenance**

8. **Utilities**
Exhibit B: Facilities

1. **Description of Facilities**

Give Description and Place Photo

2. **Site Access**

Give access description and map photo

3. **Fixtures**

4. **Improvements**
Fort Worden Hospitality Draft Concession Agreement

Summary of edits to non-material items in draft concession agreement following publication on May 18th.

- Replaced template references to Parks Manager with FWPDA Executive Director
- Replaced “Park” with “Campus” where needed
- For liability insurance certificate requirements, changed “referencing the park and this agreement” to “referencing this agreement” (Sect. 5.2)
- Removed reference to park operating hours (Sect. 6.3)
- Added reference that any alteration must conform to Master Lease requirements (Sect. 8.1 and 8.2)
- Added reference that assignment or transfer may require Washington State Parks approval under its Master Lease with the FWPDA (Sect. 10.1)
- Changed notice of termination due to exchange, transfer, or sale to “90 days” from “30 days” (Sect. 11.6)
- Clarified that FWPDA has no responsibility over or approval of pricing (Exhibit A)
- Updated legal counsel reference
- Minor formatting changes (in process)
Fort Worden Hospitality

Invest in the Future of a Unique Community Resource
Unique Solution for a Special Community Resource

Nature
- Access to trails, forest, beaches, water

History
- Preserve our past to inform our future

Education
- Partner Programming
- Conference Center

Events
- Home-Grown & World Class
Fort Worden Entities

- WA State Parks: Controls State Asset
- Fort Worden PDA: Includes Asset Management
  - Holds Parks Lease
  - Manages Lease Assets
- City of Port Townsend
  - Holds PDA Charter
- Fort Worden Foundation
- Fort Worden Hospitality
- Partners
  - Contractual Relationship
## Opportunity Overview

### The Project
Launching a new hospitality-focused non-profit corporation to stabilize and grow a key revenue source at Fort Worden and key attraction, employer, and natural asset of Jefferson County/Olympic Peninsula

### The Ask
Seeking a $1M investment loan to bridge hospitality operations during transition to new Fort Worden campus operations model (funding currently in process)

### The Environment
PDA continues to operate as a small entity focused on serving partners and developing solutions for asset/capital needs of entire campus

### The Results
- **Investment Saves Local Jobs:** 50 in 2021, 80+ in 2022
- **InvestmentSaved Regional Revenues:** Estimated $2.5 million in 2021, revenue comes from visitors who spend at other local businesses and contribute considerable tax revenues to city/county
- **Back to (and surpassing) pre-COVID revenues in 2023**
• While our business analysis forecasts Fort Worden Hospitality to be successful in the future, it will take some time to get there.

• 3% of Gross Operating Revenues go to PDA for administration.

• First priority, after meeting existing contracts and serving the greater community, is establishing operating reserves so the business is not at risk like the PDA was headed into the pandemic.

• Early revenues go to repaying start-up debt, servicing Glamping debt.

• Along the way must address years of deferred maintenance on buildings, replace equipment all at end of life, and update guest unit amenities in desperate need.

• Later-year revenues reinvested in Fort Worden as a whole.
Fort Worden Hospitality

Hospitality Services

An Introduction
About the Property

- 40 Historic Vacation Rentals
- 396 Beds
- 434 Acres
- 56 Miles from Seattle

- 9 Indoor Venues
- 5 Outdoor Venues
- 12 Miles of Hiking Trails
- 4 Museums

- 3 Onsite Eateries
- Catering Commercial Kitchen

- 5 Minutes from Downtown PT
- 2 Miles of Coastline
Amenities for Guests

- 15 partner organizations on campus
  - Offerings Include:
    - Yoga & Massage
    - Art & Woodworking Classes
    - Museum Tours
    - Beach and Forest Hiking
- Recreation includes tennis and petanque courts and sandy beach access
- Vacation rentals have kitchens, cookware, toiletries
- Breakfast, Lunch and Dinner experiences, plus other merchandise on site
- Complimentary on-campus parking
- Free WI-FI
Fort Worden Partners

centrum
creativity in community
Customer Types

- **Vacation Rental Leisure Traveler**
  - Families & Couples
  - Driving by car
  - Seattle-area
  - I-5 Corridor
  - Larger PNW audience
  - Short-term stays
  - Looking for experiences, shopping, restaurants in area

- **Conference or Meeting Group**
  - Associations, Corporations, Educational, Fraternal, Government, Entertainment, Non Profit, Religious
  - Accommodations, catering, venue rental
  - Regional groups with attendees who travel from multiple destinations
  - Small percentage of day group events

- **Wedding or Reunion Group**
  - Couples and extended families looking for an average three day stay
  - Venue, catering important
  - Primarily Seattle-area or local area tie

- **Partner or Community Group**
  - Programming, educational and performance oriented
  - Draw attendees from international locations
  - Offer variety of experiences to those visiting campus
  - Accommodations, catering, venues rental

- **Restaurant, Day Use or Special Event**
  - Local area residents
  - Park visitors coming for hiking, beach day use
  - Coming by car, bicycle or foot
  - Events such as Fourth at the Fort, THING Festival, Friday Night Live at Taps
Current Primary Revenue Opportunities

• **Vacation Rental Houses**
  - *2, 3, 4 and 6 bedroom houses* with open air porches and private entrances. Plus one house with 14 bedrooms.
    - Total 40 houses; 396 beds
  - **Dormitories** with 233 beds, with options for single occupancy, double occupancy or bunk style.
  - Complimentary parking and Wi-Fi; ADA accessible and pet friendly houses available.
  - Houses have features like living and dining rooms, full kitchens, multiple bathrooms, open air porches and more.
  - Aero-beds and cribs are available for a nominal fee.
  - **Glamping** – future plan features 15 platform tents with bathrooms, 4 platform tents without bathrooms. Use of a common building with shared bathroom amenity.

• **Venues**
  - **9 Indoor and 5 Outdoor venue** options depending on event needs.
  - Ranging in size from 900 to 5566 square feet.
  - Meeting and event capacity for between 10-15,000 attendees.
  - A/V equipment services.
  - Tables and chairs included in venue rentals.
  - Assistance in planning event at Fort Worden.
  - On-site catering service in all venues.
  - Day long rental fee; additional set-up days available to meet group needs.

• **Food & Beverage**
  - **Taps at the Guardhouse** captures history while serving up modern food and dine. Pub menu features artisan small plates, regional craft brews, ciders, wines and spirits. Generous patio for outdoor seating and small group gatherings.
  - **Reveille at the Commons** features breakfast and lunch options for guests looking for a cup of coffee to a nice northwest inspired lunch. No dinner service currently planned, future opportunity to expand special dinner offerings in the future.
  - **Cablehouse Beach Canteen** is the summer seasonal spot for a burger and fries and other camping / beach related items.
  - **Catering Services** with a seasonal, locally sourced focus through either our cafeteria Mess Hall format or specialized catered meal. Variety of options depending on group size and budget that can be served in venues or delivered to any accommodation.
Market Outlook

Examining the Marketplace
Travel and Tourism Market Analysis

- 56% of Americans told the American Hotel and Lodging Association they were likely to travel in 2021, with increasing confidence once the vaccine rollout occurs.
- National and state projections show a slow ramp in 2021 with an acceleration in 2022.
- It is expected that key metrics, like Average Daily Rate will lag behind 2019 for the next 5 years.
- Industry estimates show 68% of revenue returning by the end of 2021.
- Once travel restrictions are lifted pent-up demand will lead to summer “vaxications”
- Drive to destinations, destinations near beach and outdoor activity are estimated to fair fairly well while the pandemic impacts persist.
- Travel with a purpose is expected to drive demand with people seeking off the beaten path destinations like Fort Worden.
Jefferson County / Port Townsend

Local Competitive Snapshot

Accommodations
- Swan Hotel
- Bishop Hotel
- R/V Camping
- Old Alcohol Plant
- 7 Cedars

Venues
- Northwest Maritime Center
- Old Alcohol Plant
- Port Angeles Events Center
- 7 Cedars
- Sequim Events Center

Restaurants
- Sirens Pub
- Courtyard Café
- Howell’s
- Finnriver
- Lila’s Kitchen
Local Impact Made By FWH

- In 2019 PDA, $3.3 million in gross sales contributed $125,521 to the Port Townsend Lodging Tax fund which is used to support a variety of tourism impact projects.

- Largest conference center on the Olympic Peninsula with the ability to elevate area’s exposure to a wider audience; THING festival drew 7500 people in 2019.

- Expand on our strategic partnerships to continue to be a key driver for supporting our local economy.

- Develop co-marketing program with FW Partners to promote all of offerings at the Fort to guests. Continue to improve upon online calendar along with information sharing tools across campus organizations.

- Variety of employment opportunities paying fair wage and offering good employee benefits; full capacity staffing plan in 2022 accounts for estimated 80 employees.

- Continue supporting over 50 partner organization programs in a year through refining booking process and rate structure; develop additional community program opportunities.
Supporting Local Organizations
Events Attracting Broad Exposure

- Host **annual fundraisers** for Port Townsend Marine Science Center, Rotary, Centrum, Port Townsend School of the Arts.
- Partner with The Production Alliance to produce **Fourth at the Fort** featuring a variety of local vendors and musicians.
- In partnership with Seattle Theater Group host **THING Festival**, a signature multi-day festival bringing together a variety of arts with opportunities to feature local musicians, artists and vendors.
- A variety of **on-site partner programs** during the year bring the central lifelong learning mission to life throughout the year.
- Regional, national and international **conferences** such as Earth Repair, Episcopal Church, WSU Conferences.
- Host county **public meetings** when larger space is needed.
Breaking Down Key Metrics

Demographics

- Washington
- California
- Oregon
- Other U.S.

Guest Types

- Vacation Rental
- Group
- Partner

Source of Business

- Phone
- Website
- 3rd Party
- Return Guest
- Other

Source: Google Analytics and Maestro
New Revenue Opportunities

• Partnerships and Sponsorships
  • Restaurant and In Room Amenity programs that enhance the guest experience and highlight local makers. Additional event related sponsored opportunities as well.

• Education Program
  • Develop a hospitality education program for on the job learning with accreditation and summer for credit or paid internship program. Create potential track for future employment with FWH or on the Olympic Peninsula region.

• Events
  • Small to larger scale opportunity to enhance the guest experience, partner programming or other park activities, while driving quality and growth to our hospitality services and the surrounding community with goals of increasing occupancies during value season.

• Grants & Donations
  • Non-profit status opens up additional avenues for funding that didn’t previously exist.
Business Plan

Introduction to FWH
Reorganization Timeline

Fort Worden Hospitality Start-up Plan

YEAR ONE - 2021

- 01.21 FWH Planning Begins
- 02.21 Business planning with Advisory Team
- 05.21 Begin Hiring Key Roles in F&B, Finance, etc.
- 05.21 Execute Concessionaire Contract, begin transitioning employees
- 06.21 PDA Board Reseated by City
- 06.21 Hire/Train Seasonal Staff
- 06.30.21 “State Fully Reopen”
- 07.21 Administrative Split Complete
- 08.21 Anticipate Return of Some Group Business
- 09.21 Open House Community Sessions
- 10.21 Close Canteen for Season
- Q4.21 FWH Board Completes Strategic Plan for 2022

YEAR TWO - 2022

- 01.22 Start First Full Year of Operations!
- 01.22 Launch Glamping
- 05.22 Launch Glamping
- 07.21 Administrative Split Complete
- 08.21 Anticipate Return of Some Group Business
- 09.21 Open House Community Sessions
- 10.21 Close Canteen for Season
- Q4.21 FWH Board Completes Strategic Plan for 2022
- Q1.22 Launch Rebrand of New Reveille Concept
- Q2.22 Hire Additional Key Roles (Exec Chef)
- Q3.22 Large-Scale Public Events Return
- Q4.22 FWH Board Completes 2023-2026 Strategic Plan in conjunction with PDA
- Recruit Permanent Hospitality Executive Director

End Year Two in Black, Start Investor Returns Into Year Three
Timeline Detail 2021
Fort Worden Hospitality Start-up Plan

Q1 2021
- Business planning with Advisory Team
- Develop model and pitch
- Recruit board members
- Began inventory project

April/May 2021
- Attorney engaged
- CPA engaged
- HR consultant engaged
- Open bank account
- Insurance
- HIRING
- Finalize loan terms
- Concessionaire agreement

June 2021
- Receive loan
- Purchasing
- More hiring and training
- Benefits package completed
- Open new vendor accounts
- PDA board re-seated by City
- 06.30.21 “State Fully Reopen”

July/August 2021
- Administrative Cutover
- Anticipate return of some group business
- Taps reopening (aligned with liquor license)
- Glamping construction project restarted

September 2021
- Wooden Boat Festival & other local events return
- First Open Public House as FWH – 9/26
- FWH Board Starts 2022 Strat Plan

Q4 2021
- 2022 Strat Plan Completed
- 2022 Budget completed by November
- Branding work begins
Operational Efficiencies

• Small, focused leadership team.
  o Managers are empowered to make decisions and work interdepartmentally.
• Sales and F&B operating together.
  o Restaurants tracked separately for reporting/agile decision-making.
  o Consistency across offerings and customer experience.
• Consolidating purchasing and inventory.
• Cross-training and schedule portability.
• Collaborative/cloud software solutions; by decoupling from govt limitations, hospitality can implement more effective business solutions.
• Base team framework budgeted, scalable for future opportunities.
• Production improvements.
• More efficient structure allows for proactive planning for amenity improvements.
Mission

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.
Leadership Team

David Timmons
PDA Interim Executive Director
FWH Incorporator

Aislinn Diamanti
PDA Interim Director of Operations
FWH Interim Managing Director

Natalie Maitland
PDA Sales and Marketing Manager
FWH Director of Hospitality Experience

Management Team: Facilities Manager, Housekeeping Manager, Finance Manager (to hire), HR Manager (to hire), Food Program Manager (to hire)
Our volunteer advisory team includes people with backgrounds in banking, hotels, venture capital, and start-up companies, and they’ve helped build this business case and vetted the budget assumptions.
Board of Directors

Seated May 19, 2021

We are actively seeking additional board members with industry-relevant experience, and encourage anyone interested in potential board service to contact us.

Matt Gurney  Wendy Davis  Stephanie Svornich  Jeff Krida

Matt Gurney
Board President
Chief Innovation Officer, FareStart

Wendy Davis
Board Treasurer
Owner, Lila’s Kitchen
Former PTPD Community Service Officer focused on events

Stephanie Svornich
Board Secretary
Licensed Broker, Windermere Real Estate
Former Owner, Cellar Door Night Club

Jeff Krida
Trustee
Retired travel and tourism industry executive, 48 years of industry experience
Company Values

The following values are set forth to guide a dedicated group of driven employees delivering high-quality hospitality at Fort Worden.

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

Priorities for 2021 are safety (guest, employee, community) and equitable wages (phased to $15/hour minimum, entry-level to leadership ratios right-sized).
Forecast Assumptions

• Pro Forma forecast uses 2019 P&L as a base case. For 2021 revenues are based on an adjusted business on the books. In future years, assumptions are then made to revenues based on a percentage of 2019 understood levels. Current business on the books also informs these projections.

• Modeling is represented at a conservative midpoint scenario established as an estimate of COVID business loss in 2021 and lingering impacts in to 2022.

• **2021** reflects minimal changes to the current business model with
  - Adjustments for staffing, maintenance changes with reorganization
  - COVID impacts strongest for group and partner activity
  - Focus is on stabilizing the hospitality entity

• **2022** assumes Glamping comes online
  - Lingering COVID impacts to the booking cycle for group and partner activity

• **2023** return to 2019 levels in revenues with more optimized operations in place

• **2024** and 2025 show a flat rate percentage growth year over year
Revenue Past & Future

*2015-2020 are unaudited numbers; 2021-2025 are forecasted
## FW Hospitality Operations 2021 - 2025

### 5-Year Pro Forma

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<th>Year #3</th>
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### Accommodations Department

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<td><strong>Revenue</strong></td>
<td>931,015</td>
<td>3,461,977</td>
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<td><strong>Expenses</strong></td>
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<td>980,325</td>
<td>1,193,100</td>
<td>1,250,051</td>
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<td><strong>Labor</strong></td>
<td>296,297</td>
<td>753,218</td>
<td>916,369</td>
<td>961,326</td>
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<td><strong>Other</strong></td>
<td>85,687</td>
<td>227,107</td>
<td>276,732</td>
<td>288,725</td>
<td>300,894</td>
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<td><strong>Accommodations Surplus/(Deficit)</strong></td>
<td>549,031</td>
<td>2,481,653</td>
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### Restaurants Department

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<td><strong>Revenue</strong></td>
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<td>1,246,237</td>
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<td><strong>Expenses</strong></td>
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<td>1,032,500</td>
<td>1,163,742</td>
<td>1,192,835</td>
<td>1,221,341</td>
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<td><strong>Labor</strong></td>
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<td>584,884</td>
<td>631,675</td>
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<td><strong>COGs</strong></td>
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<td>412,321</td>
<td>422,629</td>
<td>432,022</td>
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<td><strong>Other</strong></td>
<td>54,465</td>
<td>96,751</td>
<td>119,746</td>
<td>125,949</td>
<td>128,952</td>
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<td><strong>Restaurants Surplus/(Deficit)</strong></td>
<td>35,372</td>
<td>28,528</td>
<td>82,495</td>
<td>84,557</td>
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### Catering Department

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<td><strong>Revenue</strong></td>
<td>126,591</td>
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<td>1,450,910</td>
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<td><strong>Expenses</strong></td>
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<td><strong>Labor</strong></td>
<td>63,651</td>
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<td><strong>COGs</strong></td>
<td>43,305</td>
<td>360,224</td>
<td>494,446</td>
<td>506,807</td>
<td>519,477</td>
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<td><strong>Other</strong></td>
<td>14,553</td>
<td>99,096</td>
<td>122,877</td>
<td>125,949</td>
<td>128,952</td>
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<td><strong>Catering Surplus/(Deficit)</strong></td>
<td>5,083</td>
<td>183,325</td>
<td>377,920</td>
<td>387,368</td>
<td>397,199</td>
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### Venues Department

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<th>Year #4</th>
<th>Year #5</th>
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<tr>
<td><strong>Revenue</strong></td>
<td>66,126</td>
<td>279,728</td>
<td>372,971</td>
<td>382,295</td>
<td>391,852</td>
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<td><strong>Expenses</strong></td>
<td>1,372</td>
<td>7,912</td>
<td>9,846</td>
<td>10,040</td>
<td>10,238</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1,372</td>
<td>7,912</td>
<td>9,846</td>
<td>10,040</td>
<td>10,238</td>
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<tr>
<td><strong>Venue Surplus/(Deficit)</strong></td>
<td>64,755</td>
<td>271,816</td>
<td>363,124</td>
<td>372,255</td>
<td>381,614</td>
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### Miscellaneous Revenue

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<th>Year #5</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>163,108</td>
<td>418,927</td>
<td>449,691</td>
<td>461,395</td>
<td>473,419</td>
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<tr>
<td><strong>Expenses (COGs)</strong></td>
<td>68,646</td>
<td>236,678</td>
<td>242,595</td>
<td>248,660</td>
<td>254,877</td>
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<td><strong>Misc. Surplus/(Deficit)</strong></td>
<td>94,462</td>
<td>182,249</td>
<td>207,095</td>
<td>212,735</td>
<td>218,543</td>
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### Total Departmental Revenue

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<th>Year #3</th>
<th>Year #4</th>
<th>Year #5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,776,701</td>
<td>6,253,453</td>
<td>7,655,848</td>
<td>7,861,886</td>
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<tr>
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<td>1,029,978</td>
<td>3,105,883</td>
<td>3,646,886</td>
<td>3,765,128</td>
<td>3,884,071</td>
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</table>

### Total Departmental Surplus/(Deficit)

|                      | $748,703 | $3,147,570 | $4,008,962 | $4,096,758 | $4,186,330 |

- **Continued on next slide**
### Undistributed Other Expenses

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<tr>
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<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<tr>
<td>General &amp; Administrative</td>
<td>248,010</td>
<td>908,117</td>
<td>998,823</td>
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<td>Sales &amp; Marketing</td>
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<td>903,796</td>
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<td>Facilities &amp; Maintenance</td>
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<td>Utilities, Internet, Telephone</td>
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<td>456,528</td>
<td>467,941</td>
<td>479,639</td>
<td>491,630</td>
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<tr>
<td>Insurance &amp; Safety Contracts</td>
<td>55,903</td>
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<td>117,466</td>
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<td>123,413</td>
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<td>B&amp;O Taxes</td>
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<td>41,961</td>
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<td>Bank Financing Interest Payments</td>
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<td>Bank Glamping Loan Interest Payments</td>
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<td>100,000</td>
<td>100,000</td>
<td>96,796</td>
<td>93,800</td>
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<tr>
<td>Non-Bank Loan Interest Payments</td>
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<td>24,000</td>
<td>24,000</td>
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<tr>
<td>Total Undistributed Expenses</td>
<td>1,132,131</td>
<td>2,825,963</td>
<td>3,153,629</td>
<td>3,220,794</td>
<td>3,289,287</td>
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</tbody>
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### Operating Expense Ratio

- Year #1: 121.58%
- Year #2: 94.86%
- Year #3: 88.83%
- Year #4: 88.86%
- Year #5: 88.88%

### Net Operating Surplus/(Deficit)

- Year #1: $(383,428)$
- Year #2: $321,607$
- Year #3: $855,333$
- Year #4: $875,964$
- Year #5: $897,043$

### Net Operating Margin

- Year #1: -21.58%
- Year #2: 5.14%
- Year #3: 11.17%
- Year #4: 11.14%
- Year #5: 11.12%

### Non-Operating Sources/(Uses)

- PDA Restore Deposits to Policy: -
- PDA Restore Glamping Capital Funding: $600,000
- Bank financing: $1,000,000
- Non-Bank financing: $400,000
- Collateral for Bank Start Up Loan: $400,000
- Prior Year Advanced Deposits (Spent): $(449,495)
- Due to PDA for 2021 Q1 & Q2 Start Up Costs: -
- Capital Expenditures: $(718,750)
- Bank Financing Costs: $(20,000)
- Bank Financing Principal Payments: $(137,500)
- Bank Glamping Loan Principal Payments: $(104,722)

### Total Non-Operating Sources/(Uses)

- Year #1: $411,755
- Year #2: $(437,500)
- Year #3: $6,737
- Year #4: $8,948
- Year #5: $11,271

### Net Cash Flow

- Year #1: $28,326
- Year #2: $(115,893)$
- Year #3: $862,070$
- Year #4: $884,912$
- Year #5: $908,314$

### Statement of Cash Balance

- Beginning Cash: $28,326
- Net Cash Flow: $28,326
- Available Cash: $28,326
- Restricted Reserves:
  - Tier I Operating Rainy Day (120 Days): $28,326
  - Glamping 1yr Debt Service Coverage: -
- Unrestricted Reserves: $-\( Reserve\ Shortfall\)

### Total Cash

- Year #1: $28,326
- Year #2: $(774,502)$
- Year #3: $877,414$
- Year #4: $1,659,414$
- Year #5: $2,567,728$

---

*Continued from previous slide*
Footnotes

- Pro forma is built using a combination of 2019 and 2020 PDA data, as well as 2021 business on the books.
- Years 2021 and 2022 assume continued impacts of COVID on occupancy rates and services.
- Year 2023 assumes a return to full, pre-COVID occupancy and services.
- Years 2021 and 2022 assume start-up capital expenditures that cover the cost of replacing or restoring equipment and other deferred maintenance needs required to operate fully.
- Years 2021 through 2025 also assume yearly capital expenditures to maintain Hospitality’s equipment and large inventory.
- “Spent advanced deposits” refers to advanced deposits for 2021-forward bookings that were collected and spent by the PDA in 2020.
- In 2021, this pro forma assumes the PDA restores Glamping capital funding.
- Glamping project completes in 2021; it begins operating in 2022.
- A Tier I, 120-day Operating Reserve is established; future plans include a Tier II Operating Reserve of 60 additional days (180 total)
- In 2021, a $400K investment is acquired and held in a restricted reserve to provide loan collateral.
- Interest is paid on the $400K collateral in years 2021 through 2024, with the full collateral amount released in year 2025.
Financial Summary

- We expect to be back to pre-COVID revenue levels by 2023; by making adjustments to the business model Fort Worden Hospitality expects to hold expenses under pre-COVID levels to realize a net-positive bottom line not previously seen by the PDA.

- Pro forma demonstrates a conservative approach to revenue and expense, including a deep reserve policy that builds the resiliency of the organization overall to prevent future business-threatening shortfalls and to protect our lenders and constituents.

- **Current revenues have been outpacing projections**, however the Taps opening has since been delayed due to permitting and staffing issues, so projected F&B revenue (and expense) will be lower for June 2021.
Key Takeaways

What’s at stake?
The potential of 2019 still exists, and we’re ready to take advantage of it.

Local Jobs, Local Revenues
The phased restructuring plan represents the best economic case for our region.

Invest Now, Grow Soon
While 2021 will still operate conservatively with COVID a major part of the picture, bridging this gap brings Fort Worden back better, sooner.

Fort Worden Hospitality
Thank you

Please reach out with additional questions

apalmer@fortworden.org
dtimmons@fortworden.org
## CONTENTS

**ARTICLE 1. OFFICES** .................................................................................................................. 1

**ARTICLE 2. MEMBERSHIP** ........................................................................................................ 1

**ARTICLE 3. BOARD OF DIRECTORS** ......................................................................................... 1

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ARTICLE 1. OFFICES
The principal office of Fort Worden Hospitality, a Washington nonprofit corporation (the "Corporation") shall be located at 200 Battery Way, Port Townsend, Washington, or at such other place as the Board of Directors ("Board") may designate.

ARTICLE 2. MEMBERSHIP
The Corporation shall have no members.

ARTICLE 3. BOARD OF DIRECTORS

3.1 General Powers
The affairs of the Corporation shall be managed by a Board of Directors.

3.2 Number
The Board shall consist of not less than 3 nor more than 11 Directors. The number of Directors may be changed from time to time by amendment to these Bylaws, provided that no decrease in the number of directors shall have the effect of shortening the term of any incumbent Director.

3.3 Qualifications
Directors may have such qualifications as the Board may prescribe from time to time, including work relevant to the hospitality industry and/or the lifelong learning mission of the Fort Worden Lifelong Learning Center Public Development Authority.

3.4 Election of Directors
Directorships shall be filled by individuals nominated by the members of the Board. Those nominated to serve as Directors must be duly elected by a majority vote of the Directors.

3.5 Term of Office
Unless a Director dies, resigns or is removed, such Director’s initial term shall terminate at the end of the Board’s annual meeting that is held during the third calendar year after election. A Director in good standing is eligible to serve a second three-year term, provided that such Director is formally invited to do so after an affirmative vote of a majority of the remaining Directors. Any Director who serves two consecutive terms shall be required to wait at least three years before serving again on the Board.

The forgoing notwithstanding, the initial directors shall be elected to serve staggered terms, such that one-third of the directors will have an initial one-year term, one third will have an initial two-year term, and one third will have an initial three-year term. Those initial directors who have served less than full three-year terms shall be eligible to serve two additional three-year terms in addition to their initial term.
3.6 **Annual Meeting**

The annual meeting of the Board shall be held during the month of May on a date chosen by the President or the Board for the purposes of electing directors and officers and transacting such business as may properly come before the meeting.

3.7 **Regular Meetings**

No later than the Annual Meeting, the Board shall specify the dates, times and places for holding regular meetings for the upcoming year and publish the same to all board members and such regular meeting shall occur as scheduled without additional notice. Notice of any change in the dates of regular meeting shall be provided as set forth in Article 3.11

3.8 **Special Meetings**

Special meetings of the Board or any committee designated and appointed by the Board may be called by or at the written request of the President or any two Directors, or, in the case of a committee meeting, by the chairman of the committee or any two members of the committee.

3.9 **Place of Meetings**

All meetings shall be held at the principal office of the Corporation or at such other place within or without the State of Washington designated by the president or by a waiver of notice signed by all Directors.

3.10 **Electronic Attendance**

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or a committee by means of a conference telephone, video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

3.11 **Notice of Meetings**

3.11.1 **General**

Subject to Regular Meetings scheduled under Article 3.7, notice of any meeting shall be given by the Secretary or by the Director or Directors calling the meeting, by regular or express mail, private carrier, personal delivery, e-mail, electronic network posting, or other written format. The notice shall specify the date, time, purpose, and location of the meeting.

3.11.2 **Consent to Notice By Email**

If notice is provided to Directors by e-mail, it is effective only with respect to Directors who have: (a) consented in writing or by e-mail to receive notices transmitted by e-mail; and (b) designated in the consent the message format that is accessible to the recipient, and the address, location, or system to which these
notices may be e-mailed. A Director who has consented to receipt of e-mailed notices may revoke the consent by delivering a revocation to the Corporation. The consent of any Director is revoked if the Corporation is unable to transmit by e-mail two (2) consecutive notices given by the Corporation in accordance with the Director’s consent, and this inability becomes known to the secretary of the Corporation or other person responsible for giving the notice. The inadvertent failure by the Corporation to treat this inability as a revocation does not invalidate any meeting or other action.

3.11.3 Email Notice

Notice provided by e-mail to a Director who has consented to receive notice by e-mail is effective when it is sent to an address designated by the recipient.

3.11.4 Delivery of Notice by Posting to Electronic Network

The Corporation may provide notice of the time and place of any special meeting of the Board of Directors by posting the notice on an electronic network (such as a listserv), provided that the Corporation also delivers to the Director notice of the posting by mail or e-mail (pursuant to the recipient’s consent to receive notices by e-mail), together with instructions regarding how to obtain access to the posting on the electronic network.

3.11.5 Notice By Other Means

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at such Director’s address as it appears on the records of the Corporation, with postage thereon prepaid. Other forms of notice described in this section are effective when received.

3.11.6 Effect of Attendance at Meeting

Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where the Director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.11.7 Waiver

Whenever any notice is required to be given to any Director by the Articles of Incorporation or Bylaws, or by the laws of the State of Washington, a waiver of such notice in writing or by e-mail executed by the Director entitled to such notice, shall be equivalent to the giving of such notice.

3.12 Quorum

A majority of the number of Directors fixed by or in the manner provided by these Bylaws shall constitute a quorum for the transaction of business at any Board meeting. If a quorum
is not present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

3.13 Manner of Acting

The act of the majority of the Directors present at a meeting at which there is a quorum shall be the act of the Board, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation or applicable Washington law.

3.14 Presumption of Assent

A Director present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such Director’s dissent or abstention is entered in the minutes of the meeting, or unless such Director files a written dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof, or forwards such dissent or abstention by registered or overnight mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favor of such action.

3.15 Action by Board Without a Meeting

Any action which could be taken at a meeting of the Board may be taken without a meeting if a written consent setting forth the action so taken is signed by the number of Directors required to approve such action. Such written consents may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document. Any such written consent shall be inserted in the minute book as if it were the minutes of a Board meeting.

3.16 Proxies

Voting by proxy is prohibited.

3.17 Resignation

Any Director may resign at any time by delivering written notice to the President or the Secretary at the registered office of the Corporation, or by giving oral or written notice at any meeting of the Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.18 Removal

One or more Directors may be removed from office, with or without cause, by the affirmative vote of a two-thirds majority of the Directors fixed by or in the manner provided by these Bylaws.
3.19 **Vacancies**

A vacancy in the position of Director may be filled by the affirmative vote of a majority vote of the remaining Directors though less than a quorum of the Board. A Director who fills a vacancy shall serve for the unexpired term of such Director’s predecessor in office.

3.20 **Board Committees**

3.20.1 **Standing or Temporary Committees**

The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more standing or temporary committees, each of which shall consist of two or more Directors and may consist of other persons, not Directors, who shall serve as members of such committees. Such committees shall have and exercise the authority of the Directors in the management of the Corporation, subject to such limitations as may be prescribed by the Board except that no committee shall have the authority to: (a) amend, alter or repeal these Bylaws; (b) elect, appoint or remove any member of any other committee or any Director or officer of the Corporation; (c) amend the Articles of Incorporation; (d) adopt a plan of merger or consolidation with another corporation; (e) authorize the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation not in the ordinary course of business; (f) authorize the voluntary dissolution of the Corporation or revoke proceedings therefor; (g) adopt a plan for the distribution of the assets of the Corporation; or (h) amend, alter or repeal any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by a committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board or any individual Director of any responsibility imposed upon such Director by law.

3.20.2 **Quorum; Manner of Acting**

Notice of Committee Meetings shall be given in the same manner as set forth in Article 3.11. Committee members may participate remotely as set forth in Article 3.10. A majority of the number of committee members composing any committee shall constitute a quorum, and the act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee. Action may be taken by a committee without a meeting following the same procedure as set forth in Section 3.15.

3.20.3 **Resignation**

Any member of any committee may resign at any time by delivering written notice thereof to the President, the Secretary or the chairman of such committee, or by giving oral or written notice at any meeting of such committee. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon
delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.20.4 Removal of Committee Member
The Board, by resolution adopted by a majority of the Directors in office, may remove from office any member of any committee elected or appointed by it.

3.21 Compensation
The Directors shall receive no compensation for their service as Directors but may receive reimbursement for reasonable expenditures incurred on behalf of the Corporation.

ARTICLE 4. OFFICERS

4.1 Number and Qualifications
The officers of the Corporation shall be a Board Chair/President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board. Other officers and assistant officers may be elected or appointed by the Board, such officers and assistant officers to hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided by resolution of the Board. Any officer may be assigned by the Board any additional title that the Board deems appropriate. Any two or more offices may be held by the same person, except the offices of President and Secretary. All officers must be Directors of the Corporation.

4.2 Election and Term of Office
The officers of the Corporation shall be elected each year by the Board at the annual meeting of the Board. Unless an officer dies, resigns, or is removed from office, they shall hold office until the next annual meeting of the Board or until his or her successor is elected.

4.3 Resignation
Any officer may resign at any time by delivering written notice to the President, the Vice President, the Secretary, or the Board, or by giving oral or written notice at any meeting of the Board. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.4 Removal
Any officer or agent elected or appointed by the Board may be removed by the affirmative vote of at least a majority of the Board whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.
4.5 **Vacancies**

A vacancy in any office created by the death, resignation, removal, disqualification, creation of a new office or any other cause may be filled by the Board for the unexpired portion of the term or for a new term established by the Board.

4.6 **Board Chair/President**

The Board Chair shall be elected annually by the Board from its ranks. The Board Chair shall preside at all meetings of the Board and the Executive Committee, act as a liaison between the Board and the Executive Director to help ensure the Board’s directives and resolutions are carried out, and exercise and perform such other powers and duties as may be from time to time prescribed by the Board. The Board Chair shall be deemed the president of the Corporation under RCW 24.03.125. In absence of an executive director, the Board Chair, as president, shall also have the duties set forth in Article 5.2.

4.7 **Vice President.**

One or more vice presidents may be elected annually by the Board from its ranks. In the event of the Board Chair’s absence, the vice-president shall assume the duties of the Board Chair and president of the Corporation as set forth in Article 4.6.

4.8 **Secretary**

The Secretary shall be elected annually by the Board from its ranks. The Secretary shall: (a) keep the minutes of meetings of the Board and any minutes which may be maintained by committees of the Board; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the Corporation; (d) keep records of the post office address of each Director and officer; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or the Board. The Secretary shall be supported by such professional staff as Corporation may hire or provide.

4.9 **Treasurer**

The Treasurer shall be elected annually by the Board from its ranks. The Treasurer shall be the chair of the finance committee. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for money due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in banks, trust companies, or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of the Treasurer. Some or all of the duties of the Treasurer, other than chairing the finance committee, may be delegated by the Board to an employee of the Corporation overseen by the Finance Committee.

4.10 **Compensation**
The officers shall receive no compensation for their service as officers but may receive reimbursement for reasonable expenditures incurred on behalf of the Corporation.

**ARTICLE 5. EXECUTIVE DIRECTOR**

5.1 Appointment

The Corporation may employ an Executive Director who shall be appointed, employed, and discharged by the Board. The Executive Director shall hold office until removed by a majority vote of the Board or until the Executive Director resigns consistent with the terms of the Executive Director’s employment agreement with the Corporation, or if no agreement is in effect, consistent with the provisions of Article 4.3

5.2 Duties

The Executive Director shall manage the affairs of the Corporation according to the policies, principles, practices and budget authorized by the Board, and shall be responsible for management of personnel, finances and programs. The Executive Director shall be responsible for staff management including hiring, training, disciplinary action, and discharge. The Executive Director, consistent with these Bylaws and the powers delegated to the Executive Director by the Board, may delegate authority for the day-to-day management of the Corporation to such other managers and staff as the Executive Director selects. The Executive Director shall serve as an *ex-officio*, non-voting member of the Board, provided that for the purpose of determining the number of Directors serving the Corporation, the Executive Director shall not be considered a member of the Board.

5.3 Compensation

The salary of the Executive Director shall be fixed from time to time by the Board or by any person or persons to whom the Board has delegated such authority.

**ARTICLE 6. GOVERNORS**

The officers named in Article 4 and the Executive Director appointed under Article 5 shall be listed as “governors” in such annual reports as the Corporation is required to file under RCW ch. 23.95 and RCW ch. 24.03.

**ARTICLE 7. ADVISORY BOARD**

The Board of Directors may appoint an Advisory Board of two or more persons to provide advice and assistance to the Board. Members of the Advisory Board may be invited to meetings of the Board, but shall not be entitled to vote or exercise other powers of a director of the Corporation; provided, however, to the extent permitted by law, members of the Advisory Board shall be entitled to the same limitations on liability and rights to indemnification as directors of the Corporation. The Board of Directors may determine by separate resolution the operational rules which shall govern the Advisory Board. Advisory Board members may be removed at any time, with or without cause, by the Board.
ARTICLE 8. INTERESTS OF DIRECTORS AND OFFICERS

8.1 Compensation
Directors who receive any compensation for services in any capacity, directly or indirectly, from the Corporation may not vote on matters pertaining to that Director’s compensation.

8.2 Conflict of Interest
Directors and officers shall disclose to the Board any financial interest which the Director or officer directly or indirectly has in any person or entity that is a party to a transaction under consideration by the Board. The interested Director or officer shall abstain from voting on the transaction.

8.3 Review of Certain Transactions
Prior to entering into any compensation agreement, contract for goods or services, or any other transaction with any person who is in a position to exercise influence over the affairs of the Corporation, the Board shall establish that the proposed transaction is reasonable when compared with a similarly-situated organization for functionally comparable positions, goods or services rendered.

8.4 Policy; Acknowledgment
The Board shall adopt and maintain a conflict of interest policy. Each Director, prior to joining the board, and annually thereafter shall review and sign a conflict of interest disclosure that is made part of the conflict of interest policy.

ARTICLE 9. ADMINISTRATIVE AND FINANCIAL PROVISIONS

9.1 Loans
No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

9.2 Loans or Extensions of Credit to Officers and Directors
No loans shall be made and no credit shall be extended by the Corporation to its officers or Directors.

9.3 Checks, Draft
All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as is from time to time determined by resolution of the Board.
9.4 Deposits
All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

9.5 Books and Records
The Corporation shall keep at its principal or registered office copies of its current Articles of Incorporation and Bylaws; correct and adequate records of accounts and finances, minutes of the proceedings of its Boards and any minutes which may be maintained by committees of the Board; records of the names and post office addresses of its officers and Directors, and such other records as may be necessary or advisable.

9.6 Corporate Seal
If the Board determines that it is advisable, the Corporation shall have a corporate seal consisting of the name of the Corporation, the state of its incorporation and the year of its incorporation.

9.7 Accounting Year
Unless a different accounting year is at any time selected by the Board, the accounting year of the Corporation shall be the twelve months ending December 31st.

9.8 Rules of Procedure
The rules of procedure at meetings of the Board and committees of the Board shall be rules contained in Roberts' Rules of Order on Parliamentary Procedure, Newly Revised, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or any resolution of the Board.

ARTICLE 10. INDEMNIFICATION

10.1 Indemnitee
The term “Indemnitee” means any person who was or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal (hereinafter a “Proceeding”), by reason of the fact that such person (a) is or was a director or officer of the Corporation or, being or having been a director or officer of the Corporation; (b) is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another entity or enterprise (including a partnership, joint venture, trust, employee benefit).

10.2 Scope
Each Indemnitee shall be indemnified and held harmless by the Corporation, to the full extent permitted by applicable law as then in effect, against all expenses, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts to be paid in
settlement) actually and reasonably incurred or suffered by such Indemnitee in connection therewith. Except as provided in Section 9.3(b) below, the determination otherwise required by RCW 23B.08.550 shall not be required in connection with indemnification pursuant to this Article.

10.3 Exceptions

Such right of indemnification shall not exist where the act or omission of the Indemnitee involves (a) intentional misconduct or a knowing violation of the law, (b) any transaction in which the Indemnitee has received or will receive a benefit in money, property, or services to which such person is not legally entitled; (c) where the act or omission of the Indemnitee involves recklessness or gross negligence, unless the Corporation elects by resolution of the Board to provide such indemnification under RCW 23B.08.550(2)(a) (as now in effect or as it may hereafter be amended).

10.4 Continuation After Separation

Such right of indemnification shall continue as to a person who has ceased to be a director, trustee, officer, employee, partner or agent and shall inure to the benefit of such person’s heirs, executors, and administrators.

10.5 Proceeding By Indemnitee

Such right of indemnification shall not exist where the Indemnitee seeks indemnification in connection with a proceeding (or part thereof) initiated by such Indemnitee unless such proceeding (or part thereof) was authorized by the Board of Directors prior to its initiation.

10.6 Contract Right; Expenses

The right of indemnification conferred in this Article shall be a contract right and shall include the right to have the Corporation pay the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of a written undertaking by or on behalf of the Indemnitee, to repay all amounts so advanced if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified under this Article or otherwise.

10.7 Non Exclusive

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, these Bylaws, or the agreement, vote or consent of disinterested directors, or otherwise.

10.8 Employees and Agents

The Corporation may, by action of the Board from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to or on behalf of employees
and agents of the Corporation with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation or pursuant to rights granted under or provided by, RCW 24.03.043 or otherwise.

10.9 Insurance
The Corporation shall maintain insurance to protect itself and any Indemnitee against any expense, liability, or loss against which the Corporation has the power to indemnify pursuant to this Article. In addition, the Corporation may maintain insurance against such expense, liability, or loss whether or not the Corporation would have the power to provide indemnification under the RCW 24.03.043.

ARTICLE 11. AMENDMENTS
These Bylaws may be altered, amended or repealed and new Bylaws may be adopted at any meeting of the Board by the vote of sixty percent (60%) of the number of Directors fixed by or in the manner provided by these Bylaws, or by the written consent of each of the Directors.

ATTESTATION
The foregoing Bylaws were adopted by the Board of Directors on May 20, 2021.

Stephanie Svornich
Stephanie Svornich, Secretary

Signature: Stephanie Svornich
Email: stephaniesvornich@windermere.com
Fort Worden Hospitality Board Bios

Jeffery D. Krida

Mr. Krida is an internationally recognized leader in the travel and tourism industry where he has led people and businesses for 48 years. He is (retired) Vice Chairman & Co-Founder of the American Queen Steamboat Company. Additional roles include: Director, North America at the British firm, i-to-i Life Changing Travel which operates volunteer service travel programs in 30 countries; President and CEO of Cruise West, which operated 9 passenger cruise ships from Alaska to Costa Rica and the Pacific Rim; President and a founding partner of RiverBarge Excursion Lines in New Orleans; President and COO of The Delta Queen Steamboat Company under Sam Zell throughout the 1990’s when the company tripled annual revenues, accomplished a successful IPO, and built the American Queen; Senior V.P of Sales & Distribution at Continental Airlines reporting directly to Frank Lorenzo, and he has held officer positions in both marketing and operations with Braniff International Airways and Thomas Cook, Ltd. His career began at American Airlines in 1967 while a student at The American University in Washington, D.C. where he earned a B.A. in Political Science and Foreign Affairs. He interned for Sen. Warren Magnusson in the U.S. Senate Commerce Committee, completed graduate studies at both Columbia and Stanford Universities, and is a U.S. Navy veteran. He served on the Boards of the Travel Industry Association of America, the Marketing and Managing committees of Cruise Lines International Assn., and the United States Passenger Vessel Assn.; co-founded the Niche Cruise Marketing Alliance; chaired Mayor Morial’s Tourism Transition Committee for the City of New Orleans; is a Fellow of the Institute of Certified Travel Agents (The Travel Institute); is a Kentucky Colonel; served as “Entrepreneur in Residence” at the Tulane Univ. Graduate School of Business; a lecturer at the University of New Orleans School of Hotel, Restaurant and Tourism; as a judge and mentor at the Univ. of Washington annual Global Social Entrepreneurship Competition; as a delegate to the Clinton White House Conference on Travel and Tourism; is an Eagle Scout, and recipient of the Award for Citizenship from the Union League of Philadelphia. He currently serves on the Board of the Fort Worden Foundation. Jeff and Rebecca Krida married in 1968 and reside in Port Townsend, WA and Todos Santos, in Baja, Mexico. They have 3 grown children and 5 grandchildren in Chicago and Toulouse, France.

Wendy Davis

Originally from Seattle, Wendy has lived in Port Townsend for over 20 years with a decades-long career in the hospitality industry. In 2014, Wendy began working as legal assistant in Jefferson County Prosecutor’s Office, and eventually ended up in law enforcement as a Community Service Officer with a focus on coordinating events from a public safety perspective with Port Townsend Police Department until Spring, 2021. Wendy returned to hospitality by starting Lila’s Kitchen, a shared Commissary Kitchen in Port Townsend that, due to the pandemic, pivoted to a walk-up service kitchen with multiple thriving food vendors. In her spare time Wendy helps her husband run his custom home building company, travels to sunny places, and is devoted to their 4 dogs. Wendy currently is the Board Vice President of Jumping Mouse Children’s Center. Wendy attended Washington State University and studied Psychology.
Matt Gurney

Matt Gurney is the Chief Innovation Officer of FareStart, a Seattle-based non-profit job training program that uses restaurant and catering operations to provide supportive employment and services to people in poverty. Matt has been with FareStart for over twenty years, and leads the organization’s efforts to develop and deploy new strategic opportunities to impact food security and business operations in line with FareStart’s mission and entrepreneurial spirit. Prior to working with FareStart, he founded a non-profit café, foundation, and barista training program for young people experiencing homelessness. Matt completed the Executive Program in Social Enterprise at Stanford University Graduate School of Business, holds a BA in Economics from the University of Wisconsin-Madison, and holds Certificate in Culinary Arts from Western Culinary Institute. He splits his time between Port Townsend and Seattle.

Stephanie Svornich

Stephanie Svornich is a Real Estate Broker with Windermere Real Estate. She owned and operated Cellar Door, a bar, restaurant, and live performance venue in Port Townsend, for seven years. Stephanie previously worked for the Fort Worden PDA as a manager in the Food & Beverage Department. She is also the Executive Vice President of Salish Sound, a music production membership cooperative that provides studio space, sound mixing, and live event management.

Transition Advisors – Non-Board Member

Jeffery M. Jackson

Jeffery Jackson is a Managing Director of Thayer Ventures, an early stage venture capital firm focused on startup technology firms serving the travel and hospitality industry. As part of his duties with Thayer Ventures, he sits on Boards and provides guidance to 8 early-stage companies. From 1998-2011, he served as both as Chief Financial Officer and as EVP Corporate Development at Sabre Holdings — a $3 billion travel technology company. Jeff managed the Sabre initial public offering, completed over 25 acquisitions and divestitures of over $8 billion in value, served on the Board of Travelocity, managed the globalization of the Sabre organization, and sold the company to private equity firms, taking it private. He spent 14 years with American Airlines, managed the legal separation of Sabre, Inc. from AA and left to become EVP and CFO of the stand-alone company in 2000. He has served on the boards of Rent-A-Center, Getty Images and the Woodall Rodgers Park Foundation, which funded and built a 5.2-acre deck park in downtown Dallas, Texas. He was also ex-officio member of the Carleton College Board of Trustees. Jeff is a graduate of Dartmouth College and has an MBA from the Northwestern’s Kellogg Business School.

Cindy H. Finnie

Cindy H. Finnie retired from Allstate Insurance company after 38 years of leadership experience. Her range of responsibilities included property and casualty underwriting, sales leadership, business
development and financial management. She was recognized in the company as an expert in developing insurance agencies and was the second person in company history to achieve the top sales leadership award. Ms. Finnie is the co-owner and President of Rainshadow Properties, Inc. an award-winning boutique hotel and property management company that she co-founded in 1995. She currently serves as a Vice Chair of First Federal Savings and has been on the board since 2012. She also currently serves as Past Chair of the Fort Worden PDA, Vice Chair of the Fort Worden Foundation, director of First Federal Community Foundation and a member of the Port Townsend Lodging Tax Advisory Council. Past non-profit leadership positions include Board Chair of Centrum, an arts and education organization, and director of the Jefferson County Community Foundation. Ms. Finnie was appointed by the Governor to serve on the Washington State Arts Commission, which she chaired for 3 years. Ms. Finnie has a Bachelor of Arts degree from the University of Colorado.

Terry Umbreit

Terry Umbreit is a retired director and professor from the School of Hospitality Business Management at Washington State University. He spent 28 years in higher education leadership positions. His research focused on human resource issues. Umbreit’s expertise is in curriculum development, industry relationships, student career services, fundraising, conference programming and international program expansion. He had 12 years of industry experience prior to becoming an educator, including serving as a Senior Consultant for PKF, a hospitality consulting firm in Chicago. His recent leadership experience includes serving as President of the Port Ludlow Village Council and President of the East Jefferson County Rotary. He received his PhD from Washington State University, an MS from Northern Illinois University, and a BA from Michigan State University. Umbreit has received numerous recognitions including the prestigious Howard B. Meek Award for Lifetime Contributions and Outstanding Service from the International Council on Hotel, Restaurant and Institutional Education.
RESOLUTION NO. 21-03 [proposed]

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FORT WORDEN LIFELONG LEARNING CENTER PUBLIC DEVELOPMENT AUTHORITY AUTHORIZING AND DIRECTING THE INTERIM EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH FORT WORDEN HOSPITALITY TO MANAGE AND OPERATE HOSPITALITY SERVICES AND FACILITIES AT THE FORT WORDEN CAMPUS

RECITALS:

A. This Resolution of the Board of Directors of the Fort Worden Lifelong Learning Center Public Development Authority (Fort Worden Public Development Authority, or FWPDA) authorizes the Interim Executive Director to execute a concession agreement with Fort Worden Hospitality, a WA nonprofit corporation, to manage and operate hospitality services and facilities within the Fort Worden campus.

B. The FWPDA’s charter, adopted in September 2011, specifically directs the FWPDA to undertake, assist with, and facilitate the implementation of a Lifelong Learning Center at Fort Worden State Park consistent with the 2008 Fort Worden Long Range Plan, and to develop the necessary agreements and partnerships for the use, operation, management, and development of State-owned facilities and properties within the Park.

C. The FWPDA’s master lease with Washington State Parks establishes that the FWPDA, as tenant, shall use the campus for “purposes consistent with a Lifelong Learning Center” as articulated in Parks planning documents, and that “such uses may evolve and change over time while remaining focused on uses consistent with a Lifelong Learning Center concept.” The lease further states that the tenant “shall promote the use of the Campus facilities for nonprofit, government and corporate events, meetings, workshops, seminars, and conferences even if such promotion and use is not the highest and best market use and may reduce the overall net revenues (due to discounted lease or conference rates); provided, however, Tenant shall also actively promote, market, and make available the facilities for independent travelers, family retreats, and other users.”

D. Beginning in the spring of 2020, COVID-19 and resulting emergency public health measures directed by the State caused the closure of hospitality and accommodation services at the Fort for approximately 4 months. Facing cash deficit conditions as a result of COVID-19 impacts on business and the use of capital monies for operations, the FWPDA’s Interim Executive Director and Board of Directors began reviewing the long-term sustainability of the current operating model, which was not producing revenue sufficient to address capital and maintenance needs on campus.

E. At the November 25, 2020 FWPDA board meeting, the Interim Executive Director presented a draft reorganization concept that included the creation of an entity that would operate as an enterprise service provider for all food/beverage/hospitality services under a long-term agreement with the FWPDA. The presentation proposed that structural changes would address challenges with the FWPDA’s current role as a public entity.
running a hospitality business. He stated that the current model is unsustainable with projected ongoing budget deficits.

F. At the December 9, 2020 FWPDA board meeting, the Interim Executive Director presented the “FWPDA Recovery and Reorganization Plan” and recommended that the FWPDA reorganize to develop new opportunities to restore and acquire revenues to support expenditures and continue hospitality services. The presentation stated that for the continuity of campus services, the FWPDA needs to pivot to a new model to be prepared for the post-COVID environment. The plan built on the presentation at the Board’s November 25, 2020 meeting for the formation of a new entity to operate hospitality services under a long-term franchise agreement. The new entity would allow a board composed of hospitality experts to focus on hospitality, limit constraints on customary hospitality practices stemming from being operated by a government entity, separate routine maintenance needs from capital needs, and help create long-term sustainability for campus services.

G. The Interim Executive Director advised at the meeting that the plan represents in his opinion the only way forward for the FWPDA to ensure long-term viability of hospitality operations and lifelong learning opportunities, and the viability of the Fort as a whole for the benefit of its partners, the community at large, and the state. Separating hospitality services from asset management services allows a hospitality entity to focus on hospitality services, and work with partners on those issues to the benefit of the partners and community, and better fulfill that portion of FWPDA responsibilities under the master lease. At the same time, the FWPDA can focus on asset management to more effectively find the constituents, tax benefits, and investment to enhance and rehabilitate those assets, and therefore be in a better position to fulfill that portion of FWPDA responsibilities under the master lease.

H. On December 9, 2020, the FWPDA Board adopted Resolution 20-21 approving the reorganization concept outlined in the “FWPDA Recovery and Reorganization Plan,” subject to Board approval of implementing measures and actions presented in the future by the Interim Executive Director, and directing the Interim Executive Director to take initial steps to implement the reorganization as outlined in the plan.

I. On December 16, 2020, the FWPDA Board, on recommendation of the Interim Executive Director and legal counsel, amended Resolution 20-21 to replace references to a “not-for-profit limited liability corporation (LLC)” with a “nonprofit corporation” as the best legal structure for the new hospitality service model, citing that Washington State RCWs offer more and better guidance for nonprofits.

J. Authorized reorganization steps include 1) filing for the creation of a nonprofit corporation that, once formed and organized with a new board, would enter into negotiations with the FWPDA for a long-term agreement to operate hospitality services at the Fort, and 2) if appropriate, transferring on a short-term basis (not to exceed one year) hospitality services operations to the new nonprofit corporation, pending long-term agreements that would be subject to future Board approval.
K. The Interim Executive Director filed articles of incorporation for Fort Worden Hospitality as a Washington Nonprofit Corporation with the Secretary of State, effective December 22, 2020, with the mission stated as: “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 event spaces; food services; and lifelong learning programming.”

L. At the January 27, 2021 board meeting, the Interim Executive Director and FWPDA hospitality staff presented a 2021 budget outlook. The Interim Executive Director stated he would be working with FWPDA staff and an informal hospitality advisory team to review budget projections and operational issues. The outlook presented an overview of a Hospitality board with extensive hospitality and/or financial management experience, and anticipated operational changes and forecasting for leisure, group, and restaurant activity and proposed that Fort Worden Hospitality formally separate from the FWPDA on July 1, 2021.

M. At the meeting, the Interim Executive Director stated he had reviewed the concept for a separate entity operating hospitality services with Gerry Johnson (Pacifica, Seattle), an attorney with expertise in public development authorities, who advises there was no legal issue with the concept.

N. At the meeting, the Interim Executive Director also stated he had reviewed the concept and projections with representative of the State Auditor’s Office, and they had no audit or legal issues with the concept.

O. At the February 24, 2021 board meeting, the Interim Executive Director and FWPDA hospitality staff presented for discussion 1) a draft concession contract term sheet that outlined hospitality services to be provided and 2) a Fort Worden Hospitality Business Plan for 2021-2022 that included a five-year pro forma. The board voted to authorize the board co-chairs and Interim Executive Director to negotiate the terms of a Hospitality Concession Contract and bring a formal proposal to the board in March.

P. At the March 24, 2021 board meeting, the Interim Executive Director and FWPDA hospitality staff presented an updated draft term sheet and draft concessionaire agreement between the FWPDA and Fort Worden Hospitality to commence July 1, 2021 for 25 years. The draft agreement was modeled on a WA State Parks concession agreement template. The draft terms noted that Fort Worden Hospitality would fulfill all terms of public benefit in the FWPDA’s master lease with State Parks and provide public reports for operational transparency.

Q. At the March 24 meeting, the Interim Executive Director reported to the board that the hospitality advisory team has been analyzing history, trends, and projections and has concluded that Fort Worden Hospitality’s business model is viable and sustainable.
R. At the March 24, meeting FWPDA board member and treasurer Jeff Jackson, with extensive background in hospitality businesses, and who has been reviewing hospitality projections and providing advice to the Interim Executive Director, concurred with the Interim Executive Director’s recommended approach because it best meets the goals of sustainability in both hospitality and asset management areas.

S. At the March 24, 2021 meeting, the FWPDA board authorized the Board Co-Chairs, Interim Executive Director, and FWPDA attorney to incorporate the draft terms as presented into a Fort Worden Hospitality concessionaire agreement and provide a final draft with a minimum 7-day public notice of a special board meeting to consider final adoption by the FWPDA board.

T. At its April 28, 2021 meeting, the FWPDA board accepted the Fort Worden Hospitality draft concession documents as substantially consistent with the draft terms previous presented to the Board, and approved a first reading of the concession contract with final consideration and action to occur at a future meeting.

U. The concession agreement does not affect Makers Square, which is separately managed by Makers Square Master Tenant, LLC (whose managing partner is the Fort Worden Foundation).

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

The Board authorizes the Interim Executive Director to execute a Concession Agreement with Fort Worden Hospitality in substantially the form of agreement presented to the Board at its regular meeting on May 26, 2021. The Interim Executive Director is authorized to make non-substantive changes that do not materially alter the agreement presented to the Board.

ADOPTED by the Board of Directors of the Fort Worden Lifelong Learning Center Public Development Authority at a regular meeting thereof, held the 26th day of May, 2021.

By: _______________________
    Norm Tonina, Co-Chair

By: _______________________
    Todd Hutton, Co-Chair

ATTEST:

By: _______________________
    Jane Kilburn, Secretary