

## 10 Questions About Fort Worden Hospitality Corp. and a Plea for More Community Voices

**The following answers to your questions are below. We interpreted your reference to “Fort Worden Housing” to apply to Fort Worden Hospitality (FWH).**

1. Is a WA nonprofit corporation the appropriate structure for Fort Worden Housing, an organization whose main purpose as shown in its business plan is to operate a hospitality business?
  - a. **Yes. The PDA Board, leadership team, and attorneys reviewed options including status quo, a for-profit business, a non-profit business, or an outside concessionaire, and determined that the best model was the not-for-profit model.**
  - b. **FWH will be focused on hospitality while the PDA remains to address the other obligations it has with State Parks.**
2. As a WA nonprofit corporation which intends to raise funds from the public and hire staff, will Fort Worden Housing register as a WA charitable organization as required? Can it do so if its main purpose is a hospitality business?
  - a. **FWH is applying with the IRS to determine if it meets the requirements as a charitable organization. If it does not, it will serve as a non-charitable nonprofit.**
  - b. **There are no plans to raise funds from the public as a charity.**
  - c. **It will hire staff as required.**
3. What is Fort Worden Housing’s exempt purpose, and if charitable, which charitable purpose will it serve, that qualifies it to be a tax exempt 501 (c)(3) organization under IRS rules, one of your stated goals?
  - a. **The purposes proposed are the education element and support of the mission at Fort Worden as a Life Long Learning Center.**
  - b. **IRS will determine if FWH meets the criteria to be classified as charitable.**
4. Why is a new charitable organization needed when the Fort Worden Foundation exists to support the PDA and the Partners and help meet State and Federal charitable purposes tests?
  - a. **There are many non-profits operating on this campus, and likely to be several more in the future with the opening of Makers Square and the existing partner model.**
  - b. **The Fort Worden Foundation will continue to exist, and their mission is unique from the mission of Fort Worden Hospitality.**
  - c. **To fulfill its mission, FWH may take efforts that will require it to apply directly for support. Having its status as a 501c3 may facilitate its mission.**
5. What is the role of investors in Fort Worden Housing, how will it accept and use private investments, and what return, security, and guaranties will it provide to investors?
  - a. **The investors are being asked to create a \$400K collateral pledge to secure a \$1M startup loan. The funds pledged will be set up in an interest-bearing account that the lender will administer.**
6. How is raising the emergency bridge financing and investment needed to sustain Fort Worden and PDA operations possible though Fort Worden Housing, a new entity with no credit, capacity, or collateral?
  - a. **FWH is proposing a pledge of \$400K cash to secure the \$1M startup loan.**
  - b. **FWH is also proposing as collateral its concession contract for the balance of the start-up loan.**

- c. **FWH is proposing to use the Glamping Campground as collateral using a separate sub-lease of the asset from the PDA.**
7. How will Fort Worden Housing realize its mission through a hospitality business, specifically providing lifelong learning programming?
  - a. **Fort Worden Hospitality 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.**
  - b. **The programming proposed for execution by Fort Worden Hospitality is a job training program. That is not budgeted to be developed until the core hospitality business stabilizes in 2023. Otherwise the mission, like that of the PDA, is to facilitate the programming of other partners. Given hospitality has always been a core element that is integral to the mission of Fort Worden’s operating as a Lifelong Learning Center, we believe FWH will have no conflict meeting its mission.**
8. How does the PDA advance the Lifelong Learning Center mission and improve and sustain the physical campus after one of the major sources of income, hospitality revenue, is transferred to Fort Worden Housing?
  - a. **Hospitality has been a dominant source of income but also of complications and expense. By allowing hospitality to self-govern, the PDA will have more opportunity to focus attention on its core mission that is laid out in the charter that created it. Hospitality income should support its business model per the mission of the Lifelong Learning efforts at Fort Worden. The PDA needs (and has always needed) supplemental income from multiple sources to address the physical campus and FWH will pay its share.**
  - b. **Fort Worden Hospitality has budgeted small capital improvements in the pro forma and will reinvest their profits into their product, which includes the buildings they operate in.**
  - c. **The primary way the PDA advances the Lifelong Learning Center mission is through contractual relationships with partner organizations with missions and programming that involve lifelong learning opportunities. Lodging, venues, and food services are essential to the success of campus lifelong learning programs; by helping to create a more viable hospitality business that can support partner programming, the PDA is continuing to advance the Lifelong Learning Center mission.**
  - d. **The PDA’s strategy to sustain and improve the physical campus will continue to involve working with WA State Parks on state funding opportunities and seeking other capital raising opportunities.**
9. How are Fort Worden Housing board members selected? Can and should PDA board members also serve as Fort Worden Housing board members?
  - a. **Board members initially will be appointed by the incorporator. Thereafter they will be selected according to the manner they determine to be in their best interest pursuant to their bylaws which will be established once they are seated.**

- b. No PDA Board members can serve concurrently on the Fort Worden Hospitality Board based upon the opinion of the initial incorporator.**
- 10. Would Fort Worden, the PDA and community be served as well or better with more attentive leadership, emergency response plans, and adequate reserves, rather than a complicated and rushed major structural reorganization that reduces public accountability and oversight?
  - a. This appears to be more rhetorical statement than a question. Any answer would be subjective and can be best addressed by reviewing the process that began last spring 2020.**

*Please provide the community more information and real opportunities to influence the reorganization and business plans before Fort Worden Housing marches forward.*

- b. Please review the recorded public meetings and multiple presentations available on the PDA's web site.**

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