

30 June 2021

From: Norm Tonina

To: Port Townsend City Council

CC: John Mauro, Joanna Sanders, David Timmons, Todd Hutton, Joan Rutkowski

When I applied to join the Fort Worden PDA board back in 2011, my interest was in preserving a tremendous community resource, which had grown to be an important part of my family's life, so future generations could enjoy similar experiences. The Fort is a truly magical place! Working these last 10 years at Fort Worden has been challenging and, at times, frustrating but always incredibly rewarding.

While the PDA has covered a lot of ground these last 16 months – from the impacts of COVID to financial irregularities to reorganization and lot in between – and endured unnecessary rumors, speculation and innuendo during this challenging time, I am proud of the role this Board has played in not only overseeing PDA leadership and staff but also very often partnering with PDA leadership to share our various areas of expertise these last 10 years. I would like to share the results of these efforts:

- Executing our mission of “Ensuring financial sustainability, and to infuse Fort Worden with the beauty and energy that allows it to reach its full potential as a gathering place for groups, families and individuals who seek enrichment and discovery through life-long learning.”
- Growing revenues from \$1.4 million in 2014 to \$7.0 million pre-COVID in 2019
- Become one of the largest local employers, supporting 175 employees in the peak of 2019's summer, growing into one of the largest employers in JC
- Building a much-improved food and beverage operation, including TAPS, which has become a community gathering spot
- Defining what is possible for the future of Fort Worden and its growth through the 2015 Program Development Plan led by Dave Robison and Signal Architecture, which was the genesis of the Makers Square project and fueled Robison's vision for the future of the property.
- Attracting donors, grants, and public funding that resulted in investment of over \$30 million in capital projects and upgrades
- Attracting new programming to the Fort, including the precursor to the organization that is now Northwind Arts; KPTZ; and STG, who curated the THING music festival that many locals hope will be back on the Fort's grounds next summer
- And, lastly, surviving the impact of the pandemic and the financial irregularities. The PDA was forced to make it on our own with no pandemic federal relief or local support. David Timmons, his staff, and this Board were able to execute against an all-or-nothing reorganization plan that will keep the Fort solvent and under local control thanks to local financial institutions willing to work with us.

Our Board moves on, knowing that the sum of these achievements leave the property in far better shape than we inherited in 2014, even after the crushing impact of the pandemic.

To my fellow board members, you have been some of the most committed and dedicated leaders I have ever worked with, and you did it as selfless volunteers. Whether I was calling to ask you to make your year-end gift or to help us cover the healthcare expenses of furloughed employees or to pick up a new project or just offer a little of your wisdom on a challenge the PDA was facing, you always responded. I will never forget any of you nor the commitment you had to the long-term success of Fort Worden. Thank you.

I have often told others that Fort Worden has a very complicated stakeholder map. So many groups across Port Townsend and the entire state have a vested interest in what happens here. While there is the opportunity, at times, to collaborate on issues, many times we have found ourselves locked into the tension between maintaining the status quo and the need to move forward with new approaches and business models to ensure the Fort's long-term sustainability. One stakeholder that the PDA was able to regularly partner with very effectively is State Parks – thanks to WSP Assistant Director, Peter Herzog, and, locally, Park Manger, Brian Hageman for always working to find the win-win, the collaborative solution and for running processes that were always fair, transparent, and generative.

To all of our staff – past and present – thank you. Fort Worden has benefitted from the talents that you bring to your work each day, your creativity to solve old challenges with new solutions, and your tireless dedication to creating a customer-focused environment that results in memorable experiences. Thank you for all you do.

And, to the next PDA Board – I leave you with these thoughts -

- The reorganization strategy results in the PDA being a different organization with a significantly different funding model and debt payments that are linked to the revenue streams from hospitality service fees and Makers Square lease revenues. And, the roughly \$100 million in deferred maintenance will continue to be a challenge until the asset management strategy is built and executed. The new PDA Board needs to review and understand this new business model and the resulting proforma before any long-term commitments should be made.
- Take the time to learn from others. Our PDA board has learned about several business models of organizations, some in Washington state, dealing with similar challenges that we find at Fort Worden. Magnuson Park in Seattle hosts 40+ partner tenant organizations, mostly non-profit, who invest in significant rehabilitation and capital investment while also paying rents close to market rate. Fort Vancouver and TwispWorks, in the Methow Valley, are other great local case studies to learn from.
- Your Board will be held to a different standard than the stakeholders you interact with – I trust you will continue the tradition that this Board has leveraged and be transparent – share openly and deliberate under the public eye. Listen, but balance the needs of all stakeholders with the PDA's financial sustainability imperative. Do not just listen to those who make the most noise and work the system.
- Take the high road – lots of stories will be told, rumors will be spread, and fairy tales will be spun – but always deal in facts and truth.
- Lots of progress has been made in the last ten years, but many challenges are still ahead. Succeeding can mean moving forward together but requires actions that demonstrate a collaborative spirit and the art of putting aside history, personalities, and the way things have always been done to find that win-win. This is my hope for the future that you will be guiding the Fort through.

I was recently asked by a friend what I thought this Board's legacy would be. My response was that five years from now, when people look objectively at what has been accomplished in the PDA's first ten years, this Board's legacy will not be about how COVID almost capsized the Fort or about its recent financial woes. Our legacy will be about revitalizing a national historic landmark, local control, the \$30+ million that was raised during the PDA's first ten years that jumpstarted the upgrading of this property, Makers Square, and quality food services that provides multiple menus and opportunities for gathering in diverse spaces. I believe this is what people will be talking about five years from now. And, thanks to the leaders, staff, and board that enabled this to happen.

With the PDA reorganization strategy executed, this Board's Transition Objectives materially delivered, and solvency achieved, I proudly and respectfully submit my resignation effective at 11:59pm today, June 30th. Thank you for the opportunity to serve for these last 10 years.

Todd S. Hutton
2309 Madrona Street
Port Townsend, WA 98638

Electronic Transmittal

June 30, 2021

The Honorable Michelle Sandoval, Mayor
and Members of the City Council
City of Port Townsend

Dear Mayor Sandoval & Members of the City Council:

I was deeply honored when you appointed me to the PDA board in the fall of 2017. I now regretfully offer my resignation from the PDA board, effective June 30, 2021, at 11:59 p.m. This decision is nevertheless consistent with the PDA board's January resolution to achieve a transition in governance, which I whole heartedly supported.

When I joined the PDA board, I found myself among a group of exceptionally experienced, dedicated, hard driving, and engaged individuals—as committed a board with whom I have ever served. I soon discovered that perseverance and entrepreneurial spirit also defined this board. Under the leadership of Cindy Finny and later Norm Tonina, the board worked hand-in-hand with the PDA staff to build the financial foundation for a sustainable lifelong learning, conference and hospitality center. Although this foundation had obvious weaknesses—foremost among them were annual and deferred maintenance—revenue growth through leisure, conference, and group business suggested a positive future. So did the renewed attention to the lifelong learning mission, beginning with the vision for and construction of Makers Square and the conversations with partners and other stakeholders about the meaning of and intentions for lifelong learning at Fort Worden.

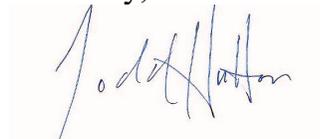
While the closure caused by the pandemic and the emergent financial irregularities that the staff and board uncovered nearly de-railed the Fort Worden mission, this board has again persevered. With the leadership and creativity of David Timmons and the energy and dedication of our young professional staff, the Fort Worden PDA and the new Fort Worden Hospitality Corporation will re-build the enterprise and look to the future.

It will now be up to the new Board of Directors and staff, along with FW stakeholders, to determine that future. I have every reason to believe that the Fort Worden lifelong learning, conference and hospitality center can ultimately be greater than the sum of its many diverse parts. This will require a compelling vision and dedication to cooperative

governance and priority setting. Tackling ongoing financial sustainability, asset management and renewal, long-term leases, recruitment of new partners, and fulfilment of a lifelong learning vision will surely be an arduous agenda. As said many times in the past, there is no other viable choice if Fort Worden is to remain a state, community, and national historic asset and destination.

I look forward to contributing to the Fort in any way I can in the coming days and years.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd Hutton", is placed over a light beige rectangular background.

Todd Hutton
Fort Worden Board Member
& Co-Chair

Cc: John Mauro, City Manager; Norman Tonina, Co-Chair, Fort Worden PDA; David Timmons, Executive Director, Fort Worden PDA

June 30, 2021

Mr. Norm Tonina, Co-chair
Mr. Todd Hutton, Co-chair
Fort Worden PDA

Port Townsend City Council

Dear Norm and Todd,

I hereby resign from the FWPDA Board of Directors effective at the end of day on June 30, 2021.

It has been an honor to serve on this board and I am proud of what we all have achieved over the last many years. So many accomplishments that are a result of the dedicated board, staff and leadership.

As I continue to serve on the Board of the FW Foundation, I pledge to continue to help to continue the mission and vision and to work with the new FWPDA board.

Sincerely

Cindy Finnie
824 Walker
Port Townsend, Wa 98368

From: Gee Heckscher – Board Member of Fort Worden PDA

To: City Council – City of Port Townsend, WA

cc: John Mauro, David Timmons, Norm Tonina, Todd Hutton, Joan Rutkowski

Purpose: Letter of Resignation from Board of Directors of Fort Worden PDA

Effective Date: June 30, 2021

It is with misgivings that I tender this resignation from the Board of the FWPDA. As a founding member 10 years ago, I was excited by the opportunity to help Fort Worden live up to its potential as a Lifelong Learning Center and just as importantly, to help preserve this intact example of nineteenth century military architecture that reflected the style of its time. It was a listed National Historic District that was falling into physical as well as financial disrepair.

Significant strides were made in both regards over the ensuing years of the PDA's lease with State Parks. But the Covid-19 crisis led to some unfortunate staff actions that caused the City to reconsider the language of its Charter relative to the governance and oversight of PDA operations. The PDA board and staff have addressed the resultant financial and operational situations diligently and transparently and have continued to address them amid severe criticism.

Some criticism is warranted but the reorganization and refinancing measures being taken to address the situation are substantive and comprehensive. In my opinion, the City is over-responding and not giving the corrective action a chance to succeed before appointing a new board. The new board will jump in to take over while having to accept a burdensome level of financial oversight that implies a lack of trust from the start.

In reflection, after the PDA was formed, it took two years of negotiations with State Parks to arrive at mutually acceptable lease terms that included the challenging tasks of raising capital and securing a line of credit for a start-up. That time allowed for planning courses of action. The new board will not have that time to get its feet on the ground, resulting in a potentially even more difficult

start-up for them. On the other hand, there is a plan in place and there are key staff experienced with the operation who are committed to success - that was not the case when we started.

I wish the staff and new board well with what remains a challenging, but most worthwhile endeavor, and I remain available to consult with them and any of their consultants regarding my knowledge of, and experience with the many historic buildings.

Gee Heckscher

4340 Borgen Blvd - Apt 1539

Gig Harbor, WA 98332

June 30, 2021

To: Norm Tonina and Todd Hutton, Co-chairs of the Fort Worden Public Development Authority Board of Directors

I am respectfully submitting my resignation from the Fort Worden Public Development Authority board, effective June 30, 2021.

As you know, I have served on the board and as board secretary since fall of 2015. Those were exciting times. We put together a thriving hospitality business, added food services, and upgraded guest and partner services. I was impressed with the quality and quantity of viable non-profit campus partners and felt we could provide them the best service if we had a solid business foundation. Capital projects moved from planning to action, and we heard detailed monthly updates on construction and funding progress.

The board also made an important decision to develop a co-chair position, in part so that the partners would have a straight conduit to board leadership. I believe this was the right move, and I know the two of you have worked diligently on this leadership model.

There have been many high points over the past 5 plus years, but one I would like to mention in particular: In 2019, I helped lead a branding project, and I am proud of the process we used for stakeholder involvement in the final product. I believe this process could and should have been used over the past year both by our board and the city in deciding the future of the PDA .

At the end of 2019 and as 2020 began, I was prepared for our board to face our mounting financial issues. I was prepared to advocate for significant budget cuts and staffing decisions as necessary.

Of course, then came COVID and we were in the crisis of our lives. I participated along with fellow board members in contributing financially to ease the burden on staff, and I was proud of the quick response to put that relief in place. However, I had no idea that behind the scenes there was utter chaos as staff scrambled to keep the fort from sinking. The rest is history, as we all have relived and been vilified for many times over.

It is hugely disappointing to me that rather than step up as a true partner in our small community and try to help solve this complex situation together with us, the city took on an adversarial, even punitive role. I wish the new board the best of luck in dealing with the new code provisions.

It has been an honor to serve with my colleagues on this board and I thank each and every one for their service. Although it never will be acknowledged, I know we all had the health and future of Fort Worden at the forefront of our deliberations every time.

Jane Kilburn

28 June 2021

Mr. Norm Tonina, Co-chair
Mr. Todd Hutton, Co-chair
Fort Worden Public Development Authority
200 Battery Way
Port Townsend, WA 98368

Dear Norm & Todd:

I hereby tender my resignation from the Board of Directors of the Fort Worden Public Development Authority, effective at 11:59PM on June 30, 2021.

Since 2015 I have done my best to assist as the FWPDA has grown, matured and struggled. It has been an honor to serve with dedicated, visionary and selfless directors and staff members. We can look back with pride at Fort Worden's development, including improved food and lodging services and the creation of Makers Square, which will be an asset for many years.

Now it is time for new FWPDA Directors to write Fort Worden's next chapters. As I continue to serve on the Board of Directors of the Fort Worden Foundation, I pledge to do everything I can to collaborate with the new FWPDA Board.

Sincerely,



Herb Cook
395 Bachelor Road
Gardiner WA 98382

June 30, 2021

Port Townsend City Council
250 Madison Street
Suite 2
Port Townsend, WA 98368

Dear City Council:

I am submitting this letter to notify you that I am resigning effective immediately from the Fort Worden Development Authority. I have been a member for the past three years.

During my tenure on the FWDA we have made considerable progress on the mission but have faced overwhelming financial and other difficulties. In recent months we have had success in building back revenues and paying down debts. While the future challenges are significant, I am convinced that Fort Worden will be a great asset for the community going forward.

I appreciate the opportunity to work with the Development Authority Board and staff. They are a wonderful group of professionals. The above individuals deserve much credit for their commitment and contributions to Fort Worden.

Regards,

Terry Umbreit

2 July 2021

City Council of Port Townsend
David Timmons, Executive Director
John Mauro, City Manager, City of Port Townsend

Dear David, John and members of the Council:

I hereby tender my resignation from the Board of Directors of the Fort Worden Public Development Authority, effective close of business July 2, 2021.

As you may know, I joined the Board 1 month prior to the PDA entering into the 50-year lease with Washington State Parks and have served ever since. It has been an honor to serve with Norm Tonia, Todd Hutton and my other former colleagues on this Board. In all of my board and operating roles, public and private, I have yet to encounter a more dedicated, talented, genuine and collaborative group of people.

I will continue to work to build on the dual mission of the PDA, that of promoting the Mission of Life Long Learning and ensuring the physical and financial sustainability of the buildings and infrastructure of the building and grounds subject to the lease.

That will include finishing the work with John Mauro and the other members of the Nominating Committee to locate, educate and recommend new PDA Board members to the Mayor as early as the Council's mid-July meeting.

Sincerely,



Jeffery M. Jackson
693 Taft Street
Port Townsend, WA 98368

6.30.21

To Whom It May Concern:

With this letter I confirm my resignation from the Fort Worden Public Development Authority Board of Directors as of midnight, June 30th, 2021.

Fort Worden is a treasured resource with both local and national significance, and it has been an honor for me to serve on this board from its inception. It has also been a pleasure to work with my fellow board members. Even though I have had differences with many of them, I have never known a more engaged and dedicated group of volunteers. And across the board, the staff at the Fort is nothing short of remarkable.

It is important to understand that from the beginning, the PDA was operating in crisis mode. When we took over management of the Fort—just as the country was coming out of a recession—the Fort carried a huge deficit, had millions of dollars in deferred maintenance, and almost right away we unexpectedly took over the housekeeping and food-services businesses. An already-complicated project became even more daunting.

Because of this, the mission was rarely front and center in our activities, and even though I know every person who served on the PDA board understood and valued the mission, it often appeared to take a back seat to the day-to-day operations at the Fort.

There have been true successes under the PDA—among others, Peninsula College's newly remodeled building; Maker's Square; securing of historic tax credits; significant capital improvements; Taps!; and most years operating in the black. But in my mind, the apparent lack of focus on the mission has ultimately led to a steady erosion of public trust in the PDA's leadership. This erosion became increasingly palpable during the current twin circumstances of Covid and questionable financial management issues at the Fort, and ultimately has led to our en masse resignation.

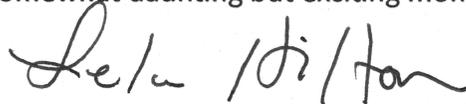
As the City considers who will lead the PDA in the future, I have a few observations I'd like to share. I hope they are helpful to those who step into leadership roles on the new and existing boards at the Fort: PDA, Hospitality LLC, and the Fort Worden Foundation.

Make the mission a priority:

- Designate specific staff and board positions whose key undertaking is to take leadership roles in serving the mission.
- Make it a priority to execute fair and sustainable leases with all the Fort's creative partners.
- Create a transparent and equitable RFP process for bringing new partners onto the campus and include opportunities to incubate innovative start-ups as well as established programs.
- Develop a common marketing strategy and calendar for PDA partner programs.

- Ensure that all programs, activities, and accommodations at the Fort are structured to welcome culturally and economically diverse participants.
- Serve the wider community by building partnerships and new programming that elevate local and regional expertise and resources in heritage skills, the arts and humanities, natural and cultural history, farm to table, etc.
- Hire or designate a public information officer.
- Engage the public in meaningful, ongoing dialogues about the scope and nature of important developments at the Fort. (Have some board meetings outside of 9-5 business hours to increase public participation; convene ad hoc committees to help frame and guide new initiatives; publish a regular newsletter, etc.)

I truly hope that the new PDA board members will bring a wealth of creativity and experience to the Fort that represents a dynamic balance between public and private interests, aspirations and the bottom line, tradition and innovation. If the revised management structure at the Fort works as anticipated, it should allow them to take on the many challenges that are sure to come their way while also serving the mission and supporting the partners and businesses that are so central to the Fort's survival. I wish them all the best and thank them in advance for stepping into this somewhat daunting but exciting moment.

A handwritten signature in black ink that reads "Lela Hilton". The signature is written in a cursive, flowing style.

Lela Hilton, Board Member
Fort Worden Public Development Authority
Chimacum, WA
hiltonl@olympus.net