



Board of Directors Regular Meeting Agenda
Fort Worden Lifelong Learning Center Public Development Authority (FWPDA)
Wednesday, September 22nd, 2021 | 9 a.m.
Via Zoom (Remote Meeting Per Governor Inslee's Proclamation 20-28.15)

PUBLIC ACCESS:

To join the webinar via the Internet:

<https://us06web.zoom.us/j/84189854443?pwd=RFduWVJqekw0Z01nZFJ0aUhBc0dPUT09>

Phone only dial:

1+253-215-8782

*9 to raise hand to speak

Meeting ID: 841 8985 4443 [No Participant ID - #]

Passcode if needed: 568516

Regular Meeting Agenda

- I **Call to Order**

- II **Roll Call**

- III **Public Comment**

- IV. **Changes to the Agenda for Board Consideration**

- V. **Consent Agenda**
 - A. Review and approval of the August 17th, 2021 special board meeting minutes* and the September Accounts Payables*
Action: Motion to approve the August 17th, 2021 special board meeting minutes and the September Accounts Payables

- VI **Lobbying Contract* with Dzedzic Public Affairs**
 - A. Staff Report & Board Discussion
Action: Motion to authorize Executive Director David Timmons to enter into a 12-month agreement with Dzedzic Public Affairs, effective October 1st, 2021, for the provision of lobbying/political consulting services for the FWPDA and its interests.

- VII **Finance & Audit Committee (Resolution 20-04 Review* and Next Steps)**
 - A. Staff Report & Board Discussion
Action: Motion to reactivate the Finance & Audit Committee and appoint new members.

VIII. **Master Lease Amendment #4 Approval***

A. Staff Report & Board Discussion

Action: Motion to authorize Executive Director David Timmons to sign Amendment #4 to the Master Lease with WA State Parks on behalf of the Fort Worden PDA.

IX. **Partner Relationship Options***

A. Staff Report & Board Discussion

Action: Motion to create an ad hoc FWPDA board committee to work with campus partners on implementing partner relationship options (e.g. operating agreements, lease agreements, or sub-master lease assignments as possible means to implement a proposed arts and cultural corridor concept).

X. **Partner/Campus Reports*** (see packet)

XI. **Finance Reports**

A. Treasurer's Report

1. Profit & Loss Statement*
2. Cash Flow Statement*

B. Executive Director's Report

1. Accountability Audit Update
2. Business on the Books Report*
3. FWPDA & FW Hospitality Financial Forecast Update
4. FW Hospitality and Foundation Expenditures
5. Makers Square Financial Reconciliation Update*
6. Refinancing Package & Restoration Bond Update*
7. Staffing Update

XII. **Next Regular Board Meeting: Wednesday, October 27th, 9 a.m. (tentative-may be rescheduled)**

- Topics include discussion about Fort Worden Hospitality and the FWPDA 2022 Budget

XIII. **Public Comment**

XIV. **Adjourn**

** Topic involves documents in agenda packet*



DRAFT Meeting Minutes
Board of Directors Special Meeting
Fort Worden Lifelong Learning Center Public Development Authority (FWPDA)
Tuesday, August 17th, 2021 | 5 p.m.
Via Zoom (Remote Meeting Per Governor Inslee's Proclamation 20-28.15)

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

Action Summary:

- ❖ **Action:** Motion to approve the July 28th, 2021 board meeting minutes. **Unanimously Approved**
- ❖ **Action:** Motion to approve the August Accounts Payables. **Unanimously Approved**

Board Meeting

I. Call to Order at 5:02 p.m.

The August 17th, 2021 special 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

Fort Worden PDA Board Members: Brad Mace, Celeste Tell, Eva Weber, David King, John Begley, Rodger Schmitt, Naushard Cader (Absent: Victoria Brazitis)

Liaisons: Mayor Michelle Sandoval (City of Port Townsend), Heron Scott (Partners)

Staff: David Timmons, Aislinn Diamanti, Natalie Maitland, David Beckman, Hannah Burn (staff consultant), Joan Rutkowski

III. Public Comment on Special Meeting Topics Only

Executive Coordinator Joan Rutkowski read into the record questions submitted by Mark Blatter regarding Fort Worden Hospitality finances, mission, and governance.

- **Executive Director David Timmons said that given the number of questions, a response will be prepared following the meeting.**
- **Board Chair David King said it would be good to go through the Fort Worden Hospitality agreement and its relationship to the FWPDA at a future meeting, given that actions related to the entity were taken by the previous board.**
- Board member Naushard Cader recommended that Blatter's questions remain connected to future agenda packets until they all have been answered. Cader expressed concern about the Fort Worden Hospitality agreement, and he said he would like a review of the agreement, its revenue sharing provision, and its financial relationship to the FWPDA. King agreed that a look at the relationship is needed to see if any modification by the current board is desired.

Board Vice Chair Rodger Schmitt noted that the 3.5 percent gross revenue coming to the FWPDA from Fort Worden Hospitality is not a pass-through to Washington State Parks. Timmons confirmed this, stating that the currently deferred master lease provision requires that the FWPDA share 3.5% of its gross income with State Parks, and the hospitality revenue share is part of the FWPDA's total revenue pool. Board member Brad Mace advocated for taking time with all issues in order to be a fully informed board.

IV. **Consent Agenda**

A. Review and approval of the July 28th, 2021 board meeting minutes

Action: Motion to approve the July 28th, 2021 board meeting minutes. **Unanimously Approved**

Staff and board members discussed how requests and open questions and issues should be managed. King said action items could be noted within the minutes and he will work through how things get on the agenda as the board chair. Timmons added that technically any individual board member's questions and issues don't necessarily belong to the full board. He encouraged the group to determine within meetings, via motions, which open questions and issues should be agenda items for future discussion. King said the process described by Timmons is preferable for now, and he noted that regular meetings also have an opportunity to modify or add items to the agenda with full board agreement.

B. Review and approval of August Accounts Payables

Action: Motion to approve the August Accounts Payables. **Unanimously Approved**

Timmons said that this is the first time that the FWPDA is current on its accounts since he began presenting the payables report to the board. Clarifying questions were addressed.

- **Timmons said the lobbying contract with Dzedzic Public Affairs would be presented to the board for its approval at its next meeting.**
- Cader said he would like to see the expenditures that the FWPDA has made for Fort Worden Foundation and Fort Worden Hospitality as well as the Makers Square financial reconciliation report at the next board meeting; **Timmons said the information can be provided.**

King noted that consent agenda items are not meant for discussion. He encouraged any board member who wants to discuss a consent agenda item to use time at the beginning of the meeting to request that an item be moved to the business agenda.

V. **FWPDA Finances/Recovery Update** (Report & Discussion)

A. **Recovery Plan.** Timmons provided an overview of actions taken as part of the FWPDA's recovery plan. The plan involves several realms, and Timmons described progress made with organizational restructuring, accounting changes, and capital project financing. He highlighted steps needed for the rest of 2021 for organizational stability. (See PowerPoint on the board records webpage: <https://fortworden.org/category/pda-documents>)

B. **Restated 2015-2019 FWPDA Cash Basis Financial Statements.** Timmons said it took extensive work for staff to restate the financials, and that a new 2018 Annual Report needed

to be filed because former staff had originally filed a duplicate of the 2017 report. Board members and staff discussed the best approach for understanding the finances and whether a smaller focus group could distill the information for the full board. Timmons suggested that the group establish a Finance & Audit Committee. The process around the review and submission of the FWPDA's annual reports to the State Auditor's Office, including the filing of the 2017 Annual Report as the filed 2018 Annual Report, was discussed. Timmons confirmed that the nonprofit Fort Worden Foundation is a separate entity from the FWPDA, and it files a Form 990 with the IRS. King and Timmons talked about the possibility of establishing consistent and uniform sharing of financial information among all the entities on the Fort Worden campus to provide a picture of the health of the campus. Schmitt suggested that the finance group take on this idea.

- C. **Profit & Loss and Cash Flow Statements.** The group agreed that the reports, which are in the packet for information purposes, did not need to be discussed during this meeting and that other agenda topics needed more attention.
- D. **Introduction to Forecasting Tool.** Timmons introduced staff consultant Hannah Burn, who is developing a financial analysis tool for a rolling five-year financial projection. Timmons noted that Burn's time is covered by private donations, and she is working with hospitality staff and an advisory team of hospitality and finance professionals. Burn presented an overview of the tool, and Timmons said more details will be provided in the September meeting packet. Burn said the purpose of the tool is to support forecasting and business planning, and its scope is the FWPDA and Fort Worden Hospitality operations. Assumptions have been made about known capital and maintenance expenditures, but the focus is on operations, Burn said in response to a question. Assumptions have shifted since initial forecasts were developed in early 2021, and an update is in progress and not reflected in the numbers in the presentation, Burn said. A high-level view of the preliminary five-year projections for the FWPDA and Fort Worden Hospitality was presented. Board and staff talked about the predicted income, including facility rental rates and expenses, such as maintenance costs. It was noted that the proposed finance and audit work group could be the place for a deeper dive into the hospitality agreement and how the business will operate. Board members expressed support for the forecasting tool. (See draft forecasting overview on the board records webpage.)
- E. **Debt Obligations/Refinancing.** Timmons provided an overview of the FWPDA's existing and anticipated new debt and the plan for payment (see PowerPoint copy in board agenda packet). One existing revenue bond is for energy infrastructure improvements, and the other is for phase one glamping construction; the existing line of credit note was needed to provide cash flow for Makers Square construction. Timmons said the new revenue bond would restore capital funds that were diverted to operations and would finance a portion of COVID-related operating losses, and two new lines of credit would provide \$250,000 for a required operations reserve and \$500,000 for a debt reserve. Details on how the debt would be paid back were provided. King noted that the primary open question is how to repay the energy bond. Timmons agreed, saying that it would need to be incorporated into the FWPDA's asset management plan. Timmons also shared a PowerPoint that described details regarding the FWPDA's need to secure approval from the City of Port Townsend in order to move forward with its debt transaction with Kitsap Bank. A City Code provision requires City approval for debt that is to be issued to a bank as opposed to issuing bonds through a public sale. Timmons emphasized that "approval" is all that is needed and it does not mean the City

accepts any obligation or agrees with the action. He said that without approval the terms of the existing debt will be difficult to meet and cause other financial impacts, and a public sale of the restoration bond may result in “junk” bond status and unfavorable terms.

VI. **Draft Concept for Entity Relationships.** (Topic was tabled due to a lack of time.)

Board Secretary Eva Weber recommended that the Board be provided with a diagram or other informational material explaining the governance structure and relationships (financial, reporting, etc.) of the FWPDA, the Foundation, and Hospitality

VII. **Confirming or Rescheduling Remaining 2021 Board Meetings.** Board members confirmed their availability for the September 22nd board meeting.

VIII. **Public Comment on Special Meeting Topics Only.** No public comments were shared.

IX. **The meeting adjourned at 7:12 p.m.**

DRAFT

	Current	\$44,226.00	31 - 60	61 - 90	> 90	TOTAL	OPS	FS	CAP	PR		
A-1 Textiles & Hospitality Products	\$-	\$2,782.89	\$4,251.06	\$-	\$-	\$7,033.95	\$7,033.95					
American Express	\$-	\$222.97	\$-	\$-	\$-	\$222.97	\$222.97					
AT&T	\$-	\$-	\$309.06	\$-	\$-	\$309.06	\$309.06					
Auto-Chlor	\$1,272.74	\$-	\$-	\$-	\$-	\$1,272.74		\$1,272.74				
Caffe Umbria Inc.	\$-	\$344.75	\$-	\$-	\$-	\$344.75	\$344.75					
Canon Financial Services, Inc	\$-	\$281.05	\$-	\$-	\$-	\$281.05	\$281.05					
Central Welding Supply Co Inc	\$55.25	\$55.25	\$-	\$-	\$-	\$110.50		\$110.50				
City of Port Townsend - Water & Sewer	\$12,830.41	\$-	\$-	\$-	\$-	\$12,830.41	\$12,830.41					
Clean Worx	\$475.00	\$-	\$-	\$-	\$-	\$475.00				\$475.00		
Dept of Enterprise Services	\$-	\$2,000.00	\$-	\$-	\$-	\$2,000.00	\$2,000.00					
DM Disposal Co, Inc.	\$-	\$150.91	\$-	\$-	\$-	\$150.91	\$150.91					
E - Morris, Jess	\$-	\$56.85	\$-	\$-	\$-	\$56.85				\$56.85		
E - Semon, Kodi	\$-	\$166.20	\$-	\$-	\$-	\$166.20				\$166.20		
Ferrellgas	\$49.52	\$1,371.28	\$-	\$-	\$-	\$1,420.80	\$1,420.80					
Hannah Burn	\$3,768.75	\$-	\$-	\$-	\$-	\$3,768.75				\$3,768.75		
Key City Fish	\$-	\$544.28	\$-	\$-	\$-	\$544.28	\$544.28					
Maestro ResWave	\$-	\$258.00	\$-	\$-	\$-	\$258.00	\$258.00					
Office Depot - Intalere	\$335.53	\$-	\$-	\$-	\$-	\$335.53	\$335.53					
Pacific Office Equipment Inc	\$-	\$82.07	\$-	\$-	\$-	\$82.07	\$82.07					
Port Townsend Leader	\$-	\$817.00	\$-	\$-	\$-	\$817.00	\$817.00					
PUD #1 of Jefferson County	\$-	\$12,772.94	\$-	\$-	\$-	\$12,772.94	\$12,772.94					
Rebecca Wagner	\$1,500.00	\$-	\$-	\$-	\$-	\$1,500.00				\$1,500.00		
Shaffetts Sharpening	\$-	\$169.95	\$-	\$-	\$-	\$169.95		\$169.95				
Signal Architecture & Research, PLLC	\$2,225.00	\$-	\$-	\$-	\$-	\$2,225.00			\$2,225.00			
State Auditor's Office	\$3,361.60	\$-	\$-	\$-	\$-	\$3,361.60	\$3,361.60					
Superior Linen Service, Inc.	\$831.08	\$627.20	\$-	\$-	\$-	\$1,458.28		\$1,458.28				
Supply Works - AKA The Home Depot Pro	\$2,773.81	\$2,804.13	\$-	\$-	\$-	\$5,577.94	\$5,577.94					
Swift Plumbing, Inc	\$1,120.47	\$2,741.35	\$-	\$-	\$-	\$3,861.82	\$3,861.82					
Swire Coca Cola	\$273.44	\$39.12	\$-	\$-	\$-	\$312.56		\$312.56				
Symbios Law Group PLLC	\$1,660.50	\$-	\$-	\$-	\$-	\$1,660.50	\$1,660.50					
Sysco	\$223.51	\$8,657.12	\$-	\$-	\$-	\$8,880.63		\$8,880.63				
TK Elevator Corp. formerly Thyssenkrup	\$1,309.20	\$861.90	\$-	\$-	\$-	\$2,171.10	\$2,171.10					
Travelers/Sunshine Propane	\$-	\$197.20	\$-	\$-	\$-	\$197.20	\$197.20					
VSP - Vision Service Plan - (WA)	\$-	\$76.01	\$-	\$-	\$-	\$76.01				\$76.01		
WA State Employment Security Dpt	\$-	\$147.44	\$-	\$-	\$-	\$147.44				\$147.44		
TOTAL	\$34,065.81	\$38,227.86	\$4,560.12	\$-	\$-	\$76,853.79	\$56,233.88	\$12,204.66	\$2,225.00	\$6,190.25		
							Excise Tx	\$57,100.00		estimate		
							Payroll	\$97,000.00				
							Benefits			\$11,119.13		
								<u>\$210,333.88</u>	<u>\$12,204.66</u>	<u>\$2,225.00</u>	<u>\$17,309.38</u>	
							Bank Bal	<u>\$250,000.00</u>	<u>\$23,000.00</u>	<u>\$33,000.00</u>	<u>\$23,000.00</u>	estimate
							End Bal	<u>\$39,666.12</u>	<u>\$10,795.34</u>	<u>\$30,775.00</u>	<u>\$5,690.62</u>	

September 1, 2021

AGREEMENT FOR LOBBYING/POLITICAL CONSULTING SERVICES

Between

Fort Worden Public Development Authority

And

**Erin Dzedzic
Dzedzic Public Affairs**

I. Areas of Concern

Fort Worden Public Development Authority (PDA) is entering into an agreement with Dzedzic Public Affairs (Dzedzic) for the provision of lobbying/political consulting services.

II. Terms and Conditions

A. Public Disclosure. Dzedzic will be responsible, with the assistance of the PDA, for the accurate and timely filing with the state Public Disclosure Commission of the annual L-1 registration form and the monthly L-2 forms. The PDA shall be solely responsible for the timely filing of the annual L-3 report required of a lobbyist's employer.

B. Duties of Dzedzic Public Affairs:

Dzedzic has the following duties under this Agreement:

Lobbying Services:

- Report to the PDA's Executive Director (ED) to secure funding for Fort Worden.
- Look into potential opportunities to advance organizational priorities including:
 - Working with State Parks to collaborate on additional support for Fort Worden, such as helping to identify a new revenue sharing agreement and seeking additional minor works funding through prioritization on State Parks' funding lists.
 - Pursue new legislative approaches for operating money for Fort Worden.
 - Potentially seek capital budget funding to rehabilitate buildings at Fort Worden for the purpose of work force housing.
 - Track and keep informed of any recovery funding opportunities at the state and federal level.
- Keep the ED and appropriate staff informed of legislative process (key dates, revenue forecasts, special sessions) and potential changes to legislative and executive branches (resignations, elections, committee structure, etc).
- Advise on key targets and interim meetings, advocacy materials and messaging, and

facilitate formal requests for future state funds or information from legislative/executive/agency staff.

- Review of bills that are introduced every day during session and flagging ones that are of potential interest for Fort Worden.
- Build legislative awareness of Fort Worden.
- Work with the PDA staff to host legislative visits to Fort Worden.
- Conduct direct lobbying on behalf of Fort Worden and facilitate meetings with key decision makers in the legislative arena including elected officials, legislative staff, and agency leadership and staff.
- Coordinate any needed testimony or work sessions in committees related to organizational priorities.
- Schedule appointments with key legislators during session to advocate for organizational priorities.
- Facilitate connections if requested where DZPA has relationships with partners Fort Worden is pursuing.

Communication Services:

- Provide notes on relevant hearings, work sessions, and floor sessions.
- Review of communications – includes action alerts, letters to legislators, session handouts.
- Upon passage of any funding requests, assist Fort Worden with a “thank you” plan that includes identifying legislators to thank and providing input on messaging.
- Provide key updates and, if reasonably requested, meet with the PDA leadership or board members to share updates.
- Provide monthly reports in the interim and weekly reports during session that provide updates on activities of the legislature and key issues.

C. Duration of Agreement. The PDA shall retain Dzedzic commencing September 1, 2021 and the contract shall continue for twelve months or until cancelled by either party by giving 30 days written notice.

D. Compensation.

1. **Retainer.** The PDA agrees to pay Dzedzic a monthly retainer for lobbying and consulting services of \$3,000 per month. Payments are due by the 25th day of each month.
2. **Expenses.** Travel within King, Pierce, Snohomish, Thurston and Kitsap counties will be covered by Dzedzic. Other travel outside that area and other expenses, if requested by the PDA, (mileage, meals, conference fees, etc.) will be paid by the PDA.
3. **Late Payments.** Billed amounts for retainer or expenses more than thirty (30) days in arrears are subject to a late charge of 1.5% per month.

E. General Conditions.

1. **Indemnification.** In providing services under this agreement, Dzedzic is an independent contractor, not an employee of the PDA for any purpose. Dzedzic shall

be responsible for all federal and/or state taxes, health insurance premiums or taxes, industrial insurance, Social Security liability or any wages, compensation, benefits, payroll taxes for, or on behalf of, any Dziedzic personnel, that may result from the performance of and compensation for these services. Dziedzic shall furnish tools, materials, and supplies necessary to provide the services that are the subject of this agreement.

2. ***Nondiscrimination.*** During the performance of this agreement, neither Dziedzic nor any party subcontracting under authority of this agreement shall discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, sexual orientation, age, or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration and delivery of any other benefits under this agreement.
3. ***Conflict of Interest.*** It shall be the responsibility of Dziedzic to identify and discuss with the PDA any potential conflicts of interest in terms of legislative priorities or action required or contemplated by other entities represented by Dziedzic.
4. ***Retention of Records.*** Dziedzic shall maintain books, records, documents and other evidence of accounting procedures and practices that sufficiently and properly reflect all costs of any nature expended in the performance of this agreement and all pertinent PDC documents for a period of at least five (5) years.
5. ***Other Remedies.*** Nothing in this agreement shall limit, waive, or extinguish any right or remedy provided by this agreement or law that either party may have in the event that the obligations, terms or conditions set forth in this agreement are breached by the other party.
6. ***Waiver of Breach or Default.*** The waiver of any default in the carrying out of this agreement or the waiver of any breach of any provision of the agreement shall not be considered by either party to allow further defaults or breaches of the agreement unless the agreement is specifically amended in writing to provide for a change in the terms or conditions of this agreement.

III. Agreement

All parties, being free from duress, enter into this agreement of free and good will for their mutual benefit. The parties agree that the statement of goals and program, terms and conditions, as listed above, are in sufficient detail to constitute a contract in spirit and in fact. This agreement is the complete expression of the agreement and any oral representations not specifically included are not part of the agreement. The parties concur that this agreement may be amended in writing with the mutual accord of all parties at any time.

Fort Worden Public Development Authority

Date

Dziedzic Public Affairs



8/11/2021

Erin Dziedzic

Date

RESOLUTION NO. 20-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FORT WORDEN LIFELONG
LEARNING CENTER PUBLIC DEVELOPMENT AUTHORITY AUTHORIZING THE
ESTABLISHMENT OF A FINANCE AND AUDIT COMMITTEE AS AN AD HOC
COMMITTEE OF THE BOARD**

RECITALS

- A. Pursuant to the Amended Charter, “the management of all Authority affairs shall reside in a Board of Directors. (Amended Charter, Article VII, Organization of Authority, Section I.).
- B. Pursuant to the Fort Worden Lifelong Learning Center Public Development Authority Bylaws, the Board of Directors shall establish additional committees for specific purposes at such times as are appropriate. Ad hoc committees are convened for a particular purpose and cease to exist when that purpose has been achieved.
- C. Pursuant to the Fort Worden Lifelong Learning Center Public Development Authority Bylaws, members of an ad hoc committee are recommended by the Executive Committee and appointed by the Board Chair. Membership of an ad hoc committee may include members of the Board of Directors and additional interested parties.
- D. Pursuant to the Fort Worden Lifelong Learning Center Public Development Authority Bylaws, a member of the Board of Directors shall serve as Chair of any ad hoc committee.

BE IT RESOLVED that the Board of Directors of the Fort Worden Public Development Authority authorizes the establishment of a Finance and Audit Committee with the following responsibilities:

- A. To develop a thorough understanding of how the Authority is financially supported and capitalized through analysis of the sources of revenue that fund the operations of the Authority, as well as the sources of capital available to support facilities and other long-term investment needs. The committee shall also understand the institution’s obligations for expenditures and debt-service commitments—both for annual operating cycle and over the long term.
- B. To assess risks that may have a financial impact on the Authority and work with the Executive Director and Chief Financial Officer to incorporate contingencies for such risks in budgetary plans. In collaboration with other board committees, the Finance and Audit Committee shall be alert to opportunities for the Authority to strengthen itself financially as a result of changing environments.
- C. To ensure that annual and multi-year budgetary planning processes are in place and that management is making accurate and reasonable assumptions about key variables that influence the financial health of the Authority in developing those plans. Among those key variables are hospitality, food and beverage, lease, and rental revenues; state and federal support; investment returns; fundraising results; compensation and benefits costs;

energy costs; facilities-maintenance costs; debt service; and inflation. The committee shall ensure that adequate contingency provisions are made and provide direction about how contingency budgets are spent. The committee shall also ensure that investment policies and debt-management policies are aligned with available capital resources and obligations and plans for raising capital, and that those policies provide for any contingencies.

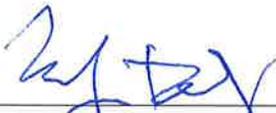
- D. To review and recommend approval of the annual operating and capital budgets, including multi-year capital commitments.
- E. To recommend to the Board guidelines regarding how much authority the PDA administrators and PDA board officers have to make and approve decisions about financial matters without returning to the Finance and Audit Committee or the full Board for approval.
- F. To ensure that the Authority's approach to assessing key issues regarding policies, programs, and services incorporates accurate cost-benefit analysis consistent with its plans to meet key goals and objectives.
- G. To ensure that the management has sufficient resources and skills to put in place proper internal controls over the institution's assets and financial processes. The committee shall assess whether those controls are adequate and have been tested.
- H. To assess the financial efficiency of the Authority and how it deploys its assets to fulfill its mission and purposes.
- I. To ensure that the Authority's management reports accurately, consistently, and in a timely manner on all financial and non-financial matters.
- J. To work with the Authority's management to project several years out and anticipate the possible effects of financial decisions, engaging in strategic thinking about how any revenue-enhancing or cost-reduction approaches and tactics might interact with each other and influence the attainment of key goals.
- K. To question management's financial assumptions—and to challenge management about those assumptions in a collegial manner—to ensure that they are realistic.
- L. To ensure that management submits federal and state financial and tax reports in timely and accurate manner.
- M. To oversee the Authority's whistleblower and conflict of interest policies.
- N. To ensure full financial disclosure, transparency, and accountability.
- O. To review the Authority's audited financial statements and conducts a detailed and in-depth review of the audit; provides assurance to the Board that the financial position of the Authority is fairly and accurately represented.
- P. To meet with representatives of the State Auditor to review the audit process and receive a report prior to the issuance of the final audit report.
- Q. To ensure the audit and filing of federal and state reports are timely and accurate.

BE IT FURTHER RESOLVED that the Board of Directors of the Fort Worden Public Development Authority endorses the decision by the Co-Chairs to appoint the following individuals to the Finance and Audit Committee:

Jeff Jackson, Board Member and Treasurer, to serve as Chair of the Committee
Herb Cook, Board Member and Chair of Fort Worden Foundation Board
Cindy Finnie, Board Member and Past Board Chair
Todd Hutton, Board Member and Board Co-Chair

BE IT FURTHER RESOLVED that the Board of Directors of the Fort Worden Public Development Authority endorses the Bylaws provision that the Co-Chairs may appoint to the Finance and Audit Committee other members of the Board or other additional interested parties without returning to the Board for approval.

ADOPTED AND APPROPRIATED by the Board of Directors on February 26, 2020

By: 
Norm Tonina, Co-Chairperson

By: 
Todd Hutton, Co-Chairperson

ATTEST:
By: 
Jane Kilburn, Secretary

WASHINGTON STATE PARKS AND RECREATION COMMISSION
Pete Mayer, Director

FORT WORDEN STATE PARK

Amendment #4 to Master Lease

This Forth Amendment to the Master Lease (the “Lease”) is made by and between the Fort Worden Lifelong Learning Center Public Development Authority, a Washington public authority chartered by the City of Port Townsend under authority of State law and City ordinance (“Tenant and/or Lessee”) and the Washington State Parks and Recreation Commission (“State Parks”).

- A. Whereas State Parks leases to the Lessee a portion of Fort Worden State Park;
- B. Whereas the Lessee and State Parks entered into said Lease on November 8, 2013;
- C. Whereas pursuant to Section 20.4 Integration and Amendments the lease may only be modified by written agreement signed by the parties to the original Agreement;
- D. Whereas both parties to the original Agreement desire to modify certain terms and conditions within the original Agreement;
- E. Whereas considering COVID-19 and the uncertainty regarding how long the effects of the pandemic may persist, together with the work necessary to build consensus among stakeholders around a potentially new mode of operating;
- F. Whereas the PDA needs to complete its intended evaluation of the Life-Long Learning Center vision and development of an updated business plan;
- G. Whereas on August 27, 2020, the State Parks Commission unanimously approved and authorized the Director of State Parks to postpone the commencement of revenue sharing, as stipulated in Section 7.9 of the Master Lease, to May 1, 2023; and,
- H. Whereas the Director of State Parks additionally determined that the following requirements of the Master Lease should be temporarily waived in light of the COVID-19 pandemic, until such time that the Commission may make a final decision regarding said requirements.
 - 1. A one-time waiver of strict performance of the Section 7.8 obligation for Lessee to sell \$250,000-worth of Discover Passes, and an express representation by State Parks that it considers the COVID-19 pandemic as a force majeure per Section 16.9 of the Master Lease.
 - 2. A one-time waiver of Lessee’s obligation under Sections 4.6 and 7.8 of the Master Lease for front desk camper registration and any other pass sales required under.

3. A one-time waiver of Lessee's obligation under Article 8 of the Master Lease to maintain the grounds of the leased premises.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree that the Master Lease is amended as follows:

1. Per action by the Commission on August 27, 2020, the following phrase in the first sentence of Section 7.9: "Commencing as of the seventh (7th) annual anniversary of the Date of Possession," is hereby amended as follows:
Commencing as of the ninth (9th) anniversary of the Date of Possession,".
2. Per action by the Commission on August 27, 2020, the PDA is hereby required to develop an updated business plan and propose any changes to the lease necessary to implement the plan prior to May 1, 2023, for consideration by the State Parks Director and Commission.
3. Per action by the Commission on August 27, 2020, the PDA is hereby required to provide periodic reports to State Parks describing progress on PDA's business planning effort.
4. The waivers stated in Recital H above will remain in effect until the Commission makes a final decision regarding those waivers in a subsequent Master Lease amendment.

Full Force and Effect. Except as expressly modified herein, the terms and conditions of the Master Lease shall remain in full force and effect. All provisions contained in this Forth Amendment shall be subject to the provisions of the Master Lease. In the event of a conflict between the terms of this Forth Amendment and the terms of the Master Lease, the terms of this Master Lease shall govern and control.

Non-waiver. The parties reiterate and acknowledge its mutual agreement and understanding that any waiver or waiver of strict performance of any provision of the Master Lease by State Parks, including but not limited to those expressly agreed upon herein, shall not constitute a waiver or nor prejudice State Parks' right to require strict performance of the same provision in the future or of any other provision, pursuant to Section 16.8 of the Master Lease.

EXECUTED effective as of the date last written below.

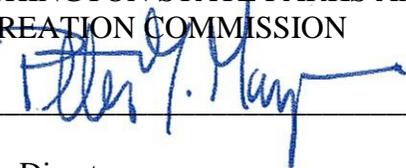
Fort Worden Lifelong
Learning Center Public
Development Authority

By: _____

Title: _____

Date: _____

WASHINGTON STATE PARKS AND
RECREATION COMMISSION

By:  _____

Title: Director

Date: September 8, 2021

Draft Concept for Entity Relationships Asset Management Terms

DRAFT *for discussion*

Leasehold Interest
Operating Agreement
Rental Agreement
Other Considerations

Leasehold Interest

- Commitment to Lifelong Learning Center programming
- Any term
- Assumes FWPDA obligations under the Master Lease with State Parks
 - Option “A” Master Sublease:
 - Assumes all FWPDA Capital & Maintenance Liability for their fixed asset for a period of time
 - Provides a Revenue Share to FWPDA
 - Annual reporting requirements
 - Option “B” Makers Square/Advance Investment Model:
 - Same as “A” except provides rental income in lieu of revenue sharing
 - Suitable for facility development
 - All capital and maintenance liability
- Any Lease Holder will participate in a campus-wide shared maintenance service program

Operating Agreement

- Commitment to Lifelong Learning Center programming
- Any term
- Provider operates within a set of facilities to provide a campus service
- Facilities are assigned under the terms of the operating agreement
- Terms will flex based upon services provided and terms of use
 - Will be outlined in the form of a Concession Agreement/Contract
 - Any agreement will provide a revenue sharing provision as compensation to the FWPDA

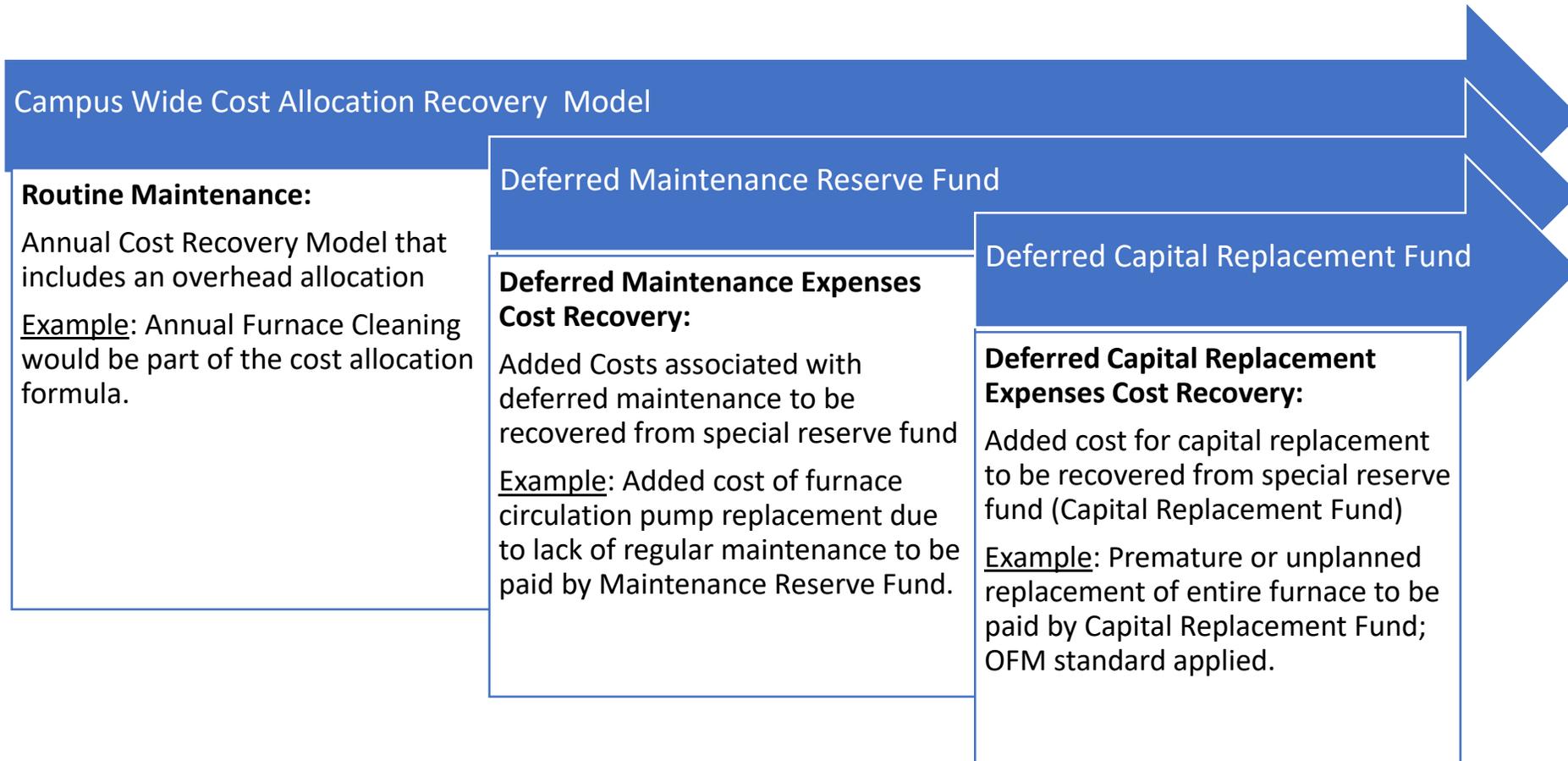
Rental Agreement

- Commitment to Lifelong Learning Center programming
- Limited to short term (0 to 5 years)
- Classic Landlord/Tenant relationship
- Limited to space within a single facility

Other Considerations

- **Routine Maintenance:**
 - Care and timely replacement due to normal wear
- **Deferred Maintenance:**
 - Maintenance that is above the norm due to deferred care
 - Special Reserve Fund needs to be developed from other income sources to fund deferred maintenance
- **Deferred Capital Replacement:**
 - Maintenance that requires complete replacement of a component part of a facility due to long-term deferral of care
 - Project cost of at least \$35,000 and service life of at least 13 years (*Office of Financial Management standard*)
 - Special Reserve Fund needs to be developed from other income sources to fund deferred maintenance
- **Capital Improvement:**
 - Complete upgrade of a facility or equipment
 - Funding from multiple sources based upon a Capital Improvement Plan
- **FWPDA Administrative Cost/Overhead:**
 - Allocated and developed by formula consistent with State Auditors Office (SAO) standards

A better way to address maintenance



Partner Updates September 16, 2021

Madrona

Madrona is continuing to offer mindful movement classes including yoga, Pilates, conscious dance, fusion fitness, spin cycling and Feldenkrais. Indoor classes are currently restricted to vaccinated only, with a maximum of 10 students.

Centrum

Centrum is wrapping up 2021 with over 1,000 participants in 13 online and on site programs, and 1,600 tickets sold. We built an outdoor friendly Pavilion stage to safely welcome several hundred people to the Jazz Port Townsend concert, leaving that stage in place for Camp Bharat and the Olympic Music Festival to use for their events too. And our new broadcast team produced its first livestream event when the Acoustic Blues concert was called due to bad weather. It's been a year of challenges and creativity!

KPTZ

KPTZ is closer to moving into the new studios in Fort Worden's Building 305, with painting underway being done by station volunteers. In efforts to encourage diversity, equity, inclusion and accessibility, a recent special broadcast "Envisioning an Antiracist Community in Port Townsend: A Conversation on the Radio" featured the voices of local BIPOC and allied white community members. KPTZ is adding a JFC grant-funded program called Blacklight Radio, to give audio training and voice to BIPOC as the new station becomes operable.

Peninsula College

Peninsula College Port Townsend has returned to in-person services. We are open Mon-Thu 10am-3pm until the quarter starts, then we'll be open starting Sept 27th Mon-Thurs 10am to 530pm, closed for the lunch hour 1230-130pm.

We have a small handful of classes offered in person this fall and are looking forward to seeing some of our students face to face. Peninsula College is also a vaccinated campus, you can read more about the details of what that means here: <https://pencol.edu/vaccinatedcampus>.

We look forward to starting the new academic year at Fort Worden!

Goddard College

We have a new president, Dr. Dan Hocoy, who was at Antioch in Seattle and knows the area well. He will travel to PT to visit the campus at the end of the month.

Summer residencies are finishing up, except for 1 of the 10 residencies, all were fully remote. We are now shifting gears to prepare for our February in-person residency at Fort Worden. Will soon start hiring temporary staff for that. We are implementing a new Learning Management System that will help us with moving into the 21st century, learning technology wise.

Marine Science Center

The Port Townsend Marine Science Center's Aquarium and Museum facilities continue to be open on Saturday and Sundays with admissions from noon to 4PM through Thanksgiving. We are following Jefferson County Public Health directives including limiting the number of visitors and maintaining social distancing protocols.

While the big news of our purchase of the Flagship Landing Building on Water Street is a big focus we want to remind everyone that it is our strong hope that we will remain a partner at Fort Worden for the long run. We hope to transform the current Museum facility into our Environmental Education Field Station and continue basing our summer camp operations as well as our collaborations with other partners like WaterWorld with Centrum and classes with Northwinds, and camps with the Maritime Center.

JCHS Historical Society

Jefferson County Historical Society operates the Commanding Officer's Quarters on Officer's Row. The "COQ" has been open to the public since July, and will remain open through October. Our hours are 11:00am to 4:00pm, Friday through Monday, and admission is by-donation. Come visit us!

Coast Artillery Museum

Sept. 15, 2021

Press release from Puget Sound Coast Artillery Museum

CONTACT:

Patrick J. Sullivan

board member

Puget Sound Coast Artillery Museum

360-301-3375

Scoopsullivan@gmail.com

HEADLINE: Coast Artillery Museum at Fort Worden reopens with special event Sept. 18

A two-wheeled hand cart once used at the guardhouse and a functional naval signal lamp are among new displays as the refurbished Puget Sound Coast Artillery Museum reopens with a special event Saturday, Sept. 18 at Fort Worden.

The free public event includes 9th Coast Artillery District Living Historians presenting as the 248th Coast Artillery Regiment (circa 1943) stationed at Fort Worden. Based on Whidbey Island, the small group of living historians are to arrive in Port Townsend via ferry Saturday morning in uniform with a World War II era vehicle. Look for the display outside Building 201 on Sept. 18. The Sept. 18 event (museum entry free, face coverings required) is 11 am to 4 pm inside and outside Building 201 on Fort Worden's Barracks Row.

Northwind Art Update

A lot has happened in 2021— in January, Port Townsend School of the Arts and Northwind Arts Center merged to become Northwind Art with a new mission to bring the transformative power of art to our community through education, exhibits and artist advancement. Artists--of all ages and stages--remain at the heart of all we do.

Building 306 continues to be a hub of activity--23 artists have taught 77 online, in-person and 5 youth based courses reaching a total of 446 students. With the generous support of donors and community partners, including those who recently attended our Big Reveal Picnic & Painting Party with Max Grover under the big tent on campus (thank you Centrum & Madrona) it was possible to give out roughly 20 scholarships and discounts and we will continue to raise funds from the proceeds of our partnership with Sunrise Coffee. We are also adding new mediums—including a course in clay in partnership with

Wilderbee Farm Studio which is coming up on October 9 (a few spots are still open if you want to act fast!)

Our gallery spaces downtown, Best and Grover, have supported hundreds of artists through exhibits, including the 19 local artists featured in Artist Showcase which continues to remain a vital part of our exhibit schedule. Our merged organization is feeling hopeful that this new direction will make us stronger and better. We take pride in being able to offer financial assistance to artists during a challenging time. Through Northwind Art exhibits and education, we have paid artists more than \$110,000 so far and the year isn't over yet! The new Northwind Art remains focused on being a positive, inclusive, cultural and economic force in our community and region.



Fort Worden Advisory Committee (FWAC)

200 Battery Way • Port Townsend • WA 98368

September 16, 2021

Fort Worden

State Park Conference Center

Peter Mayer

Washington State Parks and Recreation Director

1111 Israel Road SW, PO Box 42650

Olympia, Washington 98504-2650

Dear Mr. Mayer,

On September 16, 2021 members of the Fort Worden Advisory Committee (FWAC) unanimously voted to retire the committee. FWAC was created by the Washington State Parks and Recreation Commission on August 20, 1973 for an indefinite term to provide assistance and recommendations for the development and operation of Fort Worden State Park. Its mission was to provide a venue for public input and advice to the Director of Washington State Parks and the Olympic View Area Manager on matters relating to the operation and management of Fort Worden State Park

Over the years the situation has changed and there are now other entities that can and usually do accomplish these goals, often making FWAC redundant. While FWAC has provided a great deal of support and many recommendations over its tenure, the need for a separate entity to do this has diminished significantly. For several years now FWAC has had no financial support or budget, making it even less effective. I know that I speak on behalf of all members both past and present when I say that it has been a great honor to serve on such a committee; one that has enabled Fort Worden State Park to become a crown jewel of the Port Townsend community, Jefferson County, and the entire state of Washington.

Members of FWAC will continue to assist in any way they can. Several already participate in other entities on the Park such as the Friends of Fort Worden State Park, the Coast Artillery Museum, Centrum, the Marine Science Center and others. There is a great deal of potential yet to be tapped for this beautiful Park. We look forward to your leadership in years to come.

Sincerely,

Val Stewart, Chair FWAC

Cc: Brian Hageman, Olympic View Area Manager

Cc: Darrel Hopkins, SW Region Manager

Cc: Joan Rutkowski, Public Development Authority

At-Large Voting Members present:

Steve Reed

Harriot Cannon

Claire Bishop

Val Stewart

Organizational Voting Members present:

Owen Rowe, Port Townsend City Council

Kate Dean, Jefferson Council Commissioner

Claudia Zysk, Fort Worden Programming Partners representative

Kevin Alexander, Friends of Fort Worden & Historic Interpretive Programs



The Fort Worden Creative Partners

Centrum + Copper Canyon Press + Corvidae + KPTZ + Madrona MindBody Institute + Northwind Art +
Port Townsend School of Woodworking + Rainshadow Recording

-

Working Draft: Memorandum of Understanding

The following concepts represent the shared guiding principles and goals of the Fort Worden Creative Partners. Some of this material is modeled upon the governance and operating guidance from Balboa Park's Cultural Partnership. Final agreements shall be subject to individual review and approval of the governing boards of member organizations. We, however, attest to work to support these directives in the spirit of cooperation and mutual support for the sustaining success of our Park. While not expressly captured in this draft, we retain the option to include additional Partners in this model that operate outside of the proposed physical boundaries of the arts and cultural corridor at Fort Worden now being considered. These include but are not limited to the Port Townsend Marine Science Center, Jefferson County Historical Society, Coast Artillery Museum, and Fort Worden Hospitality.

About the Creative Partners

The Fort Worden Creative Partners, longtime key programming organizations, have over 75 years of experience in gathering artists and craftspeople in dozens of disciplines—from fiber arts to fiddling, carving to choral singing, painting to poetry—to inspire and instruct hundreds of thousands of participants of all ages in our programs. Our workshops, residencies, classes, performances, media and concerts have been central to bringing economic and cultural vitality to Fort Worden State Park and the surrounding area. And we've attracted hundreds of local volunteers and donors who are deeply invested in our long-term success.

The key partners – a subset of the full 14 programming partners at Fort Worden – are mutually committed to:

1. Raising funds necessary to renovate and maintain the buildings in and around the Makers Square corridor (see map).
2. Working actively and constructively with the City of Port Townsend, the Fort Worden Foundation, the PDA, and other limited liability corporations (LLCs) to advance our mutual interests in a vibrant and sustainable campus at Fort Worden.
3. Creating a Partner governance structure with a collaborative decision-making process designed to promote the overall cultural vitality and fiscal health of the art and culture organizations and lifelong learning programs at the Park.
4. Jointly developing programming, management efficiencies, as well as collaborative marketing strategies and plans that target off-season tourism.
5. Growing and contributing to the health of the regional economy.

Our Guiding Principles

Collaboration

Working collaboratively is at the heart of all the Creative Partnership does. We use our collective strengths and resources wherever possible to make us stronger together than we can be individually, through what we do as well as how we do it.

Stewardship

We respect, build, utilize and preserve the cultural, human and financial resources of our community. We share and leverage these resources responsibly to make the experience of Fort Worden State Park arts and cultural institutions continuously more accessible – physically, personally, and intellectually – in person and virtually.

Lifelong Learning

We value opportunities to learn from years of collective wisdom at Fort Worden State Park as well as to continually build new skills, seek greater insights and challenge convention. This helps us to problem-solve, build diversity and inclusion, foster innovation and encourage new thinking. Sharing our learning advances the vitality of our members, our community, and the arts and cultural fields.

Innovation and Agility

The Creative Partners embraces the generative possibilities of collaboration. We strive to maintain an agile organizational structure that allows us to be open and strategically responsive to new opportunities, including ones in which we can be pioneers.

Connectivity

The Creative Partnership members, the PDA, the Fort Worden Foundation, and the community are strengthened through our external relationships. Serving as a connector and convenor for our whole community, the Partnership encourages sharing, coordination and collaboration on a broad scale to generate benefits for the entire campus ecosystem.

Excellence

The Fort Worden Creative Partners seek excellence in all that we do in order to serve as a vital asset for our members and those we serve. The Partnership enhances our members' capacity to achieve the highest professional standards and deliver the greatest value to our communities of artists and learners of all ages.

Parkwide Marketing

The Fort Worden Creative Partners will work together on a collaborative effort to promote Fort Worden State Park as a travel destination for locals and tourists alike.

As stated in the original Partner *Memorandum of Understanding* of 2013, the Partners provide life changing educational opportunities and the services to support those opportunities. The Partners seek to expand the range and scope of these opportunities as the Fort Worden Lifelong Learning Center grows. Our commitment to support each other and operate under a self-governing collaborative ensures that our focus remains on teaching and learning. Our aim is to create efficiencies in programming, operations, marketing, community engagement, program evaluation and planning.

Anticipated Partners' projects and activities, particularly capital investments in the renovation and restoration of historic structures at Fort Worden, will require approval by State Parks, the PDA, and partner organization boards or committees prior to being completed. By working in harmony and through shared planning and governance among the Partners, we pledge to coordinate renovation projects to the maximum degree possible. The Creative Partners agree to consider a formal list of "approved" design firms and/or construction partners for our capital projects—in harmony with the PDA—to gain efficiencies and continuity in design planning and execution.

The effectiveness of the Creative Partners relies heavily on good faith, absolute trust, and fair dealing among its member partners.

We envision and endorse a communal energy, organized around the central Makers Square footprint and under a Master Lease arrangement through Centrum, that supports:

- The establishment of new programming connecting the general public to makers of art and culture through prescribed programming and regular opportunities to visit Partner artists, exhibitions, workshops, and showcases.
- Growth of existing programs while enabling the Creative Partners to animate studios and tenant spaces for new arts and crafts including ceramics, fire arts, quilting, metal and fiber arts, and rotating exhibitions—some spaces to be dedicated, year-round, and some programmed with flexible uses.
- Community-building fueled by music, dance, art and craft.
- The growth of hospitality revenue for Fort Worden.
- Limited day-to-day dependence on the PDA.

We remain open to adding new Partners and are particularly interested in inviting local Salish Sea indigenous Tribes to help amplify our vision.

Through our collaboration, again—with Centrum in a Master Leaseholder role—we will create a plan for the highest and best use of each cultural space, and Makers Square as a whole, building the creative sector as the enduring crown jewel on the Fort Worden campus.

We believe our model unlocks a strategy for private group fundraising to improve the State's assets. This is something that the PDA could not provide because of its quasi-governmental structure. Working as a cultural partnership, we will leverage the collective reach, impact, and public benefit of the arts and cultural sector at the Fort for maximum philanthropy. We believe everyone wins in this scenario—most especially the community of Port Townsend—

through a meaningful and measurable commitment to upgrade and restore the Fort's treasured programming properties. When combined with the ongoing and future work of the PDA to maintain and improve guest accommodations and the Park's infrastructure, our vision assures that the Park will remain a vital community asset for the next 100 years.

The Creative Partners' Vision

- Centrum, and its Partner sublessees, shall operate as though having “an ownership interest” in the properties—as is the precedent established with Peninsula College. For the buildings we lease (see map), Centrum and other Creative Partners propose to take on the PDA and PDA Foundation's responsibilities for repair, maintenance and capital improvements in lieu of rent.
- We believe the public value of this commitment is ten-fold-or-more in comparison to the value of rent over a period of 25 years. (Centrum has already invested \$72,500 this year to determine the true management, maintenance, and restoration costs for the buildings under consideration. A final report is anticipated this fall.) We estimate our obligation to be in excess of \$30 million over the next 25 years, and we feel this frees the PDA to focus exclusively on campus accommodations and infrastructure—needs that exceed even our own after this substantial commitment by the Creative Partners.
- We believe the Fort Worden Foundation can and should focus its primary attention on raising support for the PDA's direct needs and obligations, as they are fundamental to serving those of the Partners' success. We are confident that other opportunities will exist for the Foundation to support campus-based programs as well. Of course, we all wish to avoid overlapping efforts and we pledge to coordinate, on an annual basis or more frequently as needed, major project-based foundation/government requests with the Foundation and PDA.
- Our approach conforms with Article Three of the PDA's Master Lease with State Parks in which “...there is no monetary rent owed by Tenant to Commission hereunder. Rather, the consideration for this Lease consists of the Public Benefits to be provided, the maintenance and operation of the Campus at the expense of Tenant, except as provided herein...and contributions to capital projects as provided herein.
- Parks' lease also states that the PDA, or its tenants, “shall perform or ensure the provision of certain “Public Benefits” during the Term of this Lease, all at no cost to Commission. The 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.”
- Our proposed arrangement strongly motivates the Creative Partners to improve the buildings we occupy, and will unleash private philanthropy to lead this effort on behalf of a shared public interest.
- Makers Square is at the heart of the concept of an arts and culture "campus" within the Fort, and is key to the Creative Partners' efforts to implement such a concept.

- Centrum, working in partnership with the other Creative Partners, is better positioned than any other organization to bring to life the original vision for Makers Square. Among us, the Partners have the recognition, trust, respect and enduring support of tens of thousands of supporters, employees, volunteers, faculty, program participants, and donors.
- The future success of the Fort as we know it requires a broad-based effort such as we have proposed. No single building or small group of buildings can succeed unless the entire Fort succeeds.
- We view this proposed structure as an historic opportunity to align the interests of all parties involved to secure the future of the Fort and thereby support the missions of the PDA and the Fort Worden Foundation.



Figure 1 This map outlines the Creative Partners' vision for the buildings around the three renovated Makers Square buildings and extending out into a corridor of arts and culture programming at Fort Worden. Buildings in yellow would fall within a master lease for Centrum, negotiated through the PDA and PDA Foundation, with other Creative Partner tenants as sublessees under the same terms as granted to Centrum. "Carve outs" are agreeable for "venues" (204, USO, Chapel, Wheeler, McCurdy) subject to mutual agreements with PT Hospitality. Preliminary projections reflect more than \$30 million in deferred and annual maintenance for the spaces shown over a 25-year period.

Potential Programming Specifically in Makers Square

The Creative Partners, all of whom were involved in the original charrette/s and planning processes for Makers Square, support the PDA's vision for what the three renovated spaces and surrounding land can offer. We are committed to bring to life the original vision for Makers Square. This could include (based on current discussions among Creative Partners) the following, among other new enterprises:

- New year-round exhibition space in Building 305, ideally managed and implemented with lead oversight from Northwind Art but showcasing original work by international artists across all of the campus organizations. The exhibition space may also be a centerpiece for live performances and events hosted by KPTZ and Centrum to augment the public's interaction with works on display.
- New "fire arts," potentially centralized in Building 315 (one of the rare non-wood-framed spaces at Fort Worden). Operated principally by Northwind Art, this would include small forge metal work for cabinetry, jewelry-making, and metal working for woodworkers while supporting glass lamp-work for local bead makers and creators of small vessels using the flamework technique.
- New ceramics and fiber arts, possibly centralized in Building 308, conceptually lead by Northwind with partnering support from Centrum and Centrum artists-in-residence. This space could support fabric dying, fabric printing, quilting, and weaving, as well as other textile arts and localized ceramics work, sculpture, and pottery.
- New shared classroom space in Building 305 dedicated to multi-generational classes and workshops in all arrays of the visual and written arts.
- New and expanded cross-disciplinary residencies in movement arts, centralized in Building 310, lead by Madrona MindBody Institute and Centrum featuring theater, dance, rhythm arts, creative aging, acrobatics, wellness retreats, disabilities dance programs and more.
- New shared artist studio space in Building 305 offering longer-term residency opportunities for significant visiting artists and special guests, some dedicated to large-scale installations and art forms that, heretofore, could not be accommodated at Fort Worden.
- New and expanded enriching educational courses supported by the Port Townsend School of Woodworking, potentially centered in Buildings 324 and 304, including beginner programs taught by local and visiting faculty.
- New collaborative programming, shared by all Fort Worden Creative Partners, in alliance with local Tribal communities showcasing work, culture, dance, and traditions rooted in indigenous cultural practices such as the teaching of native languages, paddle carving, bent wood box making, drum making and more.
- A new Salon Series, curated principally by KPTZ and Centrum, featuring live performances and forums as broadcasts from Building 305 and the arts and culture corridor. KPTZ envisions educational programs for youth and adults, in partnership with Centrum, to train future generations in stagecraft, event production, audio engineering and media arts.

- New site-specific dance/performance art projects, both indoors and out, centered in Buildings 310, 205, and throughout the campus environment.
- New artist residencies focused on the subject of “ecology and the arts,” shared among multiple Creative Partners across a plethora of shared workshop and exhibition spaces in the corridor.
- And new temporary, short-term, artist-driven “pop-up” installations and exhibitions in unexpected locations, such as basements, hallways, common areas and meeting rooms involving Buildings 305, 205, and 310, predominantly.

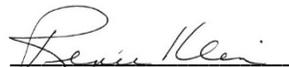
Conclusion

The Fort Worden Creative Partners are aligned in supporting the potential for Centrum to serve in a Master Lease holder role, coordinating the work, shared governance, and collaborative planning for the lifelong learning programs of the arts and culture partners at Fort Worden. As noted, we believe this position incentivizes the Partners to invest substantially in the continued vitality and success of Fort Worden State Park and guarantees the delivery of significant public value and shared sacrifice in addressing the substantial deferred maintenance needs of this historic site.

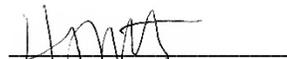
We recommend immediate and earnest efforts to conclude a productive long-term Master Lease negotiation based on the information herein between the PDA, Fort Worden Foundation, and Centrum.

Signed:


Northwind Art

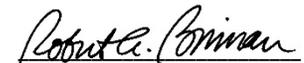

Madrona MindBody
Institute

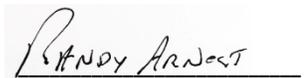

KPTZ


Port Townsend School
of Woodworking


Copper Canyon Press


KPTZ


Centrum


Corvidae Press

FORT WORDEN PDA
Profit & Loss Prev Year Comparison
January through August 2021 & 2020
accrual basis - unaudited

	Jan - Aug 21	Jan - Aug 20	\$ Change	% Change
Ordinary Income/Expense				
Income				
4000 Accomodations	1,400,964	420,658	980,306	233%
4400 Food Sales Revenue	302,214	308,344	(6,130)	(2%)
4600 Other Revenues	234,774	183,553	51,221	28%
4900 PDA Grants/Donations	483,971	2,022,612	(1,538,641)	(76%)
4950 HTC	354,345	0	354,345	100%
Total Income	2,776,268	2,935,167	(158,899)	(5%)
Cost of Goods Sold	109,394	145,297	(35,903)	(25%)
Gross Profit	2,666,874	2,789,870	(122,996)	(4%)
Expense				
6010 Personnel Costs	842,683	1,556,498	(713,815)	(46%)
7000 Repairs & Maintenance	46,332	55,696	(9,364)	(17%)
7100 Utilities	249,764	235,677	14,087	6%
8000 Contracts	702,227	1,585,326	(883,099)	(56%)
8500 Operating Expense	226,717	294,743	(68,026)	(23%)
Total Expense	2,067,723	3,727,940	(1,660,217)	(45%)
Net Ordinary Income	599,151	(938,070)	1,537,221	164%
Other Income/Expense				
Other Expense				
9200 Bond Interest Expense	225,958	45,385	180,573	398%
9500 Capital Purchase/Equipment	164	54,668	(54,504)	(100%)
9600 Leasehold Improvements	9,216	238,442	(229,226)	(96%)
Total Other Expense	235,338	338,495	(103,157)	(30%)
Net Other Income	(235,338)	(338,495)	103,157	30%
Net Income	363,813	(1,276,565)	1,640,378	128%

FORT WORDEN PUBLIC DEVELOPMENT AUTHORITY

Profit & Loss Prev Year Comparison

January through August 2021 & 2020

accrual basis - unaudited

	2021			2020		
	Hospitality	Capital	Total PDA	Hospitality	Capital	Total PDA
Ordinary Income/Expense						
Income						
4000 Accomodations	1,400,964		1,400,964	420,658		420,658
4400 Food Sales Revenue	302,214		302,214	308,344		308,344
4600 Other Revenues	223,761	11,013	234,774	180,433	3,120	183,553
4900 PDA Grants/Donations	43,778	440,193	483,971	76,450	1,946,162	2,022,612
4950 HTC	0	354,345	354,345	0	0	0
Total Income	<u>1,970,717</u>	<u>805,551</u>	<u>2,776,268</u>	<u>985,885</u>	<u>1,949,282</u>	<u>2,935,167</u>
Cost of Goods Sold	<u>109,394</u>	<u>0</u>	<u>109,394</u>	<u>145,297</u>	<u>0</u>	<u>145,297</u>
Gross Profit	<u>1,861,323</u>	<u>805,551</u>	<u>2,666,874</u>	<u>840,588</u>	<u>1,949,282</u>	<u>2,789,870</u>
Expense						
6010 Personnel Costs	802,316	40,367	842,683	1,344,468	212,030	1,556,498
7000 Repairs & Maintenance	45,699	633	46,332	27,790	27,906	55,696
7100 Utilities	249,764	0	249,764	235,677	0	235,677
8000 Contracts	96,761	605,466	702,227	62,239	1,523,087	1,585,326
8500 Operating Expense	205,260	21,458	226,718	277,337	17,406	294,743
Total Expense	<u>1,399,800</u>	<u>667,924</u>	<u>2,067,724</u>	<u>1,947,511</u>	<u>1,780,429</u>	<u>3,727,940</u>
Net Ordinary Income	<u>461,523</u>	<u>137,627</u>	<u>599,150</u>	<u>(1,106,923)</u>	<u>168,853</u>	<u>(938,070)</u>
Other Income/Expense						
Other Expense						
9200 Bond Interest Expense	0	225,958	225,958	0	45,385	45,385
9500 Capital Purchase/Equipment	164	0	164	46,295	8,373	54,668
9600 Leasehold Improvements	8,000	1,216	9,216	0	238,442	238,442
Total Other Expense	<u>8,164</u>	<u>227,174</u>	<u>235,338</u>	<u>46,295</u>	<u>292,200</u>	<u>338,495</u>
Net Other Income	<u>(8,164)</u>	<u>(227,174)</u>	<u>(235,338)</u>	<u>(46,295)</u>	<u>(292,200)</u>	<u>(338,495)</u>
Net Income	<u><u>453,359</u></u>	<u><u>(89,547)</u></u>	<u><u>363,812</u></u>	<u><u>(1,153,218)</u></u>	<u><u>(123,347)</u></u>	<u><u>(1,276,565)</u></u>

FORT WORDEN PDA
Statement of Cash Flows
January through August 2021

	Jan - Aug 21
OPERATING ACTIVITIES	
Net Income	\$ 363,812
Adjustments to reconcile Net Income	
Net cash provided (used) by operations:	
AR	\$ (54,783)
Grants	\$ 885,046
Inventories	\$ (3,813)
Prepaid Expenses	\$ (82,824)
Hospitality A/P	\$ (216,796)
Capital Fund A/P	\$ (999,505)
Current Liabilities	\$ 35,593
Public Works Retainage	\$ (69,567)
Advance Deposits	\$ 47,630
Net cash provided by Operating Activities	\$ (95,207)
net cash provided (used) by Financing Activities	
First Federal HTC Loan	\$ 630,546
Kitsap Bank Bond Interest	\$ 225,958
Fort Worden Foundation Loan	\$ (350,000)
Kitsap Bank Bridge Loan	\$ (214,000)
Net cash provided by Financing Activities	\$ 292,504
 Net cash increase for period	 \$ 197,297
 Cash at beginning of period	 \$ 162,226
 Cash at end of period	 \$ 359,523

Hospitality Sales

Projected BOB for 2021 as of 7.9.15.2021

2021 BOB	January	February	March	April	May	June	July	August	September	October	November	December	Total
Leisure													
Room	35,597	43,593	68,963	86,125	127,986	207,577	353,493	326,113	177,297	104,638	72,833	47,989	\$ 1,652,203
Catering	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Venue	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Projected Total Revenue	35,597	43,593	68,963	86,125	127,986	207,577	353,493	326,113	177,297	104,638	72,833	47,989	\$ 1,652,203
Actualized Revenue	35,597	43,593	68,963	86,125	127,986	207,577	353,493	326,113	-	-	-	-	\$ 1,249,447
Group													
Room	-	-	7,200	-	11,148	41,516	28,949	63,973	37,936	17,232	37,173	5,916	\$ 251,042
Catering	-	-	5,452	-	16,756	32,755	28,777	39,498	32,863	21,613	2,000	2,500	\$ 182,213
Venue	-	-	4,989	-	9,198	15,325	19,766	16,451	8,695	5,459	4,615	1,785	\$ 86,282
Projected Total Revenue	-	-	17,641	-	37,102	89,596	77,491	119,922	79,493	44,304	43,788	10,201	\$ 519,537
Actualized Revenue	-	-	17,641	-	37,102	89,596	77,491	119,922	-	-	-	-	\$ 341,751
Totals													
Room	35,597	43,593	76,163	86,125	139,134	249,093	382,441	390,086	215,232	121,870	110,006	53,905	\$ 1,903,245
Catering	-	-	5,452	-	16,756	32,755	28,777	39,498	32,863	21,613	2,000	2,500	\$ 182,213
Venue	-	-	4,989	-	9,198	15,325	19,766	16,451	8,695	5,459	4,615	1,785	\$ 86,282
Total Bookings	35,597	43,593	86,603	86,125	165,087	297,173	430,984	446,035	256,790	148,942	116,622	58,189	\$ 2,171,740
Actualized Bookings	35,597	43,593	86,603	86,125	165,088	297,173	430,984	446,035	-	-	-	-	\$ 1,591,198
Actualized Restaurant Revenue	2,386	5,366	10,814	10,672	17,549	37,220	60,886	52,069					\$ 196,962
Actualized Total FWH Sales	37,983	48,959	97,417	96,797	182,637	334,393	491,870	498,104					\$ 1,788,160

Makers Square Project
status January 12, 2021

INCOME

<u>Grant/Source</u>	<u>Amount</u>
Sage	\$ 3,039,382
BFA- B1804	\$ 1,231,900
Chandler #1	\$ 1,000,000
Chandler #2	\$ 1,000,000
LCP-117	\$ 661,500
KPTZ	\$ 892,858
Slate Roof	\$ 648,857
LCP	\$ 543,200
Anonymous	\$ 500,000
SAT	\$ 500,000
HCP - 19-11	\$ 666,411
Historic Tax Credits	\$ 354,345
Murdock	\$ 250,000
First Federal	\$ 100,000
Norcliffe	\$ 40,000
Individual Donor	\$ 35,564
Received	\$ 11,464,017
KPTZ	\$ 66,707
Murdock	\$ 250,000
HCP - 19-11	\$ 76,843
Historic Tax Credits	\$ - FF loan
Outstanding	\$ 393,550
Total contributed	\$ 11,857,566
Kitsap Note Payable	\$ 1,500,000
FF Bridge Loan	\$ 1,050,000
Total Income	\$ 14,407,566

EXPENDITURES

Clark	\$ 9,131,457
Signal	\$ 1,860,401
Labor	\$ 624,951
Other	\$ 274,083
Loan Interest	\$ 180,000
FF Loan Fee	\$ 11,700
To date	\$ 12,082,592
Clark retention	\$ 359,313
Misc est	\$ 10,000
Additional Exp	\$ 369,313
Total Expenditures	\$ 12,451,905

INCOME/EXP

Contributions	\$ 11,503,222
Historic Tax Credits	\$ 354,345
FF Bridge Loan	\$ 1,050,000
Note Payable	\$ 1,500,000
Total Inflows	\$ 14,407,566
Expenditures	\$ (12,451,905)
Note Payable	\$ (1,500,000)
Total Outflows	\$ (13,951,905)
Net Cash	\$ 455,661

Income less expense	\$ (594,339)
Cash Flow Difference	\$ 1,050,000

CASH FLOW

Contributions	\$ 11,464,017
Note Payable	\$ 1,500,000
FF Bridge Loan	\$ 1,050,000
Cash Received	\$ 14,014,017

Expense billings	\$ 12,082,592
less unpaid	\$ (180,000)
Cash Paid Out	\$ 11,902,592

Net cash flow to date \$ 2,111,424

Outstanding	
Contributions	\$ 393,550
HTC	\$ -
Receivables	\$ 393,550

Unpaid Bills	\$ (180,000)
Add'l Expenses	\$ (369,313)
Note repayment	\$ (1,500,000)
Payables	\$ (2,049,313)

Future Cash flows \$ (1,655,763)

Reconciliation \$ 455,661

**Corrected during meeting*



Agenda Bill AB21-096
Meeting Date: September 7, 2021
Agenda Item: VIII. C.
 Regular Business Meeting
 Workshop/Study Session
 Special Business Meeting

Submitted By: John Mauro/Nora Mitchell
Department: Administration

Date Submitted: August 31, 2021
Contact Phone: (360) 385-3000

SUBJECT: Approving the Fort Worden Public Development Authority’s private placement/sale of debt to Kitsap Bank.

CATEGORY:

- Consent
- Staff Report
- Contract Approval
- Public Hearing (Legislative, unless otherwise noted)
- 3-Year Strategic Plan: N/A**
- Resolution
- Ordinance
- Other:

BUDGET IMPACT:

Expenditure Amount: \$0
 Included in Budget? Yes No

Cost Allocation Fund: 010-011 GF - Mayor & Council

SUMMARY STATEMENT: The Fort Worden Public Development Authority (FWPDA) is refinancing its current debt with Kitsap Bank. The FWPDA is electing to refinance via a private placement of debt with Kitsap Bank as opposed to a public sale. A private placement is generally less costly and provides a quicker financing option than the public sale of debt. Additionally, a public sale would require that the FWPDA obtain a bond rating, which, given the current financial situation, would yield unfavorable rates for this refinancing effort.

Chapter 2.84 of the Port Townsend Municipal Code created the FWPDA and includes a provision that “...no bonds may be sold at private sale without prior city approval.” PTMC 2.84.160. It is important to note that consenting to the private placement of debt does not make the City responsible for debt payments nor does it impact the City’s debt capacity calculations.

Recent revisions to the City Code provide for a Financial Oversight Committee to review significant financial matters related to FWPDA. The Committee met to review this request on September 2, 2021. Based on discussions at that meeting and a review of the FWPDA’s request, City staff recommend that the City Council approve the request by the Fort Worden Public Development Authority to a private placement bond sale to Kitsap Bank.

ATTACHMENTS: Fort Worden PDA Request for City Consent

CITY COUNCIL COMMITTEE RECOMMENDATION: N/A/

RECOMMENDED ACTION: Move to approve the Fort Worden Public Development Authority's private placement/sale of debt to Kitsap Bank.

ALTERNATIVES:

- Take No Action Refer to Committee Refer to Staff Postpone Action
 Remove from Consent Agenda Waive Council Rules and approve Ordinance _____
 Other:



Fort Worden

PORT TOWNSEND

A HISTORIC GATHERING PLACE



August 18, 2021

John Mauro, City Manager
City of Port Townsend
250 Madison Street
Port Townsend, WA 98368

Dear Mr. Mauro,

Enclosed is a request for the City’s consent regarding the Fort Worden Lifelong Learning Center Public Development Authority’s (FWPDA) private placement of debt. The FWPDA needs this consent to complete a critical refinancing package with Kitsap Bank.

The FWPDA respectfully requests that the City Council enter into the record the following motion: “The Authority, therefore, has requested that the City consent for the Authority to privately place its debt with a bank rather than conduct a public sale and therefore the City consents to such request.” We would be happy to appear before City Council to answer any questions when this matter is considered.

Please see the attached memo and supporting materials that were previously submitted as a request by email on August 6th. We have added an additional record – a PowerPoint presented at our August 17th board meeting – to provide further clarity about the matter before us.

Thank you for your consideration of this key component to our recovery plan and for your partnership in stewarding this community and statewide asset.

Sincerely,

David King, Chair
Fort Worden PDA Board of Directors

David Timmons, Executive Director
Fort Worden PDA

From: [David Timmons](#)
To: [Kate Dean](#)
Cc: [Mark McCauley](#); [John Mauro](#); [Joan Rutkowski](#); ["Alan Crain"](#); [Nancy Neraas](#); [John Watts](#); [kimberly.marshall@parks.wa.gov](#); [Peter.Herzog@PARKS.WA.GOV](#); [Mayer, Peter \(Parks\)](#); [David King](#); [Rodger Schmitt](#)
Subject: County Support (blind cc to FWPDA board to avoid reply all)
Date: Wednesday, September 15, 2021 4:16:41 PM

Kate

Thank you for taking a moment to discuss a matter of critical importance to the FWPDA. I understand that in no way did you make a commitment other than to have me send this request to you so that you can discuss the matter with your colleagues. I appreciate your offer to take this matter seriously.

We have made considerable progress with all the support of our partners, including the County to pull the FWPDA through this period of uncertainty. That support has been critical to the efforts and the progress is beginning to “see a light at the end of the tunnel”. I won’t take the time to run down our list of accomplishments here but will happily prepare something we can share with your colleagues at the County as well as your County constituents.

Just a quick overview I can share. We have closed on our existing refinancing last week and obtained the favorable terms we were seeking. One critical term is a deferment of the payments until December 2023. We also have executed the lease amendment with Parks that give us a two year reprieve from some of the obligations owed to them. In addition we executed an agreement with the newly formed hospitality nonprofit that fully implements in 2022. We anticipate the SAO Accountability Audit in the very near term and I am please to say that we have addressed most if not all of the expected findings they will report. In addition we have reconciled and filed all required reports with the SAO from 2015 to 2020. Makers Square has been completed and we are presenting a way forward to resolve the long standing issues with the partners.

As I mentioned in our conversation we are at a critical crossroad and need the County’s continued partnership to help us complete our task to move the Fort and Partners to a highly awaited 2022. This year has been an improvement and 2022 looks even more promising for everyone. Business on the books has been exceeding all projections.

We have appreciated all the support given to us by Parks, City and County to date. But again we need to ask the County to consider helping to get us there.

Our last financing piece requires us to provide a limited guarantee from governmental sources to secure the pending terms. This final financing secures us the funds necessary to restore the capital dollars that were unfortunately diverted to operations during the initial phase of the pandemic.

This totals \$1.3m plus interest. This breaks down to \$600k for completion of the glamping project, \$330k for completion of the energy savings project and \$404k to complete the final payment on a line of credit for Makers Square. We have also added to this financing \$600k to help restore a portion of the operating losses that were a result of the pandemic. (Please note that the PDA did not receive any PPP or other support that many others did.) This will also include two lines of credit, one

of \$250k for operations with a second as a debt reserve line of credit to be used to provide for timely payment of the annual debt service due.

Completion of this final financing piece is critical to the survival of the FWPDA to reach 2022. I won't speculate what failure looks like, but it will be impactful to many in the greater community.

With all this said, I have a request that the County act as the guarantor of this bond. Our preference would be that Parks assume this role. A request was made but, while they want to consider this, it appears their process may be more complicated and take longer than what we can afford. Our goal is to still pursue this option and hope once it is achieved the County role will be fulfilled. But we can't say this is certain.

What we have for terms to complete this financing is acquisition of a limited loan guarantee of \$375k from Parks, County, City individually or collectively. This loan guarantee will be used in the following way:

The FWPDA will be required to develop a annual debt payment reserve by 2025. This is set at \$367k based upon the average annual debt service payments. The line of credit (LOC) to support timely payments will be established to ensure payments are made on time. If the FWPDA cannot make its full payment, it will draw against the LOC. The FWPDA will have one year to restore the LOC to a zero amount owing. If it cannot complete this, then in that case the guarantor (county) would lend the money to the FWPDA to restore the LOC to zero dollars owing. FWPDA would owe repayment to the County.

Our hope is this will be a temporary arrangement, but in reality we need to look at this in the worst case. If however the FWPDA cannot restore the LOC, I can say for certain there will be a much bigger more critical issue involved. At risk for the County would be that the \$367k is not recoverable.

This is a long way to ask if the County is willing to consider this role? How it is done is less important and frankly quite straight forward. But central to all our interests and concerns is whether the County should and is willing to undertake this role. I stand ready to answer any and all concerns and I would be able to participate in this discussion at your convenience.

I am copying other parties of interest for background and informational purposes and also attest that no commitments or promises have been made in previous conversations. I intend to bring this matter to the FWPDA Board as an update and report of my actions to allow for them to endorse or withdraw my proposal.

I eagerly await your response,

David Timmons
Executive Director, FWPDA

More Questions about Fort Worden Hospitality and PDA – ***FWPDA/David Timmons Responses***

*****Copies of documents referenced in this response have been provided (Concession Agreement, FWPDA Charter, FWPDA Master Lease-Amendment 3, FWH Articles of Incorporation, and FWH Bylaws).***

1. Will the PDA review **and approve** the annual FWH operating budget?

The FWPDA will review but not approve FWH's budget. This was discussed during development, and it was determined that it was not required. The basis for this was not to politically interfere in the business of hospitality as well as the fact that the concern about FWH serving the mission is addressed in the formation of FWH and its Articles of Incorporation. As the agreement was developed, the belief formed that Section 3 of the Concession Agreement with FWH adequately addresses and provides full transparency over FWH rate setting.

2. The FWH Business Plan includes budget projections that show that the combined admin and marketing expenses for the organization in year 5 at 24% of gross income, nearly \$2M. Is that typical for hospitality operations and does that represent a "lean" operation?

I cannot offer any comment on this. This is more of a question for FWH. I am not familiar with industry standards. FWH is developing performance measures that will accurately reflect allocations of cost as a percentage of the total. Also, Section 3 of the Concession Agreement allows for full disclosure of expenditures and allocations.

3. Gross income of hospitality operations is projected to be over \$8M. The operator FWH is a nonprofit corporation. Is the proposed FWH 3.5% contract fee to the PDA appropriate in this case?

What is appropriate in this case is relative. Part of its direct expense will be a campus-wide maintenance program under development, and FWH has projected reserve requirements to maintain and support as a part of this income. Section 4.2 of the Concession Agreement addresses any excess operating revenues.

4. Why isn't the nonprofit contract manager FWH being paid a management fee (a percentage of operations) with the remaining surplus going to the PDA – as would be typical in a facility management contract?

We used the standard concession contract used by State Parks. It would appear appropriate to have a fee for management services if there was a sub-agreement to utilize. It has generally been held by the State Auditor's Office that flat rates are not permissible and rates need to reflect recovery of actual costs. While that standard is not required by FWH, it was felt that a cost basis was more appropriate.

5. The 3.5% fee paid by FWH to FWPDA equals the fee FWPDA owes State Parks. Although currently deferred, the fee is scheduled to be paid beginning 2023. Is this fee a projected

income source for restoration loan repayment? Is this permitted under the FWPDA-FWH contract agreement?

The 3.5% paid to the FWPDA is not the same amount owed to Parks under their 3.5% fee. State Parks' fee from the FWPDA is 3.5% of FWPDA gross revenue. Parks would get 3.5% of 3.5% paid by FWH. In other words, the 3.5% concession fee paid by FWH is not a pass-through amount. The 3.5% from FWH goes into a larger pool of gross revenue that the PDA would draw from for State Parks' revenue sharing requirement, if reinstated.

The fee paid to the FWPDA is to pay only a portion of the Restoration Bond initially, which is not covered by the Makers Square lease payments. There is no nexus to have this payment apply to debt as a condition of the contract.

6. What are the roles and responsibilities of FWH and FWPDA in maintaining and repairing the buildings managed by FWH?

FWH will be part of a campus wide maintenance program and they will pay their respective share, as will all other partners. Section 4 of the Concession Agreement addresses this matter.

7. What are the roles and responsibilities of FWH and FWPDA in implementing and achieving the lifelong learning mission at Fort Worden?

The role of the FWPDA is outlined in its Charter and the Master Lease. The role of the FWH is outlined in their Articles of Incorporation and Bylaws. Also, Sections 2.5 and 2.6 of the Concession Agreement address this.

8. What measures will be provided in the FWH Bylaws to elect community members to the board of directors?

The FWH Bylaws outline board representation and appointment. Also, community members need to refer to community as a state-wide interest since this is a state facility.

9. What measures will be provided in the FWH Bylaws to require regular reporting to the community and opportunities for community review of operating results and future plans?

The Concession Agreement outlines a higher standard of reporting and public input than what is expected of any other campus partner. Please see the agreement for this information, specifically Sections 3.4 and 3.5.

With regards to all questions about FWH, please note that Section 12.3 of the agreement reflects our collective intent to recognize that certain terms may need to be amended/added within the first year of the agreement.

- Questions submitted by Mark Blatter to FWPDA Board of Directors