



APPROVED Meeting Minutes
Board of Directors Meeting Agenda
Fort Worden Lifelong Learning Center Public Development Authority (FWPDA)
Tuesday, June 28, 2022 | 5:30 p.m.
Remote on Zoom

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*9 to raise hand to speak

Action Summary

- ❖ Motion to approve the consent agenda. **Unanimously approved.**
- ❖ Motion to authorize the ED to execute the MOU with Fort Worden Hospitality. Celeste Tell made a motion to approve. **Unanimously approved.**
- ❖ Motion to authorize Executive Director to apply \$600,000 toward the debt restructuring plan and to come back to the board with a proposal for how to deal with the surplus glamping equipment. **Unanimously approved.**
- ❖ Motion to authorize the Executive Director to move forward with securing and restructuring the debt based on the recommendation by the Finance & Audit Committee. **Unanimously approved.**
- ❖ Motion to approve renewal of contract with revised scope of work, [as well as assistance in producing communication tools/materials for lobbying]. **Unanimously approved.**
- ❖ Motion to authorize the Executive Director to apply for a credit card with a credit limit of \$5,000. **Unanimously approved.**

Meeting Agenda

I. Call to order (5:30)

The meeting was called to order at 5:33 p.m.

II. Roll Call

Board Members: Brad Mace, Celeste Tell, David King, John Begley, Rodger Schmitt, Torie Brazitis

Partner Liaisons: Heron Scott, Libby Wennstrom

PDA Staff: David Timmons, Becky Wagner, Carolyn Zipeto, Meriden Vitale

III. Reports

A. Finance Reports

- a. Profit & Loss*
- b. Cash Flow*
- c. Balance Statement*
- d. Debt Restructuring Recommendation

Becky Wagner reviewed the finance documents. P&L includes split with hospitality. The large payout in February reflects that employees that switched to hospitality were payed out their vacation days. Fuel oil costs are still way up, and has more than doubled over the past several months and significantly higher than last year. Reimbursement from hospitality will eventually move to revenue. Carolyn Zipeto said May is representative of the PDA's employees cost going forward. Professional services fees include Zipeto's fees and would cover lobbying fees. Architect and legal services are broken out in a different category. There was discussion about tracking general and retained services and project fees. Wagner explained some of the P&L structure was inherited and can be changed.

Zipeto explained hospitality's merchant account and difficulty with a new process required by their middle company. They are looking for a new one and, in the meantime, PDA changed old merchant accounts so that credit card transactions are going to hospitality's accounts instead of old First Federal accounts, which mean they can be cleaned up and closed.

David Timmons said the Finance & Audit committee reviewed the debt restructuring recommendation and approved moving forward.

B. Executive Director's Reports

- a. Lobbying Memo and Report*
- b. SAO 2021 Annual Financial Report
- c. Status Report on US/Japan Climate Action Partnership w/Renewable Nations and OIST
- d. Status Report on Justice Capital Nomination
- e. Status Report on Fire Safety Inspections
- f. Status Report on Alliance Lease Agreements
- g. Status Report on Web Site Development

a. Timmons said re: lobbying report, there is a lot happening in Olympia and the next session has many competing interests. He said we will need to be more aggressive to fulfill our goals for next year. He said board members might need to be involved in personally contacting state reps, while also supporting State Park's initiatives.

b. The SAO 2021 Financial report was completed and filed. They are currently completing the 2018-2020 audit—it appears there may be one finding, related to a mis-posting of the debt liability from Makers Square as a debt of the LLC as opposed to the PDA. That has been subsequently corrected. He gave credit to Becky Wagner and Carolyn Zipeto for their work. Timmons said the PDA will continue with annual audits. There won't be a full and complete separation with hospitality reflected in the audits until 2023.

c. Timmons gave an update on Renewable Nations and OIST. The concept is to establish a climate institute/hub at the fort for climate initiatives between the US and Japan. Timmons said he viewed the PDA as a supporting agency at this point, with the PDA working in partnership with both Renewable Nations and OIST (Okinawa Institute for Science and Technology). Specific proposals will come before the board for approval.

d. Timmons said the PDA still remains one of 13 final nominees for the Justice Capital Project funds. He said the PDA's proposal was initially criticized for lack of climate initiatives; working with Renewable Nations and OIST would strengthen the PDA's proposal. Board members asked questions about the varying organizations' backgrounds, pro-bono work with them, and their work with partners in the past. Heron Scott brought up how to bring new partners to the fort, including considering criteria for partners and what kind of programs they would create.

e. Timmons gave an update on fire inspections. He said future improvements include panic bars, installing missing tiles, sealing wall penetrations. The stairs in Building 203 have significant wood rot; the plan is to remove those and replace them internally. He said the PDA is cooperating and he will give a future report with more details. In response to a board question, Timmons said the company that was supposed to provide regular inspections did not follow through and was even more difficult during the pandemic.

f. Timmons said lease agreements are being reviewed by partners and there have been no material changes. They are now waiting approval from partners' boards. He's looking at occupancy for Sept. and first of the year. Heron Scott said David and Rob have done a great job moving the process forward.

g. Timmons explained the development of the new website, it will be up and running in August. The domain will be fwpda.gov. PDA emails have also switched to @fwpda.gov. Hospitality will maintain fortworden.org.

IV. Public Comment

No public comment at this time.

V. Action Items (6:30 p.m. estimate)

1. Consent Agenda

a. Review the May 24, 2022 meeting minutes. *

b. Accounts Payable (time period)

Proposed action: Approve the consent agenda.

Rodger Schmitt made a motion to approve. Brad Mace seconded. **Unanimously approved.**

VI. Public Comment

[Typo in the agenda.]

VII. New Business

a. Memorandum of Understanding Regarding Amendments of terms with FWH

Timmons said this MOU reduces the concession fee for the first five years from 3.5 to 3%. This incorporates liabilities that FWH inherited as well as capital maintenance improvements that they will

undertake, in order to have continuity of service. The contract also includes a first-year review process. Aislinn Diamanti discussed the capital projects FWH identified as priorities.

Board members asked questions about the process for determining priorities and budget constraints.

Proposed action: Motion to authorize the ED to execute the MOU with Fort Worden Hospitality. Celeste Tell made a motion to approve. John Begley seconded. **Unanimously approved.**

b. Glamping Report & Motion

Timmons said after discussions with contractors, hospitality, and the bank that he recommends suspending any further activity or investment on glamping. He recommends securing the investment so that in the future a third party could utilize those investments and complete the project. He recommends using the \$600,000 to restructure the PDA's financial situation; he's spoken to the bank and they support that. The PDA is not in a position to finish out the project and hospitality is not ready to assume management of it. He said the tents would be removed and potentially donated in the community. He suggested using \$100,000 to secure the surplus glamping equipment—this would involve making sure there are no leaks in water or gas lines, ensuring electrical panels are functioning, removing decking material, etc.

Board members discussed cost recovery of some of the equipment, the donation process of canvas tents, and how hospitality considers this change. Timmons said storage of the tents is also a possibility. David King suggested splitting up the original proposal—authorizing the use of \$600,000 toward debt and Timmons returning with a plan for surplus glamping equipment in the future.

Libby Wennstrom asked about the total cost to complete the project. Timmons said there is still landscaping work, flooring, and venting that would be needed before completion. There is also a management factor. There are still structures from the original plan that have not been built yet, which were crucial to hospitality's business model for glamping.

Proposed action: Motion to authorize Executive Director to apply \$600,000 toward the debt restructuring plan and to come back to the board with a proposal for how to deal with the surplus glamping equipment.

John Begley made a motion to approve, Brad Mace seconded. **Unanimously approved.**

c. Debt Restructuring Resolution

Timmons said he has been talking to the bank and looking over the finances, there was a grant opportunity that was lost in the process of Makers Square project—the project itself has a residual liability that was left on the books, in the form of a \$1.5 million bond. There is a \$600,000 balance remaining and the project has not yet generated enough revenue to pay that back. Timmons said he is looking at a plan with the bank to restructure all debt—to include the restoration bond (which replaces money diverted from capital to operating), the glamping and energy bonds, and the Makers Square bond (\$600,000 residual). The payment plan would put all those into a single new bond with a payment schedule that aligns with the PDA's cash flow. Timmons said he is looking for authorization to move forward in the next phase and bring back a full report to the board in July or August.

Board members asked questions about how this would impact the PDA's operating budget, the debt as

it relates to assets, the Makers Square debt and potential for revenue. Board members agreed they want to work to reduce debt.

Timmons reminded board members that they did not create this situation and are helping to fix it. He also reminded the public that there are no public tax funds involved in the PDA's budget.

Rodger Schmitt made a motion to authorize the Executive Director to move forward with securing and restructuring the debt based on the recommendation by the Finance & Audit Committee. John Begley seconded. **Unanimously approved.**

d. Lobbying Contract Renewal and Scope of Work

Timmons said he is focused on securing funding for \$32 million of shovel-ready projects from the state. He has had a positive relationship with DZPA Lobbying and they have done an excellent job so far.

Board members asked to see more detailed reports in the future, more specific to the PDA and Parks, as well as the opportunity for the board to chat with lobbyists directly. They also requested DZPA produce communication materials and targeted asks.

Motion to approve renewal of contract with revised scope of work, [as well as assistance in producing communication tools/materials for lobbying].

David Timmons suggested amending the motion to include board suggestions (in brackets above). John Begley made a motion to approve. Celeste Tell seconded. **Unanimously approved.**

e. Kitsap Bank credit card application

Timmons said the PDA closed all previous credit cards and has been using a debit card with First Federal Bank. Kitsap Bank does not allow debit cards for commercial accounts, they require the use of a credit card. He recommends the PDA apply for a credit card to be used for electronic purchases. The use of the credit card would be reviewed by the Finance & Audit Committee, with information about how the card had been used the previous month.

Board members discussed liability and security issues related to debit vs. credit cards, as well as interest rates. Timmons said the card will be paid off every month and will not be used as a line of credit. Two people will be authorized to use the card, Timmons and Katie Kennison, admin assistant.

Motion to authorize the Executive Director to apply for a credit card with a credit limit of \$5,000. John Begley made a motion to approve. Celeste Tell seconded. **Unanimously approved.**

f. Business Plan Proposal

Timmons said he has been working to select a team of consultants to look at how to develop a partnership model for the new business plan. The first phase of this process would involve developing a communication strategy for how to work together with partners, Parks, and stakeholders. The second phase will examine facilities plan and utilize the best parts to build a new plan. The third phase will involve business planning consultants to create a new business model incorporating findings from phase 1 and 2, that will then be presented to the state.

Timmons said he recommends allocating \$50,000 for the first phase, that will come from the operating reserve that was established with the refinancing. He said we would need to do a fundraising effort to pay for the second and third phases. He would like to work with Milenko Matanovic, a well-regarded

facilitator, to engage with the first phase. Signal Architecture will be involved with the second phase utility plan, and EchoNorthwest will assist with the third phase and creation of the business plan. Timmons said creating a new business plan is part of the PDA's obligation to the state.

Board members expressed concerns about the overall budget, and asked questions about the content of each phase, community involvement, the backgrounds of the consultants, partner involvement, and time constraints. Board members agreed this was critical and foundational work but would like to know more about the process.

Timmons recommended tabling any action on the business plan at this meeting. He said he would work with Celeste Tell to develop a more detailed explanation of the process and bring it back to the board.

VIII. Next Meeting

Tuesday, July 26, 2022 at 5:30 p.m.

IX. Executive Session—Executive Director's Evaluation

No action will be taken.

The board decided not to meet in Executive Session during this meeting due to time constraints.

X. Adjourn (8:00 p.m. estimate)

The meeting was adjourned at 8:39 p.m.

**Topic involves documents in agenda packet*