

MINUTES
Board of Directors
Fort Worden Public Development Authority
Revised
Wednesday, December 17, 2014

I. Call to Order

- a. Cindy Finnie called the meeting to order at 9:01 am.

II. Roll Call & Staff Introductions

- a. Board Members Attending: Bill James, Bill Brown, Anne Murphy, Scott Wilson, Lela Hilton, Cindy Finnie, Dave Robison, Norm Tonina, Gee Heckscher, Jeff Jackson (via teleconference).
- b. Introduce Megan Lehr- new guest services. Staff attending: Dave Robison, Jamie Hayashi, Jill DeCianne
- c. Public attending: Rob Birman, Tim Lawson, Janine Boire, Kevin Alexander, Brian Hageman, Carla VanderVen, Herb Cook, David Goldman, David Timmons.

III. Resolution to Enter into Buy-out Agreement with PT Hospitality and Scope of Services for Housekeeping and Laundry Services Contractor

Bill James and Dave Robison reported on the plan to bring Carla VanderVen on for a period of 3 months to assist Jamie with the transition as the FWPDA assumes control of PT Hospitality, its equipment, inventory and key staff. There will be a preference of hiring existing Port Townsend Hospitality employees. State auditing rules require that the PDA pay interest on the Note to secure the business, and we have discussed a term of two years for the pay out. In board discussion, the PDA does not expect a change in housekeeping rates for Centrum or other guests at this time. Carla does not need to be additionally insured, because of the intent to buy her out, as confirmed by the PDA's insurance company and attorney.

Action: Move to authorize the Executive Director to execute buy-out agreement with PT Hospitality Services and authorize Executive Director to negotiate scope of services for Housekeeping and Laundry Services Contractor not to exceed \$15,000. Anne Murphy moved and Lela Hilton seconded this motion, which passed unanimously.

IV. Review of Community Economic Development Board (CERB) Grant Application and Resolution Authorizing CERB Application

Dave Robison reviewed the CERB grant application, letter of support from Team Jefferson, and the draft Resolution. Dave and Norm Tonina discussed the importance of this planning grant in the context of providing the business development committee efforts to begin to identify priority investments needed for the revitalization of Fort Worden. Dave stressed the need to identify the hospitality investments necessary to help recruit groups that may have left the Fort due to deferred maintenance, poor customer service and lack of technology. Dave discussed how the business investment strategy would assess Building 298, and whether this building could be made into more of a typical hotel-style building. The grant would also look at what AV and other amenities are offered,

Action: Move to authorize Executive Director to submit a grant application to the CERB Board. Norm moved and Ann seconded this motion, which passed unanimously.

V. Review of MOU with Centrum for Provision of Internet and Wi-Fi equipment

The PDA and Centrum have come to an agreement on the purchase of Centrum's networking equipment for just over \$6000. This change would make the PDA, through NoaNet, the centralized internet service provider for the campus. In exchange Centrum would get credit on future internet services/monthly billings. In board discussion, the PDA is buying the server at the full price because there is value in its existing currently. Any enhancements/changes to internet service would be at the partner's expense. NoaNet provides internet network support, but desktop support would have to be provided by the individual partner organization. The PDA could provide this service to Partners on a case-by-case basis through NoaNet. The board discussed a worst case scenario: NoaNet doesn't respond, there is no backup for the wireless, the PDA would need to contract out. Currently in negotiations with State Parks regarding the installation of an emergency generator.

Action: Move to authorize Executive Director to sign a MOU with Centrum for the transfer of equipment for internet and wi-fi service in exchange for a credit for provision of such services. Lela Hilton moved and Ann Murphy seconded this motion, which passed unanimously.

VI. Review of Revised Memorandum of Agreement between Peninsula College, City of Port Townsend and the Fort Worden PDA regarding Building 202

Dave Robison and Scott Wilson presented plans to turn Building 202 into space for Peninsula College with a yearly rent of \$1 per year for a 50-year lease. All maintenance would be the responsibility of the Peninsula College. Any unused space would be able to be used by the PDA at PDA rates, through an arrangement based on Peninsula College's annual classroom planning process. PDA income would come through these subleases; PDA expenses would be minimal due to college responsibility for maintenance. Maintenance includes: custodial, landscaping and audio-visual. The exterior maintenance and repair is the responsibility of State Parks and the PDA. Building 202 could be used in the summer months by Partners, if PC is not using the building.

The agreement has all parties – the City, the College and the PDA – pursuing Historic Tax Credits (HTC) of \$900,000, to fill in the estimated funding gap of \$500,000. In the MOA, the College would responsible for raising half of the gap and the City/PDA the other half. Ifd tax credits are obtained, there should be no gap. Regarding excess funds from HTC proceeds, they would be put in a building reserve fund for Building 202. There would be an open ended timeline for using the excess reserve funds. Reimbursement of expenses: once the PDA has the HTC it will be able to reimburse expenses, such as legal fees, application fees and Dave's time. The decision of the legal efficacy of HTCs is in the hands of OFM staff, which is also reviewing another similar proposal from a Seattle college involving tax credits.

Action: Move to authorize the Executive Director to negotiate and execute a Revised Memorandum of Agreement with Peninsula College and the City of Port Townsend for the renovation of Building 202. Norm Tonina moved and Bill Brown seconded this motion, under the condition that Dave clarify that the PDA had to allocate excess HTC funds to Building 202, which passed unanimously.

VII. Review and Discussion of November P&L - Update on Financial Reporting

Dave reported a major increase year over year in Advance Deposits. The financials include a friendly loan extended to Food Services, which was moved from the operations account into the food

service account. Accounts Receivable show only 1 account in 31-60 days, nothing further. Jill was directed to add the water bill to the expense report. The PDA has sold approximately \$150,000 in Discover Passes to date, with a deadline of April 30 to reach \$250,000. The PDA plans to have an aggressive Discover Pass marketing strategy in the spring, and Scott proposed that it be moved sooner based on monthly trends. Still need to analyze online Discover Pass sales. Discussed creating a state-wide discover pass sales website, Dave to investigate. Board members observed that salary numbers on the P&L do not include costs for a General Manger nor a Sales Manager. Bill James noted that getting the financials in order remains a top priority for the board and staff. The board expressed significant concern over the lack of accurate year to date numbers. Dave said the PDA staff is working diligently to reconcile past months. Once the ATRIO spreadsheets are finished, the rest of the process should be quicker. Currently the staff is reconciling day by day as well as creating procedure documents for November and December. Once all the numbers have been reconciled then the YTD numbers will be able to be done, and a 2015 budget will be created. Dave was unable to give a timeline at this point, but there is an emphasis on being able to look at YTD numbers for the next Board Meeting.

Upcoming Audit: The PDA will have an independent audit as well as a State review (likely cost between \$10k and 12k). Executive Director was advised to contact the State Auditor soon to inform the office of our early financial reporting problems.

VIII. Review of Food and Beverage Services at Fort Worden

The board reviewed October/November financials. Most of September's payroll was rolled into October. Consulting fees are inclusive of October, November, and December. Food costs and profit: The current ratio of cost to profit is 1/10 when the typical ratio is 3/10, which is a concern. Need to make sure that the food service team is taking an inventory monthly, so that costs can be accurately reflected and the budget prepared properly. Currently the inventory is being reflected in the month before, which isn't an accurate representation of cost/profit. Kristan has greatly minimized expenses as compared to Bon Appetit, especially in light of the subsidy that State Parks gave Bon Appetit yearly from the room rate.

2015 Draft Budget: Preliminary budget needs more revision in order to take a look at the cost of goods as well as the projected 2.5% profit. Future Food Service Facilities: Kris Nelson has put together a budget and business plan for a pub and the canteen, to be discussed in a special food services meeting in January 2015.

IX. Staff Report

Future Bookings: For the 2015 Budget, we need to finish year to date numbers before completing the budget. A special board meeting scheduled for January 14, 2015 to discuss food services. Norm and Cindy to teleconference in. An annual schedule of regular meetings was presented.

Action: Move to adopt the 2015 Board Meeting Schedule. Scott moved and Lela seconded this motion, which passed unanimously.

Dave reported the plan to extend all Partner leases for one year, but with a 3% increase and a provision to pay utilities. Most partner's utilities are metered, but not all. Dave also reported on year-end fundraising, which includes an LTAC Grant of \$44,000 for marketing, and foundation grants of \$205,000, that include:

- i. 75k for a contract with the woodworking school for a program for veterans to build furniture for Officer's Row; the PDA is hoping the match the grant.
- ii. 30k for the culinary institute.
- iii. 100k for programming master use plan

X. Board Member Committee Reports

A. Executive Committee—Cindy Finnie

B. Capital Projects—Bill Brown

- a. 17/57 streetlights on campus don't work. Unclear on the master lease who is responsible for their maintenance.

C. Business Development—Norm Tonina

- a. ArtsX is looking at a March 1 start date in Building 306.

XI. Executive Session: The board went into executive session for personnel matters in accordance with RCW 42.30.110(c).

The chair announced that the board would, as listed in the posted agenda, go into executive session for personnel matters, and that the board would reconvene the public meeting and likely take action at that time. The Board came out of executive session at 11:55 a.m. and took the following actions: The board discussed the need to fill the key positions of sales manager and front desk manager. While a recently placed ad had these positions combined, the board elected to split them into two positions in recognition of the Executive Director and Board Treasurer Norm Tonina having identified good candidates. In addition the board discussed expanding the front desk manager position to that of a general manager. Pending review of positive reference checks, the Board authorized the Executive Director to offer two candidates two revised positions – general manager and sales manager. The Executive Director and Board Member Tonina were directed to revise job descriptions for the two positions. In addition, the board discussed the high quality of work done by the Executive Director during the course of the FWPDA's management of Fort Worden, including work done and significant funds raised prior to the actual management changeover on May 1, 2014. The board recognized the fact that the Executive Director for many months has been doing the work not only of Executive Director but also General Manager, with the enterprise gaining significant financial benefit as a result. In the midst of that additional operational workload, the Executive Director was recognized for continuing to pursue and receive significant outside funding to support FWPDA planning, projects and operations, summarized in the minutes above. The board discussed the merits of bonus-based compensation versus a pay raise for the Executive Director, and concluded that a pay raise was a more reasonable approach to compensation for this position. It was moved and seconded that the Executive Director be given a pay raise of \$5,667 retroactive to the launch of the FWPDA's management of Fort Worden on May 1, 2014, with 2015 pay set at \$93,500 and salary to be reviewed as part of a formal review in May 2015. This was approved unanimously.

XII. Adjourn

The board meeting was adjourned at 12:45 p.m.