

Letterhead/Logo

Date \_\_\_\_\_, 2015

[TO]

1. Coast Artillery Museum
2. PT Woodworking School
3. Goddard College
4. Centrum

*LETTER WOULD NOT BE SENT TO MADRONA (expires 2033) or MSC (expires 2024).*

Subject: Fort Worden Contract Extension  
Contract # \_\_\_\_\_  
Contract Type \_\_\_\_\_  
Effective Date of Contract: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_

To/Dear Tenant/Fort Worden Partner,

As you know, the Fort Worden Public Development Authority (FWPDA) entered into an assignment in July 2014 with the State Parks to manage the campus for a term of fifty years. Under the assignment, State Parks assigned all its interest in your contract to the FWPDA and FWPDA assumed all of State Parks' rights in your contract. As noted above, your contract with State Parks is now expired.

FWPDA proposes to enter into an agreement with you at this time that would extend your contract through February 1, 2016 on the same terms as your now expired contract with State Parks. A form of "extension agreement" is enclosed. The extension agreement runs through the end of January, 2016 in case negotiations for a new contract are not finished by the end of the year. The lease extension does provide dates for you to submit proof of insurance, financial reports, and any subleases (requirements that existed under your prior contract). In addition, the extension agreement states that inspections may occur on notice to you to check on normal maintenance and repairs (also provided under the prior contract).

Starting in the fourth quarter, 2015, FWPDA would propose terms for a new contract to start January 1, 2016 and we would hopefully negotiate a new contract by year-end. The reason for this short-term extension is that FWPDA is not now in a position to begin contract negotiations due to the press of other business we are dealing with in the transition from State Parks to the FWPDA. You are of course free at any time to propose terms. For good cause (such as your need to have a contract in place to obtain financing), we may be able move up negotiations for a new contract.

At this point in time, FWPDA is not in a position to give you anything more than a general idea of possible future rent terms. We have been and will be looking at business

models for the campus. This does not mean new contracts will be at “fair market value” in all cases. We recognize there is public benefit in having a mixture of uses at Fort Worden that add to the overall customer enjoyment of the Fort and that add “heads in beds” for the Fort. Recently, the FWPDA Board adopted Resolution \_\_\_\_\_ (passed \_\_\_\_\_, 2015) that adopted administrative standards that included a policy framework for rental revenue. From the Resolution:

**(A) Rental Revenue Standards:**

*The objective of the FWPDA is generally to set rentals at current market rates, acknowledging that variations will occur from time to time based on changing market conditions, local economy, job generation, industry demands, and other public benefits. However, base rental adjustments may be offered provided a Lessee fulfills the ongoing commitments to contribute to the “lifelong learning center goals” established for the FWPDA to the FWPDA’s satisfaction. The FWPDA shall evaluate the listed ongoing commitments annually to confirm that a Lessee continues to provide ongoing benefits to the FWPDA and Fort Worden State Park. Except as otherwise limited by lease terms, the FWPDA reserves the sole right to adjust the annual rental rate based on the FWPDA’s annual review of Lessee’s contribution to the lifelong learning center goals. Appraisals and rent surveys will be used as guidelines to establish market rates. Lifelong learning programs offered by a Lessee, and/or tenant improvements provided and/or a Lessee’s ability to generate “heads in beds” will be used as guidelines to establish base rental adjustments.*

FWPDA sees this extension agreement as simply documenting the current situation for the benefit of both parties. Without this extension, your status is similar to a “holdover” on a lease, however, with no extended rights in the premises and could be terminated at any time.

Unless there are any questions, please execute two originals of the attached extension agreement and return both to the FWPDA administrative offices at 200 Battery Way, attn.: Jill DeCianne. FWPDA will return a signed original to you. If you have any questions, please contact Jill or me. Thank you for your response to this letter by February 28, 2015.

Sincerely,

Dave Robison, Executive Director  
Fort Worden PDA