

Kitsap Public Facilities District

Minutes of the Board of Directors Meeting

Monday, May 20, 2019

BWP/Silverdale Beach Hotel, East/West Bay Rooms, 3073 NW Bucklin Hill Rd, Silverdale, WA

Attending: Bill Mahan, Vice-Chair; Walt Draper, Treasurer; Rick Smith; Tom Bullock; and Patrick Hatchel.

Staff: Mike Walton, Executive Director; Brian Lawler, Attorney

Absent: Daron Jagodzinske, Chair; and Erin Leedham.

1. **Call to Order:** The Vice-Chair called the meeting to order at 5:32 PM.
2. **Meeting Minutes:**
 - A. ED submitted minutes from the Regular Meeting on the 22nd of April 2019.
Walt Draper moved to approve the Minutes as submitted. Tom Bullock seconded the motion and it passed unanimously.
 - B. ED submitted Minutes from a Special Meeting called for the 16th of May.
Walt Draper moved to approve the Minutes as submitted. Pat Hatchel seconded the motion and it passed with 4 yeas and one abstention. (Tom Bullock was not present at the meeting.)
3. **Public Comment:** (Limited to 3 minutes, otherwise not on Agenda)
Mayor Putaansuu, Mayor of Pt Orchard for Pt. Orchard Project – the Mayor brought a letter stating the intent of the City of Pt Orchard to work with the other public participants – the Port of Bremerton and Kitsap County – to follow through on the pledge that one of them will assume responsibility and ownership of the project IF the PFD commits to paying for the feasibility study and some portion of the Phase 2 construction funding.
Steve Sego, Sound West Group for Pt. Orchard Project – spoke to confirm the cooperative effort of the three public agencies will cooperate to find the funding to complete the process, IF the PFD commits to funding the feasibility study and Phase 2 construction. If the feasibility study is negative, the PFD is not obligated to pay the Phase 2 costs.
Brian Nilsen for the Circuit of the NW Project – presented documentation for the answer to the Board question of what will happen if you don't get the full \$10 million. The document outlined four different priorities and the cost for each, totaling \$10 M.
4. **Financial Reports:**
 - A. **Revenue Report/Monthly Reports**

The ED reported that the Revenue from the tax rebate from April was \$116.8K down 1.8% from last year – the first negative in 22 months. This was from February sales tax – Snow month, so maybe just as a result of depressed sales. ED will watch carefully for any downward trend. Debt service of <\$70K> was deducted and <\$19.6K> for expenses with a Net to the 977 cash account of \$27.2K. April QuickBooks expenses were provided along with the Summary by Fund report, showing \$2.662 million in 977 account. ED clarified that \$550k was still earmarked for Parks project at Lobe Field #1, and \$503K for Phase #2 deliverables to the Port of Bremerton.
 - B. **Blanket Voucher Approval**

The ED presented the Blanket Voucher for the month's expenses in the amount of \$2,857.25 for approval by the Board.
Pat Hatchel moved to approve the BV in the amount of \$2,857.25 and Rick Smith seconded. It was passed unanimously.
 - C. **POB/CNW Voucher Approval**

The ED presented a new Voucher for an invoice from the Port of Bremerton in the amount of \$72,215. This was for the third increment of work performed for the Phase #2 engineering work by the consultant/contractor, Joel Cohen LLC (\$19,760) and other contractors for the engineering drawings (\$52,455).

Walt Draper moved to approve the voucher in the amount of \$77,321 and it was seconded by Tom Bullock. The motion was approved unanimously.

5. Ongoing Business/

A. PRA Rules – Rescind and Replace

Brian Lawler reviewed the history of the original PRA Rules from 2002 and the recent (and ongoing) changes to the PRA environment in WA, necessitating the updating of the PRA Rules that govern how the KPFD will respond to Public Record requests in the future.

Patrick Hatchel moved to rescind the existing PRA rules and replace them with the PRA Rules submitted by the KPFD attorney. The motion was seconded by Walt Draper and passed unanimously.

B. Bonding and Financing - The Chair wanted to invite experts in the Bond Underwriting field to present to the Board for an update on the status of the bonding/financing efforts that the ED and attorney had been working on.

1. Caitlin Caldwell, KeyBanc Capital Markets – Caitlin made an excellent presentation outlining what the process and results were in analyzing the KPFD requirements. She emphasized that some portion – it did not need to be all - the existing bonds needed to be refunded out to 2041 to assure the continuation of the sales tax rebate. She explained the worst-case conditions and estimated bond sales - \$9.5 million, as well as the best-case conditions and possible bond sales of as much as \$29 million.

2. David Trageser, DA Davidson – David has worked with Kitsap County in the past as well as several other PFDs. DA Davidson is the largest Bond Underwriter in the State. David covered some of the same points as Caitlin but emphasized analysis of the probable funding requirements against the “draw-down needs” for the actual construction. Can’t be determined with accuracy until we have selected the projects to fund. He also discussed the effects of “wrapping” the new bonds around the existing ones for cash flow purposes in future years

It was confirmed that none of these third parties are necessary if we get the County to sell bonds for us as was done before. However, it might be desirable to have a Bond Counsel represent us in that transaction.

C. The Board had instructed the ED to contact the Chair of the Commissioners and the Treasure to explore that option again, however with no response yet, The ED recommended that the Board Chair or Officers make the request as he was not getting any traction.

D. Site Visits – The ED brought up the difficulty of the logistics of arranging site visits to all 7 sites, with 7 directors, and their busy schedules, combined with trying to get a representative of the project to be available for a briefing. After some discussion, the consensus of the Board was to cancel the effort to schedule site visit tours.

6. Ongoing Business/Regional Facility Reports:

A. The ED reported on the monthly reports from the KCC and KFEC, both of whom rebounded from weather related declines in Feb to about forecast performance in March and April. He also mentioned a national conservation organization has selected the KCC to host a several day meeting because of the “Natural Side of Puget Sound” features and reputation.

7. Announcements: None

Meeting was adjourned at 8:45 pm

The Evaluation of New Projects will resume at the next Regular Meeting of the Board, June 10th, 2019 at 5:30 pm in the East & West Bay Rooms at the Best Western Plus/Silverdale Beach Hotel.