

Kitsap Public Facilities District

Minutes of the Special Board of Directors Meeting

Monday, November 5, 2018

Oxford Inn and Suites, Ballroom, 9550 NW Silverdale Way, Silverdale, WA

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

Staff: Mike Walton, Executive Director; Legal Counsel, Brian Lawler

Absent:

1. **Call to Order:** The Chair called the meeting to order at 5:37 PM, and welcomed the sizable audience present for this meeting.
2. **Minutes of Previous Meeting:** Minutes were submitted electronically before the meeting. **Rick Smith moved to approve the Minutes from the September 25th meeting as submitted by the ED. The motion was seconded by Erin Leedham and approved unanimously.**
3. **Monthly Financial Reports/Blanket Vouchers**
 - A. **Monthly Financials** – The ED gave a report on the September financial results – Sales Tax revenue of \$149.6K, up 15.7% over last year. Debt Service transfer to 286 Fund of \$70K and \$11.5K in expenses with Net to Cash of \$68K. Note: There was a \$30K expense from 977 Fund for the balance of the CNW Market Demand Study. The ED gave preliminary information about the October results: the Sales Tax revenue was \$151.3K, up 13.8%, the 8th month in a row of double digit increases above last year’s numbers, and the total for the YTD is over \$1.4 Million.
 - B. **Blanket Voucher** – The ED explained a BV in their packets in the amount of \$969.69 processed over his single signature to pay last month’s expenses. He also submitted a second BV for approval in the amount of \$932.83, including his own expenses in the amount of \$719.08, primarily for attending the AWSPFD Annual Conference in Seattle.
Bill Mahan moved to approve the BV in the amount of \$932.83. Walt Draper seconded the motion and it was approved unanimously.
4. **2019 Budget Discussion -**

The ED and Treasurer presented the draft 2019 budget with preliminary expenditures of \$171,000, a 9.8% increase over last year’s budget of \$155,963. The increase is primarily due to expected increases in legal and construction consultant expenses in 2019, a well as a 3% increase in ED’s salary. The Final 2019 Budget will be presented for approval at the Dec 3rd meeting.
5. **New Business – Bonding & Financing for New Projects**

Copies of the proposed agreement with the KeyBanc Capital Markets group were in the Director’s packets. Legal counsel Brian Lawler and the ED met with representatives of the KeyBanc Capital Markets company in Seattle. After the discussion, they said they could provide an estimate of the potential bond sales results and provided an agreement form to engage them to do so. It also suggests them as the bond underwriter, but this is a non-binding agreement which the KPPD can leave at any time.

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Rick Smith moved to allow the ED to sign the agreement to determine the amount of funding that could be realized from bond sales. Bill Mahan seconded the motion and it passed unanimously.

6. Ongoing Business: Circuit of the NW Project – Special Meeting to consider Next Steps

A. Update from Brian Lawler on Port/KPFD ILA: Brian summarized the results of discussions and joint work by KPFD and Port attorneys. The ILA is perhaps 85% complete so cannot be voted on this evening. There was discussion about a conditional approval, pending final agreement and signatures by both organizations. No motion was put forth to that end. It was agreed that it would be brought up for approval at the Dec 3rd meeting, provided that all issues had been resolved to the satisfaction of both organizations.

B. Phase #2 Deliverables and Funding

There was discussion about the list of deliverables in the Phase #2 deemed acceptable by the KPFD, amounting to \$502K out of the full list of items totaling \$550K. The consensus of the Board was that any decision on funding would be premature, if there is no agreed upon or approved ILA.

C. The Chair invited Public Comment:

- 1. Matt Tirman, Bainbridge Island City Councilman** – Councilman Tirman read a statement (attached) that questioned the consideration of funding for the CNW project as lacking “transparency” and was receiving “special consideration”. It also questioned the “nature of the financial agreement” between CNW and the Port, suggesting a private entity would be financially benefitting from investing public funds.
- 2. Rasham Nassar, BI Councilwoman** – A second BI Councilperson spoke on the same points, suggesting equal consideration of all projects..
- 3. Ron Peltier, BI Councilman** – Ron spoke of insufficient information on the website about why CNW was getting special treatment ahead of other projects, like the BI project contending for funding.
- 4. Anne Blair, former BI Councilwoman** – Because of her previous association with the PFD, Anne said she was pretty sure we were doing things correctly, but it gave the appearance that projects were not being compared equally and the Board should “slow it down”.
- 5. Bob Nietfield** – spoke in support of the CNW project and has been associated with the racing facility on the Bremerton runway for many years. He supports the raceway project and that the process was a matter to debate.
- 6. Becky Erickson, Mayor of Poulsbo** – Wasn’t going to speak, but commented that she was surprised about consideration of funding for a project tonight, when the other projects were presenting next month.
- 7. Brian Nilsen, CNW** – Brian spoke about progress for the CNW project and was thankful for PFD support, to bring a high economic impact project to Kitsap County. Brian introduced...Lori and Andy
- 8. Lori Eberhardt, attorney** – newest member of the CNW team, who will be marketing the member program to raise funding for the construction of the project.
- 9. Andy Vertrees, VP Joel Cohen Group** – spoke briefly about the effect of not approving the funds for the engineering and architectural drawings, as it could delay the start of construction until 2020.

7. Next Steps - Discussions and Decisions

- A. **MOU/ILA with Port of Bremerton** – The ED supplied the latest version of the draft ILA, but since it is only at 85% complete there was substantial discussion, but no motion to approve.
- B. **Phase #2 Deliverables** – There was more discussion about how to move forward without the ILA, whether there could be a conditional or “conceptual” approval, similar to the commitment of funds to County Parks for the Lobe Field #1 turf project, when we do not have final plans or full funding plan yet. That was deemed different because it was an existing facility governed by existing ILAs.
Bill Mahan moved to commit funds up to \$500K to be available to the Port, contingent upon final approval and signature of the ILA with the Port. The motion was seconded by Walt Draper, but was defeated 5 nays to two yeas.

8. Announcements/Public Comment:

- A. **Announcements** - The Chair made a statement that he was in agreement with having the CNW project considered along with the other projects instead of continuing on a separate timeline. He then read a letter from the County Commissioners (attached) that praised the PFD and its past accomplishments but stated that they wanted to see the process the PFD was following and the criteria on which they were going to make their selection of projects.
- B. **Public Comment** - Other public comments were then allowed
 - 1. **Shawn Cucciardi, Director Columbia Golf** – Shawn mentioned that there were conditional agreements that allowed for action to be taken while documentation was put in place.
 - 2. **Jerry MacDonald** – he expressed support for continued action to enable construction as the “window” for 2019 was closing without action now.
 - 3. **Sarah Nilsen** – expressed support for the CNW project and the fact that it was very different than the other projects and deserved a decision now.

Note: Joel Cohen, who had traveled from Indianapolis, IN for this meeting, did not get a chance to speak. He felt he could not volunteer, not being a community member, and was not called on to speak.

Meeting was adjourned at 7:37 pm

The next Regular Meeting of the Board will be on Dec 3rd, 2018 at 5:30 pm in the East Bay Room at the Best western Plus/Silverdale Beach Hotel.