

Kitsap Public Facilities District

Minutes of the Board of Directors Meeting

Monday, July 29, 2019

Poulsbo City Hall, 200 Moe St NE, Poulsbo, WA

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

Staff: Mike Walton, Executive Director;

Absent: Brian Lawler, Attorney

1. **Call to Order:** The Chair called the meeting to order at 5:30 PM. He posed a question to the board Members – “Have you played the game ‘Cornhole’ before? Or played it in a tournament, and if so, how’d you do?”
2. **Meeting Minutes:** The ED presented the Minutes of the July 15 meeting. A couple of typos were suggested for corrections.

Walt Draper moved to approve the Minutes as corrected. Bill Mahan seconded the motion and it passed unanimously. .
3. **Public Comment:** (Limited to 3 minutes, otherwise not on Agenda)
 - A. **Jack Edwards, Days Inn, Pt Orchard** – spoke in support of the POCEC, saying it should accomplish about what the KCC did in Bremerton. He also supported the CNW racetrack, that it is “a home run”.
 - B. **Roger Gay, SK taxpayer** – urging support of \$500K investment in SKCEC;
 - C. **Steve Sego, Watermark Partners** – supporting PO project, which “has ticked off all the boxes”; draws support from the whole community (packed Chambers) Questions? – underlying ownership of property issue.
 - D. **Rob Putaansuu, Mayor of Pt Orchard** - marvelous project with 3 public partners, will transform Pt Orchard, includes Kitsap Bank - but can lose KB w/o KPFDF support.
 - E. **Josh Johnson** – 5th generation PO resident, created Imagine PO! Website, huge community response, hundreds of Imagine suggestions from site.
 - F. **Dee Coppola, Imagine PO!** – past KPFDF Director and Chair; important to have Kitsap Bank as partner, take a good look.
 - G. **Jerry McDonald** – CNW has done everything the KPFDF asked, the project will benefit the whole County – education, tech training, etc. a win-win-win project, keep funding to construct the track & public pieces.
 - H. **Jack Paaw, SWG** – supporting SKCEC, significant community support and benefit.
 - I. **Jim Rothlin, POB** – CNW provides the greatest ED benefit of all projects, funding important for Pub/Comm use – training first responders. Also supporting SKCEC w/letter.
 - J. **John Rosebeary, Viking Fence** – provides support for Kitsap Stampede, need support for the trade school at CNW, also supports Farm Days (going for 50+ years).
 - K. **Linda Berry-Maraist, NK Trails** – lots of volunteer hours from lots of NPO, Pope Resources spent \$33 million on cleanup of Pt Gamble; \$48 million invested in PG; Theater, Museum; Pavilion hosts 160 weddings per year.
 - L. **Brian Nilsen, Circuit of the NW** – he thanked the KPFDF because it has sharpened his concept of a multi-purpose racing facility.
 - M. **Ed Walfe, County Commissioner** – he supports all the excellent projects, but especially the ones the County is involved in.
 - N. **Mayor Greg Wheeler, Bremerton** – Bremerton has \$5 million in equity in Pendergast Park, needs the PFD’s help to finish it off.
 - O. **Kol Medina, KCF** – thanked the KPFDF board for all the efforts they’ve made. Heritage Park is a really big facility and project, but the Ride Park and trails are ready now!

4. Financial Reports:

The ED submitted the monthly financial reports, a couple of which had been modified for better readability. Some Board Members expressed satisfaction with the improved reports.

A. Monthly Financials – The ED reported that the tax rebate revenue for the month of June was \$145.4K, up 9.2% over the previous year. After the typical debt service transfer of <\$70K> and higher than usual expenses of <\$21.4K>, the net to cash was \$54K. The expenses included an EventFund grant of \$5000 and legal expenses of \$3.3K.

B. Blanket Voucher – A blanket voucher in the amount of \$10,503.44 was presented to the Board for authorization to pay. The largest item was legal expense of \$7,150.

A motion to approve the blanket voucher in the amount of \$10,503.44 was made by Pat Hatchel. The motion was seconded by Erin Leedham and approved unanimously.

C. POB Blanket Voucher – A blanket voucher for an additional portion of the Phase II deliverables for the CNW project was submitted in the amount of \$55,170. One of the Directors asked about the status of the project. The ED replied that he was receiving monthly status reports and had included them in the Directors packets. He also stated that he has asked both the Port and CNW for a review meeting to examine some of the work product produced by the engineering and technical work and has not received a date yet

Bill Mahan moved to approve the POB Blanket Voucher in the amount of \$55,170. It was seconded by Erin Leedham and passed unanimously.

5. Evaluation of Projects:

Daron outlined his plan for asking each of the Directors to rank the Projects in the order they felt were the most deserving to fund, with #1 as the highest value and #7 the least. A sheet prepared by the ED was provided to them to do the ranking.

The chair directed the Board Members to rank the projects in the order they think are most important or impactful and that will determine what projects rise to the top of the list for potential funding. These will be the three or four “finalists” for possible funding.

The Directors concluded their ranking and passed the sheets to the Chair, who tabulated them and announced the ranking order, based on the total accumulated numbers (lowest total being first):

#1 South Kitsap Community and Event Center (SKCEC)	19
#2 Poulsbo Event & Recreation Center (PERC)	21
#3 Port Gamble Heritage Park (PGHP)	22
#4 Port of Bremerton/Circuit of the NW	25
#5 Bainbridge Parks Dept Aquatic Center (BIAC)	28
#6 Central Kitsap Event Center (CKEC)	35
#7 Bremerton Pendergast Park	46

The Chair asked if the Directors would share their individual rankings and, if they chose, why they ranked in that manner.

(A copy of the combined ranking sheet is attached and available on a website link.)

At this point Rick Smith asked for recognition and proposed a motion for funding of the SKCEC for \$750K for feasibility and design of the project. Bill Mahan seconded the motion so it could be discussed.

There was substantial discussion about the timing of the motion and if it was appropriate at this time. Mayor Putaansuu spoke and made the statement that it was premature, he had no way of receiving the funds and there was no plan in place in the city to match it with any other funding. The conclusion was that the motion could not be made because there was no working agreement or ILA to support or provide the funding. The motion was withdrawn.

7:00 pm - Brief recess for a break, meeting resumed at 7:15.

Bill Mahan moved to authorize the KPFD staff to create ILAs for the top three projects (POB/CNW already has an ILA) to enable funding awards to the top projects for feasibility or other qualifying reports. Rick Smith seconded the motion and it passed unanimously.

6. New Business:

A. Regional Facility Reports

1. The ED reported that both the KCC and KFEC were quietly having banner years, both were ahead of budget and both were making money for the first time in decades.
2. The KCC has captured a multi-day national conservation non-profit organization that is coming here specifically for the natural setting and diverse choice of outside activities. This event will occur in 2020.

B. Approve IT Services Agreement – The ED explained his request to have an ongoing IT services agreement to respond to any future IT issues as needed. This is the modified agreement requested by the Board at the previous meeting.

Pat Hatchel moved to approve the revised IT Services agreement. It was seconded by Tom Bullock and passed unanimously.

7. **Announcements:** As noted below, there will be meeting location changes for each of the next five meetings, July through September. Please check the website for the changes. The next meeting will be on Bainbridge Island City Hall, 280 Madison Ave.

Meeting was Recessed at 7:30 pm, until 8:30 am on July 31, at County Administration Bldg.

Meeting was brought to order by the Chair at 8:30 am, July 31st in the Conference Room in the County Administration Building.

Directors Present: Daron Jagodzinske.; Bill Mahan; Walt Draper; and Rick Smith.

Staff Present: Mike Walton, Brian Lawler; and Financial Advisor, Alan Dashen

8. Presentation to the County Commissioners, proposing the sale of bonds by the County on behalf of KPFD.

- A. **Opening by Chair, Daron Jagodzinske** – Thanking the Commissioners for their time and introducing the KPFD Team;
- B. **Historical Perspective by Rick Smith** - Rick presented information about the early formation of the KPFD, the early reluctance by the county to sell bonds for KPFD and the eventual decision to do so because of the benefit to the County and its residents;
- C. **Current Status by Bill Mahan** – Bill described our process and the deserving projects asking for funding – much more than the KPFD can provide - and the selection process that has been done by the Board to arrive at four finalists for possible funding;
- D. **Bonding Proposal by Financial Advisor, Alan Dashen of NWMA** – Alan outlined the current conditions in the bond market and what KPFD would face in offering bonds themselves – perhaps \$20 million. Then he detailed the possible increase in amount of bonds that could be sold if the County were to offer them with their bond rating and guarantee – perhaps \$8-10 million more. That means one of more projects could be funded.
- E. **Discussion between KPFD Directors and Commissioners** – Commissioner Wolfe detailed the County situation: a) the default of Kitsap Housing that saddled the county with \$20 Million of debt; b) the need to fund a new courthouse in the next few years - \$20 million now and \$50-60 million in the future; not sure there is room for any more debt; and concern for overextension by the KPFD that could add even more risk.
- F. The rebuttal by the KPFD was that they had planned conservatively in the past and came through the “Great Recession” without missing a debt service payment; they would agree to whatever measures the County wanted to request (a \$1 million reserve, etc.) to minimize any possible risk.

G. **Decision by the Commissioners** – Because of the track record of the KPF, and the desire to continue working together for the benefit of the County and its residents, the Commissioners would allow the discussions to move forward and instruct the Treasurer and financial staff to discuss with the KPF the task determining if there was a way forward involving the sale of bonds by the County for the KPF.

9. Meeting adjourned at 9:10 am.

Next Regular Meeting of the Board, August 12th, 2019 at 5:30 pm

Commissioners' Chambers, Bainbridge Island City Hall, 58 Madison Ave.

Topics: Discussion of Agreements with New Project Finalists

NOTE: This is a location change from our normal meeting location. There will be location changes at each of the following six regular meeting dates. Check the website for updates.