

# ***Kitsap Public Facilities District***

## **Minutes of the Virtual Board of Directors Meeting**

Monday, May 24<sup>th</sup>, 2021

**Attending:** Daron Jagodzinske, Chair; Patrick Hatchel, Vice-Chair; Walt Draper, Treasurer; Erin Leedham; Phil Havers, Tom Bullock and John Morrissey.

**Staff:** Mike Walton, Executive Director; Brian Lawler, Attorney; Susan Veach, Bookkeeper, Cynthia Rogers, Barker Creek.

**Absent:** None

1. **Call to Order:** The Chair called the meeting to order at 5:31 PM. His question for the Board was “What was your first job and how much did you make per hour?”
2. **Meeting Minutes:** The ED presented the Minutes of the April 26th Regular Meeting **John Morrissey moved to approve the April 26th Regular Meeting Minutes as submitted and Phil Havers seconded. The motion passed unanimously.**
3. **Public Comment:** (Limited to 3 minutes, otherwise not on Agenda) **None presented.**
4. **Regional Project Status Reports:**
  - A. **SKCEC Progress Report** – Mayor Putaansuu, Steve Rice RFM and others  
After some opening statements by the Mayor, Steve Rice and his team made a presentation about the concept and preliminary design of the SKCEC building and location on the Port Orchard waterfront. The first floor will be a new Library location and they will contribute \$4 million toward the eventual construction cost. There is approx. 7000 sq ft in meeting space plus several outdoor decks and “pre-function” spaces for event planning.  
A large “front porch” on the waterfront side gives more flexibility for outdoor events, including a movable “shed” to be a bar, pre-function info center, etc. There will also be substantial modification of the shoreline and amenities, which will not be included as part of the KPFD funded facility.
  - B. **SKCEC Property Acquisition** – Mayor Putaansuu  
Port Orchard is finalizing negotiations with Kitsap Bank to purchase that property as the site of the SKCEC. The negotiated price is \$3.5 million, and the City wishes to move up the schedule for the \$1 million portion from the KPFD approximately 12-18 months earlier than in the ILA. They will come back to the KPFD in June for an ILA change to document this process and hope to close the sale by December 15<sup>th</sup>, 2021 (or sooner, if possible).  
There was considerable discussion about how the financing of such an accelerated funding requirement could occur and the NWMA Financial Advisors will be actively involved in the arrangements. There was some discussion about splitting the payment into 3 or four installments, as Kitsap Bank wanted 42 months (+ options) occupancy of the current building before vacating to their new building. Bonding for the construction of the SKCEC would not begin until 2025 or beyond.
5. **New Business:**
  - A. **Visit Kitsap Agreement Extension** – Brian Lawler & Mike Walton  
Brian explained that the 2020 agreement had been brought up to date and was ready for approval. There was some additional discussion about the automatic deposit without an explanation of actions taken during the pandemic.  
**Tom Bullock moved to approve the updated Agreement as submitted. Walt Draper seconded and the motion was passed unanimously.**
  - B. **Report on Bond Refunding 2011 Bonds** – Scott Bauer & Ryan Neumeister, NWMA  
Scott & Ryan summarized the discussions with Kitsap County about the status of the 2011 Bonds, which are the primary KPFD Bond package with the County. They explained the need

to refund those in a manner to have some portion refunded to the end of 2041, to guarantee the continuation of the sales tax rebate from the state assure that KPF D would continue to receive the rebate until 2041. There are a couple of options – 1) a refund of the balance on even payments over the 20-year period; 2) refund the balance in the same configuration and approx. debt service payments until 2026 as are currently in place, but with a small piece (\$50K?) placed out to be paid in 2041.

The ED suggested that the first option would reduce the amount of annual debt service (from approx. \$850K/yr. down to approx. \$250K/yr.) and allowing \$1.2 million to be available over the next two years to better support the financing requirements of the SKCEC project.

## 6. Financial Reports:

- A. **Monthly Financials & Tax Rebate Summary** – The ED reported on results from April data. The KPF D received \$141.4K in tax rebate revenue, up 22.3% over 2020, and the highest ever received by the KPF D in April. **Note: This increase is distorted as this was the first Covid impact month.** The amount of <\$70 K> was transferred to 286 for Debt Service; and there were <\$18.7K> in Expenses. The result was a Net to Cash of \$52.9K.

**Susan Veach** was also present to answer questions about the financial reports and there were a couple of Q&As to clarify some items for the Directors.

The ED also highlighted a couple of new tools he and Susan were using – 1) a Funds Flowchart graphically illustrating where the money flows and where it accumulates, for paying debt services, expenses and project funding invoices; and 2) a new Project Funding Tracker spreadsheet showing each of the four projects and the invoice submissions, starting with the initial \$60K funding for the CNW feasibility study in 2018.

- B. **Expense Blanket Voucher** –The ED submitted a Blanket Voucher in the amount of \$14,944.74 for expenses from April to be paid. This included first voucher from Barker Creek for several months of work, and a new voucher from previous vendor Interlock Solutions, for the first few months of web design on the new WordPress website.

**Pat Hatchel moved to approve the Blanket Voucher in the amount of \$14,944.74. It was seconded by Erin Leedham and passed unanimously.**

- C. **PERC Project Blanket Voucher** – The ED submitted a Project Blanket Voucher from the City of Poulso in the amount of \$15,516.25, from the PERC project for April invoices, **Phil Havers made a motion to approve the Project Blanket Voucher in the amount of \$15,516.25. It was seconded by Tom Bullock and passed unanimously.**

- D. **Port of Bremerton Invoice Approval Process** – Daron Jagodzinske and the ED explained the stipulation that the Port contract with the Joel Cohen Group has for pre-approval of the invoices submitted to the Port by the KPF D Board before the Port pays them. It was to assure that the work done by the contractor complied with the KPF D's condition it be performed for the Public portions of the project.

The ED explained that there were two invoices, one from last month and one received a week before the meeting, totaling \$155,993.55. He had reviewed them both and said they both met the conditions for authorizing payment.

Some substantial additional discussion involved paying the approximate \$144K per year repayment of the \$1.439 million agreement resulted in two different motions being proposed. **John Morrissey moved to structure the repayment plan to pay \$144K annual payment to the Port at the end of February. Pat Hatchel seconded and the motion passed unanimously.**

The second motion had to do with the approval of the invoices for Port payment:

**John Morrissey moved to table the approval of the two invoices until more review could be completed by the next meeting. After some discussion, Erin Leedham seconded, and the motion was defeated 1 aye and 6 nays.**

Additional discussion about the contractor being denied payment for his work, the desire to place Erin Leedham on the POB/CNW steering committee and also to have Barker Creek review the invoice documentation, led to a third motion being put forward:

**Pat Hatchel moved that the April invoice for \$86,340 be authorized for payment, but the May invoice for \$69,653.55 be held until the June meeting for approval, after review by the KPFD Construction Consultant, Barker Creek. Tom Bullock seconded the motion and it passed unanimously.**

Note: The ED uses the Digital Signatures of the Directors on the Blanket Voucher approval forms submitted to the Board. The Board indicated its approval of the process used by the ED to expedite the handling of the forms during the pandemic and virtual meetings.

**7. Ongoing Business:**

- A. **ED Activity Report** – The ED submitted his report on his activities for the preceding month. The Chair asked the Directors to review this report at their leisure.
- B. **Regional Facility Reports** – Activity is increasing at both current Regional Centers with better prospects for the future. The Chair asked the Directors them to read them at their leisure.

**The Meeting was adjourned at 7:50 pm.**

**Next Regular Meeting of the Board, a Zoom webinar on June 28th, 2021 at 5:30 pm**

**Topics: General Business; Poulsbo (PERC) Progress Report; POB Invoices**

**NOTE:**

- 1) The June meeting is planned as another Zoom webinar.**
- 2) The July Meeting will be in-person and may be held in the Poulsbo City Hall, if available.**
- 3) There may be other location or format changes at each of the remaining meeting dates in 2021.**

**Please check the website for updates.**