

# ***Kitsap Public Facilities District***

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

Monday, July 15, 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 – most memorable road trip?
2. **Meeting Minutes:**
  1. ED submitted minutes from the Regular Meeting on the 24th of June 2019.  
**Bill Mahan moved to approve the Minutes as corrected. Pat Hatchel seconded the motion and it passed unanimously. .**
3. **Public Comment:** (Limited to 3 minutes, otherwise not on Agenda)
  1. **Dr Erin Prince, Supt. of CK School District** –spoke in support of the CKSD Community Center project, that it provided significant community benefit, would attract outside visitors, for a variety of events at the many facilities in the campus.
  2. **Kathleen Wilson, KRL** – She also spoke briefly in support of the CK Community Center Pointing out the severe shortage of meeting space in and around Silverdale and that this facility would support many community organizations.
  3. **David Bonnett, resident** – said he was confused by the funding provided to CNW project, he objected to public funding for a private organization, he felt it should be private funds.
  4. **Brian Nilsen, Circuit of the NW** – he explained where the public funds were going to be applied, to support public & community use. He also spoke about a new permit to allow drone testing as another public use of the facility.
  5. **Sgt. Mike Merrill, KC Sheriff Dept.** – spoke in support of CNW, the logistics of trying to move all of the equipment for 24 different orgs that use the current facility, even to go 30 miles to The Ridge, or farther, would be massive.
  6. **Jerry MacDonald** – supported the CNW project, was disappointed at the delays in making a funding decision, could be under construction now to get great ED and community benefit.
  7. **Jennifer Baria, EDC of Mason Co.** – spoke of The Ridge, a privately financed and owned track, recommending that CNW should be privately financed also – no public money used.
  8. **Karin Leaf, EDC of Mason County** – echoed comments from other Mason County EDC employees supporting The Ridge raceway.
  9. **Tracie Schmitt, GM of The Ridge** – she spoke about The Ridge, another multi-venue motor sports park in Shelton - 4000 sq. ft skid pad, STEM, EVOC all available, why orgs can't use their facility? Decision to build CNW could destroy The Ridge.
  10. **Tom Goodlin, BI Record** – he spoke in support of the BI Parks Pool project, there is substantial community support and several fund-raising efforts to support the project.
  11. **Michael Pollock, BI Parks Commissioner** – the felt that the pool project would increase use on BIO, but events would boost the economy by providing revenue to businesses in winter months.
  12. **Larry Stokes, POB Commissioner** – there has been racing at airport since 1955, but the runway will close and the organizations that use it will have to find another site. The track will be built with private money, public money will go to provide a replacement for current use. He also expressed that Mason County folks should not be coming up here to tell us what to do in our County.

#### 4. Ongoing Business:

Previous Questions – At the previous meeting, the Chair asked the ED to provide answers to a couple of questions -

1. What kind of penalty or cost might there be for early payoff of the existing bonds? (Some portion of those bonds need to be refinanced through 2041 to continue to receive the tax rebate to fund the new bonds.).
    - A. While there is no simple answer, the best estimate, provided by KeyBanc Capital Projects, was approximately \$150K, which is a minimal cost in the overall cost of selling bonds.
  2. What savings, or increase in bond amount, can be gained by having the County sell the bonds?
    - A. The estimate from KeyBanc Capital Projects said it could be as much as a \$10 million difference for having to sell bonds on our own. We need to convince the County to work with us to maximize the benefit to the County itself, through financing one or two more projects.
- A. Blanket Voucher** – A blanket voucher in the amount of \$4,233.74 was presented to the Board for authorization to pay. The requests were for the Board stipends for attending meetings.  
**A motion to approve the blanket voucher in the amount of \$4,233.74 was made by Erin Leedham. The motion was seconded by Rick Smith and approved unanimously.**
- B. Approve NW Municipal Advisors Consulting Agreement** – NWMA had provided an Engagement Letter outlining their service and cost. Attorney Brian L. felt it was necessary to provide a “standard” KPFD Consulting Agreement to wrap the Engagement Letter as an Appendix.  
**A motion to approve the NWMA Consulting Agreement was made by Bill Mahan. Walt Draper seconded and the motion passed unanimously.**
- C. Select Bond Counsel** - Three firms presented at last month’s meeting, Foster Pepper, Hills Clark, and Pacifica Law. Pacifica consequently withdrew to avoid a potential conflict if the KPFD was successful in getting the county to sell bonds on their behalf. The two remaining firms were discussed, and a motion was made.  
**Bill Mahan moved that Foster Pepper and Marc Greenough be designated as the Bond Counsel for the KPFD bonding efforts. Walt draper seconded the motion and it passed unanimously.**

#### 5. Evaluation of Projects:

Daron outlined his plan for taking the Projects in the order they presented to the Board and having the Directors give their opinions, and pros & cons about each project until all have been discussed.

1. **Bainbridge Island Metropolitan Parks District Aquatic Center -**
  - a. **Pros** – building it would be the best in the state(?); will draw swim meets, will get more kids active; there is strong support from the district & community for local bonds; (one Director’s wife is swim coach & kids are swimmers), long course project would put BI “on the map” in the region and the state, it would boost the economy and the region; it would get very good maintenance by the District; agree with others and stabilize economy in off months; Olympic size pool will get use all year round, it will be an ED destination for swimmers throughout & beyond the region, lost of local use and tourists a big plus, its increased use will be community benefit, will utilize both private and public funding & maintenance will be well done.
  - b. **Cons** –. Several Directors all mentioned the high cost of the project - asking for a large commitment - \$15 million of \$40 M total cost - and that the Financial feasibility show constant subsidy – will not make money; there is a relatively small base of heavy users; concern expressed about parking facilities and hotel rooms for larger meets; suggested that working with the district might arrange a creative funding package.

2. **Port of Bremerton/Circuit of the NW Multisport Facility -**
  - c. **Pros** – Very strong ED to be gained - \$56 million the first year; project is farthest along – most “shovel ready”, POB is active partner, OEM manufacturer involvement, lots of public benefit; lots of support from users & community, business climate very viable, lots of public & community use; ED benefit would be “huge”, Gov’t entity use is good to maintain; something entirely new to Kitsap, with potential of national draw, STEM and trade training is exciting, OEM involvement is good draw, POB believes -they are getting a % of profit, likely to draw hotel and businesses around it, will lead to getting road fixed; another identified strong ED potential; existing conditions – home for 42 existing users, 110K visitors/year and 350K/year projected, STEM lab with OEM participation, this project is what PFDs were designed for.
  - d. **Cons** – another raceway with public money, potential risk – dreams not reality?, designed for “wealthy car owners”; primarily for private use?; would bond issue be taxable bonds?, concerns about traffic and noise; need assurance of \$ for public use, taxpayer money is grey area; another saw using pub \$ for private entity, uncertain future of long-term success, concerns for long-term maintenance and possible limited public use; another with similar concerns about public \$ involvement and maintenance issues, also questions about hotel rooms and roads; also concerns about not funding public portion and “no drag racing”. (was later corrected – there will be.)
3. **That concludes the evaluation of the seven projects.**

The chair directed the Board Members to rank the projects in the order they think are most important or impactful for discussion at the July 29<sup>th</sup> meeting and then 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.

## 6. New Business

1. **Approve IT Equipment Upgrade** – The ED gave an explanation and justification for the request of up to \$2000 for the replacement of the KPFD PC and display screen and the installation of a hard-wired firewall to provide additional security, especially against ransomware attacks.  
**Tom Bullock moved to approve the request of up to \$2000 for upgrade of IT equipment and additional security protection. It was seconded by Erin Leedham and passed unanimously.**
  2. **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. There were questions and discussion resulting in tabling of the item with a request to reformulate an agreement that would not result in unnecessary expense.
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.

**Meeting was adjourned at 7:10 pm**

**Next Regular Meeting of the Board,  
August 12th, 2019 at 5:30 pm  
Commissioners’ Chambers,  
Kitsap County Administration Building  
614 Division Street, Port Orchard**

**Topics: General Business, and the Ranking of New Projects**

**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.**