

# ***Kitsap Public Facilities District***

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

Monday, June 24, 2019

BWP/Silverdale Beach Hotel, Ballroom, 3073 NW Bucklin Hill Rd, Silverdale, WA

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

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

**Absent:** Walt Draper, Treasurer

1. **Call to Order:** The Chair called the meeting to order at 5:30 PM.
2. **Meeting Minutes:**
  - A. ED submitted minutes from the Regular Meeting on the 10th of June 2019.  
**Erin Leedham moved to approve the Minutes as submitted. Bill Mahan seconded the motion and it passed unanimously. .**
3. **Public Comment:** (Limited to 3 minutes, otherwise not on Agenda)
  - A. **Connie Weisel & Scott Shoemaker, Silverdale Chamber Gov't Affairs Committee** – both spoke in support of the CKSD Community Center project, that it provided significant economic benefit, would attract outside visitors, had a good ROI, and might attract a new hotel to the Silverdale area.
  - B. **Mary Earl, Clear Creek Trail** – She also spoke briefly in support of the CK Community Center Project and the extra tourist traffic it may bring.
  - C. **Mike Menefee, West Sound Chorus** – spoke in support of the CK Community Center project, that it provided several music practice and performance rooms for students as well as the community, and they are much needed by the performing arts in Central Kitsap.
  - D. **Howard Julien, Collective Visions Art Gallery** – will speak during EventFund presentation.
  - E. **Brian Nilsen, Circuit of the NW project** – spoke of three site visits by prospective management firms to run the track; significant activity on social media as the membership information was released; activity level indicates they should have 150 founding members by August.
  - F. **Rob Barnes from Rep. MacEwan's office** – spoke about Rep. MacEwan's support for the STEM center proposed for the CNW site. (Later I received a letter expressing "official position" expressing concerns about the raceway and providing public funds to a private entity.)
  - G. **Arne Bakker, Port of Bremerton** – spoke in support of the substantial economic development benefit to be derived from the project during 1.5 to 2-year construction, as well as the ongoing benefits to the many community organizations that made use of the existing facility.
  - H. **Michael LaBodie, NBK Police** – spoke about the importance of the nearby training at the existing facility and supported its continuance at CNW. Jeff Holcomb, from NBK Fire Response Team, also spoke of the importance of emergency vehicle training there. Only other location is the WSP site in Shelton.
  - I. **Karin Leaf, EDC of Mason County** – spoke of The Ridge, a privately financed and owned track, its proximity to the CNW location, and their multi-purpose training capability.
  - J. **Jennifer Baria, EDC of Mason Co.** – spoke of her concerns of locating another track so close to The Ridge; the funding mechanism for the project, and the effects on the priority of races and events in the region as a result of a new facility. She also spoke of a national event to be held at The Ridge in 2020.
  - K. **Tracie Schmitt, GM of The Ridge** – she spoke about The Ridge, another multi-venue motor sports park in Shelton and the possible competition, as sanctioning groups don't always move their events around and competition is fierce.

- L. **Gail Danner, CKSD** – she spoke of a small investment in the CKEC to cap a significant investment in both the school District as well as the community and that it was an efficient use of funds to support the Arts.

**4. Event Fund Presentation:**

- A. **CVG Opening Night Gala, Howard Julien & Alan Newburg** – Howard & Alan explained how a successful juried art event in Bremerton needed additional funding to reach out to more artists, art buyers and art lovers to make their current one night show into a weekend event so more revenue and tax money would come into Bremerton as a result.  
**Erin Leedham moved to award \$2000 for marketing and promotion of the CVG Opening Night Gala to expand to a weekend event. The motion was seconded by Pat Hatchel and approved unanimously.**

**5. Financial Reports:**

- A. **Monthly Financials & Tax Rebate Summary** – In the absence of the Treasurer, the ED provided the report –
  - 1. Tax rebate revenue was \$150.4K, up 3.8% over last year. This month positive where last month was negative, will keep an eye on the trends and indicators. \$70K was transferred to the 286 Fund for debt service and \$30K was transferred to the 96968 Fund for expenses.
  - 2. Total income for the first 6 months was \$702.9K, on track for \$1.6 or \$1.7 M for the year.
  - 3. 96968 Fund expenses were \$14.2K, bringing the net to cash in 96977 of \$36.2K.
- B. **Blanket Voucher** – A blanket voucher in the amount of \$11,422.39 was presented to the Board for authorization to pay. The largest amounts were \$5000 for EventFund grant to the Burley Events Group and \$3.3k for legal expenses.  
**A motion to approve the blanket voucher in the amount of \$11,422.39 was made by Tom Bullock. The motion was seconded by Walt Draper and approved unanimously.**

**6. Ongoing Business:**

**Bonding and Financing** - The Chair wanted to hear from the candidates for Bond Counsel and Financial Advisor, so the Board could select them. The following presentations were made.

- A. **Bond Counsel** –
  - 1. **Foster Pepper, Marc Greenough** – Marc presented the case for FP, they have done many of the PDF bond offerings over the last 10-12 years.
  - 2. **Hills Clark, Dan Gottlieb** - Dan made the HCMP presentation and they are also very well qualified to perform the bond counsel duties. They have handled many of Bremerton bond offerings.
  - 3. **Pacifica, Stacey Lewis** – 700 clients, \$70 B in bonds, incl. WSPFD, have also done bond work for Kitsap County. May have to recuse if KPFD works with KC.
- B. **Financial Advisor** –
  - 1. **Northwest Municipal Advisors, Alan Dashen** – Alan presented a good case for NWMA, they have done most of the PFD bonds offered in the last 10 years.
  - 2. **Martin Nelson & Co, Jim Blumenthal** – Jim had some creative financing options, that offered alternatives to conventional bond offerings. Not sure how many may be applicable, and no PFD bond offering experience.
- C. 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.).
    - 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?
  - One 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.

7. **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, Then they will rank the projects in the order they think are most important or impactful and see what projects rise to the top of the list for potential funding.

A. **Poulsbo Event and Recreation Center –**

1. **Pros** – several Directors mentioned the 50-50 split of the total cost of the project; several also mentioned the synergy working with OC & WSU; and the location of a hotel on the adjacent site was mentioned as beneficial. It was mentioned that the project was well conceived and the location at College Marketplace was advantageous, perhaps leading to other investments; that it builds on previous KPFD involvement with the City and other partners, including NKSD; it was mentioned that there was a need for additional sports fields; most thought that the Q&A was well managed and replies sent back to the Board within days; the community seems to be solidly behind it.
2. **Cons** – No feasibility study has been done, so no reading if it's viable; Phase III is very expensive; “do we need another conference center?” we'd get “bigger bang” in other places; Poulsbo is already in the existing NKREC, would need a stronger ILA for this project; they're just building another city office building; it is not walkable from downtown Poulsbo; it would not be a regional center so would minimize the ED benefit; the two colleges have very low student counts, would not contribute much revenue; more local than regional; project a little disjointed and college expansion is questionable; good local project, but less ED.

B. **Bremerton Pendergast Park –**

1. **Pros** – great place for kids to play; some possible ED in team tournaments; they are following the original Master Plan; has good recreation potential; a new effort to update the facility; they are involving local user groups; activity will increase with improvements; and there will be one new ballfield added.
2. **Cons** – less partner support; heavily dependent on grants – no City money; acknowledged it was not well cared for; rehab cost should be theirs; no feasibility study to show viability; Bremerton has a project already;  
**Note:** Rick Smith made a comment about this was what the KPFD startup was about – community sports and community use, there was no Economic Development component in the considerations.

C. **Other projects** – The remaining two projects will get evaluated at the July 15<sup>th</sup> meeting.

- **Bainbridge Parks District Aquatic Complex;**
- **Port of Bremerton/Circuit of the Northwest.**

8. **New Business**

- A. **Proposed Budget Adjustment** – The ED submitted a 2019 Budget revision, but it was tabled until the July 15<sup>th</sup> meeting.
- B. **Support Letter for Columbia Hospitality** – The chair decided that it could be resolved with discussions between n he and the ED.

9. **Announcements:** As noted below, there will be meeting location changes for each of the next six meetings, July through September. Please check the website for the changes.

**Meeting was adjourned at 8:35 pm**

**The Evaluation of New Projects will resume at the next Regular Meeting of the Board,**

**July 15th, 2019 at 5:30 pm in the Council Chambers at the Poulsbo City Hall.**

**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.**