



**Board of Commissioners PM Meeting Minutes**  
**2:00 PM Monday – April 19, 2010**  
**Port Blakely Conference Room**

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County Commissioners: Josh Brown, Steve Bauer, Charlotte Garrido  
County Administrator: Nancy Buonanno Grennan  
Treasurer: Meredith Green  
Commissioner's Office: Eric Baker, Angie Silva, Carolyn Siems  
Strategic Financial Planning: Stephanie Pinard  
Personnel & Human Services: Fernando Conill  
Prosecutor's Office: Jacquelyn Aufderheide  
Press: Steve Gardener  
Citizen(s): Susan Musselman, Vivian Henderson, Jim Sommerhauser

**Approve Minutes from 04/05/10 PM Briefing**

Action: Approved with changes.

**Legislative Update – Tom McBride**

- Could not reach Tom McBride for the conference call.

Action: None.

**Economic Stimulus Update – Eric Baker**

- Special Projects has a meeting next week with DOE to discuss new problematic requirements to the grant.
  - DOE is now requesting that three of our projects need to be under contract by June 25<sup>th</sup>, this includes the Green Building Project.
  - Kitsap County did not receive funding until December, when other jurisdictions received their funding in September, and the County will be asking for an extension to the deadline.
- Autumn Selmack starting next week and will be attending the DOE meeting as well.
- Food Chain/Food & Farm
  - Collaborated with WSU Extension to submit a farmers market and outreach grant, no match requirements. Arno did a great amount of work along with KCAA and local farmers markets.
  - Commissioner Garrido reported that Karen is doing a great job with Food & Farm.
- Weatherization
  - If all goes well, our \$250K could equal \$7M in loans to middle income property owners for weatherization upgrades.
  - This has the possibility of including commercial properties once we see how residential works. Seems like it is a logical progression to go into small businesses.
  - Targeting three areas in the county: Kingston, Central Kitsap area (Waaga to Riddell) and the area outside the City of Port Orchard. The funding is available to all, but marketing focus is on these three groups.
  - The marketing pieces include a series of pamphlets, direct mailing literature, and newspaper advertisements. Start with focus groups to understand even what kind of message to get out there.
  - Commissioner Bauer would like to see Suquamish, Hansville and Indianola included, as the whole north end is smaller than the central area.
- Commissioner Garrido will be doing a BKAT taping that will focus on green job initiatives.

Action: None.

## YMCA Financing Documents – Carolyn Siems

- Carolyn has started putting together the past meetings of the YMCA in chronological order.
- Jacquelyn discussed that bonding can only be for purposes that a 5013c organization can engage in. That will apply as long as the bonds are outstanding. If the bank were to pay off the bonds and take over, the bank is in no better position than the YMCA, so it stands into the shoes of the YMCA. In which case the operating agreement, which determines public benefit, triggers.
- Jacquelyn wanted to make sure housekeeping is taken care of before the documents are signed, She needs to make sure the second amended ground lease is what is referenced in the documents.
- The deed of trust also has that same error, references different version. Carolyn will work with Jacquelyn to get that sorted out.

### Actions:

- Chair Brown moved that the Board of County Commissioners direct their civil division to prepare the second amendment to the ground lease, the consent in agreement, and ground lessor estoppel agreements to be prepared in anticipation of being executed on the next Board of County Commissioners evening meeting. Commissioner Bauer seconded the motion. The motion passes unanimously.
- Commissioner Garrido wants to see the amended documents beforehand.

## **Public Financing Options & Debt Policy – Susan Musselman**

Financing Plan – discussion held regarding:

- Funding for Bearbower property project and the Coroner's building project, those two would represent reimbursements to the Real Estate Excise Tax fund.
- Courthouse renovations of \$200K would be funded through road fund diversion as a one time payment in 2011, no bonds related to that portion.
- The Central Kitsap Community Campus would be included in the bond issue, but the Parks Capital fund would pay the debt service.
  - Commissioner Bauer does not agree with Parks Capital Fund paying the debt service for the YMCA. He would rather see that money go towards unfunded parks projects in the adopted parks plan. Commissioner Bauer stated that the YMCA debt is a general fund obligation, and should not come out of Parks.
  - Commissioner Bauer has been looking for money for the option property for the North Kitsap Heritage Park, and has been told there is no money available.
  - It was discussed that REET had loaned money to the Parks Capital Fund as seed money for grant applications, with the intention of Parks giving the money back to REET once the grant money was received. This never happened.
    - It was discussed that Parks would be forgiven the amount they owed to REET, and that better measures need to be created to ensure that funds are properly paid back.
  - Jim indicated that they can absorb the cost through their ending fund balance without any projects coming off the list.
  - It was discussed that if REET came in better than expected, Parks would not continue to contribute toward paying the debt.
- The Poulsbo District Court would come out of Road Fund diversion, not part of the bond, but an intergovernmental payment to the City of Poulsbo.
- REET Fund
  - Poulsbo District Court was originally to come out of the REET budget, just like the YMCA. It is being suggested to go to Parks and the Road Fund to help fund so that we would not have another \$2M in debt that would have to be absorbed by the REET account.
    - Commissioner Bauer felt this was an inappropriate use of road funds too.
  - Paying debt service on Bearbower and Coroner's shows that REET stays solvent until 2021.
  - It will be tough to finance with REET being the primary repayment source with projections that do not cover it. If it comes out better, it can be reversed and picked up in the future.
  - If the YMCA portion of the debt service is moved into the REET fund, it would bring the fund negative in 2018.

- Our forecast on REET fund is discouraging, not getting capacity, just keeping it solvent.
- On Monday night the BOCC will consider extending the bond anticipation note until September 4, it matures on May 4<sup>th</sup>.
- The middle section shows three bonds that can be refinanced for savings and three funds that could benefit from the debt service reduction.
- The bottom section shows the extent of the savings in terms of net present value savings, savings as a percentage of refunded principle and annual savings.
- Susan recommended taking advantage of the financing opportunity, the County would be able to immediately pay off the old ones and replace them with a new interest rate.
- If the BOCC adopted the resolution on the April 26<sup>th</sup> to extend the note, that would give you another six months, but Susan encouraged the Board provide direction soon in order to take advantage of current low market interest rates.
- A first priority needs to be putting things back to right as a first priority when the money gets better, if the money gets better, stop backfilling from the Road fund and pay out of REET. Same thing with the YMCA.
  - Need an internal document clarifying these actions.
  - Each year as budgets are set, decide affirmatively to use that source as opposed to the other direction.
  - Could do a resolution setting forth the commitment on those items. The commitment is that we would repay it and potentially restore through future transfers.

Actions:

- In order to move forward, Nancy will put together a calendar of deadlines.
- Commissioner Bauer asked Susan to find out if the 1999B Housing Authority bond was refinanced, if the Housing Authority would still be required to pay.
- Nancy will provide Commissioner Bauer with REET fund accounting.
- Nancy and Susan will bring back two options to the Board: one with the YMCA being financed through Parks budget and one financed out of REET.

Debt Policy - Discussion was held regarding:

- Changes to the composition of the Finance Committee.
- Clarification of roles and responsibilities.
- Finance Committee meetings – would like to see them meet quarterly, but there may be a time when that needs to be revised.
- Reserve Policy
  - The Board decided to use 12% as a place holder until further analysis is done on historical data.
  - It will be called the Current Expense Fund Balance Policy.
- Prefunding Policy
  - At the same time we are trying to rebuild cash flows and committing to other things we don't have to do, double obligating to take money out of core operations when we cannot afford to do that will not work.
  - It is not in the current policy.

Action:

- Nancy and Susan will do further research, and the Board will make a decision on prefunding at a later date. The Board would like to know the amount money that will be needed to prefund the first year's debt service.

**The Board recessed into closed session from 4:21 to 5:20pm to discuss collective bargaining pursuant to RCW 42.30.110 (g). No action was taken.**