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Kennewick Public Facilities District

Regular Meeting

June 30, 2008

Minutes

5:00 p.m.

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### CALL TO ORDER

President, Dean Strawn called the meeting to order at 5:01 pm.

Kathy Blasdel led in the Pledge of Allegiance.

### ROLL CALL

Secretary Barbara Johnson called the roll.

Present: President, Dean Strawn; Secretary, Barbara Johnson; Board Member, Calvin Dudney; Board Member, Kathy Blasdel

Excused: Treasurer, John Givens

Also Present: Jeff Kossow, Executive Director; Peter Hoag; Roni Gierke, Executive Assistant; Gretchen Struthers, Tri-Cities Visitor and Convention Bureau; Marie Mosley, City of Kennewick; Shelley Ellis, Operations Manager; Adam Dyes, Sales Manager; Ben Bolander, Events Manager; Jude Strode, Marketing Manager; Paul Robinson, Centerplate; Steve Mallory, Arculus Design; Bob Dowle, Business Manager

### APPROVAL OF AGENDA

President Dean Strawn requested to move agenda item 6) Arts Committee Report to agenda item 4) and all other items moved down one number.

Kathy Blasdel moved to approve the agenda as changed, Barbara Johnson seconded the motion. The motion carried unanimously.

### CONSENT AGENDA

*All matters listed within the Consent Agenda have been distributed to each Board Member of the Public Facilities District for reading and study, are considered to be routine, and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by request.*

- a) Minutes of May 29, 2008 Board Meeting
- b) Claims Roster dated May 2008 for \$ 575,134.58 (TRCC)  
Warrants: 6154 – 6221
- c) Claims Roster dated May 2008 for \$442,243.80 (TC)  
Warrants: 6512-6631 (6514 was printed out of turn )  
Voids: were caught before checks were printed
- d) Claims Roster dated May 2008 for \$208,173.67 (Box Office)  
Warrants: 5115 - 5125 VIOD: 5123  
Total payroll paid out: \$147,543.11

Calvin Dudney moved to approve the Consent Agenda. Kathy Blasdel seconded.

Motion Carried

Dean Strawn informed council that all checks are accounted for.

## **ARTS COMMITTEE REPORT**

Jeff Kossow explained the recommendation of legal council regarding the approval of art placement. Mr. Kerr recommended strongly that the KPFD keep in the language relating to a policy regarding the type of art accepted in the facility. The purpose is to prevent the KPFD being in a position of having potentially offensive art in the facility and not having a governing body to refer to. The resolution, supplied by Mr. Kerr, would be adopting the criteria in which the KPFD would use to determine what art to accept into the facility.

Resolution #08-092: a Resolution of the Kennewick Public Facilities District Adopting the Art Policy Guidelines.

Barbara Johnson moved to accept resolution #08-092 adopting the Kennewick Public Facilities Art Policy Guidelines. Kathy Blasdel seconded the motion.  
Motioned carried.

The contract with Rick Fesser has been signed, the term is one year. The art will go on display on July 2<sup>nd</sup>, 2008.

## **VISITORS**

Dean Strawn welcomed Bob Dowle to his first Kennewick Public Facilities District board meeting.

## **NEW BUSINESS**

### **a) Financial Report**

Peter Hoag reported that the Convention Center had a terrific month financially. Revenue was up \$25, 000 versus the budget, primarily in food service, and in-house equipment rental. Expenses were slightly up by \$3,000, a much bigger increase in revenue than in expenses, for a net operating income of \$13,600, and a working capital of \$39,000 for the month. Year to date the net operating loss is almost \$124,000 better than what was budgeted.

The Toyota Center and Arena did not have as great of a month as the Convention Center; revenue was down about \$7,000 from budget. Total expenses were over by \$31,000 versus the budget for a new operating loss of \$59, 000 which was \$38, 000 worse than the budget. The two major events that were planned during the month did not fair very well. And when we initially loaded this budget there were a few items we didn't take into consideration and were not able to plan for. There were a number conversions last month that were not budgeted for. Conversion expenses are predominately equipment rental and labor.

Discussion incurred.

Calvin moved to accept the financial report. Barbara Johnson seconded. The motion carried.

Calvin Dudney was excused from the meeting.

**b) Attendance/Marketing Report**

Adam Dyes reported the Convention Center had a very good month. Adam added the 2007 numbers to his written report for comparative purposes noting that 2008 year to date is ahead of 2007 year to date. Food service is also up quite a bit from last year. Adam highlighted the KGH Community CPR Training night, passed out the flyer to the board, and explained that all full time staff has now been trained in CPR. Adam also reported the rebooking of WA State Self Insurers and the Rotary District 5080 Convention both for 2010. The Nazarene Convention will also be rebooking.

Kathy Blasdel asked if the WA State DOT meeting was lost due to not enough hotels, or not enough hotels within a certain radius of the building. It was confirmed that the event was lost due to hotels within a certain radius of the building.

**c) Executive Director Report**

Jeff Kossow reported that the Metallica rehearsal will not be held at the Toyota Center, the building cannot hold the production.

Bob Dowle is the Business Manager for the facilities. This will be Peter Hoag's last meeting.

The summer project list is the biggest thing happening at the Toyota Center and Arena right now. Toyota Arena went through a face lift. The locker rooms and locker room floors have been redone. The facility, locker rooms, the referee's room have been repainted. The mechanical systems in the ice plant have been redone, with the help of Cimco Lewis from Canada. The re-opening was missed by a day.

The summer project list for the Toyota Center is well on its way. The telescopic risers have been pressure washed, and we are waiting for parts to repair them. The boiler systems are being installed, approximately 80% complete.

Jeff met with Benton PUD for funding on the lighting projects.

The second Zamboni has been ordered.

We are in the process redoing the soft drink agreements. Jude, Jeff and Paul attended the first meeting today with all the teams, to line up together and create one soft drink agreement instead of three. We will be going to 20oz bottles instead of tap.

The new beer contracts are also in the works. The new branding ideas came with a lot of legal questions, and we are waiting for answers from Mr. Kerr.

The dasherboard system will be going in August 18-30. Due to the work being done the AMS hockey camps had to be moved to the Toyota Arena. There were no complications with this move. With this change in dasher boards we will need stage right to create a landing for the current risers, which were designed to set on the old dasher boards. The stage right products we get will be integrated with the staging we currently have.

Barbara Johnson asked if the Toyota Arena revenue will be affected by the two weeks lost to the AMS for their hockey camps. Jeff answered no.

It was noted that the new press box will meet WHL standards.

Bookings for the fall are going better than expected. The hardest part about booking in the fall of an election year is the issue related to advertising time. Subscription series are selling well. 387 series tickets sold, the majority of people not coming back said the reason was seating related.

#### **d) TCVCB Report**

Gretchen Struthers reported that the RFP request from the Library Media Association bid was received after the report was printed.

Staff from the TCVCB attended the WSAE Conference along with staff from the Three Rivers Convention Center. TCVCB hosted a breakfast at the conference.

Adam, Heather, and Holly dressed as explorers to interest planners.

Gretchen thanked the Three Rivers Convention Center for helping in hosting the dinner for WA State Fairs Association.

Barbara Johnson asked if TCVCB had a time frame for the RFP decisions.

Gretchen explained that it is case by case, some times it takes a year, and it depends on the event date.

#### **e) Bond Rating**

President Dean Strawn explained that approximately 8 months ago he received the Foster Pepper newsletter which had an article on a bond issue. He asked Ed Allen if it was something to worry about. Ed replied not at this time. One month ago Dean asked Marie Mosley if it was time to worry about it. Her answer was not at this time, and she would contact him when it was time to worry.

It is now time.

Marie Mosley reminded the board that when they issued their bonds in 2003, the PFD didn't have a financial background so the city partnered with the KPF. The KPF issued about \$13 million; the city issued about \$4 million. Moodies rating service is who rated the bonds. With the financial guarantee that the city has, they committed that if something happened at the Convention Center the city would make good on the bonds. With that we were able to get an A3 bond rating. After buying the bond insurance the rating went to AAA. With all the sub-prime lending exposure that has occurred, and hit every financial market, it has also hit these bond insurers. Recently two huge bond insurers for municipalities, Ambac and MBIA, were down graded by Moodies. Ambac is the bond insurer that insured the KPF bond. Essentially what happened is, they were down graded to a double A3, from a triple A. The underlying rating for the KPF bonds is still an A3, but because now instead of triple A rated bond you have double A3 rated bonds. We are required to do what they call a material event disclosure. There are companies that are collecting all the information regarding municipal bonds. So that somebody who's purchasing, can go to this clearinghouse and get all the information that they need. Also, when Bob prepares the annual financial report, we are required to submit all that information as well to this clearinghouse.

Essentially that is what we have to do right now, we will have to do a material event notification. The city had to do it for all their bond issues. It is not specific; it is a nation wide issue.

What is more significant, in the future as we move forward if this continues is that it's going to be less attractive to have bond insurance. If you do not submit the material event disclosure the bonds could become taxable.

The interest rates are going to stay the same.

A material event disclosure can be completed on line. Dan and Denise from the city will be able to help fill it out.

## **REGIONAL OVERSIGHT COMMITTEE REPORT**

Nothing to report.

### **BOARD COMMENTS/DISCUSSION**

Kathy Blasdel – Thanked Marie for keeping the board updated on the bond issue. And thanked staff for a job well done.

Barbara Johnson – Commented on the good job that staff is doing on the revenue side, and that they need to tighten the belt on expenses.

Dean Strawn – Welcomed Bob Dowle to the team. Also mentioned that the natural gas expense has gone down, and asked if it is due to the new boilers. Jeff Kossow replied that it is primarily due to the new boilers.

### **ADJOURNMENT/RECESS**

Meeting adjourned 6:40 p.m.

*The KPFD Board's minutes are intended to be a reasonable summary of the Board's deliberations and actions. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.*

Roni Gierke, Ex Officio Clerk  
Approved by the Board of Directors