

Meeting re: PFD bond extension request

February 14, 2018

2:32 p.m.

Present: Commissioner Fund, Commissioner Jackson, Budget Manager Becky Butler, Commissioner Stamper, Scott Bauer of Northwest Municipal Advisors, Roy Koegen of Kutak Rock (by phone), Tonya Barton of Kutak Rock (by phone), Treasurer Arny Davis, Public Facilities District (PFD) Chair Todd Chaput, Suzette Smith of the Auditor's Office, Attorney Glenn Carter, Nancy Neraas of Foster Pepper (by phone)

Recorder: Rieva Lester

Scott Bauer of Northwest Municipal Advisors gave a brief history of the Public Facilities District (PFD).

Scott said \$5 million of the PFD bond remains outstanding.

Scott gave a PowerPoint presentation (slides included as printouts).

Feasibility review: Scott said Susan Musselman of PFM has been hired to complete a review by the end of March 2018.

Debt service reserve account requirement: Scott said the 2010 reserve was 50 percent of average annual debt service, or \$247,630. He said the plan would be to have \$53,000 moved to the 2018 bonds. He said the 2010 and 2018 reserves would total \$250,000 at all times.

Scott said he is unsure who the current bondholders are. He said banks would be interested in this type of debt. He said it likely would be a mix.

Nancy Neraas of Foster Pepper gave an overview of the contingent loan agreements slide. Nancy said the county would loan money – with interest – to the PFD if the PFD were unable to pay.

Scott reviewed the final slide regarding reserves.

Suzette Smith discussed the dangers of comingling accounts.

Glenn asked Scott if the bonds would be less marketable today than they would have been weeks ago. Scott said he did not believe so.

Glenn said the PFD has an outstanding balance for its .09 loan. Todd Chaput said the PFD plans to make a payment this year and then make a payment to cover the next three years using the bond proceeds.

Treasurer Arny Davis said the .09 loan is supposed to be paid back within 10 years.

TO-DO LIST / RECAP

Scott Bauer: 1 percent sensitivity decline

Arny Davis and Todd Chaput: Provide financials to BOCC and Suzette Smith

Susan Musselman: Complete feasibility study

Glenn asked Todd if the PFD has a prioritization plan that would kick in if the markets were to crash. Todd said

Glenn asked if the bond could be refinanced should another Lehman Brothers fiasco happen. Scott and Roy Koegen said it would be unlikely.

Todd said the PFD has \$220,000 cash on hand.

Roy asked what would happen if revenue drops 1 percent or 2 percent.

Scott said he can review what that would look at.

Commissioner Fund left at 3:12 p.m.

Scott said he would provide Glenn with for a sensitivity at 1 percent decline.

Suzette said she worries about contingency's effect on Lewis County's bond.

Commissioner Fund returned at 3:15 p.m.

Commissioner Jackson left at 3:15 p.m.

Suzette said the loan shows as contingent debt for Lewis County.

Suzette discussed the need to address the affordability. She said the PFD is asking for a 15-year extension. She said she worries that the BOCC has asked for financial information from the PFD and did not receive it. She said it worries her that now the PFD is asking for more credit. She said the facility is located in Centralia. She asked what would happen if the PFD went out on and tried to bond it on its own.

Suzette said the county has asked for business info, ticket sales, and lease information and did not receive the information.

Todd said there was never supposed to be direct payments from the facility to the county. He said it was only supposed to go through the PFD. He said the plan is to continue making the \$61,000 annual payments and not charge the \$1 ticket surcharge.

Glenn asked that financial information be provided to the BOCC and the Auditor's Office when it becomes available. Todd agreed to the request.

Scott said the PFD would be unable to secure the bond on its own.

Todd discussed the success of Spokane's PFD. Suzette cautioned that Wenatchee's PFD failed.

Suzette requested a copy of Susan Musselman's feasibility study. She said she'd also like to see the usage list. Suzette said she wants documentation of the revenue streams.

Meeting adjourned at 3:33 p.m.