

MINUTES
Spokane Public Facilities District
Board of Directors
Spokane Veterans Memorial Arena Board Room
Thursday, May 30, 2019
9:00 AM

ITEM #1 TO ORDER

Board Chair Larry Soehren convened the 757th meeting of the Spokane Public Facilities District at 9:00 AM.

ITEM #2 ATTENDANCE

In attendance was Board Chair Larry Soehren along with members Marty Dickinson, Mick McDowell, Nate Greene and Travis Tramp. District personnel included Stephanie Curran, Monte Koch, Brittany Garwood, Becca Watters, Matt Meyer, Jessica Deri, Ryan Wittstruck, Brittany Garwood, Antwone Whaley, and Andrew Dolan. Guests included Stanley Schwartz from Witherspoon Kelley, Mary Kuney from Spokane County, Paul Christiansen from the Spokane Sports Commission, Meg Winchester from Visit Spokane, Toby Hatley from Washington Hospitality Association, and Dave Pier and Bobby Brett from Brett Sports & Entertainment. Alan Dashen and Scott Bauer from Northwest Municipal Advisors joined the meeting by telephone.

ITEM #3 DISTRICT BUSINESS

Sportsplex Financing

Mr. Soehren described the current status of Sportsplex Financing and provided an outline of the day's discussion points. He then introduced Spokane County Commissioner Mary Kuney, who provided information related to Spokane County's position on the District's Sportsplex Financing request. She explained that the County has exercised due diligence by conducting an independent review of the District's debt capacity and ability to repay the \$35M bond debt. She provided perspective on Spokane County's requirement of a \$4M reserve and potential consideration of a surety bond. She detailed that the County Commissioners met in a special meeting with District representatives, on Friday, May 24, 2019, to discuss the results of the independent review, conducted by PFM Financial Advisors.

Ms. Dickinson agreed with Commissioner Kuney's comments and expressed that the exercise was valuable and provided clarity. She explained that the key points reviewed with the Spokane County Commissioners at the May 24th special meeting focused on the structure of debt, the reserve amount, and testing of additional District debt.

Ms. Curran informed the Board that the numbers provided have been thoroughly reviewed by District Staff. She discussed the potential financial impact of the \$4M reserve. Discussion followed to recap how the \$4M reserve amount was determined.

Mr. Dashen provided an overview of some potential surety bond options. He reviewed the projected cash flow and debt service coverage scenarios provided to the Board. He commented that he found Spokane County's request to be reasonable. If a surety bond is secured, he expressed that the surety company could require the Board to approve a resolution addressing the District's ability to repay. Mr. Dashen did note that another option available would be for the District to bond the project directly. Discussion followed with questions raised regarding potential costs if the District bonded directly. There was agreement from Mr. Dashen and Mr. Bauer that debt service costs would most likely be higher if the District chose to bond directly.

Ms. Dickinson discussed the current District reserve fund level and confirmed that the purpose of this fund is to act as the District's emergency fund for all District facilities. Mr. McDowell mentioned that there is a potential for the \$2M reserve to be earmarked from our reserve fund and then the reserve fund could be replenished incrementally. Ms. Curran shared that excess revenue is currently being moved in to this reserve fund.

Mr. Soehren referenced the PFM Financial Advisors report and the analysis of District tax revenues. There was discussion regarding the annual average tax growth and the state of the economy. This was followed by conversation surrounding potential options for moving forward with the Spokane County issued parameters for financing. Questions followed regarding a potential surety and Mr. Dashen stated that the minimum reserve to pursue a surety would be \$4M.

Ms. Dickinson moved to approve the District's acceptance of the following options for discussion with Spokane County regarding the \$4M reserve requested. The first and preferred option is for the District to pursue a surety for the \$4M reserve required by Spokane County. If the first option is not acceptable to Spokane County, then the District would propose Option 2. In Option 2, the District would place \$2M in a reserve fund set aside for Spokane County and then add \$250,000 per year for 8 years to pay the remaining \$2M. If neither option is acceptable to Spokane County, then the Board would reconvene to discuss. Mr. McDowell seconded the motion, and it was approved unanimously.

Mr. Brett commented that he has concerns that commitment of money from the District reserve fund would have a negative effect on the current District facilities and related projects or purchases. Ms. Dickinson recognized his concerns. Mr. Soehren pointed out that any new tax revenues resulting from the Sportsplex have not been included in any of the projections reviewed.

Mr. Bauer described the Bond Debt Service Schedule, as proposed by Spokane County. There was discussion about the current annual District debt service, the effect of the additional debt service costs, and the different growth scenarios presented. During the discussion, it was determined that there is a need of a timeline for the opening of the Sportsplex. Ms. Curran commented that sports related events are more willing to book during construction than meeting related events. Mr. McDowell moved to approve a motion whereby the District agree to accept the Spokane County proposed amortization structure as presented in the PFM Financial Advisors report. Mr. Tramp seconded, and the motion passed unanimously.

Mr. Soehren posed a question relating to the Board's comfort level of the Change Order approved during its May 22, 2019 meeting. The authorization of this change order is dependent

upon Spokane County's approval to issue bonds in the amount of \$35M. There were no concerns stated.

There was brief discussion surrounding the need to update the joint resolution with Spokane County, if approved. Mr. Schwartz acknowledged. Mr. Schwartz recommended that the District move forward with bringing in Marc Greenough from Foster Pepper to draft the loan agreement with Spokane County.

Conversation continued relating to the Sportsplex site. Mr. McDowell relayed that there is still an option to move the Sportsplex site, if need be. Mr. Brett asked about the street vacation process, which Mr. Soehren addressed.

ITEM #4 MISCELLANEOUS

ITEM #5 PUBLIC COMMENTS

There were no public comments.

ITEM #6 ADJOURNMENT

There being no further business the Board adjourned at 9:53 AM.

Stephanie Huff
Deputy Clerk of the Board

Approved by the Board of Directors