

TO: City Council
FROM: Troy Niemeyer, Finance Director
DATE: March 1, 2022
SUBJECT: Ordinance O2022-009 Interfund Loan and Call of 2011 GO Bond

1) Recommended Action:

Approve Ordinance O2022-009 interfund loan and call of 2011 GO Bond.

2) Background:

The Tumwater Valley Golf Course bond from 2011 is now eligible to be called, which means we could pay it off early without penalties or fees. Golf does not have enough excess cash, so it would need an interfund loan to help accomplish this. Under this plan, Golf will use its funds from the sale of water rights to pay off its existing interfund loan, and pay a large portion of the existing bond debt. The remainder of the money would come from a new interfund loan from the Sewer fund. The Sewer fund has sufficient reserves that are not needed during the term of this loan. This refinancing would save the Golf Course approximately \$59,000, and will be paid off in 2025. Golf revenues will be used to repay the loan.

This was discussed at a Council worksession on February 1, 2022. It was then presented to the Budget and Finance Committee on February 15, 2022. The Committee recommended this for the consent agenda at a future Council meeting. This will be reviewed annually by the Council.

3) Policy Support:

Maximize the Golf Course's financial condition and benefits to the community, including the expanded use by non-golf activities.

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

- ☐ Do not approve the interfund loan and pay off the existing bond according to schedule.
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5) Fiscal Notes:

The balance of the Golf bond is \$1.17 Million with a 4.5% interest rate. The new interfund loan would be approximately \$670,000 with a 1% interest rate, to be paid off in 2025. The Golf fund would save over \$59,000. The Sewer utility also benefits because it receives interest on the interfund loan.

6) Attachments:

Attachment A: Ordinance O2022-009

Exhibit A: Repayment Schedule