

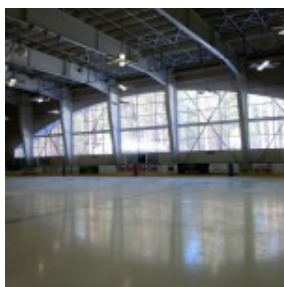
Measure S bonds to be resold to accommodate South Lake Tahoe ice rink privatization

By Kathryn Reed

Measure S bonds are going from tax-exempt status to taxable. At least that is what South Lake Tahoe wants done with them.

But the city is just one-third of the equation. The joint powers authority that oversees the voter approved recreation measure must vote on the change for it to go forward. It's not known if the El Dorado County Board of Supervisors and Tahoe Paradise Park board as the other members of the JPA need to individually agree to the change.

"I don't know enough of the details to be able to comment on it," El Dorado Supervisor Norma Santiago told *Lake Tahoe News* on Tuesday night. She is also chairwoman of the JPA.



Private operators are about to benefit from a taxpayer funded ice rink in South Lake Tahoe. Photo/LTN file

She said she plans to talk to Councilwoman Claire Fortier at today's TRPA meeting – they are Governing Board members – to find out what is going on.

What is going on is the city needs to change the bonds to accommodate the IRS when it comes to having a private operator who wants to make a profit run the city-owned ice rink.

The status quo could prevail if the operators didn't intend to make money – some to be reinvested in the property and some for themselves.

The issue is that ice rink was built with Measure S money.

The bond money is one big pot – same with the debt, according to JPA administrator John Upton. It's not like the ice rink is paid for or has a precise number of dollars still owed. In total about \$4.5 million is still outstanding, though a payment of about \$140,000 on the principal is slated for Sept. 1.

IRS rules state private entities cannot make money off tax-exempt bonds. When Measure S was approved by voters who encompass the same boundaries of Lake Tahoe Unified School District it was envisioned the ice rink would always be run by South Lake Tahoe.

With the rink losing more than \$100,000 a year, the City Council on July 12 voted to turn the operation over to Tahoe Sports Entertainment. At that time it was not known the bond structure would be an issue.

At the Aug. 23 council meeting the five, with little discussion, agreed to go forward with changing the bonds.

City Attorney Patrick Enright told *Lake Tahoe News* after the meeting there is no downside in doing this, especially with interest rates so low.

Taxpayers will not see any changes to their \$18 annual

assessment on their property tax bill.

Upton, the lone paid staff member to the recreation JPA, said Tuesday night, if the debt payment schedule is higher than it is now, the city would incur those costs.

What happens is the current bondholders will be paid back. To do so prior to Sept. 1, 2012, there is a \$37,500 penalty. This could be absorbed with the refinancing, according to Upton, or could be paid by the city.

Then new bonds are sold for the outstanding amount.

In the interim, an addendum to the agreement between the city and Tahoe Sports Entertainment that was sealed Aug. 23 calls for the latter to be able to take over the rink operations by the end of the week. The IRS grants a waiver that is good for 50 days.

Upton said all of the likely changes pose no threat to Measure R; the Nov. 8 ballot proposal that would redefine how the recreation funds can be spent.

In other action at the Aug. 23 council meeting:

- After much back and forth, on a 3-2 vote the ordinance governing medical marijuana dispensaries passed the first reading. Councilmembers Bruce Grego and Angela Swanson were the dissenters. It comes back for a final vote Sept. 13, with it taking effect one month after that.

On a side note, it was disclosed that no one has applied for a residential grow permit – which is necessary to have starting in December.

El Dorado County is investigating creating an ordinance that mirrors South Lake Tahoe's.

- It was agreed a letter would be written in support of bringing the Tour de California cycling event back to the

South Shore in 2012. Tour officials are expected to name host cities in October.

- Wood Rodgers Inc. is not going to receive \$67,000 for work done because the council is fed up with bills presented after the fact and not being notified by staff of overcharges by contractors or professional service providers.