

JPA agrees to refinance South Shore recreation bonds

By Kathryn Reed

While it's up to the recreation JPA board to decide how to spend the \$15,000 that is estimated to be saved each year by refinancing the bonds, it is likely to go toward recreation on the South Shore instead of saving taxpayers a few cents on the \$18 a year they pay now for the measure.

That will be an agenda item if and when the bond sales go through and there is actual money to talk about.

The South Lake Tahoe Recreation Facilities Joint Powers Authority – made up of Hal Cole (South Lake Tahoe), Norma Santiago (El Dorado County), and Debbie Henderson (Tahoe Paradise Resort Improvement District) – agreed Friday to go forward with changing 75 percent of the bonds from tax-exempt to taxable and refinancing the remainder as tax-exempt.



Refinancing the recreation bonds should provide more money for bike trail and ball field maintenance.

Photo/LTN

A contingency is the JPA board wants the county Board of Supervisors at its Jan. 24 meeting and Tahoe Paradise board on Jan. 26 to endorse the refinancing idea.

Santiago and Henderson after the meeting told *Lake Tahoe News* they believe their respective boards will give the green light. Both boards have been apprised of the proposal that will be before them.

However, the JPA board can do what it wants without the approval of the three member agency boards. What the JPA board would do if a no vote were given next week by either or both boards, remains a large question mark.

What has changed since the South Lake Tahoe City Council on Jan. 17 approved the refinancing is interest rates have decreased. Compass Bank is now a better alternative than Alliance Bank.

While financial advisor Mark Northcross would receive a bonus from Alliance if he were to bring the JPA's business there, he is recommending Compass because of the cost savings to his client – the JPA. (He was the financial advisor when the original bonds were sold in 2001.)

On Wednesday, Compass' taxable bonds dropped from 5 percent to 4.75 percent and their tax-exempt bonds dropped from 3.25 percent to 3.2 percent.

Northcross noted if the JPA were to refinance all the bonds at the current tax-exempt status, that the annual savings would be \$50,000.

The city, though, maintains changing the bond structure will save taxpayers at least \$150,000 more a year because the ice arena will stay in the hands of a private operator. With that entity paying the city rent and other money, the city's coffers could expand even more. City Manager Tony O'Rourke's mantra is the JPA taxpayers benefit if the city is saving

money.

Talk of refinancing the bonds was never brought up by the JPA board until South Lake Tahoe realized the contract it had with private operators of the ice rink had to be altered to comply with IRS rules as they relate to for-profits. That meant creating a 50-day termination clause that is black and white.

The original contract between the city and Tahoe Sports Entertainment (and one that is likely to be reinstated after the bond sales are finalized) was for 10 years, with a 90-day out clause. Dissolution, though, had many strings attached. The longer contract provides incentives for TSE to make substantive investments in the rink.

The ice rink was built with voter-approved Measure S money.

Property owners on the California side of the basin – roughly encompassing the boundaries of Lake Tahoe Unified School District – pay \$18 for Measure S. The JPA collects about \$630,000 a year. There is \$4.5 million in principal owed on the bonds that were approved in 2000 and sunset in 2030.

It's expected the bond sales/refinancing will go through at the end of February.

Also at the meeting, the JPA board appointed people to the bicycle and ball field committees. Creation of the committees fulfills a requirement of the revised recreation measure – called Measure R – that was approved in November.

The two committees will have a joint meeting Feb. 3 at 9am at Lake Tahoe Airport where they will be given a primer on California's opening meeting law and officers will be elected.

All committee meetings will be open to the public.

On the bicycle committee are:

- Russ Dahler

- Peter Fink
- Lauren Lindley
- Shay Navarro
- Charles Nelson
- Eric Thelin
- Mary Lou Whitcomb.

On the fields committee are:

- Marilyn Breisacher
- John Dalton
- Brian Hogan
- Charles Leonard
- Steve Noll
- Ken Riegel
- Steve Weiss.