

Measure S bond changes could generate cash

By Kathryn Reed

Refinancing the South Shore recreation bond will put more money into the pot to be spent on facilities. That was the message delivered to the South Lake Tahoe City Council this week and what the board that oversees Measure S/R will hear this morning.

Financial advisor Mark Northcross with Northcross-Hill-Ach in Marin County told the council Jan. 17, "With both bids you can close without any cash contribution from anybody."

When Northcross first started talking to interested parties late last year it looked like \$400,000 would be needed in order to change the bonds from tax-exempt to taxable. Besides the bond market being better for the South Lake Tahoe Recreation Facilities Joint Powers Authority, the course of action is likely to have 75 percent of the bonds become taxable and 25 percent remain tax-exempt. All will be refinanced to secure a lower interest rate.

The change in tax status is needed per IRS rules regarding for-profit operations. With the city's ice rink now operated by a private company, there is no incentive for it to make a major investment in the property when the contract can be terminated in 50 days.

The contract between Tahoe Sports Entertainment and South Lake Tahoe was altered in early August after City Attorney Patrick Enright became aware of the IRS rule in mid-July.

Northcross has bids locked in from Alliance Bank and Compass Bank. Both, he said, are worth pursuing, with Alliance being slightly better. This is because there would be an annual

estimated savings of \$10,700 a year and the out-clause is more favorable.