

# Golf Course Debt



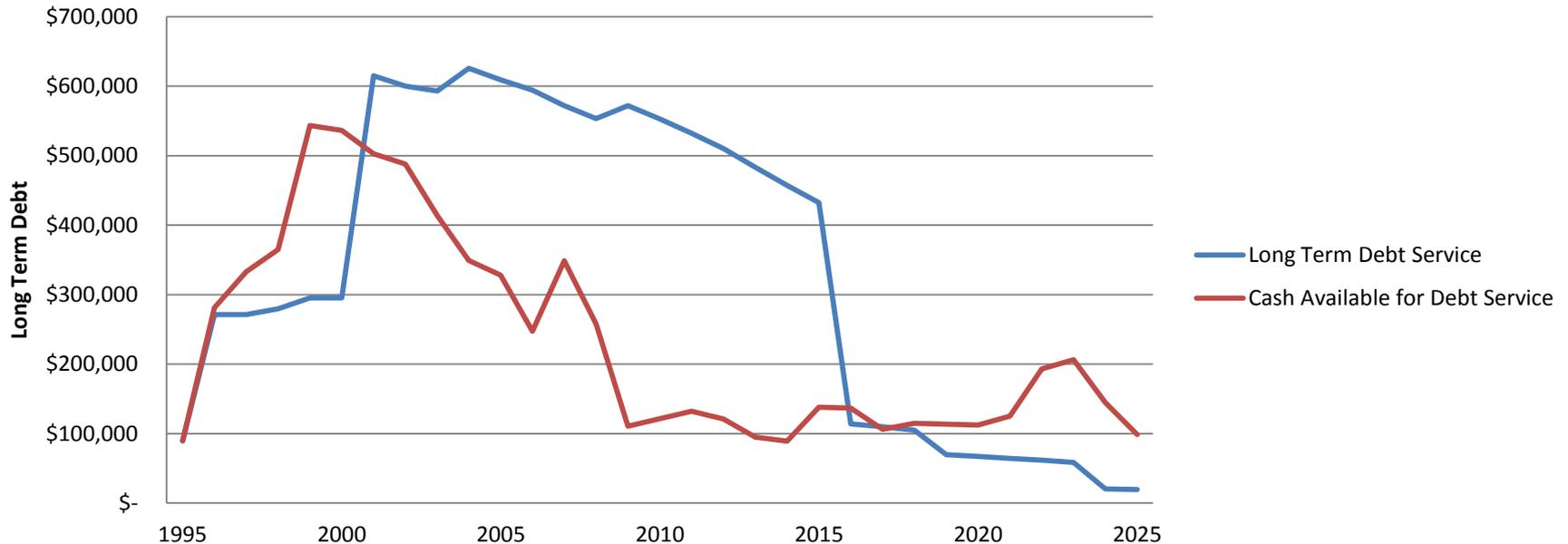
# Golf Debt Background

- In March, 1992, the Town’s voters established an “Economic Recovery Fund” by appropriating an amount equal to two cents on the tax rate for the Fund and authorizing the Selectmen to expend the funds “for the development, promotion and assistance to new and existing facilities, events or programs which will create and enhance economic growth in the Town of Sherburne.”
- In 1992, two cents on the tax rate amounted to \$85,000 for the Economic Recovery Fund (ERF).
- Evaluation of a Municipal Golf Course in North Sherburne began immediately and \$50,379.86 in ERF was spent on real estate options, environmental consultants, design and legal work
- On December 14, 1993, by more than a two to one margin, Sherburne voters approved a \$5.5M bond to purchase 230 acres of land and construct a municipal golf course, culminating almost two years of analysis and setting the stage for construction to begin in Spring of 1994



# Golf Debt Background

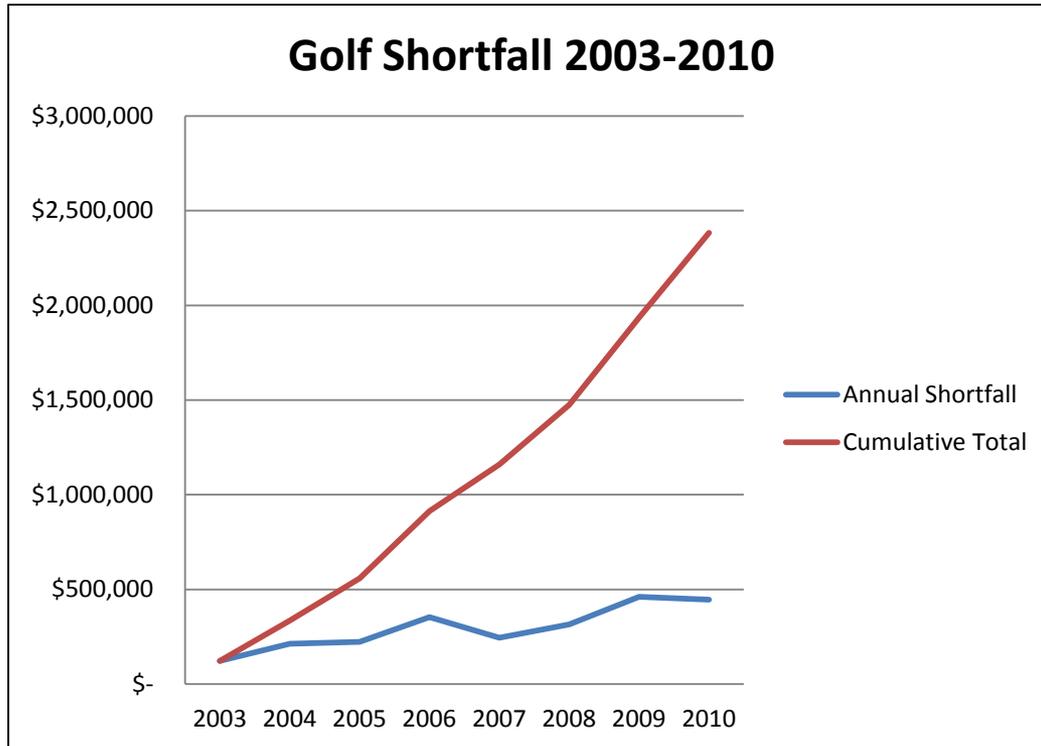
## Long Term Debt vs. Cash Available for Debt Service



- Originally, the plan was to use revenue from the Golf Course to pay off the debt
- However, after the first few years of paying only interest, the revenue wasn't sufficient to pay our balance when we had to address the actual capital costs

# Golf Debt Background: 2003-2010

So, we started short-term borrowing to cover our shortfalls.....

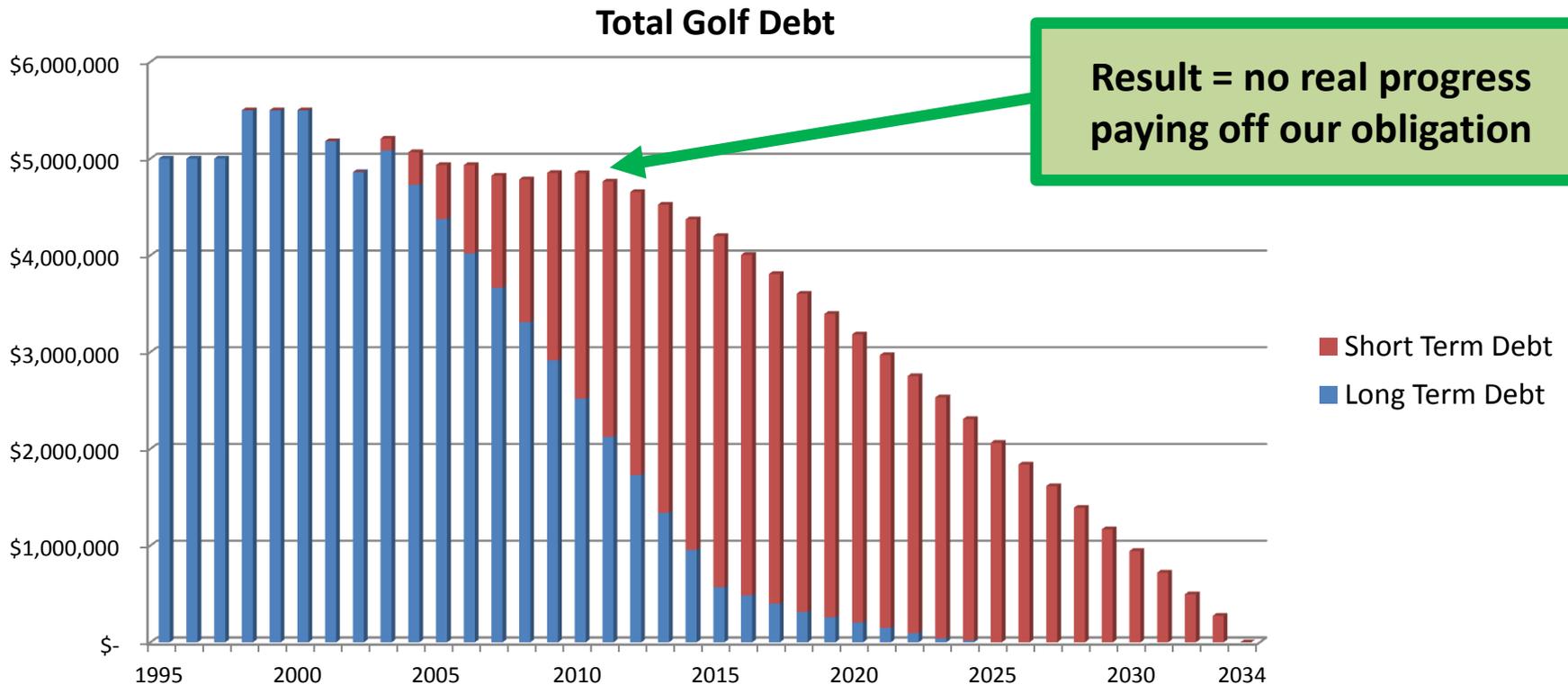


Year	Annual Shortfall	Cumulative Total
<b>2003</b>	\$ 122,285	\$ 122,285
<b>2004</b>	\$ 213,808	\$ 336,093
<b>2005</b>	\$ 222,588	\$ 558,681
<b>2006</b>	\$ 354,704	\$ 913,385
<b>2007</b>	\$ 245,761	\$ 1,159,145
<b>2008</b>	\$ 315,932	\$ 1,475,077
<b>2009</b>	\$ 461,269	\$ 1,936,346
<b>2010</b>	\$ 445,987	\$ 2,382,333

**From 2003-10, the Town accumulated \$2.4MM in additional debt**

# Golf Debt Background

- As our Long Term debt decreased, our Short Term debt increased
- So instead of having paid off part of the golf course by 2010, we still owed over \$5MM



**Result = no real progress paying off our obligation**

April Payment Plan from People's Bank – demonstrates steady progress if we begin to address now – numbers not current

# Golf Debt Background

- At Town Meeting in 2011, we voted to re-finance the \$2.4MM

## **Next Steps:**

- We now need to decide how we want to address the shortfall:
  - Finance or pay out?
- I understand this board would like to pay out the debt immediately
- The following demonstrates how that can be accomplished

# Golf Debt Payment Plan

Our plan will:

- ✓ Make annual payments to address all the debt (see annual payments on left)
- ✓ Ensure we meet our obligations without incurring additional short term debt

The plan levels the payments and calls for the reissuance of a note over a 4yr period to address the balloon payment of \$1.13MM in 2022

Year	Payment Schedule
2012	615,149
2013	587,909
2014	561,244
2015	609,298
2016	394,660
2017	363,362
2018	371,984
2019	369,893
2020	368,525
2021	386,684
2022	394,122
2023	370,130
2024	321,458
2025	310,143

# Golf Debt Payment Plan

**Steady, predictable and fulfills our obligation.....**

Planned Golf Dept Payment Schedule  
which includes refinancing the balloon payment @ 3.75%

