

Agenda Item Number 11.D.

Springfield Building Refinance

Presenter: Bob Swank

Action Recommended: Authorize Refinancing of the Springfield Building

Background:

The Schaefers Building was refinanced a couple of months ago. The result was a significantly lower interest rate than the prior debt, which prompted a review of other LCOG debt. The existing loan on the LCOG owned building in Springfield offers a similar opportunity.

LCOG purchased the Springfield Building in 1999 and refinanced it in 2002 with \$1,278,924 mortgage with 7% interest. The loan has an almost \$1,000,000 balloon payment due in 2012, so it the building will need to be refinanced prior to that time.

The interest rate of just over 5% that LCOG secured for the refinancing of the Schaefers Building is very attractive and almost 2% less than the current rate on the Springfield. And last week a ten year lease was signed with the Oregon Department of Transportation, increasing the market value of the building. Therefore, it seems like the right time to pursue refinancing of the building.

The Executive Committee discussed this topic on June 14 and recommends it to the Board for approval.