

10.7. Loan funding for the North Sydney Olympic Pool project

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ATTACHMENTS	1. 20250219 NSOP loan report [10.7.1 - 3 pages]
CSP LINK	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs 5. Our Civic Leadership 5.2 Strong civic leadership and customer focussed services

PURPOSE:

The purpose of this report is to seek Council's approval to obtain a \$10 million loan required for the completion of the North Sydney Olympic Pool project.

EXECUTIVE SUMMARY:

- At its meeting of 10 February 2025, Council approved a \$10 million loan for the completion of the North Sydney Olympic Pool project.
- This will bring external loan borrowing on the project to a total of \$61 million.
- The confidential attachment to this report contains details of the available loan options and a recommended option.

RECOMMENDATION:

1. THAT Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under section 10A(2) of the Local Government Act:

(d) commercial information of a confidential nature that would, if disclosed (iii) reveal a trade secret.

2. THAT the recommendations of the confidential report be adopted.

Background

At its 10 February 2025 meeting, Council approved a loan of \$10 million for a term of 10 years to fund the North Sydney Olympic Pool project, as part of the recommendations in the 'Proposed special rate variation for long term financial sustainability' report.

This loan is required to address Council's liquidity shortfall in quarter four of the 2024/25 financial year, whilst meeting expected payments for the project.

Report

The North Sydney Olympic Pool project has currently received two loans. These are reported to Council on a monthly basis, in the Investment and Loan Borrowings Report.

The details of the existing loans are (as below) as of 31 January 2025.

Loan one: In February 2022, Council established a \$31 million TCorp loan facility to partially fund the redevelopment of North Sydney Olympic Pool. Drawdown on the facility was processed on 28 April 2022. The funds were restricted and released, as required, to fund project cash outflows. At 31 May 2024, these loan funds had been fully expended.

This loan is a fixed loan financing option, fully amortising the drawn-down amount of \$31,000,000 over 20 years, with semi-annual repayments of interest and principal. The loan details are:

Loan amount:	\$31,000,000.00			
Loan term:	20 years			
From:	28/04/2022			
To:	28/04/2042			
Interest rate:	4.24%p.a. (fixed)			
Repayment:	Semi-Annual			
Dates	Principal Outstanding	Interest	Principal	Payment
01/07/2024	\$28,935,444.66			
30/10/2024	\$28,391,663.57	\$613,431.43	\$543,781.09	\$1,157,212.52
29/04/2025	\$27,836,354.32	\$601,903.27	\$555,309.25	\$1,157,212.52

Loan two: In July 2024, Council established a \$20 million TCorp loan facility to further fund the redevelopment of North Sydney Olympic Pool. Drawdown on the facility was processed on 27 July 2024. The funds were invested with a maturity profile to match cash flow requirements of the project. The funds were restricted and are being released, as required, to fund project cash outflows. As at 31 January 2025 \$8.6 million was unspent.

This loan is a fixed loan financing option, fully amortising the drawn down amount of \$20,000,000 over 10 years, with semi-annual repayments of interest and principal. The loan details are:

Loan amount:	\$20,000,000.00			
Loan term:	10 years			
From:	26/07/2024			
To:	26/07/2034			
Interest rate:	5.29%p.a.(fixed)			
Repayment:	Semi-Annual			
Dates	Principal Outstanding	Interest	Principal	Payment
27/07/2024	\$20,000,000.00			
28/01/2025	\$19,228,419.44	\$529,000.00	\$771,580.56	\$1,300,580.56

New loan: Council now requires a further loan of \$10 million with an expected draw-down date of quarter four 2024/25 to fund expected project expenses.

This loan will be for 10 years, and Council has requested quotes from major banks and the NSW Government Treasury (TCorp) as outlined in the attached confidential attachment to this report.

Consultation requirements

Community engagement is not required.

Financial/Resource Implications

The additional \$10 million loan for the North Sydney Olympic Pool project was included in the Long Term Financial Plan adopted by Council at its meeting of 10 February 2025.

It demonstrates that Council has the capacity to finance and maintain the proposed level of debt.

Legislation

The NSW Local Government Act 1993 and the Local Government (General) Regulation 2021 include clauses on loan funding and their reporting requirements.