



Port Retires Bond Debt

Bingen, Washington – Prompted by the failure of its recent levy lift, the Port of Klickitat has called for the early redemption of its remaining outstanding bonds in order to save \$178,088 in future interest payments. Issued in 2003 to help pay for the construction of 25,000 square feet of industrial space for local employer Insitu, the interest rate on the Port's remaining bonds has grown steadily. By the end of 2012 it had reached 5.25% and is scheduled to increase to 5.50% at the end of 2017.

“The failure of the Port's levy lift is an indication that our constituents want the Port to cut back on spending and reduce expenses,” said Port Commissioner Bill Schmitt. “As a result, we need to keep every dollar we can. Interest payments on such high-rate debt are an expense we cannot afford.”

The Port will use \$622,699 of its cash reserves to retire the bonds, but the interest to be saved will be equivalent to nearly three-quarters of the Port's estimated annual tax revenue for 2014. “We reviewed our debt back in 2011,” said Marc Thornsby, the Port's Executive Director. “While it was clear these bonds were our most expensive debt, the prepayment penalties in effect at that time would have swallowed up the potential savings. As a result, the Commission elected to wait and revisit the issue this year after the penalties had expired.”

Meanwhile, the Port's cash reserves have been earning 0.14% in the Washington State Local Government Investment Pool (LGIP). The LGIP was established under RCW 43.250 and is utilized by the Klickitat County Treasurer acting as treasurer for the Port under RCW 53.36.050. “If our investments had a better return and the levy had passed, we would have probably refinanced the bonds to a lower rate and used the cash, in tandem with the additional levy funds, to do our next major infrastructure project,” added Thornsby. “However, after considering the election results and the net cost of keeping the cash on hand vs. paying off the debt, the Commission had little trouble coming to its decision.”

At A Glance...

Who:.....Port of Klickitat
What:.....2003 Bond Debt
When:.....December 30, 2013
Where:.....Bingen, Wash.
Quick Facts:.....The Port will retire its 2003 bonds ten years early at a cost of \$622,699, saving over \$178,000 in interest payments.

About the Port of Klickitat

Economic development, transportation, and marine-based recreation are key functions of the Port of Klickitat. These are achieved through leasing industrial-zoned property, developing and renting industrial and commercial facilities, developing and maintaining rail spurs and dock facilities, assisting companies with an interest in locating in Klickitat County, creating and managing marine-based recreational facilities, and working closely with various partner organizations and agencies.

For more information, please contact:
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The Port of Klickitat is located in Klickitat County, Washington and was created in 1944. It is one of several port authorities located in the mid-Columbia region. It owns two industrial parks and several buildings, leases industrial property and space, operates a barge dock, and holds property set aside for a park and marina. Transportation access is provided via rail, river barge, highways 14, 35, and 197, and Interstate 84.

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