

Motion 22071C01: In addition to the planned \$25K payments, \$50K total, scheduled for August and November 2022, the Investment Committee proposes that Pacific Swimming pay an additional \$200K from local funds (savings and checking) by the end of July to reduce our interest payments that have increased substantially beyond our \$1400 per month target.

Motion proposed by David Benjamin in committee 7/12/2022, seconded by Leo Lin, and approved by the Investment Committee after a slight modification.

Discussion: Given the rapid increases of the Fed's benchmark rate since March 2022 and an expected additional increase of .5 to .75 percent in July, the interest owed on the Pacific line of credit with Wells Fargo is increasing and will likely continue increasing rapidly for the near future; significantly exceeding our monthly interest target.

After much discussion, the committee decided to recommend to the Pacific BOD a special \$200K emergency payoff of the Pacific line of credit. Rather than selling investments with Wells Fargo in a down market, which would be an example of 'selling low', it was agreed to use local funds in the Pacific checking and savings accounts. As the old saying goes – 'buy low, sell high'. Also, the Finance Committee indicated that our local funds received a big increase in funds from the IRS approval in June of Pacific's Employee Retention Credit (ERC) application in the amount of roughly \$80K. This was a big factor in recommending the \$200K extra payment in July. At the November Investment Committee meeting the committee will determine if another extra payment is necessary. Some argued for a larger payoff amount than \$200K, 22% of our total local funds balance of about \$900K, but others were concerned that using too much of our local funds might hinder future needs for emergency funds should such a need arise. Again, the goal is to avoid selling investments in a down market to payoff the line of credit while maintaining local funds sufficient to support Pacific Swimming's day-to-day operations.

Current balance as of June 30, 2022

Loan Amount:	\$399,070
Terms/Rate:	4.75%
Monthly min.:	\$1,650 (interest only)