



AGENDA

Extraordinary Council Meeting

Date: Monday, 23 February 2026

Time: 1pm

**Location: Cowra Council Chambers
116 Kendal Street, Cowra**

**Paul Devery
General Manager**

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I INTRODUCTION**I.1 Recording & Publishing**

In accordance with the Local Government Act (1993), Cowra Council is recording this meeting and will upload the recording to Council's website. By speaking at this meeting, you agree to being recorded and having that recording published in the public domain. Please ensure that when you speak at Council meetings you are respectful to others and use appropriate language at all times. Cowra Council accepts no liability for any defamatory or offensive remarks or gestures made during the course of this meeting.

I.2 Acknowledgement of Country

We acknowledge the traditional custodians of the land on which we gather, the Wiradjuri people, and pay our respects to elders both past and present.

I.3 Apologies and Applications for Leave of Absence by Councillors

List of apologies for the meeting.

I.4 Disclosures of Interest

Councillors and staff please indicate in relation to any interests you need to declare:

- a. What report/item you are declaring an interest in?
- b. Whether the interest is pecuniary or non-pecuniary?
- c. What is the nature of the interest?

I.5 Presentations

2 DIRECTOR-CORPORATE SERVICES

2.1 Refinancing Options for two Council Loans

File Number: D26/262

Author: Alan Dalton, Director - Corporate Services

RECOMMENDATION

1. That Council approve payment of the following loan discharge fees:

- Up to \$604,263 for Loan 244 (Sewer Treatment Plant).
- Up to \$49,933 for Loan 249 (Civic Centre refurbishment).

2. That Council authorise the Mayor and the General Manager to enter into loan agreements with Commonwealth Bank to borrow:

- \$5,489,914 at a fixed annual interest rate of 6.32% for a period of 14 years and 2 months being for the refinancing of Loan 244.
 - \$762,289 at a fixed annual interest rate of 6.08% for a period of 7 years and 10 months, being for the refinancing of Loan 249.
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INTRODUCTION

In accordance with Council Resolution 7/26, break fees for Loans 244 and 249 were requested from National Australia Bank, and refinancing rates were sought from several commercial lenders. This report presents the outcomes of an evaluation of the resulting net financial options.

BACKGROUND

Break Fees

National Australia Bank was asked to provide break fees for each loan and had advised that such fees would only hold for the day they were issued. The bank updated its advice today such that while it would quote break fees today, it would not accept payment until tomorrow with any movement arising from market flux overnight being added to the amount payable.

Accordingly, it is proposed that Council approve of the payment of break fees up to the amount quoted plus 15 basis points. It is highly unlikely that any movement would absorb the entirety of this margin, however a conservative approach to managing risk is advocated, consistent with Council's general budgeting approach. This has the effect of a break fee of up to:

- \$604,263 comprising a margin of \$8,930 for Loan 244 (Sewer Treatment Plant).
- \$49,933 comprising a margin of \$737 for Loan 249 (Civic Centre Refurbishment).

It is noted that financing was not sought to cover the cost of break fees, as there was insufficient time to receive the quoted fees and have lenders incorporate them in their quotes. Accordingly, it is proposed that these be met from the Sewer Reserve and the General Fund (unrestricted cash).

Loans Refinancing Options

Interest-rate quotations were sought from commercial lenders to refinance:

- Loan 244 – principal remaining \$5,489,914 now financed at 8.15% and expiring 22 December 2033.
- Loan 249 – principal remaining \$762,289 now financed at 8.13% and expiring 4 May 2040.

Quotes were received from National Australia Bank, Commonwealth Bank, Westpac and a commercial finance broker who approached Council seeking the opportunity to secure superior interest rates for the loans in return for a brokerage fee (and who offered finance via ANZ). Bank confirmation of initial advice from the commercial finance broker was not received and therefore cannot be recommended to Council.

A separate analysis for each loan under consideration is attached and incorporates:

- National Australia Bank break fees for early repayment.
- The opportunity cost of using Council's invested funds to meet break fees.
 - This is an evaluation of the benefit foregone by not earning interest on funds being held in a reserve bank account.
- Commercial lending rates offered by alternative lenders.
- Comparative analysis of total interest expense across the remaining loan term for both the existing facility and the proposed refinancing structure.

Currency of Refinancing Advice

Lenders previously advised that any quotes would not hold overnight due to the possibility of overnight market movements. Accordingly, arrangements were made to position Council to act on quoted rates today.

Despite instruction that Council required quotes to enable same-day implementation, all lenders except for Commonwealth Bank today advised that they would not enter into any loan until two weeks after quoting a rate, and that the quoted rates are subject to change reflective of any market movements over the period.

Loan 244 – Sewer Treatment Plant

Of the rates presented, the most competitive rates (assuming no overnight increase of break fee) over the over the term of 14 years and 2 months were:

- National Australia Bank at 6.28%, representing a net financial benefit to Council of \$148,818.
- Commonwealth Bank at 6.32%, representing a net financial benefit to Council of \$128,817.

As the National Australia Bank quote is subject to change, the Commonwealth Bank proposal is recommended to Council noting that the different in net benefit is \$20,001 over the loan term.

Loan 249 – Civic Centre Refurbishment

Of the rates presented, the most competitive rates (assuming no overnight increase of break fee) over the term of 7 years and 10 months were:

- Commonwealth Bank at 6.08%, representing a net financial benefit to Council of \$11,039.
- Westpac at 6.09%, representing a net financial benefit to Council of \$10,676.

Accordingly, Commonwealth Bank's proposal is recommended to Council.

BUDGETARY IMPLICATIONS

Break costs of up to \$604,263 for Loan 244 and up to \$49,933 for Loan 249 will be payable to the National Australia Bank should Council resolve to refinance the existing loan(s). Should both loans be refinanced, these costs would be drawn from the Sewer Reserve and the General Fund (unrestricted cash) respectively.

ATTACHMENTS

1. Financial Analysis - Re-Financing Loans 244 (Sewer Treatment Plant) [↓](#)
2. Financial Analysis - Re-Financing Loans 249 (Civic Centre Refurbishment) [↓](#)

Financial Analysis - Re-Financing Loans 244 (Sewer Treatment Plant)			
	Loan Offer - National Australia Bank	Loan Offer - Commonwealth Bank	Loan Offer - Westpac
Existing Interest Rate - Fixed	8.13%	8.13%	8.13%
Remaining Loan Term	14 years 2 months	14 years 2 months	14 years 2 months
Principal Outstanding	\$5,489,914	\$5,489,914	\$5,489,914
Interest Payable - Existing Loan	\$3,909,593	\$3,909,593	\$3,909,593
Loan Break Fee	\$595,333	\$595,333	\$595,333
Interest Rate Quoted	6.28% (margin fixed - 1.22%)	6.32% (fixed rate)	7.47% (margin fixed - 2.4%)
Loan Interest Expense	\$2,802,870	\$2,822,871	\$3,408,874
Opportunity Cost - Utilising invested funds to pay break fee (current average investment interest rate 4.25%)	\$362,573	\$362,573	\$362,573
Loan Application fee	0	0	0
Interest, Break Fee & Loan Application Fee (where applicable) after refinancing	\$3,760,776	\$3,780,776	\$4,366,780
Net Financial Benefit - Remaining Term of Loan	\$148,818	\$128,817	-\$457,187

Financial Analysis - Re-Financing Loans 249 (Civic Centre Refurbishment)			
	Loan Offer - National Australia Bank	Loan Offer - Commonwealth Bank	Loan Offer - Westpac
Existing Interest Rate - Fixed	8.15%	8.15%	8.15%
Remaining Loan Term	7 years 10 months	7 years 10 months	7 years 10 months
Principal Outstanding	\$762,289	\$762,289	\$762,289
Interest Payable - Existing Loan	\$282,820	\$282,820	\$282,820
Loan Break Fee	49,196	49,196	49,196
Interest Rate Quoted	6.15% (margin fixed - 1.35%)	6.08% (fixed rate)	6.09% (margin fixed - 1.25%)
Loan Interest Expense	\$208,568	\$206,026	\$206,389
Opportunity Cost - Utilising invested funds to pay break fee (current average investment interest rate 4.25%)	\$16,559	\$16,559	\$16,559
Loan Application Fee	0	0	0
Interest, Break Fee & Loan Application Fee (where applicable) after refinancing	\$74,723	\$71,781	\$72,144
Net Financial Benefit - Remaining Term of Loan	\$8,496	\$11,039	\$10,676

3 LATE REPORTS

Nil