

Memo of explanation for Agenda #9 Town Hall Loan

To East Bay Township Board

We have been looking at the interest rate on the commercial loan with Fifth Third Bank for the addition to the township hall. We think it is worth the Board looking at since the interest rates on our money market account have dropped. You will be provided with exact dollar amounts and interest rates at the board meeting but these are ballpark figures for your review. The payoff on the loan is \$360,000.00 with an interest rate of 3.70% there is a balloon in 2012. We are proposing that we payoff the Fifth Third loan with a loan from the Sewer Enterprising Fund and set a rate of interest and a payment schedule that we would pay the Enterprising Fund back. The rate that we are getting right now for the Sewer Enterprising Fund is 2.9%. This is a liquid Money Market Fund. The CD rates that were last quoted to us were 1.75% for 6 months. If you have any questions prior to the meeting please contact us and we would be happy to talk to you about this.