

January 6, 1999

The Ellettsville, Indiana, Town Council met in Special session at 12:30 p.m., Wednesday, January 6, 1999. Members present were Michael Cornman, President, Geraldine McIntyre, Vice President, and Gina Hawkins. Mr. Cornman called the meeting to order.

FIRE TRUCK PURCHASE LOAN:

Mike Cornman said this is a special meeting to hear from Jim Davis and or Diana on the proposals for the financing of the fire truck.

Jim Davis said at the last meeting, the Council voted and said it was between Monroe County and ONB Bank. However, what has transpired between then and now is Monroe County Bank made a mistake on their calculations. They used wrong figure in calculating the loan, which made him low. With the correct figures he is no longer low. The best way to explain this, Monroe County Bank's total pay back would be \$316,860 on the truck. ONB's total payback would be \$315,876. Bank One's total payback would be 313,440. How Bank One got into this was. Bank One called and wanted to know how things went. I said we really don't understand you are too high. They argued there is no way that we are too high because we have a cheaper interest rate. They went into a lot more detail. Bank One did, they went into a lot more detail than we really asked for, they explained it a lot better and they didn't give us the bottom line figure like everybody else did. So when they went back and gave us the bottom line figure. Diana and I both had some questions about the interest rate that they are charging and the way that they are doing it. He answered those questions satisfactorily. What it amounts to is Bank One is cheaper now than anybody else that we got straight across the board. Bank One is going to allow us to take \$270,000 of their money, funding it into an escrow account when we sign. That money will be earning 4.25% interest for the first 6 months. Then we will take the money market certificate plus the revenue that we earn from the CD at 4.25% interest, put that together and we will be \$276,171 which is the cost of the truck, and we will pay for the truck. The only thing is we have to put that in a 6 month certificate starting whenever we get it, it must be left alone for 6 months. The date on the manufacture of the truck was 6 to 6 1/2 months he thinks. So we should be all right there. He has some questions versus the interest rate they are charging versus the interest rate they were giving us on the CD. What they are doing is on the tail end of when we start paying for the truck they are collecting some of their interest earlier according to their amortization than what the other company is. So they are getting their money back first once we start making payments on the truck. Meaning a higher portion of our payments going to go towards interest than it is towards the principle. Then once they get their money back then a higher portion goes toward principle versus interest. The first payment \$12,000 will go towards interest and the second payment only \$5,000 goes toward interest. It is that way all the way down until the truck is paid off. This is a lease purchase, he guesses, he finally has come to the conclusion, they gave him many assurances that everything was here correct and so on. There is no hidden agendas or hidden clauses. No penalties, no fees as long as we let the money market certificate go for 6 months. Our total pay back as stated right here is \$313,440. The reason that he recommends we go with Bank One is their 4.6798%. The next closest is ONB at 5.02%, the next Monroe County Bank 5.2% and People Bank at 5.5%.

Mike Cornman wanted to know what the pay back is for Peoples State Bank.

Jim Davis said pay back for Peoples State Bank was three hundred and nineteen thousand give or take some change. There was more discussion on this. Geraldine McIntyre asked have you talked to Mike Spencer on this? Jim Davis said on the contracts? Geraldine said yes. Jim said no I have not, this isn't a contract.

Jim Davis said we don't have to sign anything to sign. The only thing that has to be done here is where it says, excepted by the Town of Ellettsville, name, title, date, etc. We have got time to let Mike look it over and see if he has any problems with it.

Jim Davis said he has a lot of paper work here that assures him that the figures are correct.

Geraldine McIntyre made the motion that we accept Bank One's bid. Gina Hawkins seconded. Motion passed 3-0.

ADJOURNMENT:

Gina Hawkins made the motion to adjourn. Geraldine McIntyre seconded. Motion passed 3-0.