

Tim Carroll

From: Melanie Becker [treasurer@chilmarkma.gov]
Sent: Friday, September 02, 2011 4:23 PM
To: Frank M. Fenner Jr. (FMFennerJr@AOL.com); Warren Doty (warrendoty@verizon.net); Jonathan E. Mayhew (jonathanmayhew@ymail.com)
Cc: execsec@chilmarkma.gov
Subject: Tea Lane -borrowing options
Attachments: Farmhouse financing analysis-bond vs notes.xlsx

Frank, Warren, and Jonathan,

Tim said that your current thinking is to fund \$300,000 of the Tea Lane farmhouse construction from the CPA and you are still considering a variety of options for financing the other \$200,000 that might include stabilization money, free cash and/or borrowing. He asked me to look at costs of borrowing the 200K as part of the Dock Repair Bond vs. short term borrowing for four years paying. I've attached an analysis of two options.

Tab one of the spreadsheet looks at rolling the 200K in with the Dock Repair Bond to be issued 2/1/12, tab two looks at borrowing it as a series of four one year notes paying \$50,000 in principal each year. To truly compare apples to apples; the bond scenario also includes paying \$50,000 in principal for four years.

The bond is at an estimated interest of 2%; and the total cost of borrowing is \$206,606.

The four years of notes are estimated at 1% the first year, 1.25% the second year, 1.75% the third year and 2% the fourth year; the total cost of borrowing is \$208,625.

The bonding option saves about \$2,000 because the cost of reissuing the notes four times outweighs the interest rate savings.

Enjoy the holiday weekend.

Melanie

Please note, my email address has been recently changed. Please update your address book to reflect my new email address: treasurer@chilmarkma.gov

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