



Nice Matters!

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MEMO TO: Mayor Barber and Board of Commissioners
FROM: Laura Rotchford, Finance Director
SUBJECT: Recommended Financing Terms –Refinancing (or Rate Modification) for Installment Purchase Agreement – McLean-Spell Park

While Town staff recently reviewed it's existing debt, and discussed financing proposals with area banks for the purchases of its 2020 ambulance and 2020 aerial fire truck, it was determined there may be an opportunity for some interest cost savings on our 2018 financing for the Town's share of the McLean-Spell Park acquisition.

In May, 2018, the Town approved a 10-year installment purchase for \$600,000 with BB&T at an interest rate of 3.57%. As of fiscal year-end, the Town's principal balance on that loan is \$540,000. Upon request, Truist Bank, (formerly BB&T), offered a rate modification to the Town's existing loan at 2.59% keeping the length of the existing term the same, or ending in 9-years on May, 2028. Truist Bank estimated a one-time legal expense to refinance the loan at \$2,000, however total interest savings are calculated at approximately \$24,000 over the remaining life of the loan.

Town staff reviewed the proposal with the Local Government Commission (LGC), and was advised that because the Town is keeping the loan with the same bank and not extending the term of the loan, the LGC does not require further review or approval of the rate modification/refinancing.

I recommend the Board approve the rate modification to the existing installment purchase agreement to Truist Bank, (formerly BB&T), and have included a resolution approving the new financing terms.

I am happy to answer any questions you may have.