



**Friends of Carefree**, there was a Special Meeting of the Town Council on August 13<sup>th</sup> to authorize the Mayor to enter into a mortgage loan agreement for the purchase of the 33 Easy Street property.

**Special Town Council Meeting, August 13, 2015, 5:00PM**

John Crane participated by phone and Bob Gearhart was absent.

**Item 1, Financing arrangements for 33 Easy Street.** After consideration of the proposals from three banks, the Council authorized the Mayor to execute the required documentation for a mortgage loan on the property, voting 6 - 0, one absent.

Residents in attendance were Al Swanson, Jim Van Allen, and the Hitchons. [I was taking a few days away from the oppressive heat. Thanks to Jim Van Allen for his notes!]

Mayor Peterson opened with short message on the reason for meeting, and then turned it over to the Town Administrator for the details.

The proposed Resolution would authorize the Mayor to sign a loan agreement for \$407,400 with terms equal to or better than the current best proposal. **National Bank's** proposal involves 100% financing for 20 years, an Interest rate of 3.92% for the first 5 years, and [*this time*] **absolutely no pre-payment penalty or any other termination fees if the loan is paid off early.** There will be a \$2,500 origination fee, with the first semi-annual payment due on March 6, 2016. The town plans to pay off the loan in 2018/2019, although no reason was given why it would not be paid off at the earliest opportunity in next year's budget (July 2016) from the \$6M town surplus.

The Town will inherit and continue the lease of the upper floor (1,000sf) of the property, with rental income of \$1,250 per month. [Since the lease for the current Council Chambers (and additional space) is in force until June/July of 2016 there is a good possibility that the 33 Easy Street property could be made available for a short term lease, thereby generating additional income from the new property.]

The two other bank proposals were from Biltmore Bank and Desert Schools, but both required 30% down, and involved pre-payment penalties. A 4<sup>th</sup> bank, Arizona Business Bank, said they are also interested in making a proposal, which will be forthcoming early this coming week.

There was considerable discussion regarding reasons the town should give National Bank every consideration since they are a local business. John Crane asked the town

attorney if "bank shopping" was legal. Michael Wright essentially said that it was. Council members Miller and Price seemed to express support for National Bank.

Jim Van Allen inquired if residents would be advised of the final decision regarding the bank and the terms. The Mayor made assurances that would be the case.

**Item 2, Adjournment:** The meeting was adjourned at approximately 5:25PM.

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Respectfully submitted by Jim Van Allen and John Traynor

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