

Memo

**From:** Garth Fort

**To:** Robin Counts

**Date:** November 11, 2012

**Re:** Proposal for Delivery Truck Purchase

Thanks for meeting with me to discuss the possibility of purchasing delivery trucks, rather than continuing with our current lease agreement. I’ve gathered some information for you to review. The table below is a cost estimate for the delivery trucks I propose that we purchase. It should give you an idea of the overall cost.

|  |  |  |  |
| --- | --- | --- | --- |
| **Vehicle** | **Quantity** | **Unit Price** | **Total** |
| 12 ft. truck | 2 | $30,000 | $60,000 |
| 24 ft. truck | 1 | $42,500 | $42,500 |
| Van | 1 | $25,000 | $25,000 |
| **Total** | | | $127,500 |

The best interest rate I can find for fleet sales is 3.6%. The payment schedule for a $155,000 loan for three years is shown on the attached Excel worksheet.

The current cost of leasing our delivery vehicles is $60,000 a year. Purchasing the vehicles at this time will save the company more than $16,000 over the next three years.

|  |  |
| --- | --- |
| **Payment Schedule** | |
| **Interest Rate** | 3.6% |
| **Years** | 3 |
| **Loan Amount** | $155,000.00 |
| **Monthly Payment** | $4,548.69 |
| **Cost of Loan** | $163,752.79 |
| **3-Year Lease Cost** | $180,000.00 |
| **Savings** | $16,247.21 |