



NOTICE TAKING UP OF EXTERNAL LOANS

Notice is hereby given in terms of Section 46(3)(a) of the Municipal Finance Management Act (Act nr 56 of 2003) that the Municipality is in the process of taking up an external loan amounting to R7 300 000.00 to finance outstanding Eskom debt and financing of the replacement of the old motor vehicle fleet to the value of R 1,400,000.00 for the 2015/2016 financial year.

The decision to raise the external loans was taken by Council on Tuesday, 2 February 2016, at a Special Council Meeting.

The projected cost over the term will be as follow:

LOAN AMOUNT	TERM	PROJECTED INTEREST RATE	PROJECTED INTEREST COST	REDEMPTION	TOTAL COST
R7 300 000	7 YEARS	• 12.39 %	R 3,562,926	R 7,300,000	R 10,862,926.00
R 1 400 000	3 YEARS	• 12.39 %	R 284,000.00	R 1 400 000	R 1,684,000.00

The purpose of the R 7,3 M loan is to settle a portion of the outstanding ESKOM debt. Security is given in terms of property that is re-financed to the value of the loan, and a useful life that is longer than the seven years.

No security is given for the financing of the motor vehicle fleet.

Written representation regarding the above must reach the municipal offices on or before 19 February 2016. Council is however in consultation with NT to shorten the period, given the urgency of the matter. If revised, a new shorter date will be communicated with role players.

**MM HOOGBAARD
MUNICIPAL MANAGER
KANNALAND MUNICIPALITY
P O BOX 30
LADISMITH
6655**

Notice Nr 06/2016