SMALL TOWN, BIG BEACH

COUNCIL AGENDA SUMMARY

TO: Mayor Craft & Members of the City Council

THROUGH: Steve Griffin, City Administrator

FROM: Cindy King, Finance & Administrative Services Director

SUBJECT: 2016 BB& T $13.5 million taxable Line of Credit (LOC)

DATE: June 1, 2016

ISSUE: Council needs to select a financial institution to provide long term, taxable fixed-rate financing for the City's $9.5 million principal amount to be issued by the end of June 29, 2016.

BACKGROUND: On May 2, 2016 a Request for Proposals was emailed to financial institutions to provide long term, fixed-rate financing for the City of $9.5 million for a taxable revolving line of credit. Proceeds from a 2016 Taxable line of credit can be used for beach improvements. Specifically $7.1 million of the line will be needed by the end of March, 2017 for the public beach area parking and common space. The Request for Proposals closed May 31, 2016. Six banks submitted proposals which were reviewed by me, Bond Counsel Jim Birchall and Accounting Supervisor Anna Fuqua. BB&T submitted the best qualified quote for a revolving line of credit of 2.85% for 10 years, no fees and quarterly interest only payments. The Finance Committee reviewed a summary of the quotes and agreed BB&T submitted the best quote. Finance Committee Chair Jason Dyken recommended asking BB&T to expand the line by $4 million to $13.5 million to take advantage of the longer term offer of ten years. BB&T accepted and Council action is needed to approve a $13.5 million taxable issue with BB&T.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: Approximately $20,000 additional interest expense, contingent upon the amount ultimately borrowed during this fiscal year.

RELATED ISSUES: None

ATTACHMENTS: RFP

DEPARTMENT: Finance and Administrative Services

STAFF CONTACT: Cindy King

Post Office Box 299
Gulf Shores, AL 36547

CITY OF GULF SHORES™ ALABAMA

SMALL TOWN, BIG BEACH

Post Office Box 299
Gulf Shores, AL 36547