



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: 2019 NBC \$15 million tax exempt non BQ Line of Credit (LOC) for the Gulf Shores Board of Education

DATE: March 4, 2019

ISSUE: The Finance Committee approved a new tax exempt line of credit for \$15 million with National Bank of Commerce (NBC) at the February 27, 2019 Finance Committee meeting.

BACKGROUND: The City and the Gulf Shores City Board of Education are continuing to make preparations in anticipation of the 2019-20 school year. Some of the primary areas of focus include making improvements to campus safety, vehicular and pedestrian traffic flow, additional teacher and guest parking, addressing deferred maintenance and prioritizing capital projects which could include significant renovations and/or facility expansions. It is the intent of both parties to complete some of the improvement projects in advance of the start of the 2019-20 school year in order to address critical need areas and provide immediate enhancements to our school campuses.

A RFP for a \$15 million Line of Credit for the City BOE was sent to banking entities following the January 30th meeting. Eight banks responded with NBC offering the lowest rate of 3.75% for the longest term of 7 years. The line will need to be non-Bank Qualified (non BQ) since additional debt is expected to be issued in 2019.

PREVIOUS COUNCIL ACTION: On January 14, 2019 the City Council authorized the contracts to Walcott Adams Verneville Architects, Inc: not to exceed \$656,500; Volkert, Inc.: not to exceed \$350,000 for the construction design and program management for needed school improvements

BUDGET IMPLICATIONS: None since it is anticipated the line will be repaid through a funding agreement with the Gulf Shores Board of Education.

RELATED ISSUES: None



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ATTACHMENTS: None. Legal Counsel is preparing the minutes, closing papers and funding agreement which will be ready before the 3/11/19 Council meeting.

DEPARTMENT: Finance and Administrative Services

STAFF CONTACT: Cindy King