



SMALL TOWN, BIG BEACH

## COUNCIL AGENDA SUMMARY

**TO:** Mayor Craft & Members of the City Council  
**FROM:** Cindy King, Finance & Administration Director  
**SUBJECT:** 2020-D \$9.8 Million Principal General Obligation Warrant  
**DATE:** October 8, 2020

**ISSUE:** An opportunity exists with funds fronted for Hurricane Sally expenses to lower the interest rate to 1.99% on a \$9.8 million nontaxable Line of Credit with BancorpSouth.

**BACKGROUND:** In January 2019, a nontaxable Line of Credit with BancorpSouth for \$9.8 million was issued for 5 years at 4.54%. Since that time, interest rates have dropped substantially. The Finance Committee requested BancorpSouth be contacted and asked if the rate could be reduced and the terms extended. BancorpSouth offered a new \$9.8 million Line of Credit at 1.99% for five years. Recommend acceptance of the new Line of Credit with BancorpSouth.

**PREVIOUS COUNCIL ACTION:** None

**BUDGET IMPLICATIONS:** If the full \$9.8 million were borrowed, annualized interest expense savings would be \$245,980.

**RELATED ISSUES:** None

**ATTACHMENTS:** Minutes Gulf Shores 2020-D which includes the Ordinance

**DEPARTMENT:** Finance & Administration

**STAFF CONTACT:** Cindy King