



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-B BB& T \$13.5 million taxable Line of Credit (LOC) refinanced and renamed 2020-E Truist 2020-E \$13.5 million taxable Line of Credit (LOC)

DATE: November 6, 2020

ISSUE: The Finance Committee requested Truist be contacted to see if a \$13.5 million Taxable Line of Credit originally obtained in 2016 from BB&T interest rate could be lowered.

BACKGROUND: Truist and BB&T have merged since the original 2016 BB&T Taxable Line of Credit for ten years at 2.85% interest was issued. Truist has offered to lower the interest rate to 1.98% and allow the line to increase by six million to \$19.5 million from December 1, 2020 to November 30, 2021 in order to use the line for clean-up, repair and restoration of City property from Hurricanes Sally and Zeta.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: Using the Taxable Line of Credit will enable the City to preserve cash while waiting on insurance, FEMA, BUILD, and RESTORE reimbursements to occur. Savings from lowering the interest rate from 2.85% to 1.98% on \$13.5 million for one year would be \$117,450. Use of the entire \$13.5 million line was included in the 2021 Capital Improvement plan primarily for BUILD and RESTORE projects. Having the line increased temporarily by \$6 million will enable the City to continue capital projects planned while waiting for FEMA and insurance reimbursement.

RELATED ISSUES: None

ATTACHMENTS: Truist offer letter

DEPARTMENT: Finance and Administrative Services

STAFF CONTACT: Cindy King