
February 8, 2016

TO: City Council

FROM: Theresa Owens, Finance Director

THROUGH: Randy Wheeler, City Manager

SUBJECT: SunTrust Line of Credit expiration

In June 2013, as a part of the refinancing of Economic Development Authority (EDA) debt, the City obtained a \$300,000 line of credit to be used in the event the EDA or City had a need for funding an economic development project or to purchase strategically located property. This line will expire February 15, 2016. Due to the financial stability of the City and its current bond rating, staff does not recommend obtaining an extension or new line of credit.

In April 2015, the City purchased property at 826 Poquoson Avenue using proceeds from the line of credit with the requirement that any proceeds from the sale of 826 Poquoson Avenue would be used to pay the debt. The property has been divided into two parcels. One of which the City will keep for its needs. The remaining parcel and house will be sold.

The subdivision of the property took longer than expected and the portion of the property to be sold will not occur before the debt is due. Therefore staff is recommending using a portion of the Fiscal Stability reserve to pay the debt with the requirement that all proceeds from the sale of the property be transferred to the Fiscal Stability reserve once the property has been sold.

Attached for consideration is an ordinance transferring funds from the Fiscal Stability reserve to the Debt Service Fund for the purpose of retiring the line of credit debt as well as, once sold, transferring the proceeds from the sale of 826 Poquoson Avenue back to the Fiscal Stability reserve fund balance.

ORDINANCE NO. _____

AN ORDINANCE MAKING ADDITIONAL APPROPRIATIONS
AND TRANSFERS FOR FISCAL YEAR 2015-2016

WHEREAS, the City's line of credit with SunTrust bank will expire on February 15, 2016, and

WHEREAS, the outstanding balance, including interest is \$295,035, and

WHEREAS, the Fiscal Stability reserve balance is \$600,000.

NOW, THEREFORE, BE IT ORDAINED, by the Council of the City of Poquoson, Virginia:

Section 1: That an additional \$295,035 in revenues in the General Fund and \$295,035 in the Debt Service Fund be and the same hereby are appropriated within the Fiscal Year 2015-2016 Budget as follows:

GENERAL FUND

Revenues:

Fiscal Stability reserve Fund Balance \$295,035

TOTAL **\$295,035**

Expenditures:

Transfers to the Debt Service Fund \$295,035

TOTAL **\$295,035**

DEBT SERVICE FUND

Revenues:

Transfer from the General Fund \$295,035

TOTAL **\$295,035**

Expenditures:

SunTrust Line of Credit principal \$292,058
SunTrust Line of Credit interest 2,977

TOTAL **\$295,035**

Section 2: That once sold all proceeds from the sale of 826 Poquoson Ave be transferred to the Fiscal Stability reserve fund balance.

Section 3: That the second reading of this ordinance is hereby dispensed with and the provisions contained herein shall become effective immediately upon adoption.

ADOPTED: _____

TESTE: _____

City Clerk