



## Legislation Text

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**File #:** 18-0343, **Version:** 1

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Briefing on Hampton-Newport News Community Services Board Request to Increase the Current Line of Credit

### **PURPOSE/BACKGROUND:**

The FY2019-20 Performance Contract now requires that all operating Community Service Boards ("CSB") maintain an operating reserve sufficient to cover at least two months of personnel and operating expenses and ensure that the CSBs financial position is sound. Based on the current HNNCSB budget, this would equate to approximately \$11.6MIL dollars. The HNNCSB currently has a cash operating balance of \$7.8MIL dollars. In order to meet the new Performance Contract requirements, the HNNCSB is requesting an increase to the current line of credit from \$3MIL dollars to \$5MIL dollars to ensure that they are in compliance with the new state requirements. Code of Virginia section 37.2-504 A(11) permits CSBs to apply for and accept loans as authorized by the governing body of each city or county that established it.

### **Discussion:**

As with previous requests of this nature, Council's adoption of the resolution does not obligate the City in anyway on the debt nor constitute any guarantee of repayment of any part of the loan or line of credit. It merely fulfills the state law requirement referenced above.

### **Recommendation:**

Briefing only - no action required. This item is on the consent agenda for the evening legislative session of City Council.