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Petersburg Receives Short Term Financing City Defines Strategy for Securing Debt

PETERSBURG, VA-The City of Petersburg has secured temporary financing through short term notes to meet cash needs to run the City for the next nine months, as planned and presented by The Robert Bobb Group to Petersburg City Council, November 15, 2016.

Interim City Manager Tom Tyrrell said "This is part of the plan to provide short term financing to allow City functions to continue. It is not an infusion of cash to pay off past obligations. We will pay our past obligations and will announce our program to accomplish those payments as "Phase Two" of our Fiscal Stability Plan. "

The City of Petersburg has obtained \$6.5 million of financing through Wells Fargo at an annual interest rate of 4.5 percent. The entire sum plus interest must be repaid by October 2017. According to Tyrrell, "This figure does not begin to meet past financial obligations prior to this fiscal year starting July 2016. It does give us enough breathing room to continue to meet our current expenditures."

Interim Deputy City Manager Nelsie Birch said "This is not a quick fix to meet past debts from the City of Petersburg. This short term loan allows us to pay our current fiscal 2017 expenses while meeting City payroll, current debt financing, and emergency first responder services." "We are operating according to the plan presented to City Council," said Robert Bobb of The Robert Bobb Group. "We are still in a crisis mode and this is not the time to interpret short term financing as a long term accomplishment."

The City plans to focus this "Phase One" loan on securing everyday operations and essential services over the next few months to bring the City to an updated financial position. "Phase Two" will start in 2017 and will focus on the City's long term debt. A process is being organized to respond to "Phase Two" debt and to pay the remaining outstanding invoices and vendors. Robert Bobb said, "We need for the public and the vendors to please be patient. Our plan is working and we need cooperation from all to make it successful."

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