



CITY OF HARRISONBURG
**FINANCE
& PURCHASING**

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TO: Eric D. Campbell, City Manager
FROM: Larry L. Propst, Director of Finance
DATE: September 20, 2021
RE: Supplemental Appropriation – Series 2021A&B Bonds

Summary: Consider a supplemental appropriation for various purposes in the amount of \$179,049,945.20 for funds received from the Series 2021A&B General Obligation Bonds.

Background: The City sold \$159.4 million in general obligation bonds on August 31, 2021 for the construction of the new high school, for the eastern source water supply project and to refinance \$59.2 million in existing outstanding bonds. Closing on the bond issue will occur on September 21, 2021 at which point the city will receive the funds but still needs to appropriate those funds through this action. The refinancing of the existing outstanding bonds generated approximately \$5.3 million in debt service savings. Prior to the issuance of the bonds the city's credit rating from S&P was upgraded to AA+ and Moody's Investors Service affirmed the city's credit rating at Aa2.

Key Issues: This request will appropriate the bond funds into the city's budget across several capital project line items including incorporating the necessary budgetary entries for the refinancing portion. Virginia Code Section 15.2-2507 requires a public hearing for budget amendments that exceed 1% of the budget.

Environmental Impact: None.

Fiscal Impact: Collectively, the Fiscal Year 2022 budget for the General Fund, Water Fund, Sanitation Fund, General Capital Projects Fund, School Capital Projects Fund and Water Capital Projects Funds will increase \$179 million. Future annual debt service payments for the new high school project will be shy of \$5.8 million in the General Fund while debt service payments will be \$1.3 million in the Water Fund.

Prior Actions: Previous City Council approval of the projects and sale of the bonds.

Alternatives: None

Community Engagement: A public hearing notice was advertised in the Daily News-Record on September 20, 2021.

Recommendation: Staff recommends approval of the supplemental appropriation.

Attachments: Supplemental Appropriation

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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