



June 10, 2025 City Council Meeting

## **Title**

Resolution approving the issuance of bonds by the Harrisonburg Economic Development Authority (the EDA) for the benefit of Eastern Mennonite University (EMU).

## **Summary**

The EDA will meet on June 10 to consider issuing up to \$30,000,000 of its revenue bonds for the benefit of EMU. The proceeds of the bonds will be used by EMU for capital improvements at its campus in Harrisonburg and to refinance various previous bond issuances, all as set for in the attached resolution. The issuance of the bonds requires approval by City Council. There is not financial liability on the part of the EDA or the City for the bonds.

## **Recommendation**

Option 1. Approval of Resolution

## **Fiscal Impact**

The bond issuance will have no financial impact on the City.

## **Context & Analysis**

Virginia law permits local development authorities (such as the EDA) to issue revenue bonds to finance facilities for governmental and non-profit organizations to promote the health, welfare, convenience or prosperity of the residents of the locality and the Commonwealth. EMU has requested the EDA to issue bonds not exceeding \$30,000,000 for the purposes set for in the attached resolution, which purposes are proper and permitted under Virginia law and Federal tax law. All or a portion of the interest paid on the bond proceeds will be tax exempt under the Internal Revenue Code and regulations. The funds for the bond issuance will come from a private lender and flow through the EDA. Under state and federal law neither the City nor the EDA have any financial liability for the bond issuance. If there were to be a default the lender could not look to the City or the EDA for payment.

The Internal Revenue Code requires that the governmental unit having jurisdiction over the entity issuing the bonds and over the area in which the facility financed with the bond proceeds most

approve the issuance of the bonds. In this case, the City of Harrisonburg has jurisdiction over the EDA and EMU's campus, and therefore must approve the bonds issuance.

### **Options**

1. Approve the Resolution as presented.

### **Attachments**

1. Resolution of City Council Approving the issuance of the bonds by the EDA for the benefit of EMU.
2. TEFRA Package, which includes the EDA approval of proposed bond issuance, notice of public hearing, summary of statements made at the EDA's public hearing (to be supplemented), and the EDA Inducement Resolution.