



City of Harrisonburg, Virginia

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Kurt D. Hodgen
City Manager

MEMORANDUM

TO: Mayor Jones and City Council Members

FROM: Kurt D. Hodgen, City Manager *Kurt D. Hodgen*

DATE: March 2, 2016

RE: 2016 General Obligation Bond Issue

As know, we are planning to issue bonds within the next month or so for the following projects:

1. New Elementary School
2. Pre-K facility
3. THMS HVAC Improvements
4. Road improvements associated with #1 above
5. Bike/Pedestrian Infrastructure to interconnect HHS, THMS, new Elementary School, Westover Park area and Hillandale Park area.
6. Reimbursement to the City for project A/E costs

The above items total around \$45 million dollars and will be financed for 25 years with the exception of item #3, which will be financed for 15 years.

As part of the process of issuing bonds, this past Monday (February 29), City staff and our financial advisors, Davenport & Company, held conference calls with ratings agencies Moody's and Standard and Poor. The purpose of the calls was:

1. To provide those agencies with an update on current demographics, financial condition, and economic development initiatives of the City and surrounding area since our last bond issue in 2014;
2. Gain perspectives from the agencies with respect to the credit strengths and weaknesses of the City; and
3. Receive a credit rating for the new bond issue.

The schedule relative to the rating process and subsequent issuance of the bonds is:

Wk of March 14th Receive ratings from Moody's & Standard and Poor

March 22	Council Holds Public Hearing on issuance of bonds
March 23	Post Preliminary Offering Statement/Notice of Sale
Week of April 4	Price Bonds
Week of April 18	Close Bonds

The debt service on these bonds is estimated to be about \$2.7 million per year (which equates to 6.75¢ on the real estate tax rate).

END