



City of Harrisonburg, Virginia

Department of Finance

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TO: Kurt Hodgen, City Manager
FROM: Larry Propst, Director of Finance
DATE: August 15, 2017
RE: Public Hearing – Direct Bank Loan

Summary: Consider the issuance and award, through approval of a resolution, of up to \$2.6 million in a general obligation bond to finance the purchase of radios.

Background: The city is required by the Code of Virginia to hold a public hearing in advance of the issuance of debt. City Council was presented with information from the ECC Director regarding the need to move forward and purchase handheld radios for the city/county radio system upgrade project.

Key Issues: The city received 17 proposals for financing the purchase of the radios. After review, staff determined that it was in the best interest of the city to accept the proposal submitted by Zions Bank (ZB), N.A. The loan would be for five years at an interest rate of 1.78% with the ability to repay at any time without penalty. Staff intends on closing on the bank loan on or about September 8, 2017.

Environmental Impact: None

Fiscal Impact: The annual debt service in each of the next five fiscal years will be approximately \$495,000 each year.

Prior Actions: Approval on June 27, 2017 by City Council to direct staff to enter a purchase agreement with Harris Corporation the supplier of the radios.

Alternatives: None

Community Engagement: A public hearing notice was advertised in the Daily News-Record on August 8, 2017 and August 15, 2017.

Recommendation: Staff recommends approval of the resolution.

Attachments: Resolution and public hearing notice.

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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