



CITY OF HARRISONBURG  
**FINANCE  
& PURCHASING**

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TO: Eric D. Campbell, City Manager  
FROM: Larry L. Propst, Director of Finance  
DATE: January 17, 2020  
RE: Public Hearing – Issuance of General Obligation Bonds

**Summary:** Public hearing to consider the issuance of up to \$141 million in general obligation bonds that will finance construction of the new high school and several other capital projects.

**Background:** The City is required by the Code of Virginia to hold a public hearing in advance of the issuance of general obligation debt. The proceeds from this issuance will be used to fund (i) construction of the new high school and related infrastructure improvements, (ii) construction of a new public works building and (iii) construction of water lines primarily for the eastern source water line project. The public works building and the water line projects have been included in the Capital Improvements Program for a number of years. The public works building will also include space for a Police Department substation and storage for the Fire Department.

**Key Issues:** The public hearing will allow staff to continue moving forward with the issuance of the bonds which will provide permanent financing for the projects. The bonds will be issued only in an amount sufficient to fund the cost of the projects and to pay for the cost of issuing the bonds. The not-to-exceed amount includes certain estimates and assumptions that are reserved only for the bond issuance and are not intended to be used for project funding. This is a public hearing only and will require no formal action by City Council at this time. The not-to-exceed amount is comprised of the following:

- New High School Construction Project - \$104,800,000
- New Public Works Building - \$5,700,000
- Water Lines and Other Infrastructure - \$15,000,000
- Allowance for issuance costs and original issue discount - \$15,500,000
- Total – \$141,000,000

**Environmental Impact:** None.

**Fiscal Impact:** None.

**Prior Actions:** City Council approved at its December 10, 2019 meeting the construction of the new high school and entering into a comprehensive agreement with Nielsen Builders. The Harrisonburg City School Board adopted a resolution on January 21, 2020 requesting that the Harrisonburg City Council approve the issuance of general obligation bonds to finance the new high school project. The public works building and the water line projects have been included in the Capital Improvements Program for a number of years.

**Alternatives:** None.

**Community Engagement:** A public hearing notice was advertised in the Daily News-Record on January 14, 2020 and January 21, 2020.

**Recommendation:** None.

**Attachments:** 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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