



# City of Harrisonburg, Virginia

## Department of Finance

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TO: Ande Banks, Acting City Manager  
FROM: Larry Propst, Director of Finance  
DATE: November 13, 2017  
RE: Public Hearing – Direct Bank Loan

**Summary:** Consider the issuance and award, through approval of a resolution, of up to \$7 million in the form of a general obligation bond to finance the first phase of the eastern source water supply project.

**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 Public Utilities Director regarding a timeline for the eastern source water supply project.

**Key Issues:** The city received 13 proposals for this financing. After review and in consultation with the city's financial advisor and bond attorney, staff determined that it was in the best interest of the city to accept the proposal submitted by Union Bank & Trust. The loan would be for twenty years at an interest rate of 2.94% with the ability to repay in whole or in part at any time without penalty. Staff intends to close on the bank loan on or about December 15, 2017.

**Environmental Impact:** None

**Fiscal Impact:** The annual debt service in each of the next twenty fiscal years beginning in Fiscal Year 2019 will be approximately \$465,000 each year.

**Prior Actions:** None

**Alternatives:** Not approve the bond resolution.

**Community Engagement:** A public hearing notice was advertised in the Daily News-Record on November 14, 2017 and November 21, 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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