EXPLANATION OF THE COUNTY OF PULASKI MIDDLE SCHOOL BOND REFERENDUM

Ballot Question

> "Should the County of Pulaski, Virginia, contract a debt and issue its General Obligation Bonds in the maximum amount of $47,000,000.00 to finance the acquisition, construction and equipping of a consolidated Pulaski County Middle School and related improvements?"
> [ ] Yes
> [ ] No

Explanation

Virginia law authorizes the County of Pulaski to borrow money by selling general obligation bonds to investors. The County repays that borrowed money to the investors over time, with interest. The obligation to repay that money to the investors becomes a debt of the County. Virginia law provides for the County to seek authority from the County's voters to incur debt and borrow money before general obligation bonds are issued by the County. The process by which the voters are given the opportunity to authorize the issuance of those bonds is called a referendum. The question presented in the Pulaski County Middle School Bond Referendum is whether the County should be authorized to contract a debt and to sell bonds in the maximum aggregate amount of $47,000,000.00 for the purpose of acquisition, construction, and equipping a consolidated Pulaski County Middle School (the "Middle School"), along with related improvements. If a majority of the voters of the County voting on the question approve the bond issue, the bonds would be sold and the proceeds would be used for acquisition of land on which to build the Middle School, construction of the school building itself, equipping of the Middle School and also for the completion of related improvements, such as road and utility improvements necessary to serve the Middle School.

If issuance of the bonds is approved by the voters, the Board of Supervisors would then make decisions about the exact manner in which the bond debt would be structured. The structure of the bond debt would include the interest rate paid on the bonds, the investors to whom the bonds are sold, and the period of time over which the bonds are repaid. The Board of Supervisors has considered a range of staff proposals concerning the structure of the bond debt in the event the bond issuance is approved by the voters. Because it is not possible to know which investors will be active in the bond market at the time the bonds are issued and because interest rates change from time to time, it is not possible to know precisely what increase in the real estate tax rate would be necessary to enable the County to make the payments on the bonds and meet its other financial commitments. However, the Board of Supervisors has been presented with debt structure options that would result in a real estate tax rate increase ranging from 9 cents to 13 cents per $100.00 of assessed value. As an example, the median value home in Pulaski County is $135,700.00, according to data published by the U.S. Census Bureau for 2015, and this range of real estate tax rate increase would increase the actual annual real estate tax bill for a home of that value by an amount ranging from $122.13 to $176.41.

This Explanation was prepared by the Pulaski County Attorney pursuant to Virginia Code Section 24.2-687(A).