



The City of Virginia is requesting an exemption from the net debt limit under Minnesota Statute 475.53 subdivision 1 related to financing necessary to complete a new public safety building. The estimated project cost of the new public safety building is \$31.1 million. In 2019, the City received a \$9.5 million grant through the State of Minnesota bonding bill. The balance of the project financing is approximately \$21.6 million. The City is applying to the United States Department of Agriculture Rural Development program for a \$21.6 million loan. The USDA is requiring a general obligation pledge from the City as security for the loan.

The City of Virginia has the authority through its Charter in Section 7.09 to pledge its general obligation providing the full faith, credit and taxing powers for any corporate purpose, which includes public safety. The USDA loan would be subject to the City's debt limit.

The statutory debt limit is 3.00% of a cities estimated market value (EMV). The City of Virginia's pay 2022 EMV was \$391,292,600 x 3.00% = \$11,738,778. As of February 1, 2023 the City will not have any debt that counts towards the debt limit. As a result, the City's debt limit is \$11,738,778.

The importance of the special legislation request is that the City of Virginia is limited by the statutory debt limit (presently \$11.7 million). In order to provide the financing to complete the public safety project, the City needs special legislation to exempt the \$21.1 million general obligation USDA loan from the statutory debt limit.