

## Meeting Minutes

### Mosaic District Community Development Authority

#### Annual Board Meeting -- Virtual

March 31, 2021

Microsoft Teams: <https://www.fcrevite.org/mosaic-cda-annual-meeting>

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The meeting was called to order at 9:02 a.m. by the Mosaic District Community Development Authority (CDA) Chairperson Dalia Palchik.

Board members present: Dalia Palchik, John Foust, Barbara Byron, Joe LaHait, Karen Hammond

Others present: Jaymie Sheehan, Emily Metzler and Keenan Rice, MuniCap; Emily Smith, Office of the County Attorney; JoAnne Fiebe and Doug Loeschler, Department of Planning and Development; Galena Nedelcheva, Department of Management and Budget; David Germakian, Edens; Kristy Choik, and Katie Van Der Hyde, PFM; Vanessa Simpson and Aryeh Kalender, Providence District Supervisor's Office.

#### **ELECTRONIC MEETING OF THE MOSAIC DISTRICT COMMUNITY DEVELOPMENT AUTHORITY**

Ms. Palchik stated that to conduct this meeting wholly electronically and to effectuate both the emergency procedures authorized by the Virginia Freedom of Information Act and the Emergency Ordinance, the CDA Board needs to make certain findings and determinations.

Because each member of the CDA Board is participating in the meeting from a separate location, the Board needs to verify that a quorum of members is participating, and that each member's voice is clear, audible, and at an appropriate volume for all the other members. To that end, Ms. Palchik conducted a roll call and ask each board member to state their name and the location from which they are participating. Ms. Palchik called the roll and members responded as follows:

- Dalia Palchik, Providence District Offices, Fairfax, VA
- John Foust, McLean Government Center, McLean, VA
- Barbara Byron, Home, Fairfax County, VA
- Joe LaHait, Home, Prince William County, VA
- Karen Hammond, Office, Falls Church, VA

Ms. Palchik passed the virtual gavel to Vice-Chairman Foust and moved that the Board certify for the record that each member's voice may be adequately heard by each other member of the Board. Mr. Foust seconded the motion which passed unanimously.

#### **Need for an Electronic Meeting**

Ms. Palchik stated that having established that each member's voice may be heard by every other member, the Board must next establish the nature of the emergency that compels these emergency procedures, the fact that we are meeting electronically, what type of electronic communication is being used, and how we have arranged for public access to this meeting.

To that end, she moved that the State of Emergency caused by the COVID-19 pandemic makes it unsafe for this Board to physically assemble and unsafe for the public to physically attend any such meeting, and that as such, the Virginia Freedom of Information Act's usual procedures, which require the physical assembly of this Board and the physical presence of the public in a single location, cannot be implemented safely or practically. I further move that this Board may conduct this meeting electronically using videoconferencing technology via Microsoft Teams, and that the public may access this meeting by clicking on the link available at <https://www.fcrevite.org/mosaic-cda-annual-meeting> or by calling 1-571-429-5982, and entering Conference ID: 951 892 342#. The motion was seconded by Vice-Chair Foust and passed unanimously.

### **Purpose of the meeting**

Ms. Palchik stated that the actions that the Board will be taking must be within the purview of Amendment 28 to House Bill 29, as approved by the Governor on April 24, 2020, which allows public bodies to meet by electronic communication means without a quorum of the public body physically assembled at one location when the Governor has declared a state of emergency. She therefore moved that the Board certify that the purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue the operations of the Mosaic District Community Development Authority and the discharge of its lawful purpose, duties, and responsibilities. The motion was seconded by Mr. Foust and passed unanimously.

### **Election of Officers**

Ms. Byron made a motion to elect the following slate of officers:

- Supervisor Dalia Palchik: CDA Board Chairperson
- Supervisor John Foust: Vice Chair
- Joe LaHait: Treasurer
- Barbara Byron: Secretary
- Karen Hammond: Board Member

The motion was seconded by Mr. Foust and passed unanimously.

### **Approval of Minutes**

The Board reviewed the minutes of the meeting dated September 24, 2020. Mr. Foust made a motion to approve the minutes. Ms. Byron seconded the motion, and it was approved unanimously.

### **Review and Approval of the Report on the Collection of the Annual Payment and Update of the Special Assessment Roll Assessment Year 2021-2022**

Keenan Rice presented a Power Point on the Financial Summary and Debt Service Update for the Mosaic CDA for 2021-2022. Mr. Rice noted the refunding of \$62M of bonds, with the interest rate of 3.53%. However, the actual cost of the interest is effectively an "all in" 2.43%; a major interest savings. Mr. Rice commented that the A2 rating contributes to the very low interest rates. Further, he noted a major reduction in debt service from \$42M to \$17M, with a Net Present Value (NPV) of \$24M. Finally, Mr. Rice said that the excess surplus fund release this year will be over \$2.1M. Mr. Foust asked what discount rate was used for the NPV calculation. Mr. Rice responded that they had two series of bonds, with the NPV rate of 1.78% (tax-exempt) and 2.6% (taxable).

Mr. Rice then continued in presenting the fund balances as of February 28, 2021, as well as the estimated Tax Increment Revenues for the 2021-2022 Assessment Year, to be \$7,128,294. Mr. Rice noted that the commercial value went down approximately 11%, while the residential values went up by 6%, resulting in an overall assessed value decline of only 1%, which is not a significant impact in the overall budget. He also noted a slight reduction in tax revenues, mostly due to the proposed reduction in real estate tax rates, but as the expenses are much lower, there is still a surplus revenue.

The CDA Annual Budget was then presented, with revenues of \$7,441,777 and expenditures of \$5,065,342, resulting in an excess of revenues over expenditures of \$2,376,435. Mr. Rice then explained the purpose of the Special Assessment and the Annual Revenue Requirement (Part A), which this year is \$0, due to fact that there are more available funds than expenses for the district. As such, no special assessment is needed.

New this year, Mr. Rice discussed the Special Assessment Reduction, as the actual costs incurred by the CDA are less than the assessment. He explained that the Special Assessment Roll is comprised of principal and interest on the bonds as well as administrative expenses. MuniCap is recommending a reduction in the special assessment roll because the costs have been reduced significantly due to the refunding of the bonds. Mr. Foust asked what the consequence was of reducing the special assessment roll. Mr. Rice mentioned this was because the revenues are so much higher than what is needed. Ms. Byron further explained that this helps make the community more competitive for sales, because it reduces property owner contingent liabilities. Ms. Palchik asked what is included in the administrative and contingency expenses budget item. Mr. Rice replied that it is a 5% contingency.

The surplus fund transfer was then presented by Mr. Rice. MuniCap is recommending that the surplus fund be refunded to the County's general fund in the amount of approximately \$2.1M, which is the remaining surplus after retaining at least 50% of the annual debt service requirement. Mr. Rice mentioned that the CDA board will need to bring a motion forward to refund the surplus. Ms. Palchik noted that this was higher than the amount anticipated last year. Mr. Rice said that this was due to both the vision of the community and the strength of Edens' management. Ms. Palchik also thanked the visionaries of the Greater Merrifield Business Association (GMBA) in the formation of the town center concept. Ms. Byron mentioned that Mosaic is showcased in a new publication and thanked everyone involved in the bond refinancing.

Ms. Palchik asked Mr. LaHait about two other separate transfers. Mr. LaHait replied that \$1.6M was held back in a previous debt service payment, along with another \$2.8M. All in, \$6.5M has been returned to the County in FY '21. Mr. Foust commented that this is major success and hopes that will parlay into future projects and that investors will see lower risk in future projects due to the success of Mosaic.

Mr. Rice further discussed that, with the refunding, the debt service payment is consistent each year. The debt service is not increasing on the bonds year over year so it is expected that the surplus and refunding to the county will be higher each year going forward as property values increase. The property has outperformed every year over what was projected as demonstrated by the fact that the assessed value is higher than projected, and because the annual tax rate has increased.

The presentation then highlighted the change in total assessed values and a comparison of tax incremental revenues. Board members then discussed the variable impact of a change in tax rates and concluded that the CDA was in a good position regardless, due to the refinancing of the bonds.

Mr. Rice provided an update on the general impacts of Covid including a 1% reduction in the overall assessed values. As an example, he mentioned that Target did extremely well during Covid. Further, as expected, the hotel and theatre were negatively impacted the most, as well as full-service restaurants. Alternatively, limited retail and fast casual restaurants fared better.

#### Motion to Approve the Mosaic District CDA Budget (Table C)

Ms. Byron moved approval the Annual Budget as set forth in Table C in the Report on the Collection of the Annual Payment and Update of the Special Assessment Roll Assessment Year 2021-2022. Vice-Chair Foust seconded the motion. The motion passed unanimously.

#### Motion to Approve the Annual Assessment Report and Assessment Roll (Appendices A-1 and A-2) for Assessment Year 2021-2022

Ms. Byron moved that; (1) that the Board approve the methodology contained in the Report on the Collection of the Annual Payment and Update of the Special Assessment Roll Assessment Year 2021-2022; (2) that the Board delegate to Ms. Byron and Mr. LaHait the ministerial duty of adjusting the tax increment revenues and special assessments set forth in the Report based on the approved methodology and the final tax rate approved by the Board of Supervisors; (3) that the Board request that the County pay to the Trustee on behalf of the CDA County Advanced Revenues up to the amount needed to pay debt service on the Bonds for the next year; and (4) that staff be directed to: (i) furnish the Report to the County, confirming that no special assessments for the Mosaic District in Assessment Year 2021-2022 are required; and (ii) notify the County of the requested County Advanced Revenues payment. Mr. Foust seconded the motion. The motion passed unanimously.

#### Motion to Request Release of Excess Money on Deposit in the Surplus Fund Account

Ms. Byron moved that the Board authorize the Authority's Treasurer to submit a written request to the Trustee for transfer to the County General Fund an amount equal to the balance of the Mosaic CDA Surplus Fund Account as of the date of such request less one half Maximum Annual Debt Service on the Series 2020 Bonds. Mr. Foust seconded the motion. The motion passed unanimously. Ms. Palchik requested that some of the surplus fund should be used for Amenities in the Merrifield community, and mentioned that she will bring a request to the Board of Supervisors that \$2.1M be used for these purposes.

Ms. Palchik thanked everyone for a great year. David Germakian expressed that while the pandemic brought challenges, they were excited about some new openings, including Bloomies, a small format version of Bloomingdales, and the rooftop at the Parc De Ville.

Ms. Palchik made a motion to close the meeting, which was seconded by Ms. Byron. The meeting adjourned at 9:58 a.m.