

Meeting Minutes

Mosaic District Community Development Authority

Annual Board Meeting -- Virtual

March 14, 2022

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

The meeting was called to order at 3:03 p.m. by the Mosaic District Community Development Authority (CDA) Chairperson Dalia Palchik.

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

Others present: Jaymie Sheehan and Keenan Rice, MuniCap; Emily Smith, Office of the County Attorney; Joe Mondoro, Providence District Supervisor's Office; Doug Loescher, Department of Planning and Development and John Cocker, Edens.

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 asked Secretary Byron to conduct a roll call and ask each board member to state their name and the location from which they are participating. Ms. Byron 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, Alexandria, VA
- Joe LaHait, Home, Prince William County, VA
- Karen Hammond, Office, Falls Church, VA (responded via Microsoft Teams chat)

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.fcinvite.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: Chairperson
- Supervisor John Foust: Vice Chair
- Joe LaHait: Treasurer
- Barbara Byron: Secretary
- Karen Hammond: Board Member, Developer's Representative

The motion was seconded by Mr. LaHait and Ms. Byron and passed unanimously.

Approval of Minutes

The Board reviewed the minutes of the meeting dated March 31, 2021. 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 2022-2023

Mr. LaHait noted the tremendous effort in past year with refinancing. Keenan Rice then presented a Power Point on the Financial Summary and Debt Service Update for the Mosaic CDA for 2022-2023. Mr. Rice discussed the successful refunding of the bond last year, noting that \$62,155,000 in bonds were refinanced, which represented a significant savings in the interest rates on the bonds, resulting in a net present value savings to the County of approximately \$24M over the remaining term of the bond. He further noted that we were also able to release excess money in the surplus fund equal to \$2.1M that went back to the county for the county general fund.

Mr. Rice then discussed the fund balances which, as of January 31, had \$8.6M on deposit with the CDA, which represents different types of reserves, including \$4.9M in the debt service reserve fund, which is not expected to be used and will come back to County at some point. In addition, there is \$2.1M in the surplus account, which will also come back to the County. Finally, there is \$1.3M in reserve fund to cover CDA expenses each year.

In discussing estimated real property tax increment revenues, Mr. Rice mentioned the 2022 aggregate assessed value of \$686M, which is a \$648M increment from the base year value, a significant increase, and will result in \$7.4M in estimated tax increment revenues for the 2022-2023 Assessment Year.

In reviewing the CDA Annual Budget, Mr. Rice outlined total revenues of \$7,599,386 for this year, with \$3,428,600 in tax-exempt debt service and \$1,452,835 in taxable debt service, for a total of \$4,881,435, resulting in \$5,064,743 in total expenditures, with revenues in excess of expenditures by \$2,534,643., which remains in the General Fund.

In calculating annual revenue requirements for the 2022-2023 assessment year, Mr. Rice noted how the Board of Supervisors adopted a formula for collecting a special assessment if the revenues, (which this year was \$7,599,386), are less than the expenses of the CDA, (which was \$5,064,743). As there is sufficient revenue, no special assessment is required. Mr. Rice concluded that it is not expected that this assessment will need to be collected in future years as well.

Regarding the surplus fund transfers, Mr. Rice noted that the debt service coverage is calculated to be a total of \$4,881,435 and funds available to be a total of \$9,826,519, creating a surplus fund coverage ratio of 2.01x.

For this year, the calculated surplus fund release amount of \$2,504,367 is almost the same as the amount required for retention, which is 50% of the annual debt service. Therefore, there is \$196 available for release from the surplus fund. Mr. Rice also pointed out that the \$2.5M being held will eventually be returned to the county.

In tracking how the project is performing compared to historical projections, Mr. Rice mentioned that the performance consistently exceeded projections. He provided a graph showing a comparison of tax incremental revenues exceeding projected revenues each year. Mr. Rice noted the role of the County, the developer, the community in executing the successful project. Going forward, tax revenues are projected to grow annually.

In discussing market conditions, Mr. Rice noted that retail on the site has fully recovered from COVID and the project has weathered COVID very well. Finally, Mr. Rice noted that total tax revenues generated by this project is somewhere between \$5-6M this past year, which also included sales tax and other taxes, most of which go directly into the general fund.

At the conclusion of Mr. Rice's presentation, Ms. Palchik asked about a break-down of revenues between residential and commercial. Ms. Sheehan noted that 86% (\$590M) was commercial and the remaining 13% (\$95M) was residential.

Mr. Foust discussed actual revenues versus projections. He asked what the original tax rate was, which he believed was around \$1.04. Essentially, he wondered whether the project would still be successful if

the tax rate had stayed flat at the initial rate. Mr. Rice responded by pointing out that regardless of tax rates, the assessed value of the property has increased significantly. Mr. Foust then asked about the original amount of the bonds. Ms. Sheehan confirmed that the CDA originally issued \$65,650,000 in June of 2011. Mr. Foust then asked about whether we were getting interest on the bonds that were in escrow between December 2021 and March 2022. Mr. Rice responded that the money was put into Treasuries and the income was not significant.

Mr. Foust asked about the \$2.4M balance of the Surplus Fund as of January 31, 2022, and why that would not be transferred to the County, as it was done last year. Mr. Rice responded by explaining that last year was unique, as there was more than \$4M available due to the refinancing of the bonds. Mr. LaHait mentioned that, prior to refunding, we were unable to access surplus funds, so with the refunding of the bonds, we were able to bring those excess funds back to the County and that with the refinancing, we changed the terms so that those funds could be released. Mr. LaHait added that last year, when putting together the County Executive's budget, we knew we had about \$7.4M in TIF revenues, and we only needed about \$4.9M for debt service, therefore we held back the excess in the general fund. Mr. Foust noted that this is an important fact. Mr. Rice mentioned that those additional funds stay in the general fund and that in future years these numbers could be made more transparent in the annual report. Regarding Mr. Foust's question on administrative expenses, Ms. Byron confirmed that these are not for staff expenses, but rather to pay for consulting expenses as needed, and the full \$84,000 is not typically needed.

Mr. Cocker reported how Mosaic is performing. Similar to Mr. Rice's comments, he said that 2021 was significantly improved with 12 new retail openings in last year, and 10 more leases being negotiated. The largest new opening was Bloomies, a small-format version of Bloomingdales. Retail sales rebounded very well, and events have been well supported by the community.

Motion to Approve the Mosaic District CDA Budget (Table B)

Ms. Byron moved approval the Annual Budget as set forth in Table B in the Report on the Collection of the Annual Payment and Update of the Special Assessment Roll Assessment Year 2022-2023. 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 2022-2023

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 2022-2023; (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 2022-2023 are required; and (ii) notify the County of the requested County Advanced Revenues payment. Mr. Foust seconded the motion. Mr. Foust followed-up with a question regarding the impact of a potential reduction in the tax rate. Mr. LaHait mentioned that a \$120-180,000 reduction would be negligible in the \$2.4M debt service and would require a modest adjustment that could be made, as part of the staff's

ministerial duties. Ms. Palchik noted that the new bond fund rating of A2 puts the County in a strong position. The final motion then passed unanimously.

With no further business, Ms. Palchik adjourned the meeting at 3:55 p.m.