

Meeting Minutes

Mosaic District Community Development Authority

Annual Board Meeting

March 19, 2025, 9:30 a.m.

3001 Vaden Dr, Fairfax, VA 22031

The meeting was called to order at 9:30 a.m. by the Mosaic District Community Development Authority (CDA) Chairperson Dalia Palchik.

Board members present: Dalia Palchik, James Bierman, Tracy Strunk, Joe LaHait and Karen Hammond.

- Others present: Keenan Rice; MuniCap Max Heskes, MuniCap; Emily Smith, Office of the County Attorney; Kim Jaramillo, Morgan Standley and Matthew Savage from the Providence District Supervisor's Office; Doug Loescher, Department of Planning and Development, and John Cocker, Edens. In addition, Olivia Barone, Efran Abral and Stephie Bolton of MuniCap were present on video.

Election of Officers

Mr. Bierman made a motion to elect the following slate of officers:

- Supervisor Dalia Palchik: Chairperson
- Supervisor James Bierman: Vice Chair
- Joe LaHait: Treasurer
- Tracy Strunk: Secretary
- Karen Hammond: Board Member, Developer's Representative

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

Approval of Minutes

The Board reviewed the minutes of the meeting dated April 3, 2024. Ms. Strunk made a motion to approve the minutes. Mr. LaHait 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 2025-2026

Mr. Rice presented a Power Point on the Financial Summary and Debt Service Update for the Mosaic CDA for 2025-2026. Mr. Rice began by mentioning that there would be a small surplus of roughly \$2.7 million in bond revenues, as documented in Table A of the report. Mr. Rice mentioned that the fund balances were stable from last year, and that the \$10 million listed in the table of Account Activity summary total will ultimately come back to the County when all bonds have been repaid. Mr. Rice then reviewed the annual budget and noted a revenue increase of approximately \$500 thousand from last year, resulting in excess revenue over expenditure of \$4,109,780.

Mr. Rice then presented the Summary of Annual Revenue Requirement, which illustrates that, as in past years, no special assessments will need to be made, due to the strong performance of the development.

Mr. Rice discussed the Surplus Fund Coverage Ratio, to determine if excess revenues need to be transferred into or out of the Surplus Fund, noting that, as in past years, no funds needed to be transferred into the fund. Mr. Rice continued with a review of the Surplus Fund Transfers, indicating that no deposit to the Surplus Fund is necessary, and therefore MuniCap recommends a release of \$286,369 in excess funds to the County's General Fund. Mr. Rice noted that this increase is due to two factors: both the increase in development revenues as well as increases in property tax rates. Ms. Palchik asked what it would look like with a flat tax rate. Mr. Rice said they could look into that and prepare an analysis.

Mr. Rice continued with a Summary of Estimated Real Property Tax Revenues, noting that it grows by 2-3% per year, while the base value never changes. The projected total estimated real property tax revenues for fiscal years 2025 through 2036 shows total revenues of \$104,393,221, less debt service of \$54,722,109, resulting in a surplus of \$49,621,111. Mr. Rice noted that is a financial analysis only, which typically is just one of many considerations by local governments, which often considers a "triple bottom line" of profit, people and planet. Ms. Palchik asked if the County should consider early repayment. Mr. LaHait mentioned that the 2020 refinancing resulted in an investment grade bond rating, and it would only be advisable to refund if rates go lower, and that now would not be a good time to do so. Ms. Palchik asked for further clarification on the surplus and Mr. Rice mentioned that, in addition to the \$286,000 in surplus funds transferred this year, the County will also keep approximately \$4.1 million from real property taxes, and as mentioned earlier, another \$10 million will be held until the end of the bond term. Ms. Palchik asked what impact we might see if the County does not increase to the tax rate proposed. Mr. LaHait responded that total adjustments would be minimal, in the range of \$36-72,000, and Mr. Rice added that if changes are made, the numbers in the report would be adjusted.

With the report summary concluded, Ms. Palchik invited Mr. Cocker of Edens to share updates on Mosaic development. Mr. Cocker noted that Mosaic will add 8-10 new retailers this year, with a big project that will involve the conversion of 73,000 square feet in office space formerly leased to Custom Ink. They have received significant interest from a fitness facility, which has not yet been finalized. He noted that the gym would only take part of the space, with the balance to be leased for other uses. In addition, Mosaic will see significant improvements to public spaces, such as a new children's area of Strawberry Park, with new features and a large mural. Mr. Cocker provided highlights of the 150 events held at Mosaic in the last year, including the Polar Plunge Special Olympics event that drew 250 participants, as well as the annual Art Blooms festival that takes place during the Cherry Blossom Festival, and Mosaic Live partnership and children's concerts. Mr. Rice provided some historical perspective on the project, mentioning that Edens was willing to do the project with a lower rate-of-return when other developers were not willing to take the risk, and Ms. Hammond commented that Edens was actually the fourth developer considered, and in the end, was the perfect partner.

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

Mr. Bierman then made a motion for the approval of 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 2025-2026. Mr. LaHait seconded, and the motion passed unanimously.

Motion to Approve the Annual Assessment Report and Assessment Roll for Assessment Year 2025-2026

Mr. Bierman also moved (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 2025-2026; (2) that the Board delegate to 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 2025-2026 are required; and (ii) notify the County of the requested County Advanced Revenues payment. Mr. LaHait seconded, and the motion passed unanimously.

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

Finally, Mr. Bierman 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. LaHait seconded, and the motion passed unanimously.

There being no further business, Ms. Palchik adjourned the meeting at 10.12 a.m.