



# Mosaic District Community Development Authority (CDA)

Board of Supervisors  
Community Revitalization  
and Reinvestment Committee  
April 12, 2011

# Mosaic CDA - Background

- ❑ October 15, 2007, BOS approved rezoning for Mosaic at Merrifield
  - 1000 dwelling units, movie theatre, 125,000 sq. ft. office, hotel and 500,000 sq. ft. of other non-residential uses
- ❑ July 21, 2008, BOS adopted 16 Principles for Public Investment in Support of Commercial Redevelopment (“the Principles”)
- ❑ February 11, 2009, Edens & Avant petitioned County to establish CDA to issue bonds to assist in funding public improvements

# Mosaic CDA - Background

- Proposal complies with The Principles:
  - Project is a “Pioneer Project”, of strategic importance to achieving revitalization goals (1 and 2)
  - Public funds will be used for public infrastructure improvements that are consistent with the Comprehensive Plan, and provide public benefit (3, 4 and 5)
  - Bonds are not backed by the County; County has no liability for the debt (6, 7 and 8)

# Mosaic CDA - Background

- Detailed financial information was submitted; contribution to meeting the County's goals was analyzed (9)
- Debt service on CDA bonds to be paid for by self-assessments and TIF revenues. Concluded that "but for" test was met and that without the assistance the project would not be constructed in the short term (10)

# Mosaic CDA - Background

- Analysis indicated that 22 years (and 3 year capitalized interest period) versus 20 years was the beneficial term of the TIF Bonds (12)
- Structure of the deal includes a reasonable rate of return for the County (13)
- Development is in conformance with the character and quality called for in the Comprehensive Plan (14)

# Mosaic CDA - Background

- CDA assumes full risk of debt service through self-assessments on properties in the District (11)
- Recovery of annual return hurdle to offset County costs; recovery period extends at least 10 years beyond bond term; County maintains public ownership of facilities with right to assess fee if excess revenues fall short (15)
- Full financial disclosure was provided (16)

# Mosaic CDA - Background

- ❑ April 27, 2009, BOS adopted Ordinance to create Mosaic District Community Development Authority and approved MOU with Edens & Avant
- ❑ MOU permitted sale of TIF bonds in an amount sufficient to fund \$42 million of public improvements
- ❑ MOU permitted \$30 million in public improvements financed with Special Assessment bonds to be paid for through special assessments on the properties within the District
- ❑ April 27, 2010, BOS adopted technical amendment to the Ordinance that established the Mosaic District CDA

# Mosaic CDA - Background

- ❑ May 11, 2010, BOS approved Development Agreement among County, CDA and Developer which contains performance standards and expectations related to funding and construction of public improvements; no revisions anticipated
- ❑ 2011 - movie theatre demolished; construction commenced on project



# Proposed Bond Sale

- ❑ Series A (25 year TIF Bonds): To fund \$42 million of public improvements in 2 series:
  - Non-taxable – to be sold to third parties on a limited offering basis to fund \$25 to \$35 million in public improvements
  - Taxable - to be sold to third parties or placed with an affiliate of the developer to fund \$17 to \$7 million of public improvements
  - Bond amounts will finance a Debt Service Reserve Fund, a Capitalized Interest Account, underwriting fees, administrative expenses, and other costs of selling the bonds
- ❑ Series B (30 year Special Assessment Bonds)
  - Taxable - to be placed with an affiliate of the developer to fund \$30 million in public improvements

# Mosaic – Special Assessments

- ❑ MOU contemplates levying of special assessments on all of the property within the CDA District
- ❑ Amount of Special Assessment is total of debt service for all bonds and annual operating costs of the CDA
- ❑ MOU contemplates that each year the BOS may appropriate to the CDA the amount of money that reflects the additional real property taxes received by the County in excess of the real property taxes produced as of January 1, 2007, up to the maximum amount needed to pay the debt service on the Series A (TIF) bonds
- ❑ Used to offset (up to 100%) the amount of the Special Assessment that would otherwise be collected that year to pay the debt service on the Series A Bonds

# Fiscal Impact Analyses

<u>Comparison of Fiscal Impact Analyses</u>			
	2009 Approved Fiscal 30 Years (2008 - 2038)	2011 Fiscal (Includes DTA Estimated Sales) 30 Years (2010 - 2040)	2011 Fiscal (Includes E&A Estimated Sales) 30 Years (2010 - 2040)
<b>Payment of Series A Bonds<sup>1</sup></b>			
Real property tax revenues	\$191,700,145	\$203,635,991	\$203,635,991
Less: debt service	(\$100,018,647)	(\$123,860,378)	(\$123,860,378)
Net surplus/deficit	\$91,681,498	\$79,775,613	\$79,775,613
<b>Net New County Revenues</b>			
Real property tax revenues (net of debt service) <sup>2</sup>	\$91,773,730	\$79,775,613	\$79,775,613
Personal property tax revenues	\$13,743,872	\$13,267,387	\$13,267,387
BPOL tax revenues	\$29,987,304	\$22,026,204	\$29,510,698
Sales tax revenues	\$130,633,989	\$107,122,985	\$150,380,587
Hotel lodging tax revenues	\$15,044,801	\$22,479,498	\$25,266,734
Recordation tax revenues <sup>3</sup>	\$435,307	\$413,013	\$413,013
Additional county revenues	\$76,826,763	\$63,872,121	\$66,237,034
New county revenues	\$358,445,766	\$308,956,821	\$364,851,067
Additional costs to Fairfax County	(\$110,140,959)	(\$103,417,507)	(\$106,740,893)
Net surplus/deficit <sup>4</sup>	\$248,304,807	\$205,539,315	\$258,110,174
<b>Special Fund Revenues</b>			
Stormwater management tax revenues		\$2,963,071	\$2,963,071
Commercial transportation tax revenues		\$10,425,626	\$10,425,626
Sub-total special fund revenues		\$13,388,697	\$13,388,697
Net surplus/deficit including special fund revenues <sup>4</sup>		\$218,928,012	\$271,498,871
<b>Employment Impacts</b>			
Direct	1,967	1,651	2,555
Indirect	488	393	584
Total	2,455	2,043	3,139
<b>Annual Wage Impacts</b>			
Direct	\$58,400,767	\$59,860,815	\$85,973,135
Indirect	\$23,730,675	\$21,385,951	\$31,909,926
Total	\$82,131,442	\$81,246,766	\$117,883,061

<sup>1</sup>Represents the total revenue and debt service over the 30 year period shown.

<sup>2</sup>Represents the net surplus real property tax increment revenues following advances from the surplus fund or reimbursements of special assessments.

<sup>3</sup>Equals the total recordation revenue earned at full build out prior to inflation.

<sup>4</sup>Revenues shown do not represent net present values. Revenues are shown over a 30 year period assuming a three percent inflation factor. Approximately 60 - 63% of revenues occur in years 1-25. Positive fiscal impacts can be attributed to the commercial development.

# Documents for BOS Action– Memorandum of Understanding (MOU)

- ❑ Amended to reflect details of financing transaction
- ❑ Includes Rate and Method which apportions the special assessments among the various properties in the CDA District
- ❑ Approved by CDA Board; to be approved by BOS

# Documents for BOS Action— Special Assessment Ordinance

- ❑ Amendment to previously adopted Special Assessment Ordinance
- ❑ Imposes Special Assessment on Properties within the CDA in accordance with the Special Assessment Agreement, in which Landowners request imposition of the Special Assessment and acknowledge that allocations to the various parcels within the CDA pursuant to methodology contained in the Rate and Method meet legal requirements
- ❑ To be adopted by BOS

## Documents for BOS Action - Special Assessment Report

- ❑ Presents the reasonable basis for the Rate and Method formulas and allocations
- ❑ Endorsed by CDA; to be endorsed by BOS

# Additional Board Action

- ❑ Details of bond issuance described in Preliminary Limited Offering Memorandum (PLOM) and Trust Indentures
- ❑ Approved by CDA Board; consent of BOS needed on these documents before CDA can issue bonds

# Next Steps

- ❑ Public Hearing on the Ordinance and Action Item on the other documents scheduled to come to the BOS on April 26, 2011
- ❑ Bonds to Market – May 2011