

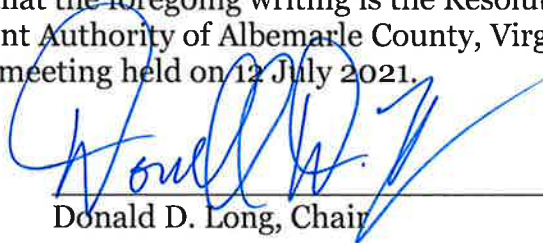


**Economic Development Authority
of Albemarle County, Virginia**

**MOTION TO ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF UP
TO \$22,000,000 REVENUE REFUNDING BOND (ST. ANNE'S BELFIELD,
INC.), SERIES 2021**

I move that the Economic Development Authority of Albemarle County, Virginia, adopt the resolution, as presented, related to the issuance of up to \$22,000,000 (twenty-two million dollars) Refunding Bond, Series 2021, and authorize the Chair and Vice Chair to endorse all documents and take any action described in the Resolution to execute the plan.

I, Donald D. Long, do hereby certify that the foregoing writing is the Resolution duly adopted by the Economic Development Authority of Albemarle County, Virginia, by a vote of 4 to 0 as recorded below, at a meeting held on 12 July 2021.



Donald D. Long, Chair

	Aye	Nay
Dir. Long	<u> x </u>	_____
Dir. Ray	<u> x </u>	_____
Dir. Shreve	<u> x </u>	_____
Dir. Munson	_____	_____ [Absent]
Dir. Imhoff	<u> x </u>	_____
Dir. McNaughton	_____	_____ [Absent]



**Economic Development Authority
of Albemarle County, Virginia**

**MOTION TO IMPOSE ANNUAL ADMINISTRATIVE FEE FOR THE
ISSUANCE OF UP TO \$22,000,000 REVENUE REFUNDING BOND (ST.
ANNE'S BELFIELD, INC.), SERIES 2021**

I move that the Economic Development Authority of Albemarle County, Virginia, impose an annual administrative fee of \$5,000 (five thousand dollars) per year for the issuance of up to \$22,000,000 (twenty-two million dollars) Refunding Bond, Series 2021.

I, Donald D. Long, do hereby certify that the foregoing writing is the Resolution duly adopted by the Economic Development Authority of Albemarle County, Virginia, by a vote of 3 to 1 as recorded below, at a meeting held on 12 July 2021.



Donald D. Long, Chair

	Aye	Nay
Dir. Long	<u> x </u>	_____
Dir. Ray	_____	<u> x </u>
Dir. Shreve	<u> x </u>	_____
Dir. Munson	_____	_____ [Absent]
Dir. Imhoff	<u> x </u>	_____
Dir. McNaughton	_____	_____ [Absent]

ALBEMARLE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY MINUTES
JULY 12, 2021
2:00 P.M.
Electronic Meeting

Directors Present: Kat Imhoff, Don Long, Stuart Munson, George Ray, David Shreve

Staff Present: Jim Bowling, EDA Counsel; Doug Walker, Deputy County Executive; Roger Johnson, Economic Development Director; Jennifer Schmack, Economic Development Project Manager; Richard DeLoria, Senior Assistant County Attorney; Diantha McKeel, Board of Supervisors Liaison to the EDA

1. **Establish Quorum and Call to Order**

Mr. Long convened the meeting at 2:00 p.m. read the following statement:

Notwithstanding any provision in the EDA Bylaws to the contrary, as permitted under Virginia Code § 2.2-3708.2(A)(3), Albemarle County's Continuity of Government Ordinance; Albemarle County's and the City of Charlottesville's declarations of a local state of emergency, the catastrophic nature of which makes it impracticable or unsafe to assemble a quorum in a single location; and the Resolution of this body adopted on April 21, 2020, we are holding this meeting by real time electronic means with no Authority member physically present at a single, central location. All Authority members are participating electronically.

This meeting is being held in accordance with Section 6 of the County's Continuity of Government Ordinance. All Authority members will identify themselves and state their general physical location by electronic means during the roll call which we will hold next. This meeting is being recorded and will be uploaded to the County's website.

The public has real time audio-visual access to this meeting over Zoom and real time audio access over telephone, both as provided in the lawfully posted meeting notice. The public is also invited to offer live comment during the meeting's Public Comment period. Comments are limited to three minutes and must be germane to matters on today's agenda. The public is also invited to send questions, comments, and suggestions to the Authority through the County's Economic Development Office at any time.

Mr. Deloria provided the roll call and confirmed a quorum.

2. **Matters from the Public**

Ms. Schmack confirmed no speakers had signed up. Audience member Peter Daniel raised his hand to comment. Ms. Schmack unmuted Mr. Daniel with Mr. Long's approval.

Mr. Daniel: "When discussions involve the issuance of bonds, as they have in the past-and I believe this meeting will have something to do with that—is it possible that we could discuss the term of the bonds that are being issued? Because it does have an impact on financing costs as I'm sure all of you well know. And that would be helpful, just to know, because I think the last two was roughly \$66 million dollars and I believe the all-in financing cost at that time was \$1.61 [million]—somewhere in there. And I just wonder if that was a 30-year bond or—what maturity of that bond. That would be helpful to some of us that have had background in this. Thank you."

3. **New Business**

- a. Revenue Funding Bond for St Anne's Belfield, Inc. - Mr. Bowling indicated that he had recently set an email to the board members regarding the historical fees charged for a refunding issue. He indicated that the proposed resolution—A Refinancing of St. Anne's Belfield Bond was acceptable.

Ms. Schmack admitted T.W. Bruno, bond attorney for St Anne's, and Sally Woods, CFO of St. Anne's.

Mr. Bruno confirmed that St Anne's is seeking to refinance bonds issued by the Authority in 2009 were placed with Truist Bank (originally Suntrust). Truist and St. Anne's have been discussing refinancing of these bonds for several months. The resolution before the board would authorize new bonds to refinance the original from 2009. They would remain with Truist although the interest rate would be reduced. St. Anne's and Truist have agreed to amend some of the terms of the agreement. The refinancing will entail a new formal agreement between the Authority, St. Anne's, and Truist (or its affiliate). St. Anne's will issue a new note to the Authority who will assign it to the lender as security for the lone. St. Anne's will make payments directly to the lender. The maturity date of the bond will remain December 1, 2035. Mr. Bruno then asked for questions.

Mr. Bruno clarified that St. Anne's had previously asked Mr. Bowling for clarification on the EDA's fee policy and whether it had changed since 2009.

Mr. Shreve asked for specifics on the fixed term of the variable rate. In particular, he asked about a temporary fixed rate that goes along with the variable rate.

Mr. Bruno explained that there is no temporary fixed rate for the bond in question. St. Anne's does have a fixed-rate debt swap agreement with Truist that is unrelated to the matter at hand. The Bond at issue is a purely variable rate bond.

Mr. Long asked if any member of the audience has questions about the bonds at issue. None were presented.

Mr. Long noted that while the Board's rules previously required an administrative fee for bonds of this type, that provision lapsed in 2015. He asked Mr. Bowling if that is correct.

Mr. Bowling indicated that he believed that 'somewhere buried in the minutes' was a resolution that had extended that provision past 2015. He indicated that he had difficulty searching through the minutes of previous meetings. He recalls a previous comparable bond was issued to Sentara Martha Jefferson hospital with a \$5,000 administrative fee. He said that he remembers renewing this fee but 'could certainly be wrong'.

Mr. Shreve also remembered having this conversation but was unable to remember whether the EDA only temporarily renewed the policy and deferred further discussion. However, Mr. Shreve also recalled a discussion about potential changes to the policy but couldn't remember if the EDA formally adopted any changes.

Mr. Bowling said that, to the best of his memory, the EDA did discuss permanently adopting the \$5,000 fee but never did so formally. He was confident that the board did temporarily extend the policy. Mr. Bowling went on to say that this discussion was academic in nature.

Mr. Bruno indicated that St. Anne's, as a responsible institution in the community, wanted to make sure that their fee is paid, if one is required. With that said, he indicated that St. Anne's (a nonprofit institution) would be happy to accept a fee waiver if it is consistent with EDA policies.

Mr. Shreve asked if either Mr. Bowling if he or Mr. DeLoria had the wording of the old fee policy on hand.

Mr. Long indicated that Ms. Schmack had sent him a copy of minutes from a meeting in 2018, when Sentara refinanced their own comparable bond.

Mr. Bowling then indicated that the 2018 discussion was not related to a comparable Industrial Revenue Bond as the one at issue in the present. The fee policy that expired in 2015 was the issuance fee while the one mentioned in the 2018 meeting was a modification fee.

Mr. Shreve asked to be reminded whether the EDA arrived at an ad hoc resolution to the question in 2018 – if a modification fee was assessed to Sentara.

Mr. Bowling said that yes, the EDA had charged Sentara a fee of \$5,000 in 2018. He went on to note that there was a period of several years before Ms. Schmack arrived, in which the board minutes are unreliable. He said that this was a result of losing the Clerk of the Board of County Supervisors' assistance.

Ms. Schmack noted that the minutes she had come from the Clerk's office. She went on to read from the notes from 2018. Based on her search of these and subsequent meeting minutes, she did not find anything that indicated the board had extended its previous policy.

Mr. Bowling noted that the meeting he was referring to would have been before Ms. Schmack's arrival and that at any rate, searching for the specific motion was unnecessary. He noted that this was a housekeeping matter that could be resolved by the board merely ratifying the existing fee schedule.

Mr. Shreve said that, based on his understanding of the minutes Ms. Schmack read, that the EDA was in 2018, moving towards assessing an ad hoc modification fee of between \$2,500 and \$5,000 to Sentara and asked if the minutes indicated how such a fee would be determined.

Ms. Schmack responded that they did not.

Mr. Long said that he would like to charge a fee but did not believe that the EDA's rules allowed for that, if the previous fee schedule had expired. As such, the EDA could not in his view reasonably assess a fee to St. Anne's if they had no prior notice.

Mr. Ray noted that fees of this sort are the EDA's only means of generating revenue. In the past, organizations have come to the EDA looking for a grant and the EDA has been reluctant to accommodate because of its limited revenue. While discussions of other revenue generating opportunities are underway with the County Board of Supervisors, at this time the EDA's incoming funds remained inconsistent. Mr. Ray went on to say that, during his time with the Charlottesville Industrial Development Authority, the CIDA had fees based on the

principal of the issue for the entirety of its lifetime. He voiced his support for reinstating the annual fee even if doing so would require pausing St. Anne's bond process, so that the EDA could adopt a fee schedule. He then said that St. Anne's could probably voluntarily pay an administrative fee.

Mr. Shreve asked for clarification from Mr. Long about whether Mr. Long believed that the EDA had authority to impose a fee, since Mr. Bowling indicated a degree of uncertainty.

Mr. Bowling repeated his recollection that the fee schedule had been extended, as evidenced by the discussion from 2018.

Mr. Shreve said that if Mr. Bowling was remembering correctly, then the EDA had authority to access a modification fee. Otherwise, he would agree with Mr. Long that the EDA lacked authority.

Mr. Long indicated that, unless a written record of the renewal could be found, the EDA could not post hoc assess a fee to a process that had already been started. He then shared his screen and read from the EDA Policies and Procedures, in which the most recent version indicated an expiration date for the fee schedule of June 30, 2015.

Mr. Bowling disputed that Mr. Long was not reading from the most recent version of the EDA Policies and Procedures and reiterated his belief that the rules had been amended at some point.

Mr. Long countered that without a record of that amendment, it would be improper to assume it was in place.

Mr. Bowling suggested that the County Supervisor's Clerk undertake an extensive search of previous EDA minutes to find the amendment. He then asked if Ms. Schmack had reached out to Rod Gentry, whom Mr. Bowling believed would remember.

Ms. Schmack replied that she had not reached out to Mr. Gentry, but in any case, the Authority would need the official minutes for the record to be considered official.

Mr. Bowling said that he might be able to give the Clerk an idea of where to look. He then asserted that St. Anne's was in a hurry, according to Mr. Bruno and said that he believed they would be significantly inconvenienced, if the EDA had to postpone approval.

Mr. Long agreed with Mr. Ray, that the EDA needed to generate more fees so they could fund the Authority's operations. However, in this situation, the EDA could not prove that they had adopted a fee structure in advance, so that an applicant could reasonably have known before time. Mr. Long reiterated his opposition to applying a fee post-hoc and questioned whether the fee structure that appeared in the EDA's rules was applicable or enforceable at all.

Mr. Shreve said that he did not recall entertaining a motion to amend the rules, except regarding refinancing.

Mr. Long countered that the rules, as written indicated that the entire fee schedule had expired in 2015.

Mr. Bowling repeated his belief that the board had previously taken action on this issue, though not at the 2018 meeting.

Mr. Ray expressed concern about taking action based on a document that may be outdated. If that is the case, then they would need to be corrected ASAP.

Mr. DeLoria agreed with Mr. Ray and offered to work with the County Clerk the following day to find the appropriate documentation (likely from late 2014 to early 2016). He offered to read through all the minutes to see if he could determine whether the EDA had taken action on this issue in the past. He acknowledged however, that this would not solve the immediate problem.

Mr. Bowling said that Mr. DeLoria was unlikely to find many minutes from that period, since the EDA met only quarterly at the time.

Mr. Shreve responded that it should be easy to confirm whether the EDA had extended its ByLaws. He then went on to ask if it was possible to entertain a motion to impose a similar fee to St. Anne's that would be conditional upon finding records that corroborated the EDA's authority to do so.

Mr. Bowling responded that the EDA has the authority to impose a fee at any time, during a meeting. He then said that the question before the board was instead whether it made sense to do so without prior notice.

Mr. Shreve and Mr. Bowling discussed their recollection of the 2008 incident and came to the conclusion that while they had assessed an ad hoc refinancing fee, the EDA did not come to a final conclusion.

Mr. Bowling then mentioned that, prior to the Sentara Martha Jefferson's new hospital, the board did not have any fees other than a \$500 application fee, that later changed to \$1,000. Since the change from a \$500 fee to a \$1,000 fee, Mr. Bowling suggested that this omission indicated that the EDA had also taken action concerning fees in some point that was not reflected in available minutes. He then encouraged Mr. Long to look at the end of the Policies and Procedures for evidence of the policy change.

Mr. Long confirmed that this change (application fee increasing to \$1,000) was reflected in the version of the EDA Rules in front of him.

Mr. Bowling argued again that this indicated that the board had, at some point, updated their policies. He went on to say that the pertinent question was whether the EDA wanted to assess a refinancing fee to the current applicant or to wait for future applicants. Mr. Bowling then said that, because of current tax laws, Bond issuances have become less common. The only Bond issuances likely to come before the board were government bonds, nonprofit bonds, and possibly utility bonds. This meant that any future fees were likely to be assessed against nonprofit entities rather than for-profit corporations. He asked Mr. Bruno whether his assessment was more or less correct.

Mr. Bruno concurred that Mr. Bowling had given an accurate depiction of the market for Industrial Revenue Bonds in our area—likely Saint Anne's, Sentara, Westminster Canterbury, and similar organizations. Because of the nature of the community, the EDA remains unlikely to see other project types that typically seek IRBs, like manufacturing facilities, for example.

Ms. Imhoff noted that while she was not involved in the conversation in 2018, it was her opinion that the EDA needed to clarify their fee schedule as an issue of fairness. In the meantime, she indicated support for Mr. Shreve's plan to assess a conditional fee and then to update the fee schedule if it had not already been done.

Mr. Bowling told Ms. Imhoff that she would not find a previously established refinancing fee.

Mr. Shreve noted that as the EDA has authority, they could impose an ad hoc refinancing fee in the matter of St Anne's. However, he suggested waiving any such fee in this instance given

the ambiguity of the Authority's currently enacted policies. He suggested that the Authority then make an effort at subsequent meetings to disambiguate the policy.

Mr. Bowling mentioned that technically, the fee would not be waived, as it would be ad hoc.

Ms. Imhoff agreed with Mr. Shreve's previous point that the Authority should have publicly posted fee schedules.

Mr. Bowling said that the reason the Authority has not had many bond requests was because interest rates have been low for several years.

Mr. Shreve expressed his desire to deliver a motion to impose no new refinancing fee on St. Anne's. Ms. Imhoff seconded.

Mr. Ray indicated that he would vote against such a motion as the record did not appear to reflect the most recent action of the committee. He requested that the EDA postpone for a few days in order to get housekeeping issues in order.

Mr. Shreve asked Mr. Bruno to brief the Authority on the time sensitivity of St. Anne's proposal.

Mr. Bruno answered that they likely had a few days of wiggle room but hoped to close the matter by the end of the month. He restated St. Anne's desire to comply with any relevant Authority regulations. Mr. Bruno then asked if the board could vote on the resolution itself tonight and vote on whether to assess a fee later.

Mr. Long indicated a willingness to do that and asked Mr. Shreve to withdraw his motion so the EDA could pursue the issue more granularly.

Mr. Shreve withdrew his motion.

Mr. Long asked for a motion to approve the resolution to approve St. Anne's bond refinancing.

Mr. Shreve made the motion to adopt a **Resolution of the Economic Development Authority of Albemarle County, Virginia, Authorizing the Issuance of up to \$22,000,000 Revenue Refunding Bond (St. Anne's Belfield, Inc.), Series 2021.**

The motion was seconded by Ms. Imhoff.

Mr. Bruno asked for a roll call vote.

MOTION: The motion passed unanimously by roll call vote (4-0)

Mr. Long asked for a motion concerning the Authority assessing a fee on the refinancing.

Mr. Ray asked what the annual fee would be for a project of this sort.

Mr. Long answered that the old rules were ambiguous about the fee that would be charged in this case (a refinancing, which is different than an annual fee). The annual fee, historically, would be \$1,000 per Million of the principal of the loan. Mr. Long went on to say that regardless of what the Authority's rules and regulations officially/technically held, if they were inaccessible to a potential applicant, it would be unfair to charge a fee that was not clearly disclosed ahead of time.

Ms. McKeel asked if Mr. Johnson had any thoughts to offer.

Mr. Johnson said that he did, and that a \$5,000 fee would be very reasonable in this case. Assuming Mr. Bruno and his team were amenable to it, the EDA could resolve the issue at hand tonight. In this way, St Anne's could move forward.

Mr. Ray asked for clarification if that \$5,000 fee would be annual or one time.

Mr. Johnson answered that it would be a one-time \$5,000 fee.

Mr. Shreve pointed out that this would at least conform with action the EDA had taken on a similar issue in 2018.

Mr. Ray said that he could support a \$5,000 annual fee. He then asked about the life of the bond.

Mr. Bruno answered that the bond would be out for fourteen years.

Mr. Ray said that he hoped the EDA would take 2 days to review what they had done. While he was concerned about the financial viability of the Authority, he would defer to the majority.

Mr. Walker said that as the applicant was willing to give the EDA a few days to do due diligence, the EDA should take it. He went on to express regret and embarrassment that the records were clear. He went on to recommend that the EDA reconvene a few days later, after records could be found and clarified.

Mr. Shreve, Mr. Ray, and Mr. Long indicated that they would be amenable to that.

Ms. Graves said that St. Anne's wants to be good community citizens and would be happy to pay a \$5,000 annual fee. She emphasized that they would like to expediate the refinancing process, since it would provide some of the funds for healthcare renewal for employees.

Mr. Long and Mr. Walker thanked Ms. Graves for the additional information.

Mr. Long went on to say that the Authority probably had enough information to move forward today, since the applicant offered to pay the \$5,000 fee and the Authority could then determine whether it would be fair for the fee to be assessed annually or just a one time.

Mr. Shreve agreed that while a few days would probably be enough time to resolve the issue, a year would certainly suffice.

Ms. Imhoff noted that her schedule made it difficult to attend another meeting this week.

Mr. Long acknowledged the issue and proposed they move forward.

Mr. Long motioned that the EDA impose a \$5,000 a year annual fee on the current bond issue. Ms. Imhoff seconded.

Mr. Ray indicated that he was still uncomfortable with the possibility of working based on outdated information. This motion might go against a previous action of the Authority.

Mr. Long responded that, as EDA counsel had advised them of their authority to do so, he was comfortable making the motion.

MOTION: The motion passed unanimously by roll call vote (3-1).

Mr. Long: Aye; Mr. Ray: Nay; Mr. Shreve: Aye; Ms. Imhoff: Aye

Mr. Bruno, Mr. Long, and Mr. Shreve briefly discussed convenient times for signing paperwork.

- b. Clarification of EDA fee schedules and best practices - Mr. Long then mentioned that he and Mr. Johnson had spoken about cleaning up the EDA's files and clarifying the fee schedule.

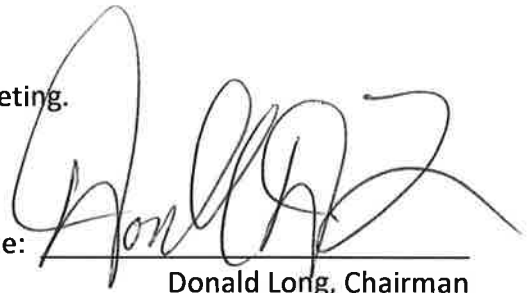
Mr. Johnson answered that his office had conducted research into best practices and the bond fees imposed by neighboring Counties in Virginia.

- c. New Process for Grant Funding Approval - Mr. Johnson noted the Authority recently funded a number of community partners, such as: Cville BioHub, Central Virginia Small Business Development Center, Community Investment Collaborative, and more. All of which have been worthy investments. However, the piecemeal nature of these requests meant that the Authority made funding decisions in a vacuum. Mr. Johnson requested permission for the staff to come back the board during the next meeting wit a unified grant review process. Thus, the Authority could review requests for funding against one another and make strategic decisions with its limited financial resources in mind. Given his previous experience working in Wilmington, NC, he would likely be in a good position to offer recommendations.

4. **Adjournment**

There being no further business, Mr. Long adjourned the meeting.

Teste: _____



Donald Long, Chairman

Approved: _____

David Shreve, Secretary-Treasurer