

Meeting Minutes
Mosaic District Community Development Authority
Annual Board Meeting

April 3, 2024, 1:00 p.m.

3001 Vaden Dr, Fairfax, VA 22031

The meeting was called to order at 1:02 p.m. by the Mosaic District Community Development Authority (CDA) Chairperson Dalia Palchik.

Board members present: Dalia Palchik, Tracy Strunk, Joe LaHait and Karen Hammond. (Note: Board member James Bierman participated remotely in the discussions, but did not vote.)

Others present: Max Heskes, MuniCap; Emily Smith, Office of the County Attorney; Devin Pharr, Providence District Supervisor's Office; Doug Loescher, Department of Planning and Development, and John Cocker, Edens. In addition, Keenan Rice of MuniCap participated remotely.

Election of Officers

Mr. LaHait 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 Ms. Strunk and passed unanimously.

Approval of Minutes

The Board reviewed the minutes of the meeting dated March 13, 2023. Mr. LaHait made a motion to approve the minutes. Ms. Hammond 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 2024-2025

Mr. Heskes presented a Power Point on the Financial Summary and Debt Service Update for the Mosaic CDA for 2024-2025. Mr. Heskes began by mentioning that there would be a surplus of bond revenues in the amount of \$3.3 million that would be going back to the County General Fund. Mr. Heskes reviewed the Account Activity documented in Table A of the report, noting that the balance of the fund increased over the past year, due to the investment income windfall. Mr. Heskes then reviewed the annual budget, which Mr. Rice noted reflects about an 11% increase in revenues over last year. Ms. Palchik asked what impact a half cent or full cent increase in the tax rate may have on the budget, and Mr. LaHait replied that once the tax rate is approved, a one cent adjustment in the county's tax rate equates to an approximately

\$72,000 change in Mosaic TIF revenue, which would not significantly impact the CDA budget as evident by the \$3.3 million in surplus bond revenues above debt service requirements at the FY 2025 Advertised Tax Rate of \$1.135 per \$100 of assessed value.

Mr. Heskes then presented the Summary of Annual Revenue Requirement, which illustrates that, as in past years, no special assessments will need to be collected, due to strong performance of the development. Mr. Rice also added that the approximately \$7.5M in the Surplus Account and Debt Service Reserve Fund will ultimately be returned to the County at the end of bond service. Mr. Rice then explained that, as in past years, the Annual Revenue Requirement Part A would be \$0, as revenues exceeded expenses.

Mr. Heskes discussed the Surplus Fund Coverage Ratio, to determine if excess revenues need to be transferred into or out of the Surplus Fund, noting that for the past year 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 \$149,987 in excess funds to the County's General Fund. Mr. Rice noted that this amount does not include the previously mentioned debt service surplus, which will remain in the County's general fund as well. Mr. LaHait commented that this scenario is similar to what we experienced a few years ago, when bonds were refinanced. Ms. Palchik asked about how this surplus was handled at the time, commenting that funds were to be set aside for park development in the Merrifield area. Mr. LaHait suggested that a follow-up conversation happen to provide more details on how those funds were allocated, as well as how this year's surplus would be handled. Ms. Strunk then inquired about how the surplus fund amount grows or changes over time. Mr. LaHait summarized that, at the inception of the bond sale, capitalized interest covered all debt service payments. The growth in the district created "spinoff" revenues that were not required for debt service requirements at the time. Thus, these funds were transferred to the surplus fund and has grown over time with interest accrued, except for small amounts used to pay for bond refinancing.

Mr. Heskes discussed the changes in assessed value, noting that actual values far exceeded projected values. Mr. Rice noted that the difference is about 12% higher than expected. Ms. Palchik noted that the goal all along was to have the revenues meet all TIF obligations. Mr. LaHait summarized for Sup. Bierman the history of assessed values. Ms. Hammond pointed out that the surrounding real estate also appreciated at a much higher rate than County averages, due primarily to the success of the adjacent Mosaic District development. Ms. Palchik suggested it would be interesting to have DTA analyze this effect.

Mr. Heskes continued to illustrate how actual tax increment revenues have exceeded projections. Mr. Rice said that this increase is due to two factors: both the increase in development revenues as well as increases in property tax rates.

Mr. Heskes concluded with future projections that reflect a growth in revenues through the end of bond fund payment in 2036. Ms. Palchik asked if there was any rationale to paying bond funds off a year early, utilizing remaining surplus funds retained to make final bond fund payments. Mr. LaHait and Mr. Heskes noted the pros and cons of doing so, concluding that it may be better to maintain the current payment schedule. Mr. Rice commented that either way, the remaining \$5M would be going back to the County.

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

Mr. LaHait 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 2024-2025. Ms. Strunk seconded, and the motion passed unanimously.

Motion to Approve the Annual Assessment Report and Assessment Roll (Appendices A-1 and A-2) for Assessment Year 2024-2025

Mr. LaHait 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 2024-2025; (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 2024-2025 are required; and (ii) notify the County of the requested County Advanced Revenues payment. Ms. Strunk seconded, and the motion passed unanimously.

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

Finally, Mr. LaHait 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. Ms. Hammond seconded, and the motion passed unanimously.

In a final discussion, John Cocker of Edens provided a few observations about Mosaic's performance and upcoming developments. Mr. Cocker noted that the project continues to do well and Edens is thrilled with the performance of Mosaic over the past 17 years. Retail performance was strong in 2023, with 11 new openings, including Pottery Barn. In addition, Edens hosted 120 events over the past year, including the upcoming Art Blooms event, with attendance of more than 100,000 people in all events. Restaurants and health/fitness related uses have exceeded projections, and the theater continues its gradual post-pandemic recovery, with future room for growth and improvement. Finally, he noted that their single office tenant, (Custom Ink) would be vacating their 72,000 square foot space within the next year, and that Edens has been working with the Fairfax County Economic Development Authority and brokers to find the right use and tenants. Ms. Palchik commented that the collaboration between the County and Edens on the summer concert series this past year was creative and to expect an even larger schedule this coming year, overall congratulating Edens on an excellent partnership.

There being no further business, Ms. Palchik adjourned the meeting at 2:04 p.m.