

Industrial Development Authority of the City of Lexington, Virginia

Wednesday, April 26, 2023 at 5:00 p.m.

City Hall, Second Floor Meeting Room

300 East Washington Street

1. Call to Order – Bill King, IDA Chairman
2. Annual Election of IDA Officers
  - a. Election of Chairman
  - b. Election of Vice Chairman
  - c. Election/Appointment of IDA Secretary
  - d. Election/Appointment of IDA Treasurer
3. Approval of Minutes
  - a. IDA meeting, Wednesday, February 2, 2022\*  
  
Financial Briefing of IDA Funding Status\*
4. A request from Mountain Gateway Community College for \$40,000 to fund a Workforce Development Center\*
5. A request from W&L University to amend a previous bond issue\*
6. Discussion of VDOT Property RFP and possible funding needs\*
7. Consideration of a revised Virginia Horse Center debt refinancing request\*
8. Adjourn

**Minutes**  
**Industrial Development Authority (IDA)**  
**of the City of Lexington, VA**  
**Wednesday, February 2, 2022 at 5:00 p.m.**

IDA Present: Bill King, Chair, Jake Adams, Felicia Bush, Camille Miller and Liz Ramsey

IDA Absent: Buddy Derrick, George Graves

Staff Present: Jennifer Bell, IDA Treasurer, Jim Halasz, Secretary, Jani Hostetter, City Clerk and Daniel Lauro, City Bond Counsel

Also Present: T.W. Bruno, Anne Curtis-Saunders and Caroline Perrin of McGuire Woods, Sam Darby of Glenn Feldmann Darby & Goodlatte and Jan Bigelow, CEO of Kendal

The Industrial Development Authority (IDA) met on February 2, 2022 electronically. Chair Bill King called the meeting to order at 5:00 p.m.

Approval of Minutes –

B. King noted that on the last agenda, a Councilmember had suggested discussing funds for a special study, but there were no funds approved at the last meeting and the item has been resolved.

**Camille Miller moved to approve the May 27, 2021 Industrial Development Authority Minutes. Felicia Bush seconded. The motion carried unanimously (5/0).**

Consideration of Revenue Bonds for Lexington Retirement Community, Inc. d/b/a Kendal at Lexington in an Amount not to Exceed \$25,000,000 –

**Felicia Bush recused herself from the Kendal bonds discussion as an employee of Kendal.**

D. Lauro reviewed the bond request. There were no questions from the Industrial Development Authority.

**Camille Miller moved to approve the Resolution supporting Kendal’s request to issue the Bonds in an amount not to exceed \$25,000,000. Liz Ramsey seconded. Felicia Bush abstained from voting. The motion carried unanimously (4/0/1) as presented by Roll Call Vote:**

**AYES: Adams, Miller, Ramsey, King**

**NAYS: None**

**ABSTAINED: Bush**

Adjournment

**Chair Bill King adjourned the February 2, 2022 meeting of the Industrial Development Authority at 5:07 p.m.**

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Bill King, IDA Chair

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Jim Halasz, IDA Secretary



**Industrial Development Authority Briefing  
April 26, 2023**

**BACKGROUND INFORMATION:**

The financial information in this report is provided for informational purposes.

**FINANCIAL IMPACT:**

The IDA has collected \$28,750 in user fees YTD FY23. In FY24, it is anticipated collections will be \$38,560. Additionally, \$183,750 has been collected from the City of Lexington and paid to the Virginia Horse Center (VHC).

At the end of FY22, the IDA's fund balance was \$210,165, an increase of \$21,250 over FY21.

The City collects an 8% transient occupancy tax on all qualified overnight stays. Of these collections, 2% are paid to the IDA for payment to the VHC. An additional 1% is also paid to the VHC up to a cap of \$61,000. Payments are made in July and January based on that year's budget. A settlement payment is made in July if actual collections are higher than budgeted. An additional payment will be due to the VHC after the end of this fiscal year based on increased collections throughout the year.

**RECOMMENDATION:**

No action is being requested currently.

**ATTACHMENTS:**

- FY23 Budget Performance Report YTD March 31, 2023
- June 30<sup>th</sup> Comparative Balance Sheet 2014 – 2022
- June 30<sup>th</sup> Statement of Revenues, Expenditures, and Changes in Fund Balance 2014-2022
- FY23 Lodging Taxes collected and remitted/owed to Virginia Horse Center
- Detail of fees due to IDA from bond issues



# Budget Performance Report

Fiscal Year to Date 03/31/23

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year YTD
Fund <b>03 - IDA Fund</b>										
REVENUE										
Department <b>0 - Revenue</b>										
Charges For Services										
<b>1016</b>										
1016-9999	Misc. User Fees	.00	.00	.00	8,750.00	.00	28,750.00	(28,750.00)	+++	21,250.00
<b>1016 - Totals</b>		\$0.00	\$0.00	\$0.00	\$8,750.00	\$0.00	\$28,750.00	(\$28,750.00)	+++	\$21,250.00
<i>Charges For Services Totals</i>		\$0.00	\$0.00	\$0.00	\$8,750.00	\$0.00	\$28,750.00	(\$28,750.00)	+++	\$21,250.00
<i>Transfers In</i>										
<b>1041</b>										
1041-0501	From General Fund	.00	.00	.00	.00	.00	183,750.00	(183,750.00)	+++	202,718.00
<b>1041 - Totals</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$183,750.00	(\$183,750.00)	+++	\$202,718.00
<i>Transfers In Totals</i>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$183,750.00	(\$183,750.00)	+++	\$202,718.00
Department <b>0 - Revenue Totals</b>		\$0.00	\$0.00	\$0.00	\$8,750.00	\$0.00	\$212,500.00	(\$212,500.00)	+++	\$223,968.00
<b>REVENUE TOTALS</b>		\$0.00	\$0.00	\$0.00	\$8,750.00	\$0.00	\$212,500.00	(\$212,500.00)	+++	\$223,968.00
EXPENSE										
Department <b>7200 - Recreation &amp; Leisure Svc Cont</b>										
<i>Agency Contributions</i>										
<b>5645</b>										
5645-0	Horse Center Foundation	.00	.00	.00	.00	.00	183,750.00	(183,750.00)	+++	202,718.11
<b>5645 - Totals</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$183,750.00	(\$183,750.00)	+++	\$202,718.11
<i>Agency Contributions Totals</i>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$183,750.00	(\$183,750.00)	+++	\$202,718.11
Department <b>7200 - Recreation &amp; Leisure Svc Cont Totals</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$183,750.00	(\$183,750.00)	+++	\$202,718.11
<b>EXPENSE TOTALS</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$183,750.00	(\$183,750.00)	+++	\$202,718.11
Fund <b>03 - IDA Fund Totals</b>										
<b>REVENUE TOTALS</b>		.00	.00	.00	8,750.00	.00	212,500.00	(212,500.00)	+++	223,968.00
<b>EXPENSE TOTALS</b>		.00	.00	.00	.00	.00	183,750.00	(183,750.00)	+++	202,718.11
Fund <b>03 - IDA Fund Totals</b>		\$0.00	\$0.00	\$0.00	\$8,750.00	\$0.00	\$28,750.00	(\$28,750.00)		\$21,249.89
Grand Totals										
<b>REVENUE TOTALS</b>		.00	.00	.00	8,750.00	.00	212,500.00	(212,500.00)	+++	223,968.00
<b>EXPENSE TOTALS</b>		.00	.00	.00	.00	.00	183,750.00	(183,750.00)	+++	202,718.11
Grand Totals		\$0.00	\$0.00	\$0.00	\$8,750.00	\$0.00	\$28,750.00	(\$28,750.00)		\$21,249.89

City of Lexington, Virginia  
Industrial Development Authority  
Comparative Balance Sheets  
At each FY's end on June 30, 2014 - June 30, 2022

Fiscal Year, June 30, XXXX	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>ASSETS</b>									
Cash and cash equivalents	98,675	24,789	110,037	47,177	47,747	14,254	20,805	38,915	43,032
Investments	260,000	326,606	226,606	251,425	200,000	175,000	150,000	150,000	200,000
Total assets	358,675	351,395	336,643	298,602	247,747	189,254	170,805	188,915	243,032
<b>LIABILITIES</b>									
Accounts payable	-	46,964	47,511	52,891	59,637	1,596	-	-	32,867
Total liabilities	-	46,964	47,511	52,891	59,637	1,596	-	-	32,867
<b>FUND BALANCES</b>									
Unrestricted	358,675	304,431	289,132	245,711	188,110	187,658	170,805	188,915	210,165
Total fund balances	358,675	304,431	289,132	245,711	188,110	187,658	170,805	188,915	210,165
Total liabilities and fund balances	358,675	351,395	336,643	298,602	247,747	189,254	170,805	188,915	243,032

City of Lexington, Virginia  
Industrial Development Authority  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the FY's Years Ending June, 30, 2014 - June 30, 2022

Fiscal Year Ended, June 30, XXXX	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES</b>									
Revenue from the use of money and property	9,635	1,967	3,226	-	1,136	-	-	-	-
Recovered Costs	12,100	-	-	-	-	-	-	-	-
Miscellaneous	-	-	45,288	35,082	41,794	57,403	5,000	21,340	21,250
Intergovernmental:									
Local government	-	151,401	182,357	202,256	205,708	216,750	200,625	398,018	235,585
<b>Total revenues</b>	<b>21,735</b>	<b>153,368</b>	<b>230,871</b>	<b>237,338</b>	<b>248,638</b>	<b>274,153</b>	<b>205,625</b>	<b>419,358</b>	<b>256,835</b>
<b>EXPENDITURES</b>									
Current:									
Parks, recreation, and cultural	-	151,401	182,357	202,257	205,708	218,346	200,625	138,091	235,585
Community development	12,100	56,211	63,813	78,502	100,531	56,259	21,853	263,157	0
<b>Total expenditures</b>	<b>12,100</b>	<b>207,612</b>	<b>246,170</b>	<b>280,759</b>	<b>306,239</b>	<b>274,605</b>	<b>222,478</b>	<b>401,248</b>	<b>235,585</b>
Excess (deficiency) of revenues over (under) expenditures	9,635	-54,244	-15,299	-43,421	-57,601	-452	-16,853	18,110	21,250
Net change in fund balances	9,635	(54,244)	(15,299)	(43,421)	(57,601)	(452)	(16,853)	18,110	21,250
Fund balances - beginning	349,040	358,675	304,431	289,132	245,711	188,110	187,658	170,805	188,915
Fund balances - ending	358,675	304,431	289,132	245,711	188,110	187,658	170,805	188,915	210,165

### Lodging Taxes Collected for VHC

<u>Month Collected</u>	<u>Year</u>	<u>Total Collections</u>	<u>VHC 2%</u>	<u>VHC 1%</u>	<u>VHC Total</u>	<u>Remitted to VHC</u>
July	2022	\$ 57,907.45	\$ 14,476.86	\$ 7,238.43	\$ 21,715.29	91,875.00
August	2022	\$ 55,643.26	\$ 13,910.82	\$ 6,955.41	\$ 20,866.22	
September	2022	\$ 63,711.10	\$ 15,927.78	\$ 7,963.89	\$ 23,891.66	
October	2022	\$ 78,033.55	\$ 19,508.39	\$ 9,754.19	\$ 29,262.58	
November	2022	\$ 97,567.91	\$ 24,391.98	\$ 12,195.99	\$ 36,587.97	
December	2022	\$ 62,103.36	\$ 15,525.84	\$ 7,762.92	\$ 23,288.76	
January	2023	\$ 41,364.58	\$ 10,341.15	\$ 5,170.57	\$ 15,511.72	91,875.00
February	2023	\$ 41,260.25	\$ 10,315.06	\$ 3,958.60	\$ 14,273.66	
March	2023	\$ 42,536.13	\$ 10,634.03	\$ -	\$ 10,634.03	
April	2023	\$ -	\$ -	\$ -	\$ -	
May	2023	\$ -	\$ -	\$ -	\$ -	
June	2023	\$ -	\$ -	\$ -	\$ -	
<b>Total cap</b>			\$ 135,031.90	\$ 61,000.00	\$ 196,031.90	\$ 183,750.00
				\$ 61,000.00		

Customer	Steele Lexington, LLC
Bond Issue	Lex House 2020
Principal	8,840,000
Anniversary	3/11
Annual Admin Fee	varies

Year	Outstanding Principal	% Fee	Fee
2020	application fee		2,500
2021	8,840,000	0.10%	8,840
2022	8,750,000	0.10%	8,750
2023	8,655,000	0.10%	8,655
2024	8,560,000	0.10%	8,560
2025	8,460,000	0.10%	8,460
2026	8,350,000	0.10%	8,350
2027	8,240,000	0.10%	8,240
2028	8,125,000	0.10%	8,125
2029	8,005,000	0.10%	8,005
2030	7,880,000	0.10%	7,880
2031	7,745,000	0.10%	7,745
2032	7,610,000	0.10%	7,610
2033	7,465,000	0.10%	7,465
2034	7,315,000	0.10%	7,315
2035	7,160,000	0.10%	7,160
2036	7,000,000	0.10%	7,000
2037	6,830,000	0.10%	6,830
2038	6,650,000	0.10%	6,650
2039	6,465,000	0.10%	6,465
2040	6,275,000	0.10%	6,275
2041	6,075,000	0.10%	6,075
2042	5,865,000	0.10%	5,865
2043	5,645,000	0.10%	5,645
2044	5,415,000	0.10%	5,415
2045	5,180,000	0.10%	5,180
2046	4,930,000	0.10%	4,930
2047	4,670,000	0.10%	4,670
2048	4,400,000	0.10%	4,400
2049	4,120,000	0.10%	4,120
2050	3,825,000	0.10%	3,825
2051	3,515,000	0.10%	3,515
2052	3,195,000	0.10%	3,195
2053	2,865,000	0.10%	2,865
2054	2,515,000	0.10%	2,515
2055	2,150,000	0.10%	2,150
2056	1,770,000	0.10%	1,770
2057	1,375,000	0.10%	1,375
2058	960,000	0.10%	960
2059	530,000	0.10%	530
2060	-	0.10%	-



Customer	Washington & Lee
Bond Issue	W&L 2020
Principal	37,710,000
Anniversary	11/9
Annual Admin Fee	10,000 until 2041

Year	Outstanding Principal	% Fee	Fee
2020	application fee		2,500
2021	37,710,000	0.10%	10,000
2022	37,710,000	0.10%	10,000
2023	37,710,000	0.10%	10,000
2024	37,710,000	0.10%	10,000
2025	37,710,000	0.10%	10,000
2026	37,710,000	0.10%	10,000
2027	37,710,000	0.10%	10,000
2028	37,710,000	0.10%	10,000
2029	37,710,000	0.10%	10,000
2030	37,710,000	0.10%	10,000
2031	37,710,000	0.10%	10,000
2032	37,710,000	0.10%	10,000
2033	37,710,000	0.10%	10,000
2034	37,710,000	0.10%	10,000
2035	34,045,000	0.10%	10,000
2036	30,260,000	0.10%	10,000
2037	26,345,000	0.10%	10,000
2038	22,305,000	0.10%	10,000
2039	18,130,000	0.10%	10,000
2040	13,815,000	0.10%	10,000
2041	9,360,000	0.10%	9,360
2042	4,755,000	0.10%	4,755

Customer	VMI Foundation
Bond Issue	VMI Series 2021
Principal	25,810,000
Anniversary	7/21
Annual Admin Fee	10,000

Year	Outstanding Principal	% Fee	Fee
2021	application fee		2,500
2022	25,810,000	0.10%	10,000
2023	25,810,000	0.10%	10,000
2024	25,810,000	0.10%	10,000
2025	25,810,000	0.10%	10,000
2026	25,810,000	0.10%	10,000
2027	25,810,000	0.10%	10,000
2028	25,810,000	0.10%	10,000
2029	25,810,000	0.10%	10,000
2030	25,810,000	0.10%	10,000
2031	25,810,000	0.10%	10,000
2032	25,810,000	0.10%	10,000
2033	25,810,000	0.10%	10,000
2034	25,810,000	0.10%	10,000
2035	25,810,000	0.10%	10,000
2036	25,810,000	0.10%	10,000
2037	-	0.10%	-

Customer	Kendal at Lexington
Bond Issue	Kendal 2022
Principal	18,910,000
Anniversary	10/5
Annual Admin Fee	10,000 until 2044

Year	Outstanding Principal	% Fee	Fee
2022	application fee		2,500
2023	18,890,000	0.10%	10,000
2024	18,860,000	0.10%	10,000
2025	18,830,000	0.10%	10,000
2026	18,795,000	0.10%	10,000
2027	18,760,000	0.10%	10,000
2028	18,725,000	0.10%	10,000
2029	18,690,000	0.10%	10,000
2030	18,650,000	0.10%	10,000
2031	18,610,000	0.10%	10,000
2032	18,570,000	0.10%	10,000
2033	18,525,000	0.10%	10,000
2034	18,480,000	0.10%	10,000
2035	18,435,000	0.10%	10,000
2036	18,385,000	0.10%	10,000
2037	18,335,000	0.10%	10,000
2038	16,840,000	0.10%	10,000
2039	15,285,000	0.10%	10,000
2040	13,670,000	0.10%	10,000
2041	11,990,000	0.10%	10,000
2042	10,245,000	0.10%	10,000
2043	10,245,000	0.10%	10,000
2044	8,350,000	0.10%	8,350
2045	6,380,000	0.10%	6,380
2046	4,335,000	0.10%	4,335
2047	2,210,000	0.10%	2,210
2048	0	0.10%	-



## Industrial Development Authority Briefing April 26, 2023

### Consideration of a Funding Request from Mountain Gateway Community College

**Background:** Attached is a request from Mr. John J. Rainone, President of Mountain Gateway Community College, for financial support for a regional Workforce Development Center. As you will note much of the funding for this center has already been approved and Mr. Rainone has reached out to all three local governments to seek the remaining funding for this purpose. Rockbridge County has approved the support that had been sought from them and the City of Buena Vista is on track to approve their commitment at roughly the same time as City Council will approve our budget.

Since MGCC serves the entire region and Lexington's economic success is tied to the success of our local partners, this new center is an excellent example of how Rockbridge County, Buena Vista and Lexington can come together to meet our joint needs and grow our economy. While the City provides annual funding to MGCC, we do not provide capital support and this is a request that is not typically forthcoming to the City. City Council is aware of this request, of course, and it is included in the draft 2024 Fiscal Year Budget.

As this is truly a straight-forward economic development opportunity and one of regional importance, City Council and I ask that the IDA consider the use of funds you have reserved for this purpose, to fund this request. While the request letter mentions ARPA funding, I have spoken with Mr. Rainone several times since he and I first conversed and he is well aware that City Council had previously allocated the City's ARPA funding for large scale City infrastructure projects.

Therefore, this item is being placed before you for your consideration.

**Recommendation:** I recommend that the Industrial Development Authority approve a one-time request to Mountain Gateway Community College of \$40,000 to develop a regional Workforce Development Center.



November 21, 2022

Mr. Jim Halasz, Manager  
City of Lexington  
300 E. Washington St.  
Lexington, VA 24450

Dear Jim,

Thank you for this opportunity to request \$40,000 from the City's ARPA funds to support and strengthen the critical education and technical skills training necessary for the residents of Lexington City and the surrounding area. Our long-standing relationship has created workforce and economic development opportunities for local businesses and residents. To meet the expanding needs of the area, we have plans to renovate and create a Workforce Development Center where we will expand our current programming in the areas of electrical, welding, instrumentation, and much more.

The Mountain Gateway Community College (MGCC) Real Estate Foundation (formerly Dabney S. Lancaster Community College) accepts gifts of property to the college and manages properties it owns to provide the highest possible return for the college. All funds are used to support MGCC programs and students through the renovation of existing facilities and the construction of new facilities.

#### The Need

The area served by MGCC has a long history of traditional manufacturing employment. Key stakeholders acknowledge the need to diversify the economy and offer more options for employment, retain local talent, and recruit new residents. Currently, many who seek jobs with the potential for growth and advancement leave the area or commute long distances to work outside the area. The population decline needs to be reversed.

The region that MGCC serves has experienced losses of jobs over the last few decades. Repurposing an existing vacant structure will assist the College in achieving its goal to meet economic needs and serve as a revitalization catalyst to jumpstart growth and development. The delivery of relevant workforce development programs and services will help to fill gaps, along with providing much-needed pathways that allow future and incumbent workers to gain the knowledge and skill sets they seek offered in ladderized pathways. Ultimately, these programs will offer options in the level of employment preparation to which they aspire, from short-term training programs to earning a credential through the associate degree and preparation for university transfer.

### About the Center

Mountain Gateway Community College will renovate an 18,750-square-foot building in Buena Vista, Virginia, along with Rockbridge County and Lexington City. The project will develop a new manufacturing training center and will expand the college's capacity to deliver in-demand training and award industry credentials in the areas of **advanced manufacturing including product assembly, electrical, instrumentation, machining, welding, HVAC, and diesel mechanics**. Once completed, the project will help upskill the region's workforce by providing a pipeline of skilled workers in high-demand fields, which will bolster workforce development, create jobs, attract private investment, and strengthen the regional economy.

Plans include targeting specific cohorts, such as individuals who are unemployed, underemployed, or seeking re-entry into the workforce. In addition, MGCC will collaborate with local high schools to offer dual enrollment opportunities and/or spaces for hands-on labs that will offer students the chance to gain education, specialized training, and/or in-demand credentials that employers are seeking. These efforts will help to retain local talent and reduce the number of graduates who leave the area upon graduation for employment.

The programs and services of the MGCC Workforce Development Center will strengthen and expand efforts for outreach and create results that have a long-lasting impact throughout the community. We expect the Center will serve as a model for other rural areas seeking ways to diversify their economy through education, customized training, and support systems for small business development.

### Measures of Success

As we look at the key performance indicators (KPI) from the development of this new Workforce Center, our focus is the business and community success. Specifically, we will measure success in the following three categories:

- **Engagement** – How engaged will the local community and businesses be in our programs? Specifically, we will measure the types of workshops offered, the attendance of each program and the businesses represented, and the additional usage of space as well as the community services available.
- **Support** – What support did we provide to our business partners including the number of partner organizations and employers, the number of job opportunities available for trainees, and the number of workshops hosted?
- **Success** – How did we improve the individuals and businesses including the number of job placements, job retention rates, industry credentials earned, and completion of the program?

### Project Costs/Leveraged Resources

Respecting the need to conserve resources, the college supports repurposing existing structures. Therefore, the location identified for the Center is a vacant building in Buena Vista. The estimated cost for the project is \$5,270,000 which includes equipment, all renovations, furniture, architect fees, and the cost of the building.

We are pleased to announce that we have secured \$4,459,708 (or 85%) from state and Federal grants, private donors, and a private foundation. **Your consideration of financial support will get us that much closer to our goal.**

### Donor Recognition

MGCC has also developed opportunities for donors to be recognized for their generosity. We will work with you and your staff to prepare an appropriate recognition and naming opportunity that will be a continuing reminder of your commitment to the betterment of the community.

We recognize donors often feel anonymity is important for various reasons. However, allowing us the privilege of recognizing you in the above manner will encourage others to consider following your generous example.

Attached is the ***Stronger Workforce, Greater Community*** campaign sponsorship description of the naming opportunities.

### Summary

For over 60 years, Mountain Gateway Community College has outstandingly fulfilled its purpose. We want to see the impact of the college strengthen and grow, particularly in our entire service. **We are proud to be a true partner with the City of Lexington.** Your thoughtful consideration of our request will be gratefully appreciated.

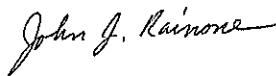
Today, you have an opportunity to play an important role in enhancing the vitality of our community for years to come. Please join us by investing in our shared future. On behalf of the many students your contribution will affect, you have our deepest gratitude.

MGCC has become a nationally recognized center of excellence for affordable higher education and meaningful community collaboration. Together, we can realize the kind of mutual success that truly benefits MGCC's current students and future employees for our communities.

Recent conversations with key local employers have confirmed the enormous workforce challenges that they currently face. The shortage of skilled workers is very serious and is having a real impact not only on the operational side but also on plans to expand and grow in the region. MGCC is stepping up to address this issue and we hope you will be our partner in efforts to strengthen and grow a skilled workforce for the region's economy.

I would be happy to discuss this proposal further. Please do not hesitate to contact me at 540-863-2827.

Most sincerely,



John J. Rainone, Ed.D.  
President



## **Industrial Development Authority Briefing April 26, 2023**

### **Consideration of Amending the Washington and Lee University 2018B Note**

**Background:** Attached are a Resolution and a proposed Amendment to the 2018B Note previously approved by the Lexington Industrial Development Authority for Washington and Lee University. This amendment stipulates a new interest rate vehicle and is a simple administrative matter.

The Interim City Attorney, Mr. Jeremy Carroll, has examined these documents and has found no issues that are required to be addressed. Also, Mr. Steve McAllister, from Washington & Lee University will be with us to answer any questions that may arise.

This is truly an administrative house-keeping matter.

**Recommendation:** I recommend that the Industrial Development Authority approve the attached document amending the Washington and Lee University 2018B Note and adopt the Resolution provided for this purpose.



**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF LEXINGTON, VIRGINIA  
APPROVING THE MODIFICATION OF THE AUTHORITY'S  
EDUCATIONAL FACILITIES REVENUE REFUNDING BOND (WASHINGTON AND  
LEE UNIVERSITY), SERIES 2018B**

**WHEREAS**, the Industrial Development Authority of the City of Lexington, Virginia, a political subdivision of the Commonwealth of Virginia (the "Authority"), The Washington and Lee University (the "University"), and Eastern Bankshares, Inc., as successor to Century Bank and Trust Company, as disbursing agent, and Century Subsidiary Investments, Inc. III, as Bondowner (the "Lender"), together provided for a plan of finance for the issuance of the Authority's Educational Facilities Revenue Refunding Bond (Washington and Lee University), Series 2018B, in the original maximum principal amount of Fifteen Million, One Hundred Ten Thousand Dollars (\$15,110,000) (the "2018B Bond"), and in connection therewith the parties entered into a Loan and Security Agreement dated as of August 1, 2018 (the "Loan Agreement"), pursuant to which the Authority agreed to cause the proceeds of the 2018B Bond to be loaned to the University to redeem certain prior indebtedness of the University;

**WHEREAS**, the 2018B Bond is currently outstanding, is payable in full on January 1, 2043, and bears interest at a rate based on the LIBOR rate, subject to adjustment as provided in the 2018B Bond;

**WHEREAS**, in contemplation of the cessation of LIBOR on June 30, 2023, the University, the Authority and the Lender desire to amend the 2018B Bond, the Loan Agreement, and each of the other documents executed in connection with the issuance of the 2018B Bond to provide for the replacement of LIBOR; and

**WHEREAS**, there has been presented to this meeting the form of a Consolidated Amendment to Bond Documents among the Authority, the University, and the Lender (the "Consolidated Amendment"), which the Authority proposes to execute to carry out the transaction described above.

**NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA:**

1. As agreed to by the Lender and the University, the Authority hereby approves the modification as set forth in the Consolidated Amendment.
2. The Chairman or Vice Chairman of the Authority are hereby authorized and directed to execute and to deliver the Consolidated Amendment to the Lender and the University.
3. The Consolidated Amendment shall be in substantially the form presented at this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer of the Authority executing them, such officer's execution to constitute conclusive evidence of such officer's approval of any such omissions, insertions and changes.
4. The Chairman or Vice Chairman of the Authority are hereby authorized and directed to execute and deliver all certificates and instruments, including but not limited to an allonge to the 2018B Bond, and to take all such further action as such officer may consider

necessary or desirable in connection with the transactions authorized by this resolution or contemplated by the Consolidated Amendment.

5. All costs and expenses in connection with this transaction shall be paid by the University.

6. All actions previously taken by the Authority, and the Chairman or Vice Chairman of the Authority, in connection with the transactions contemplated by this resolution or the Consolidated Amendment are hereby ratified and approved.

7. The Authority's officers shall perform such other acts as may be required to implement the undertakings as hereinabove set forth.

8. This resolution shall take effect immediately upon its adoption.

**CERTIFICATE**

The undersigned Secretary of the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), certifies that:

1. A meeting of the Authority was held on \_\_\_\_\_, 2023, at the time and place established and noticed by the Authority, at which the following members were present and absent:

<b><u>MEMBER</u></b>	<b><u>PRESENT/ABSENT</u></b>
Felicia DiPronio Bush	
George Graves	
Bill King	
Camille Miller	
Glen Petty	
Liz Ramsey	

2. The foregoing resolution was adopted by a majority of the quorum of the Authority present by a roll call vote, the ayes and nays being recorded in the minutes of the meeting as shown below:

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
Felicia DiPronio Bush	
George Graves	
Bill King	
Camille Miller	
Glen Petty	
Liz Ramsey	

3. The foregoing resolution is a true and correct copy of such resolution as adopted on \_\_\_\_\_, 2023. The foregoing resolution has not been repealed, revoked, rescinded, or amended and is in full force and effect on the date hereof.

**WITNESS** my signature and the seal of the Industrial Development Authority of the City of Lexington, Virginia, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

(SEAL)

\_\_\_\_\_  
Secretary, Industrial Development Authority  
of the City of Lexington, Virginia

**CONSOLIDATED AMENDMENT TO BOND DOCUMENTS**

Authority: INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA

Borrower: THE WASHINGTON AND LEE UNIVERSITY

Lender: [EASTERN BANKSHARES, INC., successor to Century Bank and Trust Company, as Disbursing Agent, and Century Subsidiary Investments, Inc. III, as Bondowner]

Bond Caption: Industrial Development Authority of the City of Lexington, Virginia Educational Facilities Revenue Refunding Bond (Washington and Lee University), Series 2018B

Date of Bond: August 7, 2018

Original Principal Amount: \$15,110,000

Date of Amendment: April \_\_, 2023

**BACKGROUND**

A. The Authority issued, executed and delivered the bond described above (such bond being referred to herein as the “Bond”).

B. The Bond was issued pursuant to the terms of the Loan and Security Agreement dated as of August 1, 2018 (the “Loan Agreement”), among the Authority, the Borrower, and the Lender, as Disbursing Agent and as Bondowner, and the Lender agreed to purchase the Bond from the Authority pursuant to the Bond Purchase Agreement dated as of August 7, 2018, between the Borrower and the Lender, as Bondowner.

C. The Lender is the current Bondowner of the Bond.

D. The interest rate applicable to the Bond is based upon LIBOR and, in contemplation of the cessation of LIBOR on June 30, 2023, the Borrower, the Authority and the Lender desire to amend the Bond, the Loan Agreement, and each of the other documents executed in connection with the issuance of the Bond (collectively, the “Bond Documents”) to provide for, in the manner as described herein, the replacement of LIBOR on the date hereof with a SOFR based interest rate.

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged and intending to be legally bound, the parties hereto are entering into this Consolidated Amendment to Bond Documents (this “Amendment”), and hereby covenant and agree as follows:

1. Defined Terms. Any capitalized terms used in this Amendment or the Background provisions hereof which are not so defined, but which are defined in a Bond Document, shall have the meanings ascribed to those terms in such Bond Document, as applicable.

2. Amendments to the Loan Agreement, the Bond, and the other Bond Documents.

(a) The definition of “LIBOR” or any similar defined term in the Loan Agreement, the Bond, and any other Bond Documents shall be amended and restated in its entirety to read as follows, such language being incorporated into and made a part of the Loan Agreement, the Bond, and any other Bond Documents:

“LIBOR” or “Term SOFR” means the One Month Term SOFR as reported by CME Group Benchmark Administration Limited (or a successive administrator designated by the relevant authority) and published on the applicable Bloomberg screen page for the date that is two U.S. Government Securities Business Days prior to the Reset Date. “U.S. Government Securities Business Day” means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities. The interest rate is subject to change from time to time based on changes in Term SOFR. The interest rate change will not occur more often than once every month. Such adjustments shall be determined and become effective on the 15<sup>th</sup> day of every month (the “Reset Date”).

If the Bondowner determines in good faith (which determination shall be conclusive, absent manifest error) that: (A) adequate and fair means do not exist for ascertaining Term SOFR; (B) Term SOFR does not accurately reflect the cost to the Bondowner of the loan; or (C) a Regulatory Change (as defined below) shall, in the reasonable determination of the Bondowner, make it unlawful or commercially unreasonable for the Bondowner to use Term SOFR as the index for purposes of determining the interest rate, then: (i) Term SOFR shall be replaced with an alternative or successor rate or index chosen by the Bondowner in its reasonable discretion; and (ii) the margin may also be adjusted by Bondowner in its reasonable discretion, giving due consideration to market convention for determining rates of interest on comparable loans and any related changes to any Swap Transaction Documents (or similarly titled term for documents related to an agreement between the Borrower and Bondowner with respect to any interest rate swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more interest rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk of value). “Regulatory Change” shall mean a change in any applicable law, treaty, rule, regulation or guideline, or the interpretation or administration thereof, by the administrator of the relevant benchmark or its regulatory supervisor, any governmental authority, central bank or other fiscal, monetary or other authority having jurisdiction over Bondowner, its affiliates or its or their respective lending offices.

Each reference to a “London Banking Day” or similar defined term shall refer to a U.S. Government Securities Business Day.

(b) Any terms incorporating the definition of “LIBOR” or any similar defined term in the Loan Agreement, the Bond, and any other Bond Documents shall incorporate

the definition of “LIBOR” or “Term SOFR” set forth in subsection 2(a) above. Every appearance in the Loan Agreement, the Bond and any other Bond Documents of “LIBOR” or any similar defined term is hereby amended to reference “Term SOFR,” such that, as of the Date of Amendment, interest on the Bond shall be calculated based on Term SOFR as set forth herein and in connection with the remaining provisions in the Bond Documents.

(c) The definition of “LIBOR Rate” in the Loan Agreement, the Bond, and any other Bond Documents shall be amended and restated such that the reference to “plus 0.75%” is replaced with “plus 0.86%.”

(d) [The definition of “Periodic Fixed Rate” in the Loan Agreement, the Bond, and any other Bond Documents shall be amended and restated such that all three references to “0.75%” are replaced with “0.86%.”]

3. Conditions to Effectiveness. The terms and conditions hereof shall not be effective until each of the following is delivered to the Lender:

(a) Agreement. Two fully executed originals of this Agreement.

(b) Payment of Interest Accrual. Payment to the Lender of the accrued but unpaid interest on the Bond.

(c) Governmental Approvals. Receipt by the Lender of evidence that the Authority has received all governmental approvals necessary for it to execute, deliver and perform this Amendment.

(d) Other Documents, Etc. Such other documents, instruments and certificates as the Lender may reasonably request.

4. Continuing Effect. Except as expressly modified hereby, all of the terms, covenants, and conditions of the Bond, the Loan Agreement, and the other Bond Documents shall remain in full force and effect. This Amendment is given as a modification of the current interest rate provisions to effectuate the replacement of LIBOR, and is not given in substitution therefor or extinguishment thereof and is not intended to be a novation.

5. Attachment to Bond and Loan Agreement. This Amendment shall be and remain attached to the Bond and the Loan Agreement and shall be an integral part thereof. This Agreement shall constitute an allonge to the Bond, and a counterpart hereof shall be attached to the Bond.

6. LIBOR Findings. The parties hereto intend for this Amendment to constitute a covered modification within the meaning of Treasury Regulation 1-1001-6(h)(i) as a modification described in Section 4.02 thereof and IRS Revenue Procedure 2020-44 dated October 9, 2020. In furtherance of the foregoing, the parties hereto certify that, to the extent the terms of this Amendment change the amount or timing of cash flows under the Bond or the Loan Agreement (the “Change”), the Change:

(i) is not intended to induce one or more parties to perform any act necessary to consent to the interest rate modifications set forth herein;

- (ii) is not intended to compensate one or more parties for a modification to the Bond Documents not described in this Amendment;
- (iii) is neither a concession granted to either party because that party is experiencing financial difficulty, nor a concession secured by either party to account for the credit deterioration of another party; and
- (iv) is not intended to compensate one or more parties for a change in rights or obligations that are not derived from the Bond Documents.

7. Governing Law. This Amendment shall be governed by and subject to the terms of Section 1108 of the Loan Agreement.

8. Miscellaneous. Wherever possible, the provisions of this Amendment shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of any such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument. The headings in this Amendment are included for convenience only and shall neither affect the construction or interpretation of any provision in this Amendment nor affect any of the rights or obligations of the parties to this Amendment. The Borrower agrees to pay all reasonable costs and expenses of the Lender and the Authority in connection with the preparation, execution and delivery of the documents executed in connection with this Amendment, including without limitation, the reasonable fees and out-of-pocket expenses of Lender's counsel, bond counsel and Authority's counsel.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK].**

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the Date of Amendment referenced above.

AUTHORITY:  
INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF LEXINGTON, VIRGINIA

By \_\_\_\_\_  
Name:  
Title: Chairman

BORROWER:  
THE WASHINGTON AND LEE UNIVERSITY

By \_\_\_\_\_  
Name: Steve G. McAllister  
Title: Vice President for Finance and Treasurer

LENDER:  
[EASTERN BANKSHARES, INC., successor to  
Century Bank and Trust Company, as Disbursing  
Agent, and Century Subsidiary Investments, Inc. III,  
as Bondowner]

By: \_\_\_\_\_  
Name:  
Title:





## **Industrial Development Authority Briefing April 26, 2023**

### **Discussion of the Proposed Development of the Former VDOT Site**

**Background:** As the Board likely knows, last year City Council procured the former VDOT site on Waddell Street for future development. In 2019 City Council determined that one of the highest priorities within Lexington and the surrounding community was housing, primarily market rate, workforce housing (2019 Danter Study). After the purchase of the former VDOT site an RFP for developers and development concepts for the site went out to a broad number of development outlets – among them were EVA the state site for listing development properties, the Shenandoah Valley Partnership (regional economic development agency) and the Central Shenandoah Valley Planning District Commission. Unfortunately, and to the disappointment of many (including myself) we only received a single response – Echelon Development/Urban Core. Of course, there are many reason why development interest today is waning all over the state – money is no longer cheap, construction prices are still high, contractors are busy, the ARPA money has largely flushed through the system and economic uncertainty has increased.

All that said, we have a very viable response and it is under review by a local panel who will provide their insights (perhaps recommendations) to City Council in the near future. The panel consists of Greg Madsen from Carilion, Katie Shester – Lexington School Board, Phillip Thompson – Rockbridge County Superintendent of Schools, Steve McAlister – W&L, BG Dallas Clark – VMI, Tracy Lyons – Chamber of Commerce and Olivia Raines, CSPDC Housing Specialist.

As the process of review of this proposal plays out and should City Council decide to move toward negotiating a deal with Echelon/Urban Core, there may be needs that the IDA could meet. On a number of occasions to date at both the Spotswood site and the VDOT site unexpected and unbudgeted costs have arisen. In several instances City funding, within the approved budget, was difficult to come by and I contemplated reaching out to the IDA to broach the idea of IDA funding for these needs. However, time was of the essence in most cases and cuts in other areas of the budget were then made to cover theses costs. However, as we continue to explore

and move through a negotiation of a possible sales with regard to the VDOT site, unanticipated costs could arise and I would like to understand what the IDA believes could be justified expenses that the IDA could cover. Examples of costs that were not anticipated: additional surveys, environmental consultations, change of utilities from VDOT to the City, additional legal work, etc.

As we move forward with both the potential development of the VDOT and Spotswood sites, one big question is, will the City need a construction manager on site? Nobody on City staff has the time or all of the expertise required to review plans and ongoing work in the field to be sure the projects are evolving as agreed to. Is this a cost the IDA would consider funding, fully or partially?

Thus, these are some of the questions I have going forward for the IDA to consider. I would also like to give the IDA some time to ask questions tonight about the VDOT site and the current proposal being evaluated. This is both so you are better informed and also so you have some understanding of the scope of the project and possible needs should they arise in the future.

Several related documents are attached as background and I welcome your questions.

**Recommendation:** As this is an informational item only, at this time, there is no need for any action tonight.

# *Request for Qualifications*

Purchase and Development of City Owned Property at

626 Waddell Street

Lexington, VA 24450

For

City of Lexington

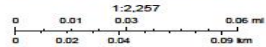
300 East Washington Street

Lexington, VA 24450

626 Waddell Street



January 5, 2023



Virginia Geographic Information Network (VGIN)



## **Section 1: Project Summary Opportunity**

The City of Lexington, VA (“City”) is soliciting proposals from interested parties (“Developer”) for the opportunity to purchase and develop City owned property that is bounded by Waddell Street to the north-northeast, South Lee Highway, Route 11A Lexington Bypass to the south-southwest, Rockbridge County School Board to the east-northeast and SGH Properties 1998, LLC to the west-southwest.

Due to the location, the City considers this approximately 5.47 acre property (Site) an important tract of land, offering unique development opportunities. The property is adjacent to the City of Lexington/ Rockbridge County line and is highly visible along South Lee Highway, Route 11A Lexington Bypass. In addition, privately owned property adjacent to or within a very short distance may be available for redevelopment. This includes 646 Waddell Street, 810 S. Main Street and 820 S. Main Street.

### ***Development Vision and Selection Process:***

The City envisions the site playing host to a development of multi-family, commercial, business or a mixed use commercial development that will provide additional housing and/or business opportunities for the citizens of the City.

### ***Elements to provide in the proposal include:***

**Housing** - Introduce multifamily housing with associated amenities including parking, sidewalks, and landscaping. Proposals should include a mixture of multi-family housing with an appropriate proportion of workforce housing and market rate units with consideration for qualified low-moderate income households.

**Commercial development** - Include opportunities for business development that is compatible with the City of Lexington’s vision. Examples of businesses for consideration include but not limited to retail, technology, medical, recreation, and office shall be explored.

## **Section 2: Introduction**

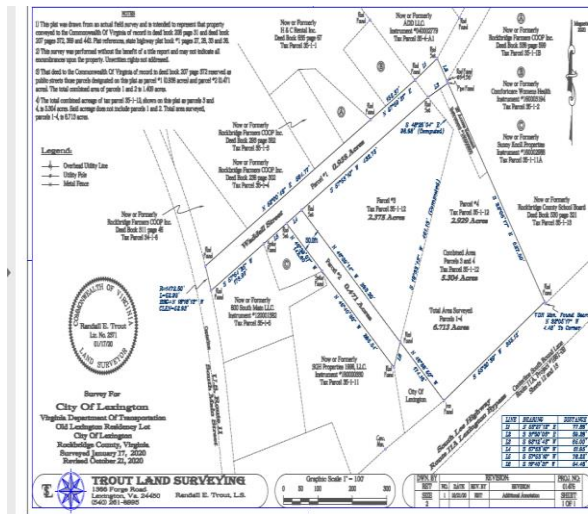
### ***City Overview:***

The City of Lexington, VA was chartered as an independent City in 1966 and operates under the Council-Manager form of government. The City had a population increase of 1.9% from 2010-2020 per the U. S. Census Bureau and an additional 1.9% increase from 2020-2021. The estimated 2021 population was 7456. Lexington is a vibrant City with a well-established downtown business center. The City is positioned in central Virginia and is convenient to all major points in the Shenandoah Valley and beyond. Washington and Lee University and Virginia Military Institute are located within the City limits and provide a strong demand for housing and community services.

**Site Overview:**

The site was previously owned by the Commonwealth of Virginia and used for a Virginia Department of Transportation facility site. There are 5 contiguous parcels owned by the City. The site consists of Parcel #1 (see Survey below) which is dedicated for Waddell Street and not available for development. Parcel #2 is available for site access to the surrounding parcels. A portion of this parcel may be available for development. Parcels #3 & #4 are available for development as well as the parcel labeled “City of Lexington” adjacent to the southwest property line of Parcel #4. The access easement on Parcel #4 shall remain for access to the adjacent School site. The address is 626 Waddell Street. TM Parcel 35-1-12.

The site is planned for Commercial development on the City of Lexington Future Land Use Map. The site is currently zoned C-2, General Commerce and is designated for Commercial Development.



**Available Analysis:**

Significant technical analysis of the site is available. The information is provided for reference only. The City does not warrant or represent the accuracy of these studies to the proposed project. The selected developer(s) may need to update, amend and/or pursue new studies to support their individual site plan development.

The site analysis information listed below is available by contacting Jani Hostetter, Clerk of Council and is an integral part of this RFQ.

- Survey plat prepared by Trout Land Surveying, surveyed January 17, 2020, and revised October 21, 2020.
- An Analysis of Market-Rate Multi-Family, Active Adult Multi-Family and Senior Housing with Services in the City of Lexington, VA prepared for the City of Lexington by Danter & Associates dated July 12, 2019.

- Asbestos Survey Report of Former VDOT Facility prepared for the City of Lexington by Commonwealth Environmental Associates, dated March 26, 2020, including a Boring Location Map dated March 27, 2020.
- A Phase I Environmental Site Assessment (ESA) Report and Asbestos Survey Report provided by the Commonwealth of Virginia Department of Transportation (VDOT) dated April 16, 2020.
- A Phase II Environmental Site Assessment (Limited) prepared for the City of Lexington by Commonwealth Environmental Associated, dated June 22, 2020.
- A Department of Environmental Quality response letter to the Phase II ESA Report dated August 4, 2020.
- A VDOT closure letter from DEQ to VDOT dated March 18, 2021.

### **Section 3: Conditions for Approval:**

This request for proposal (RFQ) process is for the selection of a qualified developer's proposal best satisfying the development vision. Selected proposal(s) will be presented to the City Council for approval to enter into a contract.

The City expects the Developer to submit complete site and building plans for permitting of the development of the property within one (1) year of the date of the signed contract.

Development of the property shall be completed within three (3) years of the date of signed contract. Completed is defined as development and buildings approved and accepted by all regulatory authorities and compliance with contractual obligations. For example, but not limited to, all utility services provided, Certificate of Occupancy obtained, and termination of the Virginia Stormwater Management Permit (VSMP).

#### ***RFQ Period:***

During the RFQ period, developers and their employees, representatives or agents shall have the right of reasonable access to the site for the purpose of inspecting the site, undertaking any necessary soil tests, and otherwise conducting due diligence to ensure that the site is suitable for its intended use. Notwithstanding anything else in this RFQ, the developer shall defend, indemnify, and hold the City, its employees, officers, and agents harmless from any injury, property damage or liability arising out of the exercise by the developer of the right of access, other than injury, property damage or liability relating to gross negligence or willful misconduct of the City, or its officers' agents or employees.

#### ***Evaluation:***

Proposals will be evaluated and prioritized by an Evaluation Panel. Factors included, but not limited to, in the evaluation criteria are quality job creation potential, market demand for the proposed housing and commercial uses, attractiveness of the project in keeping with the City's historic heritage and the economic and financial net benefits to the City.

Selection shall be made from all proposals deemed to be fully qualified and best suited among those submitting proposals based on the evaluation of criteria noted in the previous paragraph and

the Section 7 Proposal Scoring. The proposed price shall be considered but need not be the sole determining factor. The Evaluation Panel reserves the right to withdraw the RFQ or reject proposals at any time prior to an award and is not required to furnish a statement of the reason the proposal was eliminated from consideration.

The Evaluation Panel plans to request an in-person presentation from some or all applicants. Proposers will be selected based on the scores derived from the most qualified proposals.

Additional information may be requested by the City prior to or after the in-person presentations.

The City will consider any necessary rezoning to maximize the economic and financial benefits. All land use changes will require review and recommendation by the City Planning Commission and the approval of the City Council.

#### **Section 4: Timelines**

Release RFQ: Tuesday, January 24, 2023.

Pre-Proposal Meeting (virtual) Tuesday, February 7, 2023, at 10:00 AM. Link will be provided on the City website.

Deadline for questions or inquiries related to this RFQ: 12:00 Noon, Friday, February 24, 2023.

Deadline for Submittal of Proposals: Friday, March 17, 2023, at 4:00 PM.

Presentation to the Evaluation Panel: Friday, March 31 – Friday, April 7, 2023.

Presentation to City Council : To be determined, no later than June 1, 2023.

The timeline is preliminary and is subject to change at the total discretion of the City.

#### **Section 5: Inquiries and Responses**

RFQ questions and inquires must be submitted in writing ONLY (email is accepted as “in writing”) on or before 12:00 Noon, Friday, February 24, 2023, via email to:

Jani Hostetter  
Clerk of Council  
300 E. Washington Street  
Lexington, VA 24450  
540-462-3700  
[jhostetter@lexingtonva.gov](mailto:jhostetter@lexingtonva.gov)

The City will complete written responses no later than Tuesday, March 7, 2023, to all inquiries received by the date noted above. Responses will be posted to the City’s website. All oral responses made by any representative of the City may not be relied upon.

## **Section 6: RFQ Response Submission:**

Submittals shall include the following sections and be in the order outlined below. There shall be sufficient detail to understand clearly and accurately the proposer's ability to complete the development. Responses should communicate the knowledge, experience, capabilities, and availability of the Developers team to properly deliver on the requirements of the proposed development. Respondents are encouraged to present information in a way that best communicates their capabilities. Adherence to the page limit requirements will be considered for level of responsiveness. Proposers shall provide seven (7) paper copies of each proposal, along with an electronic copy by email containing a single pdf file) of all information. The hard paper copies are what is required to be submitted prior to the noted proposal due date/time. DO NOT send the electronic version prior to the proposal due date/time.

### ***Cover Letter and Disclosure Statement (Limit to two pages)***

A brief statement of interest in the form of a standard business letter, summarizing the proposer's interest in the project with a brief description of why your team and your vision for the site is the best choice.

### ***Developer Description (Limit to two pages)***

- A brief narrative describing the developer teams' history, including location of business, years in existence, staffing capabilities, and annual volume of work.
- Include a listing of relevant developer teams awards or honors (if applicable).
- A brief statement of your team's philosophy and general development approach.

### ***Development Team Description (Limit to two pages, excluding resumes)***

- A narrative description and organizational chart describing the developer's proposed key team members and their respective roles for this project. The description should indicate experience and ability to deliver on all aspects of the development.
- Provide full resumes for key personnel describing relevant experience, certification, areas of specialization and any other relevant information.
- Include a statement regarding the current availability of each proposed team member and percentage of time each person will be dedicated to the project.

### ***Relevant Experience (Limit to seven pages, two-three pages per project, one page for volume of work)***

#### ***Project Examples:***

Provide three (3) project examples indicating relevant experience and success in delivering projects similar to the proposed project. Projects should highlight work experience of the proposed development team members and highlight the proposer's success in delivering the development project with one or more of the following:



- Mixed use projects in small or medium sized urban markets
- Commercial office and retail tenant developments
- Commercial technology, medical developments, etc.
- Hospitality
- Partnerships with public entities

*For each of the (3) highlighted project examples, provide the following information:*

- Total development cost
- Nature of your team involvement
- Development program including land area, gross square footage of uses and phasing
- Members of the development team that participated on the project
- Year of predevelopment start, and year completed

*Approach to Fulfilling Project Objectives (Limit to two pages)*

- Provide a narrative describing your process for fulfilling the project objectives. Include a brief discussion of the approach that illustrates your understanding of the work being requested, public private partnerships (including lessons learned) and recommended best practices.
- State any opportunities or concerns your team identifies for the project with an emphasis on value creating and development advantages related to the site.

*Site Development Concept Plan*

The concept plan shall include the following information as a minimum:

- The proposed use for each building and structure exhibited
- Mixed use is encouraged
- Density of the development should be maximized
- Square feet of each building and structure
- Height and/or number of stories for each building and structure
- Passive or active recreation areas
- Proposed landscape areas
- Proposed vehicle parking and circulation
- On site stormwater management plan

Hard copies of the proposals shall be delivered to Jani Hostetter, Clerk of Council, at 300 East Washington Street, Lexington, VA 24450 no later than 4PM on Friday, March 17, 2023, with electronic copies emailed to [jhostetter@lexingtonva.gov](mailto:jhostetter@lexingtonva.gov) by the same date and time.

**Section 7: Proposal Scoring:**

The evaluation panel will use the following criteria and point scale to evaluate the proposal:

<b>Criteria</b>	<b>Maximum Points</b>
Cover Letter and Disclosure Statement	5 points
Developer Description	10 points
Development Team Description	15 points
Relevant Experience	20 points
Approach to Fulfilling Project Objectives	25 points
Site Concept Development Plan	25 points

**Confidential Information**

Proposal documents submitted are generally subject to the Virginia Freedom of Information Act (Code of Virginia 2.2-3700 et seq.; “FOIA”). However, Code of Virginia 2.2-3705.6 (3) exempts certain information from FOIA’s mandatory disclosure provisions, subject to the discretion of the City Manager, which includes proprietary information, voluntarily provided by a private business pursuant to a promise of confidentiality from the public body, and used by the public body for business, trade and tourism development or retention. Pursuant to that provision, the City Manager will consider such a promise if any document is (1) in one of the following classifications, as confirmed by the City Manager, and (2) clearly identified in writing to the City Manager as being in conformance with the guidance provided below:

- a. Trade secrets of the private entity as defined in the Uniform Trade Secrets Act (Virginia Code 59.1-336 et seq.).
- b. Financial records of the private entity that are not generally available to the public through regulatory disclosure or otherwise, including but not limited to, balance sheets and financial statements.
- c. Other information submitted by a private entity, where if the record or document were made public prior to the execution of a contract would adversely affect the financial interest or bargaining position of the City of Lexington or proposer; or
- d. Documents or information that would raise public safety or security concerns as described in Virginia Code 2.2-3705.2.

Before a proposer’s document may be withheld from disclosure, the proposer must make a written request to the City Manager at the time the documents are submitted, earmarking with specificity the documents for which the protection is being sought and a clear statement of the reasons for invoking the protection with reference to one or more record classes listed above.

If a proposer fails to designate trade secrets, financial records, or other confidential propriety information for protection from disclosure, such information, records, or documents shall be

subject to disclosure under FOIA. Additionally, to the extent by which access to documents within the proposal may be compelled to be released or protected from disclosure by a court order, the City Manager must comply with the provisions of such order.



March 13, 2023

Jim Halasz, City Manager  
City of Lexington  
300 East Washington Street, Lexington, Virginia 24450  
T: 540-462-3700, E: [jhalasz@lexingtonva.gov](mailto:jhalasz@lexingtonva.gov)

**A Proposal for the Purchase and Development of the 5.47± acre City-owned property at 626 Waddell Street, Lexington, VA 24450 (includes 646 Waddell St, 810 S. Main St, and 820 S. Main St)**

Dear Mr. Halasz:

Please find here our proposal to purchase and develop the 5.47± acre property at 626 Waddell Street (includes 646 Waddell St, 810 S. Main St, and 820 S. Main St) owned by “The City of Lexington, Virginia” (“Site”). We propose redeveloping the Site into a mid-rise 3-4 story residential rental unit complex.

Please watch a [short video](#) describing our proven process of working with community leaders. We have a long track record of successfully redeveloping municipally owned decommissioned properties. Please review many of [our projects here](#). Our quality housing product is often utilized as an active recruitment tool by area employers. Several of the projects have commercial components of varying types. Our team has managed the construction of 600+ units, and has an additional 2,350+ units under design or construction right now, including approximately 650 adaptive reuse units and 1,700 new construction units.

This development will be a joint venture with [UrbanCore Construction](#), whose experience with this product type includes construction and associated site development for mixed-use market-rate urban infill multifamily apartments and retail, as well as construction, site development, infrastructure, and amenities for multifamily workforce housing.

We propose to purchase the Site for the purchase price paid by the City to VDOT plus 10% [ $\$659,000 \times 1.10 = \$724,900$ ]. Once purchased, we will rezone, design, and then comprehensively redevelop the Site into a mid-rise 3-4-story residential rental unit complex (unit count to be determined at design, but current goal is approx. 200 units) targeting the area professional and regional retiree. We will create space for a commercial component fronting a portion of Waddell Street, designed with neighborhood retail, office, or medical office tenants in mind.

Attractive and affordable housing is critical to any community’s sustainable growth. Many employers choose to locate where their employees live, and attractive housing options for the professionals working in a community keep their economic impact local to area businesses. Our design will focus primarily on 1-bedroom and 2-bedroom units (some with offices) to allow for smaller/more-affordable units. We will reserve up to 20% of the units for making 80% AMI or less.

Should this proposal be acceptable to City leadership, the next step would be to develop and execute a purchase contract with the City for the Site, rezone the Site, and proceed with design efforts for the Site. We envision the following basic business terms for the contract:

**Developer Obligations**

- Commit to the project as generally-described above
- Conduct due diligence during the (maximum) 18 months prior to purchase
- Act as Agent of City to secure any needed rezoning actions for the Site to allow for the proposed uses
- Begin construction on Site within 12 months after conveyance
- Complete Site redevelopment (at least first phase, which shall contain not less than 75 units) within 24 months after construction begins

**City Obligations**

- Allow for a due diligence period by the Developer of a maximum 18 months
- Provide all available Site plans/surveys/reports requests within 15 days of executing contract
- Prior to design phase, allow Developer to act as Agent to secure any needed rezoning actions to allow for the proposed uses, cooperate as needed with applications/support letters
- Provide written verification of water/sewer utility availability to the site at a capacity that will be sufficient for the redevelopment uses within 15 days of an executed contract
- Provide written verification of telecommunication/high-speed Internet availability to the Site at a capacity that will be sufficient for the project within 15 days of an executed contract
- Provide - at City cost - a current title report for the Site
- Waiver of any applicable utility tap or connection fees
- Sell the Site to a to-be-formed Developer-controlled single-purpose limited liability company
- Convey the Site without title defects, encumbrances, or leases that thwart any proposed use
- Allow the Site components to be connected to public water and sewer located at property line
- Post-design/pre-conveyance, issue project site plan/building permit approvals as applicable

Any costs proposed to be borne by the City are surely unwelcome, but they are typical of what a Seller must do to prepare any commercial property for sale to any Buyer. We wish any City costs to be minimized; let's work together to ensure that City costs in this transaction are as low as possible.

Once redeveloped, the City will enjoy new taxes, new residents, and a renewed relevance of the Site. We have caught the vision of what the Site might become as we work together to create a viable investment in a product the community can be proud of. We are committed to working with City leadership to ensure this is a shared success.

We hope this proposal is received with the same enthusiasm with which we are sending it. We look forward to your response; thanks for your consideration.

Sincerely,



Edwin Gaskin - President, Echelon Resources, Inc.

**Developer Description**

[UrbanCore Construction](#) is a full-service construction firm based out of Richmond, VA, and has been doing business for 9 years. UrbanCore specializes in multifamily housing and special projects with an emphasis on whole-team collaboration, planning, process consistency, and over-communication for expectation alignment. Their culture of accountability and communication helps to eliminate surprises for the Owner and gives the project team opportunities to make the right decisions instead of “right now” decisions that could have unintended cost and time consequences.

Their approach is best summarized in the enclosed Proven Process. The key to success in their Proven Process is consistency and accountability, so they have developed a framework of systems to move a project through its entire lifecycle with the overall goal of providing an amazing customer experience. Their system is purposefully designed around a framework to give their teams and their customers the freedom and ability to innovate and creatively solve problems, while the predictable and repeatable steps of a project are systemized. They trust their teams to operate freely within the boundaries of this framework to put the priorities and interests of the Owners first.

**URBANCORE CONSTRUCTION CURRENT WORK VALUATION AND COMPLETION SCHEDULE:**

Project Name	Contract Amount	% Complete	Remaining Backlog	Expected Completion
Cameo Apartments	13,609,438	69	4,175,702	July 2023
Watermark Gardens	13,088,833	82	2,306,538	May 2023
The Cove	10,719,035	46	5,700,687	Oct 2023
Winchester 9%	14,739,844	9	13,346,668	April 2024
Winchester 4%	17,763,415	1	17,072,862	April 2024
<b>Total Work In Progress</b>	<b>69,426,647</b>			

[Echelon Resources, Inc.](#) is a Virginia-based real estate team that develops infill sites into walkable and experience-driven communities, as well as redeveloping historic buildings that have outlived their original use and that often are blighting their host communities. The development of such sites reinvigorates the surrounding neighborhoods, and doing so transforms what were once financial negatives to become healthy financial contributors. These development projects produce new taxes, new jobs, new residents, new revenues for local businesses, and a renewed relevance of the sites for future generations. Over the last 20 years, our team has completed investments in multifamily and mixed-use properties totaling approximately \$110,000,000, several of which have earned project awards. Currently, our pipeline of future projects includes 2,350± residential units with additional commercial uses, totaling approximately \$470,000,000 in total future investments. Our team manages projects from concept to completion, including analyzing site feasibility, developing project financial models, managing investor participation, directing construction activities, and supervising sales and/or leasing activities. Please review project info [here](#).

**Development Team Description:** The to-be-formed purchasing entity shall include Edwin Gaskin and Randy Cosby from Echelon Resources Inc along with Andy Beach & Jeff Bunch as principals from UrbanCore.

**Andy Beach:** Andy Beach is a real estate developer and entrepreneur whose focus is on historic renovations and in-fill development in the greater Richmond area. After graduating from Virginia Polytechnic Institute and State University in 2002, Andy started his career with one of the nation's largest home builders. Moving quickly through the company he gained invaluable experience in all facets of real estate and construction. In 2010, Andy co-founded UrbanCore Development and Progress Realty Group with the goal of providing quality and affordable housing options. Away from work, he enjoys spending time with his wife Lauren, and their three children Ellie, Brooks, and Berkley. In his free time, he enjoys staying active through Crossfit, running, and playing golf.

**Jeff Bunch:** Jeff Bunch has worked in Real estate for the past 10 years. He has worked for national homebuilders, real estate brokers, and investors. He spent 5 years with Ryan Homes developing his construction knowledge and project management skills. After working in the sales department, he decided to leave and become a real estate agent as well as form Progress Realty Group with Andy Beach, a real estate investment company that specializes in urban infill and renovation in Richmond Virginia. Four years after founding Progress Realty Group Jeff partnered with Andy Beach to form UrbanCore Construction. Jeff is passionate about urban housing and enjoys seeing his projects progress from start to finish.

**Randy Cosby:** As a developer with a passion for creating impactful community places, Randy draws on his diverse background in commercial brokerage, soil and environmental science, and construction. In Randy's view, no two sites are the same, and what he enjoys most is the process of creating a tailored vision for community development opportunities that are "outside of the box". Randy brings a deep sophistication and appreciation for leveraging a property's unique assets to help it reach its full potential, and partners with like-minded organizations and individuals to deliver the highest-quality projects. He is an expert in various real estate financial models and capital vehicles and is adept at navigating sensitive local governmental and political processes to bring projects to fruition.

**Edwin Gaskin:** Edwin Gaskin has 20+ years of experience redeveloping historic buildings across Virginia and North Carolina. He specializes in small market deals, structuring project financing, collaborating with local government partners, and directly managing the entire development process. He is also a Virginia Class A General Contractor (via Zachoro LLC). Edwin also has worked extensively at the state and local government levels, with a background in economic development and revenue analysis, having been both a Certified Economic Developer (CEcD) as certified by the International Economic Development Council and an Economic Development Finance Professional (EDFP) as certified by the National Development Council. Edwin is founder and president of Echelon Resources, Inc. and has often consulted for other development companies as well as local governments - providing community economic impact models, project fiscal impact estimates, project ROI models, and structuring incentive packages. Edwin also has extensive economic development leadership experience at both the state and local government levels.

**AVAILABILITY INFO:** If selected, all four principals involved will make themselves available for project needs via the same systematic project management process that results in our collective successful track record.

**Relevant Experience****BICKERSTAFF CROSSING - (UrbanCore Construction General Contractor)**

- **Owner:** Surber Development
  - Contact: Jen Surber (276-698-8760)
  - Address: 529 Taylor Street Bristol, TN 37620
- **Timeline:** Completed July 2022
- **Architect:** Martin Riley Associates
  - Contact: (404-373-2800)
  - Address: 215 Church Street Suite 200 Decatur, GA, 30030
- **Description:** Multifamily 60-unit workforce housing new construction with associated site development
  - Costs: \$9,665,000 initial, \$11,843,300 final
  - All changes by Owner: lumber allowance, HIEE upgrades, unforeseen site conditions
  - 9% LITHC
  - Zero Energy Ready Home (ZERH)
  - EarthCraft Gold rating
  - 78,000 s.f.



**SCOTT'S COLLECTION (I, II, AND III) - (UrbanCore Construction General Contractor)**



- **Owner:** Capital Square 1031
  - Contact: Michael Ollinger (703) 300-2910
  - Address: 10900 Nuckols Road, Suite 200 Glen Allen, VA 23060
- **Timeline:** Phase III completed September 2022
- **Architect:** 510 Architects
  - Contact: (804) 353-1576
  - Address: 3330 W Leigh St. Suite A Richmond, Virginia 23230
- **Description:** Mixed-Use, 209 total units, urban infill market-rate new construction apartments with associated site development and retail
  - Costs: \$37,360,815
  - 256,400 s.f.

**IMPERIAL LOFTS (SOUTH BOSTON, VA) - (Echelon Resources)**



- **Description:** Redevelopment of a larger former textile mill into mixed-use.
  - Approx. 132,604 gsf, apartments (71), storage, SVHEC R&D Center (via Virginia DGS), business center, 30,000 sf of self-storage.
  - Public financing (Approx. \$10M) - later refinanced to a non-recourse lender, and HTCs.
- **Challenges:** A very-large building in a very-small, very-unproven market. Extreme deterioration of the building. Large footprint with little interior light for units. Little commercial bank interest in the market. Surrounded by low-income and deteriorated housing options.
- **Solutions:** Phasing of building redevelopment. Demolition of a non-historic infill section to create a lightwell for units. Design for upscale finishes to boldly depart from the local market options. Construction financing provided by the Town IDA. Aggressive marketing campaign to regional professionals. A 15-year phasing plan was accomplished in 5 years.

**PEANUT CROSSING (SUFFOLK, VA) - (Echelon Resources)**



- **Description:** Redevelopment of a large-campus peanut factory (mixed-use).
  - Seven distinct buildings in Phase 1, apartments (225 units zoned total, Phase 1 - 58 units). Business incubator, covered parking, and commercial storage.
  - Commercial lender financing (Approx. \$7.5M) and HTCs.
- **Challenges:** Large campus in a challenging neighborhood known for crime. Neglected industrial campus. Building in various states of disrepair. No proven comps in the area.
- **Solutions:** Phasing of campus redevelopment. Design for upscale finishes to boldly depart from the local market options. Grants from City EDA and DHCD. Fully-leased the first week it was open, despite literal gunfights on the street outside. Currently planning for Phase 2 (91 units - adaptive reuse) and selling off the last portion to another developer for Phase 3 (76 units - new construction).

**WHIRLIGIG STATION (WILSON, NC) - (Echelon Resources)**



- **Description:** Redevelopment of a large tobacco warehouse (mixed-use).
  - Approx. 99,169 gsf, apartments (95), storage, Vollis Simpson Whirligig Park Visitor Center, restaurant space.
  - Commercial lender financing (Approx. \$18M) and HTCs (federal) and NC mill credits.
- **Challenges:** Unproven downtown market. Extreme building deterioration. Challenging locality. Little lender interest in this unproven market.
- **Solutions:** Sheer tenacity. Since opening both the project and the adjacent park are lauded for setting a high standard for place-making and visitor experience in this area.

## Approach to Fulfilling Project Objectives

### **Product Being Proposed:**

Attractive and affordable housing is key to any community's sustainable growth. Many employers choose to locate where their employees live, and attractive housing options for the professionals working in a community keep their economic impact local to area businesses. Lexington has a housing shortage that is constraining its economic potential. Some workers recruited to work in Lexington may have to live elsewhere, thus denying the City a large portion of the economic benefit that otherwise would come from those new residents.

Recently the Virginia Economic Development Partnership rolled out their "Virginia Talent Accelerator Program" which - among other things - focuses on what's needed to attract people to new job and lifestyle opportunities. The bottom line regarding their focus on housing is that "if there's nowhere to live, incoming workers simply can't make the move." VEDP is now actively encouraging localities to "start securing and preparing housing sites the same as they do for industrial sites." They go so far as to suggest "doing as much of this as possible in advance would make the proposed housing solution that much more plausible to the big prospects...and the first communities to do something like this will have a big leg up on their out-of-state rivals, not to mention being more competitive with larger population centers." We've been developing professional-grade rental housing for almost two decades, and it's terrific to watch those apartments fill up with new employees recruited to the area seeking a wonderful place to live. In some of the smaller markets we operate in, some of our properties are actually on the "prospect tour" agenda for business recruitment targets...so those employers can see options where their incoming workforce might live. We are proud to be part of this vital economic development effort.

This proposal is for the development of an upscale apartment community containing approximately 200 units, with a projected unit mix of approximately 70% 1-bedrooms and 30% 2-bedrooms. Rental rates for 1-bedroom units are projected to be in the \$1,200-1,400 per month range, while 2-bedroom units are projected to rent in the \$1,600-1,900 per month range. We will reserve up to 20% of the units for making 80% AMI or less.

As indicated in the 7/12/2019 market study by Danter & Associates, the data shows a severe shortage of available professional-grade housing in Lexington. This project will play an important role in contributing to solving the City-wide housing shortage. The City of Lexington has a unique and highly desirable character with a range of historical influences displayed throughout the City's architecture. We would welcome input from City staff and Council input on the building façade as we can accommodate a broad range of architectural styles, but we've included the attached inspiration pictures (**Exhibit B**) from Poole & Poole architecture as a tool to initiate the discussion.

### **Rezoning Strategy:**

Once purchased, we will rezone, design, and then comprehensively redevelop the Site into a mid-rise 3-4-story residential rental unit complex containing approximately 200 units. A maximum of 152 units can be achieved via the current RLC zoning with a Conditional Use Permit, so our proposal would require a PUD. A PUD approach will likely also be necessary for the planned commercial component fronting a portion of Waddell Street, designed with neighborhood retail, office, or medical office tenants in mind.

**Rationale & Comp Plan:**

- [Comprehensive Plan](#)
  - Pages 86 & 91 show the Waddell site as an "Opportunity Area" and also adjacent to the City's second largest "Gateway"
- [Lexington 2040 Comprehensive Plan](#)
  - Planning Objectives for Opportunity Areas (p.87)
    - Focus on infill redevelopment
    - Design for pedestrian & bicycle-friendly community
    - Connect neighborhoods through a network of green infrastructure
    - Encourage mixed-use development
    - Improved streetscaping & landscaping
    - Enhanced design & development standards
    - Enhance & protect natural resources and open space
    - Build on and promote local character and identity
    - Foster the development of a variety of housing types, including affordable housing
    - Incorporate sustainable development standards
  - Housing (p.75)
    - Additional appropriate and compatible multifamily, rental housing
    - Continued promotion of adaptive reuse, revitalization, and infill development
  - Notes
    - Page 37 shows the City's Existing Assets and suggests these Sites, Linkages & Waterways be used as connectors & create opportunities or residents to enjoy the natural environment [\*Note this site was not owned by the City at the time of the comp plan update, but it has since been acquired by the City and is well positioned to serve as an important connector.]
    - Page 114 shows Bicycle infrastructure as a HIGH need for the city's transportation

**Projected Project Timeframe:**

- Study Period: 18 months from the date of a fully executed Purchase Agreement. This time shall be used to refine the overall project design, complete the rezoning process, and secure all permits necessary to begin construction.
- Construction: Our proposal includes a contractual obligation to begin construction within 12 months of Closing on the property and complete construction (of the first phase) within 24 months of commencing construction.

**Projected Fiscal Impact:**

Using the City's cost-benefit analysis spreadsheet template, the below estimates indicate what the project will generate, depending on the final unit count, in gross tax revenue over a 10-year period, inclusive of the 2-year period for entitlements and construction. Once built, the project will generate on average ±\$375,000-\$500,000 in tax revenue to the City each year.

- 150 Units: \$4,040.907 over 10 years

- 200 Units: \$5,141,524 over 10 years

*\*Note: Excluded in the above calculations are revenues from Meals Tax, Sales Tax, and Water/Sewer fees, as well as costs for water/sewer fees. To be conservative, the fiscal impact from any potential future commercial uses was also excluded. Included in the above calculation were the property acquisition proceeds, real estate tax, personal property tax, and building permit fees.*

**Estimated Traffic Impact:** The proposed building is considered "ITE #221 - Multifamily Housing (Mid-Rise)" by the 11th edition of the Institute of Transportation Engineers' (ITE) Trip Generation Manual. This ITE#221 designation projects 4.54 VPD per unit or 908 VPD for these 200 units. During AM Peak Hour the ITE#221 designation projects 0.37 trips per unit, or 74 total trips during this hour. During PM Peak Hour the ITE#221 designation projects 0.39 trips per unit, or 78 total trips during this hour.

**Estimated Water Usage Impact:** A "ballpark" estimate was provided by a licensed civil engineer for a similar project, and using those rules of thumb we anticipate that this project should use approximately 641 gpm (it was 154 gpm for 36 unit building) gallons per minute on average.

**Economic Impact:** The economic contribution a new apartment community makes to its host community is notable. The first and most obvious factor is construction spending, and the National Association of Home Builders (NAHB) has estimated that the ongoing, annual jobs impact of new construction is 38 jobs for every 100-unit apartment complex built (One-year impact – 151 jobs, Recurring impact – 38 jobs). But that's just the tip of the iceberg: The financial contribution of ongoing operations, not to mention resident spending, paints a much more complete picture of multi-family's contribution to local businesses.

The jobs, taxes, and fees generated from real estate construction are sometimes described as "direct," "indirect" and "induced" impacts:

- Direct impacts – related to the industry under study; for construction, this includes all spending by developers and those hired to build a property, exclusive of property acquisition;
- Indirect impacts – spending by suppliers of materials/services and others to keep up with business, including overhead and jobs; and
- Induced impacts – spending of earnings from both direct and indirect activities that create economic benefits including jobs; for example a construction worker's purchases of groceries.
- Overall, these models provide projections for jobs, earnings, taxes, and total economic impact.

A new construction project supports and impacts local businesses by procuring local supplies and subcontractors such as plumbers, electricians, and other local vendors they have worked with. Local businesses benefit from this increased patronage, from the sale of construction supplies and sales to the new residents. New apartments also often mean that there will be new residents moving into the community, which increases the local economy through the expenditure activity of those new residents. Once open and operating, the new tenants will often patronize local businesses, ensuring that a significant amount of that expenditure benefit stays in the community. The resulting tax revenues stay within the local community and support local schools, parks, and community activities. These are new dollars coming into the local economy that would not be there but for this new project. In turn, local businesses tend to patronize their own, giving some of the profits from their businesses back to the community, sparking more growth.

Exhibit A – Conceptual Site Plan (shown as draft concept only, subject to change.)



SITE DATA	
Site Acreage	5.70
Site SF	248,292
BLDG 1 TYPE 4 gross unit SF	46,128
BLDG 2 TYPE 4 gross unit SF	46,128
BLDG 3 TYPE 4 gross unit SF	46,128
Clubhouse SF	4,000
<b>SITE BLDGS GROSS SF</b>	<b>142,384</b>
Parking/Green Space (remaining SF)	105,908
Parking/Green Space (remaining Acreage)	2.43
1 BR Units	63
2 BR Units	90
3 BR Units	0
<b>TOTAL UNITS</b>	<b>153</b>
<b>TOTAL PARKING</b>	<b>245</b>
Target Parking - 1 per bedroom	243
Parking Per Unit	1.6
Total Units - previous site plan	182
Unit Deficit	29
Total Parking - previous site plan	270
Parking Deficit	25

Exhibit B – Inspiration Pictures





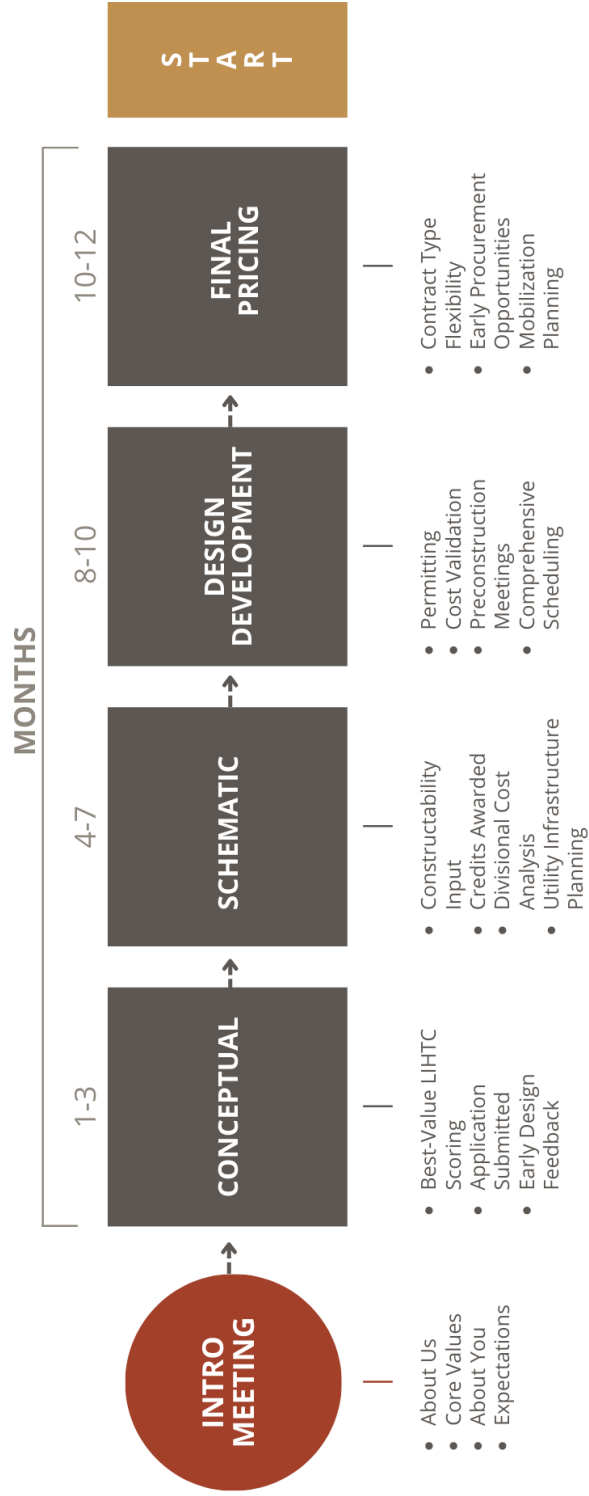
**Exhibit B – Inspiration Pictures (cont.)**



**Exhibit B – Inspiration Pictures (cont.)**



12 Month QuickStart Timeline



Appendix (cont.)

AFTER PROJECT START

**OPERATIONS**

- Expedited buyout, enhanced material procurement tracking
- Consistency brings predictable results
- Culture of accountability
- Extreme ownership
- Trade partnerships

**TAKT PRODUCTION SYSTEM**

UrbanCore utilizes a Takt Production System on every multifamily project to systemize the workflow to drive consistency, accountability and predictability into every project. Takt is a one-page trade flow schedule, and paired with lean concepts, is the most efficient tool for scheduling in the industry.

**PROJECT DELIVERY**

- Red Zone meetings
- Efficient close-out
- Warranty process
- Continuous improvement

THE URBANCORE VALUES

**Always Do The Right Thing**

Doing the Right Thing is our moral compass: We choose the hard, right decision over the easy, wrong one.

**No Excuses**

Construction is fraught with unforeseen conditions and for generations, this industry has had a culture of avoiding responsibility and passing blame. Not at UrbanCore.

**Details Matter**

The unforeseen is inherent in this business — it's how you plan for and mitigate it to ensure safety and success.

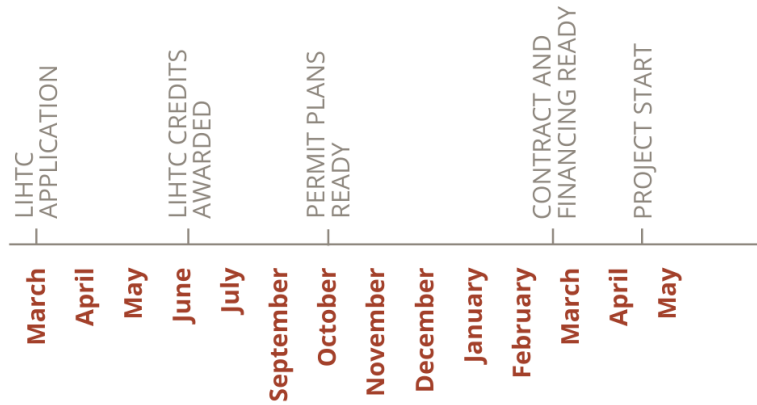
**Amazing Customer Experience**

We believe construction management is a customer service business: We do what we say and say what we do, and that's what sets us apart.

**Have Fun**

Our work is mitigating and managing challenges, and paired with a good attitude and staying a positive influence on others around you drives superior results.

KEY DATES





## **Industrial Development Authority Briefing April 26, 2023**

### **A Possible Renewal of a One Cent Lodging Tax for Debt Service for the Virginia Horse Center**

**Background:** In 2018 the VA Horse Center requested that both Rockbridge County and the City of Lexington renew an additional one percent addition to the lodging tax to be used exclusively for repayment of an earlier debt. The original purpose of the loan taken out by the Horse Center, and covered by the one percent, was for a significant number of deferred maintenance and capital improvements at the Center. Since that time these debt service payments (the loan is held by Cornerstone Bank) have been routinely and completely funded as required and no problems have arisen in that regard. However, the end of the six year renewal agreed to in 2018 (until 6/30/24) will soon come to an end. The Center still owes \$900,000 on the note and there is an upcoming balloon payment due in 2026 for approximately \$600,000. The Center would like to renegotiate the note, extend the payment period and continue access to the proceeds from the one percent tax.

The Rockbridge County Board of Supervisors has approved the renewal as part of their commitment to the Horse Center and this matter is yet to be decided by City Council. The current City payment to the Horse Center was limited by City Council in 2018 to \$61,000. Of course, the purpose for this funding is to support a true economic development purpose that has been a regional commitment from both the City and County.

Since City Council has not decided what course they will take in regard to this matter, there is no action required from the IDA. However, should City Council decide to act and approve any funding to the Horse Center, the IDA is required to consider it. However, the only question that will be before the IDA at that time will be would the IDA act as a pass through for these funds? Under Virginia law local governments cannot grant funds to private businesses, IDAs were created for this purpose. It is somewhat archaic and only adds an extra step, but it is the law we must work with.

As an item of note, of course Mr. Petty cannot participate in the discussion of this matter due to his role at the Horse Center and has excused himself from participation in this ongoing discussion.

I have attached several documents of a historic nature, since this item has not been discussed during my tenure and thus I rely on information from those who did participate in this in the past

**Recommendation:** As this is an informational item only, at this time, there is no need for any action tonight.

~~10/6~~  
11/3

## VIRGINIA HORSE CENTER FOUNDATION Occupancy Tax History

- 2007 – When the Commonwealth of Virginia dissolved the Virginia Equine Center Foundation and deeded the land to the Virginia Horse Center Foundation (VHCF), VHCF signed two loans totaling \$11.5 million loan with the United States Department of Agriculture (“USDA”). The loan bears interest at 4.125%. Payments of \$604,555 are due on February 15 annually through 2047. All, except 30 acres (8 of which are leased to Rockbridge County), of VHCF’s real estate and substantially all other assets secure this loan. The loan also requires that VHCF maintain a debt service reserve fund equal to one annual payment, \$604,555.

Previously, the Commonwealth provided by statute Section 58.1-3825 that each of the City of Lexington and Rockbridge County may add 2 percentage points to their occupancy taxes and that the proceeds from that tax would be used to service debt put in place for the VHCF on or after January 1, 2004 and that the tax may no longer be imposed when such debt is repaid in full.

- May 2014 – City of Lexington Council adopted an ordinance to increase its occupancy tax 1 percentage point effective August 1, 2014 and VHCF signed a Memorandum of Understanding with the City of Lexington and its Industrial Development Authority in which the City agreed to provide that additional 1 percentage point of the occupancy tax to VHCF for a two-year period (8/1/14-7/31/16) to provide for additional debt service funds, replacement of the debt service reserve fund if required by USDA and capital maintenance safety items if excess funds were available.
- June/August 2014 – Rockbridge Board of Supervisors adopted an ordinance to increase its occupancy tax for tourism by 1 percentage point effective August 1, 2014 and VHCF signed a Performance Agreement with Rockbridge County and its Economic Development Authority where the County agreed to provide the additional 1 percentage point of the tourism occupancy tax to VHCF for a two-year period (8/1/14-7/31/16) to provide for additional debt service funds, replacement of the debt service reserve fund if required by USDA and for capital maintenance safety items by VHCF if excess funds are available.
- 2015 – VHCF signed an Extension of Performance Agreement with Rockbridge County and a revised MOU with the City of Lexington to extend the understanding among the parties to cover a five-year period 8/1/14 – 7/31/19.
- Late 2016/Mid 2017 – VHCF signed an Extension of Performance Agreement with Rockbridge County and a revised MOU with the City of Lexington to extend the understanding among the parties to cover a ten-year period 8/1/14 – 7/31/24.

- August 2018 - VHCF borrowed \$1.5M from Cornerstone Bank to refinance debt and to begin implementing its Master Plan, primarily to address stormwater management and road resurfacing. The City and County had agreed that occupancy tax proceeds in excess of those needed to meet USDA debt service could be used to repay this loan. The loan bears interest at 5.85% with annual debt service of \$150,000 until a balloon payment of \$659,084 is due on 8/29/25 and is secured by an assignment of the City and County occupancy tax collections allocated to debt service and 22 acres of land. The loan balance is currently \$1,050,000.
  
- March 30, 2024 – Deadline for VHCF to meet with County to discuss an extension of the tax. The MOU with the City does not set any deadline.



VHCF

Occupancy Tax Collections

<u>Year</u>	<u>City</u>	<u>County</u>	<u>Total</u>	<u>2%</u>	<u>Annual USDA Debt Service</u>	<u>(Deficit)/Overage</u>
2015-16	182,357	710,983	893,340	595,560	604,555	(8,995)
2016-17	202,256	722,494	924,750	616,500	604,555	11,945
2017-18	205,708	691,145	896,853	597,902	604,555	(6,653)
2018-19	218,346	699,739	918,085	612,057	604,555	7,502
2019-20	172,075	626,412	798,487	532,325	604,555	(72,230)
2020-21	166,591	616,265	782,856	521,904	604,555	(82,651)
2021-22	257,608	919,864	1,177,472	809,851	604,556	205,295
<u>Year</u>	<u>City</u>	<u>Yr over Yr Inc.</u>	<u>County</u>			
2015-16	60,786		236,994			
2016-17	67,419	10.91%	240,831		1.62%	
2017-18	68,569	1.71%	230,382		-4.34%	
2018-19	72,782	6.14%	233,246		1.24%	
2019-20	57,358	-21.19%	208,804		-10.48%	
2020-21	55,530	-3.19%	205,422		-1.62%	
2021-22	98,304	77.03%	306,621		49.26%	
2021-22 Increase over 2018-19		35.07%			31.46%	

**Jim Halasz**

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**Subject:** FW: Need a Memory Fix

**From:** Sandra Thomas [<mailto:sgt1@me.com>]

**Sent:** Wednesday, March 8, 2023 3:07 PM

**To:** Jim Halasz <[jhalasz@lexingtonva.gov](mailto:jhalasz@lexingtonva.gov)>

**Cc:** Spencer Suter <[ssuter@rockbridgecountyva.gov](mailto:ssuter@rockbridgecountyva.gov)>; Jennifer Bell <[jbelle@lexingtonva.gov](mailto:jbelle@lexingtonva.gov)>; Ashton Harrison <[aharrison@rockbridgecountyva.gov](mailto:aharrison@rockbridgecountyva.gov)>; Glenn Petty <[gpetty@horsecenter.org](mailto:gpetty@horsecenter.org)>

**Subject:** Re: Need a Memory Fix

Jim,

Thanks for your email. Below is my tracking of the 2% compared to the USDA debt service. I only have records back to 2014 but know that the 2% had been insufficient to cover debt service prior to that because we were \$138K in arrears when the new management team took over. From 2014-22, we have only had 3 years in which the 2% collections exceeded \$604,555 (highlighted in green). Only last year did it exceed it materially. Even with last year we are cumulatively \$42K short for the period. Considering the delinquency made up by the additional 1%, we are \$179K short of collections. I expect that 2023 will bring us closer to breakeven. Once we are at breakeven, the accumulation of excess collections becomes the required debt service reserve fund which if not used in the future will be the final debt payment.

I agree that we need to watch this going forward but to date this has not been an issue.

Best,

Sandra

**VHCF**

**Occupancy Tax Collections**

<u>Year</u>	<u>2% Collections</u>			<u>Annual Debt Service</u>	<u>Net</u>
	<u>City</u>	<u>County</u>	<u>Total</u>		
2014-15	106,201	424,324	530,525	(604,555)	(74,030)
2015-16	121,571	473,989	595,560	(604,555)	(8,995)
2016-17	134,837	481,663	616,500	(604,555)	11,945
2017-18	137,139	460,763	597,902	(604,555)	(6,653)
2018-19	145,564	466,493	612,057	(604,555)	7,502
2019-20	114,717	417,608	532,325	(604,555)	(72,230)
2020-21	111,061	410,843	521,904	(604,555)	(82,651)
2021-22	174,635	613,243	787,878	(604,555)	183,323
					(41,790)

As of 4/21/14, VHCF was \$137,914 delinquent in its annual debt service payments. Additional 1% was

VHCF  
2018 Occupancy Tax Projections

	<u>City</u>	<u>Actual</u>	<u>Variance Fav/(Unfav)</u>	<u>County</u>	<u>Actual</u>	<u>Variance Fav/(Unfav)</u>
2018-19	186,117.21	218,346.00	32,228.79	687,226.79	699,739.00	12,512.21
2019-20	186,117.21	172,075.00	(14,042.21)	687,226.79	626,412.00	(60,814.79)
2020-21	186,117.21	166,591.00	(19,526.21)	687,226.79	616,265.00	(70,961.79)
2021-22	186,117.21	235,634.96	49,517.75	687,226.79	919,864.42	232,637.63
2022-23	186,117.21	248,974.27	62,857.06	687,226.79	903,210.81	215,984.02
2023-24	186,117.21			687,226.79		
2024-25	186,117.21			687,226.79		
<b>Cumulative</b>			<b>111,035.17</b>			<b>329,357.28</b>

**VHCF**

**Future Debt Service**

Cornerstone loan was on a ten year amortization with a balloon at year 7 when the additional 1% of occupancy tax expires. The second scenario assumes that the Cornerstone loan is extended for the entire 10 years.

**Under Existing Loan Documents**

Interest Rate	4.125%	5.85%
<u>FY</u>	<u>USDA</u>	<u>Cornerstone</u>
2023	604,555	204,844
2024	604,555	196,069
2025	604,555	187,294
2026	604,555	608,655
2027	604,555	
2028	604,555	
2029	604,555	
2030	604,555	
2031	604,555	
2032	604,555	
2033	604,555	
2034	604,555	
2035	604,555	
2036	604,555	
2037	604,555	
2038	604,555	
2039	604,555	
2040	604,555	
2041	604,555	
2042	604,555	
2043	604,555	
2044	604,555	
2045	604,555	
2046	604,555	
2047	604,555	

**If the Cornerstone Loan is Extended**

	4.125%	5.8% increasing to 8.5% in 2026
<u>FY</u>	<u>USDA</u>	<u>Cornerstone</u>
2023	604,555	204,844
2024	604,555	196,069
2025	604,555	187,294
2026	604,555	187,342
2027	604,555	178,688
2028	604,555	165,938
2029	604,555	153,188
2030	604,555	
2031	604,555	
2032	604,555	
2033	604,555	
2034	604,555	
2035	604,555	
2036	604,555	
2037	604,555	
2038	604,555	
2039	604,555	
2040	604,555	
2041	604,555	
2042	604,555	
2043	604,555	
2044	604,555	
2045	604,555	
2046	604,555	
2047	604,555	

VHCF  
Debt Service Projections

5.8% increasing  
to 8.5% in 2026

FY	Current Excess	USDA	Cornerstone	Projections				Total	Difference	Cumulative
				County 2%	1%	City 2%	1%			
2023		604,555	204,844	602,135	301,076	165,817	61,000	320,629	759,197	
2024		604,555	196,069	513,180	256,595	146,178	61,000	176,330	1,079,826	
2025		604,555	187,294	513,180	256,595	146,178	6,101	130,206	1,256,155	
2026		604,555	187,342	513,180	256,595	146,178		124,056	1,386,362	
2027		604,555	178,688	513,180	256,595	146,178		132,711	1,510,418	
2028		604,555	165,938	513,180	256,595	146,178		145,461	1,643,129	
2029		604,555	153,188	513,180	256,595	146,178		158,211	1,788,590	
2030		604,555		513,180	21,383	146,178		76,186	1,946,801	
2031		604,555		513,180		146,178		54,803	2,022,987	
2032		604,555		513,180		146,178		54,803	2,077,790	
2033		604,555		513,180		146,178		54,803	2,132,594	
2034		604,555		513,180		146,178		54,803	2,187,397	
2035		604,555		513,180		146,178		54,803	2,242,200	
2036		604,555		513,180		146,178		54,803	2,297,003	
2037		604,555		513,180		146,178		54,803	2,351,806	
2038		604,555		513,180		146,178		54,803	2,406,609	
2039		604,555		513,180		146,178		54,803	2,461,412	
2040		604,555		513,180		146,178		54,803	2,516,215	
2041		604,555		513,180		146,178		54,803	2,571,019	
2042		604,555		513,180		146,178		54,803	2,625,822	
2043		604,555		513,180		146,178		54,803	2,680,625	
2044		604,555		513,180		146,178		54,803	2,735,428	
2045		604,555		513,180		146,178		54,803	2,790,231	
2046		604,555		513,180		146,178		54,803	2,845,034	
2047		604,555		513,180		146,178		54,803	2,899,837	
									2,954,640	

Virginia Horse Center Foundation  
Transaction Detail By Account  
July 1, 2022 through February 20, 2023

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount
6101A - HHR revenue								
Deposit	08/08/2022		Colonial Downs HHR Tax (commission)			1016	Cornerstone Operations	88,379.61
Deposit	09/07/2022		Colonial Downs HHR Tax (commission)			1016	Cornerstone Operations	84,639.78
Deposit	10/07/2022		Colonial Downs HHR Tax (commission)			1016	Cornerstone Operations	84,449.22
Deposit	11/15/2022		Colonial Downs HHR Tax (commission)			1016	Cornerstone Operations	91,514.85
Deposit	12/09/2022		December 2022 Colonial Downs			1016	Cornerstone Operations	82,798.58
Deposit	01/17/2023		Colonial Downs HHR Tax (commission)			1016	Cornerstone Operations	89,666.14
Deposit	02/13/2023		Colonial Downs HHR Tax (commission)			1016	Cornerstone Operations	87,902.58
								<u>609,350.76</u>
								<u>609,350.76</u>
Monthly average								87,050.11
Remaining months								17.00
Projected collections								<u>1,479,851.85</u>
Total projected revenue								2,089,202.61
Less loss VEA operating contributions								(400,000.00)
Net								<u><u>1,689,202.61</u></u>

Total 6101A HHR revenue  
TOTAL

**Jim Halasz**

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**Subject:** FW: County 1% Lodging Value

Jim,

Thanks – I’m thinking that my folks are pretty supportive of the VHC. I agree that the revenues have grown, but I think they are being put to good use. Here are our numbers so far this year (and budget) – Ashton supplied this morning.

Our FY23 budget to the Horse Center is \$900,000.

For FY 23 as of November 30, 2022, we have received for the Horse Center lodging tax:

2% - \$315,903.09

1% - \$157,949.60

The 2% is if course granted by special legislation and is to service the \$604K annual USDA payment. The 1% is to pay down the \$750K Cornerstone loan which balloons in a couple of years. The Cornerstone loan was taken out to do greatly needed capital maintenance projects several years ago (which have been completed). One point to make is that the USDA loan required a one year debt service payment reserve. Thus, we are supposed to be a year ahead in debt service payments. We are not. In fact, the USDA approved what I would call a variance which allows (through timing of the annual accounting) us to operate without the reserve. At minimum, if anyone is looking to reduce the amount going to the VHC, we should at least build that reserve fund back up.

Another point to make is that when we first jointly implemented the 1%, part of it was to make up the difference between the revenues garnered by the 2% (at the time it was collectively -between RC & Lex- around \$580K I think – not enough for the payment. Thus we were losing ground each year – plus we were not doing anything for capital maintenance. I recall discussion at the time that there was concern that, if revenues garnered grew in the future, extant Boards and Councils would see an opportunity and take their foot off the pedal. It appears that this is what may be happening.

I think that an important point to make is that the venues we are competing against in say, KY, NC and FL, are heavily subsidized by their states. The Boards and Councils at the decision point (on the 1%) recognized that in order to remain competitive and relevant, the localities were going to need to support the VHC – hence the decision.

Hope this helps