Fund 716
Mosaic District Community Development Authority

Focus

The purpose of this fund is to provide the necessary accounting structure for revenue collections and anticipated bond proceeds from the sale of Mosaic District Community Development Authority (CDA) bonds for this project. The District was created in order to provide a vehicle for financing certain public improvements that are needed to develop the District in accordance with existing zoning. The County agreed to create the District for that purpose in order to promote economic development generally and development of an especially desirable nature (i.e., mixed-use urban) in particular. The public improvements to be financed through the District include all or a portion of the following infrastructure, facilities, and services: sanitary sewers mains and lines; water mains and lines, pump stations, and water storage facilities; storm sewer mains and lines; landscaping and related site improvements; parking facilities; sidewalks and walkway paths; storm water management and retention systems; lighting; street and directional signage; wetlands mitigation; roads, curbs, and gutters; public park and plaza facilities; open space areas; public school improvements; and any and all facilities and services appurtenant to the above including the acquisition of land.

On July 21, 2008, the Board of Supervisors adopted 16 Principles for Public Investment in Support of Commercial Redevelopment ("Principles") in order to provide policy guidance related to requests for public investment in designated redevelopment, revitalization and other strategic areas of the County and endorsed a process whereby such requests would be evaluated.

The County has various funding methods available that can be used to assist commercial investment. One mechanism by which public investment may be requested is through the establishment of a CDA, which can be established to provide a broad range of public infrastructure and services. A CDA is established by petition to the Board from a majority (51%) of land owners within a proposed area, and is governed by appointees of the Board of Supervisors. The 51% can be based on either land area or assessed value. A CDA is a flexible tool that can be funded by ad valorem special taxes or special assessments, as negotiated with petitioners. It typically covers a relatively small area, such as a single shopping mall, a downtown redevelopment area, a mixed use development, and typically involves a single or small group of owners. No general fund or debt impact is intended, unless the CDA is coupled with tax increment financing.

Pursuant to Article 6 of Title 15.2 of the Code of Virginia, prior to accepting any petitions for the creation of a CDA, the Board must act to assume the power to consider such request. The Board held a public hearing on September 8, 2008, after which the Board adopted an ordinance by which the County assumed the power to consider petitions for the establishment of CDAs.

On October 15, 2007, the Board of Supervisors approved a rezoning of properties subsequently included in the District in RZ 2005-PR-041, a request by the private developer to rezone 31.31 acres of land to the Planned Development Commercial (PDC) and Planned Residential Mix (PRM) Districts in order to develop the portion of Merrifield designated as the town center in the Comprehensive Plan. More specifically, the site is located south of Lee Highway/Rt. 29, west of Yates Way, east of Eskridge Road and north of the Luther Jackson Middle School. The project was approved for approximately 1,000 dwelling units, a multi-plex theatre, 125,000 square feet of office space, 500,000 square feet of other non-residential uses and a 150 room hotel. Among the public improvements are two parks, the realignment and widening of Eskridge Road, the widening of Lee Highway, improvements to the Lee Highway/Gallows Road intersection and construction of a grid of streets. Virtually all parking will be provided in structures. Two Proffered Conditions Amendments have subsequently been approved which modified certain uses and layout of the site.

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The Board of Supervisors adopted an Ordinance that established the Mosaic District (CDA) on April 27, 2009 on the land that is encompassed by RZ 2005-PR-041. The Ordinance establishing the Mosaic District CDA was amended on April 27, 2010, and again on April 26, 2011. The last amendment included the imposition of a special assessment to be levied on the properties within the District. On April 26, 2011, the Board also approved the bond resolution and amendments to the Board's by-laws, and endorsed the special assessment report that provided the basis for the allocation of the special assessment among the various parcels within the District.

County staff and the County's financial and bond consultants negotiated terms and conditions for the Memorandum of Understanding (MOU) among the County, the CDA and the developer. In summary, the MOU proposes to:

- Fund a $30.0 million dollar portion of the public facilities to be constructed on the site through a 30 year bond to be issued by the District whose debt service will be paid by a self-assessment.

- Fund a $42.0 million dollar portion of the public facilities to be constructed on the site (road improvements, parks, and a small portion of the parking garage) through a 22 year bond also issued through the District whose debt service will be paid through incremental real estate tax revenues. Liability for the debt service will be secured by the District, not the County.

FY 2012 Funding Adjustments

The following funding adjustments from the FY 2011 Adopted Budget Plan are necessary to support the FY 2012 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 26, 2011.

- **Bond Sale Adjustment** **($88,400,000)**
  This fund was created at the *FY 2011 Third-Quarter Review* in anticipation of a spring bond sale and the need to provide an accounting reporting structure for the District. No budget was approved for this fund for FY 2012, as it will be developed based on the actual bond sale results and included in the *FY 2011 Carryover Review*. Therefore, there is a decrease of $88,400,000 or 100.0 percent from the *FY 2011 Adopted Budget Plan*.

Changes to FY 2011 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2011 Revised Budget Plan since passage of the FY 2011 Adopted Budget Plan. Included are all adjustments made as part of the FY 2010 Carryover Review, FY 2011 Third Quarter Review, and all other approved changes through April 12, 2011.

- **Bond Sale Adjustment** **$88,400,000**
  This fund was created at the *FY 2011 Third-Quarter Review* in anticipation of a spring bond sale and the need to provide an accounting reporting structure for the District. Therefore, there is an increase of $88,400,000 over the *FY 2011 Adopted Budget Plan.*

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FUND STATEMENT

Fund Type G70, Agency Funds

Fund 716, Mosaic District Community Development Authority

	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan	FY 2012 Adopted Budget Plan [1]
Beginning Balance	**$0**	**$0**	**$0**	**$0**	**$6,500,000**
Revenue:					
Bond Proceeds Series A	$0	$0	$64,500,000	$0	$0
Bond Proceeds Series B	0	0	30,400,000	0	0
TIF Revenue - Series A	0	0	0	0	0
Special Assessment - Series A	0	0	0	0	0
Special Assessment - Series B	0	0	0	0	0
Interest Earnings	0	0	0	0	0
Total Revenue	$0	$0	$94,900,000	$0	$0
Total Available	**$0**	**$0**	**$94,900,000**	**$0**	**$6,500,000**
Expenditures:					
Bond Proceeds Series A to Trustee	$0	$0	$58,000,000	$0	$0
Bond Proceeds Series B to Trustee	0	0	30,400,000	0	0
TIF Revenue - Series A to Trustee	0	0	0	0	0
Total Expenditures	$0	$0	$88,400,000	$0	$0
Total Disbursements	**$0**	**$0**	**$88,400,000**	**$0**	**$0**
Ending Balance	**$0**	**$0**	**$6,500,000**	**$0**	**$6,500,000**

[1] This fund was created at the *FY 2011 Third Quarter Review* in anticipation of the need to provide an accounting reporting structure for the District based on an anticipated spring bond sale. No budget was approved for this fund for FY 2012, as it will be developed based on the actual bond sale results and included in the *FY 2011 Carryover Review*.