



Albemarle County

Legislation Text

File #: 19-470, **Version:** 1

AGENDA DATE: 10/2/2019

TITLE:

Approval of the SOCA/Fluvanna County EDA Private Activity Bond Proposal

SUBJECT/PROPOSAL/REQUEST: Approve by resolution the Fluvanna County EDA's issuance of private activity bonds to finance the SOCA field house in Belvedere

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Kamptner, DeLoria

PRESENTER (S): Richard DeLoria and Richard L. Hurlbert, Jr., Bond Counsel for Fluvanna Economic Development Authority

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: The Soccer Organization of Charlottesville Area, Inc., (SOCA) a Virginia nonstock not-for-profit corporation, whose principal place of business is presently located at 1685 Polo Grounds Road, wishes to build an approximately 50,000 square foot field house (39,000 square foot footprint) on Belvedere Boulevard. To finance the costs of the acquisition, construction, and equipping of the facility, the Fluvanna County Economic Development Authority (EDA) agreed to issue private activity bonds, which the Fluvanna County EDA and the Fluvanna County Board of Supervisors have approved. Such governing body approval allows the Fluvanna County EDA to issue bank qualified tax-exempt bonds for not-for-profit organizations such that SOCA will obtain more favorable and affordable financing terms. Board approval on October 2 will help SOCA and the Fluvanna County EDA to close before the interest rate lock expires.

Before approaching the Fluvanna EDA, SOCA inquired if the Albemarle County EDA would be able to issue bank qualified bonds and was told there was no capacity for the Albemarle County EDA to issue bank qualified bonds, also known as tax exempt qualified obligations, in 2019. In determining capacity, the IRS aggregates the County's, its public schools, and its authorities and commissions calendar year issuances.

The planned indoor field house is a permitted use included in the Belvedere Neighborhood Code of Development. Belvedere is zoned Neighborhood Model Development (NMD). This field house concept was approved as of September 17, 2009. Its purpose is to provide a play amenity to Belvedere and the Charlottesville/Albemarle community, and it will complement the future outdoor athletic fields planned for Belvedere in its flood plains (SP200700054 and SP200700058). SOCA has an approved site plan and has obtained preliminary approval and permits for temporary construction and erosion control plans. The field house building permit application is currently going through the review process.

STRATEGIC PLAN: Infrastructure Investment: Prioritize, plan, and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs. Continue to expand and promote the County's outdoor recreation parks and amenities.

DISCUSSION: In order to obtain financing to allow the project to proceed, SOCA obtained the Fluvanna County EDA's agreement to finance up to \$3,750,000 in private activity bonds. The Fluvanna County EDA may only issue such bonds for facilities in Albemarle County if "the governing body of [Albemarle County] . . . concurs with the inducement resolution adopted by the authority, and shows such concurrence in a duly adopted resolution." Virginia Code § 15.2-4905(13). Additionally, for private activity bonds to become bank qualified bonds under IRS regulations, the locality in which the facility will be located must approve the bond issue "after a public hearing following reasonable public notice." 26 U.S. Code § 147(f). By approving the Fluvanna County EDA's bond issue, the private activity bonds will qualify for tax-exempt status and allow SOCA to secure sufficient financing on favorable terms to complete its new facility.

Approval of the Fluvanna County EDA Resolution imposes no financial obligation to or pledge of credit from Albemarle County.

BUDGET IMPACT: There will be no budgetary impact by adopting the resolution.

RECOMMENDATION:

Staff recommends that the Board adopt the attached Resolution (Attachment E) approving the Fluvanna County EDA Inducement Resolution.

ATTACHMENTS:

- A - Fluvanna County EDA Inducement Resolution dated September 12, 2019
- B - Fluvanna Board Resolution dated September 18, 2019
- C - SOCA's Fiscal Impact Statement?
- D - Notice of Albemarle County Board October 2, 2019 Public Hearing
- E - Resolution Approving Fluvanna County EDA Inducement Resolution