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[00:00:06] Morning, everyone. Welcome to the March 14th meeting of the Economic Initiatives Committee. First thing I will do is ask if anyone has any revisions or changes to the minutes that were circulated from our last meeting. If not, I will let them stand as a record of that last meeting.

[00:00:29] We have a very interesting meeting again today. Fortunately, we've got the Master Arts Plan facilities back. We apologize for not getting to you last time, but we're looking, just extended the time we had to look forward to your presentation.

[00:00:52] We all know that the arts are great contributors. They make such an enormous contribution to the quality of life in our community, but it's also a, the arts represent a significant opportunity for economic development. We're going to talk about the master arts plan facilities. And here in this meeting, we're going to talk about it as an economic development tool. Like other businesses, the arts contribute to the county's tax base, the revenues that they generate, but they also

[00:01:29] provide an outstanding employment opportunities for many, many county residents. The arts are also a significant contributor to the board's efforts to create places, placemaking, where the innovative workforce of the 21st century will choose to live. So I could go on, but I won't. I'm just going to say that on the last page, slide tab five, it sets out the next steps. And so that we know where we're headed here today. Lila's going to ask for feedback from the board. The plan

[00:02:06] has been presented to us. We all have had copies, opportunity to review. We'll go over it today. Any changes or revisions that the board requests will be incorporated into a finalized document. And then when that is done, the plan will be presented to the board for acceptance like we've done with so many other plans. And then the other topic today is the Huntington Club Redevelopment.

[00:02:31] This is not the first time, as the board knows, that the Huntington Club Redevelopment proposal has come before the board. It's a big and financially complicated proposal, but its potential to be a game changer for redevelopment around the Huntington Metro certainly justifies the time and effort that is being invested, especially by staff, to see if the project justifies the county's commitment that has been requested. So today's staff will remind us of what is being asked for by the applicants, what has transpired since we last discussed the project

[00:03:07] in December and what decision points lie ahead. We were asked to put it on today's agenda so the board can provide input and instructions to staff concerning a couple of items. First, whether staff should proceed to establish a community development authority that will be needed if the board ultimately approves going forward with county participation in the project. And second, whether the board has any additional input, questions, or direction for staff. So thank everyone for their

[00:03:43] participation today in advance, and I turn this meeting over. Did you have a motion? No, I don't have a motion. I was just going to welcome the chair of our planning commission, Phil Nijelski-Eichner, is with us as well and just wanted to recognize him. It's good. We're going to have to save you a seat buddy is coming back we appreciate it nothing better than to have you here uh so anyway uh let me turn this over uh to lila gordon who is the chair of the fairfax county arts committee uh and

[00:04:15] chair of the master arts plan task force uh and many other things lila uh floor is yours thank you john thank you good morning members of the board of supervisors county executive hill friends I'm going to move through these slides as quickly as possible to be able to address as many of your questions and thoughts as we can in the time we have together without going over our allotted time.

[00:04:43] And I'm going to be as courteous to Mr. LaHaye as he was to me the last time I was here and try to make this succinct. I'd like to also welcome with me today Linda Sullivan, the President and CEO of Arts Fairfax and my immediate past chair predecessor of the County Arts Committee, Michael Lieberman, recently retired, and I think love and life.

[00:05:09] The development of a Fairfax County Master Arts Plan for facilities is a key component of county efforts to build on the current arts ecosystem's assets and assure that future arts venues are well matched to county development, lifestyle, and social cohesion goals. And now I'm going to jump right to the end of the slide, so bear with me here. So it's critical, especially

[00:05:44] in light of the recent decision to review the comprehensive plan policy to update it, that you know we are not asking the Board of Supervisors to adopt the Master Arts Plan for Facilities as a policy document. This plan has been crafted to serve as an implementation tool that will be used to guide arts venue development over a 15 to 20 year time horizon. I think some of you can appreciate how long this takes. We anticipate that the plan itself will be reviewed

[00:06:17] and updated annually, just as is envisioned of the countywide strategic plan, agency equity action plans, and other living county initiatives. We want you to be confident that this plan document reflects 13 years of research, analysis, and community engagement across the entirety of Fairfax County

and within a regional context. It will be useful to your offices and staffs and help county staff respond effectively to capital project planning and development opportunities.

[00:06:55] And now let's roll through the remaining slides. And of course, if you see something you want to question or comment regarding, please speak out. Now we'll go back.

[00:07:12] Okay. Even before 2010, the gap between existing arts venues and those needed had been studied and presented to the Board of Supervisors. The driver for development of a plan was knowing that the scale of resourcing required would demand effective prioritizing to know when to take advantage of coming development and to what ends.

[00:07:37] So these are the key components of the current draft plan, and as you can see, they are consistent with all the county initiatives being undertaken at present. The task force efforts are detailed in the plan. Their iterative nature is evident. We are up to draft 38. All impacted county agencies and the county executives teams have reviewed and edited the plan, and in some cases, multiple times.

[00:08:08] Along with existing conditions documentation, we conducted a comprehensive market study and needs analysis to ascertain Fairfax County audience expectations and the needs of arts content providers with respect to arts venues.

[00:08:28] And I will just say as a side note that the market gap between what people feel is needed and the reality of what arts experiences actually are available to them in Fairfax County is a significant issue to tackle. We know that marketing, communication, and easy access to arts consumer information are big barriers to full enjoyment that we will also necessarily be tackling in the coming years.

[00:08:56] Along with task force efforts, simultaneous county-wide initiatives occurred that are deeply related and intertwined. The development of One Fairfax and the establishment of a county-wide strategic plan.

[00:09:13] Their engagement results echoed task force results across the board. In terms of data, one thing all of you should know about is the visual and performing arts venue map that is on the county's maps webpage. It has a wealth of information that people can access, and we need to continue to make sure people are aware of it and can easily digest it.

[00:09:36] And if you visit that Arts Venues page, map page, you can turn layers on and off. So you can see where these figure in your districts. You can see where they figure in relation to schools. You can see a lot of demographic data.

[00:09:52] It's a very rich map experience. These next slides are self-explanatory and provide you with a snapshot of where we are today. They're based on ongoing engagement with the arts sector to understand their facility-related goals and progress.

[00:10:13] And that will continue through the joint work of Arts Fairfax and the County Arts Committee. Among your meeting materials is a document with the facility tables from the larger plan extracted just for ease of use and reference. So the two campuses that we speak of here are George Mason and Northern Virginia Community College.

[00:10:38] The community centers are Lee, McLean, and Reston. And McLean and Reston, as most of you know, are funded by small tax districts. Last year, the Capital One Hall complex moved from the category of planned new venues to being open.

[00:10:57] Dahlia was just there this past weekend. And this happened during the period the plan was being vetted by stakeholders and county agencies. So this experience illustrates exactly why this document has to be a living one that we review and update annually.

[00:11:16] This layer of venue development is in ongoing flux. For example, the development of the town of Herndon Arts Center was severely stymied by COVID-19 pandemic and related disruptions to supply chains and labor availability that has stalled construction.

[00:11:38] On the needs analysis side, it's important to keep in mind the desire for support spaces, what we call messy space, where, it's a very technical term, where artists can work as well as space for rehearsals, storage, what we call back of house building or making activities that are critical to arts content delivery.

[00:12:02] These data points are also in flux. These dates are from current resources, either the owner or county web pages. And another example of how important monitoring progress of a living plan will be, the Block J proffer was accepted by the county between our planned conversation in December and now. The Board of Supervisors accepted that proffer opportunity in January. So clearly also while arts venues are presently highly prized and recognized as important economic driving assets,

[00:12:41] they are challenging to realize. This is the area in which we would rely most heavily on your offices for guidance about opportunities. The county arts committee will work with you to make the most effective decisions about these opportunities. They might arise in terms of revitalizing underused commercial assets for those support activities previously mentioned, as well as arts adjacent experiences like culinary and fabric or other culture anchored arts expressions.

[00:13:17] As the plan describes, you will have a ready sounding board and subject matter expertise available to respond to your offices when these kinds of opportunities surface. The County Arts Committee functions as the shepherd for both the Master Arts Plan for Facilities and the County's Strategic Plan and One Fairfax Goals for Arts and Culture.

[00:13:42] The County's tools for financing venue development are described in the plan, and the expectation is that financing of arts venues will necessarily be impacted by all capital project planning and private development. And there are huge challenges, as all of you know, in managing the county's bond program, debt ceiling, and limitations of the infamous Dillon rule.

[00:14:09] While these are daunting issues, we can't afford to ignore the facility needs of the arts sector and should be positioned better now by all the cross-county interagency work that is going on to use each and every financing tool in the county's toolkit as cost-effectively as possible. And we can also imagine new approaches to co-location that might deliver multiple facility outcomes. So here's a little reminder. What we are not doing is adopting

[00:14:43] policy. And this is a living implementation tool. We are not proposing a pie-in-the-sky fantasy book to put on a shelf to gather dust. So we need your input and feedback. John previewed that for me. Thank you. And we will incorporate that in draft 39. We have some side bet over-unders on how many drafts we get to before there's a plan. And then we'd like for you to accept

[00:15:18] the plan formally once that input has been incorporated and the plan is completed to your satisfaction. And then we would also like you to formally thank our task force members for their involvement and service because these community leaders who aren't present here today have been at this

for quite some time and they made significant contributions to the content of this plan and its reliability so we look forward to june maybe 2023 for

[00:15:50] a scrunch and uh and a applause for planning well done thank you and i look forward to answering your questions. Thank you, and I don't know how you did it, but you did summarize the content of a lot of material in a very succinct way. Thank you so much. You know, the other thing I want to do is thank everybody who's been involved at this point in time. I can remember, and I think Supervisor Gross was kind of instrumental in getting us started down this path a long time ago

[00:16:26] With the comprehensive plan, the arts, and then the subsequent effort. And the work product, in my opinion, has been excellent. And the commitment and dedication of so many people has, you know, just really made a difference.

[00:16:42] So thank you so much. Before I turn it over, I would ask you, is there anything that we have? Have you looked at the arts districts that we have in our ordinance and try to determine whether they have a future and can be utilized to help accomplish this?

[00:17:05] Yes. There is a section in the plan that deals specifically with the arts districts, with the Merrifield Project. We looked very closely at Tyson's as an example of an emerging entity that the partnership started and then has evolved to become that kind of amenity and activity activation focused tool or instrument certainly in South County there are lots of economic opportunities that are related to the original Mount Vernon high school campus that can be connected and

[00:17:44] integrated and realized and then expand more broadly into the surrounding community so there's potential across the county there is a there is a multi-jurisdiction art district in Mount Vernon district with the workhouse campus and I believe Occoquan and Prince William County that have a kind of arts district arrangement around that focal point and so it's a very effective way to organize those kinds of activities and amenities and connect them directly

[00:18:19] to commercial activity that's adjacent thank you I would just say that yeah one of the things I have seen that really I think can make a difference going forward is property owners who want to create yeah they want to give back to community commercial property owners but they also want to create some vibrancy absolutely there were shopping centers and so forth who have contributed space at least on a temporary basis to arts organizations and I'm sure that's part Yeah, and in fact, during the period the plan was developed, Arts Fairfax worked with the

[00:18:57] county's Department of Planning and Development, the Office of Community Revitalization, to create something called a Creative Spaces Toolkit, which is available on the Arts Fairfax website and which arts organizations can look at and use to help guide them through engagement with commercial property owners who are looking to activate either temporarily or on a reduced rent and know exactly what all the steps are that they will have to go through to maybe do build out to suit whatever that temporary purpose is or to make special arrangements

[00:19:35] in terms of rent abatements or things like that. So absolutely, that's a big part. And that's where we would look to each of your offices to give the County Arts Committee a heads up about, you know, hey, something's going on in Westfields and we think that there's some potential here and we'd like your advice and support. Excellent. Yeah, I first want to thank the task force as well. This is great. Far better than

actually what I was expecting because, you know, as I was reading through it the other night, I kept thinking of things in my mind that would be

[00:20:13] missed and I can't find anything, which is really good. But I particularly like the planned new venues, the chart that's in here. I do think the fact that this is a living document is really important because one thing we've learned is if we're spry, we can take advantage of really unique opportunities. And in doing that, I also like the fact that, you know, we have this gap analysis because, unfortunately, many times where the greatest arts advocacy is is where there's already facilities that people, you know, they gravitate towards.

[00:20:49] There's a value proposition for them, and there are parts of the county, as you well articulated, that just don't have the same access. And so looking at that through the gap analysis, I think, is going to be really important just to make sure that arts are not just in some parts of the county but can be in all parts of the county.

[00:21:06] The other thing that, you know, I think is really important here, and it's what you were touching on at the end, which is these temporary interesting arts pop-ups or other things that can happen in the community, even if they're in underutilized commercial space.

[00:21:22] And I think it's really important that we, as board offices, are working closely with our planning office and permitting office to make sure that's easy. because I understand there's the toolkit and there's, you know, things for commercial property owners and other people to look at.

[00:21:40] But if the process takes longer than the potential art pop-up to get permitted, then people aren't, they're just not going to do it. And so we have to make sure that, you know, what we're saying in this plan can be done in real time through the permitting office with the flexibility and making sure that this is a board priority.

[00:22:01] And I think that's going to be increasingly important in these revitalization areas that we've targeted. Many of these are not going to meet parking and other technical specs that are in there. It doesn't mean we should not allow for, even if it's a temporary art opportunity.

[00:22:17] And so I think one of the important things for us is going to be is that we have this plan. It is a living document. But how are we making sure that we also have the other tools that will be necessary to actually get the things that are, you know, thought about in this plan done, even the little things, because those may be the most important things in a revitalization area. And so the big venues are, you know, well-positioned, have good funding, have a good following of people supporting them. It's the smaller individual opportunities, I think, that we're going to have to really be aggressive at and pay attention to. But a really good, very well-done plan, and I want to thank the task force members in particular

[00:22:56] for doing it. Thank you. Thank you, Chairman McKay. Thank you, Mr. Chairman. I have Vice Chair Gross, Supervisor Paul Cech, Supervisor Alcorn, and Supervisor Lusk. Thank you, Mr. Chairman, and thank you for the 39th draft. It's been a long time since we met at George Mason University, and we're talking about dance floors and how they need to be sprung.

[00:23:20] If you're the parent of dancers, I'll explain to you later, Rodney, what a sprung dance floor is. It's still true. Yes, yes. I especially wanted to go back to your messy space. comment, because that is one of the terms that has stuck in my mind the entire time we've been doing this. And so often, I'm wondering if

we've looked at or considered in repurposing buildings, because I don't think our repurposing buildings report necessarily addressed arts. But as we

[00:23:59] continue to see vacant commercial space, especially the kind of large space that doesn't have a lot of pillars in it um first floor retail and so forth um are there recommendations for that in the report because i think messy space everybody's talking about gallery space go see the finished product but you got to be able to do the work first and it's not usually um good to do that at home you need to have someplace to do that so um i'm hoping that that will be a

[00:24:32] focus? It is in there, and it is an analysis, a part of the gap analysis that showed up in the consultant work back in 2018. Very critical need. It's not quite as sexy as a front-facing venue is, but it is integral to the creation of arts activity. Yes. And in addition to that, the more that you have people working in those otherwise vacant storefronts, they're contributing to the

[00:25:06] economic vitality of that strip center. They may not be drawing a big audience, but the more people who are working there, the more they will also participate in the commercial life of the adjacent stores and restaurants and things of that nature. And I would think we talk about sports tourism, there's arts tourism and absolutely and actually visiting messy space and seeing the creation yes right and doing teaching whether it's glass blowing or or firing of pottery or whatever i mean you go down to orton the orton arts and it's fun to go through there yes so the other

[00:25:43] the other piece um and i realize this is mostly about venues but um it's been my observation and it's a sad observation we're not doing public art well in this county at all regardless of how many times we've tried to do it um and and i know on richmond highway they've had some success with some murals but trying to get permits for murals and trying to explain to our planning and development department that this is not a sign maybe it is a sign a different kind of sign um

[00:26:19] But I think we really need to, that's a wonderful way to grab people just really quickly. It's not expensive. It gives messages about our community, and it's not an advertisement for anything other than community.

[00:26:38] So I'm hoping that as we continue to develop and redevelop is even in our, either in our revitalization areas or not, that we can do something with the public art piece. At the former Lomans Plaza, we have a townhouse development going up.

[00:26:57] That was the site of an old airport years and years and years ago, just like you have down on Richmond Highway. And so as part of the redesign of some of the retail space there, they've actually got things on the walls that sort of harken back to the days that it was an airport back in the 30s and 40s.

[00:27:23] So we can do this, but we really have to knock heads together. Well, you'll be very thrilled to know that while we are waiting for the acceptance of this plan we've already embarked on the creation of the Fairfax County master plan for public art so we have a whole new task force already four months into that effort and yes absolutely is something that it is actually called out in the visual and performing arts policy in the comp plan policy document to have a plan and it will deal with exactly the kinds of things that you're

[00:28:02] talking about. What kinds of processes need to be in place? Where are the opportunities? We're working with the GIS team to create another map and inventory all of the existing public art in Fairfax County, which will get people excited about public art. When they start seeing where it is and what it does

and how it makes people feel, they'll want more of it. Mr. Chairman, as I leave the board this year, I hope that somebody will pick up on the passion for art because it's taken so long, what, 13, 14, 15 years.

[00:28:37] I didn't think it would take that long, and we're not there yet. So please, I implore my colleagues, pick up the flag and run with it. Thank you. Thank you. Any volunteers? I have Supervisor Palczyk.

[00:28:56] Well, thank you. I'm very happy to follow that as a daughter of a retired artist before he passed, knowing that most of his works were in Maryland, because that's where the funding was, that's where the state and local funding were. And so it's actually funny, I don't know if some of you read the story, I think it was in Conway, New Hampshire, where students in an art class had worked together to paint a mural on a bakery. Donut shop. Donut shop bakery, yes, but the zoning ordinance deemed it a sign, and so they went back to their zoning administration,

[00:29:32] don't know if that ever got worked out yeah no they had it was a big controversy in the town they had to have a second town hall meeting to actually change that ordinance so that the kids artwork could stay up on the the donut shop and yeah excellent well let me start i know we have other presentations so i absolutely agree that um having you know an understanding of where facilities are and where we need them to be is critical and my my first question is I don't I'm trying to read through the report I know you mentioned a comfortable community centers I don't know if you mentioned James Lee because

[00:30:08] they do also have a theater yeah okay I know they are a fully public theater yeah and second domestic space I love seeing the dance troops park practice in parking lots but it would be great to find them space and I guess my question here and you know spent a lot of time sort of attending and dancing in some of the arts spaces in DC the sitar Arts Center the Anacostia Arts Center and I was looking to see how they're governed because I think we can build the spaces we have the spaces we can transform the spaces we can permit the spaces that it has been a challenge in some of our spaces but then I think the big question

[00:30:47] is and I know you have bids in there and I would say the bigger category and And what the new Tyson's Community Alliance is, is really place-based governance, right? And so we are a large county. We have a lot of both initiatives as well as priorities.

[00:31:03] But as we look at, and I'm happy to see Rebecca, you know, this is part of Rebecca's committee as well, because it's kind of that, I don't know, the crossroads maybe or the collaboration between place-based governance, looking at what's in a community, what's not in a community, because we can build all the spaces we want.

[00:31:23] But they have to be run, they have to be activated, they have to be managed, right? So Capital One Hall is managed primarily by Capital One in partnership with Arts Fairfax for the public side of it, but so much of it is done privately.

[00:31:41] And so I know this is kind of looking at the physical facilities, and I'm just wondering if we really started to look at, and sorry, and I looked up, I think, the Washington Area Community Investment Fund currently runs the Anacostia Arts Center. I think it's changed perhaps leadership because that's a really, as you know, that's a really tough part. It's how do you program, how do you do the program, how do you especially in communities that don't have that private investment and this is really happening, how

do we ensure that we have that programming in place that includes the education piece, the activation piece, the performance piece. So I don't know if that's part of this or next

[00:32:20] section because I think that's where we'll really have that a big gap talking of gaps of how do we fill and run these spaces and help them grow absolutely so uh short answer is yes that is in the plan uh we do discuss operation because it isn't exactly as you say it isn't enough to just uh build a building and open the door somebody has to run it once you do that and there are lots of different approaches throughout the county you have the tax districts or obviously one approach You also have Neighborhood and Community Services now operating several kinds of venues that are community-serving and community-focused, among them the Lee Center.

[00:33:01] And they are certainly a possible operator for the dance-focused space that is being discussed in Kathy's district. They would certainly conceivably play a role at original Mount Vernon High School. There are lots of different forms of governance and operation that actually ideally should be put together in concert with the ecosystem surrounding the venue.

[00:33:28] So the more that we do co-location, the more that we coordinate through the County Arts Committee and through the Creative Spaces Toolkit, the more easily we can ensure that not only do we realize these new venue spaces we also have a plan in place ready for them to be activated as soon as they're ready to be occupied. Okay no I'm happy I mean I think NCS is a great place obviously in coordination with others they are actually bringing some art I think they've done in South County and they're bringing one to my community center as well working with some local artists so I think that's very exciting to hear but that's the really tough piece. Absolutely. And making sure that that's arranged in a way that will

[00:34:06] both activate, but really be that kind of place builder to that. So very happy to hear that. Thank you. Thank you. Supervisor Elkhorn. Thank you, Mr. Chairman. Great job, Lila team. This is really huge step forward. Sorry it took so long, but I'm glad it's happening. So I do want to thank you, also for acknowledging the need for better communication of venues, performances, of really the communication side I think is something that does need a lot of attention, you know,

[00:34:42] more attention anyway going forward. There's another maybe related set of activities I also would suggest we should be planning for, and that comes down to the branding and promotion of not individual facilities, but larger groupings.

[00:35:01] For example, corridors or, you know, Supervisor Faust mentioned the districts. Potomac banks. Potomac banks. So, yeah, there are different groupings that are naturally either in place or emerging.

[00:35:18] I mean, just as an example, and this crosses several of our districts, what's happening along the Silver Line? You know, when we were looking at the Block J situation in Reston, it became clear that, you know, between Cap 1 and what Herndon's doing and, you know, and then the things in Reston, that there's a tremendous opportunity to brand the Silver Line as an arts and cultural corridor.

[00:35:44] Absolutely. So, and I think, so what I would suggest is if staff could think about that a little bit and maybe there's a plan for a promotion plan, a branding plan. Yeah, that's critical. And I would also just note, I think, you know, I'm thinking here more regionally significant corridors or facilities, but also the branding of the community-based facilities and the community-serving venues as well.

[00:36:13] So maybe it's a couple of different levels of promotion and branding. But I think that would be super helpful. Supervisor Gross mentioned the sports tourism stuff that we do, which is great. But, yeah, this is – we need to do more of this. So, you know, so where we could put a little more meat on the bones in terms of promotion and branding I think would be super helpful.

[00:36:36] Yep, absolutely. Thank you. Point well taken. Thanks, Supervisor. Supervisor Lusk. Thank you very much, Mr. Chairman. Also very appreciative of the presentation and the information that you've put together. Extraordinary. I'm really excited about the slide that you have here on the revitalization zones, equal art opportunities.

[00:36:58] And I appreciate very much the delineation of the Springfield Commercial Revitalization District. Because we are now embarking in that area on a study to look at what we can do different in that market. And I see this as an opportunity for us to engage and talk about how we can address some of the arts gaps, some of the information gaps that exist in this area.

[00:37:24] And I'll say in the Richmond Highway Corridor, we've done something kind of interesting with the extension of rail. we're going to have bus locations and we're going to have windscreens and we've engaged the students in a number of the high schools to help us create the vision of what could go on those windscreens and Supervisor Stork and I had the opportunity to see the vision of those students and it's just been phenomenal. Yeah. Just absolutely amazing. So thinking about how we can engage students in

[00:38:02] other exercises as we're thinking about building out art in public spaces and really thinking about these murals. Because Vice Chair Gross is right, you can see along the corridor where we've placed these murals, you've created a sense of place at those locations. And the chairman and I were just at the opening for the site at South Alex. And South Alex has public art, and they've got two very large murals on the side of their buildings. And I just, I think this is the future.

[00:38:42] This is the future for us, and we're just going to figure out how we continue to kind of make it work in the specific areas that we're proposing to do this. And I agree with Supervisor Alcorn, too. You know, having a plan is going to be really essential in terms of the branding. But I guess we've got to, in creating that plan, we've got to have that art that we can connect to that plan so that people can see where these places are and how each of them are unique. So just really

[00:39:17] excited about what you're proposing. And I want to extend myself to say we would love to engage with you, particularly in the Springfield study right now, because that's an opportunity. We're engaging in this effort now. It's kind of at the right time, and we can think through some strategies on increasing art, public art, murals, and everything else. Absolutely. Look forward to it.

[00:39:41] Thank you very much. Thank you, Rodney. Thank you. Supervisor Stewart. Thank you, Mr. Chairman, and thank you very much for the presentation, and I think we are bringing arts alive much greater than we ever have in Fairfax County, and I know we've got a long way to go, I think, to realize the potential of the individuals in our community. And as one example of that is we had actually the workhouse five or six years ago did a graffiti artist day, and they did a number, I think they're like 10 different four by eight or eight by four by eight, you know, displays. Right. And I thought

[00:40:18] they're very creative, and we ended up grabbing three of them and having them, bringing them over to the Mount Vernon Government Center and put them up there, and they've been there ever since.

Now they're starting to get a little worn, so I'd love to get another set of them. But I think it brought the art to the community. It was very inexpensive. I don't know.

[00:40:34] Frankly, it was not. These were artists that were paid to come in and spend a day, and what they did is what they did. But it really brought a lot of things alive. So I look at that as an opportunity. And kind of the great segue to that is with the Lorton Community Center, we kind of pushed, And I know there wasn't specifically dollars set aside for art, which I think every facility that we do should have that.

[00:40:56] And I think we're starting to see that in our community. But the community center, we brought art into it. We had the community actually choose among three different designs. The one that the community chose has now been painted inside. But the artist was so excited and so really enamored with all this and the community's engagement and really how it looks that we also identified something on the outside that he's been pushing us to do because he thinks this would be a great way to further engage and connect community to the center.

[00:41:28] So he's willing to, frankly, cut his rates very low because he thinks it's that valuable, and obviously we'll look for a way to try to do that. But it is a way of getting community in art and art in the community. Absolutely. And it doesn't have to cost much. So for me, I would love to see you all help us, and I'm going to talk to Workhouse again.

[00:41:46] And we'd love to see another Graffiti Artist Day because I need some more panels to replace the ones I have just to kind of create some differences. But it is kind of what Penny, what you were saying earlier about getting art into the community and having it be visible from the road and so forth. So thank you all very much.

[00:42:03] Again, I don't think it has to cost much, but it needs our commitment and enthusiasm and strong determination to make a difference. So thank you. Thank you. Thank you, Supervisor Stork. You're right. It doesn't have to, art doesn't have to cost much, but it is also worth remembering that art deserves to be paid for as well.

[00:42:24] So it is a continuum, a spectrum of funding that ranges all the way from, you know, the very little hundreds or a few thousand dollars to the quite literally tens of millions of dollars to build something from the ground up.

[00:42:41] But there is so much in the way of resources in this county and so much talent and so much energy around these kinds of efforts now that it certainly does seem like we're on the precipice of a renaissance of real arts, energy, and creativity.

[00:42:59] That's exciting. Mr. Chairman, you had a comment? Yeah, just a quick one because it kind of ties into exactly what you just said. There's also a lot of waste in the arts, and you might not think about it that way, but a school board member and I were talking about when props are done, they're trashed.

[00:43:17] When costumes are done, a lot of times they don't get stored. And so I know there's a lot of private arts organizations, dance schools familiar with this personally, that spend a lot of money on props, a lot of money on costumes.

[00:43:36] And then when the show is over, they go in the trash. And I think about some of the things that Dan was just talking about with pop-ups and other things is that as these grow, we're growing a huge inventory of potential things that can be recycled and given to schools can be using the same props. They

don't have to recreate the wheel, but their problem is storage. Same thing with a lot of private dance organizations. So one of the things we should be looking at in terms of facilities is if the county can play a role in providing some centralized warehousing of arts materials that can be used and can bring

[00:44:14] arts opportunities into even parts of the county who might not afford or have the resources to do their own props. But there is quite a bit of waste in the arts. And it doesn't need to be that way, but for there's nowhere to store it and the value of the props is lower than the proposition of storing it. And in the school board's context, a lot of the high schools, in particular theater groups they do the same rotating shows but a lot of times they're starting from scratch from props and then to find out they were discarded at another school that did the same show right and the same thing with costumes and so those can be very costly and a huge barrier yep for some of the

[00:44:51] smaller arts organizations so I think it's something that I hate to give you an assignment walking out of here but it would be great if if you know arts fairfax and schools and county staff Yeah, that's a great idea. Is there a warehousing opportunity for those things that will help, you know, people be able to access them?

[00:45:11] Absolutely. Fantastic. Thank you. Yes. Workhouse Arts Center, and I hesitate to say this, but I'm going to say it, and it has a number of buildings that are not utilized that could be storage buildings, and if it's done in a way that isn't just like your basement and stuff gets there and then every 20 years you go and clean it out.

[00:45:36] But I think there is an opportunity to maybe bring those pieces together. And obviously the workhouse alone is such an arts center. It's maybe a way to bring those. Yeah, it's a great task for the County Arts Committee. Leon serves on that committee as the vice chair.

[00:45:54] So it's definitely a subject we can take up in our next County Arts Committee meeting. And that's where that coordination and collaboration can start. And I spent $1,000 to move those three panels that I have from the workhouse to my district office outside.

[00:46:13] So, yeah, you spent a little bit of money, but that was just going to be thrown away, to use your point. Right, right. And that's provided a lot of joy to the folks who drive by. Yeah, absolutely. It brings our community alive. Thank you. Elena. On this topic, you know, as I talked with my colleagues at Arlington and Alexandria, they've done their studies on the kinds of facilities that they need.

[00:46:37] And so, as we talk, one of the things that came up is they thought that Fairfax ought to have the facility where all the costumes and props could be like a big opportunity for, they don't have the space we have. And so, you know, they were suggesting that we have this kind of facility here.

[00:46:57] And so, you get not just Fairfax, but you get a lot of synergy going on of people coming and going. So we ought to think about it and, you know, sort of it will be a program or project to run. Good. Now, I think that you have the assignment.

[00:47:15] I know you'll do it very well. I would suggest talking to Celebrate Fairfax as well. They tell me they have performing props that they have to store. But with that, I, again, want to thank you.

[00:47:31] We're very excited about the progress we're making, and I think you said the arts have a great future in Fairfax County or something similar, and, you know, that's a good thing, and it's in large measure due to you and the teams that you've put together.

[00:47:50] So thank you very much. Our pleasure. Thank you all very much. Very good. We will now turn to the proposal for public investment in support of the Huntington Club Redevelopment Community Development Authority and Tax Increment Financing.

[00:48:10] This will be an update presented by Joe Lahate, Deputy Director, Department of Management and Budget, as well as Kenan Rice, President of Municap and a longtime advisor to Fairfax County.

[00:48:27] And Joanne Carter, also a long-time advisor, Managing Director of PFM Financial Advisors, LLC. Joe? Thank you, Chairman and Board members. Good to see you all this morning.

[00:48:44] I think, as you'll recall, we were here back in December with a prior update, and we wanted to kind of give you an update in terms of where things were versus where they are now. I know this is probably one of the more unique deals that we've contemplated before us, but I hope this presentation, coupled with Ms. Carter and Mr. Rice, can help answer any questions you may have as we kind of continue to navigate down this road review, analysis, and evaluation. So the main task before us is to determine the ability to set up a community development authority, which essentially gives you the legal framework to then allow for bonds to be issued primarily in the acronym of a TIF, tax increment financing. Generally speaking, if you've got that authority in your conduit language, that gives you the ability to issue

[00:49:24] bonds on behalf of that. So that's kind of the basic piece behind here. And again, the debt service primarily under this proposal would be paid back by tax increment financing other than the incremental revenues generated on an annual basis, plus a couple other components we have built in here to essentially backstop the credit necessary to get this thing up off the ground.

[00:49:45] So I think this slide, for the most part, has not changed. I think most of you are probably familiar with the property. Its location, you know, adjacent to the Huntington Metro Station would tie in nicely with the county's transit-oriented development goals. Everything from a rezoning perspective, approved back in 2021. You can see the phasing for one and two is primarily in the residential piece, starting in the teal for phase one, in and around the bullseye being phase two right in the middle, and on the bottom, phase three, which would add some office, hotel, and continue to compare components to it. And then lastly, we noted that the Planning Commission did sign off in the FTP for phase one back in November. So that's where

[00:50:23] the site is. In terms of the background, I think the main piece on this is the unique nature of the ownership, and that the folks living there right now essentially have been working on this for several years, to their credit, I know a lot of work has been done on their part, but put together a termination agreement back in 2017 that essentially called for the disillusion of their homeowners association and the condo agreement to essentially have everything people have an opportunity to either stay or to go. And that the sale of the land proceeds would essentially provide for payout or those who wanted to leave and those who wanted to remain to essentially become investors on the site. With that, obviously, comes the risk and the challenges associated being one day a homeowners association to the next day becoming a real

[00:51:02] estate developer. Why are we here contemplating a TIF? Because at the end of phase one, in terms of when they sell off land bays, they do not have enough money to pay for infrastructure to get this project up and running off the ground. And that ties into the second to the last bullet you see there in terms of one of the main criteria we use in evaluating TIFs is but for. This project would not potentially occur but for the contemplating of the county providing a TIF revenue in the form of a CDA bond to come

on board. Now, in terms of where they stand with respect to phases two and three. We believe they are financially sufficient to handle those costs on their own. So what we're

[00:51:37] really targeting today is conversation around phase one and phase one only. So why is this different? This is a TIF bond. It's backed by TIF revenues. It has nothing to do with the county's general fund. This is in no way, shape, or form a general obligation bond, since you all are familiar with that. There's no voter approval involved here. There's no full faith in credit. And this is where the credit risk ultimately lies, that when you're looking back as an investor in terms of would you buy this thing or not? It essentially comes in sort of a development speculative dirt category that, yeah, there might be TIF revenues, but if they're short, the special assessment kicks in. So if you own property in this district, you are on the hook for that shortfall if it does

[00:52:17] arise, meaning there's a change in development plans. Property values don't accrue to what they originally proposed to be for. So that is really the main theme I think we've stressed all along here, and we do have some updates to propose for that too. So just by comparison with Mosaic, fresh off the heels of that meeting yesterday. That project's performed extremely well, as I think as most of you know, by either visiting it or mostly from my perspective, watching the assessed values on an annual basis. There has never been the need for a special assessment in that district.

[00:52:44] The TIF revenues have covered everything we've needed and going forward to make the debt service payments on that. So that's our comparative example of the only other TIF in Fairfax County right now. So from a homeowner's perspective, in terms of just call the HC folks, what have they done. So I think when we were here in December, they were literally on the heels of, if they had not just gotten the approval for, to ask an extension of that termination agreement. Originally supposed to end in December 22, needing another year to provide for all the various components to continue to work as far as items we're contemplating here before you, as well as those folks who have contemplated and are agreeing to buy on to certain parcels for phase one. So it is

[00:53:24] taking time. These deals are not short, but ultimately their ownership signed off, as you can see with 82% approval for that. Coupled with that, you know, before we can just go and even contemplate a CDA, they need to come to us with a petition, essentially outlining who they've got on board. And at a minimum, they need 51% sign-off. They achieved that this past fall, as you can see there, at 61%. So those are the two pieces that essentially drive their directive to come to us asking for this type of proposal. So here are the next two slides I want to give, you know, essentially the big updates in terms of where we were in December versus where we are now.

[00:54:00] The forecasting we've done through Keenan's team ultimately has us believing there's a shortfall in the form of a special assessment required for the first four years of Phase 1 and Phase 2. That total special assessment, we believe, is estimated at $5 million. And we had asked the HC team to please go back and pull that money aside and have that.

[00:54:18] We believe that's a credit enhancement that could potentially further and prop this deal up better than what it was. To their credit, they've done that based on some indication of interest from Sandy Spring Bank. So we had asked for $5 million. $1 million is coming directly from the Homeowners Association, from their reserve.

[00:54:36] The remaining $4 million would be built into this loan with Sandy Spring. So we view that as credit positive compared to where we were months ago versus where we are now. The second piece ties

into the bullet here where at the end of phase one, as much as there's not enough money to pay for infrastructure, they still have outstanding mortgages on folks who are going to be the opt-inners.

[00:54:55] We had asked them to tie that up as well, too, since we've got a lot of these financial pieces put together. that piece is also built into the indication of interest letter from sandy spring as well too so we believe this right here to be positive in terms of like i said where we were in december versus having this um in much greater certainty right now with sandy spring so two other bullets relating here too was i think the key piece in this is we want to ensure proper disclosure i mean i know they're all having meetings on the scenes on their side with their directors coupled with conversations but i i think for us and coupled with the feedback i recommended to you all back

[00:55:31] in December, we want an ability for another letter to go out. And pardon my typo on this, is going to all owners, not opt in on this case, that this is something we target to go out this spring, but just sort of the flashing light here, this is your last chance. You're either in or you're out. We want to sign off on that to make sure we can have an ability to provide some proper language we'd like to see in that letter, to make sure people truly understand what they're getting involved in. Maybe they already do, maybe we just confirm it, but I think from our perspective, as far as our credit due diligence, we would want this to happen. And they've been very receptive to that. And I think that was acknowledged in the letter they sent to each of your offices

[00:56:05] last week or earlier this week. So the second bullet, I think, is probably the most notable change from a cost perspective. I mean, this project is in no different situation than I think most projects are nationwide. They are essentially a victim of supply chain, inflation, and the various pieces that I cited there, too. When we were with you all in December, we had assumed a $29 million figure for infrastructure. They came back and provided updated numbers. That number is indeed $36.6 million. So that's a $7.5 million bump for 25% increase from what we had back in December. It's notable because you can see the correlation of that, that that has a higher cost,

[00:56:42] higher debt service, and potential for a higher assessment, excuse me, special assessment. So it all kind of rolls through. Now, in the interest of trying to find some common ground here to keep this deal, you know, conversation-wise, there are some structures we can do with respect to the bonds that can try to contain, to some extent, key piece can chain and try to, that $5 million figure. Because obviously it's going to be higher, but there are some things we can do that we've contemplated through our analysis to keep it more in a $5 million range. But there is a lot of work that still needs to be done. I think there's going to be still remain major credit risk on these deals that I would ask the ability to potentially have to go back to ask for more financial

[00:57:21] assurances from the HC team on this. As much as we've made some good progress today, I think there's still some pretty big hills to climb if we're still targeting the timeline that you'll see a little bit later in the slides. So this slide, I just wanted to give some context here in terms of the overall bond deal. So we talk about when you say, all right, we've got $36.5 million in infrastructure, but that's not the true cost. The true cost, the total cost of this bond will be probably in the range of $55 million because you've got to stack and add on the other pieces. You've got to pay the rating agencies. You've got to pay the underwriters. You've got to pay the lawyers. And we've also got to take into account cost of issuance, capitalized

[00:57:59] interest. So it adds up. And I think that's ultimately gives you the distinction between why you start at $36 million, but you end at $55 million. In terms of where we are on the market right now, I do want Joanne to give some context. As you can imagine, there's a lot going on in the market this week, as you've all seen the headlines. The interest rates for these bonds will not be cheap. And I can probably tell you right now, what we're showing you right here is probably on the low end. They potentially could be higher. I mean, this is not necessarily shocking. If you look within the world of where these bonds price and who they appeal to, people will buy these bonds potentially, but they're going to ask you for a heck of a lot in return. So we give you just kind

[00:58:35] of a context here also. So what's that translate to? It translates to higher debt service costs. And what we also did in Mosaic, and when that was first structured here, is that it would be an escalating debt service amortization schedule, because we can't start off with five or six million dollars with them. They'd never make it. So if we give an ability to kind of essentially step ladder that piece, allow and assume some of the growth can get there, that's kind of how the pieces come together on this one, and just based on comparative precedent in terms of how we structure it. So the next couple of slides, I want to focus really on the special assessment because I know this has been a major consideration issue to all of you. So obviously right now, in terms of phase one and phase one only, we view that as probably the most conservative,

[00:59:14] you know, most challenging situation right now. What we look at here is that what would that total special assessment figure be net of any TIF revenues generated? And I'm just going to focus on the March 23 columns. That's the most updated piece we have. Over the life of that bond is roughly 20 years, we believe it could be about $44 million. So what's that translate to in terms of, you know, a typical homeowner in this area who's opting in? And you can see there, it could be about, you know, $17,000 per year. That is not an easy figure to hit. And translate that simply just times 20 or 19.9, you get about 319,000. Now, I think I'd say, and I know the HC team would say

[00:59:53] the same thing, by no means does anyone want to just see phase one occurring on this site. We're simply just trying to solve for, if that's the only piece that does, what's the net impact on the homeowners? A pretty tough one to follow. So the question then becomes, all right, can you diversify this site and try to get phase two on, which for all intents and purposes, that's what I think everybody would want to see. Again, follow my comparison. 44 million on the previous slide.

[01:00:18] Ultimately, you add in phase one and phase two. That special assessment figure drops to $7.2 million. So that's a huge drop. You can see the added growth and diversification of the values on this site by bringing on phase two. So what you previously had is a special assessment over the entire life of the bonds with phase one only becomes back in that four-year range, which is fairly consistent with what we talked about back in December. And again, you're still looking at about a $13,000 annual hit over a four-year period. But again, we believe it's over a four-year period based on the estimates we've done, not the full life of the bonds. So just to give some perspective when you talk about the two major need to get that second phase on board, to give

[01:00:57] that diversified revenue source and land value to the project. And again, this slide, you know, I used that chart to essentially just capture it. And if you can, if you can see it better than I can, essentially FY27 through 30, you can see the blue and the orange revenues generated in phase one or phase two are below that black line. That black line is debt service. Those are the four years I've spoken about on the previous slide that translates to roughly that $7 million figure. Once you get yourself into FY31 and

beyond, you're above water. You've essentially got positive coverage in the sense that your revenues are in excess of your debt service payments. So that's great, but I think

[01:01:35] at the same time, we're just trying to say, phase one, yes. Where does phase two stand? Phase two needs to get on board in a pretty rapid fashion to ensure there's less risk to these potential homeowners who are opting in on this, and for anyone who's getting involved in this project as well too. So just some context there. Again, that's the same slide we showed before, but hopefully it just kind of gives the proper illustration. For the purposes of where we are in the short term, I have not gone into phase three. That's, you know, well into the late 2020s, if not early 2030s. So I've just kind of left that out for the focus of what we've kind of centered on phase one and phase two. So risks, again, I think the key piece here is that what's the risk of the debt service not

[01:02:14] getting repaid? Because this is not like a typical county bond. This is a TIF CDA bond that if special assessments are not collected on a property owner, there is foreclosure. Somebody is coming in in concert with the Department of Tax Administration to take that property back. So we're trying to ensure every single person who opts in on this fully understands that.

[01:02:32] That's the reason for the letter to go back out. That's the reason for this presentation, and I would dare say the excessive tones I've used on these calls with them to assure that. If anything, I've been consistent, but at the same time, I think it's been the biggest theme I've gotten as far as feedback from you all and the colleagues that were working on this from the financial perspective.

[01:02:52] So what's the obvious benefit to this? Again, the location of this, the fact that this site is definitely more ripe for growth in terms of where it is right now. It's right smack dab next to the metro station, the stone's throw. And again, the but-for test really is that last bullet. You know, this project would not potentially move forward without that ability for us to consider the CDA TIF financing.

[01:03:15] So trying to just capture in terms of, you know, the major thoughts I have right now, we can adjust the structure of these bonds potentially here to offset what is the increased cost in infrastructure versus where we were in December versus where we are now. In doing so, I believe we can get that special assessment back in that $5 million range.

[01:03:33] but there's only so many of those things we can do to try to make this thing appeal to investors in the market that we potentially are going to run out of options. So I think I'll just be as clear as I can that we are probably going to have to go back to them, and if they're all listening, they're going to have to bring more money to the table in some way, shape, or form. It's either cash, a letter of credit, a line of credit, other things to be considered, deferred costs.

[01:03:54] Those need to be put on the table to potentially do this. And I say that because of the fact that Ms. Carter and I spent the better part of last week reviewing proposals from potential underwriters to bring on board to essentially give an investment, you know, review of this. And I think every single one of their thoughts and themes and their responses will consist of what we've been saying all along.

[01:04:11] And in order for these bonds to try to be sold in the marketplace, these underwriters are going to represent, ask, and go forward the exact same questions. We have outlined the risks and tried to determine, can this deal be sold? And I mean that literally. Is someone going to buy these bonds? So that's why we're bringing them on board. They're going to give us a firsthand look, review into the market, and they've had comparative experience with deals like this and the challenges that go with them.

[01:04:33] So I said before, I don't think we're ever going to eliminate risk in this project. I don't believe it's possible given the nature of the homeownership and where they are right now and the financial means. Can we make some reductions to them? Yes, potentially. And I think we cited that above. But there's only so much tweaking you can do with bond amortization schedules.

[01:04:51] You know, I am not ever going to recommend to you all we extend the life of these bonds any longer than what they are for the fact that we'll never get our return back. We'd be upside down in that kind of investment. So that's where we are. I think it's just the key of, you know, looking at this credit, phase two needs to happen.

[01:05:07] And we want to make sure everyone from a condo association understands what's going on here. I know they put a lot of time out front of this. They want answers. At the same time, you know, I'm not speed rushing this thing through you all. I want to make sure we talk through it, understand where we are, what the risks are, if they're properly disclosed.

[01:05:23] You know, I still have major reservations on this. I think if anything, we've tried to walk through and try to figure out how we can try to soften some of those, given, you know, some of the major factors that are going to occur and we'll keep talking through right now. If I could, Mr. Chairman, just stop here. I just wanted Joanne and Keenan to either offer a little bit of context and feedback just given the market their involvement in this. This is not the first tip and probably not the last one they've been involved with as far as underwriting and providing financial analysis. Great, thank you. I have to say it's not enjoyable on a day since last Friday to today to try to talk about what's going on in the market, so I'll give it my best shot. I think it's fair to say translating what we've seen since

[01:06:01] Friday to this morning, I was just looking at the screen, and Treasury yields are up, undoing where they were just 24 hours ago. Bank stocks are up this morning. They were down pretty amazingly yesterday. We're going to have constant uncertainty in the market. We can't control that.

[01:06:21] And so, as Mr. Lahate said, that the way that you deal with that for a transaction like this is you go after all the creditworthiness you can eke out. So that's what our focus is going to be as we turn to transaction execution and working with the underwriter who we now have on board will be to look at all the areas of potential risk that investors in these types of bonds will see and how do we mitigate them. We've been working on a similar transaction since the beginning of the calendar year. I'm told over email this morning that we're getting very close to finally circling

[01:06:57] with our investors. This has taken over three weeks, and we're looking at interest rates on some of these bonds. Some of them, I would say, as low as 6.5%, and some of them that are taxable as high as 11.75%. So this is a market that's going to continue to gyrate. We know how to work with the limited school of investors who invest in these bonds, and that's what we'll be turning our attention to now, is to getting them comfortable with the credit.

[01:07:31] I'll just close here on my thoughts here and open up the floor. This is a target timeline we've talked through. By no means am I saying this is done. We're locked into this right now. I'm just trying to give ourselves an idea of what needs to be accomplished between now and the end of the calendar year, knowing that they have a termination agreement that expires in December. I think both sides would probably prefer to see things moved up a little bit. If that's possible, as we kind of keep talking through this, we're very much open to that. It's just a lot of things that need to happen document preparation-wise

from both sides to make that occur. So in terms of what we're asking for today, it's an ability to keep working on the deal and essentially establishing the

[01:08:08] ordinance and framework for a CDA. That does not commit us to selling these bonds. As you can see in the prior slide, under that current draft timeline, that would not occur until the fall. So there's still a lot of work to be done, but I do believe we should keep moving forward on this because of the fact of the time we've put in and respecting their side in terms of what they've done as well, too.

[01:08:28] But, again, nothing binds us to actually doing a bond sale if we simply just set up the CDA and structure only and continue to work through this. So those are kind of just my basic closing thoughts on the deal right now. But I'll stop there, Chairman, Chairman, for feedback. Thank you, Joe.

[01:08:44] That was an excellent presentation, as usual, and very much appreciated. One question I had, you mentioned a letter that went out last week. Did you say something about that? I believe all your offices should have been in receipt of a letter from the Huntington-Columbus Association, essentially asking for your understanding of this issue, review, and support.

[01:09:05] If you did not get that, please let me know. I'll forward it. You have that. Could you circulate that? I don't recall seeing that. Okay. Yep, will do. The, you know, I think there's a couple reasons why we would do this. One is, the projection is that property taxes will be greater at some point than they are today.

[01:09:28] That's a revenue reason. And the other is just from a community development standpoint, which is hard to put a number on, but it's, you know, critical that we reinvest in our community. So I think in terms, just from a perspective, that's what my thoughts are in terms of why we would do this.

[01:09:46] But, you know, I think it's the applicant's responsibility to reduce our risk and the risk of the opt-in. And so I have to ask, you know, it all seems to the most critical issue here, aside from interest rates, which are out of our control, is phase two.

[01:10:05] You know, why don't they have a developer lined up for phase two so that, you know, everything you're telling us is, you know, this is how it will look if phase two moves forward in a timely way.

[01:10:23] Well, this is real estate. You need to get a commitment. Why don't we have that? So I think I'd ask them to maybe respond in writing to you as well, too. but just my high-level thoughts are they definitely steer the ship with respect to phase two and that parcel, you know, the bullseye of the site. So I think they definitely have had some conversations with folks. I don't think they've got any firm commitments by way of comparison to the two firms that are buying in some of the parcels for phase one. You know, that is definitely going to be part of our follow-up conversation. I know the underwriters are very eager to have ideas and answers on that. But, you know, I put the ball back in the court of them that I think IDI will take the lead on that. I think they have every intention of wanting to do that.

[01:11:03] They're just as vested in this as others. So if we could maybe just get something in follow-up writing from them as well, just a couple of that, if that makes sense. I'd love to know what the plan is. Sure, yep. I don't roll the dice and hope that there is a piece too. We need it as well, and investors are going to want that as well too.

[01:11:18] So it's actually adamant, yep. Okay, and the other question I have is, I have many questions, but I want to ask the rest of the board. But on the $20 million, the $5 million, and the $15 million, The opt-ins have to repay that out of profit made on that, or have to repay that at some point, obviously.

[01:11:37] It's loans. Yeah, that's... How does it get repaid? Yeah, that's based on, that's all on their backs, on their own pro forma, to build in and pay that loan back. Builder or the... It's a combination. For the most part, it's the opt-inners, and there's, I think, some equity involved in terms of the HC.

[01:11:53] Actually, let Keenan grab that. So they're proposing to borrow $5 million as part of their loan, what $4 million plus $1 million they're contributing that will pay for $5 million of special assessment costs. That loan is repaid from sales proceeds beginning with Land Bay D, which is the second part of Phase 1, as well as in the sales proceeds from Phase 2. So, they do plan to refinance that loan during the period of time, but those two loans together will be paid from future sales proceeds as they sell the property, mostly from Phase 2.

[01:12:26] So, again, Phase 2 is currently repaying $20 million worth of borrowings. Right. Very good. Well, I'm going to come down. I'm just going to be very brief because I know we're short on time.

[01:12:46] First, I want to thank our team here because one untold story is the amount of time and effort that our county folks have put into this, and it is substantial, and we appreciate that. And to John's point, there's a lot of reasons to do this, And that's why, you know, our team is investing so much time and energy into this.

[01:13:04] I think there's two things that are really critical in my mind here. And one is what John hit on, which is getting some type of firm commitment with phase two. I mean, phase two is the key in my mind to making all of this work. When you look at those charts, it's clear we have to have commitments on phase two.

[01:13:22] That's what makes the numbers work. And to me, it relates to the second thing that's absolutely essential here, which is that letter from the condo owners, you know, opting in again because, you know, there's pros and cons here. The condo association has been at this for a long time. That's a good thing.

[01:13:38] That's also a challenging thing because I'm not sure, you know, there's a board who's very well aware of what's going on. Then there's the individual owners. Ownership changes hands. There's a lot of complications with that. So to your description of the flashing lights, I think is really important because people need to know exactly what they're committing themselves to here and that they're individually making that commitment.

[01:14:01] And then, you know, obviously how that gets described to them in terms of what relates to phase two is important, but we've got to get that commitment for phase two. And I appreciate that there's been a lot of progress made since the last time we spoke. I mean, this is certainly in a better position in a lot of ways.

[01:14:18] The cost escalation, I don't think any of us are surprised by. It's being experienced by everybody. But at least some of the commitments that they've made, certainly an improvement from last time. But if we move forward with this April 11th, May 9th, I just want to get reiteration that we can create the CDA without binding or committing the county to absolutely anything.

[01:14:41] And so really what we're doing here is setting up a structure to keep the ball rolling while you're having the conversations, while the underwriters are looking at some of the details, but in no way, shape, or form commits the county board to anything other than that structure. If for some reason this didn't move forward, we would just deconstruct that.

[01:14:59] Is that a fair description? Correct, Chairman. Okay. All right. Great. Thank you. Thank you, Mr. Chairman. I'm going to come down the line. Supervisor Paulczyk? Sure. Well, first of all, thank you, and congratulations. I think I see a new title for Jola Haidt, Deputy Director, so congratulations, well-earned, I think, after this.

[01:15:16] I just, I appreciate the Chairman clarified that because I think that was my first question is understanding, right, creating the structure and being clear, you know, what that means, what that means for the county, and that it doesn't mean that it's definitely going forward, that it's creating that structure.

[01:15:32] I think that's critical. One thing, so a couple questions. looking at slides, I believe, 10 and 11 on the, or 9 and 10, sorry, on the estimated, no, sorry, 10 and 11 is correct, the estimated annual special assessments. I think that's what brings up, especially as we're going through our tax assessments, that's just for taxes, with our constituents, that it could be anywhere from $13,000 to almost $17,000 a year. Am I

[01:16:08] reading that correctly? Yeah. Whether it's for the full, and that's either for the full term or for the first four years. Yeah, so under slide 11, just to try to show you that one, we believe, again, all things being equal, phase one and the onset of phase two, that would be about a four-year period we're projecting. So once it's roughly from FY27 through FY30 is what we've got. Once you get from FY31 beyond, we believe they're essentially above water covering. I think it's just getting out of the gate. Does everything occur on time as expected with that development? If it does, that's great.

[01:16:39] If there's slip-ups or changes or delays, cost overruns, that's where I think the four years gets potentially dicey. That's the best estimate I think we've used right now based on the performance we've got from them and our estimate right now. I think, like I said, the point is that Keaton's done those reports. We've updated them every time we get changes in numbers.

[01:16:56] So the first thing I always come back to is update this slide so we know what the true impact is, and we've done that. And, again, as long as we can just properly disclose that, I think that is what the diligence is required for me to pass along to you all. Okay. No, I appreciate that because I think very rough estimate, that's about, you know, the annual assessment for around a million-dollar home, I think, these days.

[01:17:20] So that's on top of all of their costs, all of their taxes. Correct. And currently, I think these are on the more affordable end, the current condos. I'd like to clarify two things. The special assessments are expected to be paid by the landowners, by the developer team, not by homeowners.

[01:17:37] Well, the homes are subject to special assessment. The homeowners get a credit for their property taxes. So we don't expect homeowners to pay the special assessments. They could. They're subject to them. But the owner did the raw land pay first. And so it's really the developer. It's the HOA and IDI and the joint venture they're creating that would be a response for this.

[01:17:57] But it's a significant amount of money. And those homeowners don't have a lot of money. You know, that's one of the challenges of the development structure. They're not a typical developer who has,

you know, those kind of resources. But I did want to clarify that that's not intended to be paid by homeowners. We're very mindful of the risk of the homeowners.

[01:18:12] We know that's important to you, so we've also tried to protect the homeowners, and to some extent, we've insulated them. So this is really the party taking the risk is the development team. He should be taking that risk. Okay. That's a big sigh of relief, I think, over here on our end of the table.

[01:18:28] I'm going to appreciate the clarification, you know, understanding that that would be the development team. And at this point, about a third have opted in, And so just need to understand what would happen to the other owners as well, but that everyone is aware. And do we know at this point, have any of the condos changed hands?

[01:18:47] And if so, knowing that we are a buyer beware state, just want to know how, what communication is going out to potential or new owners in the association. Yeah, that's a good point. I had actually asked DTA to give me an update in terms of land sale changes over there, property sale changes.

[01:19:03] We've got a list of that. So it's one of the follow-up questions. I'd like to just kind of run through them this week to just make sure we've got the proper reconciliation of who signed up when versus any changes now and to make sure everyone's got the exact same message. But very good point. Yeah, go ahead. Yeah, I just wanted to add, we will put in place a very thorough disclosure program for buyers in the future.

[01:19:20] Typically, there's at least three forms of disclosure. Number one, is recorded notice, which is the legal means you provide notice to own real estate. Second, is requiring disclosure in the contracts for sale of the property. And then number three, to include disclosure in the HOA documents. And what's particularly important about the HOA documents, that information is provided to the second buyer.

[01:19:37] You know, we find builders tend to be very professional in their disclosure because they understand it protects them. But the builders aren't there when that second home is sold. And so, but those second buyers will receive the HOA documents. But one challenge we have right now, or property selling now, because those disclosure mechanisms are not yet in place.

[01:19:54] So, that's a very good question that you asked. And we need to understand any transfers of that property that have occurred and will occur between now and closing. Okay, no, that would be really helpful. And again, I absolutely appreciate that we are being so cautious. I do think there's great opportunity.

[01:20:10] Obviously, now coming out of seeing both of you yesterday, the Mosaic meeting is a different situation. But I think also there's definitely a lot of opportunity here, and we want to try to make this successful if it is viable and if it can go forward. So, you know, I appreciate that we are moving cautiously, that you continue to send the updates, and I think the follow-ups to continuing to ensure the disclosure, especially to current and potential and future owners would be very helpful.

[01:20:37] Okay, thank you so much. Really, really appreciate your work on this. Supervisor Leska, thank you. Yeah, I'll go really quickly because it sounds like my question got answered in the response you gave to Supervisor Palchak, but just so I'm clear, will there be any requirement for a special assessment to any of the property owners that are currently opting in?

[01:21:00] Yes, we're currently showing a $7.2 million. As Joe mentioned, we're going to look at some financial structures to reduce that closer to the $5 million range. That's expected to be paid by the HOA and the venture that they're creating. That will fall on them. It's one of the reasons why we've asked them to put the money aside now, because that's a lot of money, and they don't have a lot of money, quite frankly, from a development perspective.

[01:21:20] So we've asked that money to be set aside. Now, the challenge is, we think that's what we call a reasonable conservative projection. We backed off a little bit from the developer's absorption, but we're in a very uncertain time in the economy. And things could go worse than what we're projecting.

[01:21:36] And if they are worse, that number is going to be higher. But all of what we're showing there is expected to be paid by the property owners, these homeowners who stay in the property. It falls on them and the joint venture that they're creating. But you mentioned that there was a million-dollar payment that was going to be made by the HOA.

[01:21:52] Yeah, they're setting aside the HOA has current reserves on hand. And they have proposed, as I understand, agreed to set aside a million dollars into a separate reserved account only to be used to pay special assessments. Okay.

[01:22:08] And then where does that leave them from a balanced standpoint for their own reserves? I believe Supervisor Lust, they've got at least a couple million dollars more after ascending over that $1 million. So they're not depleting all of their resources to cover that $1 million payment.

[01:22:25] Right. Diversifying it, take a little bit of cash and hedging the balance into that loan to be paid off by the future land sale. Okay, and then the last question, I think this is for Joanne. You mentioned the interest rates could go up to, I think you said 11%. How would that affect the assessments if it goes to number 11 or higher?

[01:22:44] Right, so it's going, as Mr. Lahate said, the higher the interest rate goes, the TIF revenue, if held constant, all things being equal, is going to drive a higher special assessment. So that $7.2 million that you see would go higher unless we otherwise find ways to, for example, borrow less money and downsize the bond issue and find other sources of funds to pay for construction costs, which is the largest part of the bond issue continuing to balloon.

[01:23:15] So I think that, you know, there are known levers to pull, but I think this is the reason why Mr. LaHaye is saying, you know, we all need to be aware that additional financial assurance and participation is needed because that's the primary way that you control a bond issue is you reduce the amount of the biggest pot of money.

[01:23:35] Okay. And the timing for when the bonds might be priced? Later this year. We're looking at later this year in the fall. In the fall. Okay. Thank you. supervisor gross i just keep thinking that this is a money pit i'm really concerned about that it may not be a money pit for the county i think what what what your what joe has suggested the recommendations i can understand it it's it's reducing the risk for the county but i really wonder about you know years down the road when they're they're having problems it's it's it's

[01:24:12] it's going to be a money pit um i am concerned that there are only a third of the owners are opting in. There was a note here that says that 226 unit owners elected to leave and to be paid out by December 31st of 2022. Did that happen? It did not, Supervisor Gross. So that one-year extension of the

termination agreement pushed that December 23rd, so directly that buyout would happen roughly at the end of the calendar. You're correct. And the disclosure idea, you know, that's the shield that everybody hides behind that, well, we simply disclose.

[01:24:49] just information disclosure documents. Who reads the disclosure documents? That's the challenge there. So I'm wondering, is there some way, and this is sort of a rhetorical question right now, is there some way to flag that with some special language that in the documents, it's, you know, about reading, about what you need to read, what you're getting yourself into. The disclosure documents, no disrespect to the legal community, but disclosure documents are written in a lot of

[01:25:26] legalese. They're not written in the language that most homeowners are going to be able to take the time to read and understand and look down the line, down the way. So I would think that if there, since there are going to be disclosure documents, there needs to be some extra work done on and not by the county necessarily by the by the developer extra work done to make sure that it's very plainly stated you know that you are committing to a b and c rather than just here are the documents sign at the bottom yeah that's my sense but thank you joe you you've been doing

[01:26:03] a lot of work and i know this is this this reminds me a little bit of all the work we did on the um lorton arts center and so i really have to hold my breath on it but that was a different deal thank you yes surprise welcome thank you mr chairman and um i'll belabor the point of the assessments just to make sure i understand it we all understand it you you said that the the 138 we've worked to insulate them from the any potential negative impact but the insulation is at this point the five million dollars right correct um but but they are responsible they

[01:26:42] are the development consortium the 138 correct dinners so in a worst case scenario where the bonds are purchased and the infrastructure for phase one is built and maybe there's a recession and the project is stalled for five or ten years these 138 people are holding the bag so a couple the points, the special assessments are imposed, will be imposed by the county in full before the bonds are issued for the full amount of debt service for the entire term of the bond. To the extent there's tax increment revenues that are generated by the project, then that becomes a

[01:27:19] credit to the special assessment. So the special assessment is only the difference between the debt service and the tax increment. That's why we saw in phase one special assessments are $44 million, because the balance of the debt service is not paid by the tax increment revenues from phase one you really need phase two to cover my point is if phase two doesn't happen or it's delayed five years they still owe us the money that's exactly right now those homeowners the property owners who have sold their property um and there's two different um categories of property owners who expect to be paid off before you know during phase one they're gone so they don't know anything but those opt-in those property those homeowners who've decided to

[01:27:58] stay in the property now they're the owners and it's the owners who have to pay the special assessments. Now, property gets a credit for the taxes it will produce that go to the bond, just like we credit the special assessments for the tax increment. It's the owner who produces that tax increment that gets the credit. That comes from the homes. Okay. So, people have bought a new home. They're going to get a credit, and they're probably not going to have to pay the special assessment. But those current homeowners who now own the land or are part of the venture that owns the land, they're the ones that are

going to have to pay that. And if the number, if the projections hold up, well, the money's been set aside for them. Okay. But if there's a

[01:28:32] delay. And we all have to acknowledge we're in a very uncertain economic time. And the question we mostly have about phase two is not whether it gets developed. It's very good real estate. The question is the timing. When did it happen? Okay. And if you end up with two years delay, three years delay, that number skyrockets. And where does the money come from? There's no money. I think the reality is that's the risk to the county. We're not going to be able to collect that money in a worst-case scenario. But shifting focus on the best-case scenario, can someone talk me through the upside for these 138 opt-iners? If things go great, what does it mean for them? They own

[01:29:09] one 138th of a very valuable mixed-use development? Yeah, so they receive as part of the, they will be part of the owner. They'll have an interest in the owner of basically the development entity, and they will get cash distributions as, you know, as property sold and the debt is paid us first, the loan, and the special assessments are paid. They will get distributions cash flow, and they do make money, as you would expect. Anyone who invests in property, invests in development. Now, whether that's an appropriate risk for someone like that to take, that's been the decision they had to make on their own. Potentially significant upside if things go

[01:29:48] Yeah, exactly. And, you know, again, is it enough to justify the risk they're taking? They have to decide that for themselves. But as the property gets developed and there's positive cash flow produced, they share in that distribution of cash flow, and they have the opportunity to make certainly much more money than they would make from just selling their house.

[01:30:07] Okay, thank you. Thank you. And I think my colleagues have done a great job of drilling down on the assessment and the risks, and there clearly are 138 developers in this case, which is what makes this particularly unique.

[01:30:22] I've met with people who are developers now and or future developers and others who are getting out and want to just understand what's going on. And I want first and foremost thank the three of you for the hundreds of hours that you've put into this to try to bring it together and try to have it have something that will work.

[01:30:39] So I think it's a critical opportunity for the community, a critical opportunity for the Huntington area. I have no doubt that this but for this is crucial to that process. And I actually want to make sure that the homeowners and others, particularly in the area that are watching this and have a sense of the board in our conversation, know that we are deeply committed to protecting really everybody involved and making sure that this is done right.

[01:31:05] But in the end, it is the developers, if you will, that are taking this risk, not the homeowners per se. But I realize that can be unclear if you're buying something after the fact and what do you have to be responsible for. but I wanted to particularly thank the chairman.

[01:31:22] I know he's been very involved with that, my staff, I've been very involved. I've talked with residents very routinely who have anywhere from fears to just not clear about what's going on, and I think communication is something that we have to do far more of, and I think the requirements that we've put on that process I think are essential, and I appreciate that being part of this.

[01:31:43] This is truly a unique, complex, one-of-a-kind project, but for I don't believe it will be done. It's an opportunity I think that we need to move forward with, but I say that with great caution, if you will. So I'm supportive, but cautious, and then concerned because in the end, the communication process, and this is my core question, Joe, I'm really wanting you to address, and we've had many conversations about this, but I'd like for you to make sure you address this for the public as well as for IDI and Huntington Club directors.

[01:32:13] are we getting the support and the follow through that we need from them to bring this along because at one point in time i didn't feel i know you didn't feel that we were getting that so where are we now with that process yeah i think we've made good progress on that it's it's a far different landscape we're dealing with right now and i think if anything you know once you've got a revised timeline and you know what the end date is it's december working back from that that creates the momentum and the need to pull off document preparation and review back and forth so I do think we're in a better situation right now as far as communication.

[01:32:45] I really do. And I think if anything from the Homeowners Association on their side, I mean, these presentations are available publicly, as we all know. So we have not tried to withhold anything back. They know where we stand. I've been consistent in terms of what I've asked for them as far as just being aware of the special assessment and how we can try to pre-fund and set that aside.

[01:33:02] So I think they've been responsive to that. They know what we need and what we've asked for. I've laid out a few caveats in this presentation that I think a timeline here is challenging, but it's doable. So I think Supervisor Stork, they have been responsive to that. So I can't take that away from them. Follow the timeline, deliver what you say and what we need, and we should be continuing to move forward.

[01:33:22] And obviously the market risks will all have to deal with that. But I also wanted to thank a couple of people that are here. Rico Chechi from IDIS here, as well as Roger Stevens from Huntington Club. I appreciate them all being here and being part of this conversation. And the risks are real, but I'm confident that if we all stay focused and deliver on what we commit to that we ought to be able to make this work.

[01:33:44] So thank you all very much. Thank you. Supervisor Alcorn. Thank you. A couple things. First, I'm okay with going forward with the CDA. I think it's a pretty low risk for the county. We'll see how the project ends up. I do want to make sure as we go forward, I believe, what, there are 138 owner developers slash owner slash developers.

[01:34:05] I do want to make sure, I mean, given that many federal financial regulatory systems differentiate between professionals and non-professionals in terms of disclosure, in terms of reporting, I do want to make sure we're not getting crossways of that because certainly as a condo owner, I'm a former condo owner, not in this condo, you know, I don't know anything about, I still don't know anything about being a developer.

[01:34:30] And I would want to make sure that we're not, you know, somehow being a part of anything that gets afoul of that distinction in federal financial instruments. And then the only other thing is these common interest communities are tough. You know, we're going to be dealing with a lot of issues over the coming years.

[01:34:47] And I just wanted to flag for my colleagues, just a reminder, I'm on the state working group, the Structural Integrity and Reserves Working Group, and I sent around to everybody some draft recommendations. We're going to be meeting tomorrow, but basically that's going to be looking at how to make sure that these associations do set aside adequate reserves for addressing their capital needs.

[01:35:12] So anyway, take a look at that. Most of it doesn't directly affect local government, but anyway, just wanted to make that announcement. Thank you. I think we are all concerned about the notification that goes to the homeowners who are the developers.

[01:35:29] I'm hoping we can see what goes to them so we can see how specific it is, but I know some, I just got this March 9th letter that the Huntington Club said, and I just want to read this one paragraph. On February 23, the joint venture structure was presented to the unit owners at the Huntington Club annual meeting and received a very positive reception. The association is preparing and will coordinate with the county staff on a memorandum to the unit owners describing the joint venture, changes to the relocation plan, and risks inherent to the project structure. On this basis, the unit owners will have a final opportunity to select the early

[01:36:04] out, deferred early out, or remain options in April or May. We do not anticipate significant changes to the previous selections because the new structure involves less overall risk than the original one. I'm just concerned there's still risk, and if the focus is on less overall risk, I want these owners to understand the risk they're under. Supervisor Smith, I fully agree. That one sentence to me, just I was not buying it all. So everything else, I agree. So I'm just telling you how it is from my perspective. So I fundamentally disagree with that statement on that sentence, but thank you for pointing that out. And we can provide draft notice of that to you all as well,

[01:36:40] too. Yeah, and I'll be quick. I just, I'm not going to repeat the many, the many concerns that have been heard. I want to thank staff, obviously, for their work on this. I think this was a really good project a couple of years ago when it kind of first kicked off, but as always happens with these things. Time does a lot of damage to them, times in terms of market values, times in terms of cost of construction and everything. So, you know, the side that hasn't been mentioned too much is the homeowners, whether they've opted in or out. They've canceled leases. They've got empty

[01:37:13] buildings. They've deferred maintenance. It's not a good situation. Again, time is our enemy, and that was the point I was going to make. I think we do need to keep the rest of the county I don't want another Lorton Workhouse any more than anybody else does, and I think it's important the homeowners understand their risk.

[01:37:34] But I think we need to move forward with this. I think we need to move forward with time as of the essence and either get it done or not get it done because the longer we wait, I think the worse this situation gets. So I think you've laid out a good path, and we need to march down that path and see where it leads us.

[01:37:54] But I think delay is not an option. Can I ask a clarifying question? Something that was said is critical about values. My understanding is values have gone up almost everywhere. Can we get just some more information on where the values have gone since we first started the project on the properties?

[01:38:12] Yes. So we've updated the assessed value projections. The latest numbers actually reflect counting numbers as of January 1 of this year. So we have incorporated, and there was somewhat of an

increase. I will say assessed values tend to be a little bit lagging because we saw more increases earlier in the year.

[01:38:28] You know, as opposed to late in the year, we're starting to see some values actually declined. We will continue to update those numbers as we go forward. Okay, if I can just clarify my comment. The value of this deal at the beginning of the deal many years ago is not as valuable as it is today because values have, in fact, gone up.

[01:38:46] So the value of the deal to the homeowner has gone down. The values have actually gone up. that was my, I didn't mean to imply the values of the properties went down. They may be now, but they haven't in recent history. Thank you. Excellent questions and excellent responses.

[01:39:05] I just want one clarification. The term homeowner has been used in so many different, so someone who buys a unit in phase one is probably not at risk for the special assessment because he or she is buying a property that is worth a lot and their fair share of taxes will be paid.

[01:39:29] But the 130 people who opt in who are currently homeowners but will, in essence, become developers, they are at risk for the Phase 1 special assessment. Thank you, Chairman. That's a perfect segue to make that proper distinction.

[01:39:46] One day you're an HOA, the next day you're a developer. Understand the risks that come with that new title. Thank you. Any objection to moving forward with the CDA, again, without commitment or risk or exposure? Hearing none, Joe, that would be a good thing to do.

[01:40:04] We'll be back in touch with the follow-ups, too. Continue on the path you're on. You guys are doing a great job. We have counsel here also. There were legal issues, but they're all over it, so we're in good shape. Okay. Thank you, Chairman, Board Members. I sincerely apologize to Supervisor Earl Klein.

[01:40:23] but five minutes the Transportation Committee will commence



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