



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 7, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Resolution Authorizing the Issuance of Refunding Bonds by the Industrial Development Authority of the City of Alexandria for National Industries for the Blind. [ROLL-CALL VOTE]

ISSUE: Consideration of a resolution authorizing the issuance of refunding bonds by the Industrial Development Authority of the City of Alexandria (AIDA) in an amount not to exceed \$26 million to assist the National Industries for the Blind, a not-for-profit 501 (c)(3) corporation to finance or refinance certain costs related to the acquisition, development (in one or more phases), construction, furnishing and equipping of a new headquarters facility to be located within Land Bay G, Potomac Yard Town Center in a new office building.

RECOMMENDATION: That City Council receive and adopt the attached Resolution (*Attachment 1*) as recommended by the AIDA.

BACKGROUND: In November 2014, City Council and the AIDA authorized the issuance of AIDA revenue bonds in an amount not to exceed \$26 million for the purpose of assisting the National Industries for the Blind (NIB) to finance or refinance certain costs of (i) all or a portion of the acquisition, development (in one or more phases), construction, furnishing and equipping of a new headquarters facility to be located on approximately 19,012 square feet of land within Land Bay G, Potomac Yard Town Center in Alexandria, Virginia; (ii) the acquisition, installation and equipping of furniture, fixtures, equipment and office technology with the facility and other property functionally related and subordinate thereto; and (iii) the issuance of the Bonds, bond insurance premiums or other credit enhancement and financing costs, interest, working capital and other eligible expenditures. The resulting bond was originally issued on October 27, 2015.

NIB is currently headquartered in leased office space located at the Braddock Road Metrorail station, 1310 Braddock Place. After a search throughout the region, and after meeting with City and Alexandria Economic Development Partnership (AEDP) staff, the NIB leadership identified a build-to-suit office opportunity in Potomac Yard as the best location to expand their headquarters, to accommodate more employees and additional space. NIB and its network of associated nonprofit agencies nationwide serve as the largest employer of people who are blind, and execute on a mission to enhance opportunities for economic and personal independence of persons who are blind, primarily through creating, sustaining and improving employment.

On September 12, 2015, City Council approved Development Special Use Permit 2014-0028, approving the construction of a 102,050 square foot office and retail building. National Industries for the Blind and its affiliate, PAEGR Properties LLC, subsequently issued bonds and purchased the parcel at 3000 Potomac Avenue on October 27, 2015.

DISCUSSION: On December 6, 2016, the AIDA held a public hearing (*Attachment 2*) and considered a resolution (*Attachment 3*) concurring in and approving the issuance of tax-exempt refunding bonds to assist National Industries for the Blind in refunding all or a portion of the outstanding amount of the 2015 Bonds.

NIB wishes to modify the amortization schedule of the 2015 Bond to permit principal amortization to commence on December 1, 2023, which is later than the current amortization commencement date. The modifications are expected to cause a deemed current refunding and reissuance of the Bond for federal income tax purposes and to extend the weighted average maturity of the 2015 Bond, thus requiring a new public hearing and governmental approval.

FISCAL IMPACT: The AIDA has the authority under State law to issue tax-exempt Industrial Revenue Bonds for certain nonprofit organizations and has done so frequently in the past. An administrative fee is charged to applicants for the bond financing. The fee is used to partially fund the City-approved operating costs of AEDP. The AIDA will receive a fee of \$5,000 for this refunding application.

The NIB office building and its furnishings and equipment will be fully taxable including payment of the added 20-cent special tax district surcharge that applies to the Northern and Central areas of Potomac Yard. These tax revenues will be used to help fund the Potomac Yard Metrorail station. Further details on the fiscal impact of this project are included in the attached statement (*Attachment 4*).

Since these are conduit revenue bonds, the City is not obligated to repay the bonds or the interest on the bonds. The bonds do not contain any pledge of the City's faith and credit. The obligation rests solely with National Industries for the Blind. Under federal and State law, eligible non-profits such as this organization can avail themselves of tax-exempt financing for financing real property acquisition, if such non-profits finance their projects through public authorities such as the AIDA.

ATTACHMENT:

Attachment 1 - Proposed Council Resolution

Attachment 2 - Notice and Certification of Public Hearing

Attachment 3 - December 6, 2016 Resolution of the Industrial Development Authority of the
City of Alexandria

Attachment 4 - Fiscal Impact Statement

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director of Finance

Stephanie Landrum, President & CEO, Alexandria Economic Development Partnership, Inc.