



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 16, 2021

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 Revenue Bonds by the Industrial Development Authority of Alexandria for the Protestant Episcopal High School in Virginia. [ROLL-CALL VOTE]

ISSUE: Resolution authorizing the issuance of revenue bonds by the Alexandria Industrial Development Authority (AIDA) in an amount not to exceed \$60,000,000 to benefit The Protestant Episcopal High School (EHS) in financing the costs of improvements, additions and refunding to its Campus in the City of Alexandria.

RECOMMENDATION: That City Council adopt the attached Resolution (Attachment 1) as recommended by the Alexandria Industrial Development Authority (AIDA).

BACKGROUND: Episcopal High School, founded in 1839, is a private boarding school accredited by the Virginia Association of Independent Schools and the Southern Association of Colleges and Schools. Located at 1200 North Quaker Lane in the West End of Alexandria, the 130-acre campus is home to 450 students from 19 countries, 26 states, and the District of Columbia. EHS employs 87 full-time teaching faculty members, 89% of whom also live on campus.

DISCUSSION: On June 21, 2021, the AIDA held a public hearing (Attachment 2) and considered a resolution (Attachment 3) authorizing the issuance of AIDA revenue bonds in an amount not to exceed \$60,000,000 to

(1) Finance the costs of designing, constructing and equipping a new approximately two-story health center (expected to be located near the existing dining hall) and two two-story dormitories (expected to be located near existing dormitories) all within the existing boundaries of the Borrower's 135-acre campus located at 1200 North Quaker Lane, Alexandria, Virginia (the "Campus");

(2) Refinance the Authority's Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2012, which financed and refinanced projects on the Campus; and

(3) Finance other capital projects at the Campus and amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds (collectively (1) - (3), the "Plan of Finance").

EHS will use the proceeds of this issuance to construct a new wellness center and dormitory facilities. The proceeds will also be used to refund some portion of EHS's Series 2012 bonds. All renovations and construction require separate review and permitting from the City of Alexandria. The action to issue bonds is independent and separate from any land use or regulatory action. Nothing contained in the revenue bond resolution shall be construed to imply that any additional approvals will be granted or to bind the Council or the City in any way with respect to any additional approvals.

The Protestant Episcopal High School in Virginia (the School) regularly provides use of athletic spaces for the community of the City of Alexandria. Such athletic opportunities were enhanced by the construction and renovations financed by bonds issued by the Authority for the School. The new money proposed as part of this transaction will be used to improve wellness and housing facilities on campus. The school also currently employs approximately 170 full-time employees with an average annual salary of approximately \$70,000 and they estimate the value of goods and services purchased from Virginia companies within Alexandria annually is nearly \$4.0 million. Additional fiscal impact information is included as Attachment 4.

FISCAL IMPACT: The AIDA has the authority under Federal and 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 and refinancing. The fees collected for this project are approximately \$316,000 and will be used by the Alexandria Economic Development Partnership (AEDP) for economic development projects and initiatives.

Since these are conduit revenue bonds, the AIDA, the City of Alexandria, and the Commonwealth of Virginia are 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 The Protestant Episcopal High School in Virginia.

ATTACHMENTS:

Attachment 1 - Proposed Council Resolution

Attachment 2 - Notice and Certification of Public Hearing

Attachment 3 - June 21, 2021 Resolution of the Industrial Development Authority of the
City of Alexandria

Attachment 4 - Application Statement

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director of Finance

Stephanie Landrum, President & CEO, Alexandria Economic Development Partnership