

INTRODUCED: July 24, 2017

Expedited Consideration

A RESOLUTION No. 2017-R052

To approve the issuance by the Economic Development Authority of the City of Richmond, Virginia, of up to \$8,500,000 of its revenue bonds for the relocation, construction, and equipping of new elementary school facilities and the infrastructure associated therewith located at 10510 Hobby Hill Road in the city, the refinancing of existing indebtedness relating to middle school facilities located at 10510 Hobby Hill Road in the city, and the financing, as needed, of working capital, capitalized interest, and related issuance and refinancing costs.

Patron – Ms. Larson

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JULY 24 2017 AT 6 P.M.

WHEREAS, the Economic Development Authority of the City of Richmond (the “Authority”), on July 17, 2017, adopted a resolution (the “Authority Resolution”) authorizing the issuance and sale of its revenue bonds in one or more series in a maximum principal amount not to exceed \$8,500,000 (the “Bonds”), for the benefit of St. Michael’s Episcopal School (the “School”) and its affiliate SMSC, Inc. (individually or together with the School, the “Borrower”), to (a) finance the relocation, construction, and equipping of new elementary school facilities of approximately 25,010 total square feet and the infrastructure associated therewith, all to be located

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: JULY 24 2017 REJECTED: _____ STRICKEN: _____

at 10510 Hobby Hill Road on a 28.82 acre parcel beginning approximately 190 feet west of the intersection of Hobby Hill Road and Hastings Drive, within the boundaries of the City of Richmond, Virginia, on which is also situated the existing middle school facilities of the School, (b) refinance existing indebtedness of the Borrower which originally financed the construction and equipping of such middle school facilities and related infrastructure, and (c) finance, as needed, working capital, capitalized interest, and related issuance and refinancing costs (collectively, the “Project”); and

WHEREAS, section 147(f) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), and Section 15.2-4906 of the Code of Virginia (1950), as amended, require that the governmental unit on behalf of which the Bonds are issued approve the issuance of such Bonds and the financing of the Project; and

WHEREAS, section 147(f) of the Internal Revenue Code and section 15.2-4906 of the Code of Virginia (1950), as amended, require that any such approval by the applicable governmental unit be given after a public hearing following reasonable public notice, which hearing may be held by the public authority issuing the Bonds; and

WHEREAS, on July 17, 2017, in accordance with the requirements of section 147(f) of the Internal Revenue Code and section 15.2-4906 of the Code of Virginia (1950), as amended, the Authority held a duly noticed public hearing and adopted the Authority Resolution approving the issuance of the Bonds; and

WHEREAS, the Borrower and the Authority have requested the City Council (the “City Council”) of the City of Richmond, Virginia (the “City”), to approve the issuance of the Bonds to comply with section 147(f) of the Internal Revenue Code and section 15.2-4906 of the Code of Virginia (1950), as amended; and

WHEREAS, a copy of the Authority Resolution, a record of the public hearing, and a fiscal impact statement with respect to the issuance of the Bonds have been filed with the City Council;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

1. That the City Council hereby approves the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by section 147(f) of the Internal Revenue Code and by section 15.2-4906 of the Code of Virginia (1950), as amended.

2. That the approval of the issuance of the Bonds does not constitute an endorsement of the Bonds or the creditworthiness of the Borrower. As required by section 15.2-4909 of the Code of Virginia (1950), as amended, the issuance of the bonds as requested by the Borrower shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or the City. Neither the City, the Commonwealth of Virginia, nor any political subdivision thereof, including the Authority, shall be obligated to pay the Bonds, the interest thereon, or other costs incident thereto, except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the City, Commonwealth of Virginia, or any political subdivision thereof, including the Authority, will be pledged to the payment of the principal of the Bonds, the interest thereon, or other costs incident thereto.

3. That all acts and doings of the officers of the City and the City Council that are in conformity with the purposes and intent of this resolution shall be, and the same hereby are, in all respects approved and confirmed.

4. This resolution shall take effect immediately upon its adoption.



Richmond City Council

The Voice of the People

Richmond, Virginia

Lou Brown Ali
Council Chief of Staff

Office of the Council Chief of Staff

RECEIVED

JUL 19 2017

Ordinance/Resolution Request

TO Allen Jackson, City Attorney

THROUGH Lou Brown Ali, Council Chief of Staff *LSA*

FROM Meghan Brown, Deputy Council Chief of Staff *MLB*

COPY Kristen N. Larson, 4th District Council Member
Haskell Brown, Deputy City Attorney
Bryce H. Lyle, 4th District Liaison

DATE July 18, 2017

PAGE/s 1 of 2

TITLE Resolution to approve the issuance of revenue bonds by the Economic Development Authority – St. Michael's Episcopal School

OFFICE OF CITY ATTORNEY

This is a request for the drafting of an **Ordinance** **Resolution**

REQUESTING COUNCILMEMBER/PATRON

Councilwoman Larson

SUGGESTED STANDING COMMITTEE

Expedited Consideration

ORDINANCE/RESOLUTION SUMMARY

The patron requests a resolution to express the support of the Richmond City Council the request by St. Michael's Episcopal School and its affiliate SMSC, Inc. (the "Borrower") for the issuance of up to \$8,500,000 of revenue bonds (the "Bonds") by the Economic Development Authority (the "Authority") to:

- (a) Finance the relocation, construction and equipping of new elementary school facilities and the associated infrastructure, all to be located at 10510 Hobby Hill Road;
- (b) Refinance existing indebtedness of the Borrower which originally financed the construction and equipping of such middle school facilities and related infrastructure; and
- (c) Finance, as needed, working capital, capitalized interest and related issuance and refinancing costs.

BACKGROUND

This resolution is to express City Council's support regarding the request by St. Michael's Episcopal School that the Authority issue up to \$8,500,000 of its revenue bonds for which the proceeds are to assist with financing the relocation, construction and equipping of new elementary school facilities located at 10510 Hobby Hill Road. A public meeting was held on Monday, July 17, 2017.

The Authority has recommended the City Council approve the issuance of the Bonds and a copy of the Authority's resolution approving the issuance of the Bonds, a record of the public hearing, and the fiscal impact statement have been filed with the Council and are attached.

FISCAL IMPACT STATEMENT

Fiscal Impact Yes No

Budget Amendment Required Yes No

Estimated Cost or Revenue Impact N/A

Attachment/s Yes No

EXHIBIT (iv)

**RESOLUTION OF THE
ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF RICHMOND**

**INDUCEMENT RESOLUTION OF THE
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND
FOR ST. MICHAEL'S EPISCOPAL SCHOOL**

WHEREAS, the Economic Development Authority of the City of Richmond (the "Authority"), has considered the request by St. Michael's Episcopal School (the "School") and its affiliate SMSC, Inc. (individually or together with the School, the "Borrower"), for the Authority to issue, pursuant to the Industrial Development and Revenue Bond Act (the "Act"), its revenue bonds in one or more series in a maximum principal amount not to exceed \$8,500,000 (the "Bonds"), and loan the proceeds to the Borrower to be used, together with other available funds of the Borrower, to (a) finance the relocation, construction and equipping of new elementary school facilities of approximately 25,010 total square feet and the infrastructure associated therewith, all to be located at 10510 Hobby Hill Road on a 28.82 acre parcel beginning approximately 190 feet west of the intersection of Hobby Hill Road and Hastings Drive, within the boundaries of the City of Richmond, Virginia (the "City"), on which is also situated the existing middle school facilities of the School, (b) refinance existing indebtedness of the Borrower which originally financed the construction and equipping of such middle school facilities and related infrastructure, (c) finance, as needed, working capital, capitalized interest and related issuance and refinancing costs (collectively, the "Project"); and

WHEREAS, the Borrower, in an appearance before the Authority by the Borrower's representatives and in certain information filed with the Authority, has described the benefits of undertaking the Project; and

WHEREAS, a public hearing has been held as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND:

1. It is hereby found and determined that financing the Project will be in the public interest of the City, will enable the Borrower to provide improved educational facilities for the use of the inhabitants of the Commonwealth of Virginia (the "Commonwealth") and the City and will be consistent with and in furtherance of the purposes of the Act.

2. To induce the Borrower to undertake the Project, the Authority hereby agrees to assist the Borrower in financing the Project by the issuance of its revenue bonds in an aggregate principal amount not to exceed \$8,500,000 upon terms and conditions mutually agreeable to the Authority and the Borrower and subject to the requirements of the Act and the Code.

3. The Bonds may be issued in one or more series at one time or from time to time, upon terms to be mutually agreed upon between the Authority and the Borrower.

4. As required by the Act, the Bonds will not constitute a debt or pledge of the faith and credit of the Commonwealth or the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the Bonds, or the interest thereon, or other costs incidental thereto, except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth nor

any political subdivision thereof will be pledged to the payment of principal of the Bonds or the interest thereon or other costs incidental thereto.

5. It having been represented to the Authority that it may be necessary for the Borrower to proceed immediately with the Project, the Authority hereby agrees that the Borrower may proceed with its plans, enter into contracts for such acquisition, construction, equipping and development and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project. The Authority agrees that the Borrower, to the extent permitted by law, may be reimbursed from the proceeds of the Bonds for all costs so incurred by it.

6. All lawful costs and expenses in connection with the issuance of the Bonds, including the fees and expenses of the Authority and its counsel, shall be paid from the proceeds of the Bonds, to the extent allowed by law, or funds provided by the Borrower. If for any reason the Bonds are not issued or if the proceeds thereof cannot be used to pay all such expenses, it is understood that all such costs and expenses shall be paid by the Borrower and that the Authority shall not have responsibility therefor.

7. In adopting this resolution, the Authority intends to declare its "official intent" for the Borrower to reimburse itself for expenditures with respect to the Project from the proceeds of the Bonds within the meaning of regulations issued by the Internal Revenue Service pursuant to Section 103 of the Code.

8. The financing instruments shall provide for payment by the Borrower to the Authority of an administrative fee consistent with the Authority's policy for such fees by not-for-profit entities; provided, however, that the amount so paid shall not equal or exceed an amount that would cause the "yield" on the obligation of the Borrower to the Authority or any other "acquired purpose obligation" to be "materially higher" than the yield on the Bonds, as the terms are defined in Section 148 of the Code.

9. The Borrower shall indemnify and save harmless the Authority, its officers, directors, employees, and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs, and expenses in any way connected with the Borrower or the issuance of the Bonds.

10. At the request of the Borrower, the Authority hereby appoints Hunton & Williams LLP, Richmond, Virginia, as bond counsel to supervise the proceedings and approve the issuance of the Bonds.

11. The Authority hereby recommends and requests that the City Council of the City of Richmond, Virginia (the "City Council"), approve the issuance of the Bonds within sixty days of the date of the adoption of this resolution. The Authority hereby directs the Secretary or Assistant Secretary of the Authority to submit to the City Council this resolution, the Borrower's Fiscal Impact Statement, and a summary of the public hearing held by the Authority prior to the adoption of this resolution.

12. Any action heretofore or hereafter taken by any officer of the Authority in conformity with the purposes and intent of this resolution and the issuance of the Bonds is hereby ratified, approved and confirmed.

13. This resolution shall take effect immediately upon its adoption.

CERTIFICATE

The undersigned Secretary of the Economic Development Authority of the City of Richmond (the "Authority"), hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by the Directors of the Authority at a meeting duly called and held on July 17, 2017.

WITNESS the following signature this 17 day of July, 2017.

(SEAL)



Secretary, Economic Development Authority
of the City of Richmond

CERTIFICATE OF PUBLIC HEARING

The undersigned Secretary of the Economic Development Authority of the City of Richmond (the "Authority") hereby certifies as follows:

1. A special meeting of the Authority was duly called and held at 4:00 o'clock p.m. on July 17, 2017, at the Bon Secours Washington Redskins Facility, 2401 West Leigh Street, 2nd Floor, Richmond, Virginia 23220. The meeting was open to the public, and persons of differing views were given an opportunity to be heard. At such meeting all of the members of the Authority were present or absent throughout as follows:

Name	Present	Absent
Nupa Agarwal		X
Jane Ferrara	X	
Tiffany Jana		X
Meda Lane	X	
Richard S. Johnson	X	
John Molster	X	
Hossein Sadid		X
Julious P. Smith Jr.	X	

2. Mr. Julious P. Smith Jr. announced the commencement of a public hearing on the application of St. Michael's Episcopal School and its affiliate SMSC, Inc., notice of which was published on (a) June 30 and July 7, 2017, in the *Richmond Times Dispatch* (collectively, the "Notice"). A copy of the Notice and certificate of publication of the Notice have been filed with records of the Authority and are attached hereto as Exhibit (i).

3. The individuals identified in Exhibit (ii) appeared and addressed the Authority and a reasonably detailed summary of the statements made at the public hearing is included in Exhibit (ii). The fiscal impact statement required by the Virginia Industrial Development and Revenue Bond Act is attached hereto as Exhibit (iii).

4. Attached hereto as Exhibit (iv) is a true, correct and complete copy of a resolution (the "Resolution") adopted at such meeting of the Authority by the affirmative vote of a majority of the members present at such meeting.

The Resolution constitutes all formal action taken by the Authority at such meeting relating to matters referred to in the Resolution. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

[Signature appears on the following page]

WITNESS my hand this 17 day of July, 2017.

A handwritten signature in black ink, appearing to read "James A. ...", is written over a horizontal line.

Secretary,
Economic Development Authority
of the City of Richmond

EXHIBIT (i)

**AFFIDAVIT OF PUBLIC NOTICE AND
CERTIFICATE OF PUBLICATION**

Richmond Times-Dispatch

Advertising Affidavit

Account Number
3017132

300 E. Franklin Street
Richmond, Virginia 23219
(804) 649-6208

Date
July 07, 2017

HUNTON & WILLIAMS
Attn: SUZIE LANDIS
951 E BYRD STREET
RICHMOND, VA 23219

Date	Category	Description	Ad Size	Total Cost
07/07/2017	Meetings and Events	NOTICE OF PUBLIC HEARING ON THE PROPOSED ISSUANCE	2 x 54 L	707.80

NOTICE OF PUBLIC HEARING ON THE PROPOSED ISSUANCE OF REVENUE BONDS BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND FOR THE BENEFIT OF ST. MICHAEL'S EPISCOPAL SCHOOL

Notice is hereby given that the Economic Development Authority of the City of Richmond (the "Authority") will hold a public hearing on the request by St. Michael's Episcopal School (the "School") and its affiliate (SMEC), located at 1111 North 11th Street, Richmond, Virginia (the "Property"), for the Authority to issue, pursuant to the Industrial Development and Revenue Bonds Act (the "Act"), as revenue bonds in one or more series in a maximum principal amount not to exceed \$5,000,000 (the "Bonds"). The primary administrative location and mailing address for the Authority is the Public Works Department, 300 E. Franklin Street, Richmond, Virginia 23219. The Bonds are expected to be issued as qualified 501(c)(3) bonds under Section 143 of the Internal Revenue Code of 1986, as amended, for additional information.

The proceeds of the Bonds are to be used to (a) finance the construction of a new 100,000 square foot elementary school facility located at 1111 North 11th Street, Richmond, Virginia (the "Facility") and (b) finance the construction of a new 100,000 square foot elementary school facility located at 1111 North 11th Street, Richmond, Virginia (the "Facility"). The Authority is currently in the process of conducting a public hearing on the request for the Authority to issue the Bonds. The public hearing will be held on Monday, July 10, 2017, at 7:00 p.m. at the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219. The public hearing will be held in the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219. The public hearing will be held in the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219. The public hearing will be held in the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219.

The public hearing will be held on Monday, July 10, 2017, at 7:00 p.m. at the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219. The public hearing will be held in the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219. The public hearing will be held in the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219. The public hearing will be held in the City of Richmond, 300 E. Franklin Street, Richmond, Virginia 23219.

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**Publisher of the
Richmond Times-Dispatch**

This is to certify that the attached NOTICE OF PUBLIC HEARING was published by the Richmond Times-Dispatch, Inc. in the City of Richmond, State of Virginia, on the following dates:

06/30, 07/07/2017

The First insertion being given ... 06/30/2017

Newspaper reference: 0000562574

Sworn to and subscribed before me this

July 14, 2017

Tamara T. Martin
Notary Public

Joel Bruce
Supervisor

TAMARA T MARTIN
NOTARY PUBLIC
Commonwealth of Virginia
Notary # 305402
Commission Expires Feb. 25, 2021

State of Virginia
City of Richmond
My Commission expires Feb 25, 21

EXHIBIT (ii)

SUMMARY OF STATEMENTS MADE AT PUBLIC HEARING

No one from the public spoke at the public hearing.

FISCAL IMPACT STATEMENT

July 17, 2017

Date

St. Michael's Episcopal School & SMSC, Inc.

(Name of Applicant)

New Elementary School

(Facility)

1. Maximum amount of financing sought	\$8,500,000
2. Estimated taxable value of the facility's real property to be constructed in the municipality	\$ 0
3. Estimated real property tax per year using present tax rates	\$ 0
4. Estimated personal property tax per year using present tax rates	\$ 0
5. Estimated merchants' capital tax per year using present tax rates	\$ 0
6. a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality	\$2,580,476
b. Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality	\$ 775,723
c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality	\$3,524,033
d. Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality	\$ 250,002
7. Estimated number of regular employees on year round basis	44 FTEs
8. Average annual salary per employee	\$ 48,000



 Authority Chairman
Economic Development Authority of the City of Richmond

Name of Authority

In completing this Fiscal Impact Statement, the Authority has relied upon representations made by the Applicant.