



Legislation Details (With Text)

File #: ORD. 2024-114 **Version:** 1 **Name:**
Type: Ordinance **Status:** Adopted
File created: 4/9/2024 **In control:** City Council
On agenda: 5/8/2024 **Final action:** 5/8/2024

Title: To approve a plan to finance certain public infrastructure in connection with the redevelopment of the area known as the “Diamond District” through the issuance of revenue bonds by the Economic Development Authority of the City of Richmond, Virginia (the “Authority”); to approve the form of a Cooperation Agreement pursuant to which the City of Richmond, Virginia (the “City”), will undertake, subject to annual appropriation by the Council of the City of sufficient amounts for such purposes, to make available to the Authority such funds as may be necessary to enable the Authority to (a) satisfy its undertakings pursuant to the Purchase and Sale and Development Agreement, the Stadium Development Agreement and the Stadium Lease, each to be entered into in connection with the Diamond District redevelopment project, (b) pay the debt service on the revenue bonds to be issued to finance such public infrastructure and (c) pay certain other costs and fees and fund other obligations required pursuant to the terms of the financing documents pursuant to which such revenue bonds are to be issued; and to authorize the Chief Administrative Officer and other appropriate officers of the City to execute and deliver the Cooperation Agreement and such other documents as may be necessary or appropriate to accomplish the plan of finance with respect to the public infrastructure.

Sponsors: Mayor Stoney, Katherine Jordan, President Kristen Nye, Cynthia Newbille, Reva Trammell, Andreas Addison, Stephanie Lynch, Ellen Robertson

Indexes:

Code sections:

Attachments: 1. Ord. No. 2024-114, 2. Public Comments

Date	Ver.	Action By	Action	Result
5/8/2024	1	City Council	adopted	Pass
4/18/2024	1	Finance and Economic Development Standing Committee	recommended for approval	
4/8/2024	1	City Council	introduced and referred	

To approve a plan to finance certain public infrastructure in connection with the redevelopment of the area known as the “Diamond District” through the issuance of revenue bonds by the Economic Development Authority of the City of Richmond, Virginia (the “Authority”); to approve the form of a Cooperation Agreement pursuant to which the City of Richmond, Virginia (the “City”), will undertake, subject to annual appropriation by the Council of the City of sufficient amounts for such purposes, to make available to the Authority such funds as may be necessary to enable the Authority to (a) satisfy its undertakings pursuant to the Purchase and Sale and Development Agreement, the Stadium Development Agreement and the Stadium Lease, each to be entered into in connection with the Diamond District redevelopment project, (b) pay the debt service on the revenue bonds to be issued to finance such public infrastructure and (c) pay certain other costs and fees and fund other obligations required pursuant to the terms of the financing documents pursuant to which such revenue bonds are to be issued; and to authorize the Chief Administrative Officer and other appropriate officers of the City to execute and deliver the Cooperation Agreement and such other documents as may be necessary or appropriate to accomplish the plan of finance with respect to the public infrastructure.

WHEREAS, the Economic Development Authority of the City of Richmond, Virginia (the “Authority”),

pursuant to the Industrial Development and Revenue Bond Act (the “Act”) under which it is created, is authorized to exercise all the powers set forth in the Act, which include, among other things, the power to finance “authority facilities” (as defined in the Act), to issue its revenue bonds, notes and other obligations from time to time for such purpose and to pledge all or any part of its revenues and receipts derived from payments received by the Authority from any source as security for the payment of principal of and premium, if any, and interest on any such obligations;

WHEREAS, the City of Richmond, Virginia (the “City”), the Authority and Diamond District Partners, LLC (the “Developer”), are expected to enter into a Purchase and Sale and Development Agreement (the “Development Agreement”), to provide for the redevelopment of a portion of the Greater Scott’s Addition area that is known as the “Diamond District” and is home to The Diamond baseball stadium, the operation of which is no longer economically viable as a result of age, limited seating capacity and operational deficiencies;

WHEREAS, the Development Agreement will provide for the development of a full spectrum of new, privately financed housing (including both market rate and affordable housing), retail and office spaces and a hotel within the Diamond District and certain publicly financed public infrastructure that will serve the Diamond District and connect the project area with adjacent communities (as further described herein, the “Public Infrastructure”);

WHEREAS, such Public Infrastructure is expected to include: (a) park and public space improvements, (b) parking facilities, (c) cultural facilities, (d) water, sewer, storm water, gas and electric utility improvements, (e) utility installations, relocations and abandonments, (f) road, alley and sidewalk improvements and (g) streetlight, traffic signal, traffic control, street signage, curb, gutter, streetscape and landscaping improvements;

WHEREAS, the Authority and Navigators Baseball, LP (the “Team”), are expected to enter into a Stadium Development Agreement (the “Stadium Development Agreement”), to provide for the design, construction and delivery of a new minor league baseball stadium (the “Stadium”);

WHEREAS, the Authority and Team are expected to enter into a Stadium Lease (the “Stadium Lease”), to provide

for the Team's lease and use of the Stadium;

WHEREAS, in accordance with the terms of the Development Agreement, the Council of the City of Richmond, Virginia (the "Council"), has approved the issuance of general obligation public improvement bonds to finance the costs of the design, construction and equipping of the Stadium;

WHEREAS, pursuant to the terms of the Development Agreement, the Authority will undertake to finance the costs of the design, construction and equipping of the Public Infrastructure (the "Public Infrastructure Project") through the issuance and sale of one or more series of revenue bonds (the "Public Infrastructure Bonds"), which will be secured by and payable from amounts appropriated by the Council for such purpose but are expected to be paid from rent payments made by the Team to the Authority pursuant to the Stadium Lease (the "Rent Payments");

WHEREAS, the City desires to assist the Authority in the performance of its undertakings pursuant to the Development Agreement, the Stadium Development Agreement and the Stadium Lease and the financing of the Public Infrastructure by entering into a Cooperation Agreement with the Authority (the "Cooperation Agreement"), pursuant to which (a) the City will agree, subject to annual appropriation by the Council of sufficient amounts for such purposes, to make available to the Authority such funds as may be necessary to enable the Authority to (i) satisfy its undertakings pursuant to the Development Agreement, the Stadium Development Agreement and the Stadium Lease, (ii) pay the debt service on the Public Infrastructure Bonds, (iii) if applicable, replenish any debt service reserve fund established in connection with the Public Infrastructure Bonds, (iv) if applicable, pay the bond trustee its reasonable fees and expenses in connection with the performance of its duties as bond trustee and any other costs or expenses necessary to cancel and discharge the trust agreement pursuant to which the Public Infrastructure Bonds are to be issued and (v) pay any arbitrage rebate liability with respect to the Public Infrastructure Bonds and (b) the Authority will agree to apply the Rent Payments to pay debt service on the Public Infrastructure Bonds and to credit such Rent Payments toward the City's undertaking to make payments in amounts sufficient to timely pay debt service on the Public Infrastructure Bonds;

WHEREAS, the transactions contemplated by the Cooperation Agreement will benefit the citizens of the City by promoting increased employment opportunities, a strengthened economic base, increased tax revenues, market rate

and affordable housing and additional business, retail and recreational opportunities; and

WHEREAS, a public hearing on this ordinance has been advertised and held in the manner required by Section 4.10 of the Charter of the City;

NOW, THEREFORE,

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. The Council finds that the undertaking of the Public Infrastructure Project will be in the best interests of the City and its citizens and authorizes the City, in collaboration with the Authority, to undertake the following plan of finance to accomplish the same. The Authority shall issue the Public Infrastructure Bonds to finance the Public Infrastructure Project and to pay related issuance and financing costs. The Public Infrastructure Bonds shall (a) be issued in an aggregate principal amount not to exceed \$40,000,000, (b) mature or be subject to mandatory sinking fund redemption in annual installments ending no later than December 31, 2058, (c) have a “true” or “Canadian” interest cost not exceeding 8.00% (taking into account any original issue discount or premium), (d) be sold to the underwriter(s) thereof at a price not less than 97% of the aggregate principal amount thereof (without taking into account any original issue discount or premium) and (e) be subject to optional redemption on such terms as the Director of Finance, with the approval of the Chief Administrative Officer, and the Chair or Vice Chair of the Authority determine to be in the best interests of the City and the Authority. Pursuant to and in accordance with the terms of the Cooperation Agreement, the City will undertake to make payments to the Authority in amounts sufficient to enable the Authority to (i) satisfy its undertakings pursuant to the Development Agreement, the Stadium Development Agreement and the Stadium Lease, (ii) pay the debt service on the Public Infrastructure Bonds, (iii) if applicable, replenish any debt service reserve fund established in connection with the Public Infrastructure Bonds, (iv) if applicable, pay the bond trustee its reasonable fees and expenses in connection with the performance of its duties as bond trustee and any other costs or expenses necessary to cancel and discharge the trust agreement pursuant to which the Public Infrastructure Bonds are to be issued and (v) pay any arbitrage rebate liability with respect to the Public Infrastructure Bonds. The obligation of the Authority to pay principal of and premium, if any, and interest on the Public Infrastructure Bonds will be limited to such payments from the City, provided that, pursuant to the terms of the Cooperation Agreement, the Authority will apply the Rent Payments to pay debt service on the Public Infrastructure Bonds and credit such Rent Payments toward the City’s undertaking to make payments in amounts sufficient to timely pay debt service on the Public Infrastructure Bonds. Notwithstanding the foregoing sentence describing the Authority’s undertaking to apply Rent Payments to the payment of debt service on the Public

Infrastructure Bonds, the Public Infrastructure Bonds will be secured solely by an assignment of payments made by the City for such purpose pursuant to the Cooperation Agreement. The undertaking by the City to make such payments pursuant to the Cooperation Agreement will be subject to appropriation by the Council from time to time of sufficient amounts for such purposes. The plan of finance for the Public Infrastructure Project may contain such additional requirements and provisions as may be approved by the Director of Finance, with the approval of the Chief Administrative Officer, and the Chair or Vice Chair of the Authority. The actions of the Director of Finance in approving the terms of the Public Infrastructure Bonds and the Cooperation Agreement shall be conclusive, and no further action shall be necessary on the part of the Council.

§ 2. In consideration of the Authority's undertakings with respect to the Development Agreement, the Stadium Development Agreement, the Stadium Lease and the Public Infrastructure Bonds, the Chief Administrative Officer, for and on behalf of the City, is authorized and directed to execute and deliver the Cooperation Agreement. The Cooperation Agreement must be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

§ 3. The Council, while recognizing that it is not empowered to make any binding commitment to make appropriations beyond the current fiscal year, states its intent to make appropriations in future fiscal years in amounts sufficient to make all payments due under the Cooperation Agreement and recommends that future Councils do likewise during the term of the Cooperation Agreement. The Council confirms that the components of the Public Infrastructure Project are important to the welfare or quality of life of the citizens of the City, and the Council anticipates that such components will continue to be so during the term of the Cooperation Agreement.

§ 4. The Chief Administrative Officer and the Director of Finance are authorized and directed to coordinate with the appropriate officers of the Authority to have prepared and distributed, in accordance with standard practices for municipal securities, one or more Preliminary Official Statements of the Authority describing the Public Infrastructure Bonds, the security therefor and providing any other pertinent or relevant information. The Director of Finance, together with appropriate officers of the Authority, shall make such completions, omissions, insertions and changes in each such Preliminary Official Statement not inconsistent with this ordinance as are necessary or desirable to complete it as a final Official Statement. The City shall arrange for the delivery to the purchasers of the Public Infrastructure Bonds of a reasonable number of copies of any final Official Statement, within seven business days after the date the Public Infrastructure Bonds have been awarded, for delivery to each potential investor requesting a copy of such final Official Statement and to each person to whom such underwriter or bidder and members of the underwriting or bidding group initially sell Public Infrastructure Bonds.

§ 5. The Director of Finance is authorized, on behalf of the City, to deem each such Preliminary Official Statement and Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), except for the omission from each such Preliminary Official Statement of certain pricing and other information permitted to be omitted pursuant to the Rule. The distribution of any Preliminary Official Statement or Official Statement in final form shall be conclusive evidence that it has been deemed final as of its date by the City, except for the omission from any Preliminary Official Statement of such pricing and other information permitted to be omitted pursuant to the Rule.

§ 6. All other actions of officers of the City in conformity with the purposes and intent of this ordinance and in furtherance of the plan of finance for the Public Infrastructure Project are hereby ratified, approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the execution and delivery of the Cooperation Agreement, the financing of the Public Infrastructure Project and the issuance, sale and delivery of the Public Infrastructure Bonds, including, but not limited to, entering into (a) a continuing disclosure agreement pursuant to which the City will agree to provide certain annual financial information and operating data and notices of the occurrence of certain events in order to assist the underwriters of the Public Infrastructure Bonds in complying with the Rule and (b) a certificate setting forth the expected use and investment of the proceeds of the Public Infrastructure Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder applicable to “arbitrage bonds.” The authorization granted by this ordinance to the Director of Finance, the Chief Administrative Officer and the City Attorney shall apply equally to any person serving in such capacity on an interim or acting basis pending a permanent appointment to any such office.

§ 7. This ordinance shall be in force and effect upon adoption.