

Economic Development Authority of the City of Richmond Special Called Meeting Notice – September 24, 2024

WHAT: The City of Richmond's Economic Development Authority will hold a

Special Called Meeting.

WHEN: Tuesday, September 24, 2024, at 5:00 P.M.

WHERE: The Special Called Meeting will be an all-virtual public meeting.*

• To access the meeting via Microsoft Teams, please use the following link: https://tinyurl.com/6ctmdp6y or

• To dial in by phone, please call (804) 316-9457, then enter Phone

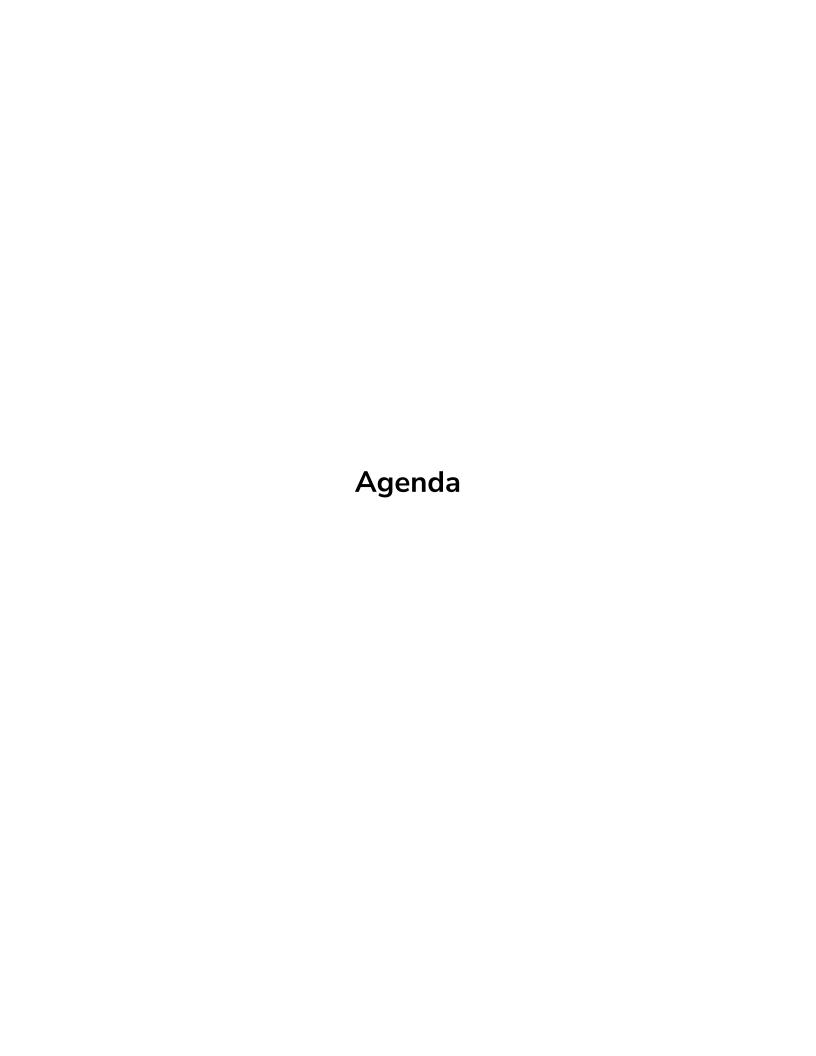
Conference ID: 252 971 693#

CONTACT: Glenna Chung at (804) 646-1507 or Glenna.Chung@rva.gov.

For more information about The City of Richmond's Economic Development Authority (EDA),

Visit: http://www.richmondeda.com

*If the audio or video transmission of the meeting fails, please call or text (804) 763-9354.



ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND SPECIAL CALLED MEETING SEPTEMBER 24, 2024 AGENDA

- I. Call to Order
 - A. Public Meeting Disclosure
- II. Comment (Maximum of Three Minutes Per Person)
- III. Meeting Minutes
 - A. August 14, 2024 Special Called Board Meeting Minutes
- IV. New Business
 - A. Affordable Housing Performance Grants
 - I. Ord. No. 2024-207
 - II. Ord. No. 2024-230
 - III. Ord. No. 2024-231
 - IV. Ord. No. 2024-232
 - V. Ord. No. 2024-233
 - VI. Ord. No. 2024-234
 - VII. Ord. No. 2024-235
 - VIII. Ord. No. 2024-236
 - B. Approval of July and August Financial Reports
 - C. FY24 Audit
 - D. CARE Program Cooperation Agreement
 - E. Enterprise Zone Program Cooperation Agreement
 - F. Temporary Designation of Authority (Executive Director)
- V. Report of the Officers
 - A. Report of the Chairman
 - B. Report of the Secretary
- VI. Other Business
- VII. Adjournment

Upcoming Meetings

EDA Board Meeting – October 24, 2024



Economic Development Authority (EDA) of the City of Richmond, Virginia Special Called Board Meeting - VIRTUAL Thursday, August 14, 2024 Minutes

Members present:

John Molster, Chair Nupa Agarwal, Vice-Chairperson Jer'Mykeal McCoy Jéron Crooks Neil Millhiser

Others present:

Sharon Ebert – City of Richmond, Deputy Chief Administrative Officer Matthew Welch – Department of Economic Development Merrick Malone – Department of Housing and Community Development Bonnie Ashley- City of Richmond, City Attorney's Office Katie McConnell – Department of Economic Development Sven Philipsen – City of Richmond, City Council, Second District Liaison Lisa Jones – A. G. Reese & Associates Ryan McKinnon – Capital Results

Jay Smith – Capital Results

Anthony Oppermann – Richmond Flying Squirrels

Eric Kolenich – Richmond Times-Dispatch

Johnathan Spiers -Richmond BizSense

Call to Order:

Mr. Molster called the meeting to order at approximately 5:10PM.

Public Comment:

No public comments were received via email, phone, or otherwise by staff per Ms. McConnell. Mr. Welch read the public disclaimer.

Approval of Minutes of the Previous Meeting:

Mr. Molster requested a motion to adopt the minutes of the June 27, 2024, Board Meeting as stated. Mr. McCoy moved to accept the minutes. Ms. Agarwal seconded the motion. The Motion passed unanimously, with Mr. Millhiser abstaining.

New Business:

Diamond District- Stadium Development Agreement and Stadium Lease - Ms. Sharon Ebert

Ms. Ebert provided a detailed overview of the two agreements before the Board related to the new stadium for the Richmond Flying Squirrels. First, Ms. Ebert walked through the Stadium Development Agreement between the EDA and the Navigators Baseball Stadium Developer, LLC, including details on stadium costs, requirements related to wages for construction workers, MBE goals, and LEED Silver requirements.

Ms. Ebert also presented the Stadium Lease Agreement between the EDA and the Navigators Baseball

LP, the Richmond Flying Squirrels parent company. Her presentation included the lease commencement date, lease term, annual rent payments, stadium naming rights, goals on annual events, funding for emergency repairs and capital improvements, and ticket and event allotment for civic and economic development uses.

Mr. McCoy made a motion to authorize the Board Chair, or his designee, to execute (i) a Stadium Development Agreement by and between Navigators Baseball Stadium Developer LLC, and the Economic Development Authority of the City of Richmond, (ii) a Stadium Lease by and between Navigators Baseball, LP, and the Economic Development Authority of the City of Richmond, and (iii) such other documents as may be necessary for the purpose of facilitating the construction and operation of a baseball stadium located within the area known as the Diamond District, all of which must first be acceptable as to terms by the Chair of the Authority and approved as to form by Counsel to the Authority. Mr. Feinman seconded the motion. The motion passed unanimously.

Affordable Housing Performance Grants – Mr. Merrick Malone

Mr. Malone presented three Affordable Housing Performance Grant Agreements between the City, the EDA, and the developers of three new affordable housing developments – 506 Maury Street, 2008 Hull Street, and 512 Hull Street.

Mr. McCoy made a motion to authorize the Board Chair, or his designee, to execute each of the three affordable housing grant agreements, as presented:

- A Grant Agreement between the City of Richmond, 95 APTS LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 506 Maury Street.
- A Grant Agreement between the City of Richmond, Swansboro Place, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 2008 Hull Street.
- AGrant Agreement between the City of Richmond, 512 Hull Street, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 512 Hull Street.

Mr. Feinman seconded the motion. The motion passed unanimously.

Adjournment

The meeting adjourned at 6:08 p.m.

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		Respectfully submitted:
		Secretary to the meeting
Approved:		Secretary to the meeting
John Molster, Chair		



INTRODUCED: July 22, 2024

AN ORDINANCE No. 2024-207

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, the Elmington Capital Group, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 2201 McDonough Street, 2301 McDonough Street, 2300 Semmes Avenue, 2310 Semmes Avenue, 2310A Semmes Avenue, 211 West 22nd Street, 215 West 22nd Street, 217 West 22nd Street, 219 West 22nd Street, 221 West 22nd Street, 301 West 22nd Street, 302 West 22nd Street, 307 West 22nd Street, 315 West 22nd Street, 322 West 22nd Street, 222 West 21st Street, and 2100 Perry Street.

 $Patron-Mayor\ Stoney$

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, the Elmington Capital Group, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 2201 McDonough Street, 2301 McDonough Street, 2300 Semmes Avenue, 2310 Sem

AYES:	NOES:	ABSTAIN:	
	·		
ADOPTED:	REJECTED:	STRICKEN:	

Street, 217 West 22nd Street, 219 West 22nd Street, 221 West 22nd Street, 301 West 22nd Street, 302 West 22nd Street, 307 West 22nd Street, 315 West 22nd Street, 322 West 22nd Street, 222 West 21st Street, and 2100 Perry Street. The Grant Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

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

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-0759

File ID: Admin-2024-0759 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 07/09/2024

Subject: Performance Grant 2201 McDonough Street Final Action:

Title:

Internal Notes: Performance Grant for an affordable housing development project at 2201 McDonough Street.

Code Sections: Agenda Date: 07/22/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-0759 The Performance Agreement Enactment Number:

AAF-McDonough Street, Admin-2024-0759 Ordinance-2201 McDonough AATF

Contact: Introduction Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date
1	1	7/10/2024	Matt Welch	Approve	7/11/2024
1	2	7/10/2024	Alecia Blackwell - FYI	Notified - FYI	
1	3	7/10/2024	Sharon Ebert	Approve	7/12/2024
1	4	7/10/2024	Meghan Brown	Approve	7/12/2024
1	5	7/10/2024	Sheila White	Approve	7/12/2024
1	6	7/10/2024	Cynthia Osborne - FYI	Notified - FYI	
1	7	7/11/2024	Sabrina Joy-Hogg	Approve	7/12/2024
1	8	7/11/2024	Caitlin Sedano - FYI	Notified - FYI	
1	9	7/15/2024	Jeff Gray	Approve	7/15/2024
1	10	7/15/2024	Lincoln Saunders	Approve	7/24/2024
1	11	7/15/2024	Mayor Stoney	Approve	7/24/2024

History of Legislative File

 Ver- Acting Body:
 Date:
 Action:
 Sent To:
 Due Date:
 Return
 Result:

 sion:
 Date:

Text of Legislative File Admin-2024-0759

City of Richmond

Intracity Correspondence

O&R REQUEST

DATE: June 13, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg, DCAO, Finance and Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget & Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matt Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community Development

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

Elmington Capital Group, LLC

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$14,868.00 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$661,228.21 As such the increase from the Effective Date to the first year of the Grant Period would be \$646,360.21 This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such a property producing \$661,228.21 in Real Estate Tax Revenue in 2023 would produce approximately \$711,481.56 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$50,253.34 between 2023 and 2024. Based on recent trends, it is assumed that property value assessments in the City of Richmond will continue to

increase in the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: July 22, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development Standing Committee (September 19, 2024)

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Department of Finance, Department of Budget and Strategic Planning, and the City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient

STAFF: Merrick Malone, Acting Director of Housing and Community Development Matt Welch, Acting Director, Department of Economic Development

Attachment A

GRANT AGREEMENT

This GRANT AGREEMENT (the "Agreement") is made and entered thisday of
, 2024 (the "Effective Date"), by and among the CITY OF RICHMOND, VIRGINIA, a
municipal corporation of the Commonwealth of Virginia (the "City"), ELMINGTON CAPITAL
GROUP, LLC a Tennessee Limited Liability Company, or its assigns or successors (the
"Recipient"), and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF
RICHMOND , a political subdivision of the Commonwealth of Virginia (the "Authority").

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. In connection with its development of the Project, Recipient intends to consolidate the Assemblage and create the Site, whereupon the Site will be designated as a parcel in the tax records of the City and assigned a tax parcel identification number.
- C. In connection with its development of the Project, Recipient intends to assign this Agreement to a special purpose entity, and the City and the Authority acknowledge and consent to such assignment so long as the requirements of Sections 2.2.1 and 9.1 herein are satisfied.
- D. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- E. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- F. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- G. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.

H. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- **1.1** Incorporation of Recitals. The foregoing recitals are incorporated herein by reference.
- **1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for each applicable year of the Grant Period.

"Assemblage" means, collectively, that certain real property comprised of (i) those certain parcels of 1.6, 0.527, 0.527, 0.058, and 0.012 acres currently owned by 2201 McDonough, LLC, a Virginia limited liability company, located respectively at 2201 McDonough Street, 2300 Semmes Avenue, 2301 McDonough Street, 2310 Semmes Avenue, and 2310A Semmes Avenue and currently referred to in the records of the City Assessor's Office as Parcel Nos. S0000492001, S0000493002, S0000493007, S0000493001, and S0000493021; and (ii) those certain parcels of 0.906, 0.154, 0.561, 0.342, 0.2439, 0.081. 0.082, 0.083, 0.083, 0.083, 0.083, and 0.102 acres currently owned by 322 W 22nd Street, LLC, a Virginia limited liability company, located respectively at 322 W 22nd Street, 315 W 22nd Street, 307 W 22nd Street, 301 W 22nd Street, 302 W 22nd Street, 2100 Perry, 222 W 21st Street, 211 W 22nd Street, 215 W 22nd Street, 217 W 22nd Street, 219 W 22nd Street, and 221 W 22nd Street and currently referred to in the records of the City Assessor's Office as Parcel Nos. S0000491024, S0000489001, S0000489005, S0000489012, S0000491038, S0000418001, S0000418003, S0000418019, S0000418021, S0000418022, S0000418023, and S0000418024.

"Base Real Estate Tax Revenue" means \$14,868.00 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Effective Date.

"Grant" means a grant to be paid to the Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant

Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy as prorated for the applicable installment period.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period;).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Grant Commencement Date ("Grant Expiration Date"), subject to the provisions of Section 2.6 below. The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means a one-time non-fundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below). In no event shall the Incremental Real Estate Tax Revenue (or the Grant Payment) include penalties, interest, or any other charges resulting from any delinquent payment. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction, as set forth by Section 2.2.2 of this Agreement.

"Project" means a development on the Site containing not less than 150 residential units, subject to income and rent restrictions as set forth in Section 2.4 and as shown on **Exhibit A** and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable)) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Recipient" means Elmington Capital Group, LLC and its successors and assigns, to the extent permitted by this Agreement.

"Site" means that the certain parcel of approximately 5.5279 acres, being a consolidation of the same parcels comprising the Assemblage.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.0 Grant Management Fee.

The Recipient shall pay a Grant Management Fee consisting of (i) a one-time, non-refundable \$500.00 fee immediately upon execution of the agreement to the Authority, and (ii) thereafter, the Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.1 Completion of Project Construction: Timeline.

- **2.1.1 Plan of Development.** Recipient shall submit a Plan of Development or similar submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months after the Effective Date, which Plan of Development or similar submission shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.
- **2.1.2** Commencement of the Project Construction. Recipient shall commence construction of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction of the Project.
- **2.1.3 Completion of Project Construction.** Recipient shall complete the Project within three (3) years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.1.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.1 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which the Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within 30 days of such written notice, then this Agreement, including all rights and obligations herein, shall, upon the City's election, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.2 <u>Continued Maintenance and Operation of Project.</u>

2.2.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction pursuant

to Section 2.1.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership of the Project (including any leasehold interests), and (2) if the Agreement is assigned, Recipient shall provide the City and Authority 30 days prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee.

2.2.2 Continued Maintenance and Operation of the Project. Following the Recipient's completion of Project construction as set forth in Section 2.1.3 of this Agreement, the Recipient, or its successors or assigns, shall continue to Maintain the Project until the expiration of the Grant Period. For the avoidance of doubt, the Recipient's obligation to Maintain the Project includes the Recipient's ongoing compliance with the provisions set forth in Section 2.4 (Affordable Housing) of this Agreement.

2.3 <u>MBE Participation.</u>

- **2.3.1 Goal.** The Recipient agrees to diligently work towards the following goal: Where capacity, capability, and competitive pricing among minority business enterprises and emerging small businesses exist, 30% of all expenditures for construction costs of the Project that will be paid to third-party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors, and subcontractors who will be providing any portion of the Project.
- 2.3.2 Reporting. To enable the City to measure the achievements of the Recipient and its assignees, contractors, and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.4 <u>Affordable Housing.</u>

The Recipient shall restrict occupancy and rents of the Project according to the schedule shown on **Exhibit A**, according to standards promulgated by the State Housing Finance Agency. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.5 <u>Continued Investment and Capital Improvements</u>

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments after the initial fifteen (15) years of the Grant Period shall be contingent upon receipt of proof that the Recipient has at a minimum made capital improvements to the Project in an aggregate amount of Two Million Six Hundred Sixty Thousand dollars (\$2,660,000) since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Grant Commencement Date.

Section 3. <u>Disbursement of Grant.</u>

- **3.1.** Grant. During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** <u>Grant Payment Requests.</u> The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- **3.3. Disbursement of Grant Payment.** Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if the Recipient did not make full and timely payment of the Real Estate Tax Levy for the applicable installment (except when Recipient (i) makes full payment within 60 days after the date such payment was due to the City and (ii) pays all penalties and interest for such late payment in accordance with any applicable provisions of the Richmond City Code) and shall not make a Grant Payment if Recipient is delinquent in payment of any other taxes levied by the City for the Project (except when all penalties and interest for such late payment have been paid in accordance with any applicable provision of the Richmond City Code). Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any

necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees to pay the Grant Payment to the Recipient (or such party to which the Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.

3.4 Recipient's Relief. Should the Recipient believe the City failed to comply with Section 3.3 of this Agreement, the Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

- **4.1** The City agrees to transfer to the Authority, as and when appropriated by the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.
- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding on a timely basis; provided, however, the City's obligation is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the City's Chief Administrative Officer, or the designee thereof, with copies of all documents related to this Agreement, and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to the Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.

4.7 The Authority shall not be required to furnish the City with a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

- 5.1 The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** All actions necessary to enable the Recipient to enter this Agreement, and to be bound hereby, have been duly taken.
- **5.3** The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or has been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.
- 5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient.
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. In the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate ninety (90) days after the City's notice to Recipient and Recipient's designated lender, unless Recipient cures the Event of Default to the City's satisfaction within such ninety (90) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder. Notwithstanding the foregoing, Recipient's obligations hereunder will remain in force and effect throughout the Grant Period and the City shall be entitled to any remedies available at law and equity, including, but not limited to, specific performance.

Section 7. Recipient Reporting.

The Recipient shall provide, at the Recipient's expense, detailed updates and verification reasonably satisfactory to the City of the Recipient's progress regarding the completion of Project

construction and, following Project construction, of Recipient's continued compliance with Section 2.2 of this Agreement.

Section 8. Notices.

Any notices required or permitted under this Agreement shall be given in writing and shall be deemed to be received upon receipt or refusal after the mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to

Elmington Capital Group, LLC Attention: C. Hunter Nelson 1030 16th Ave. S, Ste. 500 Nashville, TN. 37212

if to the City, to Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street, 14th Floor Richmond, VA 23219

if to the Authority, to

Economic Development Authority of Richmond VA – Attn: Chairman 1500 East Main Street Richmond, VA 23219 with a copy to:

Gabrielle E. Brill, Esq. Williams Mullen 200 S. 10th Street, Ste. 1600 Richmond, VA. 23218

with a copy to:
Department of Economic Development
City of Richmond, Virginia
1500 East Main Street
Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 400 Richmond, VA 23219

Section 9. General Terms and Conditions.

Entire Agreement; Amendments; Assignments. This Agreement constitutes the Entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner of the Site, the Project, or both, provided the Recipient first shall have complied with the requirements set forth in Section 2.2.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior

written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a lender a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by a lender providing funds for the development of the Project, and any action taken by such lender or successor in interest to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, but no such consent shall be required to the exercise by lender or any assignee of lender of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that the lender shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise.

- 9.2 Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Development Agreement.
- **9.3** Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- 9.4 Severability. If any provision of this Agreement is determined to be unenforceable, invalid, or illegal, then the enforceability, validity, and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- 9.5 Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval, and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available, or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

- 9.6.1 Applicable Law. The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- 9.62 Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.
- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
 - **9.8 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
 - 9.9 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to the Agreement as the agent or representative of any other party to the Agreement for any purpose.
 - 9.10 No Third-Party Beneficiaries. The parties agree that (i) no individual or entity shall be considered, deemed, or otherwise recognized to be a third-party beneficiary of this Agreement. (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.
 - **9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

a municipal corporation of the Commonwealth of Virginia

Chief Author	ncoln Saunders Date Administrative Officer
	rized by Ordinance No
Approved as to Form: By: City Attorney's Office	
	N AVENUE APARTMENTS, LLC, a ia limited liability company
By:	
	Date
Name:	
AUTH RICH a politi	OMIC DEVELOPMENT ORITY OF THE CITY OF MOND, VIRGINIA, ical subdivision of the onwealth of Virginia
By:	nan Date
Approved as to Form:	240
By: General Counsel to the Authority	

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-230

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, New Manchester Flats VI Multifamily, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 1021 East 4th Street.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

- § 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, New Manchester Flats VI Multifamily, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 1021 East 4th Street. The Grant Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.
 - § 2. This ordinance shall be in force and effect upon adoption.

AYES:	NOES:	ABSTAIN:
ADOPTED:	REJECTED:	STRICKEN:

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-0776

File ID: Admin-2024-0776 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Enactment Number:

Department: Cost: File Created: 07/17/2024

Subject: Performance Grant for 1021 East 4th Street Final Action:

Title:

Internal Notes: Approval of a Performance Grant for an Affordable Housing Development

Project at 1021 East 4th Street

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-0776 WD - Agmt - New Manchester Flats

Ordinance - AATF 7172024, Admin-2024-0776 New Manchester Flats Performance Grant AAT 7172024

Contact: Introduction Date:

Drafter: Michelle.Peters@rva.gov **Effective Date:**

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date
1	1	7/17/2024	Merrick Malone	Approve	7/18/2024
1	2	7/18/2024	Matt Welch	Approve	7/19/2024
1	3	7/18/2024	Alecia Blackwell - FYI	Notified - FYI	
1	4	7/22/2024	Sharon Ebert	Approve	7/22/2024
1	5	7/22/2024	Meghan Brown	Approve	7/24/2024
1	6	7/23/2024	Sheila White	Approve	7/24/2024
1	7	7/23/2024	Cynthia Osborne - FYI	Notified - FYI	
1	8	7/24/2024	Sabrina Joy-Hogg	Approve	7/25/2024
1	9	7/24/2024	Caitlin Sedano - FYI	Notified - FYI	
1	10	8/21/2024	Jeff Gray	Approve	7/26/2024
1	11	8/21/2024	Lincoln Saunders	Approve	8/30/2024
1	12	8/29/2024	Mayor Stoney	Approve	8/30/2024

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-0776

City of Richmond

Intracity Correspondence

O&R Request

DATE: June 26, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance and

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

• New Manchester Flats VI Multifamily, LLC

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the true assessment value of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$5,988.00 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$272,400.00. As such the increase from the Effective Date to the first year of the Grant Period would be \$266,412.00. This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.7% between 2023 and 2024. As such a property producing \$272,400.00 in Real Estate Tax Revenue in 2023 would produce approximately \$293,374.80 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$20,974.80 between 2023 and 2024. Based on recent

trends, it is assumed that property value assessments in the City of Richmond will continue to increase in the coming years. However, the future rate of increase is unknown at this time.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community

Attachment A

GRANT AGREEMENT

This GRANT AGREEMENT (this "Agreement") is made and entered this day of
, 2024 (the "Effective Date"), by and among the CITY OF RICHMOND, VIRGINIA, a
municipal corporation of the Commonwealth of Virginia (the "City"), NEW MANCHESTER
FLATS VI MULTIFAMILY, LLC, a Virginia limited liability company, or its assigns of
successors (the "Recipient"), and the ECONOMIC DEVELOPMENT AUTHORITY OF THE
CITY OF RICHMOND, a political subdivision of the Commonwealth of Virginia (the
"Authority").

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. In connection with its development of the Project, Recipient intends to divide the Assemblage and create the Site, whereupon the Site will be designated as a parcel in the tax records of the City and assigned a tax parcel identification number.
- C. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- D. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- E. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction or rehabilitation and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- F. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- G. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. Preliminary Provisions

- **1.1** Incorporation of Recitals. The foregoing recitals are incorporated herein by reference.
- **1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for the applicable year of the Grant Period.

"Assemblage" means, collectively, that certain real property comprised of (i) those certain parcels of 1.508 acres currently owned by NMF Future LLC located respectively at 1021 E 4th Street Richmond, Virginia 23224 and currently referred to in the records of the City Assessor as Parcel Nos. S0000385004.

"Base Real Estate Tax Revenue" means \$5,988, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Grant Commencement Date. For the avoidance of doubt, the Base Real Estate Tax Revenue is calculated based on the tax rate of \$1.20 per every \$100.00 of assessment value attributed to the portions of the Assemblage that comprise the Site, with thirty percent (30.0%) of the real estate taxes levied on Parcel No. S0000385004 included in the figure above.

"Grant" has the meaning set forth in the recitals of this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy (including all applicable penalties and interest), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction or rehabilitation, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Grant Commencement Date ("Grant Expiration Date"). The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date, and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full (including any applicable penalties and interest for late payment in accordance with any applicable provision of the Richmond City Code), subject to the applicable cure periods. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Recipient" means New Manchester Flats VI Multifamily, LLC and its successors and assigns, to the extent permitted by this Agreement.

"Land Records" means the Clerk's Office of the Circuit Court of the City of Richmond, Virginia.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction or rehabilitation, as set forth by Section 2.3.2 of this Agreement.

"Mortgage" means any mortgage, deed of trust, deed to secure debt or other similar instrument created for the purpose of securing indebtedness of Recipient, and recorded among the Land Records, or any mortgage, deed of trust, deed to secure debt or other similar instrument created for the purposes of refinancing such indebtedness and recorded among the Land Records.

"Mortgagee" means the secured party under a Mortgage.

"Project" means a development on the Site containing not less than 128 residential units, subject to income and rent restrictions as shown on $\underline{\textbf{Exhibit A}}$ and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Site" means, that certain parcel of 1.508 acres currently owned by NMF Future, LLC, located at 1021 E 4th Street Richmond, Virginia 23224 and currently referred to in the records of the City Assessor as Parcel Nos. S0000385004.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Grant Management Fee.

The Recipient shall pay a Grant Management Fee consisting of (i) a one-time, non-refundable \$500.00 fee immediately upon execution of the agreement to the Authority, and, (ii) thereafter, the Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 Completion of Project Construction or Rehabilitation; Timeline.

- **2.2.1 Plan of Development.** Recipient shall submit a Plan of Development or similar permit submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months of the Effective Date, which shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.
- **2.2.2** Commencement of the Project Construction or Rehabilitation. Recipient shall commence construction or rehabilitation of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction or rehabilitation of the Project.
- **2.2.3 Completion of Project Construction or Rehabilitation.** Recipient shall complete the Project within three (3) years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within sixty (60) days of such written notice then this Agreement, including all rights and obligations herein, shall, upon the City's election and subject to the rights of a Mortgagee under Section 6.3 hereof, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.3 Continued Maintenance and Operation of Project.

2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction or rehabilitation pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership or control of the Project (including any leasehold interests), and (2) if this Agreement is assigned, Recipient shall provide the City and Authority 30 days' prior written notice of its intent to transfer ownership or control of the Project, which notice shall include

the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership or control in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee. For the avoidance of doubt, this Section 2.3.1 shall not apply to any transfer by foreclosure or deed-in-lieu of foreclosure or to any transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient and any such transfer shall not require notice to nor the consent of the City or Authority.

2.3.2 Continued Maintenance and Operation of the Project. Following Recipient's completion of Project construction or rehabilitation as set forth in Section 2.2.3 of this Agreement, the Recipient shall continue to Maintain the Project until the expiration of the Grant Period.

2.4 MBE Participation.

- **2.4.1 Goal.** The Recipient agrees to diligently work towards the following goal: Where capacity, capability and competitive pricing among minority business enterprises and emerging small businesses exists, 30% of all expenditures for those construction or rehabilitation costs of the Project that will be paid to third party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors and subcontractors who will be providing any portion of the Project.
- 2.4.2 Reporting. To enable the City to measure the achievements of the Recipient and its assignees, contractors and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction or rehabilitation, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 Affordable Housing.

The Recipient agrees to restrict occupancy and rents of the Project according to the schedule shown on **Exhibit A**, according to standards promulgated by the State Housing Finance Agency or as otherwise approved by the Authority. Ongoing compliance monitoring and

approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 Continued Investment and Capital Improvements

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments subsequent to the initial <u>fifteen (15)</u> years of the Grant Period shall be contingent upon receipt of proof that the Recipient has made capital improvements to the Project in an aggregate amount of one-million two-hundred seventy and No/100 Dollars (\$1,270,000.00)] since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Grant Commencement Date.

Section 3. <u>Disbursement of Grant.</u>

- **3.1.** Grant. During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** Grant Payment Requests. The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic and Community Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Grant Payment. Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if Recipient did not make full and timely payment (except when all penalties and interest for late payment have been paid in accordance with any applicable provisions of the Richmond City Code), of the Real Estate Tax Levy for the applicable installment and shall not make a Grant Payment if Recipient is delinquent in payment (except when all penalties and interest for late payment have been paid in accordance with any applicable provision of the Richmond City Code) of any other taxes levied by the City for the Project. Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees, subject to any necessary approvals by its Board of Directors, to pay the Grant Payment to Recipient (or such party to which Recipient has

assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.

Recipient's Relief. Should Recipient believe the City failed to comply with Section 3.3 of this Agreement, Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

- **4.1** The City agrees to transfer to the Authority, as and when appropriated by the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.
- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding to the Authority on a timely basis; provided, however, the City's obligation to provide funding to the Authority is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the CAO, or the designee thereof, with copies of all documents related to this Agreement and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- **4.5** It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant as set forth in this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated in this Agreement. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to this Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.
- **4.7** The Authority shall not be required to furnish the City a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

5.1 The Recipient is empowered to enter into this Agreement, to be bound

hereby, and to perform according to the terms hereof.

- **5.2** Any and all actions necessary to enable the Recipient to enter into this Agreement, and to be bound hereby, have been duly taken.
- 5.3 The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.
- 5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient;
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay the annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. Subject to Section 6.3 below, in the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate thirty (30) days after the City's notice to Recipient, each Mortgagee and Investor, unless Recipient cures the Event of Default to the City's satisfaction within such thirty (30) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder.
- Agreement shall be provided simultaneously to any Mortgagee and Investor. Each Mortgagee and the Investor shall be permitted to cure any default by Recipient under this Agreement. Such Mortgagees and Investor shall have the same period, after the giving of such notice upon it, for remedying any default or causing the same to be remedied, as is given Recipient after the giving of such notice to Recipient, plus an additional thirty (30) days, to remedy, commence remedying or cause to be remedied the defaults specified in any such notice. If the default cannot be reasonably cured within thirty (30) days, then the Mortgagee or Investor, as applicable, shall have such additional time as it shall reasonably require so long as the Mortgagee or Investor, as applicable, is proceeding with reasonable diligence to cure the default. The City and the Authority each agree to accept payment or performance by any Mortgagee or Investor as though the same had been done by Recipient.

Section 7. Recipient Reporting.

The Recipient shall provide, at Recipient's expense, detailed updates and verification reasonably satisfactory to the City of Recipient's progress regarding completion of Project construction or rehabilitation and, following Project construction or rehabilitation, of Recipient's continued compliance with Section 2.3 of this Agreement.

Section 8. <u>Notices</u>.

Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to:

New Manchester Flats VI Multifamily, LLC 7 E 2nd Street

Richmond, Virginia 23224-4253

Attention: John Gregory

if to the City, to:

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street Suite 201 Richmond, VA 23219

if to the Authority, to:

Economic Development Authority of Richmond VA – Attn: Chairman 501 East Franklin Street Richmond, VA 23219 with a copy to:

Hirschler Fleischer, P.C. 2100 East Cary St Richmond, VA 23223

Attention: Brian K. Jackson, Esq.

with a copy to:

Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 300 Richmond, VA 23219

Section 9. General Terms and Conditions.

entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any

future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- 9.2 Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceedings arising from this Agreement.
- **9.3** Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- **9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- **9.5** Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

- **9.6.1 Applicable Law.** The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- **9.6.2** Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.
- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
 - **9.8 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 9.9 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to this Agreement as the agent or representative of any other party to this Agreement for any purpose.
- 9.10 No Third-Party Beneficiaries. Except as otherwise provided in Section 9.1 of this Agreement, the parties agree that except for any Mortgagee and Investor (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. Each Mortgagee and Investor shall be a third-party beneficiary of this Agreement.
- **9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA, a municipal corporation of the Commonwealth of Virginia

By:		
·	J.E. Lincoln Saunders Chief Administrative Officer	Date
	Authorized by Ordinance No	
	NEW MANCHESTER FLATS VI MULTIFAMILY, LLC, a Virginia limited liability company	
Ву:		Date
Name: Title:		
	ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia	
By:	Chairman	Date
	Name: Title:	J.E. Lincoln Saunders Chief Administrative Officer Authorized by Ordinance No

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-231

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, Commonwealth Catholic Charities Housing Corporation, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 1031 Fourqurean Lane.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

,

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, Commonwealth Catholic Charities Housing Corporation, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 1031 Fourqurean Lane. Such Grant Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

AYES:	NOES:	ABSTAIN:
ADOPTED:	REJECTED:	STRICKEN:

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

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-1015

File ID: Admin-2024-1015 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 08/19/2024

Subject: Performance Agreement-1031 Fourqurean Lane Final Action:

Title:

Internal Notes: Performance Grant for an affordable housing development project at 1031 Fourqurean Lane-Saint

Elizabeth Apartments-56 units

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-1015 WD - Agmt - St. Elizabeth Enactment Number:

Apartments AATF- ordinance, Admin-2024-1015 Saint Elizabeth Apartments - Grant Agreement - AATF and

signedmbp

Contact: Introduction Date:

Drafter: Michelle.Peters@rva.gov Effective Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date	
1	1	8/19/2024	Merrick Malone	Approve	8/20/2024	
1	2	8/20/2024	Matt Welch	Approve	8/21/2024	
1	3	8/20/2024	Alecia Blackwell - FYI	Notified - FYI		
1	4	8/20/2024	Sharon Ebert	Approve	8/22/2024	
1	5	8/21/2024	Meghan Brown	Approve	8/22/2024	
1	6	8/21/2024	Sheila White	Approve	8/23/2024	
1	7	8/21/2024	Cynthia Osborne - FYI	Notified - FYI		
1	8	8/21/2024	Sabrina Joy-Hogg	Approve	8/23/2024	
1	9	8/21/2024	Caitlin Sedano - FYI	Notified - FYI		
1	10	8/21/2024	Jeff Gray	Approve	8/23/2024	
Notes:	Approved:	Out of Office				
1	11	8/21/2024	Lincoln Saunders	Approve	8/30/2024	
1	12	8/29/2024	Mayor Stoney	Approve	8/30/2024	

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-1015

City of Richmond

Intracity Correspondence

O&R Request

DATE: August 6, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance and

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community Development

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

• Commonwealth Catholic Charities Housing Corporation

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$2,148.00 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$141,000.00. As such the increase from the Effective Date to the first year of the Grant Period would be \$138,852.00. This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such a property producing \$138,852.00 in Real Estate Tax Revenue in 2023 would produce approximately \$151,716.00 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$10,716.00 between 2023 and 2024. Based on recent trends, it is assumed that property value assessments in the City of Richmond will continue to

increase in the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community Development

Attachment A

GRANT AGREEMENT

This GRANT AGREEMENT (the "Agreement") is made and entered thisday or	f
, 2023 (the "Effective Date"), by and among the CITY OF RICHMOND, VIRGINIA,	a
municipal corporation of the Commonwealth of Virginia (the "City"), COMMONWEALT	Н
CATHOLIC CHARITIES HOUSING CORPORATION, a Virginia Limited Liability Company, of	or
its assigns or successors (the "Recipient"), and the ECONOMIC DEVELOPMEN	T
AUTHORITY OF THE CITY OF RICHMOND, a political	
subdivision of the Commonwealth of Virginia (the "Authority").	

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- C. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- D. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- E. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- F. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- **1.1 Incorporation of Recitals.** The foregoing recitals are incorporated herein by reference.
- **1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for each applicable year of the Grant Period.

"Base Real Estate Tax Revenue" means \$2,148.00 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Effective Date.

"Grant" means a grant to be paid to the Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to 100% of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy as prorated for the applicable installment period.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Grant Commencement Date ("Grant Expiration Date"), subject to the provisions of Section 2.6 below. The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one-time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real

Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below). In no event shall the Incremental Real Estate Tax Revenue (or the Grant Payment) include penalties, interest, or any other charges resulting from any delinquent payment. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction, as set forth by Section 2.3.2 of this Agreement.

"Project" means a development on the Site containing not less than residential units, subject to income and rent restrictions as set forth in Section 2.5 and as shown on Exhibit A and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable)) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Recipient" means Commonwealth Catholic Charities Housing Corporation, and its successors and assigns, to the extent permitted by this Agreement.

"Site" means, collectively, 3.596 acres currently owned by CATHOLIC DIOCESE OF RICHMOND KNESTOUT BARRY C BISHOP MOST REV, located at 1031 Fourqurean Lane and currently referred to in the records of the City Assessor as Parcel Nos. N0000803002.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Grant Management Fee.

The Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 <u>Completion of Project Construction: Timeline.</u>

2.2.1 Plan of Development. Recipient shall submit a Plan of Development or similar submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months after the Effective Date, which Plan of Development or similar

submission shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.

- **2.2.2 Commencement of the Project Construction.** Recipient shall commence construction of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction of the Project.
- **2.2.3 Completion of Project Construction.** The Recipient shall complete the Project within three years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which the Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within 30 days of such written notice, then this Agreement, including all rights and obligations herein, shall, upon the City's election, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.3 Continued Maintenance and Operation of Project.

- 2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership of the Project (including any leasehold interests), and (2) if the Agreement is assigned, Recipient shall provide the City and Authority 30 days prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee.
- **2.3.2 Continued Maintenance and Operation of the Project.** Following the Recipient's completion of Project construction as set forth in Section 2.1.3 of this Agreement, the Recipient, or its successors or assigns, shall continue to Maintain the Project until the expiration of the Grant Period. For the avoidance of doubt, the Recipient's obligation to Maintain the Project includes the Recipient's ongoing compliance with the provisions set forth in Section 2.5 (Affordable Housing) of this Agreement.

2.4 MBE Participation.

- **2.4.1** Goal. The Recipient agrees to diligently work towards the following goal: Where capacity, capability, and competitive pricing among minority business enterprises and emerging small businesses exist, 30% of all expenditures for construction costs of the Project that will be paid to third-party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors, and subcontractors who will be providing any portion of the Project.
- **Reporting**. To enable the City to measure the achievements of the Recipient 2.4.2 and its assignees, contractors, and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 <u>Affordable Housing</u>.

The Recipient shall restrict occupancy and rents of the Project according to the schedule shown on Exhibit A, according to standards promulgated by the State Housing Finance Agency. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 <u>Continued Investment and Capital Improvements</u>

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments after the initial fifteen (15) years of the Grant Period shall be contingent upon receipt of proof that the Recipient has at a minimum made capital improvements to the Project in an aggregate amount of [five-hundred sixty thousand and No/100 Dollars (\$560,000.00)] since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Grant Commencement Date.

Section 3. <u>Disbursement of Grant.</u>

- **3.1. Grant.** During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** <u>Grant Payment Requests.</u> The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Grant Payment. Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if the Recipient did not make full and timely payment of the Real Estate Tax Levy for the applicable installment (except when Recipient (i) makes full payment within 60 days after the date such payment was due to the City and (ii) pays all penalties and interest for such late payment in accordance with any applicable provisions of the Richmond City Code) and shall not make a Grant Payment if Recipient is delinquent in payment of any other taxes levied by the City for the Project (except when all penalties and interest for such late payment have been paid in accordance with any applicable provision of the Richmond City Code). Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees to pay the Grant Payment to the Recipient (or such party to which the Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.
- **3.4** Recipient's Relief. Should the Recipient believe the City failed to comply with Section 3.3 of this Agreement, the Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

4.1 The City agrees to transfer to the Authority, as and when appropriated by

the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.

- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding on a timely basis; provided, however, the City's obligation is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the City's Chief Administrative Officer, or the designee thereof, with copies of all documents related to this Agreement, and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to the Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.
- **4.7** The Authority shall not be required to furnish the City with a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

- 5.1 The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** Any and all actions necessary to enable the Recipient to enter this Agreement, and to be bound hereby, have been duly taken.
- 5.3 The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.

5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient.
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. In the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate ninety (90) days after the City's notice to Recipient and Recipient's designated lender, unless Recipient cures the Event of Default to the City's satisfaction within such ninety (90) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder. Notwithstanding the foregoing, Recipient's obligations hereunder will remain in force and effect throughout the Grant Period and the City shall be entitled to any remedies available at law and equity, including, but not limited to, specific performance.

Section 7. Recipient Reporting.

The Recipient shall provide, at the Recipient's expense, detailed updates and verification reasonably satisfactory to the City of the Recipient's progress regarding the completion of Project construction and, following Project construction, of Recipient's continued compliance with Section 2.3 of this Agreement.

Section 8. Notices.

Any notices required or permitted under this Agreement shall be given in writing and shall be deemed to be received upon receipt or refusal after the mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to

with a copy to:

Commonwealth Catholic Charities Housing Corporation 1601 Rolling Hills Drive Richmond, Virginia 23229 Attn. Vice President of Housing Klein Horning 1325 G Street NW, Suite 770 Washington DC 20005 Attn: Erik Hoffman if to the City, to

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street, 14th Floor Richmond, VA 23219

if to the Authority, to

Economic Development Authority of Richmond VA – Attn: Chairman 1500 East Main Street Richmond, VA 23219 with a copy to:

Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 400 Richmond, VA 23219

Section 9. General Terms and Conditions.

9.1 Entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no

transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Development Agreement.
- 93 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- **9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid, or illegal, then the enforceability, validity, and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- 95 Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval, and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available, or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

- **9.6.1 Applicable Law.** The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- 9.6.2 Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.

- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
- **98 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 99 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to the Agreement as the agent or representative of any other party to the Agreement for any purpose.
- 9.10 No Third-Party Beneficiaries. The parties agree that (i) no individual or entity shall be considered, deemed, or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.
- **9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

a municipal corporation of the Commonwealth of Virginia

	By:	J.E. Lincoln Saunders	
		J.E. Lincoln Saunders Chief Administrative Officer	Date
		Cinci / tulimistrative Officei	
		Authorized by Ordinance No	
Approved as to Form: By: City Attorney's Office			
		, a Virginia limited l	iability compa
	By:		
			Date
	Title:		
		ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA,	
		a political subdivision of the Commonwealth of Virginia	
	By:	Chairman	Date
Approved as to Form:			
By: General Counsel to the Authority			

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-232

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, Bellevue Gardens VA LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 1711 Bellevue Avenue and 3940 Rear Rosewood Avenue.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, Bellevue Gardens VA LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 1711 Bellevue Avenue and 3940 Rear Rosewood Avenue. The Grant Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document

AYES:	NOES:	ABSTAIN:	
ADOPTED:	REJECTED:	STRICKEN:	

attached to this ordinance.

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

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-1006

File ID: Admin-2024-1006 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 08/19/2024

Subject: Performance Grant for an Affordable Housing Project Final Action:

Title:

Internal Notes: Performance Grant for the development of affordable housing units at Bellevue Gardens

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-1006 Ordinance - Bellevue Garden Enactment Number:

aatf08152024, Admin. 2024-1006 Bellevue Gardens -

Grant Agreement - Attachment A AATFmbp

Contact: Introduction Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date
1	1	8/19/2024	Merrick Malone	Approve	8/20/2024
1	2	8/19/2024	Matt Welch	Approve	8/21/2024
1	3	8/19/2024	Alecia Blackwell - FYI	Notified - FYI	
1	4	8/20/2024	Sharon Ebert	Approve	8/21/2024
1	5	8/21/2024	Meghan Brown	Approve	8/22/2024
1	6	8/21/2024	Sheila White	Approve	8/23/2024
1	7	8/21/2024	Cynthia Osborne - FYI	Notified - FYI	
1	8	8/21/2024	Sabrina Joy-Hogg	Approve	8/23/2024
1	9	8/21/2024	Caitlin Sedano - FYI	Notified - FYI	
1	10	8/21/2024	Jeff Gray	Approve	8/23/2024
Notes:	Approved:	Out of Office			
1	11	8/21/2024	Lincoln Saunders	Approve	8/30/2024
1	12	8/29/2024	Mayor Stoney	Approve	8/30/2024

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-1006

City of Richmond

Intracity Correspondence

O&R Request

DATE: July 31, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance and

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community Development

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

• Bellevue Gardens VA, LLC

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$24,825.95 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$169,367.69 As such the increase from the Effective Date to the first year of the Grant Period would be \$144,541.74 This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such a property producing \$144,541.74 in Real Estate Tax Revenue in 2023 would produce approximately \$182,239.63 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$12,871.94 between 2023 and 2024. Based on recent

trends, it is assumed that property value assessments in the City of Richmond will continue to increase in the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community Development

Attachment A

GRANT AGREEMENT

This **GRANT AGREEMENT** (the "Agreement") is made and entered this ______ day of _____, 2023 (the "Effective Date"), by and among the **CITY OF RICHMOND**, **VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "City"), BELLEVUE GARDENS VA, LLC, a Virginia Limited Liability Company, or its assigns or successors (the "Recipient"), and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND**, a political subdivision of the Commonwealth of Virginia (the "Authority").

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- C. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- D. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- E. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- F. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- **1.1** Incorporation of Recitals. The foregoing recitals are incorporated herein by reference.
- **1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for each applicable year of the Grant Period.

"Base Real Estate Tax Revenue" means \$26,724.00 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Effective Date.

"Grant" means a grant to be paid to the Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy as prorated for the applicable installment period.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Grant Commencement Date ("Grant Expiration Date"), subject to the provisions of Section 2.6 below. The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one-time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real

Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below). In no event shall the Incremental Real Estate Tax Revenue (or the Grant Payment) include penalties, interest, or any other charges resulting from any delinquent payment. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction, as set forth by Section 2.3.2 of this Agreement.

"Project" means a development on the Site containing not less than residential units, subject to income and rent restrictions as set forth in Section 2.5 and as shown on Exhibit A and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable)) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Recipient" means BELLEVUE GARDENS VA, LLC and its successors and assigns, to the extent permitted by this Agreement.

"Site" means, collectively, 5.953 acres currently owned by BELLEVUE GARDENS VA, LLC, located at 3940 REAR Rosewood Avenue Richmond, VA 23227 and 1711 Bellevue Avenue Richmond, VA 23227 and currently referred to in the records of the City Assessor as Parcel Nos. N0170390023 and N0170390020.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Grant Management Fee.

The Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 <u>Completion of Project Construction; Timeline.</u>

2.2.1 Plan of Development. Recipient shall submit a Plan of Development or similar submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months after the Effective Date, which Plan of Development or similar

submission shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.

- **2.2.2 Commencement of the Project Construction.** Recipient shall commence construction of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction of the Project.
- **2.2.3** Completion of Project Construction. The Recipient shall complete the Project within three years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which the Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within 30 days of such written notice, then this Agreement, including all rights and obligations herein, shall, upon the City's election, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.3 Continued Maintenance and Operation of Project.

- 2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership of the Project (including any leasehold interests), and (2) if the Agreement is assigned, Recipient shall provide the City and Authority 30 days prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee.
- **2.3.2** Continued Maintenance and Operation of the Project. Following the Recipient's completion of Project construction as set forth in Section 2.1.3 of this Agreement, the Recipient, or its successors or assigns, shall continue to Maintain the Project until the expiration of the Grant Period. For the avoidance of doubt, the Recipient's obligation to Maintain the Project includes the Recipient's ongoing compliance with the provisions set forth in Section 2.5 (Affordable Housing) of this Agreement.

2.4 <u>MBE Participation.</u>

- **2.4.1** Goal. The Recipient agrees to diligently work towards the following goal: Where capacity, capability, and competitive pricing among minority business enterprises and emerging small businesses exist, 30% of all expenditures for construction costs of the Project that will be paid to third-party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors, and subcontractors who will be providing any portion of the Project.
- **Reporting**. To enable the City to measure the achievements of the Recipient 2.4.2 and its assignees, contractors, and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 <u>Affordable Housing</u>.

The Recipient shall restrict occupancy and rents of the Project according to the schedule shown on Exhibit A, according to standards promulgated by the State Housing Finance Agency. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 <u>Continued Investment and Capital Improvements</u>

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments after the initial fifteen (15) years of the Grant Period shall be contingent upon receipt of proof that the Recipient has at a minimum made capital improvements to the Project in an aggregate amount of Seven Hundred Eighty Thousand dollars (\$780,000) since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital

improvements made to the Project since the Grant Commencement Date.

Section 3. Disbursement of Grant.

- **3.1.** Grant. During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** <u>Grant Payment Requests.</u> The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Grant Payment. Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if the Recipient did not make full and timely payment of the Real Estate Tax Levy for the applicable installment (except when Recipient (i) makes full payment within 60 days after the date such payment was due to the City and (ii) pays all penalties and interest for such late payment in accordance with any applicable provisions of the Richmond City Code) and shall not make a Grant Payment if Recipient is delinquent in payment of any other taxes levied by the City for the Project (except when all penalties and interest for such late payment have been paid in accordance with any applicable provision of the Richmond City Code). Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees to pay the Grant Payment to the Recipient (or such party to which the Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.
- **3.4** Recipient's Relief. Should the Recipient believe the City failed to comply with Section 3.3 of this Agreement, the Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

4.1 The City agrees to transfer to the Authority, as and when appropriated by

the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.

- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding on a timely basis; provided, however, the City's obligation is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the City's Chief Administrative Officer, or the designee thereof, with copies of all documents related to this Agreement, and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to the Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.
- **4.7** The Authority shall not be required to furnish the City with a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

- 5.1 The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** Any and all actions necessary to enable the Recipient to enter this Agreement, and to be bound hereby, have been duly taken.
- 5.3 The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.

5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient.
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. In the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate ninety (90) days after the City's notice to Recipient and Recipient's designated lender, unless Recipient cures the Event of Default to the City's satisfaction within such ninety (90) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder. Notwithstanding the foregoing, Recipient's obligations hereunder will remain in force and effect throughout the Grant Period and the City shall be entitled to any remedies available at law and equity, including, but not limited to, specific performance.

Section 7. Recipient Reporting.

The Recipient shall provide, at the Recipient's expense, detailed updates and verification reasonably satisfactory to the City of the Recipient's progress regarding the completion of Project construction and, following Project construction, of Recipient's continued compliance with Section 2.3 of this Agreement.

Section 8. Notices.

Any notices required or permitted under this Agreement shall be given in writing and shall be deemed to be received upon receipt or refusal after the mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to

with a copy to:

Bellevue Gardens VA LLC Attn: Jen Surber 120 Green Tree Circle Bristol, VA 24201 The Pryzwansky Law Firm Attn: David Pryzwansky 1130 Situ Court, Suite 244 Raleigh, NC 27606 if to the City, to

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street, 14th Floor Richmond, VA 23219

if to the Authority, to

Economic Development Authority of Richmond VA – Attn: Chairman 1500 East Main Street Richmond, VA 23219 with a copy to:

Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 400 Richmond, VA 23219

Section 9. General Terms and Conditions.

9.1 Entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- 9.1 Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Development Agreement.
- **92 Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- 93 Severability. If any provision of this Agreement is determined to be unenforceable, invalid, or illegal, then the enforceability, validity, and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- 9.4 Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval, and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available, or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

95 Public Disclosure.

- 95.1 Applicable Law. The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- 952 Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.

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- **No Waiver.** Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
- 9.7 Effective Date of the Agreement. The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 98 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to the Agreement as the agent or representative of any other party to the Agreement for any purpose.
- 99 No Third-Party Beneficiaries. The parties agree that (i) no individual or entity shall be considered, deemed, or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.
- **9.10 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

a municipal corporation of the Commonwealth of Virginia

Authorized by Ordinance No proved as to Form:		By:	J.E. Lincoln Saunders Chief Administrative Officer	Date
By: Date Name: Title: ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia				
Name:	proved as to Form: City Attorney's Office			
Name: Title: ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia			, a Virginia limited	liability
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia		Ву:		
AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia				
Approved as to Form:			AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the	
Approved as to Form:				

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-233

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Performance Agreement between the City of Richmond, 1203 E Brookland LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 1203 East Brookland Park Boulevard.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Performance Agreement between the City of Richmond, 1203 E Brookland LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable housing development located at 1203 East Brookland Park Boulevard. The Performance Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

AYES:	NOES:	ABSTAIN:	
ADOPTED:	REJECTED:	STRICKEN:	

 $\S~2$. This ordinance shall be in force and effect upon adoption.

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-0815

File ID: Admin-2024-0815 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 07/25/2024

Subject: 1203 East Brookland Park Boulevard Performance Final Action:

Grant

Title:

Internal Notes: Performance Grant for an affordable housing development project located at 1203 East Brookland

Park Boulevard

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-0815 WD- Ordinance - Performance Enactment Number:

Grant 1203 East Brookland Park- AATF,

Admin-2024-0815 1203 East Brookland Park Blvd City of Richmond Performance Grant Agreement

AATF and signed

Contact: Introduction Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date	
1	1	7/25/2024	Merrick Malone	Approve	7/27/2024	
1	2	7/30/2024	Matt Welch	Approve	7/30/2024	
1	3	7/30/2024	Alecia Blackwell - FYI	Notified - FYI		
1	4	8/5/2024	Sharon Ebert	Approve	8/1/2024	
1	5	8/5/2024	Meghan Brown	Approve	8/7/2024	
1	6	8/8/2024	Sheila White	Escalated	8/7/2024	
1	7	8/8/2024	Michael Nguyen	Approve	8/9/2024	
1	8	8/8/2024	Cynthia Osborne - FYI	Notified - FYI		
1	9	8/8/2024	Sabrina Joy-Hogg	Approve	8/12/2024	
1	10	8/8/2024	Caitlin Sedano - FYI	Notified - FYI		
1	11	8/8/2024	Jeff Gray	Approve	8/12/2024	
Notes:	Approved:	Out of Office				
1	12	8/21/2024	Lincoln Saunders	Approve	8/19/2024	
1	13	8/29/2024	Mayor Stoney	Approve	8/30/2024	

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-0815

City of Richmond

Intracity Correspondence

O&R Request

DATE: July 1, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance and

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

1203 E Brookland LLC

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia to authorize industrial/economic development authorities "to make grants associated with the construction of affordable housing to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Exhibit A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, before the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment value of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$2,868.00 the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$149,200.20 As such the increase from the Effective Date to the first year of the Grant Period would be \$146,332.20 This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such property producing \$149,200.20 in Real Estate Tax Revenue in 2023 would produce approximately \$160,539.42 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax \$11,339.22 between 2023 and 2024. Based on recent trends, it is assumed that property value assessments in the City of Richmond will continue to increase in

the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community

PERFORMANCE AGREEMENT

This PERFORMANCE AGREEMENT (this "Agreement") is made and entered this day of _____, 2024 (the "Effective Date"), by and among the CITY OF RICHMOND, VIRGINIA, a municipal corporation of the Commonwealth of Virginia (the "City"), 1203 E BROOKLAND LLC, a Virginia limited liability company, or its assigns or successors (the "Recipient"), and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, a political subdivision of the Commonwealth of Virginia (the "Authority").

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. In connection with its development of the Project, Recipient intends to divide the Assemblage and create the Site, whereupon the Site will be designated as a parcel in the tax records of the City and assigned a tax parcel identification number.
- C. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- D. The City plans to fund a semi-annual economic development monetary Performance (the "AGREEMENT") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- E. Payment of the Performance Agreement will be conditioned upon the Recipient's completion of Project construction and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Performance Agreement will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- F. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- G. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledded, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- 1.1 <u>Incorporation of Recitals.</u> The foregoing recitals are incorporated herein by reference.
- **1.2** <u>Definitions.</u> For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for the applicable year of the Performance Agreement Period.

"Assemblage" means, collectively, that certain real property comprised of (i) those certain parcels of 0.615 acres currently owned by Enterprise Community Development, Inc. located respectively at 1203 East Brookland Park Boulevard Richmond, Virginia and currently referred to in the records of the City Assessor as Parcel Nos. N0000917006.

"Base Real Estate Tax Revenue" means \$2,868 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Performance Agreement Commencement Date. For the avoidance of doubt, the Base Real Estate Tax Revenue is calculated based on the tax rate of \$1.20 per every \$100.00 of assessment value attributed to the portions of the Assemblage that comprise the Site, with thirty percent (30.0%) of the real estate taxes levied on Parcel No. N0000917006 included in the figure above.

"Performance Agreement" has the meaning set forth in the recitals of this Agreement.

- "Payment" means, for each real estate tax year during the Performance Agreement Period, an amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Performance Agreement Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy.
- "Payment Request" means a written request for a Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy (including all applicable penalties and interest), and (2) the amount of the requested Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).
- "Performance Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Performance Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Commencement Date ("Performance Expiration Date"). The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Performance Period may not be received by the City until after the Performance Agreement Expiration Date, and that a Performance Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Performance Agreement Period, the amount by which the Real Estate Tax Levy exceeds the Base Real Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full (including any applicable penalties and interest for late payment in accordance with any applicable provision of the Richmond City Code), subject to the applicable cure periods. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Land Records" means the Clerk's Office of the Circuit Court of the City of Richmond, Virginia.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction, as set forth by Section 2.3.2 of this Agreement.

"Mortgage" means any mortgage, deed of trust, deed to secure debt or other similar instrument created for the purpose of securing indebtedness of Recipient, and recorded among the Land Records, or any mortgage, deed of trust, deed to secure debt or other similar instrument created for the purposes of refinancing such indebtedness and recorded among the Land Records.

"Mortgagee" means the secured party under a Mortgage.

"Project" means a development on the Site containing not less than 43 residential units, subject to income and rent restrictions as shown on **Exhibit A** and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code") .

"Recipient" means 1203 E Brookland LLC and its successors and assigns, to the extent permitted by this Agreement.

"Site" means the Assemblage. "State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Performance Agreement Management Fee.

The Recipient shall pay a Performance Agreement Management Fee consisting of (i) a one-time, non-refundable \$500.00 fee immediately upon execution of the agreement to the Authority, and, (ii) thereafter, the Recipient shall pay annually to the Authority 1% of the Performance Payment for the duration of the Performance Agreement Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 Completion of Project Construction; Timeline.

- **2.2.1 Plan of Development.** Recipient shall submit a Plan of Development or similar permit submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months of the Effective Date, which shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.
- **2.2.2** Commencement of the Project Construction. Recipient shall commence construction of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction of the Project.
- **2.2.3** Completion of Project Construction. Recipient shall complete the Project within three (3) years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within sixty (60) days of such written notice then this Agreement, including all rights and obligations herein, shall, upon the City's election and subject to the rights of a Mortgagee under Section 6.3 hereof, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Performance Agreement Payments hereunder.

2.3 <u>Continued Maintenance and Operation of Project.</u>

2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Performance Agreement Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership or control of the Project (including any leasehold interests), and (2) if this Agreement is assigned, Recipient shall provide the City and Authority 30 days' prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership or control in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee. For the avoidance of doubt, this Section 2.3.1 shall not apply to any transfer by foreclosure or deed-in-lieu of foreclosure or to any transfer of interests in Recipient enthentexerrise its of its rights to remove the general partner or managing member of Recipient and any such transfer shall not require notice to nor the

2.3.2 Continued Maintenance and Operation of the Project. Following Recipient's completion of Project construction as set forth in Section 2.2.3 of this Agreement, the Recipient shall continue to Maintain the Project until the expiration of the Performance Agreement Period.

2.4 MBE Participation.

- **2.4.1 Goal.** The Recipient agrees to diligently work towards the following goal: Where capacity, capability and competitive pricing among minority business enterprises and emerging small businesses exists, 30% of all expenditures for those construction costs of the Project that will be paid to third party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors and subcontractors who will be providing any portion of the Project.
- 2.4.2 Reporting. To enable the City to measure the achievements of the Recipient and its assignees, contractors and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 Affordable Housing.

The Recipient agrees to restrict occupancy and rents of the Project according to the schedule shown on **Exhibit A**, according to standards promulgated by the State Housing Finance Agency or as otherwise approved by the Authority. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 Continued Investment and Capital Improvements

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Performance Agreement Payments subsequent to the initial <u>fifteen (15)</u> years of the Performance Agreement Period shall be contingent upon receipt of proof that the Recipient has made capital improvements to the Project in an aggregate amount of four-hundred thirty thousand and No/100 Dollars

KH 11514153

(\$430,000.00) since the Performance Agreement Commencement Date. On each fifth anniversary of the Performance Agreement Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Performance Agreement Commencement Date.

Section 3. Disbursement of Performance Agreement.

- **3.1.** <u>Performance Agreement.</u> During the Performance Agreement Period, the City shall pay to Recipient (or such party to which Recipient has assigned Performance Agreement Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Performance Agreement Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** Performance Agreement Payment Requests. The Recipient shall submit each Performance Agreement Payment Request to the CAO, with copies to the Department of Economic and Community Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Performance Agreement Payment. Upon receipt of a Performance Agreement Payment Request, the City shall review the accuracy of the request. The City shall not make a Performance Agreement Payment if Recipient did not make full and timely payment (except when all penalties and interest for late payment have been paid in accordance with any applicable provisions of the Richmond City Code), of the Real Estate Tax Levy for the applicable installment and shall not make a Performance Agreement Payment if Recipient is delinquent in payment (except when all penalties and interest for late payment have been paid in accordance with any applicable provision of the Richmond City Code) of any other taxes levied by the City for the Project. Within fifteen (15) business days of receipt of a Performance Agreement Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Performance Agreement Payment for the foregoing reasons, (2) the City approves the request and intends to make a Performance Agreement Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Performance Agreement Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Performance Agreement Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Performance Agreement Payment, transfer the funds for the Performance Agreement Payment to the Authority. The Authority agrees, subject to any necessary approvals by its Board of Directors, to pay the Performance Payment to Recipient (or such party to which Recipient has assigned Performance Agreement Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.
- 3.4 Recipient's Relief. Should Recipient believe the City failed to comply with Section 3.3 of this Agreement, Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a KH 11514 Performance Agreement Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Performance Agreement

- **4.1** The City agrees to transfer to the Authority, as and when appropriated by the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Performance Agreement. No administrative fees or expenses shall be paid by the City.
- 4.2 The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding to the Authority on a timely basis; provided, however, the City's obligation to provide funding to the Authority is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the CAO, or the designee thereof, with copies of all documents related to this Agreement and will keep the CAO fully and timely informed of all matters related to this Agreement.
- 4.4 The Authority agrees that all funds transferred by the City to the Authority for the Performance Agreement shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Performance Agreement.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Performance Agreement as set forth in this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated in this Agreement. If litigation involving the Performance Agreement is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to this Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits
- **4.7** The Authority shall not be required to furnish the City a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

- **5.1** The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** Any and all actions necessary to enable the Recipient to enter into this Agreement, and to be bound hereby, have been duly taken.
- **5.3** The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and

obligate the Recipient to the extent provided by the terms hereof.

5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient;
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay the annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. Subject to Section 6.3 below, in the case of an occurrence of an Event of Default, the Performance Agreement provisions of Section 3 of this Agreement shall, at the City's option, terminate ninety (90) days after the City's notice to Recipient, each Mortgagee and Investor, unless Recipient cures the Event of Default to the City's satisfaction within such ninety (90) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Performance Agreement Payments hereunder. If the default cannot be reasonably cured within thirty (30) days, then the Recipient shall have such additional time as it shall reasonably require so long as the Recipient is proceeding with reasonable diligence to cure the default.
- Agreement shall be provided simultaneously to any Mortgagee and Investor. Each Mortgagee and the Investor shall be permitted to cure any default by Recipient under this Agreement. Such Mortgagees and Investor shall have the same period, after the giving of such notice upon it, for remedying any default or causing the same to be remedied, as is given Recipient after the giving of such notice to Recipient, plus an additional thirty (30) days, to remedy, commence remedying or cause to be remedied the defaults specified in any such notice. If the default cannot be reasonably cured within thirty (30) days, then the Mortgagee or Investor, as applicable, shall have such additional time as it shall reasonably require so long as the Mortgagee or Investor, as applicable, is proceeding with reasonable diligence to cure the default. The City and the Authority each agree to accept payment or performance by any Mortgagee or Investor as though the same had been done by Recipient.

Section 7. Recipient Reporting.

The Recipient shall provide, at Recipient's expense, detailed updates and verification reasonably satisfactory to the City of Recipient's progress regarding completion of Project construction and, following Project construction, of Recipient's continued compliance with Section 2.3 of this Agreement.

Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to:

with a copy to:

1203 E Brookland LLC c/o Enterprise Community Development, Inc. 8403 Colesville Road, Suite 115 Silver Spring, Maryland Attention: Kathleen Kramer

if to the City, to:

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street Suite 201 Richmond, VA 23219

if to the Authority, to:

Economic Development Authority of Richmond VA – Attn: Chairman 501 East Franklin Street Richmond, VA 23219 Klein Horning 1325 G Street NW, Suite 770 Washington DC 20005 Attention: Jessica Worthington

with a copy to:

Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 300 Richmond, VA 23219

Section 9. General Terms and Conditions.

Entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the

right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- 9.2 Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceedings arising from this Agreement.
- **9.3** Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- **9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- **9.5 Subject-to-Appropriations.** All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

9.6.1 Applicable Law. The parties to this Agreement acknowledge that records

maintained by or in the custody of the City and the Authority are subject to the provisions of the KH 1151415.3

Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.

- **9.6.2** Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.
- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
 - **9.8 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 9.9 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to this Agreement as the agent or representative of any other party to this Agreement for any purpose.
- 9.10 No Third-Party Beneficiaries. Except as otherwise provided in Section 9.1 of this Agreement, the parties agree that except for any Mortgagee and Investor (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. Each Mortgagee and Investor shall be a third-party beneficiary of this Agreement.
- **9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA, a municipal corporation of the Commonwealth of Virginia

		By:	J.E. Lincoln Saunders	Date
			Chief Administrative Officer	Date
			Authorized by Ordinance No	
Approved as By: City Attor 203 E BRO	mey's (Office		
		ability company		
By:	a Vir	E Brookland MM LLC ginia limited liability co le member		
	By:	Enterprise Communia Maryland nonstock its sole member	-	
		By: Name: Robert Fossi Title: SVP, Real Esta		
			ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia	
		By:		Date

Approved as to Form:
By:
General Counsel to the Authority

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-234

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, 6951 Carnation Multifamily, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 6951 West Carnation Street.

Patron - Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING:SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

- § 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, 6951 Carnation Multifamily, LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 6951 West Carnation Street. The Grant Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.
 - § 2. This ordinance shall be in force and effect upon adoption.

AYES:	NOES:	ABSTAIN:	
ADOPTED:	REJECTED:	STRICKEN:	

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE



City of Richmond

RECEIVED

By Paula Hackney - City Attorney's Office at 2:53 pm, Aug 29, 2024

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-0997

File ID: Admin-2024-0997 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 08/15/2024

Subject: Performance Grant 6951 West Carnation Street Final Action:

Title:

Internal Notes: Performance Grant for an Affordable Housing Development Project at 6951 West Carnation Street

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-0997 WD Ordinance 6951 Carnation Enactment Number:

Street, Admin-2024-0997 6951 Carnation Street -

Grant Agreement_AATF8152024

Contact: Introduction Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date
1	1	8/18/2024	Merrick Malone	Approve	8/16/2024
1	2	8/19/2024	Matt Welch	Approve	8/21/2024
1	3	8/19/2024	Alecia Blackwell - FYI	Notified - FYI	
1	4	8/20/2024	Sharon Ebert	Approve	8/21/2024
1	5	8/21/2024	Meghan Brown	Approve	8/22/2024
1	6	8/21/2024	Sheila White	Approve	8/23/2024
1	7	8/21/2024	Cynthia Osborne - FYI	Notified - FYI	
1	8	8/21/2024	Sabrina Joy-Hogg	Approve	8/23/2024
1	9	8/21/2024	Caitlin Sedano - FYI	Notified - FYI	
1	10	8/21/2024	Jeff Gray	Approve	8/23/2024
Notes:	Approved:	Out of Office			
1	11	8/21/2024	Lincoln Saunders	Approve	8/30/2024
1	12	8/29/2024	Mayor Stoney	Approve	8/30/2024

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-0997

City of Richmond

Intracity Correspondence

O&R Request

DATE: July 8, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance and

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

• Lynx Ventures, Inc.

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$3,876.00 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$354,000.00. As such the increase from the Effective Date to the first year of the Grant Period would be \$350,124.00. This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such a property producing \$354,000.0 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$26,904.00 between 2023 and 2024. Based on recent

trends, it is assumed that property value assessments in the City of Richmond will continue to increase in the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community

Attachment A

GRANT AGREEMENT

This GRANT AGREEMENT (this "Agreement") is made and entered this day of
, 2024 (the "Effective Date"), by and among the CITY OF RICHMOND, VIRGINIA, a
municipal corporation of the Commonwealth of Virginia (the "City"), 6951 CARNATION
MULTIFAMILY, LLC, or its assigns or successors (the "Recipient"), and the ECONOMIC
DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, a political subdivision of
the Commonwealth of Virginia (the "Authority").

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. In connection with its development of the Project, Recipient intends to divide the Assemblage and create the Site, whereupon the Site will be designated as a parcel in the tax records of the City and assigned a tax parcel identification number.
- C. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- D. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- E. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction or rehabilitation and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- F. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- G. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- **1.1 Incorporation of Recitals.** The foregoing recitals are incorporated herein by reference.
- **1.2** <u>Definitions.</u> For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for the applicable year of the Grant Period.

"Base Real Estate Tax Revenue" means \$3,876.00 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Grant Commencement Date. For the avoidance of doubt, the Base Real Estate Tax Revenue is calculated based on the tax rate of \$1.20 per every \$100.00 of assessment value attributed to the portions of the Assemblage that comprise the Site, with thirty percent (30.0%) of the real estate taxes levied on Parcel No. C0050879008 included in the figure above.

"Grant" means a grant to be paid to the Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy (including all applicable penalties and interest), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction or rehabilitation, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the <u>thirtieth (30th)</u> real estate tax year following the Grant Commencement Date ("Grant Expiration Date"). The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date, and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full (including any applicable penalties and interest for late payment in accordance with any applicable provision of the Richmond City Code), subject to the applicable cure periods. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Investor" means Lynx Ventures, Inc.

"Land Records" means the Clerk's Office of the Circuit Court of the City of Richmond, Virginia.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction or rehabilitation, as set forth by Section 2.3.2 of this Agreement.

"Mortgage" means any mortgage, deed of trust, deed to secure debt or other similar instrument created for the purpose of securing indebtedness of Recipient, and recorded among the Land Records, or any mortgage, deed of trust, deed to secure debt or other similar instrument created for the purposes of refinancing such indebtedness and recorded among the Land Records.

"Mortgagee" means the secured party under a Mortgage.

"Project" means a development on the Site containing not less than 128 residential units, subject to income and rent restrictions as shown on **Exhibit A** and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Recipient" means 6951 Carnation Multifamily, LLC, and its successors and assigns, to the extent permitted by this Agreement.

"Site" means, that certain parcel of 2.648 acres currently owned by 6951 Carnation Acquisition LLC located respectively at 6951 W Carnation Street Richmond, Virginia 23225 and currently referred to in the records of the City Assessor as Parcel Nos. C0050879008.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Grant Management Fee.

The Recipient shall pay a Grant Management Fee consisting of (i) a one-time, non-refundable \$500.00 fee immediately upon execution of the agreement to the Authority, and, (ii) thereafter, the Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 Completion of Project Construction or Rehabilitation; Timeline.

- **2.2.1 Plan of Development.** Recipient shall submit a Plan of Development or similar permit submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months of the Effective Date, which shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.
- 2.2.2 Commencement of the Project Construction or Rehabilitation. Recipient shall commence construction or rehabilitation of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction or rehabilitation of the Project.
- **2.2.3 Completion of Project Construction or Rehabilitation.** Recipient shall complete the Project within three (3) years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within sixty (60) days of such written notice then this Agreement, including all rights and obligations herein, shall, upon the City's election and subject to the rights of a Mortgagee under Section 6.3 hereof, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.3 Continued Maintenance and Operation of Project.

2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction or rehabilitation pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers

ownership or control of the Project (including any leasehold interests), and (2) if this Agreement is assigned, Recipient shall provide the City and Authority 30 days' prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership or control in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee. For the avoidance of doubt, this Section 2.3.1 shall not apply to any transfer by foreclosure or deed-in-lieu of foreclosure or to any transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient and any such transfer shall not require notice to nor the consent of the City or Authority.

2.3.2 Continued Maintenance and Operation of the Project. Following Recipient's completion of Project construction or rehabilitation as set forth in Section 2.2.3 of this Agreement, the Recipient shall continue to Maintain the Project until the expiration of the Grant Period.

2.4 MBE Participation.

- **2.4.1 Goal.** The Recipient agrees to diligently work towards the following goal: Where capacity, capability and competitive pricing among minority business enterprises and emerging small businesses exists, 30% of all expenditures for those construction or rehabilitation costs of the Project that will be paid to third party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors and subcontractors who will be providing any portion of the Project.
- 2.4.2 Reporting. To enable the City to measure the achievements of the Recipient and its assignees, contractors and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction or rehabilitation, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 Affordable Housing.

The Recipient agrees to restrict occupancy and rents of the Project according to the schedule shown on **Exhibit A**, according to standards promulgated by the State Housing Finance Agency or as otherwise approved by the Authority. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 Continued Investment and Capital Improvements

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments subsequent to the initial <u>fifteen (15)</u> years of the Grant Period shall be contingent upon receipt of proof that the Recipient has made capital improvements to the Project in an aggregate amount of one-million five-hundred ten thousand and No/100 Dollars (\$1,510,000.00) since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Grant Commencement Date.

Section 3. Disbursement of Grant.

- **3.1.** Grant. During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** Grant Payment Requests. The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic and Community Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Grant Payment. Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if Recipient did not make full and timely payment (except when all penalties and interest for late payment have been paid in accordance with any applicable provisions of the Richmond City Code), of the Real Estate Tax Levy for the applicable installment and shall not make a Grant Payment if Recipient is delinquent in payment (except when all penalties and interest for late payment have been paid in accordance with any applicable provision of the Richmond City Code) of any other taxes levied by the City for the Project. Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including

any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees, subject to any necessary approvals by its Board of Directors, to pay the Grant Payment to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.

Recipient's Relief. Should Recipient believe the City failed to comply with Section 3.3 of this Agreement, Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

- **4.1** The City agrees to transfer to the Authority, as and when appropriated by the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.
- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding to the Authority on a timely basis; provided, however, the City's obligation to provide funding to the Authority is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the CAO, or the designee thereof, with copies of all documents related to this Agreement and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund [*Define*], to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant as set forth in this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated in this Agreement. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to this Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.
- 4.7 The Authority shall not be required to furnish the City a blanket corporate

fidelity bond with surety.

Section 5. Representations of the Recipient

- **5.1** The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** Any and all actions necessary to enable the Recipient to enter into this Agreement, and to be bound hereby, have been duly taken.
- 5.3 The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.
- 5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient;
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay the annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. Subject to Section 6.3 below, in the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate thirty (30) days after the City's notice to Recipient, each Mortgagee and Investor, unless Recipient cures the Event of Default to the City's satisfaction within such thirty (30) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder.
- 6.3 Notice and Right to Cure. Written notice of any default by Recipient under this Agreement shall be provided simultaneously to any Mortgagee and Investor. Each Mortgagee and the Investor shall be permitted to cure any default by Recipient under this Agreement. Such Mortgagees and Investor shall have the same period, after the giving of such notice upon it, for remedying any default or causing the same to be remedied, as is given Recipient after the giving of such notice to Recipient, plus an additional thirty (30) days, to remedy, commence remedying or cause to be remedied the defaults specified in any such notice. If the default cannot be reasonably cured within thirty (30) days, then the Mortgagee or Investor, as applicable, shall have such additional time as it shall reasonably require so long as the Mortgagee or Investor, as

applicable, is proceeding with reasonable diligence to cure the default. The City and the Authority each agree to accept payment or performance by any Mortgagee or Investor as though the same had been done by Recipient.

Section 7. Recipient Reporting.

The Recipient shall provide, at Recipient's expense, detailed updates and verification reasonably satisfactory to the City of Recipient's progress regarding completion of Project construction or rehabilitation and, following Project construction or rehabilitation, of Recipient's continued compliance with Section 2.3 of this Agreement.

Section 8. Notices.

Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to:

with a copy to:

6951 Carnation Multifamily, LLC 7 East 2nd Street Richmond, VA 23224 Attention: John Gregory

Hirschler Fleischer, P.C. 2100 East Cary Street Richmond, VA 23223

Brian K. Jackson, Esq.

if to the City, to:

with a copy to:

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street Suite 201 Richmond, VA 23219 Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

if to the Authority, to:

with a copy to:

Economic Development Authority of Richmond VA – Attn: Chairman 501 East Franklin Street Richmond, VA 23219 City Attorney City of Richmond, Virginia 900 East Broad Street Suite 300 Richmond, VA 23219

Section 9. General Terms and Conditions.

9.1 Entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of

without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- 9.2 Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceedings arising from this Agreement.
- **9.3** Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- **9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.

9.5 Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

- **9.6.1 Applicable Law.** The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- **9.6.2** Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.
- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
 - **9.8 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 9.9 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to this Agreement as the agent or representative of any other party to this Agreement for any purpose.
- 9.10 No Third-Party Beneficiaries. Except as otherwise provided in Section 9.1 of this Agreement, the parties agree that except for any Mortgagee and Investor (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. Each Mortgagee and Investor shall be a third-party beneficiary of this Agreement.

9.11 Signature Authority. Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA, a municipal corporation of the Commonwealth of Virginia

	By:		
		J.E. Lincoln Saunders Chief Administrative Officer	Date
		Authorized by Ordinance No	
Approved as to Form: By:			
		6951 Carnation Multifamily LLC, limited liability Company	a Virginia
	By:		
			Date
	Name: Title:		
		ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia	
	By:	Chairman	Date
Approved as to Form: By: General Counsel to the Authority			

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-235

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, Standard Development Partners LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 250 East German School Road.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, Standard Development Partners LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 250 East German School Road. Such Grant Agreement shall be approved

AYES:	NOES:	ABSTAIN:
ADOPTED:	REJECTED:	STRICKEN:

as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

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

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-1016

File ID: Admin-2024-1016 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 08/19/2024

Subject: Performance Grant 250 East German School Road Final Action:

Title:

Internal Notes: Performance Grant for an affordable housing development project at 250 East German School

Road-Standard Development Partners, LLC-236 Units

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-1016 Ordinance - 250 E. German School Enactment Number:

Road AATF signedmbp, Admin-2024-1016 250 E. German School Road - Grant Agreement- AATF and

signedmbp

Contact: Introduction Date:

Drafter: Michelle.Peters@rva.gov Effective Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date	
1	1	8/19/2024	Merrick Malone	Approve	8/20/2024	
1	2	8/19/2024	Matt Welch	Approve	8/21/2024	
1	3	8/19/2024	Alecia Blackwell - FYI	Notified - FYI		
1	4	8/20/2024	Sharon Ebert	Approve	8/21/2024	
1	5	8/21/2024	Meghan Brown	Approve	8/22/2024	
1	6	8/21/2024	Sheila White	Approve	8/23/2024	
1	7	8/21/2024	Cynthia Osborne - FYI	Notified - FYI		
1	8	8/21/2024	Sabrina Joy-Hogg	Approve	8/23/2024	
1	9	8/21/2024	Caitlin Sedano - FYI	Notified - FYI		
1	10	8/21/2024	Jeff Gray	Approve	8/23/2024	
Notes:	Approved:	Out of Office				
1	11	8/21/2024	Lincoln Saunders	Approve	8/30/2024	
1	12	8/29/2024	Mayor Stoney	Approve	8/30/2024	

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-1016

City of Richmond

Intracity Correspondence

O&R Request

DATE: August 6, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance and

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community Development

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

Standard Development Partners, LLC

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$3,252.00 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$685,415.77. As such the increase from the Effective Date to the first year of the Grant Period would be \$682,163.77. This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such a property producing \$695,415.77in Real Estate Tax Revenue in 2023

would produce approximately \$737,507.37 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$52,091.60 between 2023 and 2024. Based on recent trends, it is assumed that property value assessments in the City of Richmond will continue to increase in the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community Development

Attachment A

GRANT AGREEMENT

This **GRANT AGREEMENT** (the "Agreement") is made and entered this ______ day of _____, 2023 (the "Effective Date"), by and among the **CITY OF RICHMOND, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "City"), Standard Development Partners, LLC, a Virginia Limited Liability Company, or its assigns or successors (the "Recipient"), and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND**, a political subdivision of the Commonwealth of Virginia (the "Authority").

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- C. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- D. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- E. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- F. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- **1.1 Incorporation of Recitals.** The foregoing recitals are incorporated herein by reference.
- **1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for each applicable year of the Grant Period.

"Base Real Estate Tax Revenue" means \$3,252.00 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Effective Date.

"Grant" means a grant to be paid to the Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to 100% of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy as prorated for the applicable installment period.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Grant Commencement Date ("Grant Expiration Date"), subject to the provisions of Section 2.6 below. The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one-time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real

Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below). In no event shall the Incremental Real Estate Tax Revenue (or the Grant Payment) include penalties, interest, or any other charges resulting from any delinquent payment. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction, as set forth by Section 2.3.2 of this Agreement.

"Project" means a development on the Site containing not less than residential units, subject to income and rent restrictions as set forth in Section 2.5 and as shown on Exhibit A and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable)) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Recipient" means Standard Development Partners, LLC, and its successors and assigns, to the extent permitted by this Agreement.

"Site" means, collectively, 15.5621 acres currently owned by Central Virginia Constructors, Inc., located at 250 E. German School Road Richmond, Virginia 23224 and currently referred to in the records of the City Assessor as Parcel Nos. C0060925002.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Grant Management Fee.

The Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 <u>Completion of Project Construction; Timeline.</u>

2.2.1 Plan of Development. Recipient shall submit a Plan of Development or similar submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months after the Effective Date, which Plan of Development or similar

submission shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.

- **2.2.2 Commencement of the Project Construction.** Recipient shall commence construction of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction of the Project.
- **2.2.3 Completion of Project Construction.** The Recipient shall complete the Project within three years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which the Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within 30 days of such written notice, then this Agreement, including all rights and obligations herein, shall, upon the City's election, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.3 Continued Maintenance and Operation of Project.

- 2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership of the Project (including any leasehold interests), and (2) if the Agreement is assigned, Recipient shall provide the City and Authority 30 days prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee.
- **2.3.2 Continued Maintenance and Operation of the Project.** Following the Recipient's completion of Project construction as set forth in Section 2.1.3 of this Agreement, the Recipient, or its successors or assigns, shall continue to Maintain the Project until the expiration of the Grant Period. For the avoidance of doubt, the Recipient's obligation to Maintain the Project includes the Recipient's ongoing compliance with the provisions set forth in Section 2.5 (Affordable Housing) of this Agreement.

2.4 MBE Participation.

- 2.4.1 Goal. The Recipient agrees to diligently work towards the following goal: Where capacity, capability, and competitive pricing among minority business enterprises and emerging small businesses exist, 30% of all expenditures for construction costs of the Project that will be paid to third-party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors, and subcontractors who will be providing any portion of the Project.
- 2.4.2 **Reporting**. To enable the City to measure the achievements of the Recipient and its assignees, contractors, and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 **Affordable Housing.**

The Recipient shall restrict occupancy and rents of the Project according to the schedule shown on Exhibit A, according to standards promulgated by the State Housing Finance Agency. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 Continued Investment and Capital Improvements

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments after the initial fifteen (15) years of the Grant Period shall be contingent upon receipt of proof that the Recipient has at a minimum made capital improvements to the Project in an aggregate amount of [two-million three-hundred sixty thousand and No/100 Dollars (\$2,360,000.00)] since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Grant Commencement Date.

Section 3. <u>Disbursement of Grant.</u>

- **3.1. Grant.** During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** <u>Grant Payment Requests.</u> The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Grant Payment. Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if the Recipient did not make full and timely payment of the Real Estate Tax Levy for the applicable installment (except when Recipient (i) makes full payment within 60 days after the date such payment was due to the City and (ii) pays all penalties and interest for such late payment in accordance with any applicable provisions of the Richmond City Code) and shall not make a Grant Payment if Recipient is delinquent in payment of any other taxes levied by the City for the Project (except when all penalties and interest for such late payment have been paid in accordance with any applicable provision of the Richmond City Code). Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees to pay the Grant Payment to the Recipient (or such party to which the Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.
- **3.4** Recipient's Relief. Should the Recipient believe the City failed to comply with Section 3.3 of this Agreement, the Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

4.1 The City agrees to transfer to the Authority, as and when appropriated by

the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.

- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding on a timely basis; provided, however, the City's obligation is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the City's Chief Administrative Officer, or the designee thereof, with copies of all documents related to this Agreement, and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to the Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.
- **4.7** The Authority shall not be required to furnish the City with a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

- 5.1 The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** Any and all actions necessary to enable the Recipient to enter this Agreement, and to be bound hereby, have been duly taken.
- **5.3** The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.

5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient.
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. In the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate ninety (90) days after the City's notice to Recipient and Recipient's designated lender, unless Recipient cures the Event of Default to the City's satisfaction within such ninety (90) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder. Notwithstanding the foregoing, Recipient's obligations hereunder will remain in force and effect throughout the Grant Period and the City shall be entitled to any remedies available at law and equity, including, but not limited to, specific performance.

Section 7. Recipient Reporting.

The Recipient shall provide, at the Recipient's expense, detailed updates and verification reasonably satisfactory to the City of the Recipient's progress regarding the completion of Project construction and, following Project construction, of Recipient's continued compliance with Section 2.3 of this Agreement.

Section 8. Notices.

Any notices required or permitted under this Agreement shall be given in writing and shall be deemed to be received upon receipt or refusal after the mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to

with a copy to:

Standard Communities 1901 Avenue of the Stars, Suite 395 Los Angeles, CA 90067 818-355-5940 Attn: Aaron Thomas Standard Communities 31920 Del Obispo St., Suite 155 San Juan Capistrano, CA 92675 949-301-9385

Attn: Brad Martinson

if to the City, to

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street, 14th Floor Richmond, VA 23219

if to the Authority, to

Economic Development Authority of Richmond VA – Attn: Chairman 1500 East Main Street Richmond, VA 23219 with a copy to:

Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 400 Richmond, VA 23219

Section 9. General Terms and Conditions.

9.1 Entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Development Agreement.
- 93 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- **9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid, or illegal, then the enforceability, validity, and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- 95 Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval, and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available, or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

- 9.6.1 Applicable Law. The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- 9.6.2 Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.

- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
- **98 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 99 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to the Agreement as the agent or representative of any other party to the Agreement for any purpose.
- 9.10 No Third-Party Beneficiaries. The parties agree that (i) no individual or entity shall be considered, deemed, or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.
- **9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

a municipal corporation of the Commonwealth of Virginia

	By:		
	,	J.E. Lincoln Saunders Chief Administrative Officer	Date
		Authorized by Ordinance No.	
Approved as to Form: By: City Attorney's Office			
		STANDARD DEVELOPMENT Palimited liability company	ARTNERS, a Virginia
	By:		
			Date
	Name: Title:		<u> </u>
		ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia	
	By:	Chairman	Dat
Approved as to Form:			
By:			
General Counsel to the Authority			

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years.

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-236

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Grant Agreement between the City of Richmond, Lynhaven Ridge VA LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 2510 Lynhaven Avenue.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

- § 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Grant Agreement between the City of Richmond, Lynhaven Ridge VA LLC, and the Economic Development Authority of the City of Richmond for the purpose of facilitating the construction of an affordable residential development located at 2510 Lynhaven Avenue. The Grant Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.
 - § 2. This ordinance shall be in force and effect upon adoption.

AYES:	NOES:	ABSTAIN:
ADOPTED:	REJECTED:	STRICKEN:

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-1005

File ID: Admin-2024-1005 Type: Request for Ordinance or Status: Regular Agenda

Resolution

Version: 1 Reference: In Control: City Clerk Waiting

Room

Department: Cost: File Created: 08/19/2024

Subject: Performance Grant for 2510 Lynhaven Avenue Final Action:

Title:

Internal Notes: Approval of a Performance Grant for an Affordable Housing Development

Project

Code Sections: Agenda Date: 09/09/2024

Indexes: Agenda Number:

Patron(s): Enactment Date:

Attachments: Admin-2024-1005 WD Ordinance - Lynhaven Ridge Enactment Number:

Grant Agreement - AATF, Admin-2024-1005 Lynhaven

Ridge Grant Agreement - Attachment A aatf mbp

Contact: Introduction Date:

Related Files:

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date	
1	1	8/19/2024	Merrick Malone	Approve	8/20/2024	
1	2	8/19/2024	Matt Welch	Approve	8/21/2024	
1	3	8/19/2024	Alecia Blackwell - FYI	Notified - FYI		
1	4	8/20/2024	Sharon Ebert	Approve	8/21/2024	
1	5	8/21/2024	Meghan Brown	Approve	8/22/2024	
1	6	8/21/2024	Sheila White	Approve	8/23/2024	
1	7	8/21/2024	Cynthia Osborne - FYI	Notified - FYI		
1	8	8/21/2024	Sabrina Joy-Hogg	Approve	8/23/2024	
1	9	8/21/2024	Caitlin Sedano - FYI	Notified - FYI		
1	10	8/21/2024	Jeff Gray	Approve	8/23/2024	
Notes:	Approved:	Out of Office				
1	11	8/21/2024	Lincoln Saunders	Approve	8/30/2024	
1	12	8/29/2024	Mayor Stoney	Approve	8/30/2024	

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-1005

City of Richmond

Intracity Correspondence

O&R Request

DATE: August 5, 2024

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg. DCAO - Finance &

Administration

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget & Strategic

Planning

THROUGH: Sharon L. Ebert, DCAO - Planning & Economic Development Portfolio

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Merrick Malone, Acting Director of Housing and Community Development

RE: Approval of a Performance Grant for an Affordable Housing Development Project

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer ("CAO") to execute, for and on behalf of the City of Richmond ("City"), the Grant Agreements attached hereto by and between the City, the Economic Development Authority ("EDA"), and the following recipient:

• Lynhaven Ridge VA, LLC

REASON: Council approval is necessary to authorize the City's execution of the Grant Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2022, the Virginia General Assembly approved HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia for the purpose of authorizing industrial/economic development authorities "to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth."

These Grant Agreements will induce the Recipients to construct and operate development projects (the "Project") that will result in significant investment and economic development on the sites located at the identified addresses in **Attachment A** and will promote safe and affordable housing in the City, and result in substantial benefits to the welfare of the City and its inhabitants, as well as is in the public interest, and serves governmental interests:

Grant payments will be solely limited to <u>incremental</u> real estate tax revenues generated by the Project and received by the City and such payments will be conditioned upon the Recipients' completion of Project construction and continued maintenance thereafter. To qualify for grant payments, the Projects each must include at least the number of residential units that restrict occupancy and rents to identified AMIs, according to standards promulgated by the State Housing Finance Agency (i.e., Virginia Housing), for a minimum of thirty (30) years. See **Attachment A**.

FISCAL IMPACT / COST: The one-year fiscal impact is estimated based on the projected construction costs as a proxy for the assessed value of the property at the time of the commencement of the Grant Period. The current assessed value, prior to the commencement of the Grant Period, does not account for the development of new real estate and vastly under-values the assessment of the property at the time of commencement of the Grant Period. The true baseline for incremental tax revenues will be determined at the time of commencement of the Grant Period.

The real estate tax revenue today, based on 2024 assessed value, would be \$2,820.00 and the estimated real estate tax revenue at the time of commencement of the Grant Period would be \$129,478.73. As such the increase from the Effective Date to the first year of the Grant Period would be \$126,658.73. This is not the incremental increase that is to be paid to the grant Recipient for each year of the Grant Period. The Incremental Real Estate Tax Revenue upon commencement of the Grant Period can only be accurately determined from

the true assessment value of the property at the time of the commencement of the Grant Period. The City of Richmond's average assessed value increased 7.6% between 2023 and 2024. As such a property producing \$129,478.73 in Real Estate Tax Revenue in 2023 would produce approximately \$139,319.11 in Real Estate Tax Revenue in 2024 making the one-year Incremental Real Estate Tax Revenue \$9,840.38 between 2023 and 2024. Based on recent trends, it is assumed that property value assessments in the City of Richmond will continue to increase in the coming years. However, the future rate of increase is unknown at this time. This estimate was calculated at the real estate tax rate of \$1.20 per \$100 of assessed value and does not account for Special Assessment District rates.

FISCAL IMPLICATIONS: The approval of this performance grant will allow the City to meet one of its primary affordable housing goals, to produce new affordable housing units that are critically needed as evidenced by the City's declaration of a "housing crisis". There are no direct fiscal implications as the grant payments are solely limited to incremental tax revenues above and beyond the identified baselines of current real estate tax revenues received by the City for such baselines for each of the projects.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Housing & Community Development, Economic Development, Finance, Budget, City Attorney's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Grant Agreement for the proposed recipient.

STAFF: Matthew Welch, Acting Director of Economic Development Merrick Malone, Acting Director of Housing and Community Development

Attachment A

GRANT AGREEMENT

This GRANT AGREEMENT (the "Agreement") is made and entered this	day of
, 2023 (the "Effective Date"), by and among the CITY OF RICHMOND, VIRGINIA, a	municipal
corporation of the Commonwealth of Virginia (the "City"), Lynhaven Ridge VA LLC, a Virginia	nia Limited
Liability Company, or its assigns or successors (the "Recipient"), and the ECONOMIC DEVE	LOPMENT
AUTHORITY OF THE CITY OF RICHMOND, a political	
subdivision of the Commonwealth of Virginia (the "Authority").	

RECITALS

- A. The Recipient plans to develop and operate on the Site, as defined below, the Project, as defined below.
- B. The City and the Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in the City of Richmond, will result in substantial benefits to the welfare of the City and its inhabitants, is in the public interest, and serves governmental interests.
- C. The City plans to fund an economic development monetary grant (the "Grant") by the Authority to the Recipient for the purpose of inducing the Recipient to construct and operate the Project in the City of Richmond.
- D. Payment of the Grant will be conditioned upon the Recipient's completion of Project construction and continued maintenance of the Project, as defined herein, and the funds comprising payments of the Grant will be solely limited to a portion of the incremental real estate tax revenues for the Site generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements), all as set forth herein.
- E. The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement. The Authority is authorized by the Code of Virginia to make grants to non-public organizations such as Recipient in furtherance of the purpose of promoting economic development and affordable housing.
- F. This Agreement sets forth the understanding of the parties concerning the Recipient's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board and the Richmond City Council and subject to appropriations.

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. <u>Preliminary Provisions</u>

- 1.1 Incorporation of Recitals. The foregoing recitals are incorporated herein by reference.
- **1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Richmond-Petersburg Metropolitan Statistical Area for each applicable year of the Grant Period.

"Base Real Estate Tax Revenue" means \$2,820.00 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Effective Date.

"Grant" means a grant to be paid to the Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Grant Payment" means, for each real estate tax year during the Grant Period, an amount equal to 100% of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Grant Payment" shall include payments of Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy as prorated for the applicable installment period.

"Grant Payment Request" means a written request for a Grant Payment, which shall include (1) documentation showing its full payment of the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below), and (2) the amount of the requested Grant Payment and explanation of the calculation thereof (i.e., Real Estate Tax Levy <u>minus</u> Base Real Estate Tax Revenue <u>equals</u> Incremental Real Estate Tax Revenue, as pro-rated for the applicable installment period).

"Grant Period" means that certain period commencing upon January 1st of the first real estate tax year following Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("Grant Commencement Date") and ending on last day of the thirtieth (30th) real estate tax year following the Grant Commencement Date ("Grant Expiration Date"), subject to the provisions of Section 2.6 below. The parties acknowledge that the "Real Estate Tax Levy" for the last year of the Grant Period may not be received by the City until after the Grant Expiration Date and that a Grant Payment shall be paid to the Recipient corresponding to such Real Estate Tax Levy.

"Grant Management Fee" means one-time non-refundable fee and an annual payment equal to 1% of the Grant Payment to cover the administrative expenses of the Authority for managing the Grant during the Grant Period.

"Incremental Real Estate Tax Revenue" means, for each applicable real estate tax year during the Grant Period, the amount by which the Real Estate Tax Levy exceeds the Base Real

Estate Tax Revenue, provided the Recipient pays the Real Estate Tax Levy to the City in full and on time (except as provided in Section 3.3 below). In no event shall the Incremental Real Estate Tax Revenue (or the Grant Payment) include penalties, interest, or any other charges resulting from any delinquent payment. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein "Incremental Real Estate Tax Revenue" shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

"Maintain" means the Recipient's continued maintenance and operation of the Project following completion of Project construction, as set forth by Section 2.3.2 of this Agreement.

"Project" means a development on the Site containing not less than residential units, subject to income and rent restrictions as set forth in Section 2.5 and as shown on Exhibit A and monitored by the State Housing Finance Agency.

"Real Estate Tax Levy" means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable)) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 26 of the Code for the City of Richmond ("City Code").

"Recipient" means Lynhaven ridge VA, LLC and its successors and assigns, to the extent permitted by this Agreement.

"Site" means, collectively, 4.065 acres currently owned by CITY OF RICHMOND ECONOMIC DEVELOPMENT, located at 2510 Lynhaven Avenue Richmond, Virginia 23234 and currently referred to in the records of the City Assessor as Parcel Nos. S0080418001.

"State Housing Finance Agency" means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

Section 2. Recipient's Obligations

2.1 Grant Management Fee.

The Recipient shall pay annually to the Authority 1% of the Grant Payment for the duration of the Grant Period. The Authority will invoice the Recipient on or before October 1 of each year and the Recipient shall remit payment within 30 days of issuance of the invoice.

2.2 <u>Completion of Project Construction: Timeline.</u>

2.2.1 Plan of Development. Recipient shall submit a Plan of Development or similar submission for the Project to the City's Director of Planning and Development Review no later than nine (9) months after the Effective Date, which Plan of Development or similar

submission shall comply with the relevant provisions of the Richmond City Code and shall contain all elements of the Project as defined herein.

- **2.2.2** Commencement of the Project Construction. Recipient shall commence construction of the Project within eighteen (18) months of the Effective Date, (the "Construction Commencement Date"), which shall be evidenced by the issuance of all permits necessary for the commencement of construction of the Project.
- **2.2.3 Completion of Project Construction.** The Recipient shall complete the Project within three years of the Construction Commencement Date, which shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.
- **2.2.4 Failure to Comply.** If the Recipient fails to timely comply with any of the provisions of this Section 2.2 then the City's Chief Administrative Officer ("CAO"), in his sole discretion, may either extend the time by which the Recipient must comply with the corresponding requirement or provide written notice of the City's intent to terminate this Agreement. If Recipient fails to cure its failure to comply within 30 days of such written notice, then this Agreement, including all rights and obligations herein, shall, upon the City's election, terminate and neither the City nor the Authority shall have any further obligation to the Recipient and Recipient shall no longer be eligible for any Grant Payments hereunder.

2.3 Continued Maintenance and Operation of Project.

- 2.3.1 Continued Control of the Project by Recipient. Recipient shall continue to own, lease, or otherwise control the Site until completion of Project construction pursuant to Section 2.2.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Grant Period. Notwithstanding the foregoing, Recipient may transfer the ownership or control interest in the Project to third parties ("Transferee"), and Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership of the Project (including any leasehold interests), and (2) if the Agreement is assigned, Recipient shall provide the City and Authority 30 days prior written notice of its intent to transfer ownership or control of the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party. Following the transfer of ownership in the Project to the Transferee as provided above, the term "Recipient" as used herein shall mean the Transferee.
- **2.3.2 Continued Maintenance and Operation of the Project.** Following the Recipient's completion of Project construction as set forth in Section 2.1.3 of this Agreement, the Recipient, or its successors or assigns, shall continue to Maintain the Project until the expiration of the Grant Period. For the avoidance of doubt, the Recipient's obligation to Maintain the Project includes the Recipient's ongoing compliance with the provisions set forth in Section 2.5 (Affordable Housing) of this Agreement.

2.4 MBE Participation.

- **2.4.1** Goal. The Recipient agrees to diligently work towards the following goal: Where capacity, capability, and competitive pricing among minority business enterprises and emerging small businesses exist, 30% of all expenditures for construction costs of the Project that will be paid to third-party subcontractors unaffiliated with the Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. The terms "minority business enterprise" and "emerging small business" have the meaning ascribed to them in Chapter 21 of the City Code. The Recipient shall include this goal in its contracts with all assignees, contractors, and subcontractors who will be providing any portion of the Project.
- 2.4.2 **Reporting**. To enable the City to measure the achievements of the Recipient and its assignees, contractors, and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, the Recipient shall submit a report upon request detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses and (v) the percentage of total expenditures for the quarter spent with minority business enterprises and emerging small businesses. If the City chooses, the Recipient shall submit these reports on forms prescribed by the City. The City will use these reports in evaluating the good faith minority business enterprise and emerging small business participation efforts, as defined in Section 21-4 of the City Code, of the Recipient and its assignees, contractors, and subcontractors that compete for City contracts.

2.5 Affordable Housing.

The Recipient shall restrict occupancy and rents of the Project according to the schedule shown on Exhibit A, according to standards promulgated by the State Housing Finance Agency. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to the City upon the City's request, shall serve as evidence of the Recipient's compliance with this section.

2.6 Continued Investment and Capital Improvements

For purposes of continued investment and upkeep of the Project to the benefit of its tenants, payment of Grant Payments after the initial fifteen (15) years of the Grant Period shall be contingent upon receipt of proof that the Recipient has at a minimum made capital improvements to the Project in an aggregate amount of [five-hundred thousand and No/100 Dollars (\$500,000.00)] since the Grant Commencement Date. On each fifth anniversary of the Grant Commencement Date, the Recipient shall upon request submit a report of capital improvements made to the Project since the Grant Commencement Date.

Section 3. <u>Disbursement of Grant.</u>

- **3.1.** Grant. During the Grant Period, the City shall pay to Recipient (or such party to which Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), through the Authority, the Grant Payments for such real estate tax year subject to the provisions of this Section 3.
- **3.2.** <u>Grant Payment Requests.</u> The Recipient shall submit each Grant Payment Request to the CAO, with copies to the Department of Economic Development, the Authority, and the Office of the City Attorney at the respective addresses set forth in Section 8.
- 3.3. Disbursement of Grant Payment. Upon receipt of a Grant Payment Request, the City shall review the accuracy of the request. The City shall not make a Grant Payment if the Recipient did not make full and timely payment of the Real Estate Tax Levy for the applicable installment (except when Recipient (i) makes full payment within 60 days after the date such payment was due to the City and (ii) pays all penalties and interest for such late payment in accordance with any applicable provisions of the Richmond City Code) and shall not make a Grant Payment if Recipient is delinquent in payment of any other taxes levied by the City for the Project (except when all penalties and interest for such late payment have been paid in accordance with any applicable provision of the Richmond City Code). Within fifteen (15) business days of receipt of a Grant Payment Request, the City shall notify Recipient either that (1) the City denies the request and will not make a Grant Payment for the foregoing reasons, (2) the City approves the request and intends to make a Grant Payment in the amount requested, or (3) the City approves making a payment to Recipient but in a different amount than the amount requested because the amount requested is inconsistent with this Agreement, in which case the City shall indicate the correct Grant Payment amount it intends to make. Notwithstanding the foregoing, the City's failure to respond within fifteen (15) business days shall not constitute approval of a requested Grant Payment and the Recipient shall not be entitled to any such payment due solely to the City's failure to timely respond. Subject to any necessary City Council action, including any necessary budget amendment or appropriation of funds, the City agrees to, within fifteen (15) business days of the City's approval of any Grant Payment, transfer the funds for the Grant Payment to the Authority. The Authority agrees to pay the Grant Payment to the Recipient (or such party to which the Recipient has assigned Grant Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from the City.
- **3.4** Recipient's Relief. Should the Recipient believe the City failed to comply with Section 3.3 of this Agreement, the Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Grant Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5) and for which it did not receive payment.

Section 4. General Administration of Grant

4.1 The City agrees to transfer to the Authority, as and when appropriated by

the City Council, the funds necessary for the Authority to meet its obligations under this Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.

- **4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding on a timely basis; provided, however, the City's obligation is subject to appropriation by the City Council and availability of funds.
- **4.3** The Authority agrees to provide the City's Chief Administrative Officer, or the designee thereof, with copies of all documents related to this Agreement, and will keep the CAO fully and timely informed of all matters related to this Agreement.
- **4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grant.
- 4.5 It is the intent of the parties not to impose upon the Authority any responsibility, duty, or obligation other than what may be required to implement the Grant. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and CAO.
- 4.6 The Authority shall keep records of its financial transactions, if any, related to the Agreement in accordance with generally accepted accounting principles. The City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.
- **4.7** The Authority shall not be required to furnish the City with a blanket corporate fidelity bond with surety.

Section 5. Representations of the Recipient

- **5.1** The Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.
- **5.2** Any and all actions necessary to enable the Recipient to enter this Agreement, and to be bound hereby, have been duly taken.
- 5.3 The person or persons executing or attesting the execution of this Agreement on behalf of the Recipient has or have been duly authorized and empowered to so execute or attest.
- 5.4 The execution of this Agreement on behalf of the Recipient will bind and obligate the Recipient to the extent provided by the terms hereof.

5.5 There exists no litigation pending against the Recipient or to the Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

Section 6. Default.

- **6.1 Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by the Recipient as described:
 - **6.1.1** Failure by the Recipient to maintain its corporate existence or the declaration of bankruptcy by the Recipient.
 - **6.1.2** The failure of Recipient to comply with Section 2 of this Agreement; and
 - **6.1.3** The failure of Recipient to pay annual Real Estate Tax Levy.
- 6.2 Effect of Event of Default. In the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall, at the City's option, terminate ninety (90) days after the City's notice to Recipient and Recipient's designated lender, unless Recipient cures the Event of Default to the City's satisfaction within such ninety (90) days, and neither the City nor the Authority shall have any further obligation relating thereto and the Recipient shall no longer be eligible for any Grant Payments hereunder. Notwithstanding the foregoing, Recipient's obligations hereunder will remain in force and effect throughout the Grant Period and the City shall be entitled to any remedies available at law and equity, including, but not limited to, specific performance.

Section 7. Recipient Reporting.

The Recipient shall provide, at the Recipient's expense, detailed updates and verification reasonably satisfactory to the City of the Recipient's progress regarding the completion of Project construction and, following Project construction, of Recipient's continued compliance with Section 2.3 of this Agreement.

Section 8. Notices.

Any notices required or permitted under this Agreement shall be given in writing and shall be deemed to be received upon receipt or refusal after the mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to the Recipient, to

with a copy to:

Lynhaven Ridge VA LLC Attn: Jen Surber 120 Green Tree Circle Bristol, VA 24201 The Pryzwansky Law Firm Attn: David Pryzwansky 1130 Situ Court, Suite 244 Raleigh, NC 27606 if to the City, to

Chief Administrative Officer City of Richmond, Virginia 900 East Broad Street, 14th Floor Richmond, VA 23219

if to the Authority, to

Economic Development Authority of Richmond VA – Attn: Chairman 1500 East Main Street Richmond, VA 23219 with a copy to:

Department of Economic Development City of Richmond, Virginia 1500 East Main Street Richmond, VA 23219

with a copy to:

City Attorney City of Richmond, Virginia 900 East Broad Street Suite 400 Richmond, VA 23219

Section 9. General Terms and Conditions.

9.1 Entire Agreement; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto, and subject to the prior written consent of each Mortgage and Investor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, a Mortgagee or its designee upon a foreclosure or deed-in-lieu of foreclosure of the Site or the Project; provided, however, that in no event may this Agreement or any of the rights, benefits, duties, or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give, except that Recipient may assign its right to receive payment to another entity authorized to transact business in Virginia by furnishing the City and the Authority with notice identifying the entity and providing both contact and payment information in a form acceptable to the City and the Authority. Notwithstanding anything to the contrary herein, (a) Recipient shall have the right to assign its interest in the Site and Project to any future owner provided the Recipient first shall have complied with the requirements set forth in Section 2.3.1 of this Agreement and shall have submitted to the City the form of all instruments by which it purports to make such assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement; and (b) Recipient shall have the right to grant to a Mortgagee a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by such Mortgagee for the development of the Project, and any action taken by such Mortgagee to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to the City the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained the City's prior written approval thereof, which approval shall not be unreasonably withheld. Neither the City's nor Authority's consent shall be required to the exercise by Mortgagee or any assignee of Mortgagee of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents. The City agrees that Mortgagee shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and Project pursuant to foreclosure, deed in lieu of foreclosure or otherwise. For the avoidance of doubt, no transfer by foreclosure or deed-in-lieu of foreclosure pursuant to a Mortgage and no transfer of interests in Recipient or the exercise by Investor of its rights to remove the general partner or managing member of Recipient shall require notice to or the approval of the City or Authority.

- Governing Law; Venue. All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. All disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Development Agreement.
- 93 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.
- **9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid, or illegal, then the enforceability, validity, and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.
- 95 Subject-to-Appropriations. All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval, and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available, or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

9.6 Public Disclosure.

- **9.6.1 Applicable Law.** The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-37 14 and thus are subject to the records retention and public disclosure requirements set forth in those statutes.
- 9.6.2 Challenges to Nondisclosure. If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and

penalties (including attorney's fees and other costs related to litigation) relating thereto.

- 9.7 No Waiver. Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.
- **98 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by the City Council and by the Authority's Board of Directors.
- 99 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the parties or as designating any party to the Agreement as the agent or representative of any other party to the Agreement for any purpose.
- 9.10 No Third-Party Beneficiaries. The parties agree that (i) no individual or entity shall be considered, deemed, or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Recipient; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Recipient under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.
- **9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, the CAO or the designee thereof may provide any authorization, approvals, and notices contemplated herein on behalf of the City.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

a municipal corporation of the Commonwealth of Virginia

	By:	J.E. Lincoln Saunders Chief Administrative Officer	Date
		Authorized by Ordinance No.	
Approved as to Form: By:			
		, a Virginia limited l	iability company
	By:		Date
		ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia	
	By:	Chairman	Date
Approved as to Form:			
By: General Counsel to the Authority			

EXHIBIT A

Affordable Housing Schedule

The Project shall restrict occupancy and rents to an average income designation of 60% of AMI, according to standards promulgated by the State Housing Finance Agency, for a minimum of thirty (30) years



3:19 PM 09/22/24 **Accrual Basis**

Liabilities

Economic Development Authority-Operations Balance Sheet Prev Year Comparison

As of July 31, 2024

Current Assets
Checking/Savings 650,421.84 1,146,673.36 10200 · FCB #7709 Savings 650,421.84 1,146,673.36 10300 · Towne Bank Savings 50,809.97 50,784.54 10450 · Well Fargo #7155 Checking 2,145,292.33 96,303.43 10500 · Restricted Checking/Savings 0.00 0.00 10501.1 · FCB 8605 Facade/Vent 53,554.28 89,038.01 10502 · C&F Bank #3929 Tobacco Rowe 140,655.53 140,022.39 10505 · Wells Fargo #0731 Grants 568,604.39 662,628.01 10509 · EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 199,710.17 0.00 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 37,986,605.59 1,141,709.64 Total Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 184.32 0.00 Total Other Current Assets 184.32 119,692.23
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10300 · Towne Bank Savings 50,809.97 50,784.54 10450 · Well Fargo #7155 Checking 2,145,292.33 96,303.43 10500 · Restricted Checking/Savings Diamond District Bonds 36,741,353.00 0.00 10501.1 · FCB 8605 Facade/Vent 53,554.28 89,038.01 10502 · C&F Bank #3929 Tobacco Rowe 140,655.53 140,022.39 10505 · Wells Fargo #0731 Grants 568,604.39 662,628.01 10509 · EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 199,710.17 0.00 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 11000 · Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 12000 · Due from City of Richmond 0.00 119,692.23 10400 · Prepaid Expenses 184.32 10.00 Total Other Current Assets 12000 · Due from City of Richmond 3,168.47 3,168.47 17000 · Accountlated Depreciation 1,320.00 -686.40 Total Fixed Assets 1,348.47 2,482.07 Other Assets 1,500 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accoundated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,500 · Website - Other - 126,895.00 126,895.00 Total 17500 · Website - Other - 78,886.00 123,202.00
10450 · Well Fargo #7155 Checking 10500 · Restricted Checking/Savings Diamond District Bonds 10501.1 · FCB 8605 Facade/Vent 10502 · C&F Bank #3929 Tobacco Rowe 140,655.53 140,022.39 10505 · Wells Fargo #0731 Grants 10509 · EDA-Hull Street Facade Program 10510 · EDA Triple A Grant Program 10511 · Enterprise Zone Program 10511 · Enterprise Zone Program 10510 · Concept Savings 10500 · Restricted Checking/Savings 10510 · Restr
10500 - Restricted Checking/Savings 36,741,353.00 0.00 10501.1 - FCB 8605 Facade/Vent 53,554.28 89,038.01 10502 - C&F Bank #3929 Tobacco Rowe 140,655.53 140,022.39 10505 - Wells Fargo #0731 Grants 568,604.39 662,628.01 10509 - EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 - EDA Triple A Grant Program 199,710.17 0.00 10511 - Enterprise Zone Program 52,583.14 0.00 10510 - EDA Triple A Grant Program 52,583.14 0.00 10511 - Enterprise Zone Program 52,583.14 0.00 10510 - Enterprise Zone Program 52,583.14 0.00 10511 - Enterprise Zone Program 52,583.14 0.00 11000 - Accounts Receivable 511,431.23 389,274.61 11000 - Accounts Receivable 511,431.23 389,274.61 112000 - Due from City of Richmond 0.00 119,692.23 14000 - Due from City of Richmond 0.00 119,692.23 14000 - Prepaid Expenses 184.32 0.00 119,692.23 14000 - Prepaid Expenses 184.32 119,692.23 140,000 140,0
Diamond District Bonds 36,741,353.00 0.00 10501.1 · FCB 8605 Facade/Vent 53,554.28 89,038.01 10502 · C&F Bank #3929 Tobacco Rowe 140,655.53 140,022.39 10505 · Wells Fargo #0731 Grants 568,604.39 662,628.01 10509 · EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 199,710.17 0.00 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 37,986,605.59 1,141,709.64 Total Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 112000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 184.32 119,692.23 Total Current Assets 184.32 2,944,437.81 Fixed Assets 1500 · Fraction of the proper controlled of the
10501.1 · FCB 8605 Facade/Vent 10502 · C&F Bank #3929 Tobacco Rowe 10502 · C&F Bank #3929 Tobacco Rowe 10505 · Wells Fargo #0731 Grants 10509 · EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 10511 · Enterprise Zone Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 199,710.17 0.00 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 11000 · Accounts Receivable 11000 · Accounts Receivable 112000 · Due from City of Richmond 0ther Current Assets 112000 · Due from City of Richmond 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 15000 · Furniture and Equipment 15000 · Accoundated Depreciation 1500 · Accoundated Depreciation 17500 · Website 78,886.00 123,202.00 Total 17500 · Website
10501 · C&F Bank #3929 Tobacco Rowe 140,655.53 140,022.39 10505 · Wells Fargo #0731 Grants 568,604.39 662,628.01 10509 · EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 199,710.17 0.00 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 11000 · Accounts Receivable 511,431.23 389,274.61 Other Current Assets 112000 · Due from City of Richmond 14000 · Prepaid Expenses 184.32 119,692.23 Total Current Assets 12000 · Prepaid Expenses 184.32 119,692.23 Total Current Assets 15000 · Furniture and Equipment 3,168.47 17000 · Accoundated Depreciation -1,320.00 -686.40 Total Fixed Assets 17500 · Website 17500 · Website - Other Total 78,886.00 123,202.00 Total 17500 · Website - Other Total 78,886.00 123,202.00 Total 17500 · Website - Other - Total 17500 · W
10505 · Wells Fargo #0731 Grants 568,604.39 662,628.01 10509 · EDA-Hull Street Facade Program 230,145.08 250,021.23 10510 · EDA Triple A Grant Program 199,710.17 0.00 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 37,986,605.59 1,141,709.64 10510 · Receivable 11000 · Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 112000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 15000 · Furniture and Equipment 3,168.47 17000 · Accoumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 17500 · Website 17500.1 · Accumulated Amortization-Websit -48,009.00 -3,693.00 17500 · Website - Other Total 17500 · Website - Other Total 17500 · Website - Other 78,886.00 123,202.00 Total 17500 · Website - Other 78,886.00 123,202.00
10509 · EDA-Hull Street Facade Program 10510 · EDA Triple A Grant Program 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 70tal Checking/Savings 40,833,129.73 Accounts Receivable 11000 · Accounts Receivable 11000 · Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 0ther Current Assets 112000 · Due from City of Richmond 1000 · Prepaid Expenses 184.32 119,692.23 14000 · Prepaid Expenses 184.32 119,692.23 Total Current Assets 15000 · Furniture and Equipment 17000 · Accumulated Depreciation 17010 · Accumulated Amortization-Websit 17500 · Website 17500 · Website 17500 · Website Total 17500 · Website 78,886.00 123,202.00 Total 17500 · Website 78,886.00 123,202.00
10510 · EDA Triple A Grant Program 10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 37,986,605.59 1,141,709.64 Total Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 11000 · Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 0ther Current Assets 112000 · Due from City of Richmond 10.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 15000 · Furniture and Equipment 15000 · Furniture and Equipment 17000 · Accumulated Depreciation 17500 · Website 17500.1 · Accumulated Amortization-Websit 17500 · Website - Other Total 17500 · Website 78,886.00 123,202.00 Total 17500 · Website 78,886.00 123,202.00
10511 · Enterprise Zone Program 52,583.14 0.00 Total 10500 · Restricted Checking/Savings 37,986,605.59 1,141,709.64 Total Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 511,431.23 389,274.61 1000 · Accounts Receivable 511,431.23 389,274.61 Other Current Assets 511,431.23 389,274.61 Other Current Assets 112000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 3,168.47 3,168.47 17000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
Total 10500 · Restricted Checking/Savings 37,986,605.59 1,141,709.64 Total Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 112000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 15000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website 17500.1 · Accumulated Amortization-Websit -48,009.00 -3,693.00 Total 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website - Other 78,886.00 123,202.00
Total Checking/Savings 40,833,129.73 2,435,470.97 Accounts Receivable 511,431.23 389,274.61 11000 · Accounts Receivable 511,431.23 389,274.61 Other Current Assets 511,431.23 389,274.61 Other Current Assets 0.00 119,692.23 14000 · Prepaid Expenses 184.32 19,692.23 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 41,344,745.28 2,944,437.81 Fixed Assets 15000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
Accounts Receivable 11000 · Accounts Receivable 11000 · Accounts Receivable Total Accounts Receivable Other Current Assets 112000 · Due from City of Richmond 1000 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 15000 · Furniture and Equipment 15000 · Furniture and Equipment 17000 · Accumulated Depreciation Total Fixed Assets 17500 · Website 17500.1 · Accumulated Amortization-Websit 17500 · Website - Other Total 17500 · Website
11000 · Accounts Receivable 511,431.23 389,274.61 Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 3,168.47 3,168.47 15000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
Total Accounts Receivable 511,431.23 389,274.61 Other Current Assets 0.00 119,692.23 14000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 3,168.47 3,168.47 17000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
Other Current Assets 112000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 3,168.47 3,168.47 15000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
112000 · Due from City of Richmond 0.00 119,692.23 14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 3,168.47 3,168.47 17000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
14000 · Prepaid Expenses 184.32 0.00 Total Other Current Assets 184.32 119,692.23 Total Current Assets 41,344,745.28 2,944,437.81 Fixed Assets 3,168.47 3,168.47 17000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
Total Other Current Assets Total Current Assets Total Current Assets 15000 · Furniture and Equipment 17000 · Accumulated Depreciation Total Fixed Assets 17500 · Website 17500 · Website 17500 · Website - Other Total 17500 · Website Total 17500 · Website Total 17500 · Website Total 17500 · Website
Total Current Assets Fixed Assets 15000 · Furniture and Equipment 17000 · Accumulated Depreciation Total Fixed Assets 17500 · Website 17500 · Website 17500 · Website - Other Total 17500 · Website Total 17500 · Website Total 17500 · Website 78,886.00 123,202.00
Fixed Assets 15000 · Furniture and Equipment 17000 · Accumulated Depreciation Total Fixed Assets 17500 · Website 17500 · Website 17500 · Website - Other Total 17500 · Website Total 17500 · Website Total 17500 · Website
15000 · Furniture and Equipment 3,168.47 3,168.47 17000 · Accumulated Depreciation -1,320.00 -686.40 Total Fixed Assets 1,848.47 2,482.07 Other Assets 17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
17000 · Accumulated Depreciation
Total Fixed Assets Other Assets 17500 · Website 17500.1 · Accumulated Amortization-Websit -48,009.00 17500 · Website - Other Total 17500 · Website 78,886.00 123,202.00
Other Assets 17500 · Website 17500.1 · Accumulated Amortization-Websit -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
17500 · Website -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
17500.1 · Accumulated Amortization-Websit -48,009.00 -3,693.00 17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
17500 · Website - Other 126,895.00 126,895.00 Total 17500 · Website 78,886.00 123,202.00
Total 17500 · Website 78,886.00 123,202.00
1044 27000 1104010
10000 investment city center
18100 · Investment Diamond District 4,031,349.98 0.00
19100 · Net InvestCap Lease Rec-Curre
19100.1 · Current-Capital Lease Rec 22,000.00 22,000.00
19100.2 · Current Portion Unearned Int -12,538.94 -12,841.08
Total 19100 · Net InvestCap Lease Rec-Curre 9,461.06 9,158.92
19500 · Net Investment on Capital Lease
19500.1 · Finance Lease Receivable 550,000.00 550,000.00
19500.2 · Unearned Int on Finance Lease -179,360.98 -191,899.92
Total 19500 · Net Investment on Finance Lease 370,639.02 358,100.08
Total Other Assets 17,663,942.95 13,664,067.89
TOTAL ASSETS 59,010,536.70 16,610,987.77
LIABILITIES & EQUITY

3:19 PM 09/22/24 Accrual Basis

Economic Development Authority-Operations Balance Sheet Prev Year Comparison As of July 31, 2024

DRAFT

Jul 31, 24	Jul 31, 23
905,369.00	1,993.15
905,369.00	1,993.15
125,671.00	0.00
207,102.79	0.00
1,204,610.00	0.00
594,742.00	0.00
2,132,125.79	0.00
3,037,494.79	1,993.15
3,089,220.00	0.00
33,745,000.00	0.00
36,834,220.00	0.00
36,834,220.00	0.00
39,871,714.79	1,993.15
1	
0.00	0.00
18,813,411.11	16,229,102.30
325,410.80	379,892.32
19,138,821.91	16,608,994.62
59,010,536.70	16,610,987.77
	905,369.00 905,369.00 125,671.00 207,102.79 1,204,610.00 594,742.00 2,132,125.79 3,037,494.79 3,089,220.00 33,745,000.00 36,834,220.00 39,871,714.79 0.00 18,813,411.11 325,410.80 19,138,821.91

Economic Development Authority-Operations Profit & Loss Budget Performance July 2024

DRAFT

	Jul 24	Jul 23	\$ Over PY	YTD 24	YID Budget	1 January	Allinal budget
Ordinary Income/Expense							
Income							
40800 · Restricted Interest Income	65.26	59.41	251.96	65.26	1,000.00	-934.74	1,000.00
41200 · Grants	487,631.23	524,313.60	-36,682.37	487,631.23	2,783,062.00	-2,295,430.77	2,783,062.00
41220 · Grants (non-city)	0.00	0.00	0.00	0.00	194,705.00	-194,705.00	194,705.00
41225 · Grants-Façade Program	0.00	0.00	0.00	0.00	16,666.67	-16,666.67	200,000.00
42000 · Administrative Loan Fee Income	3,000.00	3,000.00	0.00	3,000.00	8,146.67	-5,146.67	97,760.00
42300 · Annual Bond Administrative Fee	0.00	0.00	0.00	0.00	1,666.67	-1,666.67	20,000.00
42400 · Grant Management Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
42800 · Interest Income	1,639.81	941.39	698.42	1,639.81	958.33	681.48	11,500.00
43000 · Parking Lot Rental Income	0.00	0.00	0.00	0.00	22,000.00	-22,000.00	0.00
43100 · Interest on Capital Lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Income	492,336.30	528,314.40	-35,978.10	492,336.30	3,028,205.33	-2,535,869.03	3,308,027.00
Expense							
60100 · Grants-Econ Dev Incentives	0.00	138,839.00	-138,839.00	0.00	111,588.50	-111,588.50	1,339,062.00
60115-Grants Triple A	0.00	00.0	0.00	0.00	16,225.42	-16,225.42	194,705.00
60200-Grants-Facade	0.00	0.00	0.00	0.00	16,666.67	-16,666.67	200,000.00
60400 · Bank Service Charges	35.00	265.13	-230.13	35.00	166.67	-131.67	2,000.00
60500 · Grants-Enterprise Zone	29,400.00	0.00	29,400.00	29,400.00	30,666.67	-1,266.67	368,000.00
60700 · Grants-Affordable Housing	0.00	0.00	0.00	0.00	48,000.00	-48,000.00	576,000.00
61700 · Computer & Internet Expenses	0.00	0.00	0.00	0.00	166.67	-166.67	2,000.00
6240- Depreciation	52.80	52.80	0.00	52.80	52.83		634.00
6250 · Due & Memberships	0.00	0.00	0.00	0.00	2,666.67	-2,666.67	32,000.00
62550 · Accounting Services	3,500.00	3,000.00	500.00	3,500.00	4,750.00	-1,250.00	57,000.00
62552 · Audit Services	0.00	0.00	0.00	0.00	3,500.00		42,000.00
63300 · Insurance Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
63300.1 · Board Insurance	0.00	206.16	-206.16	00.00	208.33	-208.33	2,500.00
63300.2 · Insurance-Other	0.00	429.33	-429.33	0.00	641.67	-641.67	7,700.00
63300.3 · Insurance-Coliseum lots	2,468.70	0.00	2,468.70	2,468.70	895.83	1,572.87	10,750.00
Total 63300 · Insurance Expense	2,468.70	635.49	1,833.21	2,468.70	1,745.83	722.87	20,950.00
64100 · Interest	125.671.00	0.00	125,671.00	125,671.00	0.00	125	0.00
64200 · Marketing							
64200.1 · Web Hosting	1,299.00	1,299.00	0.00	1,299.00	2,083.33	-784.33	25,000.00
64200.2 · Website Amortization	3,693.00	3,693.00	0.00	3,693.00	3,693.00		44,316.00
64200 · Marketing - Other	0.00	0.00	00.00	0.00	1,250.00	-1,250.00	15,000.00
Total 64200 · Marketing	4,992.00	4,992.00	00.00	4,992.00	7,026.33		84,316.00
64300 · Meals and Entertainment	0.00	0.00	0.00	0.00	1,250.00	7	15,000.00
64400 · Miscellaneous Expense	0.00	0.00	0.00	0.00	125.00	1	1,500.00
64900 · Office Supplies	0.00	0.00	0.00	0.00	41.67		500.00
66700 - Professional Fees	0.00	0.00	0.00	0.00	833.33	ĕΫ	10,000.00
67200 - Repairs and Maintenance	0.00	535.00	-535.00	0.00		0.00	0.00
67800.7 · Workmans Comp Insurance	762.00	58.66	703.34	762.00			1,000.00
68400 . Meetings expense	0.00	0.00	0.00	0.00			10,000.00
68500 . Travel	0.00	0.00	00.00	0.00	-	•	
68600 - Utilities	0.00	0.00	0.00	0.00		Ψ	H
68600.1 · Internet Service	44.00	44.00	0.00	44.00	ı		- 1
Total Expense	166,925.50	148,422.08	18,503.42	166,925.50	246,680.58	1	7
Net Ordinary Income	325,410.80	379,892.32	-54,481.52	325,410.80	- 1		
	00 044 700	279 897 37	EA 101 E2	00 011 300	77 4 57 505 5		

2:25 PM 09/22/24 Accrual Basis

Liabilities

Current Liabilities

ECONOMIC DEVELOPMENT AUTHORITY-LEIGH ST OPERATING ACCT Balance Sheet Prev Year Comparison

As of July 31, 2024

DRAFT

	Jul 31, 24	Jul 31, 23
ASSETS		
Current Assets		
Checking/Savings		
Truist #5122		
10200 · Operating Funds	455,087.24	35,521.62
10200.1 · Reserve Funds	128,009.62	139,312.56
10200.2 · Westhampton Funds	33,834.55	28,834.55
Total Truist #5122	616,931.41	203,668.73
Total Checking/Savings	616,931.41	203,668.73
Accounts Receivable		
11000 · Accounts Receivable	78,383.61	0.00
11400 · ASM Escrow	0.00	22,713.59
Total Accounts Receivable	78,383.61	22,713.59
Other Current Assets	•	
11200 · Interest Receivable	0.00	77.21
11401 · Other Receivable	1,204,610.00	0.00
14000 · Prepaid Expenses	2,262.00	0.00
Total Other Current Assets	1,206,872.00	77.21
Total Current Assets	1,902,187.02	226,459.53
Fixed Assets		
15000 · Furniture and Fixtures	66,449.59	49,999.59
15100 · Equipment	95,357.04	95,357.04
15300 · Other Depreciable Property	94,788.00	94,788.00
15350 · Improvement- Training Fields	80,702.00	62,187.00
15500 · Building Improvements	10,779,715.64	10,779,715.64
15501 · Construction in Progress	20,240.00	20,240.00
15550 · Building Improvements-2nd Floor	1,330,696.31	1,330,696.31
15600 · Building-Westhampton	3,135,228.00	3,135,228.00
16900 · Land-Westhampton	848,578.00	848,578.00
16990 · Leased capital assets		
16990.1 · Leased capital assetMuseum	1,505,819.00	1,505,819.00
16990.2 · Accumulated amortization	-90,154.00	-60,914.80
Total 16990 · Leased capital assets	1,415,665.00	1,444,904.20
17000 · Accumulated Depreciation	-139,416.37	-134,471.62
17300 · Accum Depr-Other	-92,628.14	-82,164.08
17500 · Accum Depr- Building	-3,135,228.00	-3,135,228.00
17600 · Accum Depr-Building Improvement	-3,242,622.88	
Total Fixed Assets	11,257,524.19	11,571,664.77
Other Assets	,	
19000 · Net Invest Lease Rec-Current		
19000.1 · Current Lease Rec-Training Cent	0.00	28,518.07
Total 19000 · Net Invest Lease Rec-Current	0.00	28,518.07
Total Other Assets	0.00	28,518.07
TOTAL ASSETS	13,159,711.21	
	20,200,722,22	
LIABILITIES & EQUITY		

2:25 PM 09/22/24 **Accrual Basis**

ECONOMIC DEVELOPMENT AUTHORITY-LEIGH ST OPERATING ACCT **Balance Sheet Prev Year Comparison DRAFT**

As of July 31, 2024

_		
	Jul 31, 24	Jul 31, 23
Accounts Payable		
20000 · Accounts Payable	60,649.37	10,660.77
Total Accounts Payable	60,649.37	10,660.77
Other Current Liabilities		
23100 · Interest Payable	44,480.46	32,763.03
24400 · Fund Deposits	1,115.00	0.00
24800 · Deferred Revenue	28,582.93	-416.63
25000 Maintenance Reserve-Westhampton	128,009.62	139,312.56
Total Other Current Liabilities	202,188.01	171,658.96
Total Current Liabilities	262,837.38	182,319.73
Long Term Liabilities		
27100 · Recoverable Grant-City of Rich	6,000,000.00	6,000,000.00
27500 · LT Lease Liability		
27500.1 · LT Lease Liability-Museum	1,469,283.00	1,469,283.00
Total 27500 · LT Lease Liability	1,469,283.00	1,469,283.00
Total Long Term Liabilities	7,469,283.00	7,469,283.00
Total Liabilities	7,732,120.38	7,651,602.73
Equity		
30001 · Deferred Inflow of Resources-Le	0.00	-27,147.48
39005 · Net Position	5,426,682.58	4,207,203.09
Net Income	908.25	-5,015.97
Total Equity	5,427,590.83	4,175,039.64
TOTAL LIABILITIES & EQUITY	13,159,711.21	11,826,642.37

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ECONOMIC DEVELOPMENT AUTHORITY-LEIGH ST OPERATING ACCT Profit & Loss Budget Performance July 2024

	Jul 24	Jul 23	YTD 25	YTD Budget	> Over Budget	Allinai bauget
Ordinary Income/Expense						
Income						
40000 · Event Income	4,900.00	16,373.00	4,900.00	5,000.00	-100.00	10,000.00
41500 · Advertising & Other Income	0.00	79.00	0.00	0.00	0.00	0.00
41600.1 · Building Rent-1st Floor	25,484.41	24,113.53	25,484.41	12,548.00	12,936.41	25,096.00
41600.2 · Building Rent-2nd Floor	13,448.00	13,448.00	13,448.00	18,660.83	-5,212.83	37,321.66
41600.3 · 1st Floor Ground Rent	1,767.00	1,767.00	1,767.00	0.00	1,767.00	0.00
41600.4 · 2nd Floor Ground Rent	563.00	563.00	563.00	0.00	263.00	0.00
41600.5 · 1st Floor CAM	16,625.00	16,625.00	16,625.00	0.00	16,625.00	0.00
41600.6 · 2nd Floor CAM	7,695.00	7,695.00	7,695.00	0.00	7,695.00	0.00
41650 · Rental Income-Westhampton	417.07	416.63	417.07	2,500.00	-2,082.93	5,000.00
41660 · Westhampton Maintenance Res	786.18	700.00	786.18	1,250.00	-463.82	15,000.00
Total Income	71,685.66	81,780.16	71,685.66	39,958.83	31,726.83	92,417.66
Expense						
60100 · Amortization Expense	2,436.60	2,436.60	2,436.60	2,437.00	-0.40	4,874.00
60500 · Staffing	0.00	14,424.00	0.00	0.00	0.00	0.00
60510 · Payroll Expenses	0.00	613.00	0.00	0.00	0.00	0.00
61000 · General and Administrative	0.00	2,364.00	0.00	0.00	0.00	0.00
61500 · Security Service	460.00	1,987.00	460.00	750.00	-290.00	1,500.00
63400 · Interest Exp-lease	4,099.57	4,066.18	4,099.57	4,095.00	4.57	8,190.00
63500 · Bank Service Charges	34.40	22.25	34.40	12.50	21.90	150.00
63700 · Landscaping and Groundskeeping	700.00	700.00	700.00	1,250.00	-550.00	15,000.00
66500 · Telephone Expense	326.79	605.00	326.79	175.00	151.79	350.00
66670 · Insurance Expense	1,128.00	2,637.00	1,128.00	1,700.00	-572.00	3,400.00
66700 · Professional Fees	450.00	0.00	450.00	2,000.00	-1,550.00	4,000.00
67100 · Ground Rent Expense	0.00	0.00	0.00	0.00	0.00	0.00
67700 · Real estate taxes	0.00	0.00	0.00	0.00	0.00	0.00
68400 · Grounds Maintenance	20,561.27	9,709.00	20,561.27	4,000.00	16,561.27	8,000.00
68500 · Maintenance Expense	1,124.41	2,553.00	1,124.41	3,000.00	-1,875.59	6,000.00
68510 · Janitorial Service Supplies	1,462.85	1,463.00	1,462.85	1,750.00		3,500.00
69000 · Base Management Expense	0.00	1,205.00	0.00	1,000.00	-1,000.00	2,000.00
69001 · Incentive Management Fee	0.00	0.00	0.00	0.00	0.00	
69500 · Operations	810.00	6,954.00	810.00	2,000.00	-1,190.00	4,000.00
78000 · Utilities	10,564.77	8,902.00	10,564.77	10,500.00	64.77	21,000.00
Total Expense	44,158.66	60,641.03	44,158.66	34,669.50	9,489.16	81,964.00
Net Ordinary Income	27,527.00	21,139.13	27,527.00	5,289.33	22,237.67	10,453.66
Other Income/Expense	4					
Other Income 73800 - Interest Income-Cking	, 202	1 73	5.07	14.02	00.6-	28.04
Total Other Income Other Expense	5.02	1.73	5.02	14.02		28.04
72500 - Denreciation Expense	75 673 77	76 156 83	76.623.77	00.0	76.623.77	00.00
Total Other Expense	76.673.77	26.156.83	26.623.77	00.0		0.00
Not Other Income	-76 618 75	-26.155.10	-76 618 75	14.02		28.04
Net Other Income	-20,010.75	01.551,02-	C/'010'07-	14.02		40.04
Not Income	908 25	-5 015 97	908.25	5.303.35		

EDA City of Richmond-Stone Brewery Balance Sheet Prev Year Comparison As of July 31, 2024

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_		
	Jul 31, 24	Jul 31, 23
ASSETS		
Current Assets		
Checking/Savings		
10100 · Wells Fargo #2828	2,328,488.32	2,549,009.52
Total Checking/Savings	2,328,488.32	2,549,009.52
Accounts Receivable		
11000 · Accounts Receivable	48,823.19	162,022.38
Total Accounts Receivable	48,823.19	162,022.38
Other Current Assets		2 504 77
14000 · Prepaid Expenses	7,684.51	3,504.77
Total Other Current Assets	7,684.51	3,504.77
Total Current Assets	2,384,996.02	2,714,536.67
Fixed Assets		
15603 · Building Improvements	83,625.00	83,625.00
16900 · Land	621,644.51	621,644.51
17000 · Accumulated Depreciation	-4,529.46	-2,438.94
Total Fixed Assets	700,740.05	702,830.57
Other Assets		
19000 · Net Invest-Cap Lease Rec-Curret	4 505 044 00	4 450 221 00
19000.1 · Current-Capital Lease Receivabl	1,595,244.09	1,450,221.90
19000.2 · Current Portion Unearned int	-1,009,295.63	-1,043,809.39
Total 19000 · Net Invest-Cap Lease Rec-Curret	585,948.46	406,412.51
19500 · Net Investment on Capital Lease	27.044.260.60	29,584,526.97
19500.1 · Capital Lease Receivable	27,844,260.69	-11,178,170.48
19500.2 · Unearned Int on Capital Lease	-10,075,521.07	18,406,356.49
Total 19500 · Net Investment on Capital Lease	17,768,739.62	18,812,769.00
Total Other Assets	18,354,688.08	22,230,136.24
TOTAL ASSETS	21,440,424.15	22,230,130.24
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities	110,322.42	114,051.14
23100 · Accrued Interest Payable	775,000.00	750,000.00
25000 · Current Portion of Rec. Grant	885,322.42	864,051.14
Total Other Current Liabilities	885,322.42	864,051.14
Total Current Liabilities	003,322.42	004,031.14
Long Term Liabilities		
27200 · Recoverable Grant Payable 27200.1 · Recoverable Grant Payable	16,860,000.00	17,635,000.00
	16,860,000.00	17,635,000.00
Total 27200 · Recoverable Grant Payable	16,860,000.00	17,635,000.00
Total Long Term Liabilities	17,745,322.42	18,499,051.14
Total Liabilities	17,743,322.42	10,455,051.11
Equity	3,656,168.63	3,786,883.62
32000 · Retained Earnings	0.00	0.00
39002 · Intercompany Transfer Net Income	38,933.11	-55,798.52
•	3,695,101.74	3,731,085.10
Total Equity	3,000,202	-,: -,

2:41 PM 09/22/24 Accrual Basis

EDA City of Richmond-Stone Brewery Balance Sheet Prev Year Comparison As of July 31, 2024

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TOTAL LIABILITIES & EQUITY

Jul 31, 24	Jul 31, 23
21,440,424.16	22,230,136.24

EDA City of Richmond-Stone Brewery Profit & Loss Budget Performance July 2024

			,			
	Jul 24	Jul 23	YTD 25	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense						
Income						
42800 · Interest Income	1,731.72	1,790.34	1,731.72	1,666.67	62.05	20,000.00
43000 · Interest on Capital Lease	93,353.39	0.00	93,353.39	91,887.45	1,465.94	1,102,649.41
Total Income	95,085.11	1,790.34	95,085.11	93,554.12	1,530.99	1,122,649.41
Expense						
62400 · Depreciation Expense	174.21	174.21	174.21	174.25	-0.04	2,091.00
63300 · Insurance Expense	816.58	389.08	816.58	816.67	-0.09	00.008,6
63500 · Bank Fees	00.00	0.00	0.00	8.33	-8.33	100.00
66100 · Interest Expense-Bond	55,161.21	57,025.57	55,161.21	55,161.25	-0.04	661,935.00
66700 · Professional Fees	0.00	0.00	00.00	1,666.67	-1,666.67	20,000.00
67200 · Repairs and Maintenance	0.00	0.00	00.00	1,666.67	-1,666.67	20,000.00
67500 · Roof Expense	0.00	00.00	00.00	1,666.67	-1,666.67	20,000.00
Total Expense	56,152.00	57,588.86	56,152.00	61,160.50	-5,008.50	733,926.00
Net Ordinary Income	38,933.11	-55,798.52	38,933.11	32,393.62	6,539.49	388,723.41
Other Income/Expense						
Other Income						
70200 · Miscellaneous Income	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Income	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	38,933.11	-55,798.52	38,933.11	32,393.62	6,539.49	388,723.41

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ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND (A Component Unit of the City of Richmond, Virginia) Statement of Net Position Enterprise Funds July 31, 2024

	CARE	EZIL	CAP	CRLF	EDHLF	OPERATIONS	TOTAL
ASSETS Peoples Bank Wells Fargo Checking	691,618.49		750,647.32	415,219.05		33,506.37	1,199,372.74 691,618.49
Wells Fargo Money Market Community Capital Bank Atlantic Union Bank	105,982.35	244,775.36		182,998.93	,		105,982.35 182,998.93 244,775.36
Community Capital Bank GLFIA Peoples Bank LRA Peoples Bank GLFIA					467,281.64 2,036,268.51 1,028,385.31		467,281.64 2,036,268.51 1,028,385.31
Peoples Bank GLFIA-2 Total Cash	797,600.84	244,775.36	750,647.32	598,217.98	3,889,354.79	33,506.37	357,419.33 6,314,102.66
Prenaid/Accounts Receivable	400.00	•	T	1,115.00	1	4,200.00	5,715.00
Total Current Assets	798,000.84	244,775.36	750,647.32	599,332.98	3,889,354.79	37,706.37	6,319,817.66
Long Term Assets							
Note/Grant Receivable	24,306.73		85,197.34	894,596.04	7,414,313.28		8,418,413.39
Unused LOC Accrued Interest Receivable Loan Loss Reserve	10,330.54 (12,135.32)		- 60,447.41 (38,854.05)	141,120.66 (312,731.46)	1,716,715.17 (159,898.36)		1,928,613.78 (523,619.19)
Total Long Term Assets	22,501.95		106,790.70	722,985.24	8,971,130.09	t	9,823,407.98
Total Assets	820,502.79	244,775.36	857,438.02	1,322,318.22	12,860,484.88	37,706.37	16,143,225.64
Accounts Payable Due to City of Richmond	5,250.00	ı	750.00	1,200.00		400.00 34,098.93	7,600.00
Net Position	815,252.79	244,775.36	856,688.02	1,321,118.22	12,860,484.88	3,207.44	16,101,526.71
Total Liabilities & Net	820,502.79	244,775.36	857,438.02	1,322,318.22	12,860,484.88	37,706.37	16,143,225.64
Position					1		

(A Component Unit of the City of Richmond, Virginia) Statement of Revenues, Expenses and Changes in Net Position For the Month Ending July 31, 2024 ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

		ror the twomin minums and	_	J1, 2027	İ		
	CARE	EZIL	CAP	CRLF	EDHLF	OPERATIONS	TOTAL
Operating Revenues	724 90		741.67	4.243.22	29.553.84		35,263.63
Lognam mecane microst Loan origination fee							ı
Application fees				250.00			250.00
Loan Document Fees Cantral Contributions							
Late fees, etc.	•		1			1	8
Total Revenues	724.90	•	741.67	4,493.22	29,553.84	ı	35,513.63
Expenses							
Bank Charges/Late Fees	4.10		•	•	ı	•	4.10
Loan Fund Grants	11,200.00				•		11,200.00
Loan Fund Expenses	•		ı	•	1	1	1
ECD/FSG Administration	1				1		•
Marketing	1,797.10					•	1,797.10
Training/Seminars/Conference	ı					1	1
Loan loss reserve	ı		•	ı	•		
EDA Administration	1,050.00		750.00	1,200.00	1	ı	3,000.00
Total Expenses	14,051.20	•	750.00	1,200.00	1	1	16,001.20
Net Increase (Decrease) From Operations	(13,326.30)	•	(8.33)	3,293.22	29,553.84	1	19,512.43
Other Income & Expenses Bank Interest Earned	130.74	51.82	12.71	239.85	850.35	0.56	1,286.03
Recoveries Total Other Income & Expenses	130.74	51.82	12.71	239.85	850.35	0.56	1,286.03
Net Increase (Decrease) in Funds	(13,195.56)	51.82	4.38	3,533.07	30,404.19	0.56	20,798.46
Net Position, Beg of Year	828,448.35	244,723.54	856,683.64	1,317,585.15	12,830,080.69	3,206.88	16,080,728.25
							~
Net Position, End of Period	815,252.79	244,775.36	856,688.02	1,321,118.22	12,860,484.88	3,207.44	16,101,526.71
•							



2:32 PM 09/22/24 Accrual Basis

Liabilities

Current Liabilities

ECONOMIC DEVELOPMENT AUTHORITY-LEIGH ST OPERATING ACCT Balance Sheet Prev Year Comparison

As of August 31, 2024

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	Aug 31, 24	Aug 31, 23
ASSETS		
Current Assets		
Checking/Savings		
Truist #5122		
10200 · Operating Funds	530,683.96	25,208.27
10200.1 · Reserve Funds	153,873.16	112,356.76
10200.2 · Westhampton Funds	5,834.55	28,834.55
Total Truist #5122	690,391.67	166,399.58
Total Checking/Savings	690,391.67	166,399.58
Accounts Receivable		
11000 · Accounts Receivable	45,383.61	33,000.00
11400 · ASM Escrow	0.00	67,338.59
Total Accounts Receivable	45,383.61	100,338.59
Other Current Assets	, , , ,	·
11401 · Other Receivable	1,204,610.00	0.00
12000 · Undeposited Funds	0.00	0.00
14000 · Prepaid Expenses	1,134.00	0.00
Total Other Current Assets	1,205,744.00	0.00
Total Current Assets	1,941,519.28	266,738.17
Fixed Assets	2,0 12,0 20 12 5	•
15000 · Furniture and Fixtures	66,449.59	49,999.59
15100 · Equipment	95,357.04	95,357.04
15300 · Other Depreciable Property	94,788.00	94,788.00
15350 · Improvement- Training Fields	80,702.00	86,682.00
15500 · Building Improvements	10,779,715.64	10,779,715.64
15501 · Construction in Progress	20,240.00	20,240.00
15550 · Building Improvements-2nd Floor	1,330,696.31	1,330,696.31
15600 · Building-Westhampton	3,135,228.00	3,135,228.00
16900 · Land-Westhampton	848,578.00	848,578.00
16990 · Leased capital assets		
16990.1 · Leased capital assetMuseum	1,505,819.00	1,505,819.00
16990.2 · Accumulated amortization	-92,590.60	-63,351.40
Total 16990 · Leased capital assets	1,413,228.40	1,442,467.60
17000 · Accumulated Depreciation	-139,938.04	-134,526.35
17300 · Accum Depr-Other	-93,500.22	-83,036.16
17500 · Accum Depr- Building	-3,135,228.00	-3,135,228.00
17600 · Accum Depr-Building Improvement	-3,267,852.90	-2,963,395.33
Total Fixed Assets	11,228,463.82	11,567,566.34
Other Assets	, ,	
19000 · Net Invest Lease Rec-Current		
19000.1 · Current Lease Rec-Training Cent	0.00	77.14
Total 19000 · Net Invest Lease Rec-Current	0.00	77.14
Total Other Assets	0.00	77.14
TOTAL ASSETS	13,169,983.10	11,834,381.65
LIABILITIES & EQUITY		

2:32 PM 09/22/24 Accrual Basis

ECONOMIC DEVELOPMENT AUTHORITY-LEIGH ST OPERATING ACCT Balance Sheet Prev Year Comparison

As of August 31, 2024

DRAFT

_	Aug 31, 24	Aug 31, 23
Accounts Payable		
20000 · Accounts Payable	15,890.09	783.15
Total Accounts Payable	15,890.09	783.15
Other Current Liabilities		
23100 · Interest Payable	48,580.03	33,460.22
24400 · Fund Deposits	1,115.00	0.00
24800 · Deferred Revenue	28,165.86	4,166.74
25000 Maintenance Reserve-Westhampton	153,873.16	140,356.76
Total Other Current Liabilities	231,734.05	177,983.72
Total Current Liabilities	247,624.14	178,766.87
Long Term Liabilities		
27100 · Recoverable Grant-City of Rich	6,000,000.00	6,000,000.00
27500 · LT Lease Liability		
27500.1 · LT Lease Liability-Museum	1,469,283.00	1,469,283.00
Total 27500 · LT Lease Liability	1,469,283.00	1,469,283.00
Total Long Term Liabilities	7,469,283.00	7,469,283.00
Total Liabilities	7,716,907.14	7,648,049.87
Equity		
30001 · Deferred Inflow of Resources-Le	0.00	-54,294.96
39005 · Net Position	5,426,682.58	4,207,203.09
Net Income	26,393.38	33,423.65
Total Equity	5,453,075.96	4,186,331.78
TOTAL LIABILITIES & EQUITY	13,169,983.10	11,834,381.65

ECONOMIC DEVELOPMENT AUTHORITY-LEIGH ST OPERATING ACCT Profit & Loss Budget Performance August 2024

	Aug 24	Aug 23	Y1D 25	TID Budget	Some in the	
Ordinary Income/Expense						
Income						
40000 · Event Income	0.00	44,992.00	0.00	10,000.00	-10,000.00	10,000.00
41500 · Advertising & Other Income	0.00	0.00	0.00	0.00	0.00	0.00
41600.1 · Building Rent-1st Floor	25,484.41	24,113.34	25,484.41	25,096.00	388.41	25,096.00
41600.2 · Building Rent-2nd Floor	13,448.00	13,448.00	13,448.00	37,321.66	-23,873.66	37,321.66
41600.3 · 1st Floor Ground Rent	1,767.00	1,767.00	1,767.00	0.00	1,767.00	0.00
41600.4 · 2nd Floor Ground Rent	563.00	563.00	563.00	0.00	263.00	0.00
41600.5 · 1st Floor CAM	16,625.00	16,625.00	16,625.00	0.00	16,625.00	0.00
41600.6 · 2nd Floor CAM	7,695.00	7,695.00	7,695.00	0.00	7,695.00	0.00
41650 · Rental Income-Westhampton	417.07	416.63	417.07	5,000.00	-4,582.93	5,000.00
41660 · Westhampton Maintenance Res	2,136.46	26,955.80	2,136.46	2,500.00	-363.54	15,000.00
Total Income	68,135.94	136,575.77	68,135.94	79,917.66	-11,781.72	92,417.66
Expense						
60100 · Amortization Expense	2,436.60	2,436.60	2,436.60	4,874.00	-2,437.40	4,874.00
60500 · Staffing	0.00	15,280.00	0.00	0.00	0.00	0.00
60510 · Payroll Expenses	0.00	602.00	0.00	0.00	0.00	0.00
61000 · General and Administrative	0.00	2,262.00	0.00	0.00	0.00	0.00
61500 · Security Service	280.00	350.00	280.00	1,500.00	-1,220.00	1,500.00
63400 · Interest Exp-lease	4,099.57	4,077.19	4,099.57	8,190.00	-4,090.43	8,190.00
63500 · Bank Service Charges	37.90	22.00	37.90	25.00	12.90	150.00
63700 · Landscaping and Groundskeeping	2,100.00	2,800.00	2,100.00	2,500.00	-400.00	15,000.00
66500 · Telephone Expense	0.00	605.00	0.00	350.00	-350.00	350.00
66670 · Insurance Expense	1,128.00	2,637.00	1,128.00	3,400.00	-2,272.00	3,400.00
66700 · Professional Fees	0.00	0.00	0.00	4,000.00	-4,000.00	4,000.00
67100 · Ground Rent Expense	0.00	0.00	0.00	0.00	0.00	0.00
67700 · Real estate taxes	0.00	0.00	0.00	0.00	0.00	0.00
68400 · Grounds Maintenance	0.00	9,709.00	0.00	8,000.00	-8,000.00	8,000.00
68500 · Maintenance Expense	1,063.06	9,812.00	1,205.00	6,000.00	-4,795.00	6,000.00
68510 · Janitorial Service Supplies	4,077.17	1,613.00	4,077.17	3,500.00	577.17	3,500.00
69000 · Base Management Expense	0.00	1,205.00	0.00	2,000.00	-2	2,000.00
69001 · Incentive Management Fee	0.00	553.00	553.00	0.00		
69500 · Operations	810.00	5,482.00	810.00	4,000.00	-3,190.00	4,000.00
78000 · Utilities	0.00	12,535.18	10,564.77	21,000.00	-10,435.23	21,000.00
Total Expense	16,032.30	71,980.97	27,292.01	69,339.00	-42,046.99	81,964.00
Net Ordinary Income	52,103.64	64,594.80	40,843.93	10,578.66	30,265.27	10,453.66
Other Income/Expense						
Other Income						
42800 · Interest Income-Cking	5.26	1.65	5.02	28.04		28.04
Total Other Income	5.26	1.65	5.02	28.04	-23.02	28.04
Other Expense						
72500 · Depreciation Expense	26,623.77	26,156.83	26,623.77	0.00	26,623.77	0.00
Total Other Expense	26,623.77	26,156.83	26,623.77	0.00		0.00
Net Other Income	-26,618.51	-26,155.18	-26,618.75	28.04	-2	28.04
	07 107	CHUCKOC	11 775 10	07 505 01	7 649 40	

2:42 PM 09/22/24 Accrual Basis

EDA City of Richmond-Stone Brewery Balance Sheet Prev Year Comparison As of August 31, 2024

DRAFT

en e	Aug 31, 24	Aug 31, 23
ASSETS	, , , , , , , , , , , , , , , , , , , ,	
Current Assets		
Checking/Savings		
10100 · Wells Fargo #2828	2,652,246.06	2,840,253.92
Total Checking/Savings	2,652,246.06	2,840,253.92
Accounts Receivable		
11000 · Accounts Receivable	17,000.19	17,000.19
Total Accounts Receivable	17,000.19	17,000.19
Other Current Assets		
14000 · Prepaid Expenses	6,867.93	3,115.69
Total Other Current Assets	6,867.93	3,115.69
Total Current Assets	2,676,114.18	2,860,369.80
Fixed Assets		
15603 · Building Improvements	83,625.00	83,625.00
16900 · Land	621,644.51	621,644.51
17000 · Accumulated Depreciation	-4,703.67	-2,613.15
Total Fixed Assets	700,565.84	702,656.36
Other Assets		
19000 · Net Invest-Cap Lease Rec-Curret		
19000.1 · Current-Capital Lease Receivabl	1,305,199.71	1,305,199.71
19000.2 · Current Portion Unearned int	-916,204.29	-851,756.94
Total 19000 · Net Invest-Cap Lease Rec-Curret	388,995.42	453,442.77
19500 · Net Investment on Capital Lease	27 244 262 62	20 504 526 07
19500.1 · Capital Lease Receivable	27,844,260.69	29,584,526.97
19500.2 · Unearned Int on Capital Lease	-10,075,521.07	-11,178,170.48
Total 19500 · Net Investment on Capital Lease	17,768,739.62	18,406,356.49
Total Other Assets	18,157,735.04	18,859,799.26
TOTAL ASSETS	21,534,415.06	22,422,825.42
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	0.00	5,000.00
2000 · Accounts Payable	0.00	5,000.00
Total Accounts Payable	0.00	5,000.00
Other Current Liabilities	165,483.63	171,076.71
23100 · Accrued Interest Payable 25000 · Current Portion of Rec. Grant	775,000.00	750,000.00
	940,483.63	921,076.71
Total Other Current Liabilities	940,483.63	926,076.71
Total Current Liabilities	940,463.03	520,070.71
Long Term Liabilities		
27200 · Recoverable Grant Payable 27200.1 · Recoverable Grant Payable	16,860,000.00	17,635,000.00
Total 27200 · Recoverable Grant Payable	16,860,000.00	17,635,000.00
	16,860,000.00	17,635,000.00
Total Ling Term Liabilities	17,800,483.63	18,561,076.71
Total Liabilities	17,000,403.03	10,001,070.71
Equity 32000 · Retained Earnings	3,656,168.62	3,786,883.62

2:42 PM 09/22/24 Accrual Basis

EDA City of Richmond-Stone Brewery Balance Sheet Prev Year Comparison As of August 31, 2024

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39002 · Intercompany Transfer Net Income Total Equity TOTAL LIABILITIES & EQUITY

Aug 31, 24	Aug 31, 23
0.00	0.00
77,762.81	74,865.09
3,733,931.43	3,861,748.71
21,534,415.06	22,422,825.42

EDA City of Richmond-Stone Brewery Profit & Loss Budget Performance

August 2024

	Aug 24	Aug 23	YTD 25	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense						
Income						
42800 · Interest Income	1,890.36	2,098.42	3,622.08	3,333.33	288.75	20,000.00
43000 · Interest on Capital Lease	93,091.34	192,052.45	186,444.73	183,774.90	2,669.83	1,102,649.41
Total Income	94,981.70	194,150.87	190,066.81	187,108.24	2,958.58	1,122,649.41
Expense						
62400 · Depreciation Expense	174.21	174.21	348.42	348.50	-0.08	2,091.00
63300 · Insurance Expense	816.58	389.08	1,633.16	1,633.33	-0.17	00.008,6
63500 · Bank Fees	0.00	0.00	0.00	16.67	-16.67	100.00
66100 · Interest Expense-Bond	55,161.21	57,025.57	110,322.42	110,322.50	-0.08	661,935.00
66700 · Professional Fees	0.00	0.00	0.00	3,333.33	-3,333.33	20,000.00
67200 · Repairs and Maintenance	0.00	898.40	0.00	3,333.33	-3,333.33	20,000.00
67500 · Roof Expense	0.00	0.00	00.00	3,333.33	-3,333.33	20,000.00
Total Expense	56,152.00	58,487.26	112,304.00	122,321.00	-10,017.00	733,926.00
Net Ordinary Income	38,829.70	135,663.61	77,762.81	64,787.24	12,975.58	388,723.41
Other Income/Expense						
Other Income						
70200 · Miscellaneous Income	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Income	00.00	00.00	0.00	0.00	0.00	0.00
Net Other Income	00.00	00.00	0.00	0.00	0.00	0.00
Net Income	38,829.70	135,663.61	77,762.81	64,787.24	12,975.58	388,723.41

3:21 PM 09/22/24 Accrual Basis

Liabilities

Economic Development Authority-Operations Balance Sheet Prev Year Comparison As of August 31, 2024

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•	Aug 31, 24	Aug 31, 23
ASSETS		
Current Assets		
Checking/Savings		
10200 · FCB #7709 Savings	650,607.24	1,147,037.98
10300 · Towne Bank Savings	50,809.97	50,786.70
10450 · Well Fargo #7155 Checking	1,478,149.84	90,425.73
10500 · Restricted Checking/Savings		
Diamond District Bonds	36,741,353.00	0.00
10501.1 · FCB 8605 Facade/Vent	53,561.09	89,049.35
10502 · C&F Bank #3929 Tobacco Rowe	140,707.55	140,075.91
10505 · Wells Fargo #0731 Grants	589,938.45	1,187,605.02
10509 · EDA-Hull Street Facade Program	230,154.82	250,031.85
10510 · EDA Triple A Grant Program	199,713.55	700,002.68
10511 · Enterprise Zone Program	27,729.35	0.00
Total 10500 · Restricted Checking/Savings	37,983,157.81	2,366,764.81
Total Checking/Savings	40,162,724.86	3,655,015.22
Accounts Receivable		
11000 · Accounts Receivable	723,351.80	6,800.00
Total Accounts Receivable	723,351.80	6,800.00
Other Current Assets	·	
112000 · Due from City of Richmond	0.00	119,692.23
14000 · Prepaid Expenses	184.32	0.00
Total Other Current Assets	184.32	119,692.23
Total Current Assets	40,886,260.98	3,781,507.45
Fixed Assets		, .
15000 · Furniture and Equipment	3,168.47	3,168.47
17000 · Accumulated Depreciation	-1,372.80	-739.20
Total Fixed Assets	1,795.67	2,429.27
Other Assets	,	·
17500 · Website		
17500 Website 17500.1 · Accumulated Amortization-Websit	-51,702.00	-7,386.00
17500 · Website - Other	126,895.00	126,895.00
Total 17500 · Website	75,193.00	119,509.00
18000 · Investment City Center	13,173,606.89	13,173,606.89
18100 · Investment Diamond District	4,689,741.99	0.00
19100 · Net InvestCap Lease Rec-Curre	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
19100.1 · Current-Capital Lease Rec	22,000.00	22,000.00
19100.2 · Current Portion Unearned Int	-12,538.94	-12,841.08
Total 19100 · Net InvestCap Lease Rec-Curre	9,461.06	9,158.92
19500 · Net Investment on Capital Lease	3, 102.00	5,25 .5.=
19500.1 · Capital Lease Receivable	550,000.00	550,000.00
19500.1 · Capital Lease Receivable	-179,360.98	-191,899.92
Total 19500 · Net Investment on Capital Lease	370,639.02	358,100.08
•	18,318,641.96	13,660,374.89
Total Other Assets	59,206,698.61	17,444,311.61
TOTAL ASSETS	39,200,096.01	
LIABILITIES & EQUITY		

3:21 PM 09/22/24 Accrual Basis

Economic Development Authority-Operations Balance Sheet Prev Year Comparison As of August 31, 2024

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,325.00 32,658.53
,325.00 32,658.53
,342.00 0.00
,102.79 0.00
,610.00 0.00
,742.00 0.00
,796.79 0.00
,121.79 32,658.53
,220.00 0.00
,000.00 0.00
,220.00 0.00
,220.00 0.00
,341.79 32,658.53
0.00
,411.11 16,229,102.30
,945.71 1,182,550.78
,356.82 17,411,653.08
,698.61 17,444,311.63

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Economic Development Authority-Operations
Profit & Loss Budget Performance
August 2024

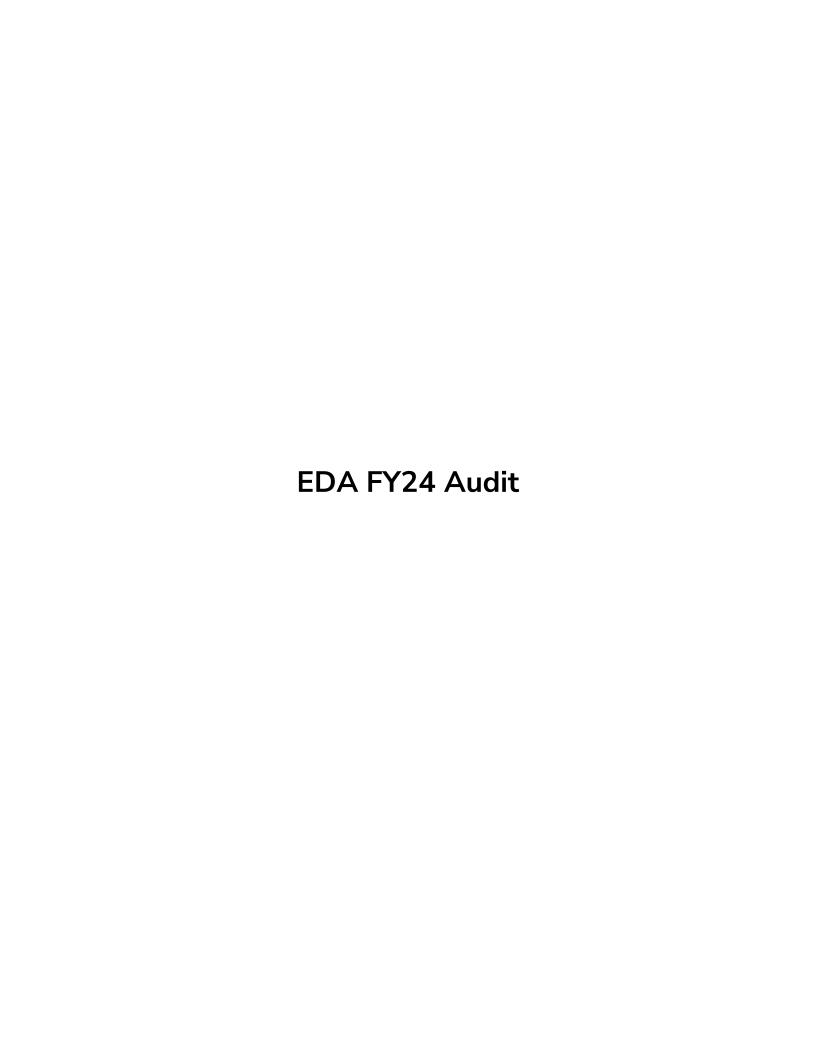
	Aug 24	Aug 23	\$ Over PY	YTD 24	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense							
Income	;	;	,	,			
40800 · Restricted Interest Income	62.95	64.86	251.96	178.71	1,000.00	-8/1./9	T,000.00
41200 · Grants	451,276.80	138,838.89	312,437.91	938,908.03	2,783,062.00	-1,844,153.97	2,783,062.00
41220 · Grants (non-city)	0.00	700,000.00	-700,000.00	0.00	194,705.00	-194,705.00	194,705.00
41225 · Grants-Facade Program	0.00	0.00	0.00	0.00	33,333.33	-33,333.33	200,000.00
42000 · Administrative Loan Fee Income	3,000.00	3,000.00	0.00	6,000.00	16,293.33	-10,293.33	97,760.00
42300 - Annual Bond Administrative Fee	0.00	0.00	0.00	0.00	3.333.33	-3.333,33	20,000.00
42400 Grant Management Fee	00:0	0.00	0.00	0.00	0.00	0.00	0.00
47800 . Interest Income	7 2/4 72	1 068 49	1 281 23	3 989 53	1 916 67	2 072 86	11,500.00
42000 Padian Let Boatel Income	31.01.0,0	Ct:000/T	67:107/1	000	0000000	,	000
43000 - Parking Lot neman income	00:0	9.0	0.00	0.00	00.000.00		00.0
43100 · IIITEI EST OII Capital Lease	0.00	947 977 74	286 287 77	949 075 77	3 055 643 67	2.30 -2 106 617 90	3 308 027 00
Ocal Incolline	11.000,001	12:21:01210	200,000	1000000	iona ofosofo	200000000000000000000000000000000000000	2012012
Expense	כר אור ככר	c	כר אזכ ניני	כר שוכ ררר	777 577	77.000	1 339 067 00
60110 · Grants-Econ Dev Incentives	277236.73	0.00	0.00	0.00	37 150 83	-320.77	194 705 00
Parties IIIble A	0.00	0.00	00:0	00:0	בהיהרבר	בר בכר בר	00.000.000
60200-Grants-Façade	0.00	0.00	0.00	0.00	33,333.33	ή	200,000.00
60400 · Bank Service Charges	32.00	227.27	-192.27	70.00	333.33		2,000.00
60500 · Grants-Enterprise Zone	24,854.53	0.00	24,854.53	54,254.53	61,333.33	-7,078.80	368,000.00
60700 · Grants-Affordable Housing	0.00	0.00	0.00	00.00	96,000.00	-96,000.00	576,000.00
61700 · Computer & Internet Expenses	649.00	549.00	100.00	649.00	333.33	315.67	2,000.00
6240- Depreciation	52.80	52.80	0.00	105.60	105.67	-0.07	634.00
6250 · Due & Memberships	0.00	0.00	0.00	0.00	5,333.33	-5,333.33	32,000.00
62550 Accounting Services	3.500.00	3.000.00	200.00	7.000.00	9,500.00	-2,500.00	57,000.00
62552 · Audit Services	0.00	30,089.00	-30,089.00	0.00	7,000.00	-7,000.00	42,000.00
63300 · Insurance Expense	0:00	0.00	0.00	0.00	0.00		0.00
63300.1 · Board Insurance	0.00	206.16	-206.16	0.00	416.67	-416.67	2,500.00
63300.2 · Insurance-Other	0.00	429.33	-429.33	0.00	1,283.33	-1,283.33	7,700.00
63300.3 · Insurance-Coliseum lots	0.00	0.00	0.00	2,468.70	1,791.67	677.03	10,750.00
Total 63300 - Insurance Expense	0.00	635.49	-635.49	2.468.70	3,491.67	-1,022.97	20,950.00
64100 · Interest Expense	125,671.00	0.00	125,671.00	251,342.00	0.00	7	0.00
64200 · Marketing	•						
64200.1 · Web Hosting	1.299.00	1,299.00	0.00	2,598.00	4,166.67	-1,568.67	25,000.00
64200.2 · Website Amortization	3,693.00	3,693.00	0.00	7,386.00			44,316.00
64200 · Marketing - Other	0.00	0.00	0.00	0.00		-2,500.00	15,000.00
Total 64200 · Marketing	4,992.00	4,992.00	0.00	9,984.00	14,052.67	-4,068.67	84,316.00
64300 · Meals and Entertainment	0.00	0.00	0.00	0.00	2,500.00	-2,500.00	15,000.00
64400 · Miscellaneous Expense	0.00	0.00	0:00	0.00	250.00	-250.00	1,500.00
64900 · Office Supplies	0.00	0.00	0.00	0.00			500.00
66700 - Professional Fees	0.00	0.00		0.00	1,6	÷,	10,000.00
67800.7 · Workmans Comp Insurance	0.00	58.66	4,	762.00			1,000.00
68400 . Meetings expense	0.00	582.43	7'	0.00	1,666.67	-1,666.67	10,000.00
68500 . Travel	0.00	0.00		0.00	333.33	-333.33	2,000.00
68600 - Utilities	0.00	83.23	-83.23	0.00	166.67	, -166.67	1,000.00
68600.1 · Internet Service	44.00	44.00	0.00	88.00	83.33	4.67	500.00
Total Expense	382,154.56	40,313.88	341,840.68	549,080.06	493,361.17	55,718.89	2,960,167.00
	14.00	00000	72 002	77 77	l		00 030 515
Net Ordinary Income	/4,534.91	802,658.35		399,945./ I	7,562,282.50	1 -2,162,336.79	347,860.00

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND (A Component Unit of the City of Richmond, Virginia) Statement of Net Position Enterprise Funds August 31, 2024

	CARE	EZIL	CAP	CRLF	EDHLF	OPERATIONS	TOTAL
ASSETS Peoples Bank Wells Fargo Checking	684,426.88		751,060.04	418,419.47		33,806.95	1,203,286.46 684,426.88 106.076.93
Wells Fargo Money Market Community Capital Bank Atlantic Union Bank Community Capital Bank GLFIA	100,070.93	244,827.19		183,232.07	467,281.64		183,232.07 244,827.19 467,281.64
Peoples Bank LRA Peoples Bank GLFIA Peoples Bank GLFIA-2					2,036,268.51 1,028,385.31 357,419.33		2,036,268.51 1,028,385.31 357,419.33
Total Cash	790,503.81	244,827.19	751,060.04	601,651.54	3,889,354.79	33,806.95	6,311,204.32
Prepaid/Accounts Receivable	400.00	•	1			4,200.00	4,600.00
Total Current Assets	790,903.81	244,827.19	751,060.04	601,651.54	3,889,354.79	38,006.95	6,315,804.32
Long Term Assets	000		1000	20 707 000	7 414 212 38		6 416 844 37
Note/Grant Receivable Thused I OC	24,306.73	•	84,/9/.34	893,421.02	/,414,313.20		0,410,014,0
Accrued Interest Receivable Loan Loss Reserve	10,461.28 (12,135.32)	1 1	61,187.29 (38,854.05)	144,411.75 (312,731.46)	1,716,715.17 (159,898.36)		1,932,775.49 (523,619.19)
Total Long Term Assets	22,632.69	ı	107,130.58	725,107.31	8,971,130.09	1	9,826,000.67
Total Assets	813,536.50	244,827.19	858,190.62	1,326,758.85	12,860,484.88	38,006.95	16,141,804.99
Accounts Payable Due to City of Richmond	6,300.00	ı	1,500.00	2,400.00		400.00 34,398.93	10,600.00 34,398.93
Net Position	807,236.50	244,827.19	856,690.62	1,324,358.85	12,860,484.88	3,208.02	16,096,806.06
Total Liabilities & Net = = = Position	813,536.50	244,827.19	858,190.62	1,326,758.85	12,860,484.88	38,006.95	16,141,804.99

(A Component Unit of the City of Richmond, Virginia)
Statement of Revenues, Expenses and Changes in Net Position
For the Two Months Ending August 31, 2024 ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

	CARE	EZIL	CAP	CRLF	EDHLF	OPERATIONS	TOTAL
Operating Revenues Program Income-Interest	1,405.28		1,481.55	8,443.65	29,553.84		40,884.32
Loan origination fee Application fees				250.00	1		250.00
Loan Document Fees Capital Contributions			I			,	
Late rees, etc. Total Revenues	1,405.28	1	1,481.55	8,693.65	29,553.84		41,134.32
Expenses Rank Charoee(ate Fees	6.51			1		•	6.51
Loan Fund Grants	18,975.00				ı		18,975.00
Loan Fund Expenses	ı		1	•	•	i	•
ECD/FSG Administration Marketino	1.797.10				•	1 1	1,797.10
Training/Seminars/Conference	•					•	ī
Loan loss reserve	1 00		1 00	' 00	•		00 000 9
EDA Administration	2,100.00		1,500.00	2,400.00			26,000.00
Total Expenses	77,878.61	•	1,500.00	7,400.00	•	1	20,770.01
Net Increase (Decrease) From Operations	(21,473.33)	•	(18.45)	6,293.65	29,553.84	ı	14,355.71
Other Income & Expenses Bank Interest Earned	261.48	103.65	25.43	480.05	850.35	1.14	1,722.10
Kecoveries Total Other Income & Expenses	261.48	103.65	25.43	480.05	850.35	1.14	1,722.10
Net Increase (Decrease) in Funds	(21,211.85)	103.65	86.9	6,773.70	30,404.19	1.14	16,077.81
Net Position, Beg of Year	828,448.35	244,723.54	856,683.64	1,317,585.15	12,830,080.69	3,206.88	16,080,728.25
Net Position, End of Period	807,236.50	244,827.19	856,690.62	1,324,358.85	12,860,484.88	3,208.02	16,096,806.06



Financial Report

June 30, 2024



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Independent Auditor's Report

To the Board of Directors and Management of Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia) Richmond, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Economic Development Authority of the City of Richmond, Virginia (the "Authority"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Economic Development Authority of the City of Richmond, Virginia, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Specifications for Audits of Authorities, Boards, and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Economic Development Authority of the City of Richmond, Virginia, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing an
 opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is
 expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated ENTER DATE, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, VA
ENTER DATE

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Management's Discussion and Analysis June 30, 2024

Management's Discussion and Analysis of the financial performance of the Economic Development Authority of the City of Richmond, Virginia (the "Authority") provides an overview of the financial activities for the year ended June 30, 2024. It should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Authority receives operating funds from the rental of a parking garage, manages the operations of the training facility on Leigh Street, and leases certain property under a capital lease arrangement for the operation and future expansion of a brewery. It also manages loan portfolios of the City of Richmond, Virginia.

Government-Wide Statement of Net Position

Following is a condensed statement of net position showing the net position of the Authority at June 30:

	(Governmen	tal Ac	tivities	Business-Typ	e Activities	Total		
	6/	30/2024	6/	30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023	
Assets:									
Cash and cash equivalents	\$	-	\$	-	\$ 50,188,977	\$ 10,632,851	\$ 50,188,977	\$ 10,632,851	
Capital assets, net		142,165		142,165	12,071,980	12,422,400	12,214,145	12,564,565	
Property held for sale		-		-	16,966,867	13,173,607	16,966,867	13,173,607	
Other assets					29,870,552	30,061,985	29,870,552	30,061,985	
Total assets	\$	142,165	\$	142,165	\$109,098,376	\$ 66,290,843	\$109,240,541	\$ 66,433,008	
Liabilities:									
Current and other liabilities	\$	-	\$	-	\$ 40,865,831	\$ 1,038,620	\$ 40,865,831	\$ 1,038,620	
Lease payable				-	1,469,283	1,469,283	1,469,283	1,469,283	
Recoverable grant payable		-			22,860,000	23,635,000	22,860,000	23,635,000	
Total liabilities		-		-	65,195,114	26,142,903	65,195,114	26,142,903	
Deferred inflows of									
resources		-		-	-	54,295	-	54,295	
Net position		142,165		142,165	43,903,262	40,093,645	44,045,427	40,235,810	
Total liabilities, deferred									
inflow of resources, and									
net position	\$	142,165	\$	142,165	<u>\$109,098,376</u>	\$ 66,290,843	\$109,240,541	\$ 66,433,008	

There was an increase in cash and cash equivalents of \$39,556,126 primarily due to the restricted cash related to the total proceeds of the bonds that were placed into an account with the Authority's name for the Diamond District Project.

There was a decrease in net capital assets of \$350,420, primarily due to depreciation/amortization.

There was an increase in property held for sale due to the investment in the Diamond District, whereas, the Authority has recorded the value of the property from the City's records and expenses paid by the Authority to Navigators Baseball for the Diamond District project.

There was a decrease in other assets of \$191,433, which is primarily due to the write-offs of approximately \$156,000 of loans and \$74,000 of interest for the CAP and CRLF funds.

There was an increase in current liabilities and other liabilities of \$39,827,211, primarily due to the debt related to the Revenue Bond, Series 2024, issued in June 2024 for the Diamond District Project.

Management's Discussion and Analysis June 30, 2024

There was a decrease in the recoverable grant payable of \$775,000, due to the payments made on the recoverable grant payable to the City of Richmond related to the Stone Brewery project.

Government-Wide Statement of Activities

Condensed statements of activities for fiscal years ended June 30 are as follows:

	Governme	ntal Activities	Business-Typ	e Activities	Tot	al
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Revenues:						
Grant from the City						
of Richmond	\$ -	\$ -	\$ 4,271,515	\$ 1,085,881	\$ 4,271,515	\$ 1,085,881
Rental income	-	-	789,090	779,146	789,090	779,146
Loan administration fees	-	-	112,000	36,250	112,000	36,290
Bond and other fees	-	-	20,000	8,449	20,000	8,449
Loan program income	-	-	418,158	440,544	418 ,158	440,544
Interest on notes receivable	e -	-	1,056,651	1,285,082	1,0 56,651	1,285,082
Other			2,035,302	14,012,041	2,035,302	14,012,041
Total revenues			8,702,716	17,647,393	8,702,716	17,647,393
Expenses:						
Economic development						
incentives	-	-	1,081,515	817,756	1,081,515	817,756
Grant repaid to the State	-	-		818,125	-	818,125
Other grants and rebates	-	-	-	286,385	-	286,385
Building operations and						
maintenance		-	321,383	332,614	321,383	332,614
Depreciation	-	-	395,678	350,127	395,678	350,127
Interest	-	-	731,307	752,867	752,867	752,867
Other		-	2,363,216	813,185	2,363,216	813,185
Total expenses		-	4,893,099	4,171,059	4,893,099	4,171,059
Change in net position	\$ -	\$ -	\$ 3,809,617	\$ 13,476,334	\$ 3,809,617	\$ 13,476,334

Grant revenue from the City and other grants was more than grant expenses from prior year due to \$1,500,000 being paid to the Authority for the creation of a Community Development Financial Institution Fund from the City, which is intended to help lend money to small businesses, and the Authority receiving \$1,200,000 from the City for the second-floor improvements of the training center. Additionally, the City provided \$400,000 to the Authority to fund the Enterprise Zone program, which is administered by the Authority under a Cooperative Agreement to help encourage job creation, private investment and commercial development in the City.

There was a decrease in other revenue of \$11,976,739 primarily due to the Coliseum and surrounding properties being contributed from the City and the Richmond Redevelopment Housing Authority to the Authority in the prior year as part of a redevelopment project. In the current year the City conveyed six parcels of real estate which also included a portion of the redevelopment project known as the "Diamond District" to the Authority for a total of \$1,298,124 of contributed capital.

The Authority has maintained its lending programs, which are operated in coordination with the City of Richmond's Department of Economic Development. Operational costs of the programs are covered by the City. Any losses sustained in the lending programs are absorbed by the City or the relevant funding partner. The Authority receives fees adequate to cover its costs as well as audit fees associated with these activities. In summary, the outlook for the lending programs is favorable. The Authority can reasonably expect that its costs will continue to be covered.

Management's Discussion and Analysis June 30, 2024

Accomplishments and Economic Outlook

During the fiscal year that ended June 30, 2024, the Authority supported the work of the City's Department of Economic Development to attract over \$395.5 million in announced capital investment and 275 announced new jobs to the City. The Authority's administration of both local and state discretionary performance incentives assists in making these accomplishments possible.

Highlights:

- To encourage job creation and commercial revitalization in Richmond, the Authority disbursed approximately \$567,000 in City funds through the Enterprise Zone and CARE Programs. A significant portion of the funds were awarded to small businesses that provide critical jobs and the products and services that make Richmond unique.
- The Diamond District project that will redevelop 67 acres of publicly owned land into a new mixed-use, mixed-income neighborhood anchored by a new minor league baseball stadium achieved significant milestones. The City and the Authority moved forward with components of a new financing plan and related bond sales, which will reduce costs by an estimated \$215 million over 30 years, and approved the Diamond District Redevelopment Project Purchase and Sale and Development Agreement. The stadium's groundbreaking occurred in Q1 FY 2025 and is on track to be delivered in time for the 2026 baseball season.
- Following the passage of enabling state legislation (HB 1194), the City and the Authority launched Richmond's new Affordable Housing Performance Grant program to incentivize the construction of new quality affordable housing – an essential component of a thriving local economy. During FY24, this financing tool has aided the advancement of affordable housing projects that will produce nearly 1,300 new affordable housing units in the City. Heavy demand for this new program is expected in FY 2025.
- In January, the City and the Authority celebrated the groundbreaking of the Richmond Riverfront Performing Arts Venue, the \$30.5M, 7,500-person capacity amphitheater on the Downtown riverfront, which is expected to be completed in 2025.

Looking to FY 2025, the Authority will continue to support economic development efforts across the City through supporting key, transformational redevelopment projects, partnering to advance affordable housing projects, encouraging small business and entrepreneurship through its incentives and loan programs, and helping Richmond attract and retain businesses.

Requests for information

This financial report is intended to provide a general overview of the Authority's finances. Any questions regarding this report or requests for additional financial information should be addressed to the Authority at 1500 East Main Street, Suite 400, Richmond, Virginia 23219.

Government-Wide Financial Statements



Statement of Net Position

June 30, 2024

		vernmental Activities	Business-Type Activities	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 4)	\$	-	\$ 13,447,624	\$ 13,447,624
Restricted Cash (Note 4)		-	36,741,353	36,741,353
Accounts receivable		-	86,757	86,757
Due from the City (Note 13)		-	30,135	30,135
Due from Stone Brewery		-	35,846	35,846
Due from Operating		_	1,203,110	1,203,110
Other current assets			8,981	8,981
Financed purchase notes receivable,			3,552	-,
current portion (Note 5)		_	647,078	647,078
Total current assets			52,200,884	52,200,884
NONCURRENT ASSETS			32,200,00	32,200,001
Nondepreciable capital assets (Note 7)		142,165	1,490,463	1,632,628
Depreciable capital assets, net (Note 7)		-	10,581,517	10,581,517
Property held for sale (Note 8)			16,966,867	16,966,867
Financed purchase notes receivable,			10,500,007	10,500,007
less current portion (Note 5)		-	18,139,379	18,139,379
Loans receivable, net (Note 11)			7,896,676	7,896,676
Accrued interest receivable	4		1,822,590	1,822,590
Total noncurrent assets		142,165	56,897,492	57,039,657
Total assets	\$	142,165	\$ 109,098,376	\$ 109,240,541
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$	-	\$ 933,823	\$ 933,823
Bond issuance cost payable (Note 16)		-	594,742	594,742
Due to the City (Note 13)		-	33,649	33,649
Due to Leigh Street		-	1,203,110	1,203,110
Due to Operating		-	35,846	35,846
Accrued interest payable		-	95,542	95,542
Deposits and reserves		-	152,796	152,796
Deferred revenue		-	207,103	207,103
Current portion of recoverable grant payable (Note 15)		-	775,000	775,000
Total current liabilities		-	4,031,611	4,031,611
NONCURRENT LIABILITIES	-		7 7-	, = , =
Lease liability (Note 9)		-	1,469,283	1,469,283
Recoverable grants payable (Note 15)		_	22,860,000	22,860,000
Bond payable (Note 16)		_	33,745,000	33,745,000
Premium on bonds		_	3,089,220	3,089,220
Total noncurrent liabilities	-	-	61,163,503	61,163,503
Total liabilities		_	65,195,114	65,195,114
NET POSITION				
Net investment in capital assets		142,165	4,602,697	4,744,862
Restricted		-	8,539,766	8,539,766
Unrestricted		_	30,760,799	30,760,799
Total net position		142,165	43,903,262	44,045,427
Total liabilities, deferred inflows of		1.2,100	.5,505,202	,5 15, 121
resources and net position	\$	142,165	\$ 109,098,376	\$ 109,240,541

Statement of Activities

Year Ended June 30, 2024

	Governmental Activities	Business-Type Activities	Total
OPERATING REVENUES			
Rental and lease income	\$ -	\$ 789,090	\$ 789,090
Loan administration and other fees	-	112,000	112,000
Bond and other fees	-	20,000	20,000
Loan program income	-	418,158	418,158
Other	-	213,119	213,119
Total operating revenues	-/	1,552,367	1,552,367
OPERATING EXPENSES			, ,
Personnel	-	97,075	97,075
Professional services	-	52,316	52,316
Internet and telephone services	-	11,362	11,362
Building operations and maintenance		321,383	321,383
Bad debt expense	-	213,205	213,205
Other	-	1,189,560	1,189,560
Loan administrative fees	-	88,089	88,089
Loan fund expense	-	24,000	24,000
Depreciation	-	395,678	395,678
Total operating expenses		2,392,668	2,392,668
Operating loss	-	(840,301)	(840,301)
NONOPERATING REVENUES (EXPENSES)			
Grants from the City of Richmond (Note 13)	-	4,271,515	4,271,515
Economic development incentives (Note 13)	-	(1,081,515)	(1,081,515)
Other grants and rebates (Note 11)	-	159,653	159,653
Contributed capital (Note 8)	-	1,298,124	1,298,124
Contribution from the City (Note 13)	-	300,000	300,000
Interest on notes receivable	-	1,056,651	1,056,651
Interest expense	-	(731,307)	(731,307)
Interest income	-	64,406	64,406
Bond issuance cost (Note 16)		(687,609)	(687,609)
Total non-operating revenues		4,649,918	4,649,918
Change in net position	-	3,809,617	3,809,617
NET POSITION			
Beginning of year	142,165	40,093,645	40,235,810
End of year	\$ 142,165	\$ 43,903,262	\$ 44,045,427

Governmental Fund Financial Statements



Balance Sheet - Governmental Fund June 30, 2024

	The	ater Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	<u></u> \$	
FUND BALANCE		
Unassigned	\$	
	'	
Reconciliation of Governmental Fund Balance Sheet to the Statement of N	et Pos	sition
Total fund balance per Governmental Fund Balance Sheet	\$	-
Amounts reported for governmental activities in the statement of		
net position are different because:		
Capital assets used in governmental activities are not current		
financial resources and, therefore, are not reported in the fund:		
Capital assets, cost	1	4,512,067
Accumulated depreciation	(1	4,369,902)
		142,165
Net position of governmental activities	\$	142,165

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Fund Year Ended June 30, 2024

	Theate	r Fund
OPERATING REVENUES Naming rights fees	\$	
OPERATING EXPENDITURES Restoration grant		
Change in fund balance		
FUND BALANCE		
Beginning of year		-
End of year	\$	-
Reconciliation of the Statement of Revenues, Expenditures and Chang Fund Balance of Governmental Fund to Statement of Activities		
Change in fund balance, total governmental fund	\$	-
Amounts reported for governmental activities in the statement of		
activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over		
their estimated useful lives and reported as depreciation expense. This		
is the amount by which the capital outlays exceeded depreciation in the		
current period. Details supporting this adjustment are as follows:		
Depreciation expense	<u> </u>	
Change in net position of governmental activities	<u> </u>	-

Enterprise Funds Financial Statements



Statement of Net Position - Enterprise Funds June 30, 2024

		Major Funds							
	Operating	Leigh St.	Stone Brewery	Loan					
400570	Fund	Fund	Fund	Fund	Total				
ASSETS									
CURRENT ASSETS	. 4 222 522	ć 570.544	ć 2.247.500	4 6 222 202	d 42 447 624				
Cash and cash equivalents (Note 4)	\$ 4,330,598	\$ 578,544	\$ 2,217,580	\$ 6,320,902	\$ 13,447,624				
Restricted Cash (Note 4)	36,741,353	- 27.424	40.022	-	36,741,353				
Accounts receivable	800	37,134	48,823	-	86,757				
Due from the City (Note 13)	20,000	10,135		-	30,135				
Due from Stone Brewery	35,846	1 202 110			35,846				
Due from Operating	-	1,203,110		-	1,203,110				
Financed purchase notes receivable, current portion (Note 5)	9,461		637,617		647.079				
Other current assets	9,401	-	8,501	480	647,078 8,981				
Total current assets	41,138,058	1,828,923	2,912,521	6,321,382	52,200,884				
NONCURRENT ASSETS	41,138,038	1,828,923	2,912,321	0,321,382	32,200,884				
Nondepreciable capital assets (Note 7)	_	868,818	621,645	_	1,490,463				
Depreciable capital assets, net (Note 7)	84,480	10,417,767	79,270	-	10,581,517				
Property held for sale (Note 8)	16,966,867	10,417,707	79,270	-	16,966,867				
Financed purchase notes receivable,	10,300,807	_		-	10,300,607				
less current portion (Note 5)	370,639	_	17,768,740	_	18,139,379				
Loans receivable, net (Note 11):	370,033		17,700,740		10,133,373				
Community Area Revitalization Effort									
(CARE) Program	_			12,172	12,172				
Contractor Assistance Program (CAP)	_			46,743	46,743				
Economic Development and Housing				40,743	40,743				
Loan Fund (EDHLF) Program			_	7,254,415	7,254,415				
Revolving Loan Program (RLP)			_	583,346	583,346				
Accrued interest receivable	_	_	_	1,822,590	1,822,590				
Total noncurrent assets	17,421,986	11,286,585	18,469,655	9,719,266	56,897,492				
Total assets	\$ 58,560,044	\$ 13,115,508	\$ 21,382,176	\$ 16,040,648	\$109,098,376				
LIABILITIES	7 50,500,011	-		+	+ 100/000/010				
CURRENT LIABILITIES									
Accounts payable	\$ 907,458	\$ 26,365	\$ -	\$ -	\$ 933,823				
Bond issuance cost payable (Note 16)	594,742	-	-	-	594,742				
Due to the City (Note 13)	-	_	-	33,649	33,649				
Due to Leigh Street	1,203,110	-	_	-	1,203,110				
Due to Operating	-	-	35,846	-	35,846				
Accrued interest payable	_	40,381	55,161	-	95,542				
Reserves and deposits	_	152,796	-	-	152,796				
Deferred revenue	207,103	-	-	-	207,103				
Current portion of recoverable grants)									
payable (Note 15)	-	-	775,000	-	775,000				
Total current liabilities	2,912,413	219,542	866,007	33,649	4,031,611				
NONCURRENT LIABILITIES									
Lease liability (Note 9)	-	1,469,283	-	-	1,469,283				
Recoverable grants payable,									
long-term (Note 15)	-	6,000,000	16,860,000	-	22,860,000				
Bonds payable (Note 16)	33,745,000	-	-	-	33,745,000				
Premium on Bonds	3,089,220	-	-	-	3,089,220				
Total noncurrent liabilities	36,834,220	7,469,283	16,860,000		61,163,503				
Total liabilities	39,746,633	7,688,825	17,726,007	33,649	65,195,114				

Statement of Net Position - Enterprise Funds June 30, 2024

	Leigh St. Fund	Stone Brewery Fund	Loan Fund	Total	
NET POSITION					
Net investment in capital assets	84,480	3,817,302	700,915	-	4,602,697
Restricted	2,251,920	-	-	6,287,846	8,539,766
Unrestricted	16,477,011	1,609,381	2,955,254	9,719,153	30,760,799
Total net position	18,813,411	5,426,683	3,656,169	16,006,999	43,903,262
Total liabilities, deferred inflows of resources and net position	\$ 58,560,044	\$ 13,115,508	\$ 21,382,176	\$ 16,040,648	\$109,098,376



Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds Year Ended June 30, 2024

	Major Funds								
	Stone								
	Operating	Leigh St.		Brewery		Loan			
	Fund		Fund	Fund		Fund			Total
OPERATING REVENUES									
Rental and lease income	\$ -	\$	789,090	\$	-	\$	-	\$	789,090
Loan administration and other fees	112,000		-		-		-		112,000
Bond and other fees	20,000		-		-		-		20,000
Loan program income	-		-		-		418,158		418,158
Event and other income	2,500		210,619				-		213,119
Total operating revenues	134,500		999,709		-		41 8,158		1,552,367
OPERATING EXPENSES									
Personnel	587		96,488		-		-		97,075
Professional services	40,308		12,008		-		-		52,316
Internet and telephone services	-		11,362		-		-		11,362
Building operations and maintenance	-		321,383		-		-		321,383
Bad debt expense	-		-		-		213,205		213,205
Other	1,084,659		87,301		17,372		228		1,189,560
Loan administrative fees	-		-		-		88,089		88,089
Loan fund expense	-		-		-		24,000		24,000
Depreciation and amortization	44,949		348,639		2,090		-		395,678
Total operating expenses	1,170,503		877,181		19,462		325,522		2,392,668
Operating (loss) income	(1,036,003)		122,528		(19,462)		92,636		(840,301)
NONOPERATING REVENUES (EXPENSES)									
Grants from the City of Richmond (Note 13)	3,071,515		1,200,000		-		-		4,271,515
Economic development incentives (Note 13)	(1,081,515)		-		-		-		(1,081,515)
Other grants and rebates (Note 11)	492,897		-		-		(333,244)		159,653
Contributed capital (Note 8)	1,298,124		-		-		-		1,298,124
Contribution from the City (Note 13)	-		-		-		300,000		300,000
Interest on notes receivable	12,841		-		1,043,810		, <u> </u>		1,056,651
Interest expense	_		(48,864)		(682,443)		-		(731,307)
Interest income	14,059		110		27,380		22,857		64,406
Bond issuance cost (Note 16)	(687,609)		-		· -		-		(687,609)
Total nonoperating revenues (losses)	3,120,312		1,151,246		388,747		(10,387)		4,649,918
Income before transfers	2,084,309		1,273,774		369,285		82,249		3,809,617
Transfers (out) in (Note 13)	500,000		-		(500,000)		-		-
Change in net position	2,584,309		1,273,774		(130,715)		82,249		3,809,617
NET POSITION	=,551,566		, = - ,		(===): ==)		,- 10		-,,
Beginning of year	16,229,102		4,152,909		3,786,884		15,924,750		40,093,645
End of year	\$ 18,813,411	\$	5,426,683	\$	3,656,169		16,006,999	\$	43,903,262
,				_				=	

Statement of Cash Flows - Enterprise Funds Year Ended June 30, 2024

Part		Major Funds									
Receipts from rentals \$ 1.00 \$ 751,956 \$			L	-		Brewery				Total	
Receipts from loan administration 112,000 - - - 112,000 Receipts from loan repayments - - 875,857 875,857 Receipts from loan repayments for) other activities (1,20,377) (502,545) (21,979) (129,961) (1,774,862) Net cash provided by (used in) operating activities (985,877) 460,030 (53,802) 872,161 292,512 NONCAPITAL FinANCING ACTIVITIES Tomoric development incentive payments to) 3,171,207 (10,135) - 300,000 3,461,072 Receipts from (payments to) City of Richmond Economic development incentive payments 3,171,207 (10,135) - 300,000 3,461,072 Cher grants and rebates 700,000 - - (1,081,515) - 0 (1,081,515) - 300,000 3,461,072 Cher grants and rebates (1,598,654) - 10,259 - 10,259 - 10,259 - 10,259,654 Receipt of secrows and reserves - 10,259 35,846 - 1,200,000 Transfers (to) fro	OPERATING ACTIVITIES					-					
Receipts from loan administration 112,000 - - - 112,000 Receipts from loan repayments - - 875,857 875,857 Receipts from loan repayments for) other activities (1,120,377) (502,545) (21,979) (129,961) (1,774,862) Net cash provided by (used in) operating activities (985,877) 460,030 (53,802) 872,161 292,512 NONCAPITAL FinANCING ACTIVITIES 700,000 - - 300,000 3,461,072 Receipts from (payments to) (ity of Richmond Economic development incentive payments 3,171,207 (10,135) - 300,000 3,461,072 Ceceipts from (payments to) (ity of Richmond Economic development incentive payments 3,171,207 (10,135) - 300,000 3,461,072 Receipt of secrows and reserves 700,000 - - (1,081,515) 0 - (1,081,515) Other grants and rebates 1,167,264 (3,110) 35,846 - 1,200,000 Transfers (to) from funds 1,167,264 (3,110) 35,846 - 1,200,000	Receipts from rentals	\$ -	\$	751,956	\$	-	\$	-	\$	751,956	
Receipts from (payments for) other activities 22,500 210,619 (31,823) 126,265 327,561 Payments for operating activities (1,120,377) (502,545) (21,979) (129,961) (1,774,862) Net cash provided by (used in) operating activities (985,877) 460,030 (53,802) 872,161 292,512 NONCAPITAL RINANCING ACTIVITIES	Receipts from loan administration	112,000		-		-		-		112,000	
Payments for operating activities (1,120,377) (502,545) (21,979) (129,961) (1,774,862) Net cash provided by (used in) operating activities (985,877) 460,030 (53,802) 872,161 292,512	Receipts from loan repayments	-		-		-		875,857		875,857	
Net cash provided by (used in) operating activities (985,877) 460,030 (53,802) 872,161 292,512 NONCAPITAL FINANCING ACTIVITIES Grants and receipts from (payments to) City of Richmond 3,171,207 (10,135) - 300,000 3,461,072 Economic development incentive payments (1,081,515) - (330,000 3,461,072 Economic development incentive payments (1,081,515) - (333,244) 366,756 Land improvements (1,598,654) Receipt of escrows and reserves 10,167,98,654 Receipt of escrows and reserves 11,672,64 (3,110) 35,846 - (1,200,000 Transfers (to) from other funds 500,000 - (500,000) - (500,000) - (7,200,000) Transfers (to) from other funds 500,000 - (500,000) - (500,000) - (7,200,000) Ret cash provided by (used in) noncapital financing activities 2,858,302 (2,986) (464,154) (33,244) 2,357,918 INVESTING ACTIVITIES Interest received 14,059 110 27,380 22,857 64,406 CAPITAL AND RELATED FINANCING ACTIVITIES Purchase of capital assets - (45,258) - (45,258) Cash paid on interest - (684,308) 6684,308) G684,308 Cash paid on interest - (40,560) - (40,560) Froceeds from bond issuance 15,000,000 000,000,000,000,000,000,000,0	Receipts from (payments for) other activities	22,500		210,619		(31,823)		126,265		327,561	
operating activities (985,877) 460,030 (53,802) 872,161 292,512 NONCAPITAL FINANCING ACTIVITIES Grants and receipts from (payments to) 3,171,207 (10,435) - 300,000 3,461,072 Economic development incentive payments (1,081,515) - - (10,81,515) - (10,81,515) - (1,081,515) - (1,081,515) - (1,081,515) - (1,081,515) - (1,081,515) - - - - - - - - - - - - - - - - - - 10,259 - - 10,259 - - 10,259 - - 10,259 - - 10,259 - - 10,259 - - 10,259 - - 10,259 - - 10,259 - - - 10,259 - - - 10,259 - - - 10,259 - - -	Payments for operating activities	(1,120,377)		(502,545)		(21,979)		(129,961)		(1,774,862)	
NONCAPITAL FINANCING ACTIVITIES Grants and receipts from (payments to) Receipts from (payments to) (ty of Richmond Economic development incentive payments (1,081,515)	Net cash provided by (used in)										
Grants and receipts from (payments to) (Ity of Richmond Receipts from (payments to) (Ity of Richmonic development (payments) (Ity of Richmonic development) (Ity of	operating activities	(985,877)		460,030		(53,802)		872,161		292,512	
Receipts from (payments to) City of Richmond Economic development incentive payments (1,081,515) 1 300,000 3,461,072 (1,081,515) - 300,000 3,461,072 (1,081,515) - (1,081,515) - (1,081,515) - (1,081,515) - (1,081,515) - (1,081,515) - (1,081,515) - - (1,081,515) - - (1,081,515) - - (1,081,515) - - (1,081,515) - - - (1,081,515) - - - (1,081,515) - - - (1,598,654) - - - - - - 10,259 - - - 10,259 - - - 10,259 - - - 10,259 - - - 10,259 - - - 10,259 - - - - - - - - - - - - - - - - - - -	NONCAPITAL FINANCING ACTIVITIES				$\overline{}$						
Constrict development incentive payments											
Other grants and rebates 700,000 - - (333,244) 366,756 Land improvements (1,598,654) <td>Receipts from (payments to) City of Richmond</td> <td>3,171,207</td> <td></td> <td>(10,135)</td> <td></td> <td>-</td> <td></td> <td>300,000</td> <td></td> <td>3,461,072</td>	Receipts from (payments to) City of Richmond	3,171,207		(10,135)		-		300,000		3,461,072	
Cash paid on leased asset Cash paid on lease Cash paid on lease Cash paid on lease Cash parts received on notes receivable Payments received on lease Payments received Payments rec	Economic development incentive payments	(1,081,515)		_		-		-		(1,081,515)	
Receipt of escrows and reserves 1,167,264 (3,110) 35,846 - 1,02,000 Transfers (to) from other funds 500,000 - (500,000) - - Net cash provided by (used in) noncapital financing activities 2,858,302 (2,986) (464,154) (33,244) 2,357,918 INVESTING ACTIVITIES Interest received 14,059 110 27,380 22,857 64,406 CAPITAL AND RELATED FINANCING 4 45,258 - - 465,258 Cash paid on interest - (45,258) - - (45,258) Cash paid on leased asset - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - - - 40,560) Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments freceived on lease - 2,818 - - 2,818 Payments freceived on lease - - (750,000) - 750,000 Net	Other grants and rebates	700,000		-		-		(333,244)		366,756	
Due to / from funds 1,167,264 (3,110) 35,846 - 1,200,000 Transfers (to) from other funds 500,000 - (500,000) - - Net cash provided by (used in) noncapital financing activities 2,858,302 (2,986) (464,154) (33,244) 2,357,918 INVESTING ACTIVITIES 14,059 110 27,380 22,857 64,406 CAPITAL AND RELATED FINANCING 40,500 -	Land improvements	(1,598,654)								(1,598,654)	
Transfers (to) from other funds 500,000 - (500,000) - - Net cash provided by (used in) noncapital financing activities 2,858,302 (2,986) (464,154) (33,244) 2,357,918 INVESTING ACTIVITIES Interest received 14,059 110 27,380 22,857 64,406 CAPITAL AND RELATED FINANCING 44,059 110 27,380 22,857 64,406 ACTIVITIES 9 10 27,380 22,857 64,406 Purchase of capital assets - (45,258) - - (45,258) Cash paid on interest - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - 1,595,245 - 1,617,245 Payments received on notes receivable 22,000 - 1,595,245 - 2,818 Payments of recoverable grant payable - - 2,818 - - 2,818 Net increase (decrease) in cash and cash equivalents 36,763,353 (83,000) 160,937 -	Receipt of escrows and reserves	-		10,259		-		-			
Transfers (to) from other funds 500,000 - (500,000) - - Net cash provided by (used in) noncapital financing activities 2,858,302 (2,986) (464,154) (33,244) 2,357,918 INVESTING ACTIVITIES Interest received 14,059 110 27,380 22,857 64,406 CAPITAL AND RELATED FINANCING 44,059 110 27,380 22,857 64,406 ACTIVITIES 9 1 27,380 22,857 64,406 Purchase of capital assets - (45,258) - - (45,258) Cash paid on interest - - - (684,308) - (684,308) Cash paid on leased asset - (40,560) - - 40,560) Proceeds from bond issuance 36,741,353 - 1,595,245 - 16,117,245 Payments received on notes receivable 22,000 - 1,595,245 - 2,818 Payments of recoverable grant payable - - 2,818 - - -	Due to / from funds	1,167,264		(3,110)		35,846		-		1,200,000	
NUESTING ACTIVITIES 14,059	Transfers (to) from other funds	500,000				(500,000)		-		-	
Interest received 14,059	Net cash provided by (used in)				\neg						
Interest received 14,059	noncapital financing activities	2,858,302		(2,986)		(464,154)		(33,244)		2,357,918	
CAPITAL AND RELATED FINANCING ACTIVITIES Purchase of capital assets - (45,258) - - (45,258) Purchase of capital assets - (45,258) - - (684,308) - (684,308) Cash paid on interest - - (684,308) - (40,560) Cash paid on leased asset - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments received on lease - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 <	= = = = = = = = = = = = = = = = = = = =										
CAPITAL AND RELATED FINANCING ACTIVITIES Purchase of capital assets - (45,258) - - (45,258) Purchase of capital assets - (45,258) - - (45,258) Cash paid on interest - - - (684,308) - (684,308) Cash paid on leased asset - - - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments received on lease - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIV	Interest received	14,059		110		27,380		22,857		64,406	
Purchase of capital assets - (45,258) - - (45,258) Cash paid on interest - - (684,308) - (684,308) Cash paid on leased asset - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments received on lease - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 578,544 2,217,580 6,320,902 50,	CAPITAL AND RELATED FINANCING		$\overline{}$,		,			
Cash paid on interest - - (684,308) - (684,308) Cash paid on leased asset - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments of recoverable grant payable - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS Beginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$41,071,951 \$78,544 2,217,580 6,320,902 \$0,188,977 RECONCILIATION OF CASH TO THE <th colsp<="" td=""><td>ACTIVITIES</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th>	<td>ACTIVITIES</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	ACTIVITIES									
Cash paid on leased asset - (40,560) - - (40,560) Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments received on lease - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS 38,649,837 374,154 (329,639) 861,774 39,556,126 End of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets 4,330,598	Purchase of capital assets	-		(45,258)		-		-		(45,258)	
Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments received on lease - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS 36,741,351 578,544 \$2,217,580 \$6,320,902 \$50,188,977 End of year \$41,071,951 \$578,544 \$2,217,580 \$6,320,902 \$50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$4,330,598 \$578,544 \$2,217,580 \$6,320,902 \$13,447,624 Cash and cash equivalents, restricted 36,741,353 -	Cash paid on interest	-		-		(684,308)		-		(684,308)	
Proceeds from bond issuance 36,741,353 - - - 36,741,353 Payments received on notes receivable 22,000 - 1,595,245 - 1,617,245 Payments received on lease - 2,818 - - 2,818 Payments of recoverable grant payable - - (750,000) - (750,000) Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS 38,649,837 374,154 (329,639) 861,774 39,556,126 End of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 <td>Cash paid on leased asset</td> <td>_</td> <td></td> <td>(40,560)</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>(40,560)</td>	Cash paid on leased asset	_		(40,560)		-		-		(40,560)	
Payments received on lease	Proceeds from bond issuance	36,741,353		-		-		-			
Payments received on lease	Payments received on notes receivable	22,000		-		1,595,245		-		1,617,245	
Payments of recoverable grant payable Net cash provided by (used in) capital and related financing activities Net increase (decrease) in cash and cash equivalents CASH AND CASH EQUIVALENTS Beginning of year End of year RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets Cash and cash equivalents, restricted - (750,000) - (750,		-		2,818		_		-			
Net cash provided by (used in) capital and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS 8eginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - - 36,741,353	Payments of recoverable grant payable	-		-		(750,000)		-		(750,000)	
and related financing activities 36,763,353 (83,000) 160,937 - 36,841,290 Net increase (decrease) in cash and cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS Beginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353								-			
cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS Beginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353	and related financing activities	36,763,353		(83,000)		160,937		-		36,841,290	
cash equivalents 38,649,837 374,154 (329,639) 861,774 39,556,126 CASH AND CASH EQUIVALENTS Beginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353	Net increase (decrease) in cash and										
CASH AND CASH EQUIVALENTS Beginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353		38,649,837		374,154		(329,639)		861,774		39,556,126	
Beginning of year 2,422,114 204,390 2,547,219 5,459,128 10,632,851 End of year \$ 41,071,951 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353		, ,		•		, , ,		,			
End of year \$ 41,071,951 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 50,188,977 RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353		2,422,114		204,390		2,547,219		5,459,128		10,632,851	
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353			Ś		Ś		Ś		Ś		
STATEMENT OF NET POSITION Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353	,	+ 11/01/01		515/5		_,,		3,000,000		00,200,000	
Cash and cash equivalents, current assets \$ 4,330,598 \$ 578,544 \$ 2,217,580 \$ 6,320,902 \$ 13,447,624 Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353											
Cash and cash equivalents, restricted 36,741,353 - - - - 36,741,353		\$ 4,330,598	\$	578,544	\$	2,217,580	\$	6,320.902	\$	13,447,624	
				-	•	-	•	-	•		
7 11:001:01 C		\$ 41,071,951	\$	578,544	\$	2,217,580	\$	6,320,902	Ś	50,188,977	

Statement of Cash Flows - Enterprise Funds Year Ended June 30, 2024

	Major Funds									
	0	perating Fund	Stone Leigh St. Brewery Fund Fund		Loan Fund		Total			
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES										
Operating (loss) income Adjustments to reconcile operating (loss) income to cash provided by (used in) operating activities:	\$	(1,036,003)	\$	122,528	\$	(19,462)	\$	92,636	\$	(840,301)
Depreciation and amortization		44,949		348,639		2,090		-		395,678
Bad debt expense Change in current assets and liabilities:		-		-		-		213,205		213,205
Receivables		-		(37,134)		(31,823)		(480)		(69,437)
Prepaid expenses		-		-		(4,607)		-		(4,607)
Loans receivable, net		-		-		-		875,857		875,857
Accrued interest receivable		-			4	-		(291,893)		(291,893)
Accounts payable		5,177		25,997		-		-		31,174
Due to (from) City		-		-				(17,164)		(17,164)
Net cash (used in) provided by										
operating activities	\$	(985,877)	\$	460,030	\$	(53,802)	\$	872,161	\$	292,512
SUPPLEMENTAL DISCLOSURE OF NONCASH										
FINANCING AND INVESTING ACTIVITIES						•				
Contributed capital	\$	1,298,124	\$		\$		\$		\$	1,298,124
Land improvements accrued at year end	\$	896,482							\$	896,482

Notes to Financial Statements June 30, 2024

Note 1 – Organization and Purpose

The Economic Development Authority of the City of Richmond, Virginia (the "EDA") was created as a political subdivision of the Commonwealth of Virginia on August 28, 1972, by action of the City Council of the City of Richmond, Virginia (the "City"). On April 24, 2006, the City Council revoked the EDA's ability to issue debt until it could be reorganized. On June 26, 2006, the City Council renamed the EDA as the Economic Development Authority of the City of Richmond, Virginia (the "Authority"). On October 9, 2006, the City Council adopted an ordinance that reconfigured the Authority. The Authority is governed by a seven-member Board of Directors appointed by the Richmond City Council. The Authority is considered to be a component unit of the City of Richmond, Virginia.

The purpose of the Authority is to promote industry and develop trade by inducing manufacturing, industrial, government and commercial enterprise to locate in or remain in the City of Richmond, further the economic well-being of the citizens of the City, and benefit the inhabitants of the City, increase their commerce, and promote their safety, health, welfare, convenience, and prosperity. The Authority seeks to provide additional employment for all levels of the community, to promote economic stability and growth in the community, and to assist in meeting the City's development objectives.

Note 2 – Summary of Significant Accounting Policies

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of the Authority. While government wide and fund financial statements are presented separately, they are interrelated. The governmental activity column of the government wide statements incorporates data from the governmental fund, while business-type activities incorporate data from the Authority's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

Fund Financial Statements

The Authority utilizes the economic resources management focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred. The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity as displayed in the supplementary information. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate.

Governmental Fund – Special Revenue Fund

Governmental funds are those through which most governmental functions typically are financed. A special revenue fund is a governmental fund which accounts for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Authority's special revenue fund is the Theater Fund, which contains the current Altria Theater building and associated agreements for funding of the restoration of this historic property.

Notes to Financial Statements June 30, 2024

Enterprise Funds

The Authority is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Operating Fund, the Leigh Street Fund, the Stone Brewery Fund, and Loan Fund all utilize the enterprise fund method of accounting using the accrual basis. For the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include amounts in demand deposits, treasury bills, and savings accounts.

Property and Equipment

Property and equipment consist of land, buildings and improvements, and equipment. Property and equipment are recorded at cost or, if acquired through contribution, at fair value at the date of the gift. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful life of each class of depreciable assets is as follows:

Buildings and improvements	10 – 40 years
Equipment	5 – 7 years
Land leased – lease asset	51.5 years

Recoverable Grant Payable

Recoverable grants payable represent amounts provided by the City to the Authority for the construction of the Bon Secours Training Facility and the Stone Brewing Facility. These amounts are payable back to the City from revenues generated by the respective facilities. No formal repayment terms have been executed.

Leases

Key estimates and judgements include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts and/or payments to present value, (2) lease term, and (3) lease receipts and or payments.

- The Authority uses an estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The Authority monitors changes in circumstances that would require a remeasurement of its leases and will
 remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or
 liability.

Notes to Financial Statements June 30, 2024

Right-of-Use Lease Asset and Related Lease Liability

The Authority is a lessee for a noncancellable lease of 15.04 acres of land. The Authority recognizes an intangible right-to-use asset (lease asset) and a related lease liability on the government-wide financial statements and enterprise fund financial statements. At the commencement of a lease, the Authority initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Lease Receivable and Related Deferred Inflow of Resources

The Authority is a lessor for one noncancellable lease of land. The Authority recognizes lease receivables and deferred inflows of resources in the government-wide and enterprise fund financial statements. At the commencement of the lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease terms. Subsequently, the lease receivable is reduced by the principal portions of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date less any lease incentives. Subsequent to the initial measurement and recognition, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Net Position

Net position is the difference between assets and liabilities. Net position invested in capital assets represents capital assets, less accumulated depreciation, less outstanding debt related to the acquisition, construction or improvement of those assets.

Note 3 - Significant Activities

Leigh St. Fund

The Authority has worked in cooperation with the City of Richmond, the Department of Economic and Community Development and other private parties to develop the Bon Secours Training Center. To that end, the Authority entered into a long-term lease with the Commonwealth of Virginia to lease 15.040 acres of land within the City as well as contracts to build the facility. The foregoing was facilitated by a recoverable grant from the City of Richmond in the amount of ten million dollars. The facility was substantially complete in fiscal year-end 2013. The development of this property and the leasing and naming rights agreements associated with the project are intertwined with an additional property known as the Westhampton School Property. The City of Richmond and the Board of the Authority have agreed to transfer ownership of the Westhampton School Property to the Authority, which in turn leases it to a third party under a long-term leasing arrangement.

Notes to Financial Statements June 30, 2024

Stone Brewery Fund

The Authority, in collaboration with the City of Richmond and Stone Brewing Co., developed the Stone Brewery facility. The Authority previously entered into certain real estate transactions as well as construction contracts to build the facility. The foregoing was facilitated by certain grants from the State and a recoverable grant from the City of Richmond. During 2016, when construction was completed, the long-term use lease agreement between the Authority and Stone Brewing Co. became effective. See Note 5.

Note 4 – Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

In June 2024 there was Revenue Bonds, Series 2024 issued for the Diamond District Project. See note 16. The proceeds from the bonds were deposited into the EDA's operating account as restricted cash. As of June 30, 2024 the balance was \$36,741,353.

Note 5 – Financed Purchase Notes Receivable

Stone Brewery Fund

The Authority has executed a financed purchase agreement with Stone Brewing Co., LLC for land, building and equipment. The note receivable has a value of \$29,584,527 at June 30, 2024, which is equal to the total future minimum payments under the terms of the agreement, which is \$1,740,266 annually over the term of the note which extends through June 2041. The financial statements include unearned income of \$11,178,170 related to unearned interest at 6% on the note receivable.

The following lists the components of the financed purchase note receivable at June 30, 2024:

	Minimum Note		L	ess Unearned		
		Payments		Revenue	N	et Receivable
Current portion	\$	1,740,266	\$	(1,102,649)	\$	637,617
Noncurrent portion		27,844,261		(10,075,521)		17,768,740
	\$	29,584,527	\$	(11,178,170)	\$	18,406,357

Operating Fund

The Authority has executed a financed purchase agreement with Tobacco Row Land, L.P. for land for a parking facility. The note receivable has a value of \$572,000 at June 30, 2024, which is equal to the total future minimum payments under the terms of the agreement, which is \$22,000 annually over the term of the note which extends through July 2049. The financial statements include unearned income of \$191,900. The interest rate used on the agreement as of July 1, 2021, was 3.25%.

Notes to Financial Statements June 30, 2024

The following lists the components of the financed purchase note receivable at June 30, 2024:

	imum Note ayments	 s Unearned Revenue	Ne	t Receivable
Current portion	\$ 22,000	\$ (12,539)	\$	9,461
Noncurrent portion	550,000	(179,361)		370,639
	\$ 572,000	\$ (191,900)	\$	380,100

Note 6 – Lease Receivable / Deferred Inflow of Resources

Leigh St. Fund

The Authority, as a lessor, has entered into a lease with a local hospital for the use of office space in a building owned by the Authority which was set to end August 31, 2023. At the beginning of the lease, the Authority recognized an original lease receivable and deferred lease revenue balance of \$705,835, using a discount rate of 3.25%. As of June 30, 2024, the outstanding balance of the lease receivable was \$-0-. As of June 30, 2024, the related deferred inflow of resources was \$-0-. During 2024, the Authority recognized lease and interest revenue related to this lease of \$54,295 and \$77, respectively. The lease revenue is included in rental and lease income on the statement of revenues, expenses, and changes in net position.

The lease ended August 31, 2023 and became a short-term lease going month-to-month for a total of \$22,917 per month until May 31, 2024. The Authority recognized an additional \$206,250 of lease revenue. A new agreement was signed between the Authority and Bon Secours - Richmond Health System stating the lease term will be from June 1, 2024 - December 31, 2024, for a total of \$12,548 per month with an option to extend for a maximum of one month to January 31, 2024. The Authority is able to cancel the lease at any time.

Note 7 – Capital Assets

A summary of changes in the Authority's capital assets are as follows:

	Balance July 1, 2023 2023	Additions	<u>Deletions</u>	Balance June 30, 2024
Governmental activities:				
Nondepreciable:				
Land	\$ 142,165	\$ -	\$ -	\$ 142,165
Depreciable:				
Buildings and improvements	14,369,902	-	-	14,369,902
Accumulated depreciation	(14,369,902)			(14,369,902)
Total depreciable, net				
Total governmental activities	\$ 142,165	\$ -	\$ -	\$ 142,165

Notes to Financial Statements June 30, 2024

Business-type activities: Nondepreciable:				
Land	\$ 1,470,223	\$ -	\$ -	\$ 1,470,223
Construction in progress	20,240			20,240
Total nondepreciable	1,490,463		-	1,490,463
Depreciable/amortizable:				
Buildings and improvements	15,624,472	45,258	-	15,669,730
Leased land	1,505,819	-	-	1,505,819
Website	126,895		-	126,895
Total depreciable/amortizable	17,257,186	45,258	-	17,302,444
Accumulated:				
Depreciation	(6,266,771)	(366,439)	-	(6,633,210)
Amortization of leased assets	(58,478)	(29,239)	-	(87,717)
Total accumulated depreciation/				
amortization	(6,325,249)	(395,678)		(6,720,927)
Total depreciable/amortizable, net	10,931,937	(350,420)	-	10,581,517
Total business-type activities	\$ 12,422,400	<u>\$ (350,420</u>)	\$ -	<u>\$ 12,071,980</u>

Note 8 - Property Held for Sale/Contributed Capital

Operating Fund

During fiscal year 2023, the City and Richmond Redevelopment and Housing Authority (RRHA) conveyed land to the Authority with the intent that the land be sold to a developer for a redevelopment project. If the sale does not take place, the land conveyed by the City and RRHA may revert back to the City and/or the RRHA. In recognition of these land conveyances, the Authority recognized \$13,173,607 in contributed capital on the statement of activities and statement of revenues, expense and changes in net position.

During the current year, the City conveyed six parcels of real estate which also included a portion of the redevelopment project known as the "Diamond District" to the Authority. In recognition of these land conveyances, the Authority recognized \$1,298,124 in contributed capital on the statement of activities and statement of revenues, expenses and changes in net position — enterprise funds during 2024. The related property is reflected in land held for sale on the statement of net position and statement of net position — enterprise funds at June 30, 2024. The property received from the City was valued at the net book value that the City carried the property at the time of the transfer. During 2024, \$2,495,136 of expenses were capitalized as part of the Diamond District project and thus included in the Property Held for Sale balance at June 30, 2024.

Notes to Financial Statements June 30, 2024

Note 9 – Lease Liability

Leigh St. Fund

The Authority, as a lessee, has entered into a noncancellable lease agreement for the use of land near the Bon Secours Training Center. During 2022, the Authority adopted GASB 87, Leases, and, as a result, recognized an intangible right-to-use lease asset and related lease liability. Payments of \$40,560 are due annually through January 2032 at which point payments escalate every ten years through 2072 and are discounted at 3.25%. The following is a summary of changes in the lease liability reported on the statement of net position for the fiscal year ended June 30, 2024:

	Balance at			Balance at
	July 1, 2023	Additions	Deletions	June 30, 2024
Lease liability	\$ 1,469,283	\$ -	\$ -	\$ 1,469,283

Future maturities are as follows:

	<u>Principal</u>	Principal Interest	
2025	\$ -	\$ 40,560	\$ 40,560
2026		40,560	40,560
2027		40,560	40,560
2028	-	40,560	40,560
2029	-	40,560	40,560
2030 - 2034	-	235,248	235,248
2035 - 2039	-	283,920	283,920
2040 - 2044	7,404	299,230	306,634
2045 - 2049	106,369	234,336	340,705
2050 - 2054	152,816	215,145	367,961
2055 - 2059	224,822	184,023	408,845
2060 - 2064	297,680	143,873	441,553
2065 - 2069	404,227	86,388	490,615
2070 - 2074	275,965	18,404	294,369
	\$ 1,469,283	\$ 1,903,367	\$ 3,372,650

Related lease assets totaling \$1,505,819, offset by accumulated amortization of \$87,717, is included in leased capital assets, net on the statement of net position as of June 30, 2024.

Note 10 – Commitments and Contingencies

The Authority has executed performance agreements with certain local businesses on behalf of the City, which contain capital investment and employment goals. Upon completion of the specific requirements, the grant funds are awarded as stated in the performance agreements. The Authority's responsibility for payment of these awards is subject to funding appropriation by the City, as such, the Authority has no exposure under these agreements. The Authority has received grant funds totaling \$352,402 from the City that have not yet been approved for distribution to the local businesses and thus are included in the Authority's restricted net position balance at June 30, 2024, along with other restricted revenue sources.

Notes to Financial Statements June 30, 2024

The Authority received \$700,000 from the City from the American Rescue Program Act federal funds to be used by the Authority for the Triple A Small Business Program. These funds are intended to provide funds to help build, support and strengthen businesses that experienced negative economic impacts or disproportionate impacts of the pandemic. The Authority spent \$492,897 during the year. A total of \$207,103 remained unspent as of June 30, 2024. Any amounts not spent by the Authority by December 31, 2024 must be returned to the City.

The Authority entered into a development agreement with the City of Richmond and Diamond District Partners, LLC on May 15, 2024. The City seeks to redevelop an approximately 67 acre site known as the Diamond District. The City has transferred the property to the Authority. Per the agreement, the Authority will sell 19.61 acres of the property with the potential for the Developer to purchase an additional 12.08 acres in the Diamond District. The Developer will turn that portion of the land into a mixed-use commercial and residential area. The Authority is committed to providing funds for costs associated with the Public Infrastructure for the Project.

During 2024, the Authority entered into an agreement with Navigators Baseball LP (Navigators) stating that the Authority would reimburse the Navigators for project costs incurred from the period of November 1, 2023 – March 31, 2024, of \$2,500,000, which was later reduced by mutual consent to \$2,495,136. As of June 30, 2024, the Authority owed Navigators Baseball LP \$896,482 related to this agreement. The Authority paid a total of \$1,598,654 during fiscal year 2024. Subsequent to year-end, the Authority agreed to pay the Navigators an additional \$1,000,000 toward project costs.

Note 11 – Loans Program Receivables

Commercial Area Revitalization Effort

The Commercial Area Revitalization Effort (CARE) is a loan and rebate program created by the City's Office of Economic Development and the Authority, which is designed to revitalize and return economic viability to older neighborhood commercial strips. The loan program provides for three different types of loans to eligible borrowers. CARE loans are classified as minor (less than \$125,000), moderate (\$125,000-\$200,000), and substantial (more than \$200,000). Minor loans have a 90% Authority, 10% minimum owner equity financing structure. For the substantial and moderate loans, a private loan of 50% of the requested loan amount must be obtained prior to the Authority's approval of an additional 40%, leaving a minimum of 10% owner equity. The Authority has a second secured position in the moderate and substantial loans. The rebate program is designed to revitalize and return economic viability to older neighborhood districts, primarily in low and moderate-income communities. The Authority will rebate up to certain percentages and dollar amounts of renovation and improvement expenses incurred for exterior and interior rehabilitation, security improvements, and the connection of a water lateral line and/or the installation of a sprinkler system.

At June 30, 2024, the carrying value of loans receivable from the CARE program was \$24,307, less an uncollectible allowance of \$12,135. The fair value of these loans is not readily determinable. The Authority received rebates in the amount of \$159,653 during the year ended June 30, 2024, which is included in other grants and rebates on the statement of revenues, expenses and changes in net position – enterprise funds.

Notes to Financial Statements June 30, 2024

Contractor Assistance Program

The Contractor Assistance Program (CAP) is a loan program created by City Council and administered by the City's Office of Economic Development and the Authority, which is designed to provide working capital, equipment financing, receivables financing and other qualifying uses that will support the delivery of goods or services that further the purpose of the CAP. The loan program provides loans to eligible borrowers of up to \$100,000 with varying amortizations and interest rates from 4% to 9% per annum depending on the overall credit rating of the transaction.

At June 30, 2024, the carrying value of loans receivable from the CAP program was \$85,597, less an uncollectible allowance of \$38,854. The fair value of these loans is not readily determinable.

Economic Development and Housing Loan Fund

During 2013, the Economic Development and Housing Loan Fund (EDHLF) was implemented for the purpose of providing financing to local developers and small businesses pursuing Section 108 eligible projects which meet one of the Community Development Block Grant National Objectives: to facilitate large real estate economic development projects, the creation of affordable housing and other special use projects that benefit low and moderate income persons, prevent or eliminate slums or blight, create or retain jobs and provide area benefits in the City's commercial corridors and residential neighborhoods.

During the fiscal year 2013, the City had drawn down the approved loan from the United States Department of Housing and Urban Development (HUD) in the amount of \$10,205,000 and transferred the proceeds to the Authority. At June 30, 2024, approximately eight million in loans had been granted from these funds, and the carrying value of the loans was \$7,414,313 which did not include a fee income receivable, less an uncollectible allowance of \$159,898.

Revolving Loan Program

The Citywide Revolving Loan Program (RLP) is a loan program created by City Council and administered by the City's Office of Economic Development and the Authority, which is designed to provide capital for property and land acquisition, infrastructure costs, construction, rehabilitation, working capital, machinery and equipment purchases, leasehold improvements and any other use that meets the Department of Housing and Urban Development's national objectives. The loan program provides loans to eligible borrowers of up to \$250,000 with amortizations of up to 20 years and interest rates that can vary from 3% to 9% per annum depending on the overall credit rating of the transaction.

At June 30, 2024, the carrying value of loans receivable from the RLP program was \$896,077, less an uncollectible allowance of \$312,731. The fair value of these loans is not readily determinable.

Enterprise Zone Incentive Loans

During 1996, the Enterprise Zone Incentive Loan (EZIL) program was implemented to provide City incentives through the Authority to worthy businesses. These incentives were designed to encourage investment and job creation by new or existing businesses within the City's enterprise zones.

The EZIL Program is no longer being funded by the City. During the year ended June 30, 2011, all remaining loans receivable from the EZIL program were written off. The fund remains open to collect residual loan recovery payments. There were no recoveries from loans previously written off during the year ended June 30, 2024.

Notes to Financial Statements June 30, 2024

Note 12 - Conduit Debt

The Authority can authorize the issuance of revenue bonds for the purpose of obtaining and constructing facilities. Such debt is payable solely from the revenues derived from structured liens or pass-through leases of the facilities constructed for the related enterprises. Collections of revenues pledged to liquidate the bonds are assigned to a trustee. Such debt does not constitute a debt or pledge of the faith and credit of the Authority, the Commonwealth of Virginia or any political subdivision thereof. Accordingly, such debt and related assets are not presented in the financial statements.

Note 13 - Related Party Transactions

Loan Fund

The Authority has received funds from the City for programs that are not administered by the Authority. As a result, these are reported as Due to the City on the statement of net position. These funds total \$33,649 at June 30, 2024.

During 2024, the City made a contribution to the CARE program of \$300,000.

Operating Fund

During the year ended June 30, 2024, the Authority received \$1,171,515 in economic development incentives from the City to be passed on to approved businesses in accordance with the terms of performance agreements. Incentive grants of \$1,081,515 were paid out during the year. Additionally, the Authority made City-approved disbursements in excess of receipts of \$20,000. This is included in Due from the City on the statement of net position. The funds were received by the Authority in August 2024.

During the year, the Authority received \$400,000 from the City for the Local Enterprise Zone Cooperation Agreement signed by the Authority and the City. The Authority is to use the money to help encourage job creation, private investments and commercial development around the City of Richmond.

At the beginning of 2024, the Authority had \$335,000 in unspent funding for the Façade Improvement Grant Program. Grants of \$565,000 were awarded under this program in prior years and \$55,591 was awarded during the year ended June 30, 2024. These grants are included in other operating expenses on the statement of revenues, expenses and changes in net position. The remaining balance of \$279,409 is classified as restricted net position on the statement of net position.

During the year ended June 30, 2024, the Authority received \$1,500,000 from the City to be used for the creation of a Community Development Financial Institution Fund (CDFI) which is to be used to help lend money to small businesses in the area.

During the year, the Authority received \$1,200,000 from the City for the second-floor improvements of the training center which was recorded in the operating fund. The funds were not able to be transferred to the Leigh Street fund before yearend; therefore, these balances are considered as due to and due from on the statement of net positions.

During the year, there was a transfer of \$500,000 from the Stone Brewery Fund to the Operating Fund to help supplement expenses incurred for the Diamond District Project to cover capital, operational and administrative costs.

Leigh St. Fund

In January 2024, the Authority assumed management of the Bon Secours Training Center. As a result, the Authority worked with the City's Department of Parks and Recreation to help oversee the events held at the facility from January to June 2024. There were instances where rental payments for the Authority were collected by the City and not remitted to the

Notes to Financial Statements June 30, 2024

Authority by year end. At June 30, 2024, the City owed the Authority \$10,135 of related to these rental fees. This is included in Due from the City on the statement of net position.

Note 14 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

Note 15 - Recoverable Grant Payable

Amounts noted as recoverable grants payable are amounts payable to the City of Richmond. In prior years, funds were received from the City and were used for developing the Leigh Street and Stone Brewing projects. Funds must be paid back to the City in an amount equal to the initial outlay at the conclusion of the project. There have been no agreements or terms developed by the Authority or the City regarding repayment of the Leigh Street Fund grant payable. During 2017, the terms of the Stone Brewing project grant payable were determined and are as follows:

Recoverable grant payable to the City of Richmond of \$23,000,000 due in annual installments of varying amounts and at various interest rates through June 1, 2041; interest payable semi-annually at rates ranging from 3% to 4%.

17.635.000

Activity in long-term recoverable grants payable for fiscal year 2024 follows:

	Balance June 30,				Balance June 30,	Amount ie Within
	2023	lss	ued	 Retired	2024	 ne Year
Leigh Street Fund	\$ 6,000,000	\$	-	\$ -	\$ 6,000,000	\$ -
Stone Brewery Fund	18,385,000		_	 (750,000)	17,635,000	 775,000
	\$ 24,385,000	\$	-	\$ (750,000)	\$ 23,635,000	\$ 775,000

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending			
<u>June 30,</u>	<u>Principal</u>	Principal Interest	
2025	\$ 775,000	\$ 665,713	\$ 1,440,713
2026	795,000	642,462	1,437,462
2027	820,000	617,619	1,437,619
2028	850,000	590,969	1,440,969
2029	875,000	562,069	1,437,069
2030-2034	4,880,000	2,310,244	7,190,244
2035-2039	5,925,000	1,272,600	7,197,600
2040-2041	2,715,000	164,000	2,879,000
	<u>\$ 17,635,000</u>	\$ 6,825,676	\$ 24,460,676

Notes to Financial Statements June 30, 2024

Note 16 - Bonds Payable

On June 20, 2024, the Authority issued revenue bonds for \$33,745,000 to finance the construction of public infrastructure within the Diamond District. Interest on the bonds is payable June 1 and December 1 commencing on December 1, 2024. Interest is computed on the basis of a year of 360 days and twelve 30-day months. Interest rates are 4%-5%. The total bond issuance cost payable is \$594,742 at year-end.

Year Ending		
June 30,	<u> Principal</u> <u> Interest</u>	<u>Total</u>
2025	\$ - \$ 1,508,056	\$ 1,508,056
2026	- 1,625,450	1,625,450
2027	1,375,000 1,625,450	3,000,450
2028	1,435,000 1,556,700	2,991,700
2029	1,510,000 1,484,950	2,994,950
2030-2034	8,750,000 6,215,000	14,965,000
2035-2039	4,945,000 4,102,500	9,047,500
2040-2044	2,345,000 3,417,250	5,762,250
2045-2049	4,005,000 2,676,000	6,681,000
2050-2054	6,180,000 1,579,000	7,759,000
2045-2056	<u>3,200,000</u> <u>243,250</u>	3,443,250
	<u>\$ 33,745,000</u>	\$ 59,778,606

Payment of principal and premium, if any and interest on the bonds are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the City for such purposes under the Cooperation Agreement, solely from the revenues on the stadium leases upon commencement of the lease and receipts derived from the City. The total bond issuance cost including underwriter discounts is \$687,609 and is included on the statement of activities.

Note 17 – Subsequent Event

The Authority entered into a lease agreement with Navigators Baseball subsequent to year-end. The lease will not commence until the completion of the Stadium as mentioned in Note 10. The lease will be a 30 year lease with annual rent of \$1,000,000 for 10 years. The eleventh year the rent increases to \$1,343,916 and will increase at 3% each year after the eleventh year. The Navigators are also required to pay a supplemental rent rate of \$2,000,000 for the first 10 years and rent is due on a quarterly basis.

The Authority entered into a development agreement with Navigators Baseball Stadium Developer LLC on August 16, 2024. The Authority is going to contribute funds toward the building of the new baseball stadium. The total contribution will be \$114,073,375. The funds from the Authority are limited to general obligation public improvement bonds issued by the City and funds appropriated by the City Council.

An ordinance was passed by the City which approved the transfer of the training center property from the Authority to the City of Richmond. The City will assume the lease that the Authority had in place with Bon Secours and the ground lease with the Science Museum. The assignment and assumption of leasehold interest in the ground lease was signed and executed on August 29, 2024.

Compliance Section





Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors and Management of Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia) Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Specifications for Audits of Authorities, Board, and Commissions, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities and each major fund of the Economic Development Authority of the City of Richmond, Virginia (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated ENTER DATE.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal controls, described in the accompanying schedule of findings and responses, as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses, as item 2024-002.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, VA
ENTER DATE

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Summary of Compliance Matters June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia

Cash and Investment Laws

Conflicts of Interest Act

Procurement Laws

Uniform Disposition of Unclaimed Property Act



Schedule of Findings and Responses June 30, 2024

A – SUMMARY OF AUDITOR'S RESULTS

- 1. The auditor's report expresses an unmodified opinion on the financial statements.
- 2. One significant deficiency related to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- 3. No instances of noncompliance material to the financial statements were disclosed.

B – FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001 – Material Adjusting Journal Entries (Significant **Deficiency in Internal Control** over Financial Reporting)

Condition and Criteria:

As part of our audit, we proposed multiple significant adjustments related to various balances within the Leigh Street and Operating Funds. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Effect:

Financial statements and related disclosures prepared on a generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) basis may be misstated by an amount that is more than inconsequential.

Cause:

Due to the small size of the Authority, there is a limited accounting staff with the background needed in governmental accounting to assist with the majority of the audit adjustments posted.

Recommendation:

We recommend that material transactions be thoroughly reviewed by management and a member of the Board who has a background in financial reporting. We also recommend that management meet regularly with the auditors to keep up to date on changes in GAAP and GASB and continue to review the draft GAAP and GASB compliant financial statements and related disclosures prior to issuance.

Views of Responsible Officials and Planned Corrective Action:

Management agrees with the recommendation that material transactions be thoroughly reviewed by management and a member of the Board who has a background in financial accounting. Management will update its internal policies and protocols to reflect this for material transactions related to the acquisition or disposition of real estate, the receipt or disbursement of federal funds, and other non-standard transactions. Management will also meet with the auditors quarterly commencing in Q2 FY 2025 to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance. Management will invite a member of the Board who has a background in financial accounting to participate in meetings with the auditors.

Schedule of Findings and Responses June 30, 2024

Regarding the Leigh Street fund, in Q1 FY 2025, the training center facility located at 2401 W Leigh Street transferred ownership from the Authority to the City, ending the Authority's responsibilities associated with the property.

C – FINDINGS – COMMONWEALTH OF VIRGINIA

2024-002 – Conflict of Interest Forms

Condition

During our testing over the conflict-of-interest forms, it was noted that one member of the board and the Executive Director did not complete the required conflict of interest form by the due date of February 1, 2024 and July 17, 2024, respectively.

Recommendation

We recommend that all Board members and the Executive Director complete, sign, and turn in their conflict-of-interest forms ahead of the February deadline or prior to acting on behalf of the Authority (attending a Board meeting), as applicable.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the recommendation that Board members and the Executive Director complete, sign and turn in the forms ahead of the deadline. Management stated that they will continue to remind the Board members and the Executive Director to ensure that the forms are turned in and filled in a timely manner. Management took immediate action following discussions with audit team and the conflict-of-interest form for the recently appointed Executive Director was completed on September 3, 2024.

D – STATUS OF PRIOR YEAR FINANCIAL STATEMENT AUDIT FINDINGS

2023-001 – Material Adjusting Journal Entries (Significant Deficiency in Internal Control over Financial Reporting)

Condition:

We proposed multiple significant adjustments related to various balances within the Stone Brewery and Operating Funds. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Recommendation:

We recommend that material transactions be thoroughly reviewed by management and a member of the Board who has a background in financial reporting. We also recommend that management meet regularly with the auditors to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance.

Current Status:

This does not appear to have been addressed. See 2024-001.

Corrective Action Plan June 30, 2024



September 12, 2024

Leslie F. Roberts, CPA
Partner
Brown, Edwards & Company, L.L.P.
701 Town Center Drive
Suite 700
Newport News, Virginia 23606

Re: Management Response to Fiscal Year 2024 Financial Audit Findings

Dear Leslie:

Thank you for the work done by Brown, Edwards & Company, L.L.P. audit team on the Economic Development Authority of the City of Richmond, Virginia Fiscal Year 2024 Financial Audit. The Authority is pleased that the work and corrective actions put in place to respond to findings in previous years have helped to ensure improvement to the EDA's financial statements. Below is management's response to findings 2024-01 and 2024-02. Management intends to move forward with the corrective action recommended by the audit team.

2024-01: Management agrees with the auditors' recommendation that material transactions be thoroughly reviewed by management and a member of the Board who has a background in financial accounting. Management will update its internal policies and protocols to reflect this for material transactions related to the acquisition or disposition of real estate, the receipt or disbursement of federal funds, and other non-standard transactions.

Management will meet with the auditors quarterly commencing in Q2 FY 2025 to discuss acquisition or disposition of real estate, the receipt or disbursement of federal funds, and other non-standard transactions and to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance. Management will invite a member of the Board who has a background in financial accounting to participate in meetings with the auditors.

Regarding the Leigh Street fund, in Q1 FY 2025, the training center property located at 2401 W Leigh Street transferred ownership from the Authority to the City, ending the Authority's responsibilities associated with the property.

2024-02: Management will continue to remind the Board members and the Executive Director to ensure that the forms are turned in and filled in a timely manner. Management took immediate action following discussions with audit team and the

Corrective Action Plan June 30, 2024



conflict-of-interest form for the recently appointed Executive Director was submitted on September 3, 2024.

Please let me know if there is any additional information that we can provide.

Sincerely,

Matthew Welch

Executive Director

Report to the Board of Directors and Management

June 30, 2024



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Contacts

Leslie F. Roberts, CPA

Partner
Brown, Edwards & Company
701 Town Center Drive, Suite 700
Newport News, VA 23606
757-316-3220
Iroberts@BEcpas.com

Danielle A. Nikolaisen, CPA

Director Brown, Edwards & Company 810 Southpark Boulevard, Suite 201 Colonial Heights, VA 23834 804-518-2370 dnikolaisen@BEcpas.com

Christy M. Turner, CPA

Manager Brown, Edwards & Company 4951 Lake Brook Drive, Suite 375 Glen Allen, VA 23060 804-518-2373 cturner@BEcpas.com





Required Communication with Those Charged with Governance

To the Board of Directors and Management of Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia) Richmond, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Economic Development Authority of the City of Richmond, Virginia, collectively hereafter referred to as the Authority for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Governmental Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

- The useful lives of capital assets are based on management's knowledge and judgment, which is based on historical usage.
- The allowance for credit losses on loan program receivable are based on an analysis of risk assessments of credit risk of individual borrowers.
- Management's estimate of the right-of-use asset and related lease liability is based on the terms
 of the lease, assumptions regarding renewal options, and the discount rate selected by
 management.

We have evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

• The disclosure of commitments and contingencies in Note 10, the related party transactions disclosures in Note 13, and the subsequent events disclosed in Note 17 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements and management has corrected certain other misstatements detected as a result of audit procedures as summarized in the attached journal entries (Appendix B).

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Economic Development Authority of the City of Richmond, Virginia's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Economic Development Authority of the City of Richmond, Virginia's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis as listed in the Table of Contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Economic Development Authority of the City of Richmond, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

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Newport News, VA
ENTER DATE

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Independent Auditor's Report on Comments and Suggestions

To the Board of Directors and Management of Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia) Richmond, Virginia

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and the major funds of the Economic Development Authority of the City of Richmond, Virginia (the "Authority") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing our opinions on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Economic Development Authority of the City of Richmond, Virginia, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, VA ENTER DATE

Comments on Internal Control for your Consideration June 30, 2024

Notes Receivable and Allowance for Credit Losses

During our testing over the Authority's loans receivable and allowance for credit losses, we noted that there were several balances that had been carried on the schedule for a while. Based on discussions with the client, it was noted that a few of the balances needed to be written off as they were not expecting to be collected. There was also a balance owed related to a grant due to the requirements of the grant not having been met. However, based on further research, it was noted that the requirements of the grant had been fulfilled. As a result, there was no balance owed back to the Authority. It was also noted that the allowance for these loans needed to be adjusted as well. We recommend that the schedule, including older items, be reviewed regularly to ensure that they are still valid. We also recommend that the allowance for the older balances be reviewed annually and updated accordingly. We also recommend that the accrued interest schedule be reviewed in conjunction with the notes receivable schedule and that related accrued interest balances be adjusted for write offs.

Accounting and Other Matters

June 30, 2024

New GASB Pronouncements

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit.

The GASB issued **Statement No. 101, Compensated Absences** in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued **Statement No. 102, Certain Risk Disclosures** in December 2023. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Accounting and Other Matters

June 30, 2024

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued **Statement No. 103, Financial Reporting Model Improvements** in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis: This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items: This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Accounting and Other Matters

June 30, 2024

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position: This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information: This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information: This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this **Statement** are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Accounting and Other Matters

June 30, 2024

Current GASB Projects

GASB currently has a variety of projects in process. Some of these projects discussed below.

Classification of Nonfinancial Assets

The objective of this project would be to reconsider the existing classification of nonfinancial assets and other related subclassifications (for example, capital assets or intangible assets) to ensure that (1) assets are classified in a way that provides the most relevant financial information and (2) the definitions of the classifications are understandable and appropriate to meeting financial reporting objectives. The project also will consider how any classification changes would affect financial statement presentation and disclosure of nonfinancial assets. The project will not, however, reexamine recognition or measurement of nonfinancial assets. This project is currently in exposure draft re-deliberations period.

Going Concern Uncertainties and Severe Financial Stress

The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This project is currently in the initial deliberations period.

Implementation Guidance Update – 2025

The objective of this project is to update implementation guidance for additional issues that come to the attention of the staff. This project will result in the issuance of an Implementation Guide when sufficient need exists for new or improved guidance and the Board does not object to its issuance. All updates are incorporated into the Codification of Governmental Accounting and Financial Reporting Standards and the Comprehensive Implementation Guide, as appropriate. This project is currently in the initial proposals period.

Infrastructure Assets

The objective of this project is to address issues related to accounting and financial reporting for infrastructure assets. The project would evaluate standards-setting options related to reporting infrastructure assets to make information (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. This project is currently in the initial deliberations period.

Accounting and Other Matters June 30, 2024

Revenue and Expense Recognition

The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. This project is currently in the preliminary views re-deliberations period.

Subsequent Events

The objective of this project is to improve the accounting and financial reporting for subsequent events. The project will reexamine existing requirements related to subsequent events in Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, to address issues related to (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events. This project is currently in the initial deliberations period toward an Exposure Draft.

Appendix A

Management Representation Letter



[Client's Letterhead]

ENTER DATE

Brown, Edwards & Company 701 Town Center Drive, Suite 700, Suite 700 Newport News, VA 23606

This representation letter is provided in connection with your audit of the financial statements of Economic Development Authority of the City of Richmond, Virginia, which comprise of the governmental activities, the business-type activities, each major fund, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 18, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8. There are no uncorrected misstatements or omitted disclosures. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.
- 9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12. All material transactions have been recorded in the accounting records and are reflected in the financial statements
- 13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control,
 - Service organizations used by the entity, or
 - Others where the fraud could have a material effect on the financial statements.
- 15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 21. We have a process to track the status of audit findings and recommendations.
- 22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26. We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87.
- 27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 28. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 29. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 31. As part of your audit, you assisted with preparation of the financial statements and related notes as well as maintenance of lease schedules. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; accept responsibility for the results of the services; and ensured that the entity's data and records are complete and received sufficient information to oversee the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 32. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 33. The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 34. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 35. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84, as amended.
- 36. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 37. Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 39. Provisions for uncollectible receivables have been properly identified and recorded.
- 40. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43. Special and extraordinary items are appropriately classified and reported, if applicable.
- 44. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 45. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 46. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 47. We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 48. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 49. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 50. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 51. Expenditures of federal awards were below the \$750,000 threshold in the audit period, and we were not required to have an audit in accordance with the Uniform Guidance.

Brown,	Edwards	&	Company
Page 5			

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were issued or available to be issued. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require further adjustment to or disclosure in the aforementioned financial statements.

Appendix B

Adjusting Journal Entries



1600008.000 - Economic Development Authority of the City of Richmond, Virginia 24 AUD - Economic Development Authority of the City of Richmond, Virginia Client: Engagement: Period Ending:

6/30/2024

3215 - TBD CAP Loan Fund Trial Balance:

3212 - Adjusting Journal Entries - CAP Workpaper:

W/P Ref Description Debit Credit Account

Adjusting Journal Entries

Adjusting Journal Entries JE # 1
To write-off CAP notes. 4315 / 4316

19900 27,421.00 Allowance for Doubtful Acct Bad Debt Expense Note Receivable-CAP 27,421.00 61500 19200

54,842.00 54,842.00 Total 54,842.00

Adjusting Journal Entries JE # 2 4320

To write off accrued interest on loans written off during FY24.

61500 Bad Debt Expense 14700 Accrued Interst Rec

27,222.00 **27,222.00** 27,222.00 Total 82,064.00 82,064.00 **Total Adjusting Journal Entries**

82,064.00 82,064.00 Total All Journal Entries

27,222.00

1600008.000 - Economic Development Authority of the City of Richmond, Virginia 24 AUD - Economic Development Authority of the City of Richmond, Virginia 6/30/2024 3230 - TBD Citywide Revolving Loan Fund Client:

Engagement: Period Ending: Trial Balance:

mai Balamoo.	ozoo 122 onymao noronany zoan 1 ana			
Workpaper:	3214 - Adjusting Journal Entries - CRLP			
Account	Description	W/P Ref	Debit	Credit
Adjusting Journal I				
Adjusting Journal Er		6030		
To adjust beginning ne	et position balance to PY ending balance.			
63500	Bank Fees		1.00	
39005	Retained Earnings			1.00
Total			1.00	1.00
Adjusting Journal Er	ntries JE # 2	4315		
To write-off two (eWas	ste & MRF) notes that are not going to be collected. (\$50K each).			
60100	Grant and Allocation Exp.		50,000.00	
61500	Bad Debt Expense		50,000.00	
19200	Note Receivable-CWRLF			100,000.00
Total			100,000.00	100,000.00
Adjusting Journal Er	ntries JE # 3	4315		
To write-off the Tribble				
11500.15000	Allowance for Doubtful Account		667.00	
61500	Bad Debt Expense		667.00	
19200	Note Receivable-CWRLF			1,334.00
Total			1,334.00	1,334.00
				· · · · · · · · · · · · · · · · · · ·
Adjusting Journal Er	ntries JE # 4	4316		
	e for the Nomad Deli note.			
61500	Bad Debt Expense		15,000.00	
11500.15000	Allowance for Doubtful Account			15,000.00
Total			15,000.00	15,000.00
Adjusting Journal Er	ntries JE # 5	4320		
	nterest on loans written off during FY24.			
61500	Bad Debt Expense		46,510.00	
11600	Accrued Interest			46,510.00
Total			46,510.00	46,510.00
				·
	Total Adjusting Journal Entries		162,845.00	162,845.00
	- -			•
	Total All Journal Entries		162,845.00	162,845.00
				52,515155



INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-229

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to enter into the Twenty-Seventh Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond, Virginia, and the Economic Development Authority of the City of Richmond for the purpose of providing for the operation of the Commercial Area Revitalization Effort ("CARE") Program.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to enter into the Twenty-Seventh Commercial Area Revitalization Effort Program Cooperation Agreement between the City of Richmond, Virginia, and the Economic Development Authority of the City of Richmond for the purpose of providing for the operation of the Commercial Area Revitalization Effort ("CARE") Program. Such agreement shall

AYES:	NOES:	ABSTAIN:
ADOPTED:	REJECTED:	STRICKEN:

be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

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

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-0771

	riie Nullibei.	Aumm-2024-0771	
File ID:	Admin-2024-0771 Type:	Request for Ordinance or Resolution Status	: Regular Agenda
Version:	1 Reference:	In Control	City Clerk Waiting Room
Department:	Cost:	File Created	: 06/26/2024
Subject:		Final Action	:
Title:			
Internal Notes:			
Code Sections:		Agenda Date	: 09/09/2024
Indexes:		Agenda Number	:
Patron(s):		Enactment Date	:
Attachments:	Admin-2024-0771 - FY25 Twenty-Sevent Ord AATF, Admin-2024-0771-FY25 CA Cooperative Agreement AATF	•	:
Contact:	-	Introduction Date	:
Drafter:	Katie.McConnell@rva.gov	Effective Date	:
Related Files:			

Approval History

Version	Seq#	Action Date	Approver	Action	Due Date
1	1	7/15/2024	Matt Welch	Approve	7/17/2024
1	2	7/16/2024	Sharon Ebert	Approve	7/18/2024
1	3	7/19/2024	Jeff Gray	Approve	7/18/2024
1	4	7/24/2024	Lincoln Saunders	Approve	8/2/2024
1	5	7/24/2024	Cordell Hayes - FYI	Notified - FYI	
1	6	8/29/2024	Mayor Stoney	Approve	8/7/2024

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-0771

City of Richmond

Intracity Correspondence

O&R REQUEST

DATE: July 1, 2024 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sharon Ebert, Deputy Chief Administrative Officer

FROM: Matthew Welch, Acting Director, Department of Economic Development

RE: Authorize of the Twenty-seventh CARE Cooperation Agreement with the Economic Development Authority of the City of Richmond (EDA) for the purpose of administering the CARE Program.

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer to enter into the Twenty-seventh CARE Cooperation Agreement with the Economic Development Authority of the City of Richmond (EDA) for the purpose of administering the CARE Program.

BACKGROUND: The Commercial Area Revitalization Effort (CARE) Program was established in 1992 by the Department of Economic Development, as a comprehensive program for revitalizing the Hull Street commercial corridor between Commerce Road and Cowardin Avenue. The Program has since been expanded to twelve areas which include: Jackson Ward, North 25th Street; Brookland Park Blvd.; Hull Street; Midlothian Turnpike; Fulton Hill, Lombardy/Chamberlayne, Meadowbridge, North Avenue, Shockoe Bottom, Swansboro and Eastview/Whitcomb as CARE commercial corridors. The CARE area is best viewed through this searchable map

https://www.richmondeda.com/enterprise-zone-and-care-program-map/. From time-to-time changes are made to the CARE Program to include other incentives beyond the loan and rebate components, e.g., community development and neighborhood transformation that will stimulate job creation and assist in developing mixed-income communities. In FY 2024, \$275,663 in CARE funds were awarded to 17 applicants. The private investment associated with these projects was \$18.2 million.

The FY 2025 budget included \$300,000 in CARE program funding. The Cooperation Agreement between the City and the EDA lays out the terms for administering the program. It includes clarifications related to mixed-use development and new language related to the upfit of commercial spaces and security improvements, and support for events that enhance the commercial environment and generate increase foot traffic within CARE areas. Additionally, in late FY 2024, the City began efforts to evaluate the current CARE boundaries. The administration anticipates providing recommendations on boundary adjustments and incentive updates in FY 2025.

STRATEGIC INITATIVES AND OTHER GOVERNMENT AGENCIES: The use of targeted incentives to encourage revitalization and job creation and support business attraction and expansion is supported by the City's adopted Strategic Plan for Equitable Economic Development.

FISCAL IMPACT: The CARE program funds were included in the adopted FY 2025 Budget.

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: September 9, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing Committee

AFFECTED AGENCIES: Department of Economic Development

RELATIONSHIP TO EXISTING ORD. OR RES.: ORD. 2023-213

ATTACHMENTS: The Twenty-Seventh Commercial Area Revitalization Effort Program Cooperation Agreement Between the City of Richmond, Virginia, and the Economic Development Authority

STAFF: Matthew Welch, Acting Director, Department of Economic Development Katie McConnell, Deputy Director, Department of Economic Development Rick Winston, Programs Administrator, Department of Economic Development

TWENTY-SEVENTH COMMERCIAL AREA REVITALIZATION EFFORT PROGRAM COOPERATION AGREEMENT BETWEEN THE CITY OF RICHMOND VIRGINIA AND THE ECONOMIC DEVELOPMENT AUTHORITY

THIS TWENTY-SEVENTH COMMERCIAL AREA REVITALIZATION EFFORT PROGRAM COOPERATION AGREEMENT (the "Agreement") is made as of _______, 2024, by and between the CITY OF RICHMOND, VIRGINIA, a municipal corporation of the Commonwealth of Virginia (the "City") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia (the "Authority"),

RECITALS:

WHEREAS, certain areas of the City are designated as Commercial Area Revitalization Effort ("CARE") areas which are older neighborhood commercial strips in need of revitalization and rehabilitation and where the existing physical deterioration impairs economic values and tax revenues. Currently, the CARE areas are comprised of the following:

- Belt Boulevard CARE Area Belt Boulevard generally bounded by the railroad tracks on the east on Hull Street Road to the Belt Boulevard Exit Ramp west on Hull Street Road and Belt Boulevard south at Hull Street Road to Belt Boulevard and Old Midlothian Turnpike on the north and the Belt Boulevard periphery;
- Brookland Park CARE Area Brookland Park Boulevard from Montrose Avenue to Woodrow Avenue and North Avenue to Essex;
- Fulton Hill CARE Area Government Road from Parker Street to Williamsburg
 Road and Williamsburg Road from Waverly Street to the City limits;

- Hull Street CARE Area the area of the City generally bounded by 26th Street on the west, Mayo Bridge on the east, the north side and the south side of Hull Street and the Hull Street periphery;
- Jackson Ward CARE Area Historic Jackson Ward bounded by the Richmond-Petersburg Turnpike (I-95/64) to the north, Broad Street (both sides of the Street) to South Broad including Grace Street from Foushee to 5th, 3rd Street to the east and Belvidere to the west, with emphasis on Broad Street from Belvidere to 4th and Grace Street from Foushee Street to 5th Street;
- Richmond Highway CARE Area Richmond Highway from Bellemeade to Walmsley;
- Lombardy/Chamberlayne CARE Area Lombardy Street from Brook Road to Chamberlayne Avenue, and Chamberlayne Avenue from Mitchell Street to Brookland Park Boulevard;
- Meadowbridge CARE Area Intersection of Meadowbridge Street and Brookland
 Park Boulevard and periphery;
- Midlothian CARE Area Midlothian Turnpike bounded by East Belt Boulevard on the east and Chippenham Parkway on the west and periphery;
- North 25th Street CARE Area North 25th Street from Main Street to Nine Mile Road (the retail commercial areas both east and west of the North 25th Street periphery and both sides of Nine Mile Road;
- North Avenue CARE Area North Avenue primarily from the 2400 block to Poe Street;
- Shockoe Bottom CARE Area Dock Street on the South, 15th Street on the West,
 Broad Street on the North and 23rd Street on the East and periphery;

- Swansboro CARE Area Clopton Street on the east, 37th Street on the west, the south side of Hull Street and the north side of Hull and the periphery;
- Upper Hull Street CARE Area Hull Street generally bounded by Warwick on the north, Chippenham on the south, east on Hull Street Road, west on Hull Street Road and the Upper Hull Street periphery

WHEREAS, the primary objective of the Commercial Area Revitalization Effort (the "CARE Program" or the "Program") is to improve the environment for retail business, service or other business, mixed real estate uses in designated CARE areas; to provide incentives to property and business owners to improve the physical appearance of their property; and to provide special incentives and funding to assist in the transformation efforts being undertaken to deconcentrate poverty in the City. To that end, these incentives and funding may be provided to undertake selected activities.

WHEREAS, the City and the Authority have structured a loan and rebate incentive program in cooperation with private lenders and property owners to stimulate commercial revitalization and the rehabilitation of properties in designated CARE Areas;

WHEREAS, at the City's request, the Authority has undertaken certain loan and rebate activities in the implementation of the CARE Program incentives;

WHEREAS, the CARE Program operated in FY 24 with the use of previously and properly appropriated funds and with revolved funds generated by the Program;

WHEREAS, the City appropriated to the City's Department of Economic Development \$300,000.00 in FY25 for the Program;

WHEREAS, the City has, from time to time, appropriated funds for incentives and loans;

WHEREAS, the City and the Authority agree to work together to jointly implement the CARE Program; and

NOW, THEREFORE, in consideration of the benefits to accrue to the City and its citizens from the implementation of the Program, and of the mutual covenants hereinafter set forth, the City and the Authority agree as follows:

- 1. **DEFINITIONS**. The following words and terms used in this Agreement have the following meanings unless the context clearly indicates otherwise:
 - A. **Agreement** shall mean this CARE Program Cooperation Agreement, as amended and restated, from time to time.
 - B. **CARE Area** shall mean those areas of the City as described above or as modified by the City's Department of Economic Development and the Authority from time to time.
 - C. CARE shall mean the incentives described herein which satisfy the conditions and requirements of this Agreement.
 - D. **CARE Loan** shall mean a loan that is part of the Loan Program and that is made by and between the Authority and a borrower for the purpose of making improvements in accordance with this Agreement and the Plan.
 - E. **CARE Program** shall mean the Commercial Area Revitalization Effort Program and all activities that the City and the Authority undertake pursuant to this Agreement to implement the CARE Program as described in this Agreement.
 - F. **City-wide** shall mean the geographic borders of the City of Richmond.
 - G. Program Fund shall mean that account established in accordance with this

- Agreement and that contains all funds from any source related to the Program.
- 2. **FUNDING.** Any expenditures of properly appropriated money, prior to the execution of this Cooperation Agreement and pursuant to the CARE program in FY25 are ratified hereby.
- **3. CARE LOAN PROGRAM**. The CARE Loan Program consists of loans made to property owners in accordance with this Section 3. The Authority shall administer the CARE Loan Program in accordance with the following requirements.
 - A. Public/Private Loan Package The Authority may finance rehabilitation projects with or without a private loan component in accordance with established underwriting guidelines.
 - B. CARE Loan Program loans shall be in an amount not to exceed \$50,000 per project and shall not exceed \$100,000 per applicant. Further, outstanding CARE Loan Program loan balances are included in the \$100,000 maximum.
 - C. CARE Loan Program loans shall be supported by an equity component of at least ten percent (10%).
 - D. CARE Loan Program loans will be fully amortized over a 60 to a 180 month period. The term of the loan may not exceed the useful life of the improvements.
 - E. CARE loans will bear interest at a rate of four percent (4.0%).
- 4. CARE COMMERCIAL LEASEHOLD IMPROVEMENT LOANS. The Authority may finance leasehold improvements to properties located in designated CARE areas. Loans and rebates are available to tenants of properties within the area who have a valid lease acceptable to the Authority. Lease options may be considered in the term of the loan if

the lease and option terms are acceptable to the Authority and aggregate no less than five (5) years. The proceeds may be used to make leasehold improvements to the interior and exterior of the property, to the mechanical systems, or to bring the property in compliance with local and state building codes. The terms and conditions of the CARE Commercial Leasehold Improvement Loans are presented as follows:

- A. Loan Amount: Qualified tenants may receive loans of no more than \$10,000 and no less than \$2,500.
- B. Financing Structure: Minimum Tenant contribution equivalent to 10% of improvements being financed.
- C. CARE Commercial Leasehold Loans will be fully amortized over a 24-month to 60-month period. The term of the loan may not exceed the useful life of the improvements or the remaining term of the lease.
- D. CARE Commercial Leasehold Loans will bear interest at a rate of four percent (4%).
- E. CARE Commercial Leasehold Loans may be secured by a deed of trust on the residence of the tenant or other security acceptable to the Authority.
- 5. LOAN PACKAGE ELIGIBILITY. The Authority agrees that it will make no CARE Loan or CARE Commercial Leasehold loan unless it is part of the loan package described herein which meets the following criteria:
 - A. Proposed improvements shall comply with all City zoning laws.
 - B. Generally, upon completion of the improvements, the property will comply with all applicable local and state laws and regulations.
 - C. The City's Department of Economic Development shall approve the character of all facade improvements.

- **6. AWARD OF LOANS.** All loans will be awarded on a competitive basis according to the following criteria:
 - A. The extent to which the project meets the Authority's underwriting criteria.
 - B. The extent of the project's visual impact.
 - C. The extent to which the project is located in close proximity to other rehabilitated properties or to properties that will be funded under the CARE Loan Program or CARE Commercial Leasehold Loan Program.
 - D. The extent to which any upper floors will be used for residential purposes upon completion of the project.
 - E. The extent to which the project eliminates blight.
 - F. Loans must adhere to prudent lending practices.
- 7. AUTHORITY RECORDS. The Authority shall keep a record of all loans including the names of borrowers, loan terms and amounts, and nature of improvements funded. The City shall monitor the Authority records, and the Chief Administrative Officer and the City Attorney, and their designees shall have access to such records. The City Auditor, pursuant to City Code Section 2-187, as same may be amended from time to time, shall have access to any and all records on demand and without notice.
- **8. CARE REBATES.** The CARE Rebate Program is a reimbursement grant for investments in the exterior or interior improvements of commercial structures located in the CARE areas.
 - A. CARE Rebates shall be available only to the extent that funding is available.
 - B. The legal entity or individual that owns, or leases, pursuant to a written lease for more than one year, a commercial property within a CARE area; or the legal entity or individual that operates the business at the property, as evidenced by

- a City of Richmond business license, are eligible to apply for the CARE Rebate Program. If the applicant is a tenant of the property, its application must include a copy of the lease and written approval from the property owner.
- C. CARE Rebates are equal to Fifty Percent (50%) of eligible expenses, unless specified elsewhere in Section 8.
- D. An applicant shall not receive CARE rebate assistance that exceeds Twenty-Five Thousand Dollars (\$25,000.00) on any one building. An applicant shall not receive CARE rebate assistance that exceeds Fifty Thousand Dollars (\$50,000.00) on multiple buildings over a 36-month period.
- E. No applicant shall be eligible to receive the maximum allowable rebate amount until completion of the renovation or upfit of the commercial space as evidenced by issuance of a Certificate of Occupancy or Letter of Zoning Compliance.
- F. The City's Department of Economic Development staff shall review and approve rebate requests which shall include providing approved rebate checks and maintaining accounting records.
- G. Rebates are available through the CARE Program for fire suppression, interior rehabilitation, exterior rehabilitation, upfit or build out of ground floor commercial space, and security improvements.
- H. Priority Security Improvements, as defined by the Department of Economic Development in the CARE Program Guidelines, are eligible for a reimbursement grant equal to One Hundred Percent (100%) of eligible expenses, up to the maximum allowable rebate amount.
- I. If a property is mixed-use, rebate requests must be for expenses exclusive to

the commercial portion of the property, or if the expense is property-wide (i.e., the roof), the value of the expense will be prorated by the percentage of the property that is commercial space.

Rebates may be available to neighborhood, civic, and business associations or similar entities to fund events and festivals that (i) enhance the commercial environment for neighborhood businesses and (ii) generate increased foot traffic into a CARE area to attract new customers for neighborhood businesses. Up to \$2,500 dollar-for-dollar reimbursement may be provided per event, and the organizing entity must submit its registration with the State Corporation Commission, written details on how the event accomplishes the above objectives to the Authority, and receive preauthorization from the Authority's Executive Director prior to the event. The Organizing entity must also have the proper permits with the City and be current on all City taxes. Eligible expenses (minus taxes and fees) include event rentals (stages, bathrooms, tenting), security and sanitation, and marketing.

- 9. INFORMATION SHARING. The Authority agrees to provide the Chief
 Administrative Office or a designee thereof with copies of all correspondence relating to
 its activities to be performed under this Agreement and will keep the Chief Administrative
 Officer or a designee thereof fully and timely informed of all material developments
 relating to the CARE Program. For purposes of this Agreement, the City's Director of
 Economic Development is the designee of the City's Chief Administrative Officer.
- **10.BUDGET AND AUTHORITY EXPENSES**. The budget shall contain existing appropriations, any unencumbered amounts within the Program Fund and anticipated revenues from activities undertaken for the current Fiscal Year. Funds totaling \$300,000 will be transferred from the budget of the Department of Economic Development to carry

out the purposes of this Agreement. The Fiscal Year 2025 appropriation may be encumbered or transferred to the Authority no sooner than July 1., 2024. The Authority is authorized to use an amount not to exceed \$24,000.00 to cover the Authority's direct expenses in administering this Agreement.

11.GENERAL PROJECT FUND. The Authority agrees that funds transferred by the City to the Authority from time to time for the Program shall be deposited by the Authority in a designated Program Fund to be used only in accordance with this Agreement. The Authority agrees to transfer to the Program Fund any funds received from any source as a result of this Program, including, but not limited, income and interest earned against the Program Fund.

Authority any responsibility other than what may be required to implement the Plan under this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. Should any liability accrue to the Authority which is not specifically addressed in this Agreement, the Authority shall not be required to expend its funds derived from sources other than the Program Fund to discharge such liability. The Authority is hereby authorized to expend such funds from the Program Fund as may be necessary to protect the assets of the Authority and to prevent the entry of a default judgment against the Authority. If a lawsuit involving the Program is filed or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and Chief Administrative Officer. The parties acknowledge that the Authority has no general fund revenue and that each Program the Authority undertakes is subject to such program's own independent financial resources and limitations.

13.ENVIRONMENTAL SITE ASSESSMENT. The Authority shall require from the

borrower an appropriate level of environmental inquiry. Whenever the results of a Phase I site assessment indicates a need to perform a Phase II site assessment, the Authority shall so advise the borrower and City, shall provide the City with a copy of the Phase I site assessment and shall receive the City's written approval before requesting a Phase II site assessment from the borrower. The City shall be provided a copy of the Phase II site assessment results.

The City and the Authority shall not be responsible for abating and remediating any environmental condition or nuisance of any kind which may be created, caused or, to the extent exacerbated or contributed to by the Project activities.

14.ACCOUNTING AND AUDIT. The Authority shall keep records of its financial transactions, if any, for the projects described herein in accordance with generally accepted accounting principles. The City and the Authority agree that the Authority may engage the services of an independent auditor to conduct an annual audit of the financial transactions, if any, undertaken for the projects described herein. Such audit shall comply in all respects with generally accepted accounting principles. The City Auditor shall have access to the independent auditor's work papers. In addition, the City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to assure that the independent external auditor and the City Auditor are granted access to all books and records of any party necessary to complete such audits, and will require appropriate provisions in furtherance of this objective in any contracts required under this Agreement. The Authority shall provide an annual audited report on the Program Fund within three months after the end of its fiscal year. Failure to provide an annual audited report shall be considered a material breach of this Agreement and provide cause for termination of the Agreement.

- **15.AUTHORITY CONTRACTS**. The Authority may, within the approved budget, contract without the City's prior approval for services deemed by the Authority to be necessary to undertake and carry out its responsibilities under this Agreement.
- **16.NO DISCRIMINATION**. The City and the Authority agree not to discriminate, in carrying out this Agreement, against any employee or applicant because of race, color, religion, national origin, sex, pregnancy, childbirth or related medical conditions, age, marital status, sexual orientation, gender identity, disability, or military status.
- 17.AUTHORITY BOND. The Authority shall not be required to furnish the City a blanket corporate fidelity bond surety covering all officers and employees of the Authority capable of authorizing disbursements of funds or handling funds received or disbursed by the Authority from the City or any other party involved in any activities undertaken pursuant to this Agreement.
- **18.GOVERNING LAW**. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws or any jurisdiction other than those of the Commonwealth of Virginia.
- **19.NOTICES**. Any notices required to be given under this Agreement shall be sufficient if in writing and delivered personally, by messenger, by recognized overnight courier service or sent by first class, registered or certified mail, return receipt requested; if to the Authority, to its Chairman at 1500 East Main Street, Suite 400, Richmond, Virginia 23219 or if to the City, to its Chief Administrative Officer at City Hall, 900 East Broad Street, 14th Floor, Richmond, Virginia 23219 with a copy to the City Attorney, 900 East

Broad Street, Suite 400, Richmond, Virginia 23219. Either party may change its address for purposes of notice by giving notice to the other in accordance with this paragraph.

- **20.NO ASSIGNMENT**. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.
- 21. NO THIRD PARTY RIGHTS. Notwithstanding any other provision of this Agreement, the City and the Authority hereby agree that: (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City and the Authority; (iii) no individual or entity shall obtain any right to make any claim against the City or the Authority under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. For purposes of this section, the phrase "individual or entity" means any individual or entity, including, but not limited to, individuals, tenants, subtenants, contractors, subcontractors, vendors, sub-vendors, assignees, licensors and sub-licensors, regardless of whether such individual or entity is named in this Agreement.
- **22. TERMINATION.** Either party may terminate this Agreement with or without cause at any time upon reasonable written notice. Upon termination, the Authority shall transfer to the City all assets held under this Agreement, including receivables, and shall cooperate in transferring any such assets to the City.
 - 23. SUBJECT-TO-APPROPRIATIONS. All payments and other performances by the

City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds are available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

Witness the following signatures and seals:

	OF RICHMOND, VIRGINIA, icipal corporation of the Commonwealth ginia,
Ву:	J. E. Lincoln Saunders, Chief Administrative Officer
Date:	
Appro	ved as to Form:

Deputy City Attorney

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA, A Political Subdivision of the Commonwealth of

Virginia

Ву:	
	John Molster,
	Chairman
Date:	

Enterprise Zone Program CooperationAgreement

INTRODUCED: September 9, 2024

AN ORDINANCE No. 2024-238

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute The Second Enterprise Zone Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of administering the Enterprise Zone Program to stabilize and revitalize enterprise zone areas by stimulating private investment through financial incentives.

Patron – Mayor Stoney

Approved as to form and legality by the City Attorney

PUBLIC HEARING: SEP 23 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute The Second Enterprise Zone Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of administering the Enterprise Zone Program to stabilize and revitalize enterprise zone areas by stimulating private investment through financial incentives. Such agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

AYES:	NOES:	ABSTAIN:
		· · · · · · · · · · · · · · · · · · ·
ADOPTED:	REJECTED:	STRICKEN:

	§ 2.	This ordinance shall be in force and effect upon adoption.
APPR	OVED .	AS TO FORM:
CITY	ATTOF	RNEY'S OFFICE





City of Richmond

900 East Broad Street 2nd Floor of City Hall Richmond, VA 23219 www.rva.gov

Master

File Number: Admin-2024-0723

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File ID:	Admin-2024-0723 Type:	Request for Ordinance or Resolution Status:	Regular Agenda
Version:	1 Reference:	In Control:	City Clerk Waiting Room
Department:	Cost:	File Created:	06/26/2024
Subject:		Final Action:	
Title:			
Internal Notes:			
Code Sections:		Agenda Date:	07/22/2024
Indexes:		Agenda Number:	
Patron(s):		Enactment Date:	
Attachments:	WD- Enterprise Zone Cooperation Agree Ordinance - AATF, Second Cooperative Enterprise Zone AATF		
Contact:		Introduction Date:	
Drafter:	Katie.McConnell@rva.gov	Effective Date:	

Approval History

Related Files:

Version	Seq#	Action Date	Approver	Action	Due Date	
1	1	6/27/2024	Matt Welch	Approve	7/1/2024	
1	2	6/27/2024	Sharon Ebert	Approve	7/1/2024	
1	3	6/28/2024	Jeff Gray	Approve	7/1/2024	
1	4	6/28/2024	Lincoln Saunders	Approve	7/2/2024	
1	5	6/28/2024	Cordell Hayes - FYI	Notified - FYI		
1	6	7/15/2024	Mayor Stoney	Approve	7/2/2024	

History of Legislative File

Ver- Acting Body:	Date:	Action:	Sent To:	Due Date:	Return	Result:
sion:					Date:	

Text of Legislative File Admin-2024-0723

City of Richmond

Intracity Correspondence

O&R REQUEST

DATE: June 18, 2024 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sharon Ebert, Deputy Chief Administrative Officer

FROM: Mathew Welch, Acting Director, Department of Economic Development

RE: Authorization for The Second Cooperation Agreement by and between the City of Richmond and the Economic Development Authority of the City of Richmond to administer the Enterprise Zone (EZ) Program

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer to enter into the Second Enterprise Zone Program Cooperation Agreement with the Economic Development Authority of the City of Richmond (EDA) for the purpose of administering the Enterprise Zone Program.

BACKGROUND: The Enterprise Zone program is a partnership between the Commonwealth and the City of Richmond that encourages job creation and private investment in the City's designated Enterprise Zones. The City has two enterprise zones - Zones 19A and 28A. The Commonwealth approved both Zones for five-year extensions in December 2022. The City's Enterprise Zones are best viewed through this searchable map

shttps://www.richmondeda.com/enterprise-zone-and-care-program-map/.

Richmond's participation in the program enables economic development and redevelopment projects within the Enterprise Zones to access two state-level incentive programs - the Job Creation Grant program and the Real Property Investment Grant (RPIG) program.

To participate in the program, the Commonwealth requires Richmond to offer incentives, which it does through six local reimbursement grant programs for businesses and property owners that invest and create jobs within the Zones. The maximum value of Richmond's reimbursement grants ranges from \$1,000 to \$10,000, depending on the program. As of June 2024, \$265,298 in local Enterprise Zone funds were awarded to 58 applicants. The private investment associated with these projects was over \$28.3 million.

The FY 2025 budget included \$400,000 in enterprise zone program funding. The Cooperation Agreement between the City and the EDA lays out the terms for administering the program. The Second Cooperation Agreement includes new clarifying language on commercial projects with mixed-use components and simplifies reimbursement time restrictions. Additionally, in late FY 2024, the City began efforts to evaluate the current Enterprise Zone boundaries and incentives. The administration anticipates providing recommendations on boundary adjustments and incentive updates in FY 2025.

STRATEGIC INITATIVES AND OTHER GOVERNMENT AGENCIES: The Enterprise Zone is a joint program between the Commonwealth of Virginia Department of Housing and Community Development and the City, with administrative support from the EDA. The use of targeted incentives to encourage revitalization and job creation and support business attraction and expansion is supported by the Strategic Plan for Equitable Economic Development.

FISCAL IMPACT: Enterprise Zone program funds were included in the adopted Fiscal Year 2025 budget.

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: July 22, 2024

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing

Committee (September 19, 2024)

AFFECTED AGENCIES: Department of Economic Development

RELATIONSHIP TO EXISTING ORD. OR RES.: ORD. 2023-213

ATTACHMENTS: The Second Enterprise Zone Cooperation Agreement Between the City of Richmond, Virginia, and the Economic Development Authority

STAFF: Mathew Welch, Acting Director Director, Department of Economic Development Katie McConnell, Deputy Director, Department of Economic Development

Master Continued (Admin-2024-0723) Rick Winston, Programs Administrator, Department of Economic Development

THE SECOND ENTERPRISE ZONE COOPERATION AGREEMENT BETWEEN THE CITY OF RICHMOND, VIRGINIA AND THE ECONOMIC DEVELOPMENT AUTHORITY

THIS	ENTERPRISE	ZONE	PROGRAM	COOPERATION	AGREEMENT	(the	
"Agreement") is made as of, 2024 (the "Effective Date"), by and between							
the CI	TY OF RICHMON	ND, VIRG	SINIA , a munic	cipal corporation of	the Commonwea	ılth of	
Virginia (the "City") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY							
OF RICHMOND, VIRGINIA, a political subdivision of the Commonwealth of Virginia (the							
"Autho	ority"),						

RECITALS:

WHEREAS, the Commonwealth of Virginia (the Commonwealth), pursuant to Title 59.1 Chapter 49 of the Code of Virginia, authorizes the establishment of local Enterprise Zones and authorizes localities to offer incentives to stimulate economic development within the Enterprise Zones;

WHEREAS, as of the Effective Date the City has two Enterprise Zones designated by the Commonwealth. Zone 19 (previously referred to as Zone I) and Zone 28A (previously referred to as Zone III) are, generally speaking, comprised of the following areas of the City as further depicted in Exhibit A.

Zone 19 comprises 3,611 acres of commercial property south of the James
River, bounded on the north by the James River, on the east by Interstate
95 to its intersection with Chippenham Parkway (Route 150), on the south
by Chippenham Parkway, and on the west by Richmond Highway.

 Zone 28A comprises 3,588 acres. The city line between Richmond and Henrico County generally bounds the zone to the west, Interstate 64 to the north, Interstate 95 to the east, and E. Canal Street to the south. A portion of this Enterprise Zone is in Henrico County and is overseen by the County.

WHEREAS, the City, in accordance with its Enterprise Zone designations, offers local incentives that address the economic conditions within the city and that help stimulate real property improvements and new job creation.

WHEREAS, the City has, from time to time, appropriated funds for incentives;

WHEREAS, the Enterprise Zone Program operated in the City's Fiscal Year 2024 with the use of previously and properly appropriated funds;

WHEREAS, the City appropriated to the City's Department of Economic Development \$400,000.00 in Fiscal Year 2025 for the Program;

WHEREAS, at the City's request, the Authority has undertaken certain grant and rebate activities to encourage job creation, private investment, and commercial development in the City;

WHEREAS, the City and the Authority agree to work together to jointly implement the Enterprise Zone Program; and

NOW, THEREFORE, in consideration of the benefits to accrue to the City and its citizens from the implementation of the Program, and of the mutual covenants hereinafter set forth, the City and the Authority agree as follows:

- DEFINITIONS. The following words and terms used in this Agreement have the following meanings unless the context clearly indicates otherwise:
 - a) **Agreement** shall mean this Enterprise Zone Program Cooperation Agreement, as amended and restated, from time to time.

- b) **Applicant** shall mean the commercial entity that is applying for the Enterprise Zone Program.
- c) Covered Period shall mean the 12-month period after a New Job has been created and occupied in the City.
- d) **Enterprise Zones** shall mean those areas in the City that are designated as Enterprise Zones by the Commonwealth of Virginia.
- e) **Enterprise Zone Program or Program** shall mean the local incentives described herein which satisfy the conditions and requirements of this Agreement.
- f) **New Job** shall mean a permanent, full-time position with at least 35 hours of work each week, that pays at least 1.5 time the minimum wage required by the Commonwealth and provides annual leave benefits.
- g) Program Fund shall mean that account established in accordance with this Agreement and that contains all funds from any source related to the Enterprise Zone Program.
- h) **Specialized Equipment** shall mean machinery and equipment which is necessary for a business to provide its unique services or produce its unique goods. Standard office equipment and software are not considered specialized equipment.
- 2. **FUNDING.** Any expenditures of properly appropriated money, prior to the execution of this Cooperation Agreement and pursuant to the Enterprise Zone program in FY25 are ratified hereby.
- 3. ENTERPRISE ZONE PROGRAM REQUIREMENTS. Enterprise Zone Program incentives shall be available only to the extent that funding is available. Enterprise Zone Applicants must meet the following Enterprise Zone Program

requirements and meet the individual program requirements in accordance with Sections 4-9.

- A. Applicants must be located in a commercial or industrial property in an Enterprise Zone, this includes commercial space located within a mixeduse property. If the property involves a change of use, , after construction or rehabilitation is complete, the property must include commercial space
- B. Applicants must be current on all taxes, licenses, and fees owed to the City, or have a formal payment plan established with the City and be current on all payments.
- C. Applicants must submit all required applications and documentation.

 Incomplete applications will not be processed and must be submitted again.
- D. Applications must be signed by the business owner, or the business owner's designee employed within the business. Applications by third parties not directly employed by the Applicant will not be accepted;
- E. Applicants must provide invoices and proof of payment documentation;
- F. All work \$1,000 and above in value must be carried out by a licensed Class A, B, or C Contractor; and
- G. Applicants must submit evidence of payments for all goods and services \$1,000 and above in value by canceled check, cashier's check, debit or credit card receipts. If Applicant pays cash for work below \$1,000 in value, the invoice must be signed and notarized by both the Applicant and the vendor. Payments over \$1,000 in cash will not be accepted.
- 4. BROWNFIELDS ENTERPRISE ZONE REBATE. The Brownfields Enterprise Zone Rebate provides a reimbursement grant up to \$3,500 for costs of Phase

- I Environmental Site Assessments and up to \$7,500 for Phase II Environmental Site Assessments. To be eligible:
 - A. The Applicant must own or have a binding contract to purchase property located in an Enterprise Zone and be undertaking the site assessment as part of the purchase or redevelopment of the property.
 - B. The site assessment must meet the standards set by the Environmental Protection Agency.
 - C. The application must be submitted within twelve (12) months of the date of the assessment completion.
 - D. The Applicant must not have received a previous Brownfields Enterprise Zone Rebate grant.
 - E. This is a one-time incentive.
- **5. BUSINESS RELOCATION REBATE**. The Business Relocation Rebate program is a reimbursement grant of up to \$10,000 covering 50% of the company cost of relocating a company to an Enterprise Zone.
 - A. Allowable moving expenditures include costs incurred during the physical move of a company, such as moving company fees, van rentals, and separate wages paid to employees for assistance with the move.
 - B. Costs incurred by the company to relocate employees are ineligible.
 - C. Application must be submitted within twelve (12) months of the move-in date.
 - D. This is a one-time incentive.

- 6. MACHINERY AND EQUIPMENT REBATE. The Machinery and Equipment Rebate program provides a reimbursement grant equal to 50% of the costs incurred to purchase Specialized Equipment.
 - A. Specialized Equipment may be new or used but must be newly acquired by the Applicant.
 - B. A company may qualify for up to \$5,000 in a 12-month period.
 - C. The application must be submitted within twelve (12) months of the date of purchase of the Specialized Equipment.
 - 7. **EMPLOYMENT ASSISTANCE GRANT.** The Employment Assistance Grant program provides grants to businesses located within an Enterprise Zone that create New Jobs by providing a grant equal to the equivalent to \$400 per New Job.
 - A. Maximum award is \$7,200 over a 24-month period.
 - B. An Applicant cannot apply for the Employment Assistance Grant and the state level Enterprise Zone Job Creation Grant program administrated by the Commonwealth.
 - C. Application must be submitted within 12 months of the completion of the Covered Period.
 - D. The City's Department of Economic Development will provide a position worksheet for the purpose of identifying the number of New Jobs.
- 8. **LOAN FEE REBATE.** The Loan Fee Rebate program provides a reimbursement grant of up to \$1,000 for authorized loan fees associated with the purchase of real property located in an Enterprise Zone.

- A. Eligible fees include those associated with origination, loan processing, filing fees, administrative fees, guaranties, recording fees, application fees and settlement costs.
- B. Ineligible fees include, but are not limited to, survey costs and fees associated with legal, accounting, appraisal, brokerage, and other professional activities.
- C. Applicant must provide a signed settlement statement itemizing the various loan fees.
- D. Applicant must provide a copy of a contract to purchase the property or property deed.
- E. Application must be filed within twelve (12) months of the date of loan closing.
- F. This is a one-time incentive.
- **9**. **DEVELOPMENT FEE REBATE**. The Development Fee Rebate program provides a reimbursement grant of up to \$3,000 for permit fees associated with the renovation or construction of commercial and industrial facilities located in an Enterprise Zone.
 - A. A minimum investment of \$20,000 during the 12 months prior to application is required. If the property is mixed-use and has residential components, only investments associated with the rehabilitation and construction of the commercial portion of the structure are eligible to meet the minimum investment criteria.
 - B. Eligible fees include building, mechanical, electrical, plumbing, and elevator permit fees.

- C. Ineligible fees include but are not limited to, fees associated with administrative handling, surcharges, plan review, state levy fees and taxes.
- D. If the property is mixed-use, permit fees must be associated with only the commercial portion of the property. In cases when this is not practicable (i.e., a permit is associated with the whole building), the total eligible permit fees will be prorated by the percent of the mixed-use property that is commercial.
- E. Application must be submitted within twelve (12) months of the issuance of the Certificate of Occupancy or Certificate of Zoning Compliance, whichever is applicable.
- F. This is a one-time incentive.
- 10. APPLICATION REVIEW AND AWARD DISBURSEMENTS. The City's Department of Economic Development staff shall review Enterprise Zone Program applications to determine award amounts based on the criteria set forth in this Agreement. Funds will then be distributed through the Authority to the Applicant.
- 11. AUTHORITY RECORDS. The Authority shall keep a record of all Enterprise Zone Program awardees including the names and award amounts. The City shall monitor the Authority records, and the Chief Administrative Officer and the City Attorney, and their designees shall have access to such records during normal business hours upon reasonable notice. The City Auditor, pursuant to City Code Section 2-187, as same may be amended from time to time, shall have access to any and all records on demand and without notice.
- **12. INFORMATION SHARING.** The Authority agrees to provide the Chief Administrative Office or a designee thereof with copies of all correspondence relating

to its activities to be performed under this Agreement and will keep the Chief Administrative Officer or a designee thereof fully and timely informed of all material developments relating to the Program. For purposes of this Agreement, the City's Director of Economic Development is the designee of the City's Chief Administrative Officer.

- 13. BUDGET AND AUTHORITY EXPENSES. The budget shall contain existing appropriations, any unencumbered amounts within the Program Fund and anticipated revenues from activities undertaken for the current Fiscal Year. The Fiscal Year 2025 appropriation will be transferred to the Authority no sooner than July 1, 2024. The Authority is authorized to use an amount not to exceed \$32,000.00 to cover the Authority's direct expenses in administering this Agreement.
- 14. GENERAL PROJECT FUND. The Authority agrees that funds transferred by the City to the Authority from time to time for the Program shall be deposited by the Authority in a designated Program Fund to be used only in accordance with this Agreement. The Authority agrees to transfer to the Program Fund any funds received from any source as a result of this Program, including, but not limited, income and interest earned against the Program Fund.
- 15. AUTHORITY LIABILITY. It is the intent of the parties not to impose upon the Authority any responsibility other than what may be required to implement the Plan under this Agreement. Accordingly, the Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. Should any liability accrue to the Authority which is not specifically addressed in this Agreement, the Authority shall not be required to expend its funds derived from sources other than the Program Fund to discharge such liability. The Authority is hereby authorized to expend such

funds from the Program Fund as may be necessary to protect the assets of the Authority and to prevent the entry of a default judgment against the Authority. If a lawsuit involving the Program is filed or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and Chief Administrative Officer. The parties acknowledge that the Authority has no general fund revenue and that each Program the Authority undertakes is subject to such program's own independent financial resources and limitations.

16. **ACCOUNTING AND AUDIT.** The Authority shall keep records of its financial transactions, if any, for the projects described herein in accordance with generally accepted accounting principles. The City and the Authority agree that the Authority may engage the services of an independent auditor to conduct an annual audit of the financial transactions, if any, undertaken for the projects described herein. Such audit shall comply in all respects with generally accepted accounting principles. The City Auditor shall have access to the independent auditor's work papers. In addition, the City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The Authority shall cooperate to assure that the independent external auditor and the City Auditor are granted access to all books and records of any party necessary to complete such audits and will require appropriate provisions in furtherance of this objective in any contracts required under this Agreement. The Authority shall provide an annual audited report on the Program Fund within three months after the end of its fiscal year. Failure to provide an annual audited report shall be considered a material breach of this Agreement and provide cause for termination of the Agreement.

- 17. AUTHORITY CONTRACTS. The Authority may, within the approved budget, contract without the City's prior approval for services deemed by the Authority to be necessary to undertake and carry out its responsibilities under this Agreement.
- **18. NO DISCRIMINATION**. The City and the Authority agree not to discriminate, in carrying out this Agreement, against any employee or applicant because of race, color, religion, national origin, sex, pregnancy, childbirth or related medical conditions, age, marital status, sexual orientation, gender identity, disability, or military status.
- 12. AUTHORITY BOND. The Authority shall not be required to furnish the City a blanket corporate fidelity bond surety covering all officers and employees of the Authority capable of authorizing disbursements of funds or handling funds received or disbursed by the Authority from the City or any other party involved in any activities undertaken pursuant to this Agreement.
- **13. GOVERNING LAW**. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia.
- 14. NOTICES. Any notices required to be given under this Agreement shall be sufficient if in writing and delivered personally, by messenger, by recognized overnight courier service or sent by first class, registered or certified mail, return receipt requested; if to the Authority, to its Chairman at 1500 East Main Street, Suite 400, Richmond, Virginia 23219 or if to the City, to its Chief Administrative Officer at City Hall, 900 East Broad

Street, 14th Floor, Richmond, Virginia 23219 with a copy to the City Attorney, 900 East Broad Street, Suite 400, Richmond, Virginia 23219. Either party may change its address for purposes of notice by giving notice to the other in accordance with this paragraph.

- 15. NO ASSIGNMENT. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.
- Agreement, the City and the Authority hereby agree that: (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City and the Authority; (iii) no individual or entity shall obtain any right to make any claim against the City or the Authority under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. For purposes of this section, the phrase "individual or entity" means any individual or entity, including, but not limited to, individuals, tenants, subtenants, contractors, subcontractors, vendors, sub-vendors, assignees, licensors and sub-licensors, regardless of whether such individual or entity is named in this Agreement.
- 17. **TERMINATION.** Either party may terminate this Agreement with or without cause at any time upon reasonable written notice. Upon termination, the Authority shall

transfer to the City all assets held under this Agreement, including receivables, and shall cooperate in transferring any such assets to the City.

by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds are available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement. Witness the following signatures and seals:

CITY OF RICHMOND, VIRGINIA,

A municipal corporation of the Commonwealth of Virginia,

Ву:	
	J. E. Lincoln Saunders, Chief Administrative Officer
Date:	
Appro	ved as to Form:
1301	Deputy City Attorney

OF THE CITY OF RICHMOND, VIRGINIA,

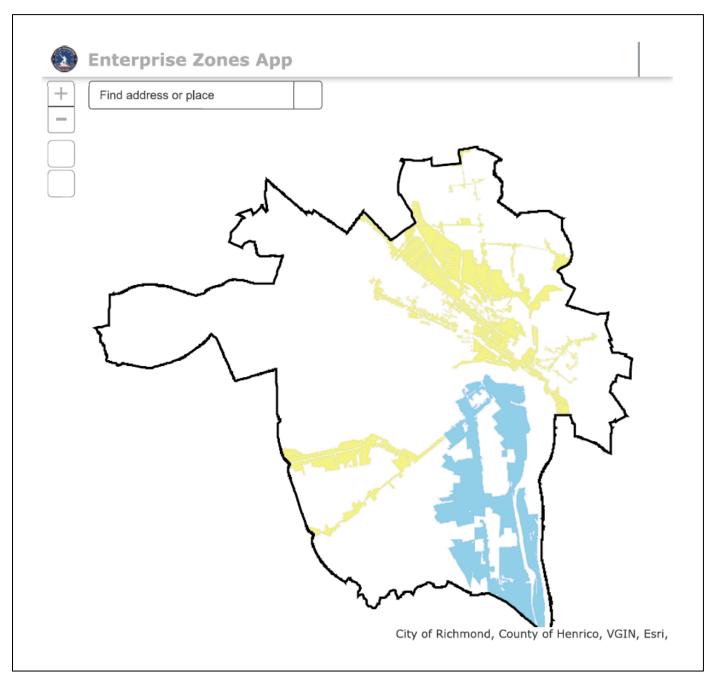
A Political Subdivision of the Commonwealth of Virginia

Ву:			

	John S. Molster,
	Chairman
Date:	

Exhibit A

City of Richmond Enterprise Zones (2023)



Zone 28A is yellow Zone 19 is blue

