

**MINUTES OF SPECIAL MEETING OF
ECONOMIC DEVELOPMENT AUTHORITY OF
ROCKINGHAM COUNTY, VIRGINIA (“EDA”)**

Held: Wednesday, May 13, 2020, at 8:30 a.m., in the Board Room located in the County Administration Building, at 20 East Gay Street, Harrisonburg, Virginia. The meeting was conducted in accordance with modifications to normal processes, to reduce the spread of COVID-19. The meeting was open to the public at reduced capacity under Phase Two of Governor Northam’s Executive Order, and broadcast online via Zoom.

Directors Present: At the commencement of the meeting, seven Authority Directors were present, as follows: Mr. Douglas Driver, Mr. Kevin Flint, Mr. Paul Wiseman, Mr. Neil Hayslett, Mr. Nathan Miller, Mr. Timothy Hulings, and Mr. Gary Burner.

Also Present at the Meeting: Stephen G. King, Rockingham County Administrator; Thomas H. Miller, Jr., Rockingham County Attorney; Casey B. Armstrong, Assistant County Administrator; Patricia D. Davidson, Rockingham County Finance Director; Daniel R. Lauro, BotkinRose, Bond Counsel for Rockingham County; and Jessica G. Kilby; Rockingham County Deputy Clerk.

The meeting was called to order at 8:32 a.m., by the Chairman of the Authority, Mr. Driver.

1. Approval of Minutes

The minutes from the Authority’s meeting on December 11, 2019, were reviewed and unanimously approved as presented.

2. Public Hearing

Consideration of a Resolution approving the issuance by the Economic Development Authority of Rockingham County, Virginia, of its senior living residential rental housing revenue bonds as a conduit issuer on behalf of Whitehall Senior Living, LLC and Affiliates.

Chairman Driver called the public hearing to order at 8:33 a.m.

Kevin White, Bond Counsel for Whitehall Senior Living, LLC and Sam Levin, Partner, Whitehall Senior Living, LLC reviewed the details of the request and answered questions.

County Administrator King reported that this request is consistent with projects the EDA has supported in the past. He said it is the recommendation by staff to approve the Resolution as presented. Mr. King pointed out that Whitehall’s senior living facilities in Fishersville and Berryville are very successful, and he said there is a demand for this type of service in this area.

County Attorney Miller pointed out that although the meeting was being conducted with modifications to normal processes, the public could still participate in person or via electronic means, thus meeting the statutory requirement.

The County's Bond Counsel, Daniel Lauro from BotkinRose PLC, reported that the neither the County nor the EDA are financially responsible; the borrower is simply allowed to borrow money through the EDA.

No members of the public spoke regarding the request.

Chairman Driver closed the public hearing at 8:49 a.m.

After brief discussion, on motion by Director Hulings, seconded by Director Hayslett, and carried by a roll call vote of 7 to 0, voting recorded as follows: DRIVER – AYE; FLINT – AYE; WISEMAN – AYE; HAYSLETT – AYE; MILLER – AYE; HULINGS – AYE; BURNER – AYE; the Authority adopted the following Resolution issuing an up to \$21 million tax exempt bond financing on behalf of Whitehall Senior Living, LLC and Affiliates for the Retreat at Preston Lakes, an 84-unit senior living facility to be built on Lawyer Road (Route 655):

**RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY
ROCKINGHAM COUNTY, VIRGINIA, APPROVING THE
ISSUANCE BY THE ECONOMIC DEVELOPMENT AUTHORITY OF
ROCKINGHAM COUNTY, VIRGINIA, OF ITS SENIOR LIVING
RESIDENTIAL RENTAL HOUSING REVENUE BONDS
AS A CONDUIT ISSUER ON BEHALF OF WHITEHALL
SENIOR LIVING, LLC AND AFFILIATES**

WHEREAS, the Board of Supervisors of Rockingham County, Virginia (the "Board"), has been advised that on May 13, 2020, the Economic Development Authority of Rockingham County, Virginia (the "Issuer"), pursuant to its authority under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), heard and approved the request of Whitehall Senior Living, LLC, a South Carolina limited liability company ("Whitehall"), whose address is 1124 Park West Boulevard, Suite 101, Mount Pleasant, South Carolina 29466, for the issuance by the Issuer of its Senior Living Residential Rental Housing Revenue Bonds (The Retreat at Preston Lake Project), in one or more series, in an aggregate principal amount not to exceed \$21,000,000 (the "Bonds"), the proceeds of which would be loaned to Harrisonburg AL, LLC, a Virginia limited liability company, and Retreat at Preston Lake, LLC, a Virginia limited liability company (collectively, the "Borrowers"), each of which is an affiliate of Whitehall, to be used, together with other funds of the Borrowers, to (i) finance the acquisition, construction, development, furnishing and equipping of an approximately 84-unit senior living facility to be located on approximately 7.011 acres of land located in Rockingham County, Virginia, at 371 Boyers Road, Harrisonburg (Rockingham County), Virginia 22801 (collectively, the "Project"); (ii) fund capitalized interest on the Bonds during the construction of the Project and for a limited period thereafter; (iii) fund one or more

reserve funds for the Bonds, if deemed necessary or desirable; and (iv) pay certain costs of issuing the Bonds (collectively, the “Plan of Finance”);

WHEREAS, the Board has been advised that the Borrowers have (a) represented that the Project will be established and maintained as a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), in which at least 20% of the residential units will be occupied by individuals whose incomes do not exceed 50% of the area median gross income (as such area median is determined by the United States Department of Housing and Urban Development), (b) represented that because there is no housing authority established by Rockingham County (the “County”), the Issuer has the authority pursuant to the Act to issue the Bonds and finance multi-family residences, which constitute “authority facilities” as defined in the Act, and (c) described the benefits to the County to be derived from the Project and the Plan of Finance by promoting safe and affordable housing in the County and benefiting thereby the safety, health, welfare and prosperity of the inhabitants of the County and the Commonwealth of Virginia;

WHEREAS, the Board has been advised that the Issuer held a public hearing with respect to the Project and the Bonds in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Act, at its meeting on May 13, 2020, and that after such hearing the Issuer adopted a resolution to issue the Bonds and proceed with the Plan of Finance;

WHEREAS, the Issuer issues its bonds on behalf of the County, the Project to be financed with the proceeds of the Bonds is located in the County, and the members of the Board constitute the applicable elected representatives of the County within the meaning of Section 147(f) of the Code;

WHEREAS, Section 147(f) of the Code provides that the governmental unit issuing private activity bonds and the applicable elected representatives of the governmental unit having jurisdiction over the area in which any facility financed with the proceeds of private activity bonds is located, shall approve the issuance of such bonds;

WHEREAS, the Issuer has filed with the Board a copy of the Issuer’s resolution approving the issuance of the Bonds, a reasonably detailed summary of the comments expressed at the Issuer’s public hearing with respect to the Bonds as required by Section 15.2-4906 of the Act, and a fiscal impact statement in the form prescribed by Section 15.2-4907 of the Act, together with the Issuer’s recommendation (in the aforesaid resolution) that the Board approve the issuance of the Bonds; and

WHEREAS, Section 15.2-4906C of the Act provides that the Board shall, within sixty (60) calendar days from the public hearing with respect to the issuance of bonds of the Issuer, either approve or disapprove of the issuance of such bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF ROCKINGHAM COUNTY, VIRGINIA:

1. The foregoing recitals are hereby incorporated in, and deemed a part of, this Resolution.

2. The Board approves the issuance of the Bonds by the Issuer to assist in the Plan of Finance for the benefit of the Borrowers, to the extent required by the Code and the Act.

3. The Board's approval of the issuance of the Bonds, as required by the Code and the Act, does not constitute an endorsement to any prospective purchaser of the Bonds of the creditworthiness of the Project or the Borrowers and, as required by the Act, the Bonds shall provide that neither the Commonwealth of Virginia nor any political subdivision thereof, including the County and the Issuer, shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefor by the Borrowers and that neither the faith and credit nor the taxing power of the Commonwealth of Virginia or the County shall be pledged thereto. The Issuer has no taxing power.

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

3. Technology Zone Economic Development Policy

Assistant County Administrator Armstrong presented the proposed Economic Development Policy for Rockingham County. Mr. Armstrong explained that staff revised the County's Policy to make it consistent with economic development intentions of the County. He recalled a joint work session which was held with the Board of Supervisors and the Economic Development Authority in January, 2020. Mr. Armstrong stated that the primary mission of the Policy is to support established businesses, promote expansion projects, and attract new industry.

On motion by Director Miller, seconded by Director Flint, and carried by a vote of 7 to 0, voting recorded as follows: DRIVER – AYE; FLINT – AYE; WISEMAN – AYE; HAYSLETT – AYE; MILLER – AYE; HULINGS – AYE; BURNER – AYE; the Authority approved the following revised Economic Development Policy:

ECONOMIC DEVELOPMENT POLICY
FOR
ROCKINGHAM COUNTY, VIRGINIA

Effective July 1, 2020

Introduction:

Rockingham County is built on a foundation of agriculture and industry where integrity and responsible stewardship lead to a prosperous future. Our mission is to support established businesses, promote expansion projects and attract new industry. We will work to enhance the vitality of our businesses and citizens alike by diversifying new capital investment as well as showcasing a variety of existing businesses that build upon our agricultural base.

Goals and objectives:

- Continue to be a leading locality in the Commonwealth for the agriculture industry
- Build stronger relationships with existing businesses
- Retain and educate a strong and leading workforce
- Strategically attract new businesses that align with Rockingham County culture and values
- Support healthy expansion and a diversified business community
- Educate the business community on the availability of local and regional incentives

Elements of Economic Development in Rockingham County

I. Economic Growth

Rockingham County will work to identify specific market needs that matter to our local economy. The County will prioritize relationships with existing businesses to better understand how we can help them grow and find the skilled labor they need to be able to endure future market fluctuations. The County will continue to work to support businesses that create new wealth.

II. Business Retention

Rockingham County will meet regularly with local business leaders to stay apprised of their specific needs, including new opportunities for expansion and complimentary businesses needed to support our existing industry. The County will work with state and federal agencies to target and initiate grants and funding opportunities that enhance both local business and the lives of our citizens. Business people and developers are encouraged to inform the County of new projects before applications are submitted so the County can help business people and developers realize potential funding opportunities at the earliest opportunity.

III. Workforce Education

The County will work with public and private schools, Massanutten Technical Center, James Madison University, Blue Ridge Community College and other local colleges and universities to promote and develop diversified training opportunities through curricula that target local business and community needs.

IV. Growth and Development

Rockingham County will work to encourage growth and new development in locations that are compatible with surrounding land uses and consistent The County zoning ordinance and Comprehensive Plans for development. The County will determine development potential by evaluating the utilities and infrastructure in the area as well as the impact on other services we provide locally, such as education and emergency response. A potential site must also have the ability to comply with all local, state and federal environmental regulations.

V. Technology Grants

A business located in the County that designs, assembles, manufactures or develops, or maintains goods or provides services related to, advanced and innovative technological systems or devices; or uses advanced and innovative technological systems or devices to design, assemble, manufacture, develop and maintain goods and services, may be eligible for a technology grant. Grant eligibility requires that existing businesses must have invested at least 50 percent of the prior years' assessed value for Machinery and Tools as defined in the Virginia State Code or invest \$20 million in new capital outlay for Machinery and Tools, either leased or purchased. New businesses must invest at least Five Hundred Thousand and no/100 Dollars (\$500,000.00) in Machinery and Tools. Application for participation in the technology grant program must be made prior to purchasing the equipment that will become the new machinery and tools so that the taxpayer and the County can reach an understanding on what the expansion project entails and the tax for specifically which pieces of equipment will be included in the grant calculation. The beginning and ending dates of the installation period, up to twenty-four (24) months, shall be agreed upon in the approved application.

Existing Business Criteria:

Within the Twenty-four (24) month period determined during the application process, an existing business must either:

1. Invest in new machinery and tools having an assessed value of at least Fifty percent (50%) of the previous tax year's machinery and tools assessed value,

or
2. Invest in new machinery and tools having an assessed value of at least Twenty Million Dollars (\$20,000,000), whichever is less.

The investment referred to in paragraphs 1 and 2, immediately preceding, may be through either long-term lease arrangement or purchase.

Before payment of each annual rebate described below, the taxpayer must satisfy the Commissioner of the Revenue that the machinery and tools associated with the expansion are installed and in use by filing an itemized schedule with the next annual tax return after the equipment is put in service, the schedule to include purchase price and date put in service. The installation must have occurred within the period of time agreed to in the

application process, up to twenty-four (24) months. The Commissioner must certify to the County the same, and the Treasurer must certify that all taxes for pre-existing and new machinery and tools have been paid in full by the due date.

If all criteria are met, the taxpayer is eligible to receive rebates of:

- Year 1 - 60% of machinery and tools tax paid on the new investment
- Year 2 - 50% of machinery and tools tax paid on the new investment
- Year 3 - 40% of machinery and tools tax paid on the new investment
- Year 4 - 30% of machinery and tools tax paid on the new investment
- Year 5 - 20% of machinery and tools tax paid on the new investment

New Business Criteria:

A new business venture must invest a minimum of Five Hundred Thousand dollars (\$500,000) in machinery and tools through either long-term lease arrangement or purchase.

Before payment of each annual rebate described below, the taxpayer must satisfy the Commissioner of the Revenue that the machinery and tools have been installed are in use and have been included on the annual tax return, the Commissioner must certify to the County the same, and the Treasurer must certify that all taxes for pre-existing and new machinery and tools have been paid in full by the due date.

If all criteria are met, the taxpayer is eligible to receive rebates of:

- Year 1 - 60% of machinery and tools tax paid on the new investment
- Year 2 - 50% of machinery and tools tax paid on the new investment
- Year 3 - 40% of machinery and tools tax paid on the new investment
- Year 4 - 30% of machinery and tools tax paid on the new investment
- Year 5 - 20% of machinery and tools tax paid on the new investment

4. Other Business

Upon due motion, the Authority unanimously approved the EDA Directors' statutory \$200 per diem fees for attendance at the meeting.

5. Adjournment

Upon determining no other business for consideration by the Authority, Chairman Driver duly adjourned the meeting at 9:04 a.m.

Respectfully submitted,

Secretary/Treasurer