

South Charleston Park Place Economic Opportunity Development District Report for Fiscal Year 2021

Pursuant to W. Va. Code § 8-38-1, *et seq.* (the “Act”), economic opportunity development district boards are to report annually on activities within the economic opportunity development district and upon proposed activities for the upcoming year. This report for Fiscal Year 2021 (“FY 2021 report”) is for the activities within the South Charleston Park Place Economic Opportunity Development District (the “EOD District”).

DESCRIPTION OF ACTIVITIES IN FISCAL YEAR 2021

A Recap of the First EOD District Report

The South Charleston Park Place Economic Opportunity Development District Board (the “EOD District Board”) created on July 2, 2020, by the City of South Charleston (the “City”), submitted its first report to the West Virginia Development Office in January 2021 (the “Initial Report”). The report, approved at the January 21, 2021 meeting, recapped the application for and the creation of the EOD District and Projects, including the Jefferson Road Expansion, the Trace Fork Connector, economic development expansion, and the West Virginia Regional Technology Park (“Tech Park”) site development (“Projects”), outlined projects for the remainder of fiscal year 2021, and foreshadowed the upcoming project financing. The report further detailed the status of the Projects and future projects. Portions of the Initial Report are reproduced in this FY 2021 Report as part of the statutory requirements. For the sake of completeness, the Initial Report, with exhibits, is attached hereto as Exhibit A.

The City Creates the South Charleston EOD District Board.

On July 2, 2020, as part of the Ordinance, the City created the EOD District Board. The EOD District Board is comprised of: (1) the City’s Mayor; (2) the City Council President; (3) the City Council Finance Committee Chairperson; (4) the City Engineer; (5) the City Public Works Director; (6) the City Treasurer; and (7) two property owners that live within the EOD District. If any of the aforementioned City employees, the City Engineer, the City Public Works Director, or the City Treasurer, is not a resident of the City, then the City Council shall appoint one of its own members to fill that position on the EOD District Board, and the aforementioned City employee who is not a resident of the City shall assist the EOD District Board in his or her professional capacity; provided, that if the City employee shall thereafter become a City resident, the City employee shall replace the appointed City Council member on the EOD District Board. The two EOD District property owners (or their representatives designated in writing) shall be appointed by the City Council. The City Manager shall serve as the Executive Director of the EOD District Board but not as a voting member. The terms of the City’s officials and employees shall be as long as the official serves in his or her elected position or as long as the employee is employed by the City in the position identified. The term for the property owners or their representatives shall be four years from the date of the Ordinance, and such board member may be reappointed by the City Council for two more consecutive terms. The EOD District Board is granted all powers described in the Act and related provisions. The current members are: Mayor Frank Mullens, Jr.;

City Council President Kathleen Walker; Councilman Jamie Sibold (chairperson of the City Council Finance Committee); Councilman David DiFilippo (City Council appointee); City Engineer Steve Debarr; City Public Works Director Gerald Burgy; Resident LJ Fairless; and Resident David Broyles. City Treasurer Hannah Parsons, who is not a resident of the City, serves as a consultant and in the role of Treasurer to the Board. South Charleston City Manager Rick Atkinson serves as Executive Director.

The City Levies the Special District Excise Tax and Creates the Economic Opportunity Development District Fund.

The City is authorized by the West Virginia Legislature in Section 9(b) of the Act to levy a special district excise tax. On July 2, 2020, as part of the Ordinance, the City levied a special district excise tax on the privilege of selling tangible personal property and rendering select services in the EOD District in accordance with the Act (the “South Charleston excise tax”). The South Charleston excise tax rate is set at 6% (six percent), identical to the consumers sales and service tax imposed in W. Va. Code § 11-15-1, *et seq.*, as of the date of the enactment of the Ordinance; provided, however, that such rate may change if the Legislature modifies W. Va. Code § 11-15-1, *et seq.* The South Charleston excise tax imposed by the Ordinance became effective on October 1, 2020.

As provided in the Act, the State Treasurer shall withhold from the EOD Fund (defined below) and shall deposit in the General Revenue Fund of the State, on or before the 20th day of each calendar month following the effective date of the South Charleston excise tax, a sum equal to one twelfth (1/12) of the base tax revenue amount last certified by the WVDO, which amount is \$7,258.33.

Also on July 2, 2020, as part of the Ordinance, the City created, pursuant to the requirements of the Act, an economic opportunity development district fund for the benefit of the EOD District (the “EOD Fund”), as a subaccount to the Economic Opportunity Development District Fund in the State Treasury as authorized by the Act, into which all South Charleston excise tax revenues and other revenues designated by the City for the benefit of the EOD District shall be deposited, and from which “development expenditures,” as defined in the Act, may be paid, and which may be assigned to and held by a trustee for the benefit of bondholders if special district excise tax obligations are issued by the City for development expenditures, as defined in the Act, related to the development in the EOD District.

As provided in the Act, any principal and interest on special district excise tax obligations issued by the City shall be payable from the EOD Fund established for the EOD District. Any revenues in the EOD Fund that are not: (i) used for the scheduled payment of principal and interest on special district excise tax obligations; (ii) used for the payment of accrued but unpaid debt service due to insufficient special district excise tax funds to make prior debt service payments; (iii) held in reserve funds established by the issuance of special district excise tax obligations; (iv) used for annual expenses for servicing special district excise tax obligations; or (v) used for approved “development expenditures,” as defined in the Act, to benefit the EOD District, including, but not limited to, capital, financing, real property assembly, professional services, relocation, and/or organizational costs, shall be deemed “excess funds” at the end of each fiscal

year. “Excess funds” may be used for (i) “pay as you go” on the approved Projects until all improvements are complete, (ii) the scheduled payment of the principal of and interest on subsequent special district excise tax obligations, (iii) payment of accrued but unpaid debt service due to insufficient special district excise tax funds to make prior debt service payments on subsequent special district excise tax obligations, (iv) funding reserve funds established by the issuance of subsequent special district excise tax obligations, (v) payment of annual expenses for servicing subsequent special district excise tax obligations, (vi) funding for additional “pay as you go” projects in the EOD District approved in a Project Plan or Project Plans pursuant to the Act, (vii) retention in the EOD Fund for approved future project costs and/or debt service relating to the issuance of additional special district excise tax obligations, and/or (viii) all other purposes for which EOD Fund monies may be expended pursuant to the Act. To the extent that excess funds are not used for any of the purposes set forth in this paragraph, such excess funds shall be used for early repayment of outstanding special district excise tax obligations in accordance with the financing terms therefor.

The South Charleston Park Place Economic Opportunity Development District – the EOD District

The primary purpose of establishing the EOD District is to create the infrastructure and public improvements necessary to expand and diversify the economy of the City and the to improve the wellbeing of the City’s residents and guests.

A priority for both the West Virginia Division of Highways and the City is the Jefferson Road project. This project can be advanced relatively expeditiously because of the support of the City, and the ability of the City to reimburse the State Road Fund for the costs of the Jefferson Road project with the new revenue generated by the corresponding site development. Also enabled by this EOD District is the contemporaneous construction of the Trace Fork Connector. The EOD District, by necessity and proposed projects, encompasses an area from U.S. 60 (MacCorkle Avenue) that follows a trail of potential development through a commercial and retail corridor to Alum Creek. This EOD District has been crafted so that the elements of the EOD District work together to provide funding for the projects, as well as generating the public improvements necessary to create the development.

The EOD District encompasses existing retail for several necessary reasons:

1. There must be no incentive for “relocation” within the District. The City proposes to attract new and different sales tax generating projects. The purpose of the project is not to create improved sites for a relocation of an existing business.
2. The Jefferson Road project and the Trace Fork Connector are infrastructure projects that will encourage new growth and businesses in the proposed District by easing traffic congestion and accommodating additional traffic generated by the improvements. This infrastructure will also enhance the

ability of existing businesses to generate sales through the more convenient traffic patterns.

3. The City proposes to use the monies generated through the new sales tax revenue to construct public improvements throughout the EOD District that serve the health and safety of the City's residents as well as additional economic diversification. The improved road and traffic control infrastructure, site development, wellness facility, and sewer improvements benefit the citizens and existing establishments within the EOD District by design, as well as providing for additional growth and development.
4. There is no prejudice to the West Virginia Department of Tax and Revenue's calculation of the base excise tax or the new taxes generated. Because the City already assesses a tax on the businesses within its boundaries, the City already possesses detailed information of exactly how much excise tax revenue is generated within the district. The West Virginia Department of Tax and Revenue will be able to accurately and efficiently calculate the newly generated sales tax and deposit it in the appropriate Economic Opportunity Development District Fund, district subaccount.

The EOD District and the EOD Project, to be more fully described, are also designed to complement the success and job growth created by Park Corporation at the Gestamp location in South Charleston. The Fly Ash Pond property is visible from both Interstate 64 and from U.S. 60 (MacCorkle Avenue) and can be presently characterized as an industrial eyesore. The site completed the Voluntary Remediation Program and the West Virginia Division of Environmental Protection issued a Certificate of Completion, pursuant to W.Va. Code § 22-22-13, on September 19, 2016. The City is eager to see this former industrial site put to productive use. Transformation of this highly prominent site into a high value retail and commercial location will enhance the City and facilitate additional investment in job producing development that further expands the tax base throughout the City.

The City also understands and embraces its ability to provide infrastructure and public improvement projects that it can finance on its own. Recognizing that the State of West Virginia received challenging revenue forecasts and further recognizing that the responsibility to create and maintain infrastructure falls heavily to the State, the City proposes to use the increment generated by the strategic and proposed improvements both to finance its own infrastructure projects and to reimburse the West Virginia Division of Highways State Road Fund for the Jefferson Road project and the Trace Fork Connector once sufficient revenue is generated to support the issuance of tax increment revenue bonds from time to time in one or more series.

THE EOD Project and Upcoming Activities

The City continued the "South Charleston Park Place Economic Opportunity Development District Project" ("EOD Project") within the EOD District. The EOD District and the EOD Project provide funding for the elements of the EOD Project, which

include infrastructure and public improvements, projects to enhance economic diversification and create jobs within the City and the surrounding region, and projects to enhance the safety and wellbeing of the City's residents and guests.

The City desires to embrace its distinguished history in manufacturing and innovation in research and development, while making the City an economically diverse and thriving community. There is precedent for taking advantage of former industrial sites in South Charleston and turning them into thriving retail and restaurant developments. The first such project was Riverwalk Plaza. In its earliest form, Riverwalk Plaza was the site of Armor Park, which provided housing for the Naval Ordnance Center's employees and their families. FMC ultimately purchased the property that was the former Armor Park, and subsequently transferred it to a retail developer, and the site was developed as the City saw fit. Riverwalk Plaza is a success story that can be improved upon with the addition of the creation of the EOD District so that public improvements, infrastructure and site development, and remediation can be funded by the City for increased benefit, development and opportunity.

In addition, the site development and remediation will enable Park Corporation to expand. A portion of the site remediation is to fill in the old Fire Pond in a tract adjacent to the current Park Corporation complex. That will enable Park Corporation to utilize the area for parking to support the construction of additional buildings and increased employment.

The Jefferson Road Project and the Trace Fork Connector

Integral parts of the EOD Project is the Jefferson Road project and the Trace Fork Connector. These projects combine to enable the investment in presently undeveloped land by providing economical remediation and enable investment and increased sales in new parcels close to existing retail and restaurants by creating access to the parcels, addressing traffic congestion and public safety.

As mentioned previously, the portion of Jefferson Road set for expansion was identified by the West Virginia Division of Highways as one of the most congested roads in West Virginia. The City could not agree more, having realized that improvement in this area could enhance the health and public safety of South Charleston residents. The commute delays and pollution from the commute delays are ongoing hazards to the residents of South Charleston. Further, fire services, police services and ambulance response times can be improved with these projects. The City worked with the Division of Highways to make this road improvement priority.

When the City realized that the fill created by the cuts required for the Jefferson Road project was determined by engineers to be ideal for dewatering the Fly Ash Pond and further remediating the site, there was even more incentive to address the Jefferson Road project expeditiously, but now there is the opportunity for a partnership between the City and the West Virginia Division of Highways.

After discussion with the West Virginia Division of Transportation, the City to entered into a Memorandum of Understanding ("MOU") to pay the West Virginia Division of Highways to move the fill from the location at which the Division of Highways would economically waste the fill to the Fly Ash Pond location approximately one and a half miles away. However, after the City obtained the necessary permits for a Waste Area, the contractor for the West Virginia Division of Highways informed the City that it would not be creating the 850,000 cy of fill as agreed to in the MOU. Additionally, construction on the Jefferson Road Expansion Project has not yet begun, and the City could not afford to wait until construction commenced, even if fill would be available.

Accordingly, the City entered into an agreement with the West Virginia Regional Technology Park to begin the excavation and site development as approved by the WVDO. The City would then have access to sufficient fill to continue remediation of the Project site for development of commercial and retail businesses.

The City is currently negotiating a First Supplement to the MOU with the West Virginia Division of Highways to reflect the current state of affairs. The City still intends to reimburse the West Virginia State Road Fund for the cost of the road construction, as senior financing and sales tax revenue allows. These bonds would be issued upon completion of the West Virginia Division of Highways projects. The City still views this arrangement as a valuable partnership and is pleased to be able to work with the West Virginia Division of Highways for road construction and improvements. The changes in this partnership were necessary as the initially agreed upon timeline with the West Virginia Division of Highways diverged and lagged behind the City's schedule.

The City has had many conversations with a developer for retail facilities, restaurants, and other entities on sites within the EOD District, including the sites of the Fly Ash Pond and former FMC Hydrogen Peroxide Plant, as well as locations in other parts of the proposed District. The City anticipates entering into an agreement whereby it is reimbursed for site improvements as a condition for access to the site for development. The agreement may include participation from Park Corporation, the City, and a developer, with terms and conditions designed to transfer ownership of the property for development following remediation and provided certain conditions are met. Proposals for the site have been for commercial and retail establishments, as well as restaurants, that are new to this area. The Fly Ash Pond site will generate 60 acres for development, which allows plenty of room for retail buildings as well as outparcels for upscale restaurants. The adjacent parcels in the Park Corporation industrial complex that have been made available constitute an additional 20 acres of land for economic growth. Finally, the parcels that will open up as a result of the Trace Fork Connector include up to five sites, as well as an additional 12 acres for planned retail and commercial development.

There is an aesthetic element to this EOD Project as well. The current Fly Ash Pond is an unusable industrial site that sits on MacCorkle Avenue, a main thoroughfare of the City, and is also visible from the Interstate 64. The addition of commercial and retail development of the type planned by the City will be an added attraction to both the residents of South Charleston and guests. This EOD Project will attract additional improvements and attractions as a result of both the private investment – expected to meet or exceed \$95 million – and the increased livability of the area. For example, the West Virginia Division of Natural Resources plans to grant the City \$1 million to construct a boat ramp under the Interstate 64 bridge, and investment and that enhancement will continue to encourage growth and development in the City.

Economic Diversification - Development of the West Virginia Regional Technology Park:

The West Virginia Regional Technology Park (the “Tech Park”) located in South Charleston is an historic facility that spawned more than 30,000 patented discoveries that generated an estimated \$18 billion in revenue. The 258 acre site was acquired by the State of West Virginia in 2010 and presently has 800,000 square feet of laboratories, office space, meeting facilities, pilot plant facilities, engineering and data processing capabilities. The campus also includes BridgeValley Community and Technical College and the embedded Advanced Technology Center. The site markets both technology-based companies looking for an opportunity to expand, and to new businesses requiring research and laboratory space. The emphasis on both technology-based economic development and education and workforce training make this a unique facility that should be encouraged and enhanced to diversify the economy in the City and surrounding areas. The Tech Park has made it known to the City that it has commissioned a site development plan and that through the proposed public improvements and site work additional developable land and sites will be created. Without the proposed EOD District the improvements would not be possible and without the improvements, the Tech Park would be unable to continue to market and grow its business.

The City began site preparation and related public infrastructure and improvements to enable the further development of the Tech Park in locating businesses or expanding existing businesses, such as the existing data center. This work at the Tech Park will increase the developable acreage by an additional 90 acres and has facilitated the remediation of the Park Place site, including the dewatering of the Fly Ash Pond, so that commercial and retail development can commence.

The City and the South Charleston Municipal Building Commission Have Financed Nearly \$24,000,000 in Acquisition and Remediation of Real Estate Located at 60 MacCorkle Avenue, South Charleston, for the Purpose of Creating Commercially Developable Property, as Described in the City’s Applications to the WVDO.

At the request of the City, The South Charleston Municipal Building Commission (the “Building Commission”) issued three separate series of lease revenue bonds to finance acquisition and a portion of the MacCorkle Avenue property remediation project. The first series in 2017 issued in the amount of \$6,980,000.00 was intended to purchase the property and launch remediation, but, due to delays in the Jefferson Road project, additional funds were required to keep the remediation on schedule so the MacCorkle Avenue property could be commercially developed, and the Building Commission issued a second series of bonds in 2018 in the amount of \$6,950,000, and a third series of bonds in 2019 in the amount of \$10,000,000. As mentioned previously, the Jefferson Road project is still not underway, and in order to meet deadlines and continue remediation, the City began the Tech Park development, as approved, and is using materials from that project to dewater the fly ash pond and remediate the MacCorkle Avenue property for commercial development.

Developers Have Reached Out to the City with Prospects to Locate on the Site.

The City has received expressions of interest from retailers and other businesses who are interested in locating at the MacCorkle Avenue property once remediation and other public infrastructure improvements are complete or nearly complete. In order to continue these discussions to bring this economic development to South Charleston, the City must continue with the remediation – even without the fill that was to be provided by the Jefferson Road project – and must unwind the tax-exempt financing that supplied funds for the Project thus far. The timeline for property acquisition and financing is before the end of the 2022 fiscal year. This financing will include the issuance of EOD excise tax revenue bonds by the City, detailed *supra*.

Site Improvements, Purchase Agreement with Menards, Agreement to Enable Chik-Fil-A Location, Additional Property Acquisition

Significant activity in the EOD District includes continued remediation of the Park Place site, improvements to public infrastructure, contracting for the sale of property, and acquisition of additional tracts of land for sale and development. Although not all the additional land acquisitions will be funded or reimbursed with Excise Tax bonds, the purchases were necessary to continue to create economic development opportunities within the EOD District.

The City entered into a contract to continue remediation of the Park Place site, including the dewatering of the Fly Ash Pond. Integral to this remediation and dewatering, the City also began excavating at the Tech Park site to begin the construction and public infrastructure improvements necessary to develop that acreage. The fill is being transported to the Park Place site for remediation.

The South Charleston Municipal Building Commission entered into a Purchase and Sale Agreement with Menards for approximately 14 acres of property presently undergoing remediation at the project site, contingent upon remediation being completed. At the real estate closing, which will correspond with the financing detailed, *supra*, the City will enter into a Site Development Agreement with Menards for necessary public and site improvements to facilitate the construction of the Menards store and the further development of the project site for additional property sales

and commercial development. Additionally, the City entered into negotiations for a Purchase and Sale Agreement to facilitate the location of a free standing Chik-Fil-A in the EOD District.

Finally, as mentioned, the City has undertaken additional property acquisition in and around the EOD District to facilitate and foster economic development activity. Except for portions of the acquired properties necessary for public infrastructure, the City intends to remediate and develop the properties and then turn them over for private development.

The First Meeting of the EOD District Board

On December 17, 2020, the EOD District Board met for the first time. At that meeting, Mayor Frank Mullens welcomed the EOD District Board members and gave them an overview of the Project in the EOD District. The EOD District Board authorized the creation of a bank account and then closed the meeting with a proposal to meet in early 2021 to adopt operating documents and submit an annual report.

The following information and summaries were also provided:

Breakdown of Projects and Improvements Made in the EOD District to Date and Funds Expended to Date on the EOD Projects:

Total expenditure by City thru 12-31-20	\$21,878,705.41
Purchase Property	\$ 9,000,000.00
Engineering	\$ 1,790,663.86
Site Remediation (includes, clearing and grubbing, installing stone drainage blanket, wick drains, and storm sewer relocation)	\$ 9,886,247.55
Tech Park site development (includes water line relocation)	\$ 148,622.82
Cost of Issuance, Insurance and Admin	\$ 1,053,171.16
Cap Interest	\$ 62,500.00

Projects Necessary Through the End of 2020-2021 Fiscal Year:

Site Development Work Tech Park	\$9,000,000.00
Excess earthwork disposal Jefferson Road	\$4,000,000.00
Complete Storm Water Relocation	\$1,000,000.00
MacCorkle Ave Traffic Improvements	\$ 500,000.00
Demolition of Cambridge Building	\$ 75,000.00
Relocation of Tenants	\$ 75,000.00

Breakdown and Proposed Budget of the Funds Necessary to Complete the Site Development and Sell Sites for Commercial Development:

Future Expenditures	Quantity	Cost/unit	Cost	Note
Tech Park Development	900,000	12	\$10,800,000.00	500,000 cu. yd. for Park Place
Jefferson Road Dirt	400,000	10	\$ 4,000,000.00	
Storm Sewer Relocation	1,000,000	1	\$ 1,000,000.00	
MacCorkle Ave Traffic	750,000	1	\$ 750,000.00	
Interior Public Improvements	200,0000	1	\$ 2,000,000.00	
Total			\$18,550,000.00	
Portion to Complete Park Place			\$13,750,000.00	

Amount remaining in Bond Account 2019A **\$3,911,067.00**

Itemized Statement of Excise Tax Receipts and Disbursements to Date:

October 2020 Net Collection	\$ 5,323.57
November 2020 Net Collection	\$16,166.78
December 2020 Net Collection	\$ 8,870.04
Total 2020 Net Collection	\$30,360.39
Expenditures	\$ 0.00
Balance	\$30,360.39

Second Meeting of the EOD District Board

At the second meeting of the EOD District Board, held on January 21, 2021, the EOD District Board reviewed and approved the Initial Report.

Clarification of the Scope of the Projects Approved by the WVDO in the EOD District Application and Clarification of Expenses to Be Incurred Within the Next 12 Months:

The EOD District Board hereby requests that the WVDO acknowledge that the Approved Projects as described in the EOD District Application and the Real Estate TIF Application are interrelated in scope, execution, and purpose, and thus proceeds of an EOD Excise Tax financing may be used to pay the costs of permissible expenditures under the Act, including remediation and public improvements detailed in the Real Estate TIF Application and the remediation and public improvements described within this Report, with the goal of opening up Park Place for commercial development. This clarification is obvious from the narratives of the approved applications and the work and financing by the City to date but is made necessary by the repeated delays in beginning the Jefferson Road project, which was a critical lynch pin in completing the Approved Projects. Using ingenuity and its own financing, the City has kept its Project on track and on schedule. The EOD District Board believes that this written acknowledgement by the WVDO clarifies the Projects in anticipation of upcoming EOD Excise Tax financing so the remediation and public improvements can be completed and the real estate parcels developed commercially.

While the EOD District Board requests written acceptance of this report, it will also consider acceptance of the report without comment as acceptance.

ITEMIZED STATEMENT OF RECEIPTS AND DISBURSEMENTS

The receipts are attached as Exhibit B hereto. There have been no disbursements to date.

RECOMMENDED PROGRAM OF SERVICES TO BE PERFORMED AND CAPITAL IMPROVEMENTS TO BE MADE IN FISCAL YEAR 2022

The following information is the most up-to-date summary that the City has regarding services, capital improvements, and financing to occur in FY 2022. This information was prepared by the City and its financial advisor, Piper Sandler:

Issuer: City of South Charleston, West Virginia (the "Issuer" or "City")

Bonds Description: ¹ \$24,080,000¹ Special District Excise Tax Revenue Improvement Bonds (South Charleston on Park Place Project), Series 2021 A (Tax-Exempt) (the "Series 2021 A Bonds")

\$9,105,000¹ Special District Excise Tax Revenue Improvement Bonds (South Charleston on Park Place Project), Series 2021 B (Taxable) (the "Series 2021 B Bonds", and together with the Series 2021 A Bonds, the "Bonds")

Closing Date: ¹ On or about November 18, 2021

Sources & Uses of Funds: ¹

Sources of Funds ¹	Series 2021 A (\$)	Series 2021 B (\$)	Total (\$)
Par Amount of Bonds	24,080,000.00	9,105,000.00	33,185,000.00
Net OID	-15,589.95	-	-15,589.95
Total Source of Funds	24,064,410.05	9,105,000.00	33,169,410.05
Uses of Funds ¹	Series 2021 A (\$)	Series 2021 B (\$)	Series 2021 A (\$)
Project Funds ¹	17,000,000.00	-	17,000,000.00
Reimbursement to Issuers	2,908,659.72	7,121,201.39	10,029,861.11
Debt Service Reserve Funds	1,977,400.00	1,026,750.00	3,004,150.00
Capitalized Interest Funds	1,437,929.28	677,862.80	2,115,792.08
Costs of Issuance	253,970.17	96,029.83	350,000.00
Underwriter's Discount	481,600.00	182,100.00	663,700.00
Rounding Amount	4,850.88	1,055.98	5,906.86
Total Uses of Funds	24,064,410.05	9,105,000.00	33,169,410.05

Purpose: The Series 2021 A Bonds are being issued to:

- (i) Finance the additional costs of constructing, improving and equipping real property located within the South Charleston Economic Opportunity Development District (the "Excise Tax District"), including (a) approximately \$15,500,000 to complete the South Charleston Park Place project site, and (b) approximately \$1,500,000 for improvements to property located in the West Virginia Regional Technology Park (collectively, the "Series A Project");
- (ii) Reimburse the Issuer for certain prior capital expenditures within the Excise Tax District previously funded with proceeds of the Series 2019 A Bonds (defined herein);
- (iii) Fund a debt service reserve for the Series 2021 A Bonds;

- (iv) Pay capitalized interest on the Series 2021 A Bonds to approximately June 1, 2023; and
- (v) Pay costs of issuance of the Series 2021 A Bonds.

The Series 2021 B Bonds are being issued to:

- (i) Finance the additional costs of constructing, improving and equipping real property located within the Excise Tax District, including (a) _____ (the "Series B Project," and together with the Series A Project, the "Project")
- (ii) Reimburse the Issuer for certain prior capital expenditures within the Excise Tax District (previously funded with proceeds of the Series 2019 A Bonds);
- (iii) Fund a debt service reserve for the Series 2021 B Bonds;
- (iv) Pay capitalized interest on the Series 2021 B Bonds to approximately June 1, 2023; and
- (v) Pay costs of issuance of the Series 2021 B Bonds

Debt Service Reserve Funds: ¹ A Debt Service Reserve Funds shall be established for the Series 2021 A Bonds equal to the maximum annual debt service on the Series 2021 A Bonds, excluding debt service scheduled for Bond Year 2050. A Debt Service Reserve Fund shall be established for the Serie 2021 B Bonds equal to the maximum annual debt service on the Series 2021 B Bonds.

Optional Redemption: ¹ The Bonds are subject to optional redemption commencing on June 1, 2031, in whole or in part, at a Redemption Price equal to 100% of the principal amount redeemed plus accrued interest.

Extraordinary Redemption: ¹ The Series 2021 A Bonds and the Series 2021 B Bonds, respectively are subject to extraordinary mandatory redemption at a Redemption Price equal to 100% from any funds remaining on deposit in the Series 2021 A Project Fund and the Series 2021 B Project Fund, respectively, at the end of the Construction Period or no later than on November 1, 2024.

Additional Bonds: ¹ The Issuer may issue Additional Bonds on a parity with the Bonds under certain conditions, generally including 150% projected coverage on then outstanding Bonds and Additional Bonds to be issued prepared by an Independent Financial Consultant from open businesses and businesses for which construction contracts are in place.

Security: The Bonds shall be issued pursuant to the Indenture by and between the Issuer and the Trustee. The Bonds are special, limited obligations of the Issuer, payable solely from Net Excise Tax Revenues generated from certain taxable retail sales and services in the Excise Tax District and certain moneys on deposit with the Trustee. The Bonds do not constitute a general obligation of the Issuer, the State of West Virginia, Kanawha County, West Virginia or any agency or other political subdivision of the State.

Net Excise Tax Revenues:	Principal and interest payments on the Bonds will be payable from Net Excise Tax Revenues of the Excise Tax District, including sales to be generated from the Menards Store, Chick-fil-A and several retail establishments to be located in the South Charleston Park Place site (sometimes referred to herein as "Park Place"). Businesses located in the Excise Tax District are required to collect the Excise Tax in the same manner as the sales tax of the State on all taxable transactions and to remit the amount collected every month, on the 20th day of the respective month following collection, to the Tax Commissioner of the State. The Tax Commissioner, in turn, deposits the amount received with respect to the Excise Tax District (less 1% of the gross amounts received which is to be withheld by the Tax Commissioner of the State less the certified base of the Excise Tax District of \$87,100.00 into the South Charleston Economic Opportunity Development District Fund Subaccount. No later than the 25th day of each month, the District Board will requisition from the State Auditor all amounts then on deposit in the Excise Tax Account for transfer to the Trustee. The sales tax rate of 6% is identical to the State sales tax rate. The Excise Tax shall expire 30 years following the creation of the Excise Tax District in 2050.
Contingency Fund:	The City shall establish a Debt Service Contingency Fund (the "Contingency Fund") for the Bonds equal to the maximum annual debt service on the Bonds excluding debt service scheduled for Bond Year 2034 and Bond Year 2050. The Contingency Fund shall be funded up each June 1, commencing on June 1, 2024, from annual Surplus Excise Tax Funds until funded in whole. Once Debt Service Coverage of 1.50x is achieved from trailing 12-month Excise Tax Revenues, such Contingency Funds shall be used for extraordinary redemption of Series 2021 A Bonds Principal scheduled on June 1, 2050.
Construction Risk:	The development and construction of the Project is subject to the usual risks associated with construction projects generally, such as weather delays, labor shortages or work stoppages, performance by subcontractors, unanticipated issues with the Project Area, delays in sourcing construction materials, and difficulty obtaining various construction permits.
Completion Risk:	A portion of the Project includes public improvements that will allow for site development and related work necessary to prepare for the opening of the Menards Store and the potential construction of other retail establishments located in the Excise Tax District. The portion of the Project to be completed necessary for the opening of Menards will take approximately 12 months to complete and will be constructed commensurate with the Menards Store construction, which is scheduled to commence in April of 2022 and is expected to open by April of 2023. Accordingly, it is expected that the Menards Store will not be open for business, and will not commence collecting Excise Taxes, until approximately 12 months following the issuance of the Bonds. The development and construction of the Menards Store and other retail establishments are subject to the usual risks associated with construction projects generally, such as weather delays, labor shortages or work stoppages, performance by subcontractors, unanticipated issues with the Project Area, delays in sourcing construction materials, and difficulty obtaining various construction permits. Such risks may result in delayed generation and collection of Excise Taxes to repay the Bonds.

The Project: ¹

The City plans to use proceeds from the Series 2021 A Bonds in the approximate amount of \$15,500,000 to complete construction and improvements to the South Charleston Park Place project site (the "Park Place Project") and \$1,500,000 of infrastructure improvements to real property located in the West Virginia Regional Technology Park (the "Technology Park Project")(collectively, the "Project"). The Park Place Project is expected to be completed 18 months from closing of the Bonds and includes completion of the Fly Ash Fill Project, which commenced with the issuance of \$10,000,000 of Series 2019 A Bonds (defined herein), and includes firewater fill, storm sewer spillway improvements, interior traffic improvements, and internal infrastructure improvements. The fill being used for the Park Place Project is being removed from property located in the Technology Park. Upon completion of the fly ash portion of the Park Place Project, the City plans to construct certain infrastructure improvements, including paving, roads, utilities and other improvements to the site area to create approximately ____ acres of new property for commercial development.

Project Budget¹

Project Description	Amount (\$)
Remaining Fly Ash Project and Firewater Fill	\$10,750,000
Storm Sewer Spillway Improvements	250,000
Interior Traffic Improvements	1,500,000
Internal Infrastructure Improvements	<u>3,000,000</u>
Total Park Place Project	\$15,500,000
Road improvements	750,000
Utilities and other Infrastructure Improvements	<u>750,000</u>
Total Technology Park Project	\$1,500,000

Park Place Development: ¹

Park Place is a planned 550,000 square foot retail and service development to be anchored by Menards, a 225,000 square foot home improvement super store. Chick-fil-A is scheduled to be opened in October of 2022 followed by Menards in April of 2023. Additional retail development is planned to commence in May of 2023, highlighted by a large grocery marketplace and several national discount retailers. The development is also planned to feature 6 major national chain restaurants, an extended stay 102-unit hotel to accommodate local business, and small shop space arranged in a "lifestyle center" layout to include a mix of national and local brands with soft goods, services and food service.

Menards:

Menards is a leading retailer in the home improvement industry with more than 300 stores primarily located in the Midwest providing customers with one-stop shopping for hardware, building materials, appliances, gardening, home decor, furniture and groceries. The Menards store that is planned to be built within the South Charleston Excise Tax District is projected to generate approximately \$50 million in annual taxable sales (excluding food and other non-taxable merchandise) resulting in projected excise sales tax revenue of \$3 million per year available to the City to pay debt service on outstanding excise sales tax bonds.

**Competition:**

The Park Place development is located between MacCorkle Avenue and I-64 and is approximately 4 miles west of major intersections of I-77, I-79 and I-64 in Kanawha County. The nearest competitors to Park Place are located approximately four miles south off US Route 119, offering products and services comparable to Menards and other planned retail establishments in the Excise Tax District.

South Charleston Park Place Timeline: ¹

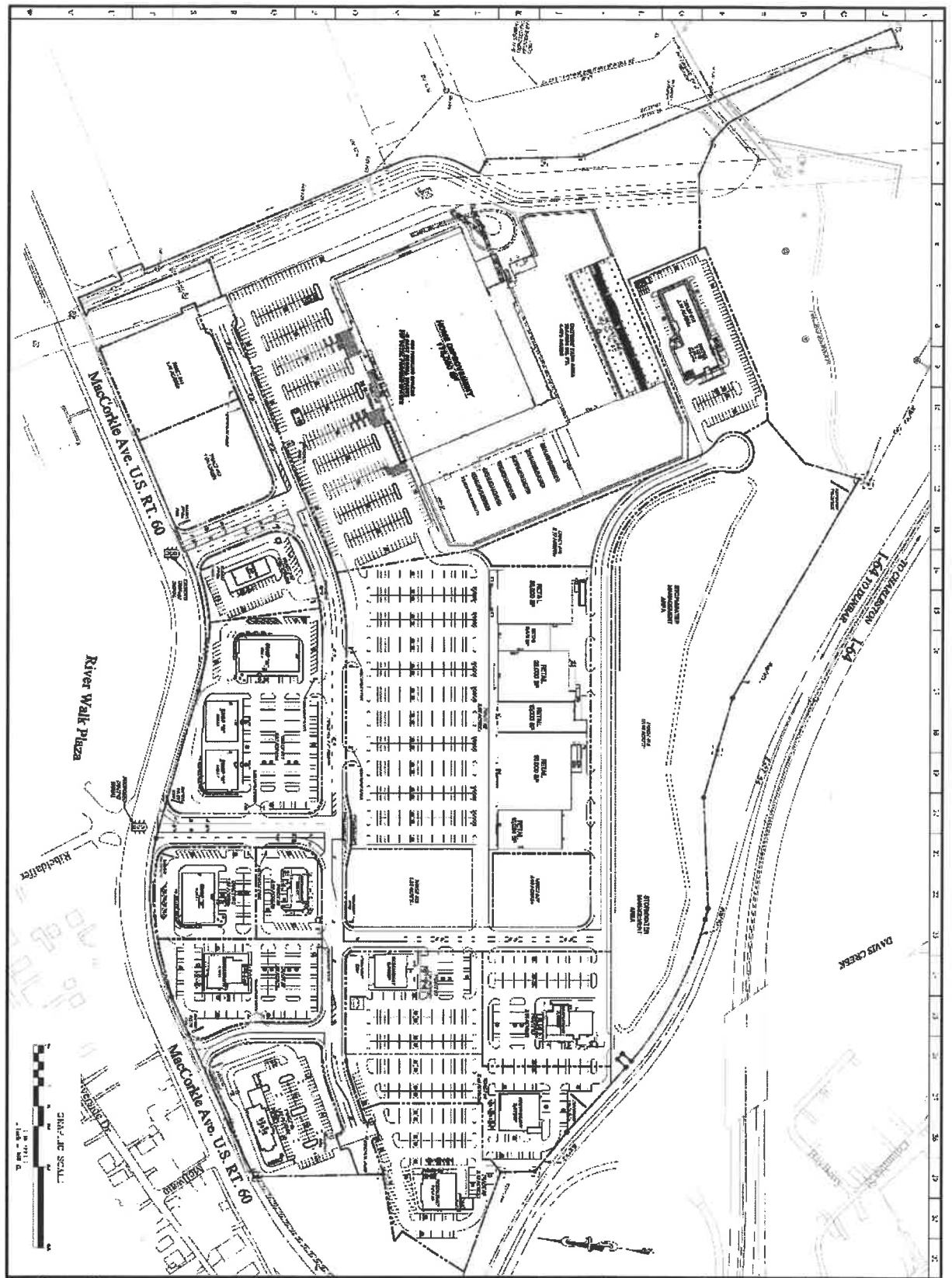
December 2017:	The South Charleston Municipal Building Commission (the "Building Commission") issued its \$6,980,000 Lease Revenue Bonds, Series 2017 (the "Series 2017 Bonds") for acquisition of the real property located at the Project site.
June 2018:	The City established the City of South Charleston Redevelopment District No. 1 (the "TIF District") and approved the South Charleston Park Place Economic Opportunity Redevelopment Project Plan. The TIF District includes approximately 82 acres, encompassing the former FMC Fly Ash Pond and FMC Hydrogen Peroxide Plant. The West Virginia Development Office approved a bonding capacity of up to \$30,000,000 in tax increment revenue bonds to finance approved projects and improvements within or benefitting the TIF District.
December 2018:	The Building Commission issued its \$6,950,000 Lease Revenue Bonds, Series 2018 (the "Series 2018 Bonds") for remediation of the real property at the Project site and engineering services.
December 2019:	The Building Commission issued its \$10,000,000 Lease Revenue Bonds, Series 2019 A (the "Series 2019 Bonds") to finance additional costs of remediating, construction and improving of the Project site.
June 2020:	The City established the South Charleston Park Place Economic Opportunity Development District (the "Excise Tax District"), which includes approximately 3,100 acres of the following real property located within the City: (i) the TIF District, (ii) the South Charleston Industrial Park, (iii) the West Virginia Regional Technology Park, (iv) Thomas Hospital property, (v) adjoining properties of Jefferson Road, and (vi) certain undeveloped properties along Corridor G extending to Trace Fork. The West Virginia Development Office approved a bonding capacity of up to \$90,000,000 in excise sales tax bonds to finance approved projects and improvements within or benefitting the Excise Tax District.
April 2021:	The City received bids on the Fly Ash Fill Project at South Charleston Park Place. J.F. Allen was awarded the project based on a \$13 million bid. The Fly Ash Fill Project commenced in May 2021 with approximately \$2.250 million of remaining Series 2019 A Bonds proceeds. The balance of the Fly Ash Fill Project in the approximate amount of \$10,750,000 is planned to be financed from a portion of the proceeds of the Series 2021 A Bonds (see the "Project" herein).
May 2021:	The City entered into two purchase agreements for (i) the purchase of approximately 7.75 acres in the Excise Tax District for \$3,500,000 (the "Park Property"), and (ii) the sale of approximately 16.42 acres to Menards for \$7,000,000, which includes 8.71 acres currently owned by the City and 7.71 acre Park Property (the "Menards Property"). Menards commences due diligence on the Menards Property.
November 2021:	The Menards Property purchase is expected to close with proceeds to be used to (i) payoff a loan of the City in the amount of \$3,500,000 used to purchase property within the Excise Tax District, and (ii) payoff a portion of the Series 2017 Bonds in the amount of \$3,500,000.
November 2021:	Contemporaneously with the closing of the Menards Property, the City plans to issue the Bonds to construct the Project and reimburse itself for certain prior expenditures related to the development of the Excise Tax District. The Building Commission plans to issue its Lease Refunding Revenue Bonds, Series 2021 (Taxable) to payoff outstanding Series 2017 Bonds and Series 2018 Bonds in the approximate amount of \$10,500,000 (the "Series 2021 Building Commission Bonds"), which are payable from lease payments made by the City to the Building Commission and are not payable from or secured by Excise Taxes.

- April 2022: The City plans to close on a property sale to Chick-fil-A for \$2,400,000 and plans to use the proceeds to payoff a loan used to previously acquire the Cambridge Center property, located within Park Place.
- October 2022: Chick-fil-A opens to the public.
- April 2023: Menards opens to the public.
- April 2023: Sale of remaining real property in the Excise Tax District to Interstate Realty in the approximate amount of \$5,600,000 for construction of additional retail development. Contemporaneously with the closing of the Interstate Realty sale, the City plans to use the proceeds from the property sale and from the issuance of issue tax increment revenue bonds to pay off the outstanding Series 2021 Building Commission Bonds.
- May 2023: Construction commences on additional retail buildings in the Excise Tax District.
- May 2024: Park Place development completed.

Conceptual Rendering – South Charleston Park Place



Conceptual Site Plan – South Charleston Park Place



Projected Revenues: ¹

A Revenue Report on the projected Net Excise Tax Revenues was prepared by _____, providing for various projected revenue scenarios based on development in the Excise Tax District. Scenario A includes projected Net Excise Tax Revenues from Menards and Chick-fil-A. Scenario B projections include Scenario A projections plus additional buildout in South Charleston Park Place. Scenario C projections include Scenario B projections plus other buildout in the Excise Tax District.

**Scenario A: Menards and Chick-fil-A
Summary of the Projection of Net Property Tax Increment (\$) ¹**

Store	Description	Annual Sales	Annual Excise Tax
Chik-fil-A	Planned opening in 10/22	\$5,000,000	\$300,000
Menard's	Planned opening by 4/23	50,000,000	\$3,000,000
Totals		\$55,000,000	\$3,300,000

Projected Debt Service Coverage: ¹

**Scenario A: Menards and Chick-fil-A
Projected Debt Service Coverage¹**

Bond Year	Principal ¹	Interest ¹	Total Debt Service	Reserve Fund Cap Interest ²	Total Net Debt Service	Projected Revenue ³	Projected Surplus	Projected Coverage
6/1/2022	0	760,447	760,447	-760,447	0	0	0	
6/1/2023	0	1,418,450	1,418,450	-1,418,450	0	0	0	
6/1/2024	570,000	1,418,450	1,988,450	-37,552	1,950,898	3,300,000	1,349,102	1.69
6/1/2025	600,000	1,389,950	1,989,950	-37,552	1,952,398	3,300,000	1,347,602	1.69
6/1/2026	625,000	1,359,950	1,984,950	-37,552	1,947,398	3,300,000	1,352,602	1.69
6/1/2027	660,000	1,328,700	1,988,700	-37,552	1,951,148	3,300,000	1,348,852	1.69
6/1/2028	690,000	1,295,700	1,985,700	-37,552	1,948,148	3,300,000	1,351,852	1.69
6/1/2029	725,000	1,261,200	1,986,200	-37,552	1,948,648	3,300,000	1,351,352	1.69
6/1/2030	765,000	1,224,950	1,989,950	-37,552	1,952,398	3,300,000	1,347,602	1.69
6/1/2031	800,000	1,186,700	1,986,700	-37,552	1,949,148	3,300,000	1,350,852	1.69
6/1/2032	840,000	1,146,700	1,986,700	-37,552	1,949,148	3,300,000	1,350,852	1.69
6/1/2033	885,000	1,104,700	1,989,700	-37,552	1,952,148	3,300,000	1,347,852	1.69
6/1/2034	1,955,000	1,060,450	3,015,450	-1,064,302	1,951,148	3,300,000	1,348,852	1.69
6/1/2035	1,010,000	962,800	1,972,800	-24,718	1,948,082	3,300,000	1,351,918	1.69
6/1/2036	1,055,000	922,400	1,977,400	-24,718	1,952,682	3,300,000	1,347,318	1.69
6/1/2037	1,095,000	880,200	1,975,200	-24,718	1,950,482	3,300,000	1,349,518	1.69
6/1/2038	1,140,000	836,400	1,976,400	-24,718	1,951,682	3,300,000	1,348,318	1.69
6/1/2039	1,185,000	790,800	1,975,800	-24,718	1,951,082	3,300,000	1,348,918	1.69
6/1/2040	1,230,000	743,400	1,973,400	-24,718	1,948,682	3,300,000	1,351,318	1.69
6/1/2041	1,280,000	694,200	1,974,200	-24,718	1,949,482	3,300,000	1,350,518	1.69
6/1/2042	1,330,000	643,000	1,973,000	-24,718	1,948,282	3,300,000	1,351,718	1.69
6/1/2043	1,385,000	589,800	1,974,800	-24,718	1,950,082	3,300,000	1,349,918	1.69
6/1/2044	1,440,000	534,400	1,974,400	-24,718	1,949,682	3,300,000	1,350,318	1.69
6/1/2045	1,500,000	476,800	1,976,800	-24,718	1,952,082	3,300,000	1,347,918	1.69
6/1/2046	1,560,000	416,800	1,976,800	-24,718	1,952,082	3,300,000	1,347,918	1.69
6/1/2047	1,620,000	354,400	1,974,400	-24,718	1,949,682	3,300,000	1,350,318	1.69
6/1/2048	1,685,000	289,600	1,974,600	-24,718	1,949,882	3,300,000	1,350,118	1.69
6/1/2049	1,755,000	222,200	1,977,200	-24,718	1,952,482	3,300,000	1,347,518	1.69
6/1/2050	3,800,000	152,000	3,952,000	-2,002,118	1,949,882	3,300,000	1,350,118	1.69
Total	33,185,000	25,465,547	58,650,547	-5,991,607	52,658,940	89,100,000	36,441,060	

² Debt Service Reserve Fund used to make final payment on the Bonds and assumes annual interest earnings of 1.25%. Capitalized Interest on the Bonds to June 1, 2023 and an annual interest earnings rate of 1.00%.

³ See Projection of Net Excise Tax Revenues herein.

PROPOSED BUDGET TO ACCOMPLISH THESE OBJECTIVES

The City plans to use proceeds from the Series 2021 A Bonds in the approximate amount of \$15,500,000 to complete construction and improvements to the South Charleston Park Place project site (the “Park Place Project”) and \$1,500,000 of infrastructure improvements to real property located in the West Virginia Regional Technology Park (the “Technology Park Project”)(collectively, the “Project”). The Park Place Project is expected to be completed 18 months from closing of the Bonds and includes completion of the Fly Ash Fill Project, which commenced with the issuance of \$10,000,000 of Series 2019 A Bonds (defined herein), and includes firewater fill, storm sewer spillway improvements, interior traffic improvements, and internal infrastructure improvements. The fill being used for the Park Place Project is being removed from property located in the Tech Park. Upon completion of the fly ash portion of the Park Place Project, the City plans to construct certain infrastructure improvements, including paving, roads, utilities and other improvements to the site area to create approximately ____ acres of new property for commercial development.

Project Budget	
Project Description	Amount (\$)
Remaining Fly Ash Project and Firewater Fill	\$10,750,000
Storm Sewer Spillway Improvements	250,000
Interior Traffic Improvements	1,500,000
Internal Infrastructure Improvements	<u>3,000,000</u>
Total Park Place Project	\$15,500,000
Road improvements	750,000
Utilities and other Infrastructure Improvements	<u>750,000</u>
Total Tech Park Project	\$1,500,000

EXHIBIT A

Initial EOD District Board Report

EXHIBIT B

Itemized Statement of Receipts – FY 2021

