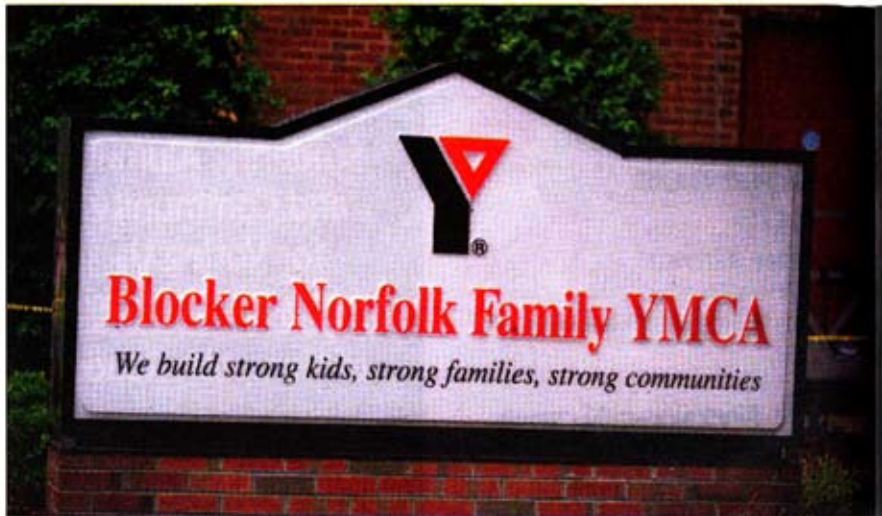


NEWS



YMCA wins approval for bond to finance growth

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The YMCA of South Hampton Roads is embarking on an ambitious expansion plan.

To finance the expansion, the nonprofit organization has asked the Virginia Small Business Financing Authority to approve an \$18.5 million bond for the renovation of three facilities, the construction of an outdoor spray park for children,

and the acquisition of one facility and a piece of property.

A public hearing on the bond issue was May 10 and the VSBFA approved the bond issue last week. This is the first time the YMCA has gone to the state agency for financing, said Will Vehrs, communications manager for the Virginia Department of Business Assistance, which includes the VSBFA.

"Previous projects have been funded with bank-qualified tax-ex-

empt bonds, as well as taxable financings," said YMCA Chief Financial Officer Susan Atkinson. "Tax-exempt financings are always desirable if the project meets the legal requirements.

"We have used a variety of issuers in Virginia in the past because of the \$10 million limit to qualify as bank-qualified, but with the new \$30 million limit, we are able to use one issuer."

The YMCA will pay 1/10 of 1 percent in administrative fees over the life of the bond with a cap of \$125,000.

"The fees are lower, which is cer-

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Plans include renovation of 3 sites, construction of park

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tainly an advantage," Atkinson said. "The lower fee will save us approximately \$20,000 over the life of the bonds."

The YMCA is taking advantage of a lower administrative fee rate from the VSBFA. Local economic development authorities, which have the power to approve bonds of this nature, charge an administrative fee of 1/8 of 1 percent, which translates into higher costs for entities such as the YMCA.

Norfolk and Virginia Beach have attempted to convince lawmakers to change the law to equalize the fees, but such attempts have failed.

Localities use the fees for grants for small businesses or to offset the costs of utilities and to purchase equipment.

The VSBFA keeps the fees.

"The fees collected remain in the VSBFA," Vehrs said. "Most VSBFA activities are non-general fund, meaning taxpayers are not on the hook. These fees, other loan fee charges and interest are the income sources for the VSBFA. Any monies after expenses are plowed back into loan funds."

The YMCA approached the VSBFA not only because of the lower fees, but also because of the speed with which the bond was approved.

"Our primary driving forces are efficiency and timing," Atkinson said. "Our bond issuance will fund projects in four jurisdictions. The time from bank approval to loan closing is expedited because public hearings and inducement resolutions will be handled at one meeting in Richmond, versus the four jurisdictions.

"This expedited schedule is advantageous not only because of our target closing date, but it also does reduce legal fees that would have been involved in coordinating approvals in multiple jurisdictions."

The YMCA will pay the debt service on the bonds from various revenue pots, according to Atkinson.

"The debt service will be repaid with unrestricted capital campaign collections, as well as funds generated through the operating revenues of the YMCA – not only membership dues, but also other sources such as lease income and parking revenue," Atkinson said.

But don't expect membership fees to jump due to payment of the debt service.

"Membership dues increases are approved by the board of directors on an annual basis," Atkinson said. "Usually monthly membership dues are increased in the \$2-\$3 range each year. A membership dues increase for new members went into effect on May 1."

The YMCA has 102,000 members and various facilities from the Eastern Shore to eastern North Carolina, including the Outer Banks.

"Each is at a different age and stage in its life cycle, so renovations are ongoing," Atkinson said. "The most recent renovations are funded by the bond issuance."

The YMCA presently employs 500. That number will jump to 680 after the renovations and acquisitions, according to documents the YMCA filed with the VSBFA. The bonds will finance the following projects:

- Renovations at the Blocker Family YMCA, Norfolk.
- Renovations to the interior swimming pool at the Indian River Family YMCA, Virginia Beach.
- Renovations to the Great Bridge Family YMCA, Chesapeake.
- Construction of an outdoor spray park for children at the Mount Trashmore Family YMCA.
- Acquisition, improvement and equipping of the Taylor Bend Family YMCA, Chesapeake.
- Acquisition of property in Suffolk, now owned by the Hampton Roads Youth Center. ■