



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

Virginia Transportation Infrastructure Bank

Advisory Panel Recommendation

Potomac Yard Metrorail Station Project

Commonwealth Transportation Board

Deputy Secretary Nick Donohue

January 14, 2015



Potomac Yard Metrorail Station Project

City of Alexandria - VTIB Application

- The City submitted an updated application on December 5, 2014 requesting a loan of \$50 million for up to 30 years.
- City is currently engaged in the National Environmental Policy Act (NEPA) process with the feasible station locations ranging in cost from \$209 to \$268 million.
- The requested VTIB loan will be secured by a senior pledge of tier I special tax district revenues and the City's moral obligation.

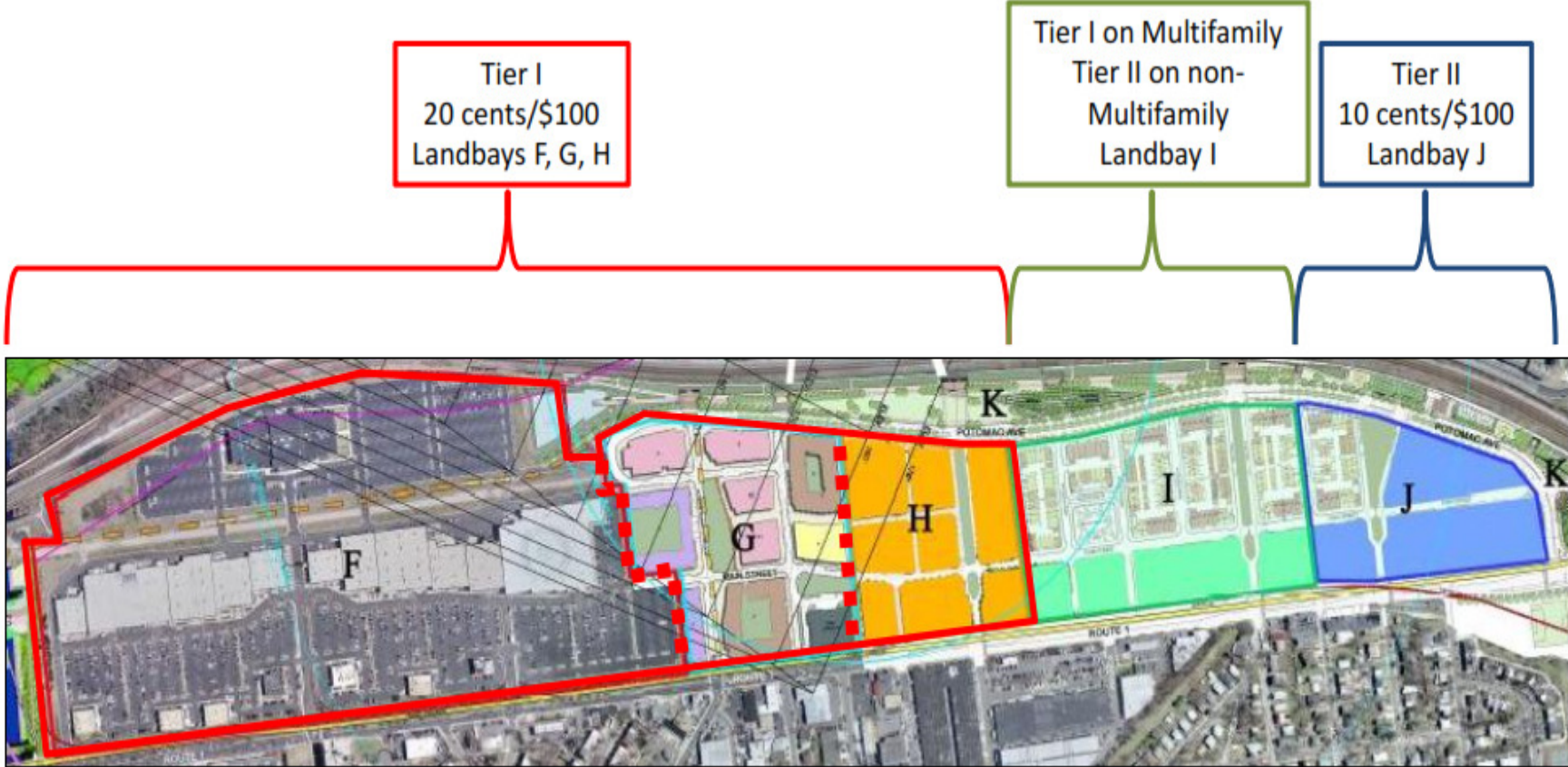
Potomac Yard Development



Potomac Yard Developable Square Footage

	Alternative A	Alternative B
Residential (units)	F: 2,043 G: 730 H: 302 I: 416 J: 374 <u>L: 441</u> Total: 4,300	F: 4,835 G: 730 H: 302 I: 416 J: 374 <u>L: 441</u> Total: 7,100
Office (SF)	F: 981K G: 1.0M <u>H: 1.2M</u> Total: 3.2M	F: 2M G: 1.0M <u>H: 1.2M</u> Total: 4.2M
Retail (SF)	F: 642K G: 116K H: 26K J: 5K <u>L: 5K</u> Total: 795K	F: 615K G: 116K H: 26K J: 5K <u>L: 5K</u> Total: 768K
Hotel (rooms)	F: 400 <u>G: 340</u> Total: 740	F: 400 <u>G: 340</u> Total: 740
Total Square Feet Developed	9,286,000	13,050,000

Special Tax District Landbays



Potomac Yard Metrorail Station Project (Continued) City of Alexandria - VTIB Application

- **Financial close for the VTIB loan is projected within the next 12 months.**
 - **VTIB funds expected to be used in 2018.**
- **The Metrorail station will be conveyed to the Washington Metropolitan Area Transit Authority (WMATA) to build, own, and operate the new Metrorail station.**
 - **Project completion projected at the end of 2018.**
- **The Metrorail station will serve the 300 acre high-density Potomac Yard redevelopment.**
 - **Up to 13 million square feet of total development.**
 - **Located 5 miles from the core of Washington D.C.**

Applicant Project Eligibility and Screening Criteria

- **The application and the City meet the Bank's Mandatory Criteria.**
 - **The City is an Eligible Borrower under the Act.**
 - Meets respective definitions of Governmental Entity.
 - **The Project is a local transportation priority.**
 - Included within the Washington D.C. constrained long range plan.
- **Based on the VTIB Screening and Scoring Criteria, the City's application scored 28 out of 37 total possible points.**
 - **VTIB loan will represent less than 25% of the total project financing.**
 - **Project provides for a strong potential of economic development benefits which would meet the Governor's Opportunity Fund (GOF) criteria.**
 - **Project improves air quality, safety, and enhances the state transportation network.**

Additional Sources of Metrorail Station Funding

- **Northern Virginia Transportation Authority (NVTA).**
 - City seeking additional \$67 million from 70% NVTA funds.
- **Private developers.**
 - Donated property for potential location of Metrorail station.
 - Developer contributions and shortfall guarantees under negotiation.
- **City general obligation bonds.**
 - Remaining amount of funding required.
 - City's general obligation debt rated AAA.

VTIB Loan Structuring

- **Senior pledge of tier I special tax district revenues and City moral obligation.**
 - Moral obligation will be removed once tier I revenues sufficient to generate at least 1.50x VTIB maximum annual debt service (MADS) for two consecutive years.
- **Total excess revenues used to prepay VTIB loan.**
 - Potomac Yard will generate real estate taxes, local taxes, and special tax district revenues.
 - 25% of all net revenues >\$10 million generated in Potomac Yard will be used to prepay VTIB loan.
 - Conservative Projections would allow the VTIB loan to be fully paid in 2033, or approximately 15 years after initial VTIB draw.

Advisory Panel Recommendations

- **The Advisory Panel recommends the CTB approve the loan request.**
- **VTIB Loan**
 - **Amount up to \$50 million plus 4.5 years of capitalized interest, secured by a senior pledge of tier I special tax district revenues and the City moral obligation.**
 - **Loan term up to 30 years after substantial completion.**
 - **Standard rate based upon VTIB interest rate methodology.**
 - Locked in at 2.17% based on AAA GO MMD scale less 50 basis points on Wednesday, January 7, 2014, one week prior to the CTB meeting.
 - **Removal of City moral obligation after generating 1.50x MADS for 2 consecutive years.**
 - **25% of Potomac Yard excess net revenues >\$10 million used to prepay the VTIB loan.**
 - **Upon CTB approval, additional specific loan terms will be determined as project, loan schedule, and related documents are finalized.**

Projected Status of Bank

- **To date, VTIB has provided assistance to three projects:**
 - **City of Chesapeake (Dominion Boulevard) - \$152 million loan approved by the panel and the CTB in January 2012 and closed on November 15, 2012.**
 - **Route 460 Funding Corporation (Route 460 Corridor Improvement Project) - \$80 million line of credit approved by the panel and the CTB in June 2012 and closed on December 20, 2012.**
 - **Industrial Development Authority of Loudoun County (Pacific Boulevard Project) - \$36 million loan approved by CTB in April 2013 and closed on December 12, 2013.**
- **Total capitalization to date including interest of \$321 million.**
- **Assuming the amended City loan is approved, the VTIB will have approximately \$3 million available.**