

COMMONWEALTH of VIRGINIA Office of the

SECRETARY of TRANSPORTATION

Virginia Transportation Infrastructure Bank
Advisory Panel Recommendation
95 Express Lanes LLC
I-395 Express Lanes Northern Extension

Commonwealth Transportation Board Deputy Secretary Nick Donohue April 18, 2017









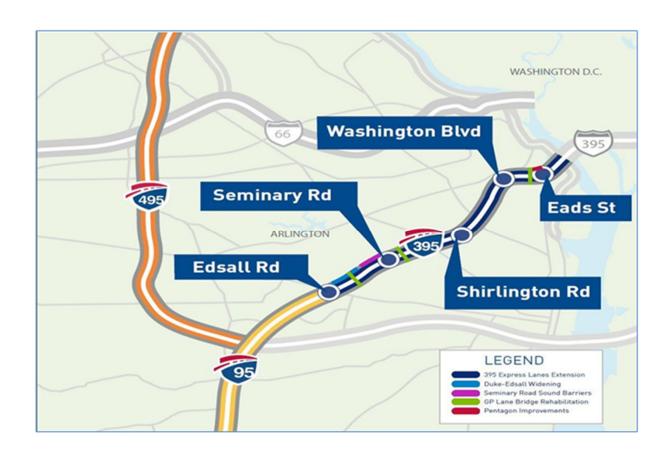




95 Express Lanes LLC I-395 Express Lanes Northern Extension VTIB Application

- 95 Express Lanes submitted an application on January 13, 2017 requesting a loan of \$45 million plus capitalized interest for up to 30 years following completion of construction
- The 395 Project extends the existing Interstate 95 Express Lanes by 8 miles starting at Turkeycock Run and ending just beyond the Pentagon
- The 395 Project also includes the widening of I-395 southbound general purpose lanes between Duke Street (Route 236) and Edsall Road (Route 648), as well as modifications to Duke Street and Edsall Road interchanges
- The requested VTIB loan will be secured by a subordinate pledge of net toll revenue

I-395 Express Lanes Northern Extension



I-395 Express Lanes Northern Extension Additional Project Advancement

- Construction and operation of the Interstate 395 Express Lanes will be structurally similar to the strategy utilized for the Interstate 95 Express Lanes (as reflected within the draft Amended and Restated Comprehensive Agreement (ARCA))
- Project has cleared NEPA Process
- Project to be Constructed Under Design-Build Contract
 - Design-Build Contract Awarded in February 2016
 - Actual construction expected to begin July 2017
- Construction expected to begin July 2017 and last approximately 3 years
 - Project costs estimated at approximately \$342 million
 - The project would enhance overall safety and congestion within the corridor as well as provide additional economic enhancements, improve environmental quality and provide more efficient land use

I-395 Express Lanes Northern Extension Applicant Project Eligibility and Screening Criteria

- The Application and 95 Express Lanes LLC Meet the Bank's Mandatory Criteria
 - 95 Express Lanes LLC is an Eligible Borrower under the Act
 - Meets respective definitions of a Private Entity
 - The Project is a local and regional transportation priority
 - Included within Atlantic Gateway Project, Transportation Improvement Plan 2015

 2020, and Northern Capital Region Transportation Planning Board Constrained
 Long-Range Transportation Plan
- Based on the VTIB Screening and Scoring Criteria, the 95 Express Lanes LLC's Application scored 23 Out of 30 Total Possible Points by VDOT and VRA Staff
 - VTIB loan assistance will represent less than 10% of total project funding
 - Project improves safety and enhances the state and federal transportation network

I-395 Express Lanes Northern Extension Sources of Funding

- Senior Lien Revenue Bonds Private Activity Bonds (PABS)
- VTIB Loan
 - \$45 million plus capitalized interest
 - Subordinate to Senior Bonds
- Equity
 - \$161.6 million in Equity Funding
 - Will include Equity Guarantee and Letter of Credit provision

I-395 Express Lanes Northern Extension VTIB Loan Structuring

- 3.60% fixed interest rate
- 6-Month Drawdown of Funds
 - Draws projected to occur from January 1, 2019 through June 30, 2019
 - Capitalized Interest through December 31, 2019
- Repayment
 - Interest payments begin June 2020
 - Principal payments begin December 2024
 - No Springing Lien in Event of Bankruptcy
- Requirements for annual total debt service coverage of 1.20x and loan life coverage ratio of 1.30x
- VTIB Loan Sinking Fund
 - Triggered if loan life coverage ratio falls below 1.30x

I-395 Express Lanes Northern Extension Advisory Panel Recommendations

- The Advisory Panel recommends the CTB approve the loan request.
- VTIB Loan closing conditions
 - Subordinate Pledge of Net Total System Revenues
 - Loan subordinate to Senior bonds
 - Annual total debt service coverage of 1.20x and loan life coverage ratio of 1.30x
 - Execution of the Amended and Restated Comprehensive Agreement
 - Independent Audit of the Transurban Financial Model
 - Final Version of the Lender's T&R Report
 - Completion of the Lender's Technical Advisor Report
 - Final Investment Grade Ratings
 - Includes requirement for an investment grade rating on the VTIB loan

I-395 Express Lanes Northern Extension Risk Considerations

Construction Risk

- Payment and Performance Bonds and LOC to support Design-Build obligations
- Equity contribution guarantee with LOC provision
- Similar parties who participated in I-95 Express Lanes project
- Independent Technical Advisor Review

Interest Rate Risk

Level of interest rate risk sharing with VDOT

I-395 Express Lanes Northern Extension Risk Considerations (Continued)

Revenues

- Could sustain substantial decrease in total system revenues and still pay total annual debt service
- Above average performance to date and resiliency to stress case scenarios
- Operations and Maintenance
 - Same operator as existing I-95 and I-495 Express Lanes
 - Substantial insurance coverage
 - Independent Technical Advisor Review

Projected Status of VTIB

- To date, VTIB has provided assistance to four projects:
 - City of Chesapeake (Dominion Boulevard) \$151 million loan approved by the panel and CTB in January 2012 and closed on November 15, 2012
 - Loudoun County IDA (Pacific Boulevard Extension Project) \$36 million loan approved by the panel and CTB in April 2013 and closed on December 12, 2013
 - Chesapeake Bay Bridge Tunnel District (Parallel Thimble Shoal Tunnel Project) \$50 million loan approved by the panel and CTB in December 2015 and closed on November 10, 2016
 - City of Alexandria (Potomac Yard Metrorail Station) \$50 million loan approved by the panel and CTB in January 2015 and closed on December 21, 2016
- Total capitalization to date including interest of \$311.4 million.
- Assuming the 395 Project loan is approved, the Bank will have approximately \$3 million available.