



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Shannon Valentine
Chairperson

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda Item #16

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

OCTOBER 20, 2021

MOTION

Made By: Ms. Hynes **Seconded By:** Mr. Rucker
Action: Motion carried, unanimously

Title: Approval of up to a \$49,000,000 Loan with Capitalized Interest from the Virginia Transportation Infrastructure Bank to the Capital Beltway Express LLC for the I-495 Express Lanes Northern Extension

WHEREAS, Capital Beltway Express LLC (the “Recipient”), a Delaware corporation, is proposing to Design, Build, Operate and Maintain an extension of the existing Interstate 495 Express Lanes by 2.5 miles starting at the current terminus of the 495 Express Lanes to George Washington Memorial Parkway (“GWMP”) near the border with Maryland (the “495 Project”). The 495 Project also includes the rehabilitation of GWMP bridges, new northbound access for the Dulles Toll Road (Route 267) and reconstruction of the overpasses at Old Dominion Drive and Live Oak Drive along the Georgetown Pike (Route 193); and

WHEREAS, Chapters 830 and 868 of the 2011 Acts of Assembly and amended by Chapter 805 of the 2014 Acts of Assembly (§33.2-1500) (the “Act”) created the Virginia Transportation Infrastructure Bank (“VTIB”) for the purpose of making loans and other financial assistance to localities, private entities and other eligible borrowers to finance transportation projects; and

WHEREAS, Chapter 684 of the 2015 Acts of Assembly modified certain statutory provisions and requirements relating to the VTIB, including among other things requirements set forth in §33.2-1503 relating to project selection for the Bank; and

Resolution of the Commonwealth Transportation Board
Approval of up to a \$49,000,000 Loan with Capitalized Interest from the Virginia Transportation
Infrastructure Bank to Capital Beltway Express, LLC for the I-495 Express Lanes Northern
Extension
October 20, 2021
Page 2 of 3

WHEREAS, the Recipient submitted an application dated July 13, 2021, requesting a loan from the VTIB to finance a portion of the 495 Project; and

WHEREAS, the Recipient is an Eligible Borrower under the Act meeting the definition of a Private Entity which has executed an interim or comprehensive agreement to develop and construct a transportation infrastructure project pursuant to the Public-Private Partnership Act of 1995 (§33.2-1800 et seq.) as established by the Act for the VTIB; and

WHEREAS, the application meets the Minimum Eligibility Requirements of the VTIB Program Overview, Guidelines and Selection Criteria dated September 2016, and has been screened and scored according to the Screening and Scoring Criteria established for the VTIB, and the creditworthiness of the Recipient and the financial feasibility of the 495 Project have been assessed and evaluated; and

WHEREAS, the Virginia Department of Transportation (VDOT) and the Virginia Resources Authority (VRA) serving as the “Manager” of the VTIB have determined the Project and Loan (as hereinafter defined) meet the requirements, goals, objectives and purposes of the VTIB and the Act, and the Recipient has demonstrated the ability to repay the VTIB loan; and

WHEREAS, the VTIB Advisory Panel met on October 12, 2021 to discuss the merits of the application and unanimously voted to recommend the application to the CTB for approval based on the applicable standard interest rate as set forth in the VTIB Guidelines for Private Entities; and

WHEREAS, according to the VTIB Program Overview, Guidelines and Selection Criteria, as approved by the CTB, the CTB shall act to approve or deny applications for assistance from the VTIB when presented by the VTIB Advisory Panel; and

WHEREAS, after action by the CTB, the scores of the applications will be posted on VDOT’s website, with the successful applications so noted; and

WHEREAS, following action by the CTB to approve the financial assistance from the VTIB, the Manager will provide a written commitment (the “Commitment”) to the potential recipient. The Commitment will outline the type and amount of assistance to be provided and in the case of a loan, the required security provisions, the loan term and payment provisions, and any conditions that must be met by the applicant for loan closing including but not limited to investment grade ratings and credit assistance from the U.S. Department of Transportation pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998, as amended. The Commitment must be accepted by the potential recipient and returned signed to VRA within 60 days of the Commitment date to preserve the funding.

Resolution of the Commonwealth Transportation Board
Approval of up to a \$49,000,000 Loan with Capitalized Interest from the Virginia Transportation
Infrastructure Bank to Capital Beltway Express, LLC for the I-495 Express Lanes Northern
Extension
October 20, 2021
Page 3 of 3

NOW, THEREFORE, BE IT RESOLVED, that based on recommendations from the VTIB Advisory Panel, the CTB hereby approves the Recipient's VTIB loan application to provide financial assistance in the form of a loan to the Recipient for the 495 Project up to \$49,000,000 plus capitalized interest, (the "Loan") , based on the application and plan of finance submitted by the Recipient.

BE IT FURTHER RESOLVED, that in accordance with the Credit Summary prepared by the VRA, the CTB authorizes VDOT and VRA to negotiate with the Recipient, acceptable terms and conditions and to structure and/or restructure terms to utilize the VTIB assistance in the most viable and efficient manner. The standard interest rate will be applied to the loan based on the interest rate methodology defined in the VTIB Program Overview, Guidelines, and Selection Criteria. The interest rate shall be 2.59% based on the October 13, 2021 30 Year Taxable AAA MMD Rate.

###

Commonwealth Transportation Board (the “CTB”) Decision Brief

Virginia Transportation Infrastructure Bank (“VTIB”)

Virginia Transportation Infrastructure Bank Advisory Panel Recommendation Application from Capital Beltway Express, LLC for the I-495 Express Lanes Northern Extension Project

Issue: The applicant, Capital Beltway Express, LLC, submitted an application on July 13 2021, requesting a loan from the VTIB to finance a portion of the I-495 Express Lanes Northern Extension project and CTB approval of the requested loan is being sought.

Facts: Chapters 830 and 868 of the 2011 Acts of Assembly and amended by Chapter 805 of the 2014 Acts of Assembly (§33.2-1500) (the “Act”) created the Virginia Transportation Infrastructure Bank (“VTIB”) for the purpose of making loans and other financial assistance to localities, private entities and other eligible borrowers to finance transportation projects; In accordance with the VTIB Program Overview, Guidelines and Selection Criteria dated September 2016, as approved by the CTB, applications for financial assistance from the VTIB must be acted upon by the CTB.

The loan would assist in the financing of the I-495 Express Lanes Northern Extension Project. The project is to the Design, Build, Operate and Maintain an extension of the existing Interstate 495 Express Lanes by 2.5 miles starting at the current terminus of the 495 Express Lanes to George Washington Memorial Parkway (“GWMP”) near the border with Maryland (the “495 Project”). The 495 Project also includes the rehabilitation of GWMP bridges, new northbound access for the Dulles Toll Road (Route 267) and reconstruction of the overpasses at Old Dominion Drive and Live Oak Drive along the Georgetown Pike (Route 193).

Capital Beltway Express, LLC qualifies as an Eligible Borrower under the Act meeting the definition of a Private Entity. The requesting entity has executed a design-build contract on September 30, 2021

The requested VTIB loan will be secured by a subordinate pledge of system toll revenues.

Recommendations: The VTIB Advisory Panel recommends the CTB approve Capital Beltway Express, LLC’s application for a loan up to \$49,000,000 plus capitalized interest for a period of up to 5 years after substantial completion. The panel also recommends that the loan be subject to the standard interest rate. The rate based on the VTIB interest rate methodology should be locked in at 2.59% based on the October 13, 2021 30-Year Taxable AAA MMD Rate.

The recommended terms of the loan include:

- Subordinate Pledge of Total System Revenues
 - Loan subordinate to Senior bonds but on parity with TIFIA
- Annual total debt service coverage of 1.35x and loan life coverage ratio of 1.35x, or as consistent with TIFIA
- Execution of the Second 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

Upon CTB approval, additional specific loan terms will be determined as project, loan schedule, and related documents are finalized.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve up to a \$49,000,000 VTIB loan to Capital Beltway Express, LLC.

Options: Approve, Deny or Defer. If the CTB chooses not to approve the resolution, the loan will not be available to Capital Beltway Express for the project.

Public Comment/Reactions: There has not been any public input regarding the request for the VTIB loan. Following CTB action, VDOT will post on its public website, the results of the scoring of the Capital Beltway Express, LLC's application for assistance and the CTB's action relative to the request as required by the authorizing legislation.