

Route 28 District, Series 2012 Defeasance

 Laura Farmer, Chief Financial Officer

September 20, 2022

Overview and Purpose

- **The Route 28 Transportation Improvement District would like to use revenues in the Route 28 District Project Completion Fund to defease the Series 2012 Bonds**
- **In accordance with the Master Indenture, CTB approval is needed to authorize the Chairman to complete this action**

Route 28 Transportation Improvement District and Contract

- **The Route 28 Transportation Improvement District (“Route 28 District”) was created pursuant to the Multicounty Transportation Improvement District Act (Virginia Code Section 15.2-4600 et seq.)**
 - **The Route 28 District is comprised of portions of Fairfax and Loudoun Counties**
- **The 1988 Session of the General Assembly enacted bond legislation authorizing the issuance of Transportation Contract Revenue Bonds in an amount not to exceed \$160.7 million to finance the costs of acquisition and construction of roadways and related improvements on State Route 28 in Fairfax and Loudoun Counties**
- **On September 1, 1988, the Commonwealth Transportation Board (“CTB”), Fairfax County Economic Development Authority (the “Authority”) and the State Route 28 Highway Transportation Improvement District Commission (the “Route 28 District Commission”) entered into a contract (“Route 28 District Contract”)**
 - **Agreement to undertake certain modifications and improvements to State Route 28 (the “Route 28 District Project”)**
 - **Set forth the method of financing the Route 28 District Project between CTB and the Authority**
 - **Established procedures related to a levy of a special improvements tax by the Route 28 District (“Route 28 District Revenues”)**
- **The Route 28 District Contract has had amendments and has been amended and restated throughout the years as needed to continue the work of the Route 28 District Project *(most recently in 2022)***

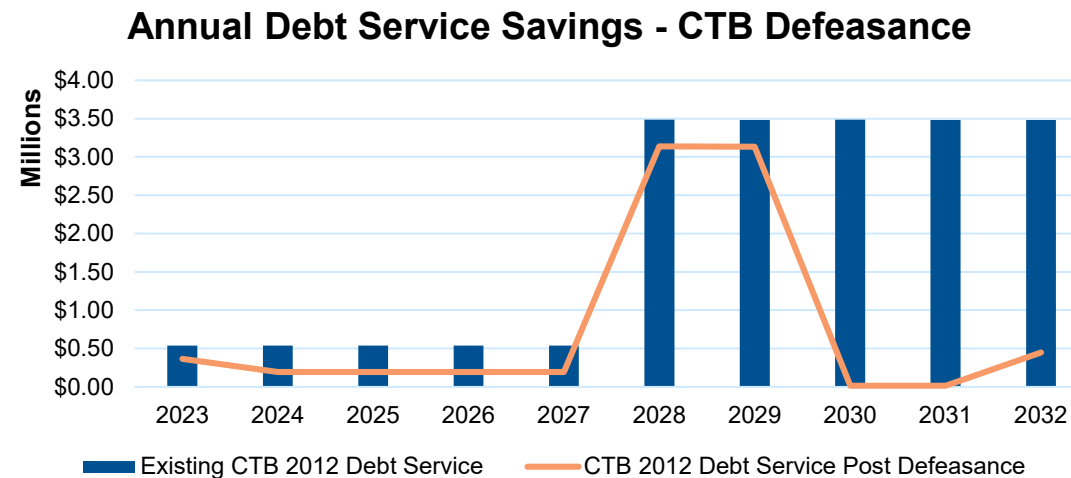
Route 28 Transportation Improvement District Revenue and Financings

- **Route 28 District Revenues are held by U.S. Bank, as the fiscal agent, in accordance with the Fiscal Agent Agreement**
- **Route 28 District Revenues are disbursed to pay debt service on the bonds issued by the Authority and CTB to finance the Route 28 District Project**
- **Excess Route 28 District Revenues ultimately fall into a surplus fund called the Route 28 District Project Completion Fund**
 - **Can be used to cover any debt service shortfalls**
 - **Can be used to complete improvements related to the Route 28 District Project and/or to prepay bonds**
 - **Remaining surplus is to be paid back to the Counties for general governmental purposes, once all bonds are retired**
- **CTB and the Authority have public bond issues outstanding and have taken advantage of refinancing for savings**
 - **CTB has issued \$160.7 million and \$56.2 million is currently outstanding**
 - **The Commission through the Authority has issued \$183.8 million and \$135.1 million is currently outstanding**

Route 28 Transportation Improvement District Revenue and Financings

- At the end of Fiscal Year 2022, the Route 28 District Project Completion Fund had an available balance of \$9.4 million, after setting aside amounts for District reserves
- The District recommends using these amounts to defease a portion of the CTB Series 2012 Bonds since they are currently callable
- Series 2012 Bonds have 5 remaining maturities due in 2028-2032
- Current plan uses available Project Completion Fund balance to defease \$9.3 million across three maturities (two full and one partial) resulting in a gross savings of \$12.2 million
- To defease any of the Series 2012 Bonds, CTB approval is needed

FYE	Cash Flow Savings (000s)
2023	\$173.3
2024	\$346.7
2025	\$346.7
2026	\$346.7
2027	\$346.7
2028	\$346.7
2029	\$346.7
2030	\$3,471.7
2031	\$3,466.7
2032	\$3,031.9
Total	\$12,223.6



Next Steps

- **A resolution will be presented for consideration at the October Meeting**
- **If approved, a defeasance notice will be provided to bond holders and the available revenues in the Project Completion Fund will be used to defease the Series 2012 Bonds before the end of the calendar year**