



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

**Virginia Transportation Infrastructure Bank  
Advisory Panel Recommendation  
Gloucester Parkway and Pacific Boulevard  
U.S. Route 460 Corridor Improvement Project**

Commonwealth Transportation Board  
Deputy Secretary David Tyeryar  
June 20, 2012



# IDA of Loudoun County

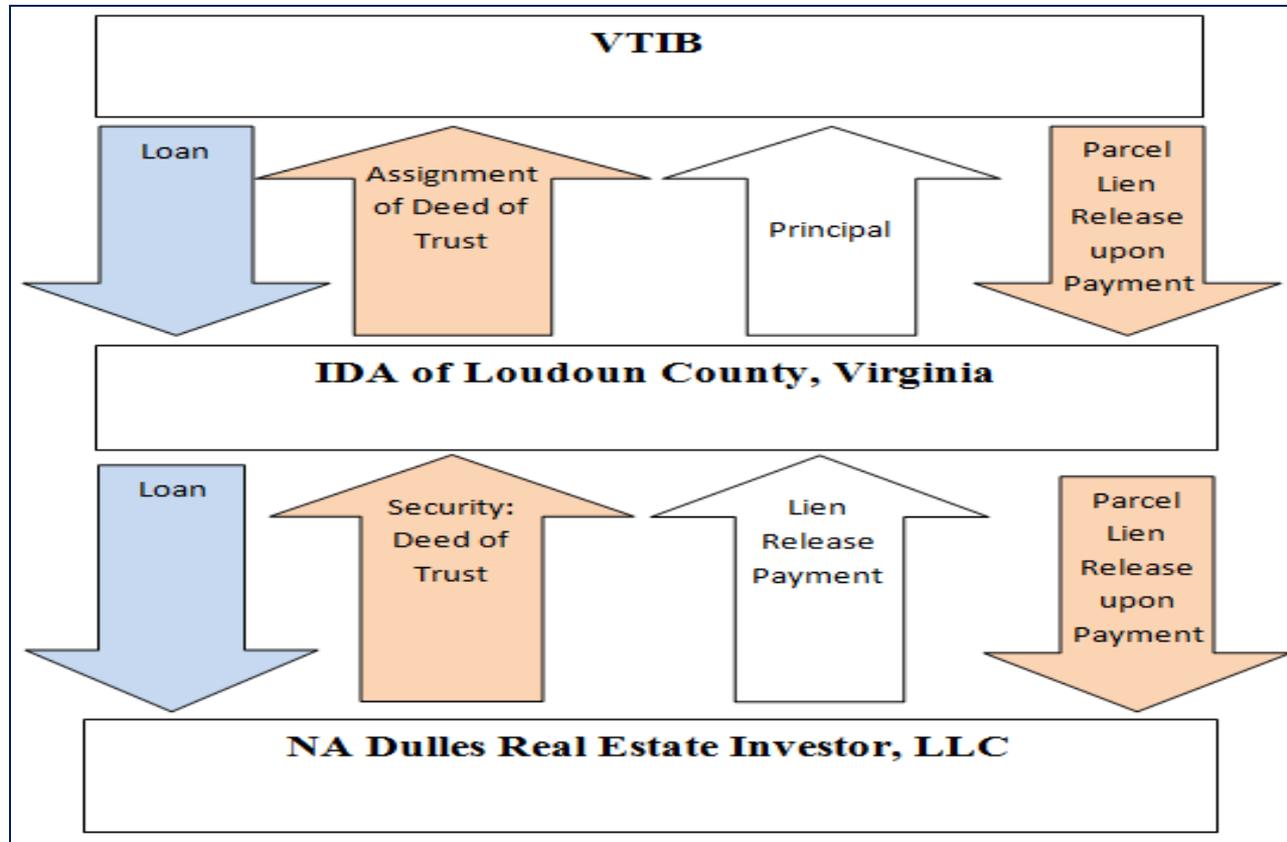
## Gloucester Parkway and Pacific Boulevard Project

- The IDA submitted an application on December 23, 2011, revised in February 2012, requesting a loan of \$80,000,000, with a subsidized interest rate from the Bank.
- Loan request is in collaboration with Kincora/NA Dulles Real Estate Investor LLC.
- Kincora is an early stage, 400-acre mixed use development located near the intersections of Route 7 and Route 28.
- The loan would be secured with a First Lien Deed of Trust on the entire Kincora property, IDA holds and assigns to VTIB.
- The IDA has requested the VTIB loan to finance a 3-phase extension to both Gloucester Parkway and Pacific Boulevard.
- Financial close to occur as soon as possible following positive CTB action.

# IDA of Loudoun County Gloucester Parkway and Pacific Boulevard Project Eligibility and Screening Criteria

- **The application and the IDA meet the Bank's Mandatory Criteria.**
  - **The IDA is an Eligible Borrower under the Act.**
    - Meets respective definitions of Governmental Entity.
  - **The Project is a local transportation priority.**
    - NOVA District indicates it is the number one transportation priority for the County.
    - Relieves severe congestion on Route 7, Route 28 and Waxpool Road.
- **Based on the VTIB Screening and Scoring Criteria, the IDA's application scored 30 out of 37 total possible points.**
  - **Application states Project could not be undertaken at this time without VTIB assistance.**
  - **VTIB loan will represent 100% of the total project financing.**
  - **Project improves air quality, safety and enhances the state transportation network.**

# IDA of Loudoun County Gloucester Parkway and Pacific Boulevard VTIB Flow of Funds



# IDA of Loudoun County Gloucester Parkway and Pacific Boulevard Advisory Panel Recommendations

---

- The Advisory Panel recommends the CTB approve the County's loan request.
- Project meets the objective of the VTIB funding.
  - VTIB loan provides an adequate Plan of Finance.
  - Project could not be financed through traditional markets as the County has competing debt financed infrastructure needs and does not have debt capacity to fund project.

# IDA of Loudoun County Gloucester Parkway and Pacific Boulevard Advisory Panel Recommendations

- **VTIB Loan:**
  - **Amount up to \$80,000,000, secured by a First Lien Deed of Trust on the entire Kincora property.**
  - **Repayment to be provided from parcel release fees.**
  - **Up to 20 year loan term.**
  - **Standard interest rate.**
    - Rate based on interest rate methodology for VTIB per guidelines.
    - Locked in at 2.83% based on the June 11, 2012 AAA GO MMD scale, about one week prior to the CTB meeting.
  - **Semi-annual interest payments begin by year four, with minimum principal payments beginning in year five.**
  - **Ten years following closing, outstanding principal balance cannot exceed \$53,600,000.**
  - **Upon CTB approval, specific loan terms will be determined as project, loan schedule and related documents are finalized.**

# IDA of Loudoun County

## Next Steps

Beyond the “numbers,” there are other items of importance which will need to be covered as part of the final credit process.

- Negotiate final terms of the loan and conduct additional due diligence.
- The delivery of an appraisal, satisfactory to VTIB.
- A Phase 1 Environmental Review.
- Title insurance.
- Letter of intent to evidence debt and equity financing for the proposed 550 residential units to be built.
- Agreement with Kincora/NA Dulles Real Estate Investor LLC on the parcel release fees.

# IDA of Loudoun

## Future Project Milestones

---

- **Close VTIB loan – Process to begin following CTB action.**
- **Negotiate design-build contract for project - In Progress.**
- **Complete Right of Way acquisition by November 2013.**
- **Complete permitting process – June 2013.**
- **Complete construction – December 2014.**

# U. S. Route 460 Corridor Improvement Project

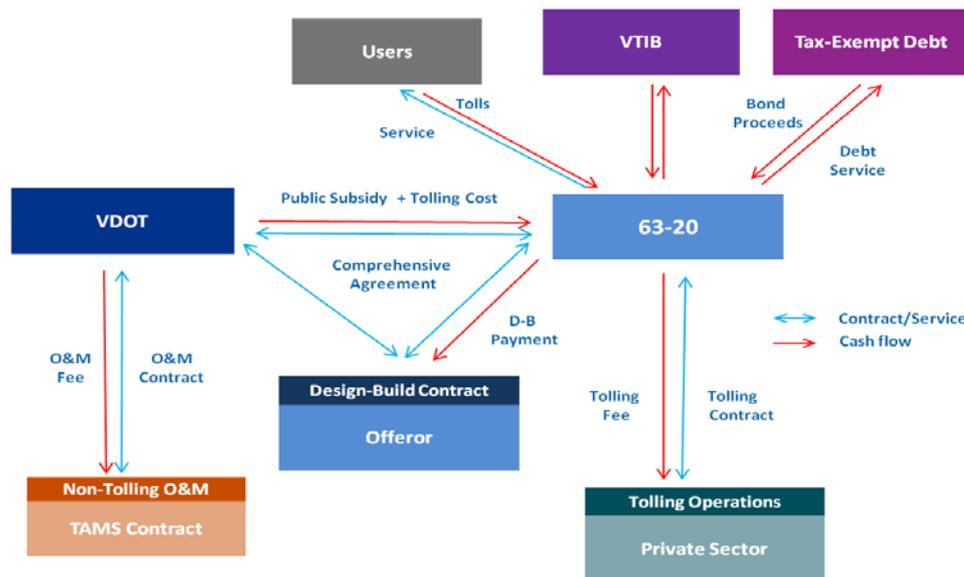
- **VDOT's Office of Transportation Public Private Partnerships submitted an application on behalf of the Project on May 29, 2012 for a \$80,000,000 Line of Credit with a standard interest rate from the Bank.**
- **The Project is a 55-mile, limited access, four-lane, median divided highway located south and parallel to the existing U.S. Route 460.**
- **The highway will be operated as a toll road.**
- **The U.S. Route 460 Project is being undertaken through the Public-Private Partnership Act.**
- **Line of Credit would be drawn in the event senior lien debt service payment could not be made with pledged toll revenues and the Ramp-Up Reserve Account.**

# U. S. Route 460 Corridor Improvement Project Project Eligibility and Screening Criteria

- **Project finance structure is anticipated to utilize a 63-20 corporation (Corporation) to issue debt, supported by toll revenues, to finance and construct the project.**
- **The application meets the Bank's Mandatory Criteria.**
  - **OTP3 is an eligible Project Sponsor.**
  - **The Corporation is an Eligible Borrower under the Act.**
  - **The Project is a local, regional and statewide transportation priority.**
    - **The designated priority transportation project of the Governor.**

# U. S. Route 460 Corridor Improvement Project 63-20 Corporation and Operating Structure

- **63-20 Corporation**
  - Private, non-profit with authorization to issue bonds.
  - Ability to issue tax-exempt debt preserved.
- **Operating Structure**



# U. S. Route 460 Corridor Improvement Project Results

- **Based on the VTIB Screening and Scoring Criteria, the Project's application scored 28 out of 37 total possible points.**
  - **Line of Credit proposed to strengthen creditworthiness of the Corporation's proposed senior lien bonds.**
  - **Use as credit enhancement allows bonds to be issued at lower interest costs and enhances project debt capacity.**
  - **Project provides strong potential for economic development benefits.**

# U. S. Route 460 Corridor Improvement Project Advisory Panel Recommendations

---

- **The Advisory Panel recommends the CTB approve the Project's Line of Credit request.**
- **Project meets the objective of the VTIB funding.**
  - Project has broad range of support.
  - VTIB Line of Credit acts as liquidity facility to the project thereby strengthening the Plan of Finance and credit profile for the project.

# U. S. Route 460 Corridor Improvement Project Advisory Panel Recommendations

- **VTIB Line of Credit:**
  - **Amount up to \$80,000,000, secured by a subordinate pledge of toll revenue.**
  - **Up to 35 year loan term.**
  - **Standard interest rate, using the Governmental – Category B rate.**
    - Rate based on interest rate methodology for VTIB.
    - Locked in at 3.18% based on the June 11, 2012 AAA GO MMD scale, about one week prior to the CTB meeting.
  - **Financing documents to be structured to allow releases of portions of the Line of Credit as certain conditions are met.**
  - **Upon CTB approval, negotiate final terms of the loan and conduct additional due diligence.**

# U. S. Route 460 Corridor Improvement Project

## Next Steps

---

**Beyond the “numbers,” there are other items of importance which will need to be covered as part of the final credit process.**

### **VDOT/VRA:**

- **Review of the selected detailed proposal.**
- **Review of the draft comprehensive agreement.**
- **Review of an investment grade traffic and revenue report.**
- **Review of senior lien bond documents.**

# U. S. Route 460 Corridor Improvement Project

## Future Project Milestones

---

- **Two-stage detailed proposal submittal.**
  - **Technical Proposals due September 2012.**
  - **Financial Proposals due October 2012.**
- **Concessionaire selected – November 2012.**
- **Financial close – December 2012.**

## Projected Status of Bank

<b>Initial Capitalization</b>	<b>\$283M</b>
Increase from FY 2012 Budget	<u>29M</u>
Total Available	<u>\$312M</u>
Dominion Blvd	\$152M
Kincora	80M
Rt. 460	<u>80M</u>
Total	<u>\$312M</u>