



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

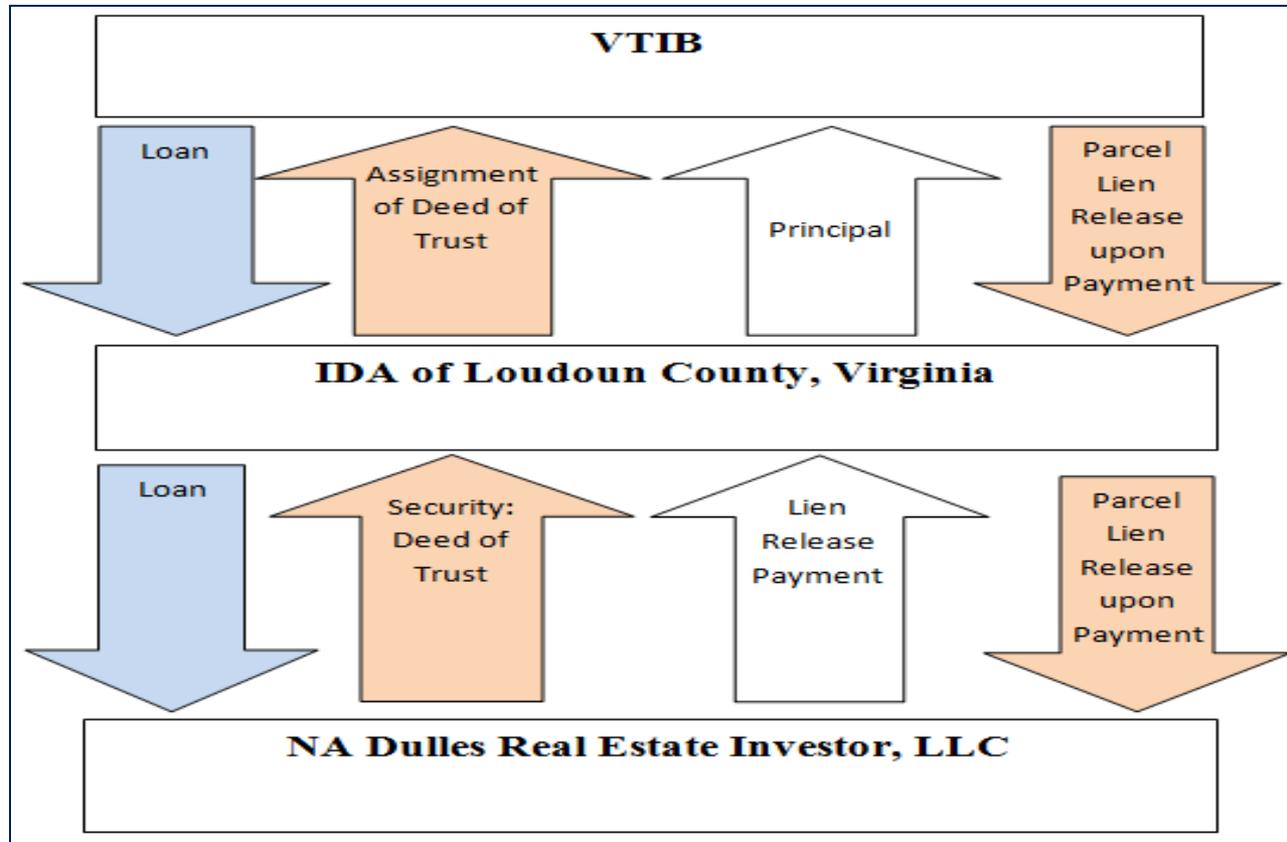
Gloucester Parkway and Pacific Boulevard Project

- 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

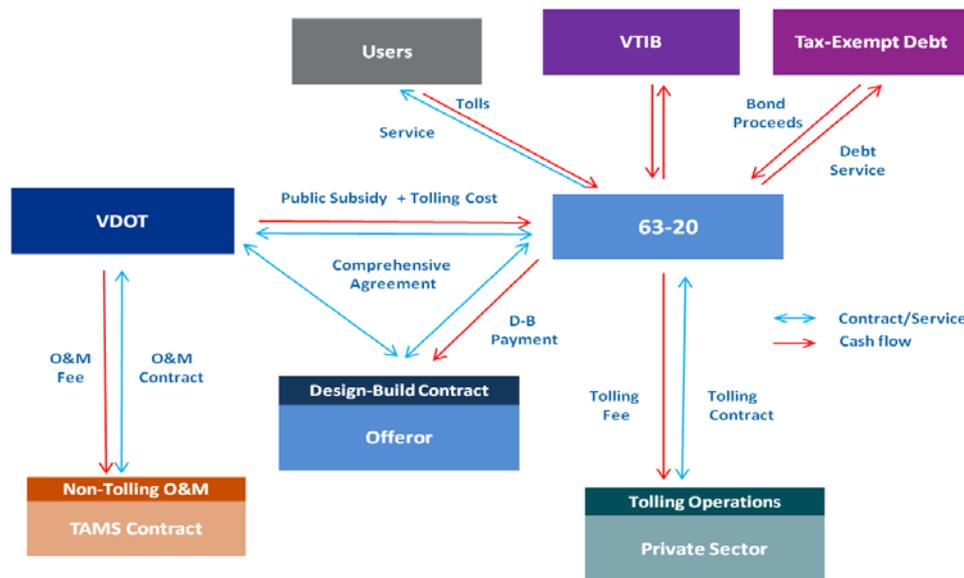
- **VDOT's Office of Transportation Public Private Partnerships submitted an application on behalf of the Project on May 29, 2012 for a \$80,000,000 Line of Credit with a standard interest rate from the Bank.**
- **The Project is a 55-mile, limited access, four-lane, median divided highway located south 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

Initial Capitalization	\$283M
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>