



Updated Evaluation of the Dulles Greenway

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Introduction

- The focus of this presentation is to provide an update to the analysis performed in 2013 on the potential purchase of the Greenway.
- In 2013, two key questions were set out in the Appropriation Act to assess the potential purchase:
 - Does the purchase price of the Dulles Greenway toll road exceed the fair market value of the asset?
 - Would toll revenues be sufficient to meet VDOT's obligations in the event of a purchase?

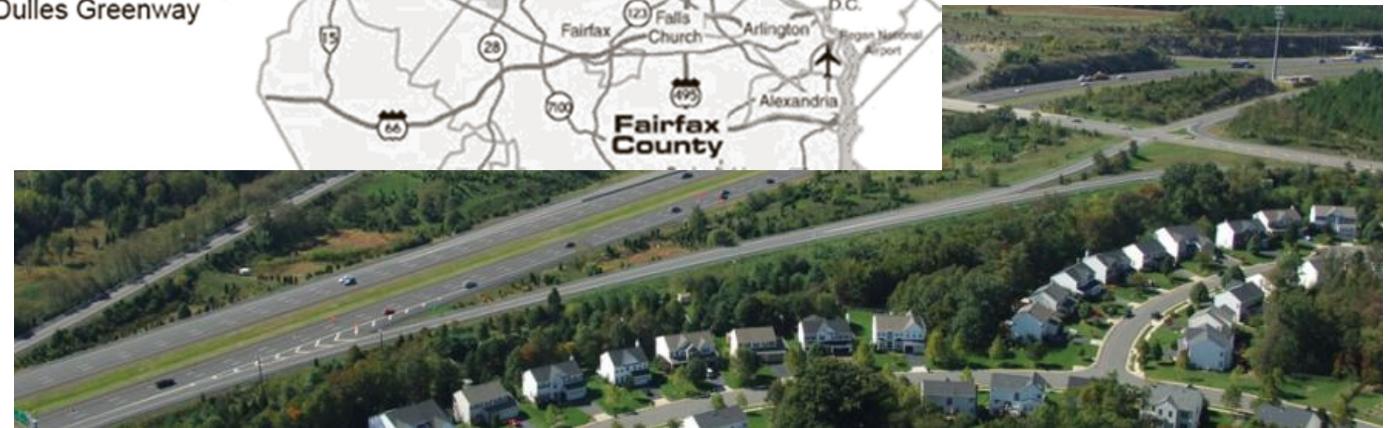
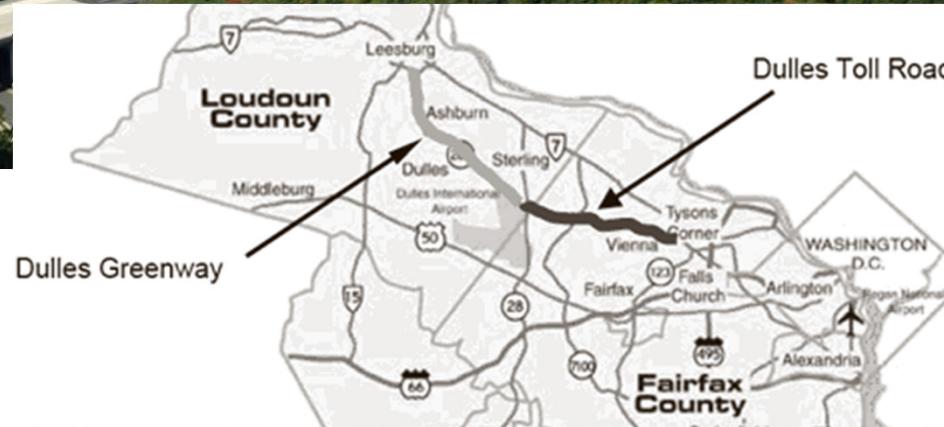
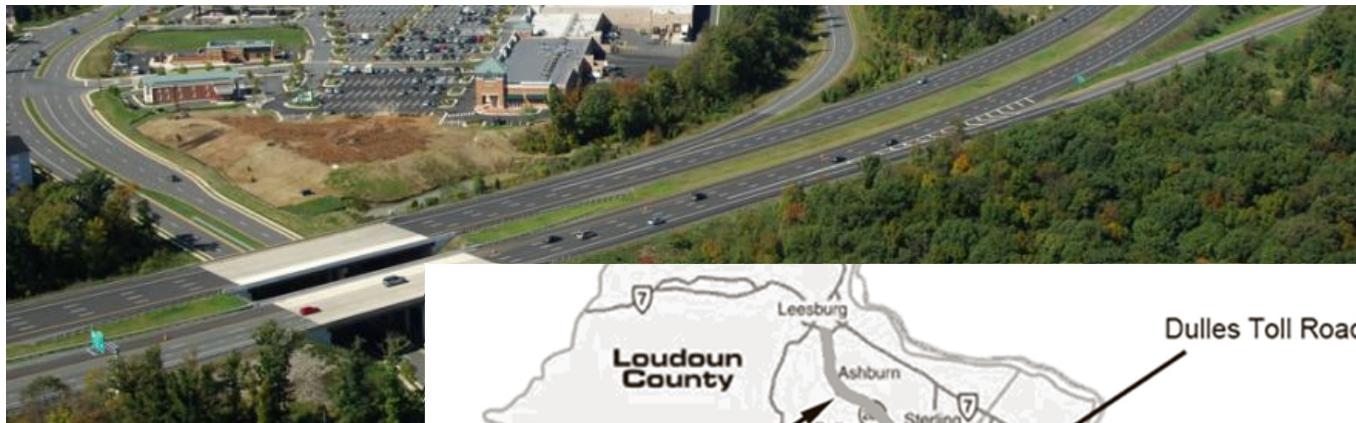
History of the Dulles Greenway toll road

- The Dulles Greenway “Greenway” is a privately owned 14-mile toll road that connects Washington Dulles International Airport with the Leesburg Bypass (Route 15), Virginia.

- The Greenway was privately financed and constructed from 1993 to 1995 as a Design-Build, Finance & Operate project.

- Currently has 17.7 million trips (2014).

Dulles Greenway



Results of the 2013 Analysis

Based on the 2013 analysis, a potential purchase of the Dulles Greenway did not meet the conditions set out in the Appropriation Act.

- Does the purchase price of the Dulles Greenway toll road exceed the fair market value of the asset?**
 - 2013 analysis indicated that the purchase price was between \$1,638 - \$1,726 million and would exceed the FMV of between \$1,168 – \$1,250 million.

- Would toll revenues be sufficient to meet VDOT's obligations in the event of a purchase?**
 - 2013 analysis indicated that Toll revenues would not be sufficient to support the purchase of the facility. The Commonwealth would have to contribute between \$615 -\$747 million.



Updated 2015 Analysis Fair Market Value (FMV) & Purchase Price Analysis

- No changes have been made to operating cash flow inputs for the 2015 analysis due to the available information.
- Indicative purchase price has increased.
- The NPV of future dividends has increased.
- The defeasance costs of the outstanding debt increased as a result of the decrease in the SLGS rates (i.e. 30 year rate 2013 - 4.41% vs. 2015 2.76%); increasing the Purchase Price.
- The FMV has increased due to growing capitalized interest.

Updated 2015 Analysis

Fair Market Value (FMV) & Purchase Price Analysis

Amounts in \$ millions	Lower End of FMV Range			Higher End of FMV Range		
	2015 Analysis	2013 Analysis	Delta %	2015 Analysis	2013 Analysis	Delta %
Fair Market Value of Equity	\$221.2	\$149.2	48.3%	\$342.5	\$231.1	48.2%
Outstanding Debt	\$1,027.4	\$1,019.2	8.0%	\$1,027.4	\$1,019.2	8.0%
Fair Market Value	\$1,248.6	\$1,168.4	6.9%	\$1,369.9	\$1,250.3	9.6%
Defeasance of Outstanding Debt	\$1,873.2	\$1,514.3	23.7%	\$1,873.2	\$1,514.3	23.7%
Fair Market Value of Equity	\$221.2	\$149.2	48.3%	\$342.5	\$231.1	48.2%
Other Cash Available	\$1.0	(\$25.9)	-103.9%	(\$21.6)	(\$19.8)	9.1%
Purchase Price of Dulles Greenway	\$2,095.4	\$1,637.6	28.0%	\$2,194.1	\$1,725.6	27.1%
Bond Proceeds (Investment Grade)	\$1,370.8	\$1,022.1	34.1%	\$1,311.5	\$978.5	34.0%
Upfront Funding Shortfall	(\$724.6)	(\$615.5)	17.7%	(\$882.6)	(\$747.1)	18.1%

- The indicative purchase price of the Dulles Greenway appears to exceed its FMV.
- The Commonwealth's higher bonding capacity is offset by the increase in the defeasance cost and higher FMV of the facility.
- 2015 analysis indicate that, under the investment grade financing structures, the bond proceeds would not be sufficient to fund the cost of purchasing Dulles Greenway, short between \$724.6 - \$882.6 million.
- If a 9(c) issuance was assumed, the upfront funding shortfall would drop below \$400 million.

Conclusion

Based on the updated 2015 analysis, the initial conclusions have been confirmed

- The purchase price exceeds its fair market value, primarily due to the cost of prefunding the defeasance of the outstanding debt.
- Toll revenues are not sufficient to support a purchase of the facility. The Commonwealth may need to raise funds of between \$725 -\$883 million in addition to the Dulles Greenway acquisition revenue bonds in order to enter into a transaction.
- Based on the updated analysis contained herein, the purchase of the Dulles Greenway would still not meet the conditions set out in the 2013 Appropriation Act.