

Route 28 District Contract Amendment

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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 2012)***

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**
- **CTB and the Authority have public bond issues and have taken advantage of refinancing for savings**
 - **CTB has issued \$160.7 million and \$57.3 million is currently outstanding**
 - **The Commission through the Authority has issued \$175.1 million and \$150 million is currently outstanding**

The Second Amended and Restated Route 28 District Contract

- The Authority and Commission are in the process of refunding existing debt for savings and the structure of the bonds requires a reserve fund as a credit enhancement in addition to the pledge of Route 28 District Revenues
- For the original issues, the Authority obtained a surety to fund the reserve fund and the same surety was able to be used for the refundings
- The terms of the surety bond does not provide it to cover refundings of refundings so the Authority has to fund the reserve fund in another manner

The Second Amended and Restated Route 28 District Contract

- **The Authority is requesting to amend the Route 28 District Contract to allow a portion of the surplus revenues in the Route 28 District Project Completion Fund to be used to fund the debt service reserve fund for the refunding bonds**
- **Allowing the Route 28 District Project Completion Fund to be used for this purpose is expected to improve the savings from the refunding of the Authority Route 28 District Bonds, with no material impact on the CTB Bonds**
- **The requested amendment would not increase CTB's liability or exposure**
 - **Funds in the Route 28 District Project Completion Fund have historically not been needed to cover debt service on any of the bonds**
 - **If funds were to be drawn from the reserve fund, the Counties have undertaken a moral obligation to replenish the reserve fund**

Next Steps

The proposed Contract Amendment will be provided to the CTB for consideration in January 2022