



COMMONWEALTH of VIRGINIA

Office of the Governor

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February 1, 2007

Pierce R. Homer
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MEMORANDUM

TO: The Honorable John H. Chichester
The Honorable Martin E. Williams
The Honorable Vincent F. Callahan, Jr.
The Honorable Harry R. Purkey
The Honorable Leo C. Wardrup, Jr.

FROM: Pierce R. Homer

A handwritten signature in cursive script that reads "Pierce Homer".

SUBJECT: Report on the Transportation Partnership Opportunity Fund

Pursuant to § 33.1-221.1:8 of the Code of Virginia, the Governor is required to submit semiannual reports on the Transportation Partnership Opportunity Fund (TPOF or Fund). This memorandum will constitute that report on behalf of Governor Kaine.

On August 1, 2006, I submitted the first semiannual report outlining the activities of the Fund. At that time, 5 applications had been submitted totaling \$59,000,000. One of the applications did not qualify for funding. Between that report and December 31, 2006, several inquiries regarding potential funding were received; however, no additional applications were submitted for consideration during that period.

The remaining four applications have been considered by the TPOF Advisory Panel, transmitted to the Secretary of Transportation and the Secretary of Commerce and Trade and have been awarded funding by the Governor.

The following identifies the recipients and the awards made from the Fund, along with their current status:

- State Route 28 Highway Transportation Improvement District Commission – completion of the 4 remaining interchanges associated with the Route 28 Corridor Improvements in Loudoun and Fairfax counties. Initially the Commission applied for a \$30 million loan and was awarded an interest-free loan in an amount not to exceed \$25 million. Following the award of the \$25 million loan, the Commission submitted a revised application for \$25 million in grants. Subsequently, they were awarded a \$5 million grant and an interest-free loan in an amount of up to \$20 million. Financing agreements have been executed with the Commission for both the grant and loan. The entire \$5 million grant has been disbursed.

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- Virginia Department of Transportation – U. S. Route 460 Coalfields Expressway and Coalfields Connector projects in Buchanan, Dickenson and Wise counties. A \$2 million grant for preliminary engineering activities in partnership with Pioneer Group, Inc. and Alpha Natural Resources LLC. The grant monies are being disbursed.
- Fluor Virginia Inc. and Transurban (USA) Development Inc. – I-95/I-395 Bus Rapid Transit/High Occupancy Toll Lanes in Spotsylvania, Stafford, Prince William and Fairfax counties. The team requested a \$20 million loan for environmental, permitting and some preliminary engineering activities. A \$10 million, interest-free loan was awarded to the team to be used for environmental, permitting and some preliminary engineering activities for the northern phase (Quantico Creek to 14th Street Bridge) of the project. The team has the option of requesting a second \$10 million loan at the time the initial loan is amortized. The financing agreement is being finalized and execution is expected in early 2007. The \$10 million is to be disbursed in a lump sum at the time of loan closing.

The City of Newport News applied for a \$2.7 million grant to undertake the transportation improvements to accommodate the increase in traffic expected as a result of an economic development project. The project will also improve traffic flow and access in the general vicinity of the Newport News/Williamsburg International Airport. Execution of a financing agreement with the City is expected to occur once all details have been finalized between the state, the City and the company. This project has not yet been announced.

The Town of Leesburg has applied for a \$5,000,000 grant from the Fund. The monies would be used to complete a financing package for the Town's much needed Battlefield Parkway project. The TPOF Advisory Panel recently evaluated the Town's application and recommended that the grant be awarded.

The Fund continues to be one of the most important tools available to market the Commonwealth to prospective economic development clients and to assist in developing important public-private partnerships to advance much needed transportation improvements. A sustainable source of funding for its on-going capitalization is a critical need.

Please let me know if I can provide additional information regarding these projects or the use of the Fund.

Copy: The Honorable Patrick O. Gottschalk