


MEMORANDUM

TO: The Honorable Joe T. May
The Honorable Stephen D. Newman
The Honorable Harry R. Purkey
The Honorable Lacey E. Putney
The Honorable Walter A. Stosch

FROM: Suzanne S. Long, Executive Director 
Virginia Resources Authority, as Manager of the Virginia Transportation
Infrastructure Bank

DATE: February 11, 2013

SUBJECT: Virginia Transportation Infrastructure Bank - Biannual Report

Chapters 830 and 868 of the 2011 Acts of Assembly created the Virginia Transportation Infrastructure Bank ("VTIB"). As required by § 33.1-23.13 of the *Code of Virginia*, Virginia Resources Authority ("VRA"), as Manager of the VTIB, hereby submits its six-month report for the period of July 1, 2012 through December 31, 2012.

On November 15, 2012, the VTIB closed the loan with the City of Chesapeake, Virginia totaling \$151,893,495 at a 3.33% interest rate for a term not to exceed 35 years after substantial completion of the U.S. Route 17/Dominion Boulevard project. The VTIB loan is secured by a subordinate lien on the Chesapeake Transportation System toll revenues. The total projected construction costs for the U.S. Route 17/Dominion Boulevard project is approximately \$345.2 million.

Prior to loan closing, a number of factors contributed to an improved plan of finance in comparison to Chesapeake's original application. The most significant factors included lower project construction costs, lower interest rates, and improved traffic and revenue projections, which all helped achieve a 'BBB' rating on the Senior Toll Road Revenue Bonds from both Standard & Poor's and Fitch. Chesapeake Transportation System Senior Toll Revenue Bonds were issued by the City with a par value of \$150,722,520.40 to fund construction, capitalized interest, debt service reserves, and to refinance approximately \$19.3 million of previously issued debt. Other funding sources total \$85,805,106.

On December 20, 2012, the VTIB closed an \$80 million line of credit to the Route 460 Funding Corporation, a Virginia Nonstock Corporation, for the U.S. Route 460 Corridor Improvement Project. The \$80 million line of credit acts as a credit enhancement for the approximate \$293

million in Senior Lien Revenue Bonds (rated 'BBB-' by Standard & Poor's and 'Baa3' by Moody's) issued to finance a portion of the estimated \$1.4 billion in construction costs required to build approximately 55 miles of tolled highway between Petersburg and Suffolk, Virginia.

Under the current plan of finance for the U.S. Route 460 Corridor Improvement Project, the VTIB line of credit is not projected to be drawn upon. In the instance toll revenues and available reserve balances are insufficient to make Senior Lien Revenue Bonds annual debt service payments, the VTIB line of credit will be drawn upon.

The term of the line of credit commenced December 20, 2012, and continues until the earlier of repayment or defeasance of the Senior Lien Revenue Bonds or the 35th anniversary of the substantial completion date of the U.S. Route 460 Corridor Improvement Project. If drawn, the VTIB letter of credit will carry an interest rate of 3.31% and will be secured by subordinate lien on the U.S. Route 460 toll revenues.

On June 20, 2012, the Commonwealth Transportation Board approved a loan to the Industrial Development Authority of Loudoun County, Virginia ("IDA") for \$80 million to construct the expansion and extension of Pacific Boulevard and Gloucester Parkway in Loudoun County, Virginia. The IDA serves as a conduit borrower for NA Dulles Real Estate Investor, LLC ("NA Dulles"). VRA and VDOT continue to negotiate acceptable terms and conditions with the IDA and NA Dulles and to structure terms to utilize VTIB assistance in the most viable and efficient manner.

Cc: Members, Commonwealth Transportation Board
Members, Virginia Resources Authority Board of Directors
The Honorable Carrie Roth, Deputy Secretary for Commerce and Trade