

Planned Fall 2002 Debt Issues

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Overview

- On behalf of the Commonwealth Transportation Board, VDOT is planning the sale of approximately \$581 million in new debt and an \$87 million in debt refinancing this fall.

Planned New Debt Sales – Fall 2002

Federal Reimbursement Anticipation Notes (FRANS)	\$496 million
Northern Virginia Transportation District (NVTD) Program	\$49 million
Route 28 Corridor Improvement District	\$36 million

- In addition, favorable market conditions make it advisable to refund and refinance the outstanding \$86.6 million in existing Route 28 Corridor Improvement District Bonds.
- To maintain a positive cash flow for the various projects financed with these debt programs, all the issues need to be completed by November 1, 2002.
- To meet this timeframe, resolutions authorizing the sales and the form of the documents for these debt issues will be presented to the Board next month for your consideration.
- Once the CTB takes action, the debt sales will be presented to the State Treasury Board and Governor for their required approval.

- Staff for the debt issues include:
 - VDOT
 - Department of Treasury
 - Attorney General's Office
 - Public Resources Advisory Group (PRAG), the CTB's financial advisor
 - Charles Shimer of Troutman Sanders, LLC, the CTB's Bond Counsel
 - Underwriters and Trustees

Federal Reimbursement Anticipation Notes (FRANs)

- Plan to issue \$496 million in FRANs.
 - 1) \$317 million will be used as the replacement of the construction fund's share of the one-half percent sales tax that will support the general fund this fiscal year; and
 - 2) \$179 million will provide cash for transportation projects across the Commonwealth.
 - Highway projects will spend \$145 million
 - Transit projects will spend \$34 million
 - 3) Cash flow as well as continuing low interest rates may increase the size of the FRAN sale.

- The CTB is authorized, by and with the approval of the Governor, to issue FRANs in the maximum aggregate principal amount of \$1.2 billion outstanding at any one time.
 - \$375 million in FRANs were sold in the Fall of 2000 and will be expended by December 2002.

- The Act authorizes the Commonwealth Transportation Board to determine the terms and structure of the FRANs, subject to approval by the Treasury Board of the Commonwealth.

- The FRANs are secured by:
 - 1) Federal highway reimbursements and all other federal highway assistance received under the Federal-Aid Highway Program created

under Title 23 of the United States code are the principal source of repayment and security for the notes.

- 2) Additionally, additional funding may be appropriated at the discretion of the CTB, to the extent required, from legally available revenues of the Transportation Trust Fund (“TTF”) and then from such other funds, if any which may designated by the General Assembly for such purpose.

Northern Virginia Transportation District Program

- The proceeds from the planned \$49.2 million bond issue will provide financing for projects specified in the Northern Virginia Transportation District (NVTD) Program.

Route 15 Leesburg Town Line	\$ 8,540,000
Route 1/Route 123 Interchange	8,200,000
Route 123 Widening Occoquan	14,687,670
Route 7 Loudoun City Line-Reston	8,800,000
Route 123 Occoquan River Bridge	5,500,000
Route 28 Parallel Roads in Loudoun	3,500,000

- Chapter 799 of the 2002 Session of the General Assembly amended the NVTD debt authorization, increasing it from \$471.2 million to \$500.2 million.
- The revenues to pay the debt service on the Northern Virginia Transportation District bonds are provided from:
 - A portion of the annual collections of the state recordation taxes attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park and the Counties of Arlington, Fairfax, Loudoun and Prince William;
 - Any public right-of-way use fees appropriated by the General Assembly;
 - Any state or local revenues which may be deposited pursuant to a contract between a participating jurisdiction and the CTB;
 - Any other funds appropriated by the General Assembly.

- This will be the sixth issue of Northern Virginia Transportation District bonds.
- A seventh sale of \$75 million is planned for 2003 and will provide funding for the following projects:

Route 50/Courthouse Interchange	\$10,000,000
Fairfax County Parkway	50,000,000
Fairfax County Parkway Route 1/ Route 7	15,000,000

- The remaining \$22,100,000 of authorization is unscheduled at the present time.

Route 28 Corridor Improvement District

- Currently, \$86.6 million in bonds already issued will be refunded this fall to take advantage of favorable market conditions.
- The 1988 Session of the General Assembly enacted legislation authorizing the issuance of no more than \$160.7 million in Transportation Contract Revenue Bonds to finance the costs of acquisition and construction of roadways and related improvements on State Route 28 in Fairfax and Loudoun Counties.
- The revenue to pay the debt service on the Rt. 28 bonds is provided from a special improvements tax in the counties of Fairfax and Loudoun assessed on commercial and industrial property in the district.
 - The tax rate cannot exceed 20 cents per \$100.
 - A number of agreements and contracts between the District, the localities, and the State are required.
- Pursuant to the Public-Private Transportation Act of 1995 (PPTA), negotiations are underway between VDOT and the Route 28 Corridor Improvements, LLC to design, finance and construct six interchanges and other improvements along the Route 28 Corridor.
 - Fairfax and Loudoun Counties are also participating in the negotiations.
 - The proposed financing plan for the Route 28 project includes the issuance of the remaining Route 28 debt authorization of approximately \$36.4 million.

- Modifications to existing agreements among the CTB, the Counties and the Route 28 Transportation Improvement District Commission are required.
- Execution of these documents by the localities and District are required prior to the CTB meeting next month. The local governments are on track to complete their approval process.