

Fairfax County, Virginia



Presentation to Silver Line Phase 1 Transportation District

District Commission

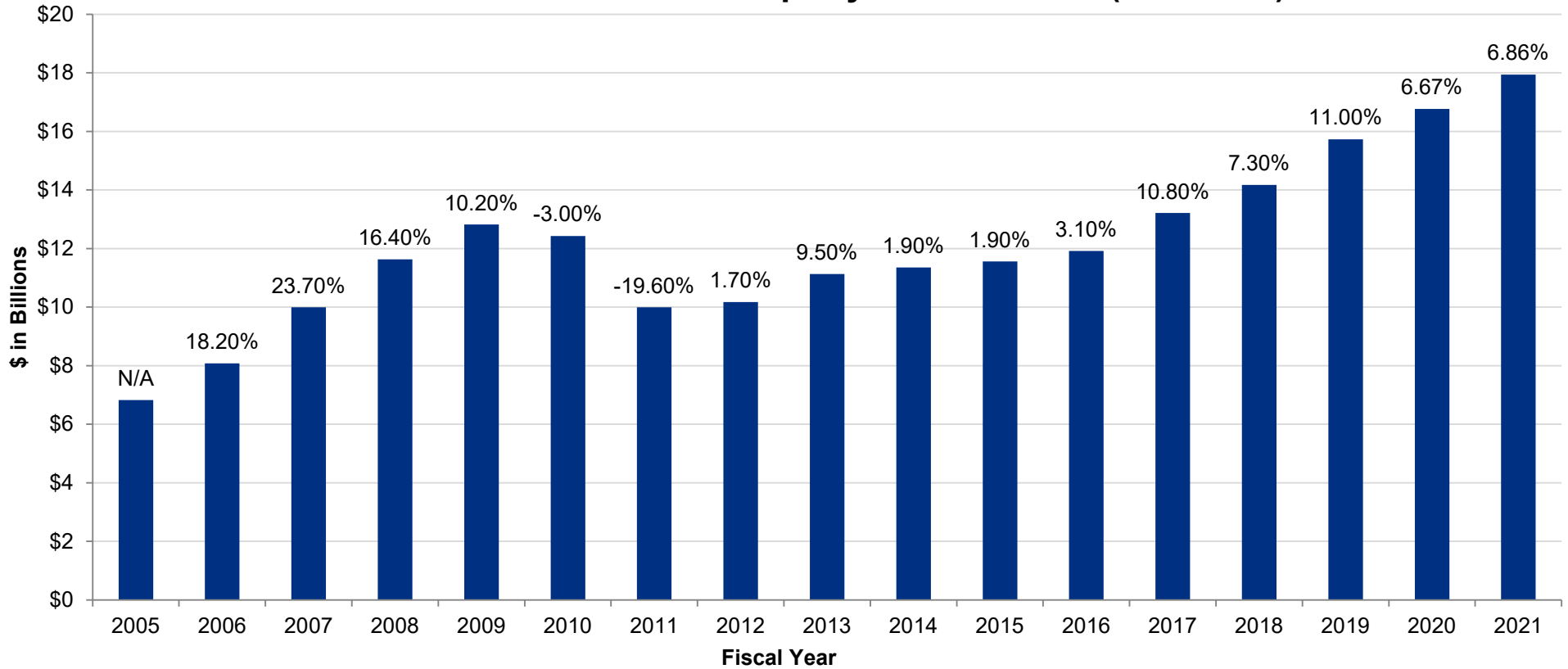
March 31, 2020

Metrorail Silver Line Phase 1



History of the Tax District

Assessed Value of Taxable Property in the District (\$ Billions)



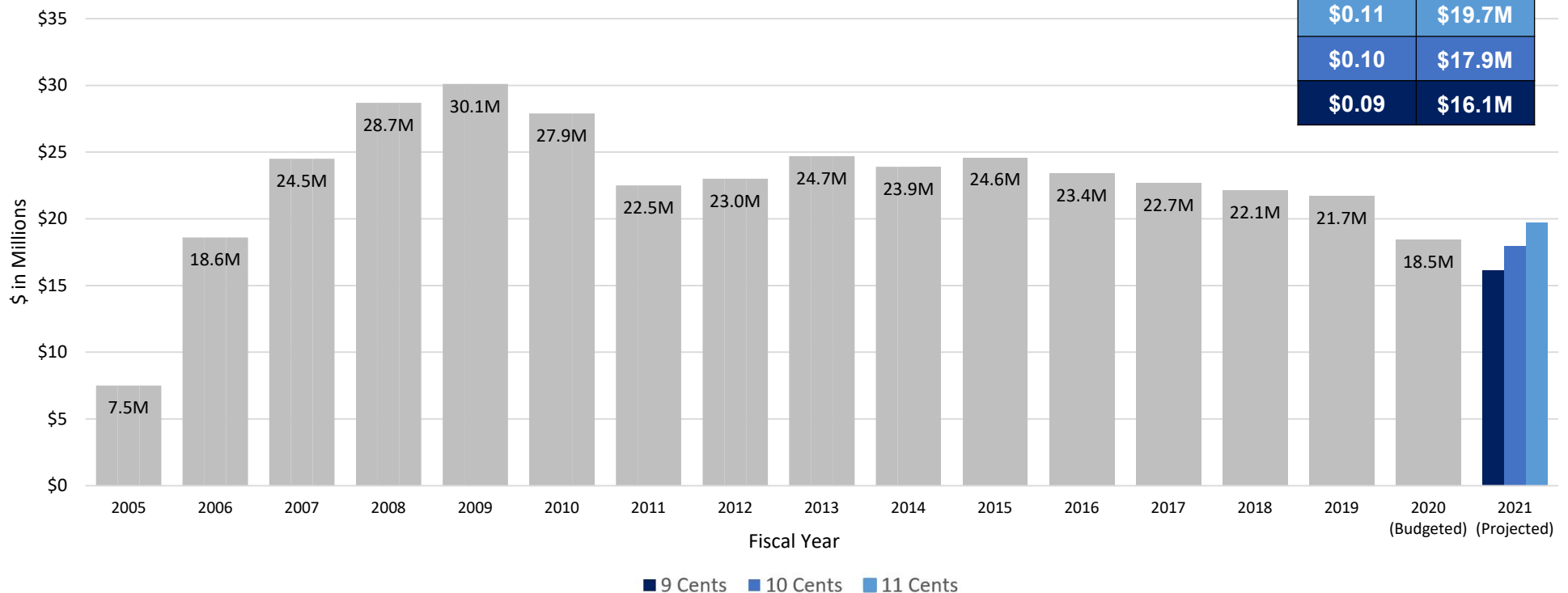
Fiscal Year (Valuation Date)	2005 (1/1/04)	2006 (1/1/05)	2007 (1/1/06)	2008 (1/1/07)	2009 (1/1/08)	2010 (1/1/09)	2011 (1/1/10)	2012 (1/1/11)	2013 (1/1/12)	2014 (1/1/13)	2015 (1/1/14)	2016 (1/1/15)	2017 (1/1/16)	2018 (1/1/17)	2019 (1/1/18)	2020 (1/1/19)	2021 (1/1/20)
Assessed Value (\$ in Billions)	6.83	8.08	9.99	11.63	12.82	12.43	9.99	10.17	11.13	11.35	11.56	11.92	13.21	14.17	15.73	16.77	17.94
District Tax Rate in \$ (per \$100 AV)	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.21	0.21	0.19	0.17	0.15	0.13	0.11	TBD
AV Growth	-	18.20%	23.70%	16.40%	10.20%	-3.00%	-19.60%	1.70%	9.50%	1.90%	1.90%	3.10%	10.80%	7.30%	11.00%	6.67%	6.86%

Note: The District was created on June 21, 2004.



Revenue Trends

- The tax rate is set on an annual basis as part of the County's budget process and in accordance with the Petition and the District's Financial Policies
- Total tax revenue collected since 2005 is approximately \$364.1 million (as of February 2020)
 - In FY2020, \$18.2 million has been collected through February 2020
- One Penny = \$1.8 million in revenue in FY2021



Source: Fairfax County's CAFR 2005-2019 & includes interest earnings.
 FY 2020 & FY2021 revenue is an estimate based on the tax year assessed value multiplied by the adopted tax rate.
 In 2005, tax was collected for half of the year.



Use of Tax District Revenues

The Tax District has completed its obligation to fund \$400 million in project costs for Phase 1 of the Silver Line.

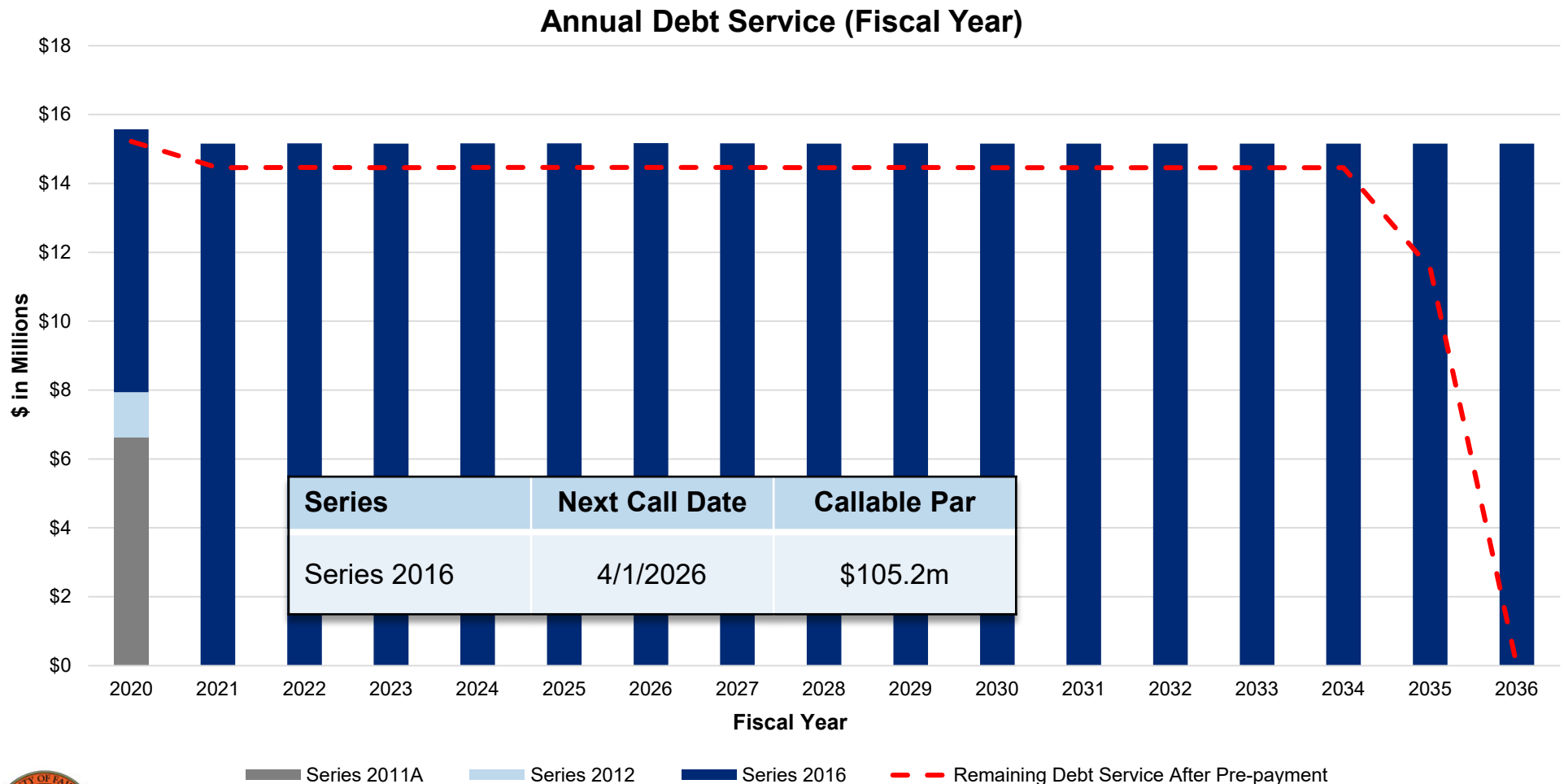
Sources of Funds		
	\$	%
Cash Contributions	\$131,600,000	33%
Series 2011 Bond Proceeds	\$220,000,000	55%
Series 2012 Bond Proceeds	\$48,400,000	12%
Total Sources of Funds	\$400,000,000	100%



Debt Profile

Bonds carry strong ratings of Aaa/AA+/AA+ from Moody's, S&P and Fitch Ratings.¹

- In December 2019, the County executed the planned cash pre-payment of certain outstanding debt with amounts available in the residual fund
- On April 1, 2020, \$17.495 million of debt will be redeemed on their early call date

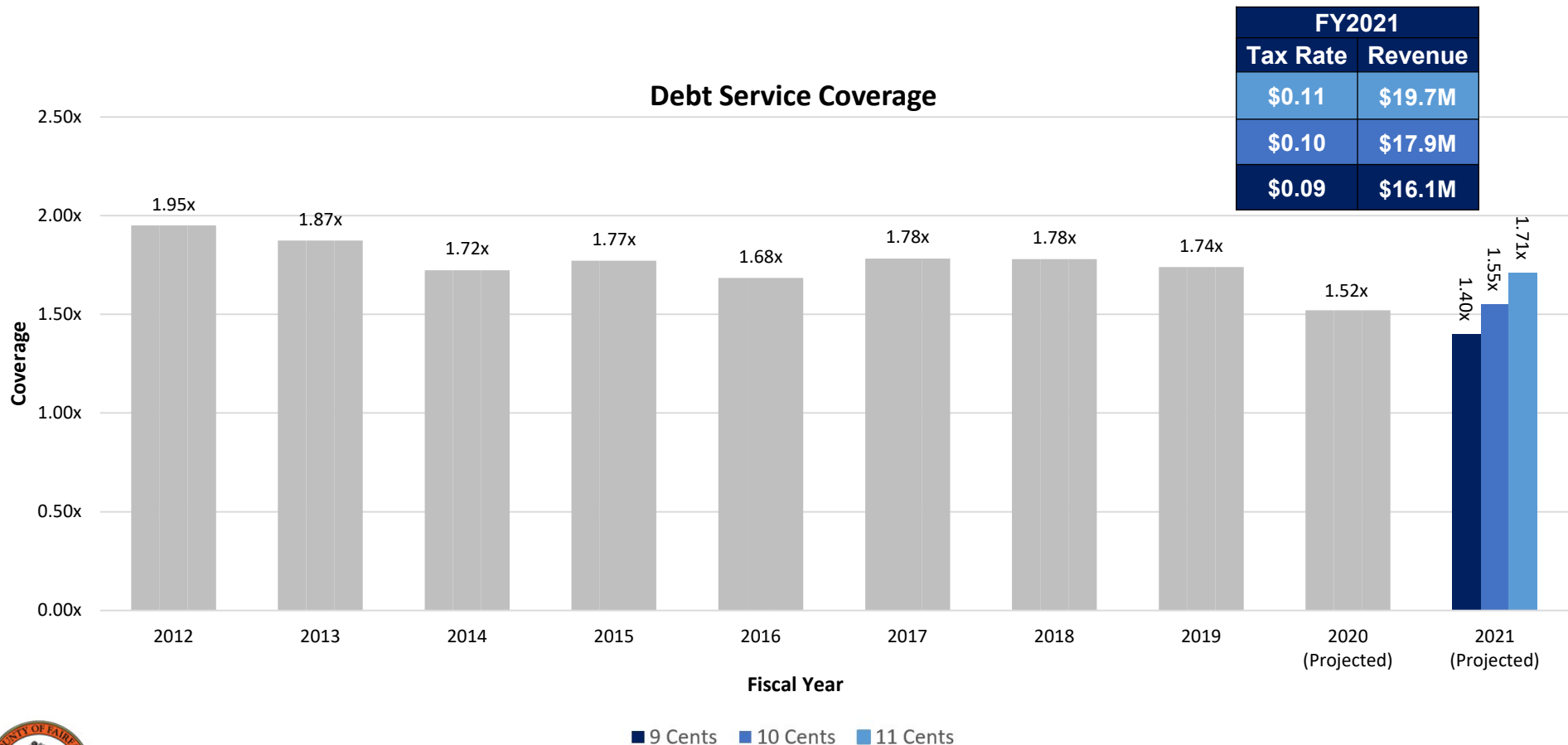


1. Moody's as of: 1/16/2020, S&P as of: 1/21/2020, Fitch as of: 11/20/2019.

Existing Debt Service Coverage Policy

In 2013, the Advisory Board and Commission adopted a debt service coverage policy, which included the following parameters:

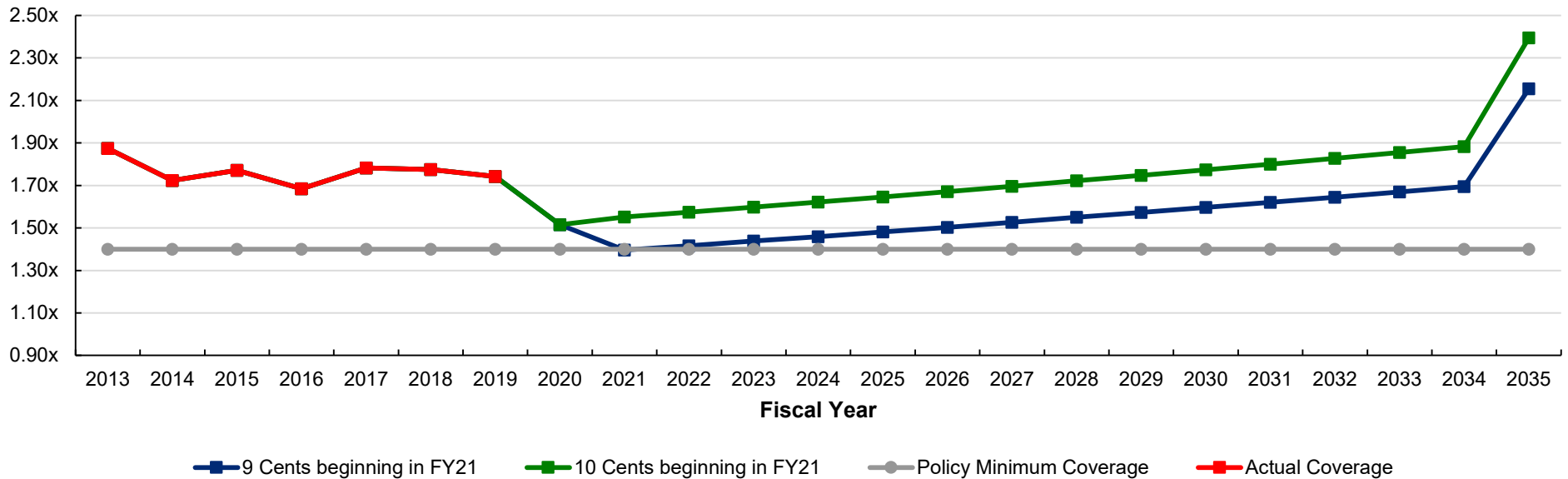
1. Targeted Debt Service Coverage will be 1.5x;
2. Historical Debt Service Coverage will be at least 1.5x for two consecutive fiscal years before lowering the tax rate; and
3. The tax rate may be lowered by no more than two cents per \$100 of AV in any given year. Before the tax rate is lowered, projected debt service coverage for that year must be at least 1.5x assuming the lower tax rate.



Revised Debt Service Coverage Policy

- Reduce debt service coverage target from 1.50x to 1.40x
- Retain two cent per year limit on tax rate reductions
- Continue back-looking requirement that coverage has been at or above 1.40x for two prior consecutive audited years
- Continue requirement that coverage be maintained at 1.40x in the current year & in the year the tax reduction is effective
- Add “reasonable expectation” requirement that forecast of future years’ revenue is sufficient to pay annual debt service through final maturity of all debt

Debt Service Coverage
Assumes 1.5% AV Growth



Reserve Policy

In 2013, the Advisory Board and Commission adopted a reserve policy, which indicated:

1. The Commission will also consider balances in the Revenue Stabilization Subfund and the Residual Subfund when setting the tax rate;
2. The District will maintain all reserves at or above the legally required minimums at all times;
3. The District will target the aggregate balance in the Debt Service Reserve Fund, the Revenue Stabilization Subfund, and the Residual Subfund to equal approximately 2.5x Maximum Annual Debt Service and;
4. When feasible and economically advantageous, the District will consider using excess funds in the Residual Subfund to accelerate the retirement of Bonds in advance of their stated maturity.

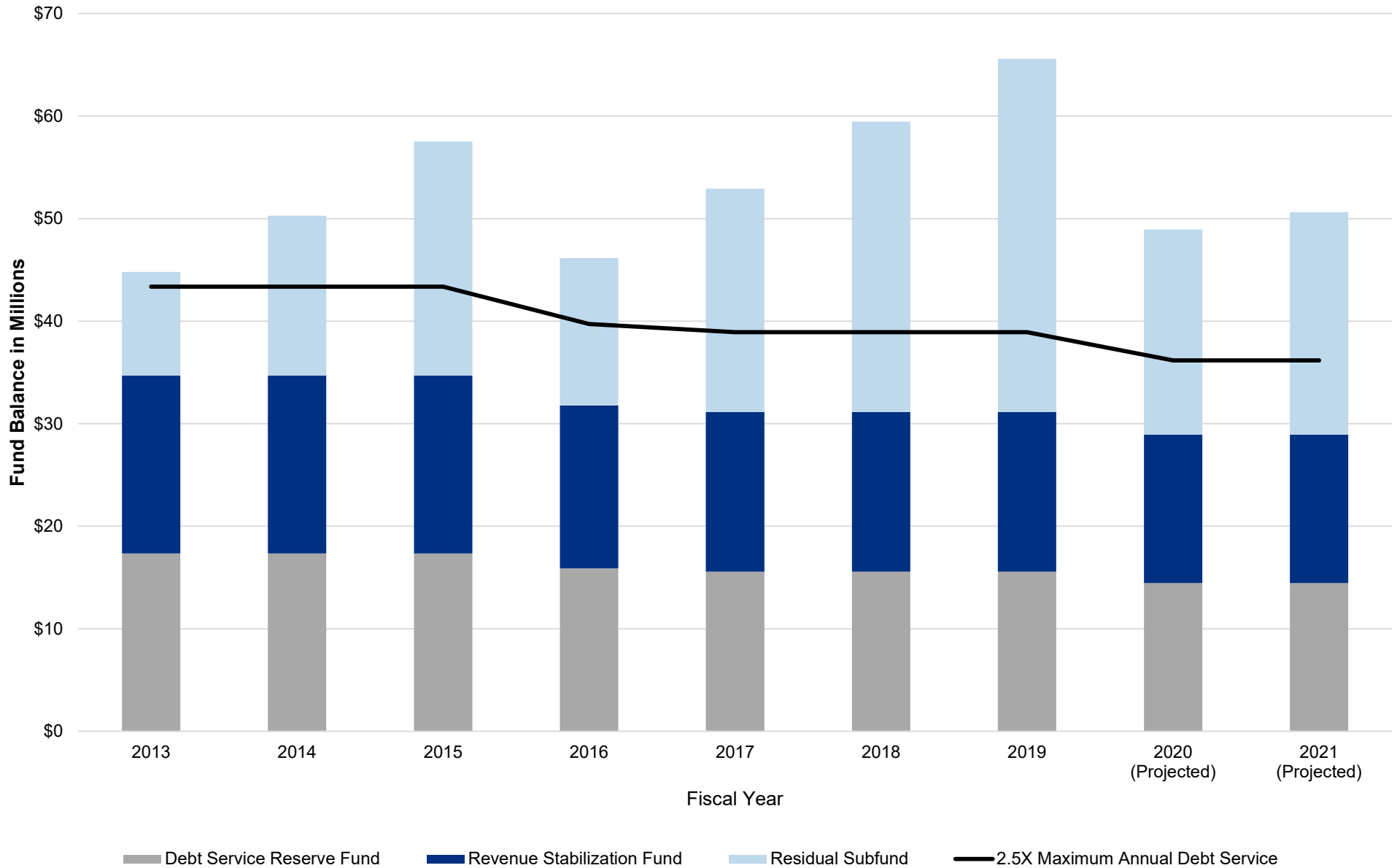
No changes are recommended to this policy at this time.

Estimated FY2021 Fund Balances (in millions)		
Tax Rate per \$100	Total Fund Balances	2.5x Maximum Annual Debt Service (MADS)
\$0.11	\$54.2	\$36.2
\$0.10	\$52.4	\$36.2
\$0.09	\$50.6	\$36.2



Projected Total Reserves

Silver Line Phase I Reserves

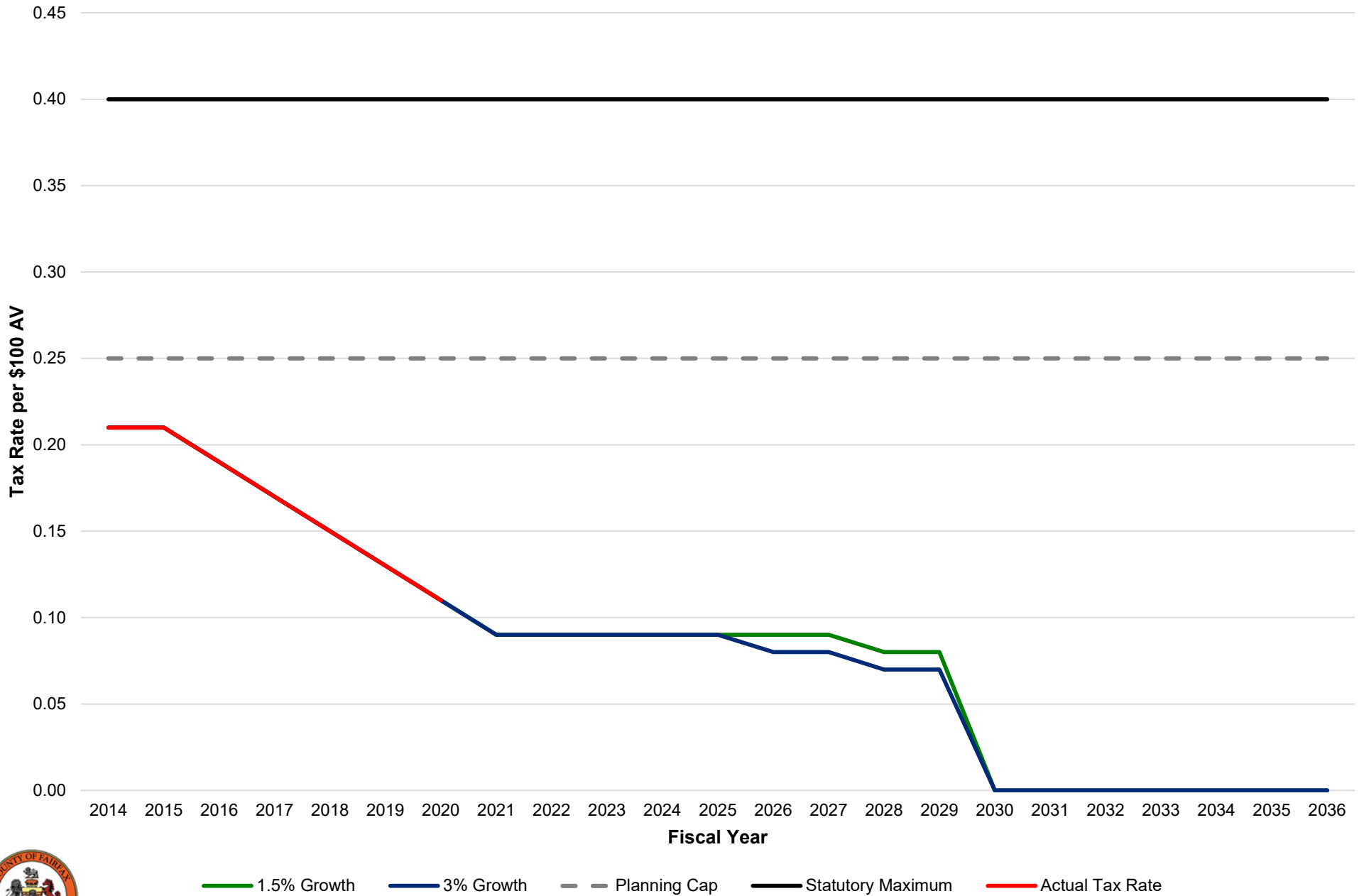


Note: Assumes 9 cent tax rate in FY2021, and incorporates early debt pre-payment in FY2020 only.



Projected Tax Rates by AV Growth

Dulles Rail Phase 1 Tax District
Tax Rate by AV Growth Scenario (Assuming 9 cents in 2021)



Recommendation & Next Steps

- Reduce tax rate by 2 cents from \$0.11/\$100 to \$0.09/\$100 for FY2021
- Evaluate options for early pre-payment of debt with amounts available in Residual Fund estimated at \$12.7 million during FY2021

Expected Date	Event
3/12/2020	District Advisory Board meeting
3/31/2020	District Commission meeting
4/28/2020	Board of Supervisors FY 2021 Budget Mark-Up
5/5/2020	Board of Supervisors Adopts FY 2021 Budget

