

Phase 2 Dulles Rail
Transportation Improvement District Advisory Board
Fairfax County Department of Transportation Room 400.06
March 12, 2020
MEETING MINUTES

1. Call to Order

Meeting called to order at 3:35 p.m.; introductions were provided.

Members Present

Kevin Dougherty, Crimson Partners
Peter Johnston, Boston Properties
Jeff Fairfield, Arrowbrook Centre, LLC
Randy Jaegle, Cambridge

Others Present

Martha Coello
Joe LaHait
JoAnne Carter
Tom Biesiadny
Gregg Steverson
Patti McCay
Galena Nedelcheva
Pam Rittenhouse
Yuqing Xiong
Robert Whitfield

2. Proof of public notification and advertisement of the meeting was provided by Ms. Coello.

3. Approval of Minutes: March 12, 2019 Annual Meeting

The minutes were distributed. Since there is no quorum at this time, the minutes cannot be formally approved. Mr. Fairfield suggests that the board members review and provide comments if there is any. The minutes will have to be approved at the next meeting where a quorum is present.

4. Advisory Board Bylaws and FOIA

The County Clerk has recommended that this board adopt bylaws. Ms. Coello has drafted and provided a copy of the draft bylaws in the meeting. The bylaws will be reviewed by the County Attorney's office and approved by the Board of Supervisors.

Ms. McKay and Ms. Coello confirm that the holdover language in the bylaws is consistent with state law.

Ms. Coello reminds the board members that any meetings of three members of this body or more constitute public meeting, including email correspondence, according to the Virginia Freedom of Information Act.

5. Election of Officers

There is no quorum for voting. Mr. Fairfield will remain as Chair and Mr. Dougherty will remain as the Secretary until re-election.

6. Advisory Board Member Expiration Dates and Vacancies

Mr. Michael Rocks and Mr. Fred Rothmeijer were reappointed by the Board of Supervisors. The rest of the board terms will expire in January 2022.

Mr. Trimmer left JBG and his new employer has no assets in this tax district. As a result, he is not eligible to serve on this board. It is suggested in the meeting, that he be replaced with another representative from JBG. Mr. Fairfield will reach out to Mr. Trimmer and Greg Riegle separately for recommendation regarding the replacement.

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7. Dulles Corridor Metrorail Project Update – Martha Coello

Ms. Coello provided an update on Phase 1 noting that it is relatively complete with the only outstanding issues being the Old Meadow Road realignment, which is currently under construction, and VDOT punchlist. The current completion date for the Old Meadow Road realignment is June 2020 and fall 2020 for the VDOT punchlist. The budget for Phase 1 remains at \$2.98 billion. For Phase 2, it is overall 98% complete. Package A represents the rail line and stations and Package B is the rail yard at Dulles. The target substantial completion for Package A is mid-2020 and for Package B it is fall 2020. Revenue service date will be established by WMATA. The overall budget for Phase 2 is \$2.778 billion with \$2.295 billion expended to-date. The remaining contingency is \$212.8 million. The remaining construction for civil work is mainly to complete stormwater ponds and finish punch list work. Clean-up at the track continues, including the guideway. All Traction Power Substations (TPSS) were energized and software integration is still ongoing in order to tie in Phase 1 track. Punchlist work for all buildings at the Rail Yard and the installation of the hoist equipment is still ongoing.

Ms. Coello provided details and background information on the remediation work that is still ongoing with concrete panel deficiencies, concrete ties/cross-level deficiencies and fouled ballast. The Fairfax County Board of Supervisors has sent letter to reiterate the concerns to make sure these issues to be addressed properly. There are also other concerns including insulated joints, switches, surge arresters, system integration and Spare parts in the WMATA Office of the Inspector General report. These issues have been discussed and among all parties. Remediation work is in the process and the schedule still needs to be worked out to tie into the project completion.

Mr. Johnson inquires whether the associated cost to those issues should be responsibility of the contractor. Mr. Biesiadny comments that there will be a claim resolution process depending on the responsibility on the cost and project delay. There is discussion on the expected time between the substantial completion dates to revenue service compared to Phase 1 and Mr. Biesiadny comments that it can be around 6 months.

Further discussion occurs regarding the concrete panel deficiencies and contingency amount. Mr. Biesiadny comments we can only go by the amount MWAA provided and there will be no additional responsibility from the tax district beyond \$330 million even the contingencies go above the current estimate, which is not likely.

Mr. Fairfield inquires about issues with Package B. According to Ms. Coello, MWAA continues to push the contractor to address these issues. Mr. Fairfield also asks about the necessity for action from the landowners. Mr. Biesiadny comments that all parties are motivated to complete this project. Ms. Coello also comments that some issues were identified early for Phase 2 because of lessons learned from Phase 1 construction and operation. No action on behalf of the advisory board is planned for the time being.

Mr. Jaegle asks when the concrete panel issue was identified. Ms. Coello comments that the issue was identified about 2 years ago and discussion on remediation started immediately after. The remediation work has been complete to date. The sealant has been applied twice and the results were accepted by MWAA. It is currently under WMATA's final review for acceptance. There is further discussion on the fouled ballast.

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Ms. Coello provides an update on the two garages being constructed by Fairfax County. The Herndon garage opened in April 2019. The public has been using the new garage, which allowed the renovation work on the existing garage, bus loop, and canopy. The Innovation Center Station garage is 97% complete with a project estimate of \$52 million. The garage has a March 2020 expected completion. The remaining work includes elevator finishes, bioretention pond and landscaping work around the garage. Ms. Coello also included Reston Herndon Bus Route Optimization to show the outreach process and efforts on Fairfax Connector bus route planning for Phase 2 opening.

8. Financial/Tax Assessment/TIFIA Updates – Joe LaHait, Fairfax County Debt Coordinator

Mr. LaHait notes that there has been 57% growth since inception of the district. In the district, \$120.7 million has been collected to date. In FY11 the tax district began at a rate of 5 cents. It has increased in 5 cent increments until it reached 20 cents in FY14. Assessed values have grown 5.2% over the prior year. Per the petition, the rate will hold at 20 cents until passenger service begins for Phase 2.

The County has paid out \$400 million towards the Silver Line and \$527 million remains to be paid. The \$527 million will be paid through the TIFIA loan, Phase 2 Tax District, NVTAs funds, and cash or public bond sale. The TIFIA loan debt was split between the C&I Revenues and the Phase 2 Tax District. The Phase 2 Tax District's amount from TIFIA equals \$215 million. Level debt service for TIFIA becomes due in FY24 at a locked, fixed interest of 2.73%. Mr. LaHait estimates that the debt service would roughly amount to \$14.5 million at that time. The \$112.6 million needed to complete the \$330 million required to fund Phase 2, per the tax district petition, may be achieved by the Phase 2 Tax District accruals and avoid the need for public bond sale in the future. Mr. LaHait comments that there does not appear to be a need to have the rate exceed 20 cents in the future. Discussion of intent to use accruals for prepayment of the TIFIA loan and draft financial policies similar to Phase 1. The key components of the financial policy would include debt service coverage, reserve levels, parameters for lowering the tax rate.

Mr. LaHait puts forward staff's recommendation that the tax rate remain at 20 cents per the petition, fully draw down the TIFIA loan and once fully drawn down use tax balances to pay capital expenditures. Lastly, once all capital expenditures have been met begin prepayment of TIFIA loan from the Residual Fund.

Mr. Fairfield suggests a meeting in fall 2020 to review the financial policy, adopt the bylaws, possibly elect officers, and have another update.

Mr. Dougherty suggests that the model examine the impact if the 20 cent rate were to continue a few years after revenue service.

9. Advisory Board Recommendation on a Proposed Tax Rate for the 2020 Tax Year

There is no quorum for voting.

10. Annual Report from the Advisory Board to the Commission

Planned for March 31, 2020 at 3:00 pm. Location is at Fairfax County Government Center, 12000 Government Center Parkway, Room 232.

11. Other Business

Ms. Coello will send some dates to the board to set up a meeting in fall 2020.

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12. Adjourn

No need to motion to adjourn.

Meeting ended at 4:25 p.m.