

MINUTES

MEETING OF THE ROUTE 28 HIGHWAY TRANSPORTATION IMPROVEMENT DISTRICT COMMISSION

March 11, 2022

A meeting of the Route 28 Highway Transportation Improvement District Commission was held on Friday, March 11, 2022.

Members Present:

Phyllis Randall; Sylvia Glass; John Foust; Walter Alcorn; Kathy Smith; and Laura Farmer on behalf of the Secretary of Transportation.

Members Absent: Jeffrey McKay; Koran Saines; and Matthew Letourneau

- I. **Call to Order:** Chairman Glass called the meeting to order at 9:03 am and declared there was a quorum.
- II. **Proof of Notice and Advertisement:** Staff from Fairfax County and Loudoun County, including Fairfax County Legal Counsel, verbally confirmed that the meeting was properly advertised according to the Commonwealth of Virginia's Freedom of Information Act requirements.
- III. **Approval of March 19, 2021 Minutes:** A motion was made by Supervisor Smith, seconded by Chair Randall to approve the minutes of the March 19, 2021 meeting. The vote on the motion was 6-0-3; (Voting Yes – Phyllis Randall, Sylvia Glass, Walter Alcorn, Kathy Smith, John Foust and Laura Farmer; Absent for the vote – Jeffrey McKay, Koran Saines and Matthew Letourneau)
- IV. **Presentation of the FY 2021 Audit:** Mr. Joe LaHait, Fairfax County, provided information on the Fiscal Year 2021 Audit, dated June 30, 2021, and completed by Cherry Bekaert. The audit was clean with no issues.
- V. **Update on January 1, 2022 Loudoun and Fairfax County assessment Information and District Financial Report (Information):** Mr. Joe LaHait, Fairfax County, provided information on the assessed value of the district in the two counties. As of January 1, 2022, the value is approximately \$16.6 billion, reflecting an increase of 17.6% percent over the prior year. The increase is primarily attributed to increased assessed values for data centers in Loudoun County. Mr. LaHait reviewed the revenue growth of the Route 28 Tax District and provided a presentation on the Debt Profile Update. The presentation included information on the revenue history of the District; the outstanding debt service structure; the total principal outstanding; historical debt service coverage; forecasted debt service coverage; the project completion fund; and a staff recommendation on moving forward. Currently, the debt payments are \$17.7M annually; the debt is scheduled to be paid off in 2037. Now that all project costs have been paid, an opportunity may exist to accelerate the debt repayment and sunset the tax district before 2037. In April 2022, the CTB Series 2012 bonds will become callable. Mr. LaHait recommended using the forecasted available Project Completion Fund (PCF) balance (\$10.7M) to pay off a portion of the CTB Series 2012 bonds.

Based on the information provided, staff recommended:

- Maintain the tax rate of \$0.17 for FY 2023.
- Maintain a minimum balance in the Project Completion Fund at or above 50% of the maximum annual debt service (approximately \$9.4M in FY 2023).
- Use \$10.7M of the Project Completion Fund balance for an early cash defeasance of the outstanding CTB Series 2012 bonds.
- In future years, consider an annual debt service coverage target and lower the tax rate as the District move toward paying off all of its remaining debt early or at its final maturity in 2037.

VI. **Report on Final Billing for the Route 28 PPTA Project – Laura Farmer (Information)**

All of the improvements that were identified for the Route 28 Tax District have been constructed. All invoices have been paid; a total of \$105,643,993 was spent on the improvements.

- VII. **Report from the Route 28 District Advisory Board (Information):** Mr. Ted Lewis, Chairman of the Route 28 District Advisory Board, was not able to attend the Commission meeting in person so he sent the Commission a letter and draft minutes from Advisory Board’s meeting that was held on February 28, 2022. The Advisory Board recommended that the tax rate remain the same as last year (\$0.17), and they re-elected Mr. Lewis as Chairman and Bill Keech as Vice Chairman. Additionally, there was discussion pertaining to the potential prohibition of data centers on Route 7 as part of the Loudoun County Zoning Ordinance re-write. And Loudoun County property owners in the Route 28 Tax District are governed by the Loudoun County 1972 Zoning Ordinance which remains in place until such time as a property owner voluntarily elects to opt into the Loudoun County 1993 Zoning Ordinance by submitting a Zoning Conversion in the Route 28 Tax District application (ZRTD). Since the provisions of the 1972 Zoning Ordinance are linked to the Route 28 Tax District, that zoning will terminate when the District sunsets in FY 2037. Property owners may be impacted if a decision is made to pay off the District’s debt to terminate the Tax District before FY 2037.

- VIII. **Adoption of the FY 2023 Tax Resolution, 2023 District Advisory Board Budget Request, Approval of the FY 2021 Audit and Payment for Audit Expenses, and Adoption of the FY 2023 District Commission Budget including Authorization for FY 2022 Audit Fees:** Chair Randall moved a block of motions to adopt the resolution that encompassed all these items; Supervisor Alcorn seconded the motion. The motions passed with all members present voting yes. (Voting Yes – Phyllis Randall, Sylvia Glass, John Foust, Walter Alcorn, Kathy Smith and Laura Farmer; Voting No – 0; Absent for the Vote – Jeffrey McKay, Koran Saines and Matthew Letourneau).

- IX. **Election of Officers (Action):** Supervisor Foust moved and nominated Supervisor Alcorn for Chair. The motion was seconded by Supervisor Smith and was supported by six members in attendance. (Voting Yes – Phyllis Randall, Sylvia Glass, John Foust, Walter Alcorn, Kathy Smith and Laura Farmer; Voting No – 0; Absent for the Vote – Jeffrey McKay, Koran Saines, and Matthew Letourneau).

Chair Randall moved and nominated Supervisor Letourneau for Vice-Chairman. The motion was seconded by Supervisor Glass and was supported by all members in attendance. (Voting Yes – Phyllis Randall, Sylvia Glass, John Foust, Walter Alcorn, Kathy Smith and Laura Farmer; Voting No – 0; Absent for the Vote – Jeffrey McKay, Koran Saines and Matthew Saines).

The Commission left the position of Secretary unfilled.

- X. **New Business:** Chair Randall expressed concern that the new Virginia administration may adjust funding allocations to the NVTa. Additionally, they are reviewing Smart Scale funding formulas.

Supervisor Glass requested that VDOT provide a presentation on the status of the Route 28 Interchange Study. She also wanted to know when VDOT is going to repave Route 28 in Loudoun. Since there were no representatives from the VDOT Northern Virginia District Office present during the meeting, Susan Glass offered to relay those requests to VDOT staff.

- XI. **Adjournment** - There being no further business to come before the District Commission, Chairman Glass moved that the meeting be adjourned. The meeting was adjourned at approximately 9:46 am.