

Phase 2 Dulles Rail
Transportation Improvement District Advisory Board
Fairfax County Department of Transportation Virtual Meeting
November 16, 2020
MEETING MINUTES

1. Call to Order

Meeting called to order at 11:15 a.m.; introductions were provided.

Members Present

Peter D. Johnston, Boston Properties
Michael J. Cooper, Brandywine Realty Trust
Kevin Dougherty, Crimson Partners, LC
Michael R. F. Rocks, Allen & Rocks, Inc.
Jeffrey J. Fairfield, Town of Herndon

Others Present

Tom Biesiadny
Martha Coello
Joe LaHait
Patti McCay
Yuqing Xiong
Pamela Rittenhouse
Marwan Mahmoud
Galena Nedelcheva
JoAnne Carter

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

Prior to achieving quorum, Ms. McCay indicates that certain preliminary measurements need to be met to conduct the meeting virtually. Quorum achieved at 11:22 a.m.

Mr. Fairfield announces conference call electronic procedures for the virtual meeting. Motion by Mr. Fairfield to Secretary Johnston to confirm Audibility of Members' Voices on the conference call can be adequately heard. Seconded by Mr. Johnston following confirmation by unanimous voice vote.

Motion by Mr. Fairfield on the need for an Electronic Meeting through a dedicated audio-conferencing line. The Board conducted a wholly electronic meeting because the COVID-19 pandemic made it unsafe to physically assemble a quorum in one location or to have the public present. Motion seconded by Mr. Cooper. A conference call was used as means of electronic communication to conduct the meeting virtually and assure public access.

1-877-336-1829

Participant Access Code: 8628844

Motion by Mr. Fairfield for roll call and identification of members' remote locations. Seconded by Mr. Rocks and adopted unanimously by the following Board members in attendance:

- Mr. Michael R. F. Rocks; Tysons Corner, VA
- Mr. Peter D. Johnston; Great Falls, VA
- Mr. Kevin Dougherty; Palm Beach, Florida
- Mr. Michael J. Cooper; Leesburg, VA
- Mr. Jeffrey J. Fairfield; Town of Herndon, VA

Motion by Mr. Fairfield on the Need to dispense with FOIA's Usual Procedures to Assure Continuity in Government and Continue Operations. Seconded by Mr. Rocks and approved unanimously.

3. Approval of Minutes: March 12, 2019 and March 12, 2020 Annual Meetings

The minutes were distributed electronically before the meeting. Ms. Coello confirmed proper notice and advertisement of the Board meeting through printed and electronic means. Meeting minutes from

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March 12, 2019 could not be approved since there was no quorum at the last meeting on March 12, 2020. Motion to approve minutes of both annual meetings by Mr. Johnston. Seconded by Mr. Cooper and adopted unanimously.

4. Advisory Board Member Expiration Dates and Vacancies

Mr. Fairfield notes additional vacancies due to resignations of former Advisory Board members Mr. Randy Jaegle and Mr. Gregg Trimmer. The Clerk of the Town of Herndon is searching for candidates to recommend replacement for Mr. Jaegle's seat. Ms. Coello suggests the Board recommend nominations as a group to fill the remaining vacancy for Mr. Trimmer's seat. Ms. Coello further notes that all current members' terms will not expire until 2022.

Mr. Fairfield plans to contact the Clerk of the Town of Herndon on the appointment to fill their open seat in time for the 2021 annual meeting. Mr. Johnston notes that JBG has development capacity in the area and suggests contacting JBG to determine if they are interested in suggesting a replacement. Mr. Fairfield acknowledges that Bailey Hopple assumed Mr. Trimmer's responsibility at JBG and will follow up with JBG for recommendations to fill Mr. Trimmer's vacancy or contact others at Brandywine and Brookfield for potential candidates.

Mr. Fairfield requests from those in attendance the names and contact information of potential candidates to fill the vacancies. Ms. Coello indicates that the Chairman of the Board is responsible for appointing the positions.

5. Advisory Board Bylaws

The County Clerk has recommended that this board adopt the Advisory Board bylaws. Draft bylaws was distributed but unapproved at the last Board meeting held on March 12, 2020 since there was no quorum achieved. Mr. Fairfield notes a spelling correction needed on line 29 of page 1 of the draft bylaws to revise "as amen" to "as amended."

Motion by Mr. Fairfield to adopt updated draft bylaws bearing date of March 12, 2020. Seconded by Mr. Rocks and adopted by unanimous vote.

6. Dulles Corridor Metrorail Project Update – Martha Coello

Ms. Coello provided an update on Phase 1 noting that it is relatively complete with remaining work on Old Meadow Road realignment, which includes asphalt paving and median installation expected to be completed by the end of 2020. The other remaining items in the VDOT punchlist include the Dulles Connector Road shoulder repairs and manhole structure repairs. These items are pending finalization of design and scope with VDOT and expected to be completed in 2021. The budget for Phase 1 remains at \$2.98 billion. For Phase 2, it is overall 99% complete. The overall budget for Phase 2 is \$2.778 billion with \$2.371 billion expended to-date. The remaining contingency is \$178.5 million. Package A represents the rail line and stations and Package B is the rail yard at Dulles. General activities for Package A include interior station finishes, cleanup, touchup paving and roadway striping as well as dynamic testing and final alignment of tracks and switches. General activities for Package B include testing and commissioning, building punchlist and software programming. Substantial completion for Packages A and B is targeted for early 2021. Revenue service date will be established by WMATA and is expected to be 5 to 6 months after project turnover to WMATA and the Metro Board.

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Ms. Coello provided details and background information on the remediation work related to the concrete panel deficiencies, concrete ties/cross-level deficiencies, and fouled ballast. The WMATA Office of Inspector General completed its own inspection of the panels this summer. The Inspector General's findings include a total of 342 cracks in panels recommended for repairs as well as a recommendation for more frequent application of the sealant than was previously discussed between MWAA and WMATA. MWAA acted upon the recommendations by directing CRC to repair cracks accordingly. Crack repair work is complete and there are ongoing discussions related to establishing an escrow account/sinking fund to pay for long term maintenance between WMATA, MWAA, and CRC. To date, the majority of the locations have been corrected with 5 remaining areas awaiting WMATA's review and acceptance. Removal and replacement of fouled ballast is relatively complete with 17 of 18 tests completed and deemed acceptable. Surge arresters have been replaced allowing testing to continue. The Silver Line shutdown this summer allowed controls testing to proceed. The proposed December 5th shutdown allows trains to interface between the Phase 1 and Phase 2 systems for Level F testing. Other concerns include location and spacing of track circuits and negative cross bonds used to detect issues with broken rail. This issue is under review by CRC, MWAA, and WMATA .

Mr. Johnston inquired about the number of deficient concrete panels or the percentage of deficient panels relative to the total number. Ms. Coello acknowledged the question and will follow up with the requested information accordingly.

Mr. Cooper asked about the original completion date of the project. Ms. Coello indicated the date changed from the original substantial completion timeframe of August 2019, which had accounted for a 13-month delay associated with stormwater work. Mr. Cooper asked about the proposed sinking fund for long term maintenance of deficient concrete panels and how it relates to the remaining contingency for the project. Ms. Coello clarified that the proposed sinking fund is separate from the contingency and will be handled outside of the project budget. Mr. Biesiadny added that there is court action with the subcontractor and a settlement was reached for funds to be set aside for the repairs. The amount for the sinking fund is an outstanding issue yet to be resolved for project closeout and agreed to by CRC, MWAA, and WMATA.

Mr. Fairfield inquires about WMATA's schedule to adopt their operating budget. Mr. Biesiadny noted that the revision to 2021 budget is being presented on Thursday, November 19, 2020; the 2022 budget is anticipated to be completed circa May 2021. Metro will schedule public hearings on the proposed 2022 budget, dates will be shared with the members once confirmed. Mr. Fairfield also indicates that the Advisory Board could write a letter to endorse the project. Mr. Biesiadny clarified that there is no disagreement on opening the rail system when it is ready to be opened.

Ms. Coello provided additional updates including the County achieving substantial completion of the Innovation Center Station Parking Garage in June of 2020, punchlist work ongoing. The County also completed a bus loop repaving project next to the Herndon Garage. The Fairfax Connector team is working on the Phase 2 Bus Service Plan to be presented to the BOS in early 2021. Mr. Johnston requested that the Bus Service Plan be distributed once finalized. Mr. Fairfield and Ms. Coello confirmed Mr. Johnston's request for the finalized plan to be distributed to board members.

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7. Financial/Tax Assessment/TIFIA Updates and Proposed Financial Policies– Joe LaHait, Fairfax County Debt Coordinator

Mr. LaHait notes that land value update will be provided at the next meeting in March 2021. Over \$10 billion dollars in assessed value compared to initial stages of just \$6 billion dollars. Terms of the petition guide the tax rate which has been held at 20 cents pending the start date for revenue service. Last summer, in response to the COVID-19 pandemic, the Fairfax County BOS delayed the first half of collections of real estate taxes from July to August. No downturn observed in collections, received standard 50%. The full collection of approximately \$20 million for current fiscal year is expected in December 2020.

Phase 2 Tax District non-TIFIA sources of \$112.6 million have been accrued and are available. No additional financing will be needed. To date, the District has paid out approximately \$85 million of \$112.6 million with approximately \$28 million remaining. Payments to MWAA continue to be made with cash on hand and funding appropriated to process monthly invoices as they are received. Based on the drawdown of the \$216 million in the TIFIA loan at the fixed interest rate, debt service is estimated at \$14.5 million for the Phase 2 Tax District which would not kick in until FY 2024. 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. Continuous prepayment plan shortens the lifespan of the loan from its original scheduled payoff of entire principal balance and interest in 2046 to 2037 or 2038.

Mr. Dougherty asked for the implications of payoff for taxes being collected. Mr. LaHait indicated that the obligations of this Tax District would be fulfilled assuming the entire principal balance and interest are paid off by 2037 or 2038 as currently projected under the continuous prepayment plan which is 8 or 9 years earlier than the original model projected.

Mr. Dougherty asks whether tax rate decreases annually from FY 2024 through 2037. Mr. LaHait notes that a yearly review of the tax rate provides guidance on how to bring it down and generally follows similar model to the Phase 1 Tax District. The policy would be set at a rate to provide sufficient revenues to provide debt service coverage of 1.25 times, plus having enough accrued cash to pay for 2 years of debt service. One year of reserves are being held per the terms of the TIFIA loan in the amount of \$14.5 million. Mr. LaHait recommends adding an additional year of debt service to be held for the duration of the loan. This yields about \$2.5 million in reduction which carries over to lowering the tax rate by approximately 1.5 cents.

Mr. LaHait deferred to Ms. McCay about guidance on tax rate for when it can be adjusted depending on revenue service going into effect. Ms. McCay indicated that per the petition, the first opportunity to adjust the tax rate is 1 year following revenue service starts.

8. Other Business

Motion by Mr. Johnston to reelect Mr. Fairfield as Chairman and Mr. Dougherty as Secretary of the Advisory Board. Seconded by Mr. Rocks and approved by unanimous vote.

9. Adjourn

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Motion by Mr. Johnston to adjourn the meeting. Seconded by Mr. Cooper. Meeting ended at 12:28 p.m.