Fairfax County, Virginia



Presentation to Phase 2 Dulles Rail Transportation Improvement District

District Commission

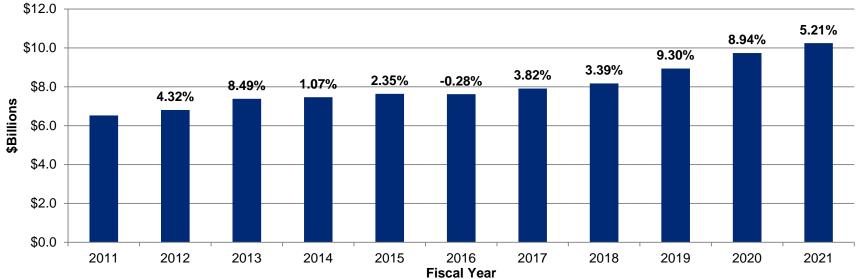
Metrorail Silver Line Phase 2



March 31, 2020

Overview

- The Phase 2 Special Improvements Tax was initially levied in FY 2011
- Assessed value has grown 57.0% since inception



Phase II Tax District Assessed Value

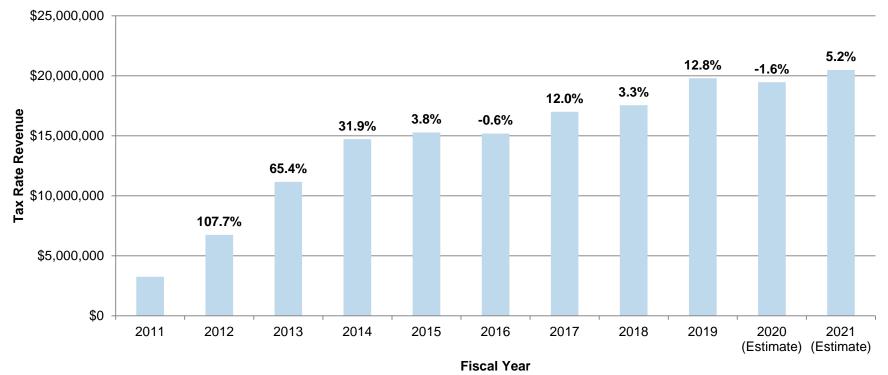
Fiscal Year (Valuation Date)	2011 (1/1/10)	2012 (1/1/11)	2013 (1/1/12)	2014 (1/1/13)	2015 (1/1/14)	2016 (1/1/15)	2017 (1/1/16)	2018 (1/1/17)	2019 (1/1/18)	2020 (1/1/19)	2021 (1/1/20)
Assessed Value (Billions)	\$6.52	\$6.81	\$7.38	\$7.46	\$7.64	\$7.62	\$7.91	\$8.18	\$8.94	\$9.74	\$10.24
District Tax Rate (per \$100 AV)	\$0.05	\$0.10	\$0.15	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
AV Growth	-	4.32%	8.49%	1.07%	2.35%	-0.28%	3.82%	3.39%	9.30%	8.94%	5.21%



The Phase 2 Tax District was created by the County on December 21, 2011.

Trend in Phase 2 District Revenues

- Tax revenue collected since inception through June 30, 2019 totals \$120.7 million
- Taxes in the District are collected concurrently with all other County real property taxes on a single bill in two installments due July 28 and December 5



Annual Phase 2 Tax District Revenues and Tax Rate



Source: Data shown through FY2019 from County CAFRs & includes interest earnings. FY 2020 and FY 2021 estimates based on respective tax year assessed values multiplied by applicable tax rate.

• The County's remaining financing needs for the Silver Line totals \$527.3 million

Source	Amount	Comments
County & Regional Transportation Projects Fund (C&I Revenues) – TIFIA Loan	\$187,688,868	Internal allocation of 47% of the \$403 million TIFIA loan, fully drawn & allocated as of June, 2017
Phase 2 Tax District – TIFIA Loan	\$215,586,026	Internal allocation of 53% of the \$403 million TIFIA loan repayment, with full amount drawn through April 2019
Phase 2 Tax District – Non-TIFIA Sources	\$112,646,000	Remaining balance of \$330 million Phase 2 Tax District Requirement after TIFIA loan; will come from Phase 2 tax district revenue, with \$49.2 million drawn through December 2019
CMAQ Grant	\$1,770,000	In July 2018, Fairfax County and MWAA received Congestion Mitigation and Air Quality Improvement (CMAQ) grant
Northern Virginia Transportation Authority (NVTA) Regional Revenue (70% portion)	\$9,660,000	NVTA has approved funds for the Innovation Station component of the Phase 2 construction totaling \$69 million; a portion is allocable to Fairfax's share of total project costs; 100% of funds have been drawn to date
Total	\$527,350,894	



Financing Plan Update

- Per the terms of the Phase 2 Petition, the Tax District will fund Phase 2 Silver Line capital project expenditures in the amount of \$330 million, plus required reserves and financing costs
 - \$215.6 million from the TIFIA loan
 - \$112.6 million will be funded from Phase 2 Tax District cash on hand
 - No additional borrowing contemplated
- \$403 million TIFIA Loan closed in December 2014, backed by County moral obligation to refill a DSRF, subject to annual appropriation from the County's General Fund
 - Interest rate locked at 2.73%
 - Final maturity of April 1, 2046
 - Capitalized interest on construction draws will accrue through April 1, 2023
- Through April 2019, the entire TIFIA loan has been drawn with \$215.6 million of the loan allocated to the Tax District
- Level semi-annual debt service payments will be due starting on October 1, 2023 through April 1, 2046
 - Assuming no early pre-payments, annual debt service on the TIFIA loan allocated to the District is estimated at \$14.5 million
 - Prepayment in full or in part in amounts greater than \$1 million is permitted without penalty, at any time
- A debt service reserve fund is fully funded at its requirement equal to maximum annual debt service (\$14.5 million)
- TIFIA Loan is rated AA+/AA+ by FitchRatings and Standard & Poor's

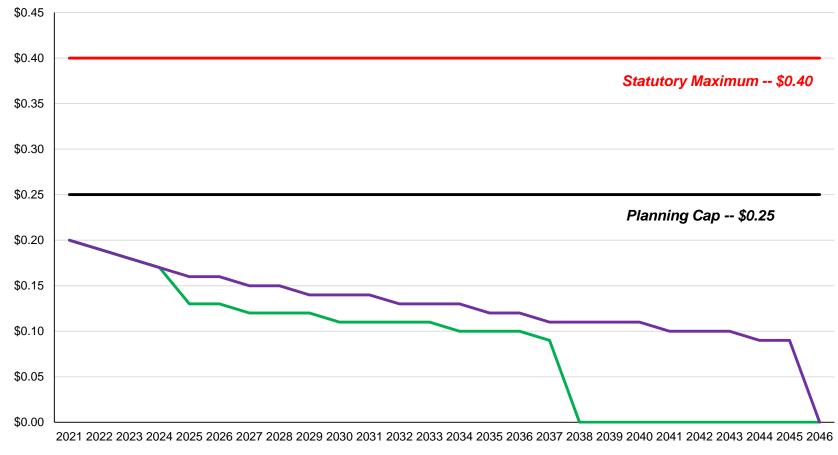




Silver Line Phase 2 Tax District

-Continuous Prepayment ----- No Prepayment





Silver Line Phase 2 Tax District

-Continuous Prepayment -No Prepayment



Phase 2 Tax District Draft Financial Policy

- Similar to Phase 1, County will develop financial management policies for the Phase 2 Tax District
 - Ensure General Fund revenue is not needed to pay debt service
 - County staff recommends drafting of Phase 2 Tax District Financial Policy in Fall 2020
- Expect policy will cover same scope as Phase 1 Tax District adopted policy, but tailored to reflect differences between the two districts' financial performance and plans of finance
 - Minimum debt service coverage threshold
 - Minimum reserve levels
 - Parameters for lowering the tax rate, subject to provisions specified in the Petition



Recommendation & Next Steps

- Maintain the existing tax rate at \$0.20/\$100 AV in FY 2021
- Continue to use available tax district balances to pay monthly capital expenditures
- Once all Capital Expenditure needs have been met, begin pre-payment of TIFIA loan with available amounts in the Residual Fund

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

