



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Thursday, December 10, 2015

6:00 pm

**3040 Williams Drive, Suite 200
 Fairfax, Virginia 22030**

MEETING MINUTES

I. Call to Order Chairman Nohe

- Chairman Nohe called the meeting to order at 6:13pm.

II. Roll Call Ms. Speer, Clerk

- Voting Members: Chairman Nohe; Chairman Bulova (arrived 6:21pm); Supervisor Letourneau; Chair Hynes; Mayor Euille; Mayor Parrish; Council Member Rishell; Council Member Snyder (arrived 6:14pm); Delegate Rust; Senator Ebbin (arrived 6:21pm); Delegate Minchew.
- Non-Voting Members: Ms. Cuervo; Ms. Mitchell.
- Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Keith Jasper (Program Coordinator); Sree Nampoothiri (Program Coordinator); Peggy Teal (Assistance Finance Officer); Camela Speer (Clerk); various jurisdictional staff.

V. TransAction Update Mr. Jasper, Program Coordinator

(Council Member Snyder arrived.)

- Mr. Jasper briefed the Authority on the update to TransAction. He reviewed the findings of the benchmark survey and discussed the next steps in the process.
- Chairman Nohe introduced the TransAction information cards, noting that the cards identify the ways for the public to get involved and comment on the process. He encouraged Authority members to distribute them.

(Chairman Bulova and Senator Ebbin arrived.)

III. Minutes of the November 12, 2015 Meeting

- Chair Hynes moved approval of the November 12, 2015 minutes; seconded by Chairman Bulova. Motion carried with seven (7) yeas and four (4) abstentions

[with Supervisor Letourneau, Mayor Parrish, Council Member Snyder and Delegate Rust abstaining as they were not at the November 12 meeting].

Presentations

IV. Recognition of Outgoing NVTa Members Chairman Nohe

- Chairman Nohe recognized and thanked outgoing NVTa members Delegate Rust, Chairman York, Mayor Euille and Chair Hynes for their service and dedication to the Authority.

Action Items

V. Project Agreement for Fairfax County – Regional Funding Project 059-10601 (Innovation Center Metrorail Station)

- Chairman Bulova moved approval of the proposed Standard Project 059-10601 (Innovation Center Metrorail Station), in accordance with NVTa's approved Project Description Sheets for each project to be funded as appended to the Standard Project Agreements; and that the Executive Director sign it on behalf of the Authority; seconded by Chair Hynes. Motion carried unanimously.

VI. Adoption of Vision and Goals for TransAction Update

Mr. Jasper, Program Coordinator
and Mr. Malouff, Chair, TransAction Subcommittee

- Mr. Malouff briefed the Authority on the proposed Vision and Goals for the TransAction update. He noted that one of the first steps in any good planning effort is to review the overall vision and goals. Mr. Malouff reviewed the process undergone by the TransAction Subcommittee in recommending the proposed vision and goals and highlighted the following:
 - ✓ The vision and goals are the ends we are working toward.
 - ✓ The objectives and measures are the means to get to the end.
 - ✓ Next, the TransAction Subcommittee will be working to clarify the objectives and the measures.
 - ✓ Asking for Authority approval of the vision and goals this evening.
- Mr. Malouff reviewed the vision statement from the previous plan, TransAction 2040. He stated that the vision statement was good overall, but that a lot has changed in the five years since this statement was adopted and noted some of the major changes:
 - ✓ Primarily that the NVTa has funding.
 - ✓ Increased focus on concrete transportation objectives, particularly congestion reduction.
- Mr. Malouff stated that the Subcommittee has made proposed modifications to the vision statement to reflect these realities. He reviewed the proposed vision statement, noting that the underlined sections are the differences from the

previous vision statement: “In the 21st century, Northern Virginia will develop and sustain a multimodal transportation system that enhances quality of life and supports economic growth. Investments in the system will provide strong transportation benefits, promote areas of concentrated growth, manage both demand and capacity, and employ the best technology, joining rail, roadway, bus, air, water, pedestrian, and bicycle facilities into an interconnected network.”

- Mr. Malouff reviewed the changes to the proposed vision statement.
 - ✓ Removed “fiscally sustainable”. Not because it is not important, but now that there is funding the plan will have a different focus and the Subcommittee suggested it did not need to be included in the vision statement.
 - ✓ Moved “quality of life” before “economic growth” to reflect the NVTa’s charge to build a system that enhances quality of life.
 - ✓ Added statement about strong transportation benefits to reflect the charge of congestion reduction.
- Mr. Malouff reviewed the proposed TransAction goals, noting that there are three broad goals.
 - ✓ Enhance quality of life and economic strength of Northern Virginia through transportation. This is intended to mean that we want a transportation system that is usable and works. He suggested potential objectives under this goal would be congestion reduction, increased access, improved reliability and additional connections.
 - ✓ Enable optimal use of the transportation network and leverage the existing network. The focus of this goal would be efficiency, for example, we do not want to build things just for the sake of building them and to look at ways to optimize existing infrastructure. He suggested examples of objectives for this goal would be to improve operations and manage demand.
 - ✓ Reduce negative impacts of transportation on communities and the environment. This goal reflects things we know are important, but are not specifically related to travel. He suggested examples of objectives for this goal might include safety, protecting the environment and mitigating community impacts.
- Delegate Rust expressed concern about removing “fiscally sustainable” from the vision statement. He noted that he understands the rationale that the original statement was done some years ago and that the fiscal picture of transportation was not what it is today, but noted that we cannot sustain a system if we are not considering the finances of it. Delegate Rust requested including “fiscally sustainable” in the vision statement. Mr. Malouff responded that from the Subcommittee’s perspective, there is no great reason not to include “fiscally sustainable”. He suggested that the phrase could be added in the sentence, “... investments in the system will provide strong transportation benefits, be fiscally sustainable, promote areas ...”

- Mayor Parrish stated that he agreed “fiscally sustainable” should be included in the vision statement, adding that none of the jurisdictions would suggest that they have revenue that is more than they would like it to be.
- Mayor Parrish moved approval of the TransAction vision and goals, with the addition of “fiscally sustainable” as suggested; seconded by Delegate Rust.
- Council Member Snyder questioned the meaning of the phrase “strong transportation benefit,” asking if it implies only to large projects and suggested if so, this would be a problem. He suggested that if it means effective benefits, this wording would be better.
- Senator Ebbin suggested revising the vision statement to read, “...provide effective transportation benefits...” and add “fiscally sustainable” at the end to read, “...interconnected network that is fiscally sustainable.”
- Chair Hynes agreed with Senator Ebbin’s suggestion to added “fiscally sustainable” at the end of the statement, partly because it is closer to the “interconnected network” being fiscally sustainable and that is our goal. It is not that our program is fiscally sustainable, it is that our network is.
- Mayor Parrish and Delegate Rust agree with the two changes as proposed by Senator Ebbin. Motion carried unanimously.

VII. Approval of Projects to be Evaluated for Consideration in the FY2017 Program Chairman Nohe, Chair, PIWG

- Chairman Nohe briefed the Authority on the recommended list of projects for the FY2017 Program. He noted that this has been vetted by the Project Implementation Working Group (PIWG). Chairman Nohe stated that the capacity for projects to be reviewed under HB 599 is 25 and 25 applications were submitted, adding that one application was withdrawn by the sponsoring agency when it was determined not to be eligible. Chairman Nohe stated that all the other projects are on the recommended list for inclusion in the HB 599 analysis.
- Ms. Backmon added that there are still some resolutions for individual projects that need to be obtained or modified due to the need to wordsmith the original resolutions. She added that this is expected to be completed before the Authority’s January meeting.
- Delegate Minchew questioned the need for the Leesburg Town Council to reword or reconsider its proposal, asking if this was a substance or a procedure issues. Ms. Backmon suggested it is more of a procedural issue, adding that Loudoun and Leesburg both submitted resolutions in support of the project, but that the dollar amounts were different in the two resolutions. NVTa staff contacted both localities to clarify and make sure the dollar amounts are equal and consistent with the amounts in the project description. She noted that Loudoun has completed their process, but Leesburg needs to go back to their Council for approval. Delegate Minchew asked if the town will need to

conform to the county resolution. Ms. Backmon responded that she believes it was an error in how the dollars were shown in their resolution. She added that Leesburg staff has approved the correction, it is just awaiting Town Council approval.

- Chairman Nohe added that one of the Washington Metropolitan Area Transit Authority (WMATA) projects has not received a board resolution of support yet, but that the NVTA will move this project forward, assuming the resolution will be received in the coming weeks. Ms. Backmon responded that the resolution is anticipated to be approved by WMATA on December 17, 2015, and submitted to the Authority shortly thereafter.
- Mayor Parrish asked for the total funding numbers involved in this list of projects. Ms. Backmon responded that the Authority has approximately \$230 million available in pay-go funds for this one year program. She stated that the total requested dollar amount of all the proposed projects is \$667 million, so the Authority cannot fund all the projects being recommended for evaluation, unless bond financing or other financing opportunities are considered. Ms. Backmon reminded the Authority that this request is just to approve the recommended project list to be evaluated under HB 599 and the NVTA's project selection process. She recalled that in the last two year program, there were a total of 44 projects submitted for a total of \$775 million.
- Mayor Parrish clarified that there is one project in the list that is substantial in its cost, with that cost being more than the amount available to fund the entire program.
- Mayor Euille asked when the NVTA will consider the bond issuance option for the \$370 million project. Ms. Backmon responded that the consideration would happen when the FY2017 Program comes to the Authority for adoption. She noted that the draft program is anticipated to go to public hearing in May 2016, with an adoption of the program in July 2016. Ms. Backmon added that when the proposed program goes to public hearing, and certainly prior to adoption, the Authority will be presented with the proposed funding dollar amounts of the projects and whether proposed funding will be pay-go or bond issuance.
- Mayor Euille asked if any of the projects that still require clarification will delay HB 599 evaluation. Ms. Backmon responded that it is not anticipated that the requested clarifications will delay the process. She added that the NVTA staff is working with VDOT and have requested that the projects needing clarification be the last evaluated in case the qualifying materials are not received. If this is the case, the Authority will be notified next month that those projects have been removed. Ms. Backmon noted that this is not anticipated to be a problem.
- Supervisor Letourneau asked if, by approving this project list for evaluation, the Authority is stating that it is open to considering funding for all of these projects, including item seven, the \$370 million project. Ms. Backmon responded that item seven is a little different and clarified that for this action, the Authority is only approving the projects for evaluation. Supervisor Letourneau questioned that this project has been previously evaluated, but now

needs to be re-evaluated. Ms. Backmon explained that it has been evaluated under TransAction 2040, but has not undergone the evaluations needed for the Authority to fund the project. Supervisor Letourneau asked if the project has been previously evaluated and rated under HB 599. Chairman Nohe responded it has not and that this action will put it into the HB 599 evaluation.

- Chairman Nohe stated that from a strictly legal perspective, action on this approval of projects for evaluation does not address whether the Authority is considering funding the projects, as we are not at that phase yet. He added that since we can only consider those projects that go through the evaluation process, there is a strongly reasonable implication that this is tantamount to consideration of funding. Chairman Nohe explained that no projects can be considered that are not on this list, but that projects can be taken off the list at the time of consideration. Ms. Backmon affirmed this statement.
- Chair Hynes noted that projects will be taken off the list because there is not enough money to fund all. Chairman Nohe responded that in the April-May time frame, the Authority will begin considering the proposed project list for public hearing. He noted some projects may score so low that the Authority chooses not to include them for public hearing.
- Chairman Bulova moved approval of the list of 24 candidate projects for the Authority's FY2017 evaluation process, to include submission for the HB 599 rating and evaluation; subject to the resolution of individual project application clarifications; seconded by Chair Hynes.
- Senator Ebbin referenced projects on the list that do not have estimated funds listed for future years. He asked if these projects can change these future funding requests after the evaluation process, or if the Authority can only fund it for what is currently be requested. Ms. Backmon responded that the project cost is important to ensure that projects selected for funding provide the greatest level of congestion reduction relative to cost. She noted that at last month's meeting the Authority adopted the methodology to coincide with this determination. She added that if the Authority adopted the project at a higher cost than was submitted, the higher cost would need to be evaluated through the process to ensure that the score is consistent with the funding amount.
- Senator Ebbin asked for clarification that Fairfax has asked for \$5 million in funding on a project with a total cost of \$215 million, but has made no requests for funding in future years. He asked if this means that the Authority cannot fund future years at a later time. Ms. Backmon responded that this is just a one year program and that once TransAction is updated in the fall of 2017, the Authority anticipates doing a full Six Year Program for FY2018-2023. She added that at that time there will be another call for projects and that project can be submitted again at that time. Chairman Nohe noted that this request was for particular phases – engineering and right-of-way. He asked Mr. Biesiadny if this fully funds these phases. Mr. Biesiadny responded that with the money that was previously allocated it does fully fund these phases. He added that Fairfax has also applied for HB 2 funding for this project, so they

are waiting to see how that process works before applying for additional future funding. Mr. Biesiadny noted that it is likely this project will be submitted for FY2018 funding.

- Motion carried unanimously.

VIII. Adoption of Policy Number 17 – FY2017 Program First Drawdown Commitment

Chairman York, Chair, Finance Committee

- Chairman Bulova briefed the Authority on the substance of the proposed Policy Number 17 – FY2017 Program First Drawdown Commitment. She stated that this policy provides a mechanism for the Authority to be able to remove funding commitments for projects in the FY2017 Program that do not seek reimbursement within three years of funding approval. She noted that if jurisdictions and agencies do not request their first drawdown by the deadline, they can ask for a cancellation. Chairman Bulova added that this policy is to help manage projects that cannot move forward and defines what happens to the NVTa project funds if a project is not advancing.
- Chairman Bulova moved approval of the draft FY2017 Program – First Drawdown Commitment, in a form approved by legal counsel; seconded by Mayor Parrish. Motion carried unanimously.

IX. Adoption of Resolution 16-04 for the I-66 Outside the Beltway Project

Chairman Nohe

- Ms. Backmon updated the Authority on the proposed Resolution 16-04 for the I-66 Outside the Beltway Project. She recalled that Secretary Layne had addressed the Authority at the June meeting regarding the I-66 Outside the Beltway project. She noted that he was seeking financial support from the Authority via an eligible project for the I-66 Outside the Beltway project. Ms. Backmon stated that the I-66 Outside the Beltway Committee had met twice to consider Secretary Layne's request. She highlighted the items discussed at the meetings.
 - ✓ The Authority can only fund projects that are in its long range transportation plan.
 - ✓ A list of eligible projects in the I-66 Outside the Beltway corridor was shared with the members.
 - ✓ Discussion centered around one particular project and now that the Call for Projects for the FY2017 Program is complete and the list has been approved for evaluation, the project discussed was the I-66 at Route 28 interchange at a cost of \$370 million.
 - ✓ Discussed Authority's capacity for a bond issuance to cover the cost of a project totaling that amount, or more.
- Ms. Backmon stated that, working with Council of Counsels, staff drafted a resolution regarding the potential funding of projects directly or indirectly

related to the I-66 Outside the Beltway projects as part of the FY2017 Program. She noted this resolution was discussed at the November Authority meeting and it was a robust discussion. Ms. Backmon recalled that the outcome of last month's discussion was to ask staff to review the resolution and a subsequent PIWG meeting was held. She stated that the PIWG had recommended adding verbiage to the resolution stating that, if the Authority does consider funding a project at this dollar amount, it does not set a precedent for future funding requests from the Commonwealth. Ms. Backmon stated that the revised resolution is being presented with the original resolution for Authority consideration this evening.

- Ms. Backmon added that as part of the request to review this resolution, she has invited Deputy Secretary Donohue to address the Authority this evening to respond to any outstanding questions or concerns the Authority may have.
- Deputy Secretary Donohue updated the Authority on the progress of the I-66 Outside the Beltway project. He outlined the process so far:
 - ✓ The Commonwealth has issued a Request For Proposal (RFP) to move forward with the Transform I-66 Outside the Beltway project under the Virginia Public-Private Transportation Act.
 - ✓ As part of the RFP process, the State compared three types of procurement, including public financing and private financing with a full toll concession, similar to the I-95 and I-495 Express Lanes.
 - ✓ For each procurement option, a draft term sheet was published.
 - ✓ Each procurement option assumed that there would be a maximum amount, up to \$600 million, of public funding that would be needed upfront, in combination with toll financing, whether public or private.
 - ✓ In the current HB 2 cycle there is a total of \$1.2 billion available. Based on the modification of the formula distribution by the legislature in the last session there is \$600 million available for discretionary funding statewide. There is another \$600 million available and divided to each of the districts, with the Northern Virginia district receiving about \$120 million of this money.
- Deputy Secretary Donohue stated that Mr. Kasproicz and Mr. Dyke, At Large Urban Commonwealth Transportation Board (CTB) members who live in Northern Virginia, were with him this evening. He noted that this issue was discussed at the last CTB meeting and at other events. It has been made clear by other members of the CTB that they do not believe all \$600 million of the statewide discretionary funds will be allocated by the CTB to the I-66 Outside the Beltway project. As a result, Secretary Layne is requesting that the Authority partner with the Commonwealth on this project.
- Deputy Secretary Donohue stated:
 - ✓ If the Authority is willing to partner with the Commonwealth, the Commonwealth will commit to splitting any public funding cost with the Authority on a 50/50 basis. For example, if the project costs were to come in at \$400 million, the Commonwealth would only request \$200 million from the Authority and the Commonwealth would pay the other \$200 million.

- ✓ The Secretary will commit to the Authority that the State, or its private partner, will maintain all downside risk with regard to any toll financing, but would provide to the Authority any upside revenue sharing that is available.
 - ✓ The draft term sheet does request from all proposers that the Commonwealth receive \$350 million over the 50 year term, in today's net present value, which is at a 6% discount rate. He added that this is a little higher than the discount rate typically used in public discussions.
 - ✓ The Commissioner of Highways has recommended moving forward with a private financing option, based on the responses received from the proposers.
 - ✓ There will be up to \$600 million in public funding necessary and if the Authority is willing to partner with the Commonwealth, the Commonwealth will insure that \$350 million, in net present value, excess revenues would be returned to the Authority for projects of the Authority's selection.
- Chairman Nohe stated that the Deputy Secretary has just spoken of this as a partnership and noted that the resolution does not reference a partnership as the Authority is not currently in a position to put funding toward the I-66 toll lane project. He added that anything the Authority funds must be framed and identified as a stand-alone project that is eligible for Authority funding. Ms. Backmon confirmed that any project funded by the Authority must be in the long range transportation plan that was adopted several years ago and underwent the bond validation process. She confirmed that the project must be a stand-alone project.
 - Chairman Bulova requested clarification that the resolution does not specifically say what project the Authority is considering funding. Ms. Backmon confirmed that the resolution does not specifically state what project, partially because the resolution was first presented prior to the close of the FY2017 Call for Projects and there was a desire not to predetermine which projects would be submitted.
 - Mayor Euille asked if there are any expectations that a similar approach could be applied to the I-395 project. Ms. Backmon stated that the discussion at the PIWG was important and noted that if the Authority is willing to consider funding a project directly or indirectly related to the I-66 corridor, it does not set a precedent. She added that there could be future requests and the Authority can consider a resolution at that time, the revised resolution is not precedent setting. Deputy Secretary Donohue stated that the Commonwealth is committed to working with the private sector partner to deliver the I-395 project at no cost to the region or any of the local governments. He added that if there are any public costs for this, and it is believed there will not be, the Commonwealth will bear that responsibility.
 - Delegate Rust requested clarification that there is \$600 million in the Commonwealth's Six Year Program that is discretionary. He noted that in discussions with members of the CTB not in Northern Virginia, it has been made clear that not all the discretionary money will go to Northern Virginia, or

for that matter any particular area. Deputy Secretary Donohue responded that this is a distinct part of the conversation and mentioned that the CTB members who have been part of the CTB dialogues are here tonight and are happy to answer any questions and support this information. He added that several members of the CTB have been very vocal as to how the money should be distributed and not to a single region.

- Delegate Rust suggested that if the NVTa agrees to the resolution that we are in essence saying that we will partner with the Commonwealth for some amount of money and the Commonwealth will pay half of that. Deputy Secretary Donohue responded that should the NVTa choose to fund a project that is a component of the larger I-66 project, the Commonwealth would ensure that whatever the aggregate amount of public funding necessary to deliver the broader project; the Commonwealth will pay half of the public funding necessary and ask the Authority to pay the other half. He gave the example that if the overall public funding necessary to deliver both the interchange and the rest of the I-66 Outside the Beltway project were \$400 million, the Commonwealth would pay \$200 million and only ask the Authority to pay \$200 million for the interchange.
- Delegate Rust noted that this will be a toll facility with revenues flowing to the Commonwealth, after maintenance and bond payments. He asked if any of this money will come to the NVTa. Deputy Secretary Donohue stated that as the Secretary has proposed the plan and if the toll concession goes forward, the Commonwealth will ensure that at least \$350 million, net present value, comes back to the Authority for the projects it selects.
- Delegate Rust asked about the toll revenues coming to the Authority and whether they would be monies given directly to the Authority or whether the Authority will chose projects and the Commonwealth will fund them. Deputy Secretary Donohue suggested that these specifics and mechanics will be determined as part of the final negotiations with the private sector teams which the Commonwealth is currently in discussion with.
- Supervisor Letourneau stated that the NVTa has just submitted the I-66/Route 28 interchange for consideration as part of our discussion. He asked if the Secretary is requesting this resolution and, if so, why and what does it accomplish. Deputy Secretary Donohue responded when moving forward with these large projects that involve toll financing, most toll financed projects in the United States apply for the TIFIA (Transportation Infrastructure Finance and Innovation Act) loan program and when you meet with the TIFIA loan approvers one of the requirements is a plan of finance demonstrating that there are mechanisms by which the applicant can move forward to fully fund this project. He concluded that this resolution, while not a commitment from the Authority, just as the Commonwealth cannot commit to funding the broader I-66 project until the HB 2 process is complete, would be very helpful to take to the TIFIA loan office to demonstrate that there is a mechanism to fund this project. Supervisor Letourneau suggested the Commonwealth could simply demonstrate the fact that the NVTa has asked for the project to be included in its FY2017 evaluation process and a potential funding award. Deputy

Secretary Donohue stated that, respectfully, the current program is a one year program of which the amount available is less than the amount necessary to fund the interchange in the broader Transform I-66 project. This would leave a hole of approximately \$70 million in the plan of finance and this would be a problem for the TIFIA office. Chairman Nohe stated that the primary value from the TIFIA perspective is not in stating that the Authority is considering the project, it is that the Authority is considering using bond funding to finance the project, demonstrating how we would generate these monies beyond what is in the one year plan. Deputy Secretary Donohue clarified that the importance is that the Authority has the ability to fund the interchange even though the one year program is insufficient to fund the cost of the interchange. He added that, similarly, in discussions with the CTB members about the Transform I-66 project, and the interchange is a component of that, the members will ask if the region is engaged in this project and if there is funding coming from that engagement. Deputy Secretary Donohue stated that the impression the Secretary has received from the CTB members is that they would like to see Northern Virginia investing in this project as they have seen similarly from the Hampton Roads region.

- CTB members Mr. Kasprovicz and Mr. Dyke confirmed that this would be a hard case for the Northern Virginia CTB members to make without the region's support.
- Supervisor Letourneau asked how the Authority can make this kind of commitment for a future program, added that essentially the Authority is saying that we are committed to funding, through bonds, a project which is not even going to be in this program for our future members and asked what weight this has. Deputy Secretary Donohue responded that from the State's perspective, the Authority has a one year program in front of it, due to the TransAction update. He added that the value to the Commonwealth is understanding that should the Authority choose to fund that interchange and should the Commonwealth choose to fund the broader I-66 project, there is a financial plan that is viable and implementable for this. Deputy Secretary Donohue stated that the Commonwealth has received competitive bids from the private sector who similarly are going to want to understand that they are putting private equity into this project and how the Commonwealth and its political subdivisions are working together to bring this project to fruition. He suggested that the NVRTA expressing a willingness to go to the bond market and including this in the upcoming program is the way in which the full interchange project would be fundable. Supervisor Letourneau stated that the resolution is a little more specific than that.
- Delegate Minchew asked if the project has been scored under HB 599 and, if so, what the project was that was scored and what score it yielded. Deputy Secretary Donohue asked Delegate Minchew if he was referring to the full Transform I-66 project. Delegate Minchew stated that he was asking about the I-66 project that Authority was being asked to be willing to extend up to \$403 million on. Deputy Secretary Donohue responded that the specific interchange has not been scored yet. Delegate Minchew asked a portion of the project that

is not part of the interchange has been evaluated. Deputy Secretary Donohue replied that the entire Transform I-66 Outside the Beltway project has been scored and was evaluated with the top scoring projects from the first round of HB 599 analysis. He stated that in the first round, the widening of the Fairfax County Parkway for approximately 23 miles was the top scoring project and at that time received a score of 88. He reminded the Authority that scores are relative to the projects being scored in the same evaluation, so the top scoring project determines every other project score below it. Deputy Secretary Donohue stated that when the top scoring projects from the first analysis were scored with Transform I-66 Outside the Beltway, Transform I-66 Outside the Beltway was the top scoring project with a score of 80.4. The Fairfax County Parkway was the next highest scoring project with a score of 60 and a decimal.

- Chairman Nohe clarified that the Transform I-66 Outside the Beltway project was not scored under HB 599 as part of the NVTAs FY2015-16 Program. He explained that VDOT can separately decide to score projects and does not need NVTAs action to score projects. He added that even though the project has been scored under HB 599, the Authority cannot fund the overall project because it is not in TransAction. The scoring is valuable to show that this is a significantly congestion relieving project. Chairman Nohe stated that at this time we are talking about a willingness to provide funding. He added that this resolution does not say that the NVTAs is willing to provide funding. It says the NVTAs is willing to consider providing funding, which is extremely important because we cannot say that we are willing to provide funding until the project been fully evaluated. The Authority has now approved running the program through the HB 599 process, and it will be scored not only for its congestion relief on I-66, but also on Route 28, as this project is in TransAction as being part of Route 28, not I-66. Ms. Backmon responded that this is correct and added that the project must not only undergo the HB 599 evaluation process, but also the NVTAs project selection process.
- Senator Ebbin noted that it has been stated that the I-66 project will require up to \$600 million in public funding and asked how much private funding will be involved. Deputy Secretary Donohue responded that there will be a mix of private funding and toll financing that will likely be between \$1.5 billion and \$1.7 billion.
- Mayor Parrish noted that earlier the Deputy Secretary had talked about three potential methods for trying to accomplish this project. Deputy Secretary Donohue responded that there were three different procurement options that were offered to the private sector, all three were reviewed and the recommendation was for a full toll concession, with the private sector funding the project through a mix of bonds and private equity and taking the risk for the toll revenue. He stated that the other two options were:
 1. A project where the private sector agreed to design, build and maintain it for approximately 15 years, with the Commonwealth publically financing it with a bond issuance which would require authorization from the General Assembly.

2. A project where the private sector would design, build and have the opportunity during procurement to compete with each other to come up with innovative designs and the proposer with the most innovative designs could win the contract. The public sector would then operate and maintain it for the life, with financing that also requires General Assembly approval.
- Deputy Secretary Donohue concluded that the recommendation is to move forward with the full toll concession. Mayor Parrish asked for clarification that the full toll concession would add tolls to I-66 in order to finance the project, but also have \$600 million in public funding within the funding mix. Deputy Secretary Donohue responded that all options included tolls for express lanes on I-66, three general purpose lanes, two express lanes, reconstruction of interchanges, increased commuter bus service, new park and ride lots and several other improvements of that nature. He added that all options assumed that up to \$600 million could be available through public funding and that the rest would be covered through toll financing and private equity, or some mix thereof. Deputy Secretary Donohue noted that the Commonwealth did work with several different financial firms to analyze the degree in which tolls could support this project and multiple firms concluded that up to \$600 million in public funding would be needed.
 - Delegate Rust clarified that in P3 agreements in Virginia there has always been a public funding source of some percentage and that this is not unusual. Deputy Secretary Donohue confirmed that nationally and internationally there have always been some amount of public funding that is necessary in these projects, as a public asset is being built that will be in place after the term of the deal has expired and it does provide public benefit. He added that the I-495 express lanes required approximately \$525 million in upfront public funding. The I-95 express lanes, because of reconstruction of an existing asset, required less, approximately \$90 million in upfront public funding, and in this project the public sector also funded the transit components that otherwise would have been part of the project to get to the lower funding cost. In the I-66 project, the commuter buses and the park and ride lots are included within the private funding framework.
 - Delegate Rust asked for clarification that if the NVTAA agrees to fund this project in the future, up to \$600 million, the Commonwealth will match that amount. In other words, it would be a half and half partnership. Deputy Secretary Donohue responded that it would be a half and half of upfront funding, with the Commonwealth providing \$350 million, net present value, back to the Authority over the term of the deal, which will be a 50 year contract.
 - Delegate Rust stated that his understanding is that there is a maximum project cost of \$600 million and if the Authority funds half, \$300 million, there is a possibility that over 50 years, the Authority will get all their contribution back in additional projects in Northern Virginia that are selected by the Authority. Deputy Secretary Donohue responded that the three private sector firms that have offered to privately finance this project have all indicated that they can

provide the \$350 million return within the term in their existing models with the traffic and revenue reports they have seen.

- Senator Ebbin noted that the revised resolution says that the Authority's willingness to consider providing such funding shall not be regarded as a precedent for future requests. He asked who had provided this wording. Ms. Backmon responded that the wording had been developed by staff, in consultation with the Council of Counsels to address some of the concerns that were raised at the PIWG meeting.
- Senator Ebbin stated that the resolution says that the Authority is considering providing up to \$403 million, which is more than a third of the public funds needed. He asked when the Authority would begin receiving the toll revenue. Deputy Secretary Donohue responded that this would be figured out in the coming months as discussions continue with the private sector. He added that the full amount will not be returned in the first five years, but over the term \$350 million would come back to the Authority. He noted that some private firms might want to provide an amount upfront and then incremental payments every decade, so this needs to be discussed with the private sector firms.
- Council Member Snyder asked what proceeds would pay off the bond holders if the NVTa issues bonds for \$350 million, if it would be toll revenue or tax monies that would be used to pay off the bond holders. Mr. Longhi responded that this would be paid from the Regional Revenue Fund, the tax money. Council Member Snyder stated that this is a very large project that will consume much of the Authority's ability to fund projects, generally. He asked who will own the interchange and if the Authority is funding it, what will the Authority get in return. Deputy Secretary Donohue responded that the Authority would be getting an improved interchange that will be owned by the Commonwealth of Virginia and \$350 million, in today's dollars, over the next 50 years. Council Member Snyder suggested that \$400 million over 50 years would be much more than \$350 million. Deputy Secretary Donohue responded that the current draft term sheet does not indicate that that amount will be necessary, that it states up to \$600 million, so \$300 million from the Authority. He added that the dollar amount in the resolution might consider other project, but he cannot speak to the dollar amounts in the resolution, just the Transform I-66 Outside the Beltway project and the interchange.
- Council Member Snyder pointed out that the Authority is putting in \$400 million today and over 50 years \$350 million will be returned. He asked how much is assumed to be provided by the Authority to receive the \$350 million in return. Deputy Secretary Donohue responded that the amount requested from the Authority is 50% of up to \$600 million, which could be \$200 million, \$100 million or \$300 million. Council Member Snyder stated that assuming the Authority puts in \$300 million today and gets \$350 million in return over 50 years, this is not a great return. He asked if the Authority votes to approve this resolution tonight, does it still have the ability to review the financial arrangements and make a decision as to whether this is a good investment of the tax money, considering all the other projects we have to do. Or, if we vote for this tonight and the project scores well, we are automatically committed to

funding the project. He asked for clarification on what is being voted on tonight.

- Chairman Nohe stated that there is a confusing piece of this, adding that the resolution calls for funding up to \$403 million. He noted that the project, as approved for evaluation this evening, is identified as a \$370 million project. He asked where the number \$403 million comes from and for confirmation that the Authority is being asked to put in no more than half of the overall I-66 public funding, up to \$600 million. He noted that \$300 million is less than \$403 million and \$370 million. Ms. Backmon responded that the \$403 million total comes from bond funding the project at \$370 million plus the debt service reserve and the cost of issuance. Chairman Nohe requested confirmation that the \$403 million is the total cumulative cost of the bond financing and all associated costs. Mr. Longhi confirmed that the \$403 million is comprised of the \$370 million in project funds. The additional costs included are cost of issuance and the debt service reserve fund, which would be bond funded in order to reduce the impact on the pay-go funds and financing in future years, which is estimated at \$30 million and is calculated at approximately one year's worth of debt service. That \$30 million would be used in the final year of bond repayment to make that bond payment. Chairman Nohe stated that this information was provided to the I-66 Outside the Beltway Committee in August by the Authority's financial advisor. He added that using the mechanism where the debt service reserve is funded up front but then gets paid back at the back end is part of how the Authority maintains its AA+ bond rating. Mr. Longhi responded affirmatively.
- Chairman Nohe stated that \$403 million is more than half of \$600 million and asked how we fix that problem. He asked if the State would put money toward this to reduce the Authority's cost relative to the State's cost, adding that this question is separate from the \$350 million, net present value, of future toll revenues. Mr. Longhi stated that if the project fund would be \$300 million, the amount that the Authority would need to issue in order to provide for the cost of issuance and debt service reserve fund would be \$327 million.
- Chairman Nohe clarified that Deputy Secretary Donohue said that whatever money the NVTA puts into this project, the State will put in the exact same amount. Therefore, if the NVTA is talking about putting in \$403 million, the State, if they keep their promise, is going to put in \$403 million and then the total amount is \$806 million, which is more than is envisioned for this project. He added that it seems like, at the CTB's expense, some of the \$300 million that the State is willing to put toward this has to be used to buy down the NVTA's \$403 million down to \$300 million, and then they need to find another \$197 million to spend somewhere else to keep us at 50/50. Deputy Secretary Donohue responded that if the NVTA chooses to fund the interchange, assuming the estimate of \$370 million is 100% accurate, the State will put the interchange out to bid as part of the broader project. If the broader cost of the project is \$600 million the State will not ask for a penny over \$300 million. He added that it would not matter that the NVTA had expressed a willingness to fund more than this, the State would not ask for more.

Chairman Nohe stated that the answer is that we do not know how this will work out, but it is something that will need to be worked out between now and June when the final funding decision is made. Deputy Secretary Donohue responded that is correct and noted that \$350 million reflects a 6% discount rate and in talking to the financial staff at the county offices, this is a much higher discount rate than what is used traditionally at public authorities when considering revenues. He added, for example, if this were a 3% discount rate over this term, it would be a dramatically larger number by several factors. He stated that the State used this rate for the purposes of discussions with the private sector teams, but that this is a much higher rate than is traditionally used for public sector finance assumptions.

- Chair Hynes suggested it is instructive that we learned that the extra \$30 million is in debt service. She added that it was discussed at the I-66 Outside the Beltway Committee meeting that when the Authority makes a decision to issue a \$300 million bond, what we are taking from our annual revenues is the \$30 million per year. Chair Hynes noted that for a rough number, the Authority is going to take \$30 million – roughly 10% of \$300 million – and commit it over some number of years in order to pay for this project. She added the Authority is not coming up with \$300 million today, but over time like paying a mortgage or bond debt service in jurisdictions. Chair Hynes also noted that Deputy Secretary Donohue stated that the State believes from a concession point of view, there will be \$350 million to return to the Authority over a time period. She added that this project is included in TransAction 2040 and is a huge congestion point, making a strong argument for funding consideration. Chair Hynes stated that she has been concerned about the Authority agreeing to “upfront” the funding stream to make this project happen. She clarified that it is going take 10% over some years to make it happen, and the Commonwealth is saying that they will pay us back, albeit it not over the same amount of time, but there will be revenue from this. She suggested that with this information, the Authority is making out OK, it is balancing itself out. Chair Hynes stated that the ongoing conversation as the Memorandum of Understanding for the I-66 Inside the Beltway has been crafted, the trick of all of this is what is in the final agreed documents and if all feel the documents fairly capture the conversations between parties. She added that, as an intimate participant in the I-66 Inside the Beltway documents and in talking with the Council of Counsels and the Northern Virginia Transportation Commission, although the Commonwealth drives a hard bargain, when they promise to do something, it has shown up in the documents. Chair Hynes suggested that if the Authority decides collectively that this is important to us, the Commonwealth will find a way to work with the Authority to get to that document and the document will have legal standing. She concluded that for her, this is not a big lift any more. The answers we asked about toll revenue, the top amount of the project, all of this, while fundamentally a partnership, it is a partnership based in our rules which say that the NVTa has to fund things that are in our programs and that we think will reduce congestion. She added

there can be no question that this I-66/Rt 28 interchange is an enormous problem and that this is not a mistake, it is the right thing to do.

- Chairman Nohe observed that we are discussing two different projects at the same time. There is the I-66 Outside the Beltway project and there are people in this region who ideologically oppose this project for various reasons. He suggested several possible outcomes to the decisions the Authority is making:
 - ✓ If one's goal is to stop the I-66 Outside the Beltway project, one way to make that project difficult is to say that the Authority is not willing to consider funding the I-66/Rt 28 interchange.
 - ✓ Another way to make the project difficult is for the NVTa to say we are willing to have the conversation, see what kind of agreement we can negotiate and at the end decide that the agreement negotiated is not good, so the Authority will not approve funding the project.
 - ✓ If the Authority decides tonight not to fund a part of the I-66 Outside the Beltway project, then in June the I-66/Rt 28 interchange project receives a high HB 599 score, is determined to relieve a great deal of congestion relative to cost, and the Authority approves the project for funding, we will be left with how this ties into the fact that we still have congestion on I-66.
- Chairman Nohe concluded that we could find ourselves trying to fix the congestion problem on Rt 28, that can also fix a problem on I-66, and we end of fixing neither because the NVTa is caught up in whether this is "willing to fund" or "willing to consider funding". Chairman Nohe stated he is not sure if he likes the deal, but he is willing to stand by the NVTa is "willing to consider funding" because we can consider it and still say no later.
- Chairman Bulova moved adoption of NVTa Resolution 16-04 - Potential Funding of Projects Directly or Indirectly Related to the Commonwealth's I-66 Outside the Beltway Project for the FY2017 Program, as revised; seconded by Delegate Rust.
- Chairman Bulova pointed out the Chairman Nohe had very succinctly described the action before the Authority, that the Authority is essentially agreeing to consider and "the now, therefore let it be resolved" is very carefully and artfully worded that "the Authority expresses its interest in and willingness to consider providing funding..." She concluded that this essentially says the Authority is interested in continuing to work with the Commonwealth on a funding plan that will continue to be developed. She noted there were a lot of assurances made this evening that have raised her comfort level. She added that all are probably thinking we need to see these commitments in writing and that she expects we will, but first the Authority needs to take this first step. Chairman Bulova stated that in working on the I-66 Outside the Beltway project, she wanted to compliment the Commonwealth, that they have been fantastic about meeting with the community and ironing out all the community concerns. She added that many who originally opposed the project have seen their issues worked out. Chairman Bulova noted that this process is not finished, that the private sector

will still have the opportunity make some changes, like bringing down the cost of the project and minimizing the effect on adjacent properties. She stated that she has found the Commonwealth to be a really good partner, better than she has ever experienced before, in working with the community to make changes to the project and that she expects the same kind of cooperation and helpfulness in working in good faith to complete the financial aspects of the project. Chairman Bulova concluded that she feels better about this arrangement than she had previously and that she hopes her fellow members will support the motion.

- Delegate Minchew observed that this is an interesting motion because the Authority is not approving a standard project agreement for a project, or approving a \$403 million project, we are expressing a willingness to consider funding a project. He noted that when voting, he will need to determine if this is a good idea or a bad idea. Is it a good idea to put up \$403 million, even though it's got the prefatory language? He agreed with Council Member Snyder that when voting on every other Authority project, members have been able to consider the opportunity costs. For this project, we cannot do this as we do not know the opportunity costs. Delegate Minchew also observed that in reference to HB 2313, the Northern Virginia region continues to receive its fair-share of funding from the Commonwealth for road improvements and everything we do supplements that. He suggested that what this action is doing is creating a hybrid, something that is unanticipated. Rather than say the region gets its "fair-share" of the \$600 million and everything we do is on top of that, this is a hybrid that he believes was not contemplated by the HB 2313 legislation.
- Senator Ebbin observed that the resolution states that this should not set a precedent for future requests and while it is good that we are saying it, it is a precedent for future requests, regardless. He added that if the Authority does fund this project, he hopes that the Authority receives toll revenues for as long as there is tolling on the road, not for just 50 years. Senator Ebbin suggested that if the Authority does receive toll revenues, the revenues should be used for the whole region, not just for this corridor.
- Council Member Rishell stated that she appreciates the additional clause placed in the resolution and that she feels more comfortable after the commitments made this evening. She noted that I-66 and the I-66/Rt 28 interchange are extremely important and that in light of issues with the lack of State funding, our responsibility is to do everything we can to reduce congestion and that is a very serious responsibility. Council Member Rishell stated that she will put aside her concerns, the fact that this is a high dollar project and the affect this may have on the NVTa's ability to choose projects with regional balance when project selection time comes, because in the end, our priority is to do all we can to reduce congestion.
- Supervisor Letourneau suggested that adding the language to the resolution that this does not set a precedent, does set a precedent and this does not mean much. He expressed concern about how broad the resolution is. He added that it does not say that the NVTa is willing to consider the I-66/Rt 28 interchange

project, it says I-66 Outside the Beltway directly. Supervisor Letourneau noted that due to TransAction 2040, the only way for the NVTa to fund I-66 Outside the Beltway is through this project. He noted that we do not know how this project will score and that we are going out of order in this process. He suggested that by doing this we are giving this project a greater deference over the other projects submitted for consideration in the FY2017 Program. Supervisor Letourneau added that the intent of the NVTa doing this is to indicate something beyond what the Authority is actually doing, otherwise it is not valuable in any way. He stated that the NVTa has already proven it is willing to consider the interchange by adopting the FY2017 list for evaluation. He suggested the only way this is really valuable is to indicate to others that the Authority is in fact going to do this. Supervisor Letourneau stated he does not think we are there yet and we don't know if we are willing to do this or not. He expressed concern about the overall cost of up to \$403 million and added that he does not think, philosophically, that localities should have to fund up to 2/3 of the public money being put into a project that is a federal interstate and a state project. He added that he is "all in" if we are talking about "skin in the game", but that this is more than that, it is a majority of the funding of the public money being put into this project, and that is too much. Supervisor Letourneau concluded that he does not like the message that this sends and that Loudoun does have concerns. He stated it is not that Loudoun does not support the project, as a whole, or the concept, or the interchange, it is that Loudoun does not think this resolution is necessary given the NVTa actions taken to demonstrate that this project is something we are willing to consider through the I-66/Rt 28 interchange.

- Council Member Snyder clarified that the NVTa is not voting to approve the funding for this project tonight. He added that we still have the option to refuse to do this, or to negotiate terms that may be very different from those presented tonight. Chairman Nohe confirmed this is true. Council Member Snyder stated that the NVTa is able to consider this in the context of the other projects when it comes time to approve the FY2017 Program. He concluded that he is willing to go forward with this, but that the issues that have been raised are fundamental issues and he assumes we are not precluding a full decision and debate on those issues in the future.
- Mayor Parrish thanked the Deputy Secretary and members of the CTB for their attendance at the meeting and for their hard work on this issue. He acknowledged that they have difficult decisions to make, as we all do, for our communities. Mayor Parrish stated that the concern he has with this issue is multifold. He expressed concern that there is a precedent setting statement in the resolution, because it does set a precedent by taking this action. Mayor Parrish also expressed concern that the NVTa is a relatively new organization that has only had funding for a short period of time and we are working very hard to ensure we follow what the legislature set out for us to do. He reminded all of the statement that the funds provided to the Authority shall not be used to reduce the share of local, federal or state revenues otherwise available for participating jurisdictions. Mayor Parrish stated that we have very little

knowledge of where the money is going to come from to accomplish this, noting that it is an interstate roadway and should be funded by the federal government in some large way. He added that he has not heard anything about federal funding. Mayor Parrish suggested that there has been little documentation provided to make a decision about this project, noting that when the NVTa makes decisions a lot of information is provided by NVTa staff prior to the decision. He added that the information provided is not as much as he would like to see. Mayor Parrish noted that he appreciates Chairman Bulova's comments about what Fairfax has heard from the Commonwealth, but that Manassas has not heard much. He invited the State to come to Prince William, Manassas and Manassas Park to talk about this project in more detail. Mayor Parrish concluded that he has concerns about the action asked for tonight and that frankly he does not see that it accomplishes anything. He added that the NVTa still has the ability and the right to make the decision based upon the information that will be provided in the months to come. He suggested that what we are being asked to do tonight seems a little bit out of order, based upon the NVTa's enabling legislation and HB 2313.

- Chairman Nohe observed that there was extensive conversation about the question of this setting a precedent. He noted that in this body, and other bodies, we encounter the concept of precedent often. He suggested that whether this sets a precedent or not, may not be relevant. Chairman Nohe stated that in the FY2014 Program, the State requested funding from the Authority that the CTB wanted to prioritize for use on the Fairfax County Parkway and on I-95, but the Authority did not approve those projects. Chairman Nohe suggested that if precedent is a question, precedent is already established, one might argue. He stated that regardless of whether this sets a precedent or not, there is nothing that ever prevents the State, or anyone, from coming back to the Authority for future funding. Mayor Euille thanked everyone for the extra staff work that has gone into this issue, especially from the legal standpoint to craft the resolution. He stated while he had expressed his concerns at the last NVTa meeting, he is now in support of the resolution.

- Chairman Nohe called for a roll call vote.

Chairman Nohe	yea
Vice Chairman Euille	yea
Chair Hynes	yea
Supervisor Letourneau	nay
Chairman Bulova	yea
Mayor Parrish	nay
Council Member Rishell	yea
Council Member Snyder	yea
Senator Ebbin	yea
Delegate Rust	yea
Delegate Minchew	nay

- Motion carried with eight (8) yeas and three (3) nays.

X. Approval of the Executive Director's Contract Amendment

Mayor Parrish, Chair, Personnel Committee

- Mayor Parrish briefed the Authority on the Personnel Committee's work to amend the Executive Director's employment contract. He stated that the Committee had completed an annual evaluation with the Executive Director and had a discussion regarding her future with the NVTa with regard to salary, longevity and other things. He reported that the Committee took a great deal of time in discussion and reviewed a lot of information. He offered to share this information with any member that is interested.
- Mayor Parrish moved acceptance of the evaluation of Ms. Backmon and continuation of her employment contract at the pay level recommended by the Authority; seconded by Chairman Bulova. Motion carried unanimously.
- Chairman Nohe stated that he agreed with Mayor Parrish and that Ms. Backmon has done an extraordinary job so far.
- Mayor Parrish stated that Ms. Backmon has agreed to the continued employment agreement which extends through December of 2018.
- Ms. Backmon thanked the Authority members.

Discussion/Information

XI. Review of Draft Amendments to the Bylaws

Chair Hynes, Chair, Bylaws Committee

- Chair Hynes stated that based on last month's discussion, some small changes have been made to the draft amendments to the Bylaws.
 - ✓ Corrected the section on the Senate member appointment to reflect that the Senate Committee on Rules appoints the NVTa Senate member.
 - ✓ Added the suggestion that the NVTa "strives in the appointment of Committee members to reflect the diversity of views among the membership."
- Chair Hynes concluded that these changes are incorporated in the document and that the draft amendments to the Bylaws will come to the Authority for approval at the January meeting.
- Chairman Nohe thanked Chair Hynes for her work on this amendment. He noted that some of the committees are being revamped and others have members with terms ending. He asked that all members consider what committees they would like to participate on.

XII. Finance Committee Report

Chairman York, Chair, Finance Committee

- No verbal report.

XIII. Monthly Revenue Report

Mr. Longhi, CFO

- No verbal report.

XIV. Operating Budget Report

Mr. Longhi, CFO

- No verbal report.

XV. Executive Director's Report

Ms. Backmon, Executive Director

- No verbal report.

XVI. Chairman's Comments

- No verbal report.

Adjournment

XVII. Adjournment

- Meeting adjourned at 8:11pm.