

DULLES CORRIDOR ADVISORY COMMITTEE
MEETING OF APRIL 21, 2010
MINUTES

Attendees: Charles Snelling, Chairman of the Board of Directors of the Metropolitan Washington Airports Authority, and Margaret McKeough, Executive Vice President and Chief Operating Officer of the Airports Authority; Sean Connaughton, Virginia Secretary of Transportation, and Doug Koelemay, Northern Virginia representative to the Commonwealth Transportation Board; Sharon Bulova, Chairman of the Fairfax County Board of Supervisors, and Tony Griffin, Fairfax County Executive; and Scott York, Chairman of the Loudoun County Board of Supervisors, and Tim Hemstreet, Loudoun County Administrator.

I. Welcome

Mr. Snelling opened the meeting at 2:35 pm by welcoming and introducing all the attendees. He noted that James Bennett, Airports Authority President and CEO, could not attend the meeting due to medical issues, and that Margaret McKeough, the Airports Authority's Executive Vice President and Chief Operating Officer, was present in his place.

II. Rail Project Update

Pat Nowakowski, Executive Director of the Dulles Corridor Metrorail Project (Project), provided an update on the status on the Phase I construction and the Phase 2 preliminary engineering. His presentation is shown in Attachment A which is a copy of his power point presentation. Mr. Nowakowski reported that the final design of Phase 1 is 88 percent completed, utility relocation is 86 percent completed, overall construction is 12 percent completed, and property acquisition is more than 90 percent completed. He also reported that Phase 1 construction remains within budget and on schedule.

As to Phase 2, Mr. Nowakowski stated that the notice to proceed for preliminary engineering was given on December 1, 2009, that the preliminary engineering work is expected to be completed in March 2011, and that construction of Phase 2, under a design-build contract, is contemplated to begin in the fall of 2011, with completion estimated for December 2016.

Chairman Bulova asked about the status of discussions with the contract purchaser of the Cherner property in Tysons Corner at the intersection of Route 7 and Spring Hill Rd. Mr. Nowakowski stated that an agreement was close on a term sheet with the contract purchaser and the land owner that would address the re-location of the pedestrian bridge that will run between the property and the Tysons West Station and a re-location on that property of the rail station-related pavilion.

Chairman Bulova asked about the purchase of railcars for the Project that the Washington Metropolitan Area Transit Authority (WMATA) will undertake under a contract that will also deliver railcars to WMATA, and about the allocation of responsibility between the Airports Authority and WMATA for the railcar design and development costs under the contract. Ms.

McKeough responded that the Airports Authority had informed WMATA, in a letter to its executive director from Mr. Bennett, that these costs should be not allocated entirely to the Airports Authority but shared in an equitable manner. Mr. Snelling stated that the Airports Authority's Board of Directors views this as a fairness issue, and that the interests of the Airports Authority, Fairfax County and Loudoun County with respect to the issue are the same, a position with which Ms. Bulova concurred.

Chairman York asked that consideration be given by the Airports Authority to moving the entrance to the site on Airports Authority property just west of Dulles Airport where soil from the Project is being stored, from its current location on Route 606 to a new location near the intersection of Route 606 and Mercure Circle. Mr. Nowakowski stated that he was aware of the issue and that he would revisit the issue with the Virginia Department of Transportation (VDOT).

Mr. Koelemay asked whether, at this point, substantially all risks associated with Phase 1 construction had largely been removed. Mr. Nowakowski stated that this was not the case and that significant construction-related risks remained. He did note, however, that risks associated with the relocation of utilities and construction of the tunnel between Routes 123 and 7 continue to decrease as work in these areas is advanced.

III. Dulles Corridor Enterprise Financial Update

Andy Rountree, Deputy Chief Financial Officer of Finance at the Airports Authority, provided a financial update on the activities of the Airports Authority's Dulles Corridor Enterprise Fund activities. Mr. Rountree's presentation is shown in Attachment B which is a copy of his PowerPoint presentation. Mr. Rountree reviewed recent traffic and revenue data for the Dulles Toll Road, financial data for the Dulles Toll Road for both calendar year 2009 and the first quarter of 2010, and reviewed the Project's plan of finance which shows the various sources of funding for the Project.

Secretary Connaughton asked about the ratings that rating agencies have assigned to the Dulles Toll Road revenue bonds. Mr. Rountree stated that, in connection with the 2009 bond issue, Moody's had assigned "A2" and "Baa1" ratings to the Dulles Toll Road first senior lien and second senior lien revenue bonds, respectively, and that Standard and Poors had assigned "A" and "BBB+" ratings to the first and second senior lien revenue bonds, respectively.

Secretary Connaughton asked about the interest rates obtained on the 2009 revenue bonds. Mr. Rountree stated that the true interest cost was approximately 5 percent on the \$963 million bond issue. (Subsequently, Mr. Rountree advised the Secretary that he had intended to state that the true interest cost was approximately 6 percent.)

Secretary Connaughton asked about the security that had been pledged by the Airports Authority for the 2009 revenue bonds. Mr. Rountree replied that the bonds were secured entirely by revenue from the Dulles Toll Road.

Mr. Koelemay asked whether the Wilbur Smith Associates' update on its 2009 Dulles Toll Road traffic and revenue study took into account the weather events of early 2010. Mr. Rountree stated that the update did so.

Chairman Bulova asked for an explanation of the various reserve funds that have been established in connection with the issue of Dulles Toll Road revenue bonds. Mr. Rountree reviewed the various reserve funds that have been established, and explained (i) that the purpose of the operations and maintenance reserve account is to provide four months of operating expense reserves, (ii) that the purpose of the WMATA latent defects reserve (which is to be funded at \$15 million over a three-year period ending in 2011) is to provide a source of funds for WMATA, following acceptance of the Project, to repair any construction defects that are no longer covered by warranty, and (iii) that the purpose of the Dulles Corridor Enterprise reserve and toll rate stabilization fund is, among other things, to provide funds which may be used for "paygo" financing for construction of both the Project and other capital improvements along the Dulles Corridor, including Dulles Toll Road improvements. Mr. Rountree also stated that no contributions to the Dulles Corridor Enterprise reserve and toll rate stabilization fund were made in 2009, and that the Airports Authority's 2010 budget has assigned \$14.8 million to this fund to be used as "paygo" funding for Dulles Corridor capital improvements.

Mr. Koelemay asked whether the Airports Authority believes that the percentage of Dulles Toll Road electronic toll collection transactions will increase in the future. Mr. Rountree replied that it was the Airports Authority's hope that this would be the case. Ms. McKeough stated that it was the Airports Authority's goal to increase these electronic transactions and to do so, if possible, through the application of advanced technology.

Secretary Connaughton asked what exactly would WMATA receive at the conclusion of the Phase 1 and Phase 2 construction. Mr. Rountree stated that, upon its acceptance of each completed phase, WMATA would receive title to all improvements associated with the completed phase and would be responsible for the operation and maintenance, as well as the funding of the operation and maintenance, of the completed phase.

IV. Dulles Toll Road Noise Policy

Steve Smith, Deputy Vice President for Engineering of the Airports Authority, provided a briefing on the Airports Authority's draft Dulles Toll Road Highway Noise Policy. Mr. Smith's presentation is shown in Attachment C which is a copy of his PowerPoint presentation. Before the presentation, Ms. McKeough informed the committee that the draft noise policy had been presented earlier in the day to the Dulles Corridor Committee of the Airports Authority's Board of Directors and that the draft policy would be the subject of a public information meeting on June 10 which would be preceded by newspaper and other public notices. She stated that the public would have a 30-day period in which to comment on the draft policy and that, in the fall, a revised policy (based on public comments) would be presented to the Airports Authority's Board of Directors, along with a review of the public comments, for its review and adoption.

Following Mr. Smith's presentation, Chairman Bulova expressed a concern that the draft policy did not address the Dulles Connector Road and properties along that roadway. Mr. Snelling

stated that this is an issue that the Airports Authority and the county could jointly discuss. Secretary Connaughton noted that VDOT continues to receive many noise complaints from property owners along the Dulles Connector Road. He also noted that traffic on that roadway included vehicles traveling to and from Dulles Airport and the Dulles Toll Road. This issue of noise along the Dulles Connector Road, he noted, will be reviewed by VDOT and the Commonwealth Transportation Board.

Chairman York asked why the draft noise policy includes existing sound walls. Mr. Smith explained that the inclusion of existing sound walls in the draft policy was intended to ensure that these walls would be regularly reviewed for structural and potential liability problems, and that steps would be taken, when necessary, to address such problems and maintain the walls in a structurally sound and safe condition.

Chairman York also noted that spalling seems to be occurring on a number of existing sound walls along the Dulles Toll Road. Mr. Smith stated that, under the proposed noise policy, where spalling presented a structural or safety issue, steps would be taken to remedy the condition.

V. Other Items

Secretary Connaughton expressed appreciation for the Airports Authority's working with VDOT to reach final agreement on a memorandum of agreement related to the construction of access ramps between the Dulles Airport Access Highway and Interstate 495.

Ms. McKeough informed the committee that earlier in the day, the Airports Authority's Board of Directors had authorized a study that would address potential air rights development above the Project rail station at the Reston Parkway. The study would focus on potential changes to the current engineering of the station that would be required if future development of air rights above the station were pursued. Ms. McKeough stated that funding for the study would come from the Airports Authority's Aviation Enterprise Fund. She also stated that the study, which would include an estimate of the cost of any necessary engineering changes, would be presented to the Airports Authority's Board of Directors for further discussion.

Chairman York commented that he saw an inconsistency between the Airports Authority's funding of this air rights study and its position that any study of a realignment of the Route 606 rail station would need to be funded by Loudoun County. Ms. McKeough emphasized that, since any air rights development would be considered a "betterment," funding for the study would come from the Airports Authority's aviation funds, not from Project funds, and that this was consistent with the position the Airports Authority had taken with respect to the funding of any Route 606 realignment study. Mr. Griffin stated that he believed the Airports Authority was acting in a manner consistent with the position it has taken with respect to Project-related studies proposed by Loudoun and Fairfax Counties, since it was utilizing aviation, rather than Project, funds for the air rights study.

Ms. McKeough stated that the Airports Authorities Board of Directors earlier in the day had also authorized a study of the alignment of the Project rail line through Dulles Airport. This study, she explained, would be undertaken as part of the existing Phase 2 preliminary engineering

contract, which is being funded by the Project, and would not delay the preliminary engineering work on the current underground rail line alignment through Dulles Airport. The study would look at the feasibility of an above-ground aerial alternative. The results of the study would be provided to the Airports Authority's Board of Directors in the fall.

VI. Adjournment

The meeting adjourned at 3:55 pm.

Attachments