

Potomac Yard
Financing a Metrorail Station
The Unresolved Conundrum

October 1, 2009
Presentation to PYPAG

Financing a Metrorail Station: Process

- Developed model
- Alternative
 - Station options
 - Buildout timetable

Financing a Metrorail Station: Parameters

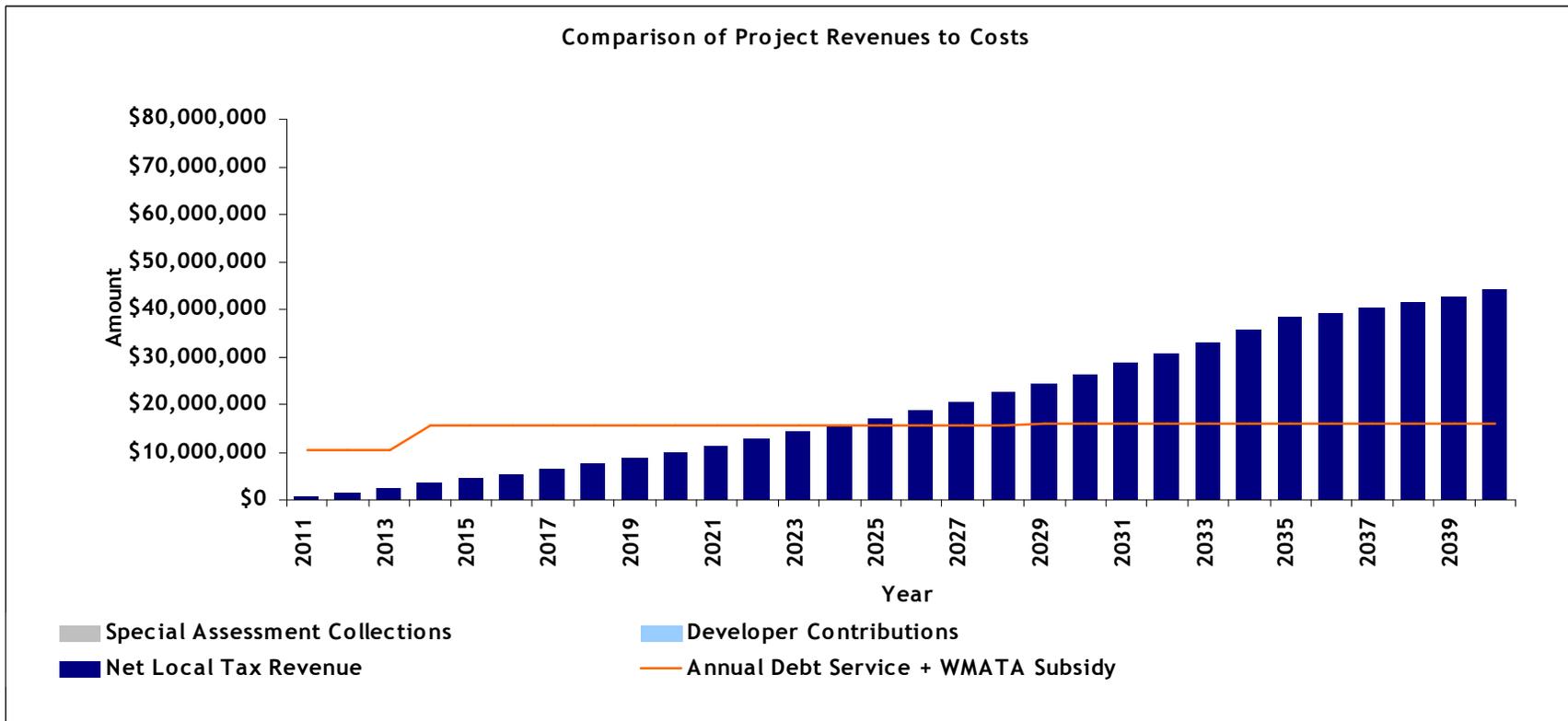
- Tax revenues and rates
- Impact on City's General Fund
- Business cycles
- Federal/State/Regional aid

Financing a Metrorail Station: Parameters (cont'd)

- Tax exempt bond issuance by City
- 30-year amortization
- Interest only at beginning
- +10% property values within $\frac{1}{4}$ mile

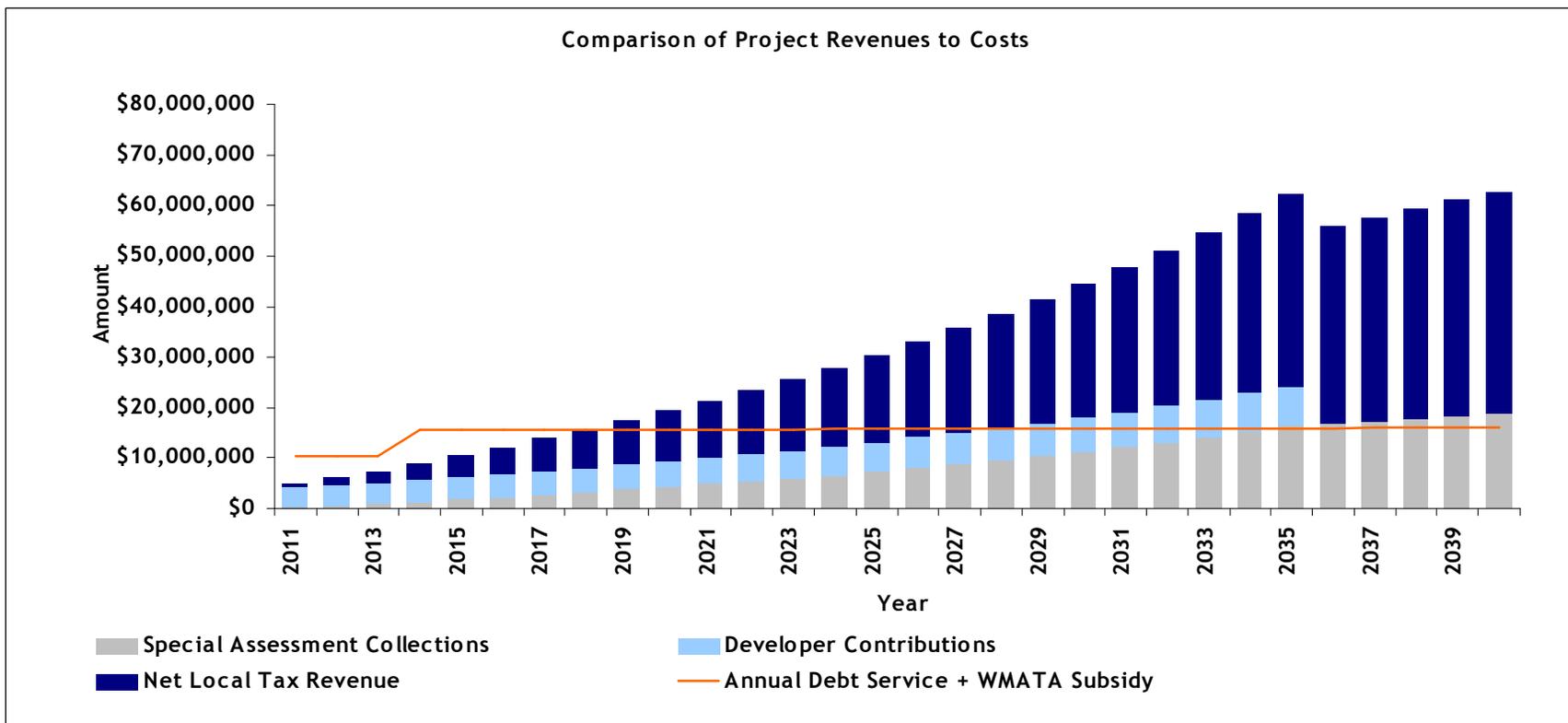
Station Alternative

100% Local Tax



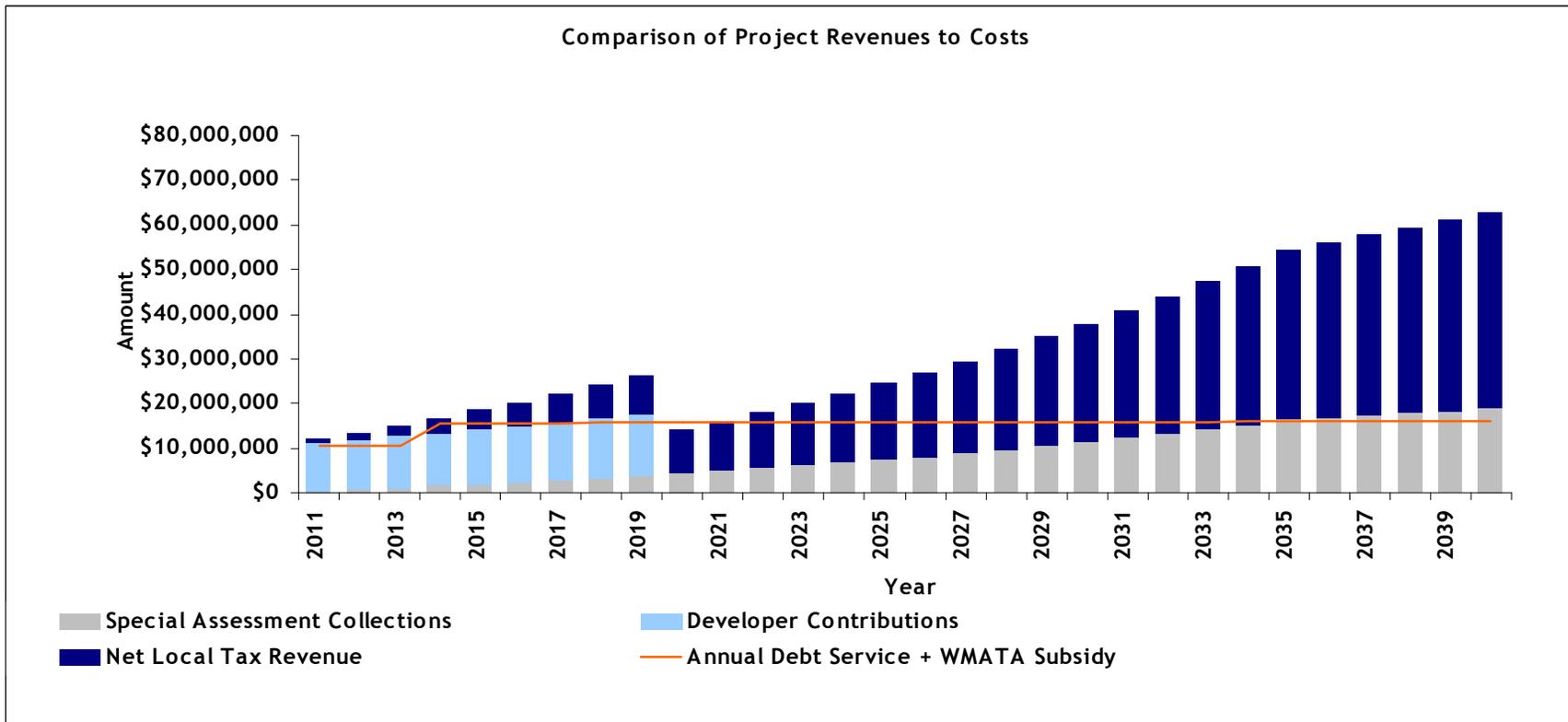
Station Alternative

100% Local Tax + Developers Contributions + Special Assessment



Station Alternative

Closing the Funding Gap with Upfront Developer Contributions



Financing a Metrorail Station: Landowner Feedback

- Model reasonable
- Interests not fully aligned
- Development process at different stages
 - Landbays G, H, I, etc
 - Landbay F

Financing a Metrorail Station: Influencing Conditions

- Countervailing market conditions
- Development costs \times rate of return = Net Revenues
- Expected rates of return have increased
- Lending market issues
- Risk profiles

Financing a Metrorail Station: Next Steps

- Rebuild model
- Continue Discussions with developers
- Explore P3 option
- Determine if financing conundrum is fatal