
NEWS RELEASE



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CHESAPEAKE TRANSPORTATION SYSTEM FINANCING IN PLACE

CHESAPEAKE, VA - The City of Chesapeake closed today on \$150.7 million Chesapeake Transportation System (CTS) Senior Toll Road Revenue Bonds and a \$152 million subordinate loan provided by the Virginia Transportation Infrastructure Bank (VTIB) to provide funding, together with other federal and state funding sources, for the Dominion Boulevard Improvement Project.

The Bonds are secured solely by the net revenues of the CTS and are not backed by the City's full faith and credit or other resources. The bonds, rated "BBB" by Standard & Poor's and Fitch Ratings, were substantially oversubscribed for by investors, resulting in a favorable all-in net interest rate of 4.599%.

The \$151.9 million VTIB Loan, which bears interest at 3.33%, is secured solely by a subordinate lien on CTS net revenues and is not backed by the City's full faith and credit or other resources. Dominion Blvd. was the first project to be approved for financing from VTIB, which was created by the Virginia General Assembly in 2011 as part of Governor Bob McDonnell's transportation package.

The favorable interest rates on the Bonds and VTIB Loan will result in significant savings to users of the Chesapeake Transportation System over time.

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The CTS is comprised of a system of toll highways in the City. The existing Chesapeake Expressway component has been open to traffic since 2001. The City has completed design on the Dominion Blvd. Project and is financing a replacement toll facility for the Dominion Boulevard Improvement Project. This will consist of 3.8 miles of road improvements from the existing Dominion Blvd. interchange with Interstate 64, proceeding south. It will include a four-lane 95-foot fixed span bridge over the Atlantic Intracoastal Waterway, replacing an existing two-lane draw span.

Construction bids for the Dominion Boulevard Improvement Project were accepted in September 2012. An official award of contract will occur later this month. Construction of the Dominion Boulevard Improvement Project is expected to break ground in January 2013 and is projected to be complete by January 2017.

Chesapeake Mayor Alan P. Krasnoff attributed the project's success to the City's State and Federal partners. "This is a significant accomplishment and marks a major step forward as we improve and build Chesapeake's transportation infrastructure," said Krasnoff.

The City was assisted in the development and completion of the plan of finance by its financial advisor, BB&T Capital Markets, and by Public Financial Management, Inc., co-financial advisor for the project. Steer Davies Gleave serves as the traffic and revenue consultant for the project, and Parsons Brinkerhoff serves as consulting engineer. Citigroup Global Markets served as the lead underwriter for the bonds.

For more information on the project visit www.CityofChesapeake.net/Dominion.

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