



***Innovative Financing to Build Virginia  
Communities***

**Joint Subcommittee Studying Development and Land  
Use Tools**

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## Virginia Resources Authority – Overview

- **Created by Virginia General Assembly in 1984**
- **Nearly 25 years of underwriting experience**
- **Provide low interest loans to municipalities**
- **Finance municipal facilities, equipment & infrastructure, including:**



Public Safety	Transportation	Broadband
Energy	Wastewater	Solid Waste
Parks and Recreation	Brownfield Remediation and Redevelopment	Land Conservation & Preservation
Water	Federal Facility Development	Flood Prevention & Dam Safety
Airports	Local Government Buildings	

## **Making a Difference in Virginia**

- **Invested over \$340 million impacting 50 communities in FY2008**
- **Supported over \$3.4 billion of investment in Virginia's communities since 1984**
- **Funded more than 800 projects across the Commonwealth since inception**
- **Cost-effective loans make local and regional projects possible**



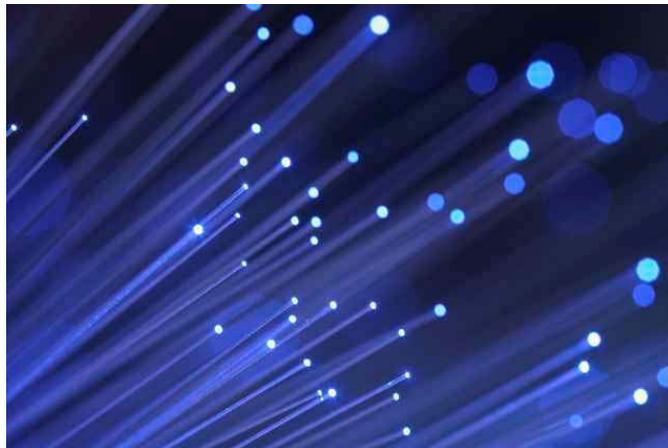
## Financing Options

- **Financing Available Anytime**
- **Revolving Loan Funds**
  - **Below Market Rates**
  - **Permanent & perpetual source of funding**
  - **Collaborative effort with state partners**
- **Virginia Pooled Financing Program**
  - **Natural “AAA / AA” rates**
  - **No bond insurance**
  - **Unique state credit enhancement**
- **VRA Equipment & Term Financing**
  - **Expanded options for terms 3 – 15 years**
  - **Low rates & easy process**



## Financing Available Anytime

- “One stop shopping”
- Multiple options to keep your project moving
- Financing to match project timing



## Program Ratings

- **CWRLF Bonds rated Natural “Aaa/AAA/AAA”**
  - **Moody’s, S&P, Fitch**
- **VARF Bonds rated Natural “Aa2/AA”**
  - **Moody’s & Fitch (Fitch upgrade Aug. 2006)**
- **VFPF Bonds**
  - **Senior Series rated Natural “Aaa/AAA” by Moody’s & S&P**
  - **Subordinate Series rated Natural “Aa2/AA” by Moody’s & S&P**



## Value Added Benefits Delivered

- ***Clean Water & Drinking Water Revolving Loan Funds (EPA Related)***
  - **Below-market interest rates**
    - 50 bps – 100 bps rate subsidy covered by fund equity & investment earnings
    - 0% loans for some localities based on eligibility criteria
  - **Payment waiver during construction**
    - Fund pays for capitalized interest period
  - **No bond issuance costs**
  - **Companion grant funding available based on eligibility criteria**



## Value Added Benefits Delivered

- ***Airports Revolving Loan Fund***
  - **Below-market interest rates**
    - 50 bps rate subsidy covered by fund equity & investment earnings
  - **No bond issuance costs**
  - **Low cost financing option for:**
    - Local match
    - Projects not eligible for federal & state grants
  - **Ease of use & convenience**



## Virginia Pooled Financing Program

- **Eligibility**
  - Available for all VRA-eligible projects
  - Governmental borrowers
- **Interest rates**
  - Low rates and interest cost savings with VRA's high credit quality - natural "AAA"/"AA" rates
  - VRA annual fee paid over time (12.5 bps)
- **Loan terms**
  - Up to 30 years
  - Custom-tailored to meet borrower financial objectives and policies
- **No extra credit enhancement costs**
- **Applications accepted anytime**
- **\$718MM financed for 57 borrowers FY04 – FY08**



## **VRA Equipment & Term Financing Program**

- **Ideally suited for 3 – 15 year term projects**
- **Available for all VRA-eligible project areas**
- **Low rates with statewide “master contract”**
- **Ease of use and convenience**
- **Viable alternative to “pay as you go”**
- **Purchase today to avoid tomorrow’s inflation**
- **Available year-round**



## **VRA's Potential Contribution**

- **Existing VRA tools can augment development**

**Option 1: Establish VRA Revolving Loan Fund for Infrastructure**

**Option 2: Combine initial capital investment with existing VRA Pooled Financing Program to maximize impact**

- **Legislature defines loan eligibility criteria**
- **Capitalize on VRA's proven record of getting investment to communities quickly**

## Revolving Loan Fund Strategy - Example

- **\$10 million investment generates:**
  - **\$100 million** of below-market loans in first 5 years
  - Over **\$200 million** in 20 years
- **Loan rates 0.50% below VRA's natural "AAA/AA" market rates**
- **One-time investment generates sustainable funding source**
- **Magnify total statewide impacts**



## **VRA Team – Experience and Dedication**

**Sheryl D. Bailey, Ph.D.**

Executive Director

**Jean F. Bass**

Senior Program Manager

- **Superb customer service**
- **Immediate response**
- **Continuous communication**
- **Long-term relationships**

**McGuireWoods, LLP**

Bond Counsel

**Davenport & Company, LLC**

**Strategic Solutions Company**

Co-Financial Advisors

**U.S. Bank**

Trustee

