VRA Virginia Resources Authority

Local Economic Development Efforts

Senate Finance Committee
Martinsville, Virginia
October 15, 2009

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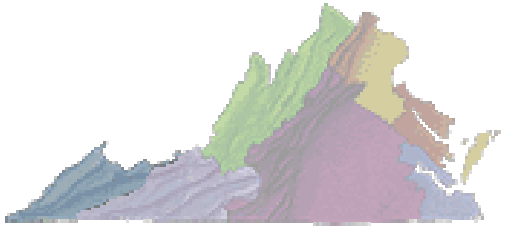
"Service and Results"



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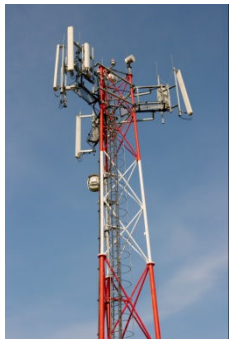
VRA's Evolution in the Commonwealth

- Created by Virginia General Assembly in 1984
- Originally authorized as Water and Sewer Authority
- 25 years of underwriting experience
- Provide low interest loans to municipalities
- Finance municipal facilities, equipment & infrastructure

VRA's Project Areas

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	
Administrative and Operations Systems	Site Acquisition & Development for Economic & Community Development	



VRA Strategic Goals

- Support local initiatives through value added programs that maximize economic impact and community benefit
- Strengthen and expand state partnerships
- Refine financial programs to meet customer needs
- Strengthen and sustain VRA's ability to provide affordable financing options

VRA's Essential Functions

- Technical Assistance
- Risk Management
- Bond and Loan Structuring
- Portfolio Management
- Policy Alignment

Making a Difference in Virginia

- **Funded $5 billion for Virginia's communities since 1984**
- **$1 billion funded in last 12 months**
- **Funded over 840 projects across the Commonwealth since 1984**
- **Cost-effective loans make local and regional projects possible**

VRA's Economic Impact on Virginia*

- **8.8% of all jobs in Virginia are the result of VRA loans**
  - **Q4~2008: VA employed 3.65 million people**
  - **VRA Impact: 321,200 employment**
- **8.7% of Virginia's gross state product is the result of VRA loans**
  - **VA's 2006 GSP: $364 Billion estimated**
  - **VRA impact: $31.6 Billion**

***Chmura Economics & Analytics, 2009**

VRA's Fiscal Impact on Virginia*

- **One-Time Construction Activities in FY1986-2009 generated:**
  - **$633.4 million in federal tax revenues**
  - **$100.5 million in Virginia revenues**
  - **$6.3 million in local revenues from FY1986-2009**

- **Sustained Tax Impacts of Ongoing Activities, starting in 2009:**
  - **$2.5 billion per year in federal tax revenues**
  - **$392.0 million per year in Virginia tax revenues**
  - **$38.2 million per year in local government tax revenues**

*** Chmura Economics & Analytics, 2009**

Projects Financed Since FY2006

- **Over $2 Billion total funded since FY2006**
  - **Over 250 total loans**

- **Key Economic Development Areas since FY2006:**
  - **Water & Sewer**
    - **Over $1.5 billion funded through more than 200 loans & grants**
    - **Treatment plant expansions & upgrades, line extensions & refundings**
  - **Transportation**
    - **Nearly $110 million in roads, bridges, parking decks, & public transit**
  - **Airports**
    - **Nearly $6.8 million in airport improvements**

Program Ratings

- **Virginia Pooled Financing Program Bonds**
  - Infrastructure Revenue Bonds Rated Natural "Aaa/AAA" by Moody's & S&P
  - State Moral Obligation Revenue Bonds Rated Natural "Aa2/AA" by Moody's & S&P
- **Clean Water Revolving Loan Fund**
  - Rated Natural "Aaa/AAA/AAA"
  - Moody's, S&P, Fitch
- **Virginia Airports Revolving Fund**
  - Rated Natural "Aa2/AA"
  - Moody's & Fitch (Fitch upgrade Aug. 2006)

Moody's Investors Service

STANDARD & POOR'S

FitchRatings KNOW YOUR RISK

Revelations from the Economic & Credit Downturn

- Credit is King!
- Flight to quality
- Microscopic scrutiny by rating agencies & investors
- Underlying ratings driving the process
- Credit markets are continuing to rapidly evolve
- IRS & ARRA Compliance

Site Acquisition & Site Development

- **Authorized as of July 1, 2009**
- **Pilot Project Currently Underway**
  - **Danville-Pittsylvania Regional Industrial Facility Authority**
  - **$11 million for land acquisition for future mega industrial park**
  - **Application to VRA's Bond Program September 2009**
  - **Loan structure & security under discussion**
  - **Goal is to conclude financing by end of CY 2009**

VRA's Contribution to Local ED Projects

- **Provide capital access to financing in tight financial markets**
- **State credit enhancements available through VRA**
  - **AAA/AA ratings and strong track record in Bond Program**
  - **State aid intercept (only with direct loans to localities)**
  - **Commonwealth's Moral Obligation pledge support**
- **Custom-tailored financings to meet community needs**

Key Loan Security Issues for Local ED Projects

- **Mortgages on economic development land acquisitions present difficulties**
- **Need additional loan security buffer to protect state credit enhancements**
  - **E.g., reserve funds, substitute collateral, etc.**
- **Loan security requirements are challenging for some localities**

Benefits to Commonwealth of VRA Tools

- **Promote economic development**
- **Enhance economic vitality & quality of life for Virginia's communities**
- **Facilitate essential projects with cost-effective financing**
- **Incentivize alignment of state & local policy initiatives**

Benefits to Localities of VRA Tools

- Provide capital access in tight financial markets
- Custom-tailored financings to meet community needs
- Facilitate public private partnerships
- Support local jobs & economic growth

Rockingham County Gas Line

RMH HEALTHCARE
Get well, Live well

Gas line from Rockingham County's landfill to the new Rockingham Memorial Hospital. Financed by VRA.

City of Roanoke Market Street Garage

Renovation and expansion of the City's Market Street Parking Garage. Financed by VRA.

Front Royal Water Treatment Plant

Expansion of Front Royal's Water Treatment Plant; capacity doubled. Financed by VRA in 2006.

Harrisonburg-Rockingham Regional Sewer Authority Expansion

Photo Credit: Daily News-Record

Curtis Poe, Harrisonburg-Rockingham Regional Sewer Authority's Executive Director, in front of expansion work. Recent upgrades and expansions financed by VRA.

Shenandoah Valley Regional Airport

Renovations to Shenandoah Valley Regional Airport's corporate hangar facilities and terminal building, improvements to the parking facilities, and a refunding were financed by VRA in 2005.

www.VirginiaResources.org

www.BuyVRABonds.com

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