

**VIRGINIA RESOURCES AUTHORITY  
BUDGET COMMITTEE  
MINUTES OF THE REGULAR MEETING  
HELD JUNE 10, 2019**

The Budget Committee of the Virginia Resources Authority met on Monday, June 10, 2019, in the Virginia Resources Authority Board Room, Bank of America Building, 19<sup>th</sup> Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Committee members were present and acting throughout the meeting: Ms. Janet Aylor on behalf of Ms. Manju S. Ganeriwala, Mr. Thomas L. Hasty, III and Ms. Barbara McCarthy Donnellan. Mr. David Branscome, Mr. Cecil R. Harris and Ms. Mary Bunting were absent. VRA Staff present were: Ms. Hamlett, Ms. Gordon, Ms. Bass, Mr. Doughtie and Mr. D'Alema. Others present included Mr. Crowder from Davenport & Company LLC who joined the meeting at 1:51 p.m.

Mr. Hasty, on behalf of Mr. Branscome, served as Chair of the meeting, and Ms. Hamlett as Secretary.

The meeting was called to order by Mr. Hasty at 1:38 p.m., and upon motion duly made by Ms. Donnellan, and seconded by Ms. Aylor, the agenda as presented was approved.

**FY2019 Budget Update and FY2020 Budget Presentation**

Mr. Doughtie, Director of Administration & Finance, presented the Committee with an update on the FY2019 budget. He explained that projections show total revenues 8% higher than budget due largely to bond program revenues (*i.e.* administrative fees) as well as investment income (which benefitted from rates increasing under the Local Government Investment Pool and additional cash management policies). On the expense side, VRA is projected to end the fiscal year 10% under budget. Mr. Doughtie added that VRA is expecting a \$2 million transfer to the Portfolio Risk Management (PRM) reserve at the end of this fiscal year.

Mr. Doughtie next gave the Committee an overview of the proposed FY2020 budget. Bond program revenues are projected to be about \$3.2 million estimating \$120 million in VFPF issuances. There is a proposed \$92,000 increase for personnel services, and VRA is projecting a transfer of \$1.5 million to the PRM reserve. Mr. Doughtie noted that program revenues from agency partners increased by 7.2% based on VRA's direct and indirect expenses, and there is no change in allocation methodology from prior year. DEQ and VDH partners have reviewed the FY2020 draft budget in detail, and Budget Committee Chairman Branscome has also reviewed the budget. On the expense side, the only increase of significant note is the proposed merit increase of 5.0% over the prior year. There is no proposed change to staffing level or benefits. Mr. Doughtie also noted that VRA's operations budget is \$1.5 million, a 1.1% decrease over the prior year. VRA continues to pay Trustee and Arbitrage fees for its borrowers. Mr. Hasty asked about the status of the new loan servicing software to which Mr. Doughtie replied that VRA is in the testing phase now, and the goal is to fully integrate by the end of the fiscal year. VRA Staff training on the new software is tentatively scheduled for the last week of June. Mr. Doughtie concluded that the FY2020 budget is in line with VRA's strategic plan and meets the stated strategic plan goals.

Mr. Doughtie next provided the Committee with VRA's 5-year budget projection. He noted that these conservative projections show a decline in annual growth over the next 5 years; however, VRA continues to show positive net revenue and ongoing contributions to the PRM reserve. Mr. Doughtie concluded his presentation with a discussion of reserves which are projected to be \$22.4 million for

FY2020 and \$27.5 million in FY2024. The PRM reserve is close to matching its target for FY2020. Discussions ensued amongst Committee regarding interest earnings.

Motion by Ms. Aylor, seconded by Ms. Donnellan, to recommend the VRA Board approve the FY2020 budget. Motion carried.

**Adjournment**

There were no new items or any further business to come before the meeting, no public comment, and the meeting adjourned at 1:55 p.m.

  
Stephanie L. Hamlett, Executive Director/  
Board Secretary

APPROVED:

  
Mr. Thomas L. Hasty, III, on behalf of  
Mr. David Branscome, Chair

**VIRGINIA RESOURCES AUTHORITY  
PERSONNEL COMMITTEE  
MINUTES OF THE REGULAR MEETING  
HELD JUNE 10, 2019**

The Personnel Committee of the Virginia Resources Authority met on Monday, June 10, 2019, in the Virginia Resources Authority Board Room, Bank of America Building, 19<sup>th</sup> Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Committee members were present and acting throughout the meeting: Ms. Valerie Thomson on behalf of Mr. David K. Paylor, Mr. Reginald E. Gordon, and Mr. Thomas L. Hasty, III. Mr. Cecil R. Harris and Ms. Jennifer Bowles were absent from the meeting. Other Board members present included Ms. Barbara McCarthy Donnellan. VRA Staff present were: Ms. Hamlett, Mr. D'Alema, Ms. Gordon, Mr. Doughtie, and Ms. Bass.

Mr. Gordon served as Chair of the meeting, and Ms. Hamlett as Secretary.

The meeting was called to order by Mr. Gordon at 1:01 p.m., and upon motion duly made by Mr. Hasty and seconded by Ms. Thomson, the agenda as presented was approved.

**FY2020 Personnel Budget Presentation**

Mr. Doughtie, Director of Finance & Administration, presented to the Committee a summary of the FY2020 personnel budget highlighting that the total proposed personnel budget is \$2.3 million, an increase of 4.2% over the prior year. He noted that this increase is due in large part to a proposed 5% merit increase based on employee evaluations that totals \$88,200 (a 4.0% increase over the prior fiscal year). There is no proposed change to current staffing levels and no VRS contribution rate change. In terms of health insurance for FY2020, he noted that VRA continues to participate in The Local Choice program; there is no change to plan offerings, and premiums did not increase for either VRA or its employees for FY2020.

Motion by Ms. Thomson to recommend to the VRA Board approval of FY2020 Personnel Services & Benefits budget to the VRA Board. Motion carried.

**Personnel Policies Manual Update**

Mr. Doughtie next provided the Committee with an update on the Personnel Policies Manual. The VRA Personnel Committee reviewed state and local government policies to ensure the VRA Staff severance policy remains competitive and to protect VRA Staff in the event of layoffs due to a new Executive Director. The Committee has recommended a proposed change to the Personnel Policies Manual to adjust the current severance pay ranges to match the state's policy. Benefits would only be available in the event of a layoff. Discussions ensued amongst the Committee regarding the proposed language to be used for the policy.

Motion by Mr. Hasty, seconded by Ms. Donnellan, to recommend approval of the Personnel Policies Manual as revised to the VRA Board. Motion carried.

**Open Session**

The Committee decided not to go into closed session to discuss a proposed merit increase for Ms. Stephanie Hamlett, Executive Director. Based on an increase in the state budget for state agency heads

(as recommended by the Governor) and also in recognition of Ms. Hamlett's general counsel work and the savings to VRA as a result of this work, VRA Staff has recommended that the Committee approve a 2.75% merit increase and a one-time \$5,000 contribution to deferred compensation plan for the Executive Director.

Motion by Mr. Hasty, seconded by Ms. Thomson, to approve a 2.75% merit increase for the Executive Director, as recommended by the Governor, effective July 1, 2019. Additionally, in recognition of her service as general counsel of VRA, the Personnel Committee recommends a one-time \$5,000 contribution to her deferred compensation plan. Motion carried.

### Adjournment

There were no new items or any further business to come before the meeting. No public comment. Motion by Mr. Hasty, seconded by Ms. Thomson, that the meeting be adjourned. Motion carried, and the meeting adjourned at 1:15 p.m.

  
Stephanie L. Hamlett, Executive Director  
Board Secretary

APPROVED:  
  
Reginald E. Gordon, Chair

**VIRGINIA RESOURCES AUTHORITY  
PORTFOLIO RISK MANAGEMENT COMMITTEE  
MINUTES OF THE REGULAR MEETING  
HELD JUNE 10, 2019**

The Portfolio Risk Management Committee of the Virginia Resources Authority met on Monday, June 10, 2019, in the Virginia Resources Authority Board Room, Bank of America Building, 19<sup>th</sup> Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Committee members were present and acting throughout the meeting: Mr. Thomas L. Hasty, III, Ms. Barbara McCarthy Donnellan, Ms. Janet Aylor on behalf of Manju S. Ganeriwala, and Ms. Valerie Thomson on behalf of Mr. David K. Paylor. Mr. David Branscome was absent from the meeting. Other Board members present included Ms. Mary B. Bunting who joined the meeting at 2:08 p.m. Also present were: Mr. Anderson of McGuireWoods LLP, Mr. Wellford and Mr. Crowder from Davenport & Company LLC, Mr. Eckstein from the Virginia Department of Health, and Ms. Gilliland from Kaufman & Canoles, P.C. VRA Staff present were: Ms. Hamlett, Ms. Adams, Mr. Bergeron, Mr. Crumlish, Mr. D'Alema, Ms. Gordon, Mr. Murray, Ms. O'Brien, Ms. Pearson, and Mr. Rhodemyre.

Ms. Donnellan served as Chair of the meeting, and Ms. Hamlett as Secretary.

The Chair called the meeting to order at 2:01 p.m. and asked if there were any additions or deletions to the agenda to which there were none. There being no amendments to the agenda, the agenda was accepted as presented.

**Reinstatement of Virginia's Agricultural Best Management Practices (AgBMP) Loans**

Mr. Crumlish, Director of Financial Services, discussed with the PRMC the reinstatement of the AgBMP Loan Program through the Clean Water Revolving Loan Fund (CWRLF). Mr. Crumlish provided the PRMC with a background of agricultural best management practices (*i.e.* streamside buffers, filter and absorb excess fertilizer, streamside fencing, etc.) and their impact on water quality. He explained that the purpose of the Virginia Draft Phase III Watershed Implementation Plan (WIP) is to achieve 2025 planning targets to restore the Chesapeake Bay. The WIP includes a list of 50 new initiatives to reduce nutrients, including reinstatement of Virginia's AgBMP loan program. He provided the PRMC with a history of the program noting that the loan program has a \$15 million capitalization, \$19.25 million in total assets as of June 30, 2018, 491 closed loans totaling \$44.3 million and only 7 delinquent loans in total. A priority for the Secretary of Natural Resources, the Code of Virginia was amended during the 2019 session of the General Assembly to add a grant funding option to expand the eligible participants and eligible practices to include riparian buffers and the innovation, improvement, or equipping of facilities. Under the new 2019 AgBMP loan program, loan amounts would range from \$10,000 to \$500,000 with terms of 1-10 years, all loans would be 0% with an opportunity for the Department of Environmental Quality (DEQ) to offer principal forgiveness. VRA will partner with DEQ and the Farm Credit to administer the program. The Farm Credit will provide the underwriting guidelines including credit scores, ratios and collateral requirements, and VRA will document and service the loans.

Motion by Ms. Donnellan, seconded by Ms. Thompson, recommending approval by the VRA Board to authorize the Executive Director or any Director to implement on behalf of the Virginia Water Facilities Revolving Fund AgBMP loans and/or grants (principal forgiveness) provided DEQ approves in writing any loan or grant made, including the purpose, the interest rate, and repayment terms of such loan or grant.

Discussions ensued amongst the PRMC regarding the volume of expected loans and staffing levels of the program.

### **Spring 2019A VPFP Results**

Mr. D'Alema, Director of Program Management, discussed with the PRMC the results of the Spring 2019A Virginia Pooled Financing Program (VPFP) issuance noting that VRA sold \$55.99 million in VPFP bonds on May 8, 2019 on behalf of three local government borrowers and funding six total local loans. He added that the market was favorable for issuing the 2019A bonds with an all-in true interest cost of 2.82% bonds. According to Mr. D'Alema, the 2019A Infrastructure Revenue Bonds (Tax-Exempt) and State Moral Obligation Bonds (Tax-Exempt) were sold on a competitive basis due to timing and size of the transaction. Citi and Bank of America Merrill Lynch were the two winning bidders. The borrowers included Fauquier County (the only new money borrower), Caroline County and the City of Fairfax, both refunding borrowers. In terms of the refunding borrowers, the total net present value refunding savings was about \$5 million, which was a strong result for participating localities.

### **VPFP Portfolio Update**

Mr. D'Alema updated the PRMC on the VPFP portfolio highlighting that post-2019A issuance, there was \$2.425 billion in total borrower loans outstanding. The top ten borrowers represent 38.38% of the overall VPFP portfolio with the largest borrower (City of Suffolk) representing 7.97% of the VPFP portfolio. Mr. D'Alema presented the VPFP 5-year issuance trend (FY15-FY19) highlighting the reduction in refunding activity due to the elimination of tax-exempt advance refundings as part of the Tax Cuts and Jobs Act in 2017 and the increase in new money issuances. VRA's Commonwealth moral obligation debt outstanding totals approximately \$911 million after the VPFP 2019A issuance. Approximately \$42 million in moral obligation backed debt matures between June and November 2019 leaving approximately \$631 million in estimated remaining moral obligation debt capacity by fall 2019.

### **2019B VPFP (Summer Issuance)**

According to Mr. D'Alema, six new VPFP borrowers applied for summer pool consideration totaling approximately \$63.4 million in requested proceeds. Additionally, the King George County Service Authority has requested VRA approval for a restructuring of approximately \$15 million in existing VPFP and DWRLF exposure as part of the summer issuance. Of this amount, approximately \$5 million would be new exposure in the VPFP. Additionally, there are several current refunding opportunities related to local loans, and VRA has contacted 11 existing VPFP borrowers for possible inclusion in the 2019B transaction. Mr. D'Alema noted that four loan requests were for projects exceeding \$10 million but that a preliminary analysis indicates that all of the VPFP 2019B loan requests meet VRA's existing underwriting guidelines and therefore no PRMC action is required. Mr. D'Alema explained in detail the largest proposed financings of the 2019B VPFP summer pool issuance including applications from Harrisonburg/Rockingham County, King George County Service Authority, Prince Edward County and Richmond Metropolitan Transportation Authority. Discussions ensued regarding these applications and the concept of borrowers using existing cash on hand to defease VPFP debt obligations, while subsequently issuing new VPFP debt at lower, current market interest rates to achieve debt service savings.

### **Tobacco Region Revolving Fund**

According to Mr. Crumlish, to date VRA has only closed two loans under the Tobacco Region Revolving Fund – the Town of St. Paul (secured by a general obligation pledge) and the Town of Bluefield Industrial Development Authority. VRA is continuing to work with the Tobacco Commission

to meet the needs of the Commonwealth's tobacco communities. Mr. Crumlish stated that most applications do not align with VRA's current underwriting guidelines and given the diversity of applications, VRA staff cannot create guidelines to anticipate all potential scenarios. Therefore, VRA staff recommends that the PRMC and the full Board of Directors grant the Executive Director the authority to approve loans under \$1 million, provided that the risk level is communicated to the Tobacco Commission.

Motion by Ms. Donnellan, seconded by Mr. Hasty, to recommend approval by the VRA Board to authorize the Executive Director on behalf of the Tobacco Region Revolving Fund to implement loans that do not correspond with existing underwriting guidelines provided the total loan amount is \$1,000,000 or less and the risk level is communicated to and acceptable to the Tobacco Region Revitalization Commission Executive Director.

### **Virginia Airports Revolving Fund (VARF) and Dam Safety Fund Updates**

Mr. D'Alema updated the PRMC on the VARF and the Dam Safety Fund. He noted that there are two pending VARF loans – Hanover County and Dinwiddie Airport & Industrial Authority – that are anticipated to close before the end of CY2019. Discussions are continuing with the Charlottesville Albemarle Airport Authority regarding a potential \$4.5 million loan for a parking lot expansion and potentially \$25 million for construction of a new parking garage. VRA has not seen the application yet, but it is expected in FY2020. VRA will likely have to leverage the VARF to provide funds to meet this level of demand, and the VARF Shelf Resolution has been increased accordingly, subject to approval by the PRMC and the VRA Board. In terms of the Dam Safety Fund, \$2.14 million of dam safety grant funds have been disbursed by VRA related to 34 grants from the 2014-2018 funding cycles to date in FY2019. Approximately \$1 million is anticipated to be awarded in dam safety reimbursement grants to private and public dam owners as part of the 2019 funding cycle.

### **VirginiaHELPS**

Mr. D'Alema reminded the PRMC about the VirginiaHELPS program and its benefits. He noted that although the program has not had any demand, VRA staff believe the program is worthwhile as there are potential projects that VRA has reviewed that would likely only receive credit approval through VirginiaHELPS. Ms. Hamlett added that it is important for VRA to have a program like this to assist in situations where a locality does not qualify for financing under other existing VRA programs. As part of the FY2020 Shelf Resolutions, VRA staff requests PRMC and the VRA Board approve \$50 million in issuance capacity under the VirginiaHELPS program for FY2020.

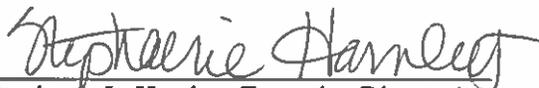
### **FY2020 Shelf Resolutions**

According to Mr. D'Alema, VRA staff request the PRMC recommend to the VRA Board approval of FY2020 VPFP, VARF, VirginiaHELPS, VASAVES Green Community Program, CWRLF Reimbursement, and Refunding Shelf Resolutions as follows: (1) VPFP Shelf Resolution authorizes up to \$400 million in FY2020 issuance; (2) VARF Shelf Resolution authorizes up to \$40 million in FY2020 issuance; (3) Refunding Shelf Resolution authorizes the refunding of any VRA bonds as long as a minimum of 3% net present value savings as a percentage of refunded par can be achieved; (4) VirginiaHELPS Shelf Resolution authorizes issuance by VRA on behalf of local government borrowers up to \$50 million in FY2020; and (5) Amended CWRLF State-Match bond resolution consideration. Mr. Crumlish provided more detail of the amended CWRLF State-Match bond resolution noting that VRA hopes to increase its authorized state match bond issuance to \$9 million to address funds needed for 2019 State Match and a single disbursement to the Nature Conservancy that is expected in June 2019 for over \$20 million.

Motion by Ms. Donnellan, seconded by Mr. Hasty, recommending approval by the VRA Board of FY2020 Shelf Resolutions and the amended CWRLF State-Match bond resolution as presented by VRA Staff.

**Adjournment**

There were no new items or any further business to come before the meeting. Motion by Ms. Donnellan, seconded by Ms. Thomson, to adjourn. Motion carried, and the meeting adjourned at 3:00 p.m.

  
Stephanie L. Hamlett, Executive Director/  
Board Secretary

APPROVED:

  
Ms. Barbara McCarthy Donnellan, Chair

**VIRGINIA RESOURCES AUTHORITY  
BOARD MEETING  
MINUTES OF THE REGULAR MEETING  
HELD JUNE 11, 2019**

The Board of Directors of the Virginia Resources Authority met on Tuesday, June 11, 2019, in the Virginia Resources Authority Board Room, Bank of America Building, 19<sup>th</sup> Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Board members were present and acting throughout the meeting: Mr. Thomas L. Hasty, III, Ms. Mary B. Bunting, Ms. Barbara McCarthy Donnellan, Mr. Reginald E. Gordon, Mr. Mark K. Flynn, Ms. Valerie Thomson on behalf of Mr. David K. Paylor, Ms. Janet Aylor on behalf of Ms. Manju S. Ganeriwala, and Mr. Dwayne Roadcap. Directors David Branscome, Jennifer Bowles, and Cecil R. Harris were absent. Others present included: Mr. Anderson from McGuireWoods LLP, Mr. Wellford and Mr. Crowder from Davenport & Company LLC, and Mr. Eckstein from the Virginia Department of Health. VRA Staff present included: Ms. Hamlett, Ms. Adams, Ms. Bass, Mr. Bergeron, Mr. Crumlish, Mr. D'Alema, Mr. Doughtie, Ms. Gordon, Mr. Murray, and Ms. O'Brien.

Mr. Hasty served as Chair of the meeting, and Ms. Hamlett as Secretary.

The Chair called the meeting to order at 9:00 a.m., and upon motion duly made by Ms. Donnellan and seconded by Mr. Gordon, the agenda as presented was approved.

The Board considered the next item on the agenda, which was approval of the minutes. Upon motion duly made, seconded and carried by the affirmative votes of all of the Directors noted above as being present, the minutes of the Personnel Committee meeting and the Portfolio Risk Management Committee meetings held on March 11, 2019, and a regular meeting of the Board of Directors held on March 12, 2019, were approved as previously distributed. Motion by Ms. Donnellan, seconded by Ms. Aylor, to approve agenda. Motion carried.

#### **Executive Director Report**

Ms. Hamlett, Executive Director, discussed the Executive Director's Report to the Board that was previously provided to them. She updated the Board on the status of The Natural Bridge loan through the CWRLF. She noted that VRA is working with Virginia Conservation Legacy Fund (VCLF) to remedy its technical defaults under the loan documents. VRA Staff and VCLF are scheduled to discuss the ongoing areas of non-compliance over the course of the summer. VRA is continuing to monitor and communicate concerns.

Ms. Hamlett noted that VRA Staff are preparing for an update to the 2015 Strategic Plan. Potential changes for the Board's consideration may include reducing reliance on the Commonwealth's moral obligation capacity. VRA Staff will update the Board on the status of this work at the September meeting.

She continued with an update on VRA's investment policy noting that VRA hopes to become more active in investing and has engaged professionals to assist VRA in this capacity. Ms. Hamlett indicated that Staff would provide a recommendation to the Board regarding a Board committee or an Investment Advisory Committee to provide investment guidance.

Ms. Hamlett also provided the Board with a draft Joint Letter of Agreement between the Secretaries of Natural Resources, Health and Human Resources, Finance, and Commerce and Trade, which establishes a Wastewater Infrastructure Work Group as part of the Commonwealth's Phase III Watershed Implementation Plan to improve the health of the Chesapeake Bay. Ms. Hamlett stated that staff is comfortable participating in this Wastewater Infrastructure Work Group but wanted to ensure that as a policy board the Board of Directors concurred.

Finally, she added that VRA is considering its biennial Infrastructure Financing Conference at the Hotel Roanoke in December 2020. The Board will be kept updated on the status, including dates, for the proposed conference.

## **Committee Reports**

### ***Personnel Committee***

Mr. Gordon, Chair of the Personnel Committee, introduced Mr. Doughtie, Director of Administration & Finance, to present the action items from the Personnel Committee for Board consideration.

Mr. Doughtie reiterated the presentation given to the Personnel Committee, highlighting the changes proposed in the FY2020 personnel budget. The total proposed personnel budget is about \$2.3 million, an increase of 4.2% over the prior year. Proposed merit increases for employee compensation comprise the majority of the proposed personnel budget increase, as no changes are anticipated in health insurance or VRS contributions.

Motion by Mr. Gordon that the Board approve the FY2020 Personnel Budget. Motion carried.

Mr. Doughtie next explained to the Board the proposed revisions to the Personnel Policies Manual. As directed by the Board in March, the VRA Personnel Committee reviewed state and local government policies to ensure that in the event of layoffs, the VRA severance policy remains competitive. The Personnel Committee has recommended a proposed change to the Personnel Policies Manual to adjust the current severance pay ranges to match the Commonwealth's policy.

Motion by Mr. Gordon to recommend Board approval of the proposed revisions to the Personnel Policies Manual. Motion carried.

Mr. Doughtie next stated that in an effort to provide transparency, the Personnel Committee decided not go into closed session at the Personnel Committee meeting to discuss a merit increase for the Executive Director. Based on an increase in the state budget for state agency heads and also in recognition of Ms. Hamlett's general counsel work and the savings to VRA as a result of this work, the Personnel Committee recommends that the Board approve a 2.75% merit increase and a one-time \$5,000 contribution to the deferred compensation plan for the Executive Director.

Motion by Mr. Gordon to recommend the Board approve a 2.75% merit increase for the Executive Director, as recommended by the Governor, effective July 1, 2019. Additionally, in recognition of her service as general counsel of VRA, the Personnel Committee recommends a one-time \$5,000 contribution to her deferred compensation plan. Motion carried.

### ***Report of Budget Committee***

On behalf of the Budget Committee, Mr. Doughtie presented the Board with an update on the FY2019 budget. He explained that projections show total revenues 8% higher than budget due largely to bond program revenues (*i.e.* administrative fees) as well as investment income (which benefitted from rates increasing under Local Government Investment Pool and additional cash management policies). On the expense side, VRA is projected to end the fiscal year 10% under budget. Mr. Doughtie added that VRA is expecting a \$2 million transfer to the Portfolio Risk Management reserve at the end of this fiscal year.

Following discussions of the proposed FY2020 budget, including personnel services, a transfer to the PRM reserve, and VRA's 5-year budget projections, Mr. Hasty moved Board approval of the FY2020 budget, as presented. Motion carried.

### ***Portfolio Risk Management Committee (PRMC)***

On behalf of the PRMC, Mr. Crumlish, Director of Financial Services, discussed with the Board the reinstatement of the Agricultural Best Management Practices (AgBMP) Loan Program through the Clean Water Revolving Loan Fund. Mr. Crumlish provided some background on agricultural best management practices and their impact on water quality. He explained the goal of the Virginia Draft Phase III Watershed Implementation Plan (WIP) is to achieve 2025 planning targets to restore the Chesapeake Bay. The WIP includes a list of 50 new initiatives to reduce nutrients, including the reinstatement of Virginia's AgBMP loan program.

The Code of Virginia was amended during the 2019 session of the General Assembly to add a grant funding option and expanded eligible practices to include riparian buffers and the innovation, improvement, or equipping of facilities. VRA will partner with DEQ and the Farm Credit to administer the program. The new program is set to launch July 1, 2019. Discussions amongst the Board ensued regarding the program.

Motion by Ms. Donnellan, seconded by Mr. Flynn, recommending that the Board authorize the Executive Director or any Director to implement on behalf of the Virginia Water Facilities Revolving Fund, AgBMP loans and/or grants (principal forgiveness) provided DEQ approves in writing any loan or grant made, including the purpose, the interest rate, and repayment terms of such loan or grant.

Mr. D'Alema, Director of Program Management, presented to the Board the results of the Spring 2019A Virginia Pooled Financing Program (VPFP) issuance stating that VRA sold \$55.99 million in VPFP bonds on May 8, 2019 on behalf of three local government borrowers and funding six total local loans.

Following, Mr. D'Alema provided an update of the VPFP portfolio stating that there was \$2.425 billion in total borrower loans outstanding. The top ten borrowers represent 38.38% of the overall VPFP portfolio with the largest borrower (City of Suffolk) representing 7.97% of the VPFP portfolio. VRA is continuing to diversify its borrowers, which the rating agencies like to see. Mr. D'Alema presented the VPFP 5-year issuance trend (FY15-FY19) highlighting the reduction in refunding activity due to the elimination of tax-exempt advance refundings as part of the Tax Cuts and Jobs Act in 2017 and the increase in new money issuances (estimate \$100-\$200 million range per year). The moral obligation debt capacity totals approximately \$911 million after the VPFP 2019A issuance. Approximately \$42 million in moral obligation backed debt matures between June and November 2019 leaving approximately \$631 million in estimated remaining moral obligation debt capacity by fall 2019.

According to Mr. D'Alema, six new VPPF borrowers applied for summer pool consideration totaling approximately \$63.4 million in requested proceeds. Additionally, the King George County Service Authority has requested VRA approval for a restructuring of approximately \$15 million in existing VPPF and DWRLF exposure as part of the summer issuance. Of this amount, approximately \$5 million would be new exposure in the VPPF. Additionally, there are several current refunding opportunities related to local loans, and VRA has contacted 11 existing VPPF borrowers for possible inclusion in the 2019B transaction. Mr. D'Alema noted that four loan requests were for projects exceeding \$10 million but that a preliminary analysis indicates that all of the VPPF 2019B loan requests meet VRA's existing underwriting guidelines and therefore no Board action is required. Mr. D'Alema provided details on the largest requested loans of the 2019B VPPF summer pool issuance including applications from Harrisonburg/Rockingham County, King George County Service Authority, Prince Edward County and Richmond Metropolitan Transportation Authority.

Mr. Crumlish next provided the Board with an update on the Tobacco Region Revolving Fund. To date VRA has only financed two loans under the Tobacco Region Revolving Fund – the Town of St. Paul (secured by a general obligation pledge) and the Town of Bluefield Industrial Development Authority. VRA is continuing to work with the Tobacco Commission to meet the needs of the Commonwealth's tobacco communities. Ms. Hamlett added that VRA performs the credit work and communicates the risks to the Commission, and the Commission decides whether to fund the loans. Mr. Crumlish stated that most applications do not align with VRA's current underwriting guidelines and given the diversity of applications, VRA Staff cannot anticipate guidelines to meet all potential scenarios, therefore VRA Staff and the PRMC recommend that the Board of Directors grant the Executive Director the authority to approve these loans under \$1 million.

Motion by Ms. Donnellan, seconded by Mr. Hasty, that the Board authorize the Executive Director to implement Tobacco Region Revolving Fund loans that do not correspond with existing underwriting guidelines provided the total loan amount is \$1,000,000 or less and the risk level is communicated to the Tobacco Region Revitalization Commission's Executive Director. Motion carried.

Mr. D'Alema updated the Board on the VARF and the Dam Safety Fund. He noted that there are two pending VARF loans – Hanover County and Dinwiddie Airport & Industrial Authority – that are anticipated to close before the end of CY2019. Discussions are continuing with the Charlottesville Albemarle Airport Authority regarding a potential \$4.5 million loan for a parking lot expansion and potentially \$25 million for construction of a new parking garage. VRA has not seen the application yet but it is expected in FY2020 Staff will keep the Board updated on this application. Mr. D'Alema noted that \$2.14 million of dam safety grant funds have been disbursed by VRA related to 34 grants from the 2014-2018 funding cycles. Approximately \$1 million is anticipated to be awarded in dam safety reimbursement grants to private and public dam owners as part of the 2019 funding cycle. The 2019 General Assembly, he said, authorized special appropriations for improvements to dams in Lynchburg and Spotsylvania County.

Mr. D'Alema reminded the Board about the VirginiaHELPS program and its benefits. Ms. Hamlett added that it is important for VRA to have a program like this to assist in situations where a locality does not qualify for financing under existing VRA programs. Previously, the Board authorized the VirginiaHELPS program for FY2019 with up to \$50 million in issuance capacity, and VRA Staff and the PRMC request Board approval continuing at this level as part of FY2020 Shelf Resolutions.

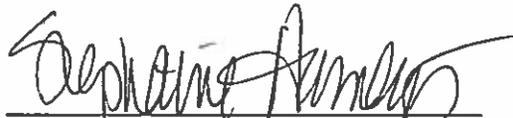
The PRMC recommends that the Board approve the FY2020 VPPF, VARF, VirginiaHELPS, VASAVES Green Community Program, CWRLF Reimbursement, and Refunding Shelf Resolutions as follows: (1) VPPF Shelf Resolution authorizes up to \$400 million in FY2020 issuance; (2) VARF Shelf Resolution authorizes up to \$40 million in FY2020 issuance; (3) Refunding Shelf Resolution authorizes

the refunding of any VRA bonds as long as a minimum of 3% net present value savings as a percentage of refunded par can be achieved; (4) VirginiaHELPS Shelf Resolution authorizes issuance by VRA on behalf of local government borrowers up to \$50 million in FY2020; and (5) Amended CWRLF State-Match bond resolution consideration. Mr. Crumlish provided more detail of the amended CWRLF State-Match bond resolution noting that VRA hopes to increase its authorized state match bond issuance to \$9 million to address funds needed for 2019 State Match and a single disbursement to the Nature Conservancy that is expected in June 2019 for over \$20 million. The term will also be extended two years.

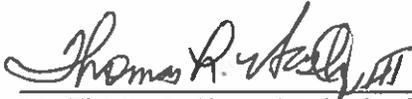
Motion by Ms. Donnellan, seconded by Mr. Hasty, recommending approval by the Board of the FY2020 Shelf Resolutions and the amended CWRLF State-Match bond resolution as presented by VRA Staff. Motion carried.

**Adjournment**

There were no new items or any further business to come before the meeting. No public comment. The meeting adjourned at 10:15 a.m.

  
Stephanie L. Hamlett, Executive Director/  
Board Secretary

APPROVED:

  
Mr. Thomas L. Hasty, III, Chair of the Board