

Criteria Term Sheet

Credit Structure:	Service Agreement whereby Member Jurisdictions pay for incarceration services provided by the Regional Jail Authority.
Moral Obligation Support:	At least one Member Jurisdiction of the Regional Jail Authority must provide a moral obligation pledge to support the related debt service payments for the proposed borrowing. Such moral obligation pledge may be provided through one or more support agreements or through acknowledgement by resolution of each Member Jurisdiction that VRA is treating the related Service Agreement among the Member Jurisdictions as a “local obligation” of each Member Jurisdiction, within the meaning of Section 62.1-199 of the Code of Virginia of 1950, as amended.
Rating Requirement:	Unless the Member Jurisdiction(s) providing moral obligation support can demonstrate (1) a minimum investment grade issuer credit rating, general obligation rating or appropriation credit rating from Standard & Poor’s or Moody’s, or (2) that their lowest level of state aid budgeted in the current fiscal year or received in each of the previous three fiscal years has been not less than 150% of the maximum annual future debt service including any general obligation debt or other debt of the Member Jurisdiction subject to any state aid intercept provisions and taking into account issuance of the proposed Regional Jail Authority debt and any other debt planned by the Member Jurisdiction during the next succeeding five fiscal year period, then the Regional Jail Authority must have at least a rating in the BBB/Baa category from either Standard & Poor’s or Moody’s, respectively.
Debt Service Reserve Funds:	Fully funded Debt Service Reserve Requirement at the local (Regional Jail Authority) level may be required for Regional Jails which have ratings lower than the “AA” level.
Shortfall Make-up Provision:	Service Agreement must provide for a timely adjustment of any shortfall in debt service payments, regardless of usage of the regional jail facility.
Funding of Debt Service:	Debt Service Payments should be funded on a periodic (i.e. quarterly, monthly) basis in advance of the payment due date to VRA or as prescribed in the Service Agreement governing the relationship among the Member Jurisdictions.

- Grant Anticipation Note:** Funding of Grant Anticipation Notes (GAN) for new money construction projects may be provided by VRA as a non-Virginia Pooled Financing Program (VPFP) stand alone transaction that will have the Moral Obligation of the Commonwealth or via the VirginiaHELPS Program. Ratings in the highest short-term rating category for the GAN from either Moody's or Standard & Poor's will be required for any publicly issued bonds backed by the Moral Obligation of the Commonwealth. To the extent a project is being partially funded by the Commonwealth, the Board of Corrections approval of the reimbursement to the Regional Jail Authority for its new money project must be in place, as applicable.
- Jail Revenue Bonds:** Funding of Jail Revenue Bonds for new money construction projects may be provided by VRA as a VPFP transaction or as a VirginiaHELPS Program standalone transaction.
- Member Jurisdiction Approval:** Each Member Jurisdiction must approve an authorizing resolution acknowledging its approval of the Jail Authority's intention to refinance existing bonds or issue new money bonds for new projects.
- Service Agreement:** To the extent a service agreement governs the relationship among the Member Jurisdictions, VRA consent is required for any changes or updates to the related service agreement while any debt issued through VRA is outstanding. No VRA debt will be issued with a final maturity date beyond the expiration of the service or use agreement.
- Borrower Concentration:** Where the total existing or proposed debt exposure to any one local government borrower rises to a level where the locality becomes a Material Obligor, as defined in the appropriate VRA program documentation, or such other lesser amount that could impact the existing public debt ratings of a VRA loan program, the Executive Director shall seek PRMC and Board approval prior to authorization of any new debt exposure.