

**Virginia Resources Authority  
Portfolio Risk Management Committee Meeting  
Minutes of the Regular Meeting  
Held March 11, 2024**

The Portfolio Risk Management Committee (PRMC) of the Board of Directors of the Virginia Resources Authority (VRA) met on Monday, March 11, 2024, in the O'Brien Boardroom, 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 during the meeting: Ms. Barbara Donnellan, Committee Chair; Mr. Greg Campbell, Director of the Department of Aviation; Mr. Dwayne Roadcap on behalf of Dr. Karen Shelton, State Health Commissioner; Mr. Michael Rolband, Director of the Department of Environmental Quality (DEQ); and Mr. Cecil "Rhu" Harris, Jr., Board Chairman. Board members Ms. Bunting, Mr. Kittrell and Dr. Woolridge arrived early for the next committee meeting and were present for a portion of PRMC.

VRA staff participants included: Mr. Shawn B. Crumlish, Executive Director and Board Secretary; Mr. Joe Bergeron; Mr. Peter D'Alema; Mr. Curtis Doughtie; Ms. Stephanie Jones; Mr. Tony Leone; and Mr. Kevin O'Reilly. Additional attendees were Mr. Arthur Anderson of McGuireWoods LLP; Mr. Adam Cherry of Randolph, Boyd, Cherry & Vaughan, PLC; Ms. Karen Doran and Ms. Kelly Ward both of DEQ; Ms. Megan Gilliland, General Counsel, of Kaufman & Canoles, P.C.; Mr. Brendan Hefty of Hefty Wiley & Gore; and Mr. Ty Wellford of Davenport & Company, LLC.

**Call to Order**

Chair Donnellan called the meeting to order at 2:00 p.m.

**Approval of Agenda**

Chair Donnellan asked for a motion to approve the agenda as presented. Director Rolband made a motion and Mr. Roadcap seconded. The motion carried.

**Accomack-Northampton Transportation District Commission Loan**

Chair Donnellan called on Mr. Crumlish for a presentation. Mr. Crumlish provided background information on the Accomack-Northampton Transportation District Commission (ANTDC) loan originally issued in 1990. He explained the resolution presented in Board materials that outlines key background and activities on the loan between 2001 and 2005, and

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that the proposed resolution would authorize the VRA Chairman, Vice Chairman and Executive Director to take actions related to the ANTDC loan.

Chair Donnellan stated for the record that a Commonwealth appropriation paid off the VRA bonds, to which Mr. Anderson clarified that the Commonwealth appropriation defeased the VRA bonds but did not cancel the ANTDC local loan. Board Chairman Harris asked how much the Commonwealth appropriation was to which Mr. Crumlish replied \$6.6 million, of which about \$4.6 million went to VRA to defease the outstanding VRA bonds. The remaining funds went to Norfolk Southern for an outstanding payable and to reimburse Department of Rail and Public Transportation for debt service payments it had made on behalf of the railroad. Mr. Crumlish added that the outstanding ANTDC loan principal is approximately \$5 million but with accrued interest the balance would be over \$20 million.

Mr. Crumlish shared the Town of Cape Charles has asked VRA for consent to lease property from the railroad. Mr. Wellford asked if the appropriation was given to take the state's moral obligation off the loan to provide more flexibility to the loan to which Mr. Crumlish affirmed. Chair Donnellan asked if the state would forgive the loan. Mr. Crumlish said discussions with involved parties focus on the unpaid balance being taxpayer money. Director Rolband asked how much is on VRA's balance sheet to which Mr. Crumlish replied it is not on VRA's balance sheet because there was an agreement that as long as the property continued to operate as a railroad that VRA would not foreclose on the property or expect debt service payments from operations for 30 years. Mr. Anderson said that because of the 30-year lease arrangement it was highly speculative how much was collectible though the real estate liens remained in place for future repayment.

Mr. Crumlish said that in 2022 the railroad sold a parcel to the Virginia Passenger Rail Authority and that the VRA lien erroneously did not appear during the title search. Chair Donnellan asked if the property is a brownfield and Mr. Crumlish responded that a grant through the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund, administered by DEQ, Virginia Economic Development Partnership and VRA, funded clean-up of the property. Board Chairman Harris asked if the topic would come back to the Board if the resolution were adopted, to which Mr. Anderson said it probably would, depending on the course of action.

Director Rolband made a motion to adopt the resolution "Authorizing Administration and Enforcement Actions Related to the Accomack-Northampton Transportation District Commission Railway Transportation Bonds 1990 Series". Mr. Roadcap seconded. The motion carried.

### **Tobacco Region Revitalization Commission Loan**

Chair Donnellan called on Mr. Crumlish to continue the presentation. Mr. Crumlish shared that there is a \$25 million loan application to the Community and Business Lending (CBL) Program, co-managed by VRA and the Tobacco Region Revitalization Commission (TRRC). He explained the loan request is from the Danville-Pittsylvania Regional Industrial Facility Authority to finance a gas line into the Berry Hill mega site. Mr. Crumlish reminded the Board that VRA simply provides a credit recommendation and loan servicing for the CBL program, which is more limited than the services VRA provides to other programs. He added that he attended a meeting with TRRC leadership to refine VRA's relationship with the agency. Mr. Crumlish said that VRA would continue its relationship for governmental loans, but TRRC would engage the Virginia Small Business Financing Authority for non-governmental loans. He said TRRC also would no longer be seeking to lend to start-ups.

### **VPFP Spring Series 2024A Update**

Chair Donnellan called on Mr. D'Alema for a presentation. Mr. D'Alema began with sharing the Virginia Pooled Financing Program (VPFP) spring pool calendar. He said there is returned strong demand for pool financing evidenced by the 11 applications to the spring pool with requested proceeds of \$267 million. Based on locality feedback, Mr. D'Alema said that localities explained the recent slowdown of applications had been related to their need to expend federal pandemic aid funding. He said that financing through the public markets remains competitive given that the applicants who dually sought bank placements have confirmed they would borrow through the pool. Mr. D'Alema said that additional information on the larger loan requests is included in the appendix of the Board materials. He said that NRVA Regional Water Authority may refund a prior pool loan if the market remains stable and added that VRA has not had a refunding of its own debt in two calendar years. The spring pool is expected to finance nine of VRA's project areas, including energy, broadband, public safety and stormwater, among others, Mr. D'Alema added. He also said there was a mix of credits from general obligation to revenue to lease revenue as part of the spring pool local loan security.

Mr. D'Alema continued his presentation with information related to the James River Water Authority (JRWA) loan. He said that JRWA applied to the 2024 spring pool for completion financing and provided background on its original 2016 VPFP borrowing that ultimately was related to a nonviable project location. Director Rolband asked how much debt was outstanding related to the 2016 issuance to which Mr. D'Alema responded approximately \$7 million. Mr. D'Alema said all loan payments have been made as agreed but Director Rolband lamented that there was no revenue from the project itself. Mr. D'Alema agreed that there was no water revenue but that the raw water revenue is paid exclusively from direct appropriations by the counties of Fluvanna and Louisa which backstop the loan. He shared the credit profiles of

the two localities and that the analysis indicates they are able to support the existing and proposed debt service. Mr. D'Alema further stated their general funds are very strong. He reviewed the loan conditions that were included as part of VRA's underwriting analysis.

Mr. D'Alema invited Mr. Hefty to explain the process of attaining the needed easements and the related property rights. Mr. Hefty explained that 13 of the 16 needed easements have been obtained. He said they would probably need to use the quick take condemnation process for one easement because of multiple identified heirs to the property, some of which have not been located. Mr. Hefty continued that the quick take condemnation process would ensure the ability to legally obtain the necessary project easement in the event that all heirs to the property cannot be found. He said there is not really opposition to conveying the easement on this particular property and the logistical issue has arisen because there are multiple heirs/ owners of the property. Mr. Hefty added there is a partial owner whose husband recently passed, and she is trying to get the related share of the property in her name which is also a reason the quick take condemnation process is used in this situation.

Mr. Cherry said he represents localities and the Virginia Department of Transportation in condemnations and explained the property is bisected by a road so it will probably have to be condemned. He continued JRWA would need a small construction easement on half an acre. Mr. Cherry said there are probably more than 36 heirs to the property but they have not been able to locate and contact some heirs. He said 12 to 13 heirs have signed easements to JRWA. Mr. Cherry said that as of last Monday, JRWA recorded a certificate of unknown heirs at law. He explained in detail the process of a condemnation judgment and that JRWA has gone above the legal requirement to obtain consent from some of the unknown heirs. Mr. Cherry said the one person living on the property has signed the easement. Mr. D'Alema asked the pair of attorneys, that if JRWA does not have the easements obtained by April 15, whether an opinion could be rendered that the easements can be obtained through the condemnation process without an adverse material impact on the project schedule and both attorneys agreed. Mr. Hefty added that he does not believe they will have to use condemnation for any other easements but the possibility remains.

Director Rolband asked if it is the same engineering firm for the 2024 project that provided certification for the permits for the project from 2016. Mr. D'Alema noted that it is the same firm, and Ms. Gilliland clarified that the typical language provided in the engineering certificates at closing notes that all permits necessary by that date are in place and that the certifying firm knows of no reason why any remaining permits could not be obtained. Director Rolband questioned how a consultant is held accountable. Mr. D'Alema said that this new loan would require all permits to be obtained prior to pricing of the VFPF Series 2024A bonds if the JRWA project is to move forward.

**VPFP Summer Series 2024B Calendar, VPFP Portfolio Update, and Commonwealth MO Debt Capacity Update**

Chair Donnellan explained that there are additional information-only items including the summer pool and Moral-Obligation debt capacity. She said the plan is to have a summer pool this year based on demand. Director Rolband asked why the demand rebounded to which Mr. D'Alema responded that localities have indicated they have been spending federal pandemic funds and that project timing is a factor as well. Board Chairman Harris said that interest rates rising and talk of recession dampened demand in the last couple years, but recession worries are softening now. Ms. Bunting said that when the interest rates were historically low, her locality borrowed several years ahead but then reached project management capacity and has not needed to borrow for capital projects in recent years.

**Old Business**

Chair Donnellan asked if there was any old business to come before the Committee. There was none.

**New Business**

Chair Donnellan asked if there was any new business to come before the Committee. There was none.

**Public Comment**

Chair Donnellan asked if there were any comments from the public. There were none.

**Adjournment**

Upon an affirmative vote on a motion by Director Rolband, seconded by Director Campbell, Chair Donnellan adjourned the meeting at 3:20 p.m.

  
Shawn B. Crumlish, Executive Director  
Board Secretary

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APPROVED:

A handwritten signature in cursive script, reading "Barbara M. Donnellan", written over a horizontal line.

Barbara M. Donnellan, Committee Chair

**Virginia Resources Authority  
Compliance Committee Meeting  
Minutes of the Regular Meeting  
Held March 11, 2024**

The Compliance Committee of the Board of Directors of the Virginia Resources Authority (VRA) met on Monday, March 11, 2024, in the O'Brien Boardroom, 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 during the meeting: Ms. Mary Bunting, Committee Chair; Mr. Bill Kittrell; Mr. Michael Rolband, Director of the Department of Environmental Quality (DEQ); Dr. Charlette Woolridge and Mr. Cecil R. Harris, Jr., Board Chairman. Board member Barbara Donnellan was also present. Ms. Karen Doran and Ms. Kelly Ward, both of DEQ, were also present.

VRA staff participants included: Mr. Shawn B. Crumlish, Executive Director and Board Secretary; Mr. Peter D'Alema; Mr. Curtis Doughtie; Ms. Stephanie Jones; Mr. Spencer Murray; and Ms. Maisie Strawn. Ms. Megan Gilliland of Kaufman & Canoles, P.C. and Mr. Ty Wellford of Davenport & Company, LLC were also present.

**Call to Order**

Chair Bunting called the meeting to order at 3:26 p.m.

**Approval of Agenda**

Dr. Woolridge made a motion to approve the agenda as presented, which was seconded by Mr. Rolband. The motion carried.

**Loan Monitoring and Compliance Database Presentation**

Chair Bunting said that the Committee will receive a presentation on the Loan Monitoring and Compliance Database (LMCD) and turned the meeting over to Ms. Jones and team for the presentation.

Ms. Jones stated that the presentation on the LMCD is the annual report of the status of the portfolio. She noted that each member has a copy of the full report and so the presentation would not focus on any one particular borrower but rather on the aggregate results of the portfolio review. Ms. Jones introduced the Compliance and Policy team and called on Mr. Murray. Mr. Murray reviewed the portfolio analysis by program and the new-to-VRA borrowers. Ms. Strawn then described the portfolio analysis by locality type, including the

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volume associated with each. Mr. Murray mentioned that in regard to borrower concentration, the top 18 borrowers which represent more than half of the balances across VRA programs are all in the “strong” category.

Ms. Jones then described the recommended action item. She said that at last year’s meeting the Committee discussed that staff may contemplate a revision to the unemployment rate metric. Ms. Jones continued that staff’s recommendation was adjusting the “adequate” range of the unemployment rate metric from 75% to 100% at the lower end of the metric. She said the interpretation of this change would mean that borrowers with unemployment rates better than the state’s would be rated “strong” in that metric.

Mr. Rolband asked if the top of the range should also be increased from 125% to 150%. Ms. Jones replied that the staff considered that change but determined the recommended change better represented the borrower composition of the portfolio. Chair Bunting said that she has stated in the past that the unemployment rate may double penalize certain localities because the fiscal index captures similar locality characteristics. She noted that the inclusion of unemployment as a metric, though, was the decision of the Committee and Board when the metrics were adopted.

Board Chairman Harris said the overall results look good, but does staff have any concerns. Ms. Jones responded that the borrowers with significantly delayed audits raise red flags. The Board Chairman asked if localities could borrow from VRA again without an audit, to which Mr. Crumlish replied that loan applications will not proceed to closing without a current audit. Dr. Woolridge said that some delays may be caused by the auditors and not necessarily the locality. Mr. Crumlish said that DEQ has some new funding available from the Bipartisan Infrastructure Law for technical assistance that may be able to help in those situations. Mr. Wellford said that the continuing disclosure requirement is nine months after the fiscal year end and that the public markets would not allow a transaction without a current audit.

Mr. Rolband expressed that the results are predominantly strong, so perhaps the metrics are not stringent enough for a wide dispersion of rankings. Ms. Jones replied that the conversations during the metric revision process centered on focusing efforts on identifying “weak” borrowers and that it was known that the “adequate” category would become much smaller. She also added that the current metrics do not give the credit enhancement associated with state aid intercept which would make the results even stronger. Mr. Wellford mentioned that local governments are in a strong fiscal position in part due to the federal pandemic assistance funds. Mr. Crumlish also remarked that anecdotally staff is managing a low number of borrower financial issues currently. Chair Bunting said the Database appears to match up with rating agency ratings for localities in her region.



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Chair Bunting asked if there were any surprises that arose from reviewing the borrower metrics. Ms. Jones said no and that there are not many shifts in borrowers between categories on a year-over-year basis. Ms. Donnellan asked about Fluvanna County being shown as weak. Ms. Jones stated that the weakness was due to the enterprise funds not being self-supporting. Mr. D'Alema added that the General Fund is strong, but the enterprise funds are weaker. Mr. Wellford added that with a non- self-supporting enterprise fund, VRA would want a Moral Obligation pledge from a borrower in addition to a revenue pledge for credit underwriting purposes.

Ms. Donnellan asked what the Database is used for, reflecting that she has had a similar question in the past. Ms. Jones said she believes it is a reporting tool for transparency to the Board and management and an aggregation tool to assess the portfolio as a whole. Mr. D'Alema added he believes it provides a touch point for infrequent borrowers. Mr. Crumlish added that it is a management oversight tool that satisfies EPA questions.

Ms. Jones presented the proposed motion language as follows: a motion to recommend that the Board revise the "adequate" risk category range of the Unemployment Rate Metric to 100-125% of the state unemployment rate from the existing "adequate" range of 75%-125%, as presented by staff. Ms. Bunting suggested clarifying the language in the proposed motion to specify the three full categories of the unemployment rate metric for the full Board meeting motion.

Mr. Rolband made the motion to recommend to the full Board of Directors. Dr. Woolridge seconded. The motion carried.

### **Old Business**

Chair Bunting asked if there was any old business to come before the Committee. There was none.

### **New Business**

Chair Bunting asked if there was any new business to come before the Committee. There was none.


### **Public Comment**

Chair Bunting asked if there were any comments from the public. There were none.

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**Adjournment**

Chair Bunting adjourned the meeting at 3:57 p.m.

  
Shawn B. Crumlish, Executive Director  
Board Secretary

APPROVED:

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Mary B. Bunting, Committee Chair

**Virginia Resources Authority  
Board Meeting  
Minutes of the Regular Meeting  
Held March 12, 2024**

The Board of Directors of the Virginia Resources Authority (VRA) met on Tuesday, March 12, 2024, in the O'Brien Boardroom, 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 during the meeting: Mr. Cecil "Rhu" Harris, Jr., Chairman; Mr. David Branscome; Ms. Mary Bunting; Mr. Vernon Carter on behalf of Mr. Greg Campbell, Director of the Department of Aviation; Ms. Barbara Donnellan; Mr. Bill Kittrell; State Treasurer David Richardson; Mr. Dwayne Roadcap on behalf of Dr. Karen Shelton, State Health Commissioner; Mr. Michael Rolband, Director of the Department of Environmental Quality (DEQ); Ms. Maria Tedesco; and Dr. Charlette Woolridge.

VRA staff participants included: Mr. Shawn B. Crumlish, Executive Director and Board Secretary; Mr. Peter D'Alema; Mr. Curtis Doughtie; Ms. Stephanie Jones; Mr. Spencer Murray; Ms. Catherine O'Brien; and Ms. Maisie Strawn. Additional attendees were Mr. Arthur Anderson of McGuireWoods LLP; Ms. Megan Gilliland, General Counsel, of Kaufman & Canoles, P.C.; Deputy Secretary of Finance John Markowitz; Ms. Kelly Ward of DEQ; and Mr. Ty Wellford, Ms. Gracie Caplice, and Mr. Clay Littel of Davenport & Company, LLC.

**Call to Order**

Chairman Harris called the meeting to order at 9:00 a.m.

**Approval of Agenda**

Chairman Harris asked for a motion to approve the agenda as presented. Dr. Woolridge made a motion, seconded by Ms. Tedesco, to approve the agenda as presented. The motion carried.

**Approval of Meeting Minutes**

Chairman Harris asked if there was a motion to approve the following meeting minutes in a block:

- Portfolio Risk Management Committee Meeting held December 11, 2023
- Board of Directors Meeting held December 12, 2023

Dr. Woolridge made the motion to which Ms. Bunting seconded. The motion to approve the minutes in a block carried.

### **Report of the Executive Director**

Chairman Harris called on Mr. Crumlish to give the Executive Director's Report. Mr. Crumlish announced that Ms. Ward, formerly a Board designee for the State Health Commissioner, had accepted a position at DEQ as a Deputy Director. Members of the Board offered their congratulations.

The Executive Director called on Ms. Jones, Director of Compliance and Policy, to provide a summary related to the General Assembly session. Mr. Crumlish directed the Board's attention to the Executive Director's Report in the Board packet for items of importance, noting particularly the status of the outstanding loan to Accomack-Northampton Transportation District Commission (ANTDC).

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

Chairman Harris called on Committee Chair Donnellan for the PRMC Report. Committee Chair Donnellan said that the Committee discussed adopting a resolution for VRA to take actions related to the outstanding ANTDC loan. Mr. Crumlish noted that VRA is in communication with Department of Rail and Public Transportation and the Secretary of Transportation on the best path forward. Committee Chair Donnellan remarked that the Committee had a lengthy conversation.

Treasurer Richardson asked how much was outstanding on the ANTDC loan. Mr. Crumlish replied that there was approximately \$5 million of principal but over \$20 million with accrued interest. Discussion ensued regarding the value of the properties and Mr. Crumlish noted that VRA will engage an appraiser to determine market value. Mr. Branscome asked if there were other lien holders to which Mr. Crumlish said that there were federal grants that may be subject to clawback but there are no other lenders.

Ms. Tedesco made a motion to adopt the Resolution "Authorizing Administration and Enforcement Actions Related to the Accomack-Northampton Transportation District Commission Railway Transportation Bonds 1990 Series". Treasurer Richardson seconded. The motion carried.

Committee Chair Donnellan turned the meeting over to Mr. D'Alema, Director of Program Management, for a presentation. Mr. D'Alema gave an update on the Virginia Pooled Financing Program (VPFP) 2024A pool. He said he was pleased with a strong rebound in

demand, largely attributable to a stabilizing interest rate environment, locality spend down of federal pandemic aid, and a focus again on debt-funding capital projects. Ms. Bunting added that her city accelerated capital financing during the prior historically low interest rate environment which offset current borrowing needs.

Mr. D'Alema shared the list of applicants for the spring pool, highlighting that Grayson County was a new borrower to the VPFP. He said that Augusta County and City of Staunton were each borrowing for new courthouse facilities. Mr. D'Alema added that City of Winchester, a top VPFP borrower with water/sewer revenue debt, applied for a new loan to be secured with a pledge of stormwater revenues which would be a new credit source for them in the pool.

Mr. D'Alema described a loan request from the James River Water Authority (JRWA). He thanked Mr. Rolband and the DEQ staff for their expertise and assistance with the project and permit-related due diligence review. Mr. D'Alema described the project and noted that JRWA is a single-purpose entity, unlike most water and sewer utilities, that exists solely to own and operate a water intake facility on the James River. Regarding the project, he noted the history of a loan in 2016 that was planned to fund a site for the project that ultimately was unviable. Mr. D'Alema explained that Fluvanna and Louisa Counties both have strong General Funds and summarized their credit profiles which would be providing local moral obligation backing for the JRWA loan request. He presented the Board with loan conditions contemplated in the JRWA credit analysis, most of which would be pre-pricing conditions.

Deputy Secretary Markowitz asked when they would get construction contracts to which Mr. D'Alema said that the project was being constructed through the PPEA [Public-Private Education Facilities and Infrastructure Act] process so that there would be a maximum guaranteed price and therefore procurement of the project is effectively done. Deputy Secretary Markowitz also inquired about the 2016 loan proceeds. Mr. D'Alema responded that JRWA has some proceeds from 2016 remaining but has spent some proceeds on legal fees and some on design of the new project.

Ms. Tedesco asked what the confidence level was on the new location of the project. Mr. D'Alema replied that the Army Corps of Engineers (USACE) would be the determining factor on the project moving forward at the new location through its permitting process. He added that the Monacan Indian Nation does not have concerns with the new project site, unlike the previous site contemplated in 2016. Ms. Tedesco asked what happens if the permit is not approved by VRA's April 15 deadline. Mr. D'Alema responded that JRWA would likely get interim bank financing which would cost more but would prevent having the project schedule extended by a year for construction seasonality. He added that VRA providing a term sheet for the loan application is providing a value to JRWA to be able to potentially secure interim bank financing if needed.

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Committee Chair Donnellan asked if there is the possibility to check with USACE to determine the status. Mr. Rolband informed that the federal government had intervened and that the USACE says JRWA will get the permit soon. He said that DEQ's stormwater management permit is perfunctory in that it is always approved if the project is designed according to the standards. Mr. Rolband said that DEQ would be okay if the construction general permits related to the project were not finalized by April 15 and the Board members concurred. Mr. D'Alema said that staff would revise that loan condition accordingly.

Mr. D'Alema concluded his remarks with the summer transaction schedule, a portfolio update, and sharing that Commonwealth Moral Obligation -backed debt would likely remain in the \$900-\$950 million range over the coming 12 to 18 months.

### **Report of Compliance Committee**

Chairman Harris called on Committee Chair Bunting for the Compliance Committee Report. Committee Chair Bunting stated that the Committee received the Loan Monitoring and Compliance Database Report. She explained that there was a proposed update to the metric involving a borrower's unemployment rate with the goal of achieving a better dispersion of results in that metric. Committee Chair Bunting called on Ms. Jones for additional remarks.

Dr. Woolridge made a motion to revise the Unemployment Rate Metric such that borrowers with unemployment rates: below 100% of the state unemployment rate are rated "strong", 100%-125% of the state unemployment rate are rated "adequate", and above 125% of the state unemployment rate are rated "weak" for that metric category. Director Rolband seconded. The motion carried.

### **Old Business**

Chairman Harris asked if there was any old business to come before the Board. There was none.

### **New Business**

Chairman Harris asked if there was any new business to come before the Board.

Chairman Harris explained that a formal 360° feedback survey was planned for the Executive Director in advance of the June Board meeting. Mr. Doughtie, Director of Administration and Finance, confirmed that VRA planned to engage the Performance Management Group at Virginia Commonwealth University to conduct the survey. The Chairman said to anticipate correspondence asking for Board perspectives on the performance of

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the Executive Director and that the feedback would provide an opportunity for professional development.

Chairman Harris called on Mr. D'Alema for remarks. Mr. D'Alema explained that given the higher than anticipated demand for VPFP financing in the VPFP 2024A pool, he requested an action from the Board to increase the Fiscal Year (FY) 2024 funding authorization. He continued that in prior years the authorization for the VPFP had been \$400 million, but that it was downsized to \$250 million for FY2024 based on the current interest rate environment and reduced demand levels in FY2022 and FY2023. Dr. Woolridge made a motion, seconded by Ms. Bunting, to increase the VPFP shelf bond resolution authorization to \$400 million for Fiscal Year 2024 to accommodate higher than anticipated annual program demand. The motion carried.

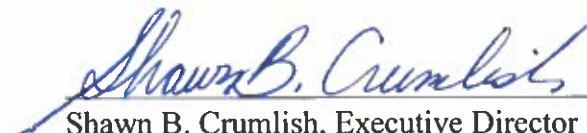
Chairman Harris called on Mr. Wellford who shared introductions of his team who were also present for the meeting.

**Public Comment**

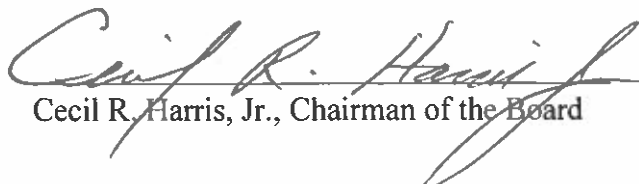
Chairman Harris asked if there were any comments from the public. There were none.

**Adjournment**

Ms. Donnellan made a motion, seconded by Ms. Bunting, to adjourn the meeting. The motion carried and Chairman Harris adjourned the meeting at 9:48 a.m.

  
Shawn B. Crumlish, Executive Director  
Board Secretary

APPROVED:

  
Cecil R. Harris, Jr., Chairman of the Board

# **VIRGINIA RESOURCES AUTHORITY**

## **RESOLUTION**

### **AUTHORIZING ADMINISTRATION AND ENFORCEMENT ACTIONS RELATED TO THE ACCOMACK-NORTHAMPTON TRANSPORTATION DISTRICT COMMISSION RAILWAY TRANSPORTATION BONDS 1990 SERIES**

March 12, 2024

**WHEREAS**, the Virginia Resources Authority (“VRA”) is a public body corporate and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the “VRA Act”); and

**WHEREAS**, the VRA Act was amended in the 1990 Acts of the General Assembly to include any heavy rail transportation facilities operated by a transportation district created under the Transportation District Act of 1964 (§ 33.2-1900 et seq.) as an eligible project that VRA can finance with a \$6,000,000 limit in the total principal amount of VRA bonds outstanding for this purpose; and

**WHEREAS**, VRA issued its \$6,000,000 Railway Transportation Revenue Bonds, 1990 Series (the “VRA Bonds”), to fund a loan, dated November 15, 1990, to the Accomack Northampton Transportation District Commission and its wholly owned entities, Canonie Atlantic Company and Eastern Shore Railroad, Inc. (collectively, the “Railroad”) and acquired the \$6,000,000 Accomack Northampton Transportation District Commission Railway Transportation Bond 1990 Series (the “ANTDC Bonds”), to evidence the Railroad's obligation to repay the loan; and

**WHEREAS**, the ANTDC Bonds are secured by Revenues (as defined in the Loan Agreement, dated as of November 15, 1990 (the "Loan Agreement"), deeds of trust filed in Maryland, and in the Clerk's Offices of the Circuit Courts of the Cities of Norfolk and Virginia Beach and the Counties of Accomack and Northampton (collectively, the "Deeds of Trust"), guarantees and an interest in the shares of stock of Canonie Atlantic Company and Eastern Shore Railroad, Inc., and various other pledged collateral; and

**WHEREAS**, the Railroad experienced operating challenges and eventually did not generate sufficient Revenues to satisfy debt service payments, and the Commonwealth and VRA made payments on behalf of the Railroad; and

**WHEREAS**, a working group formed in 2000, comprised of the Office of the Secretary of Commerce and Trade, Office of the Secretary of Transportation, Commonwealth agencies, and VRA agreed that a railroad should be maintained for the economic benefit of the Counties of Accomack and Northampton and the Commonwealth, the payoff of the VRA Bonds was a priority, and the underlying loan to the Railroad and the ANTDC Bonds would remain outstanding and held by VRA or an agency of the Commonwealth; and



**WHEREAS**, the Chapter 1019 of the 2000 Acts of the General Assembly included a \$6,600,000 appropriation for the Eastern Shore Railroad Project, and approximately \$4,600,000 of that amount was used in early 2001 to defease the VRA Bonds and reimburse VRA for prior payments made on behalf of the Railroad; and

**WHEREAS**, only the VRA Bonds were defeased, which removed the negative implications of implementing the moral obligation securing the VRA Bonds, and VRA continues to hold the ANTDC Bonds secured by the Loan Agreement, the Deeds of Trust and the related security documents; and

**WHEREAS**, in 2005, at the request of the Railroad, VRA consented to a 30-year Railroad Lease and Operating Agreement (the "Operating Agreement") between Canonic Atlantic Company and Cassatt Management, LLC; and

**WHEREAS**, the Operating Agreement and other related documents, including documents signed by Canonic Atlantic Company, and letters exchanged between Railroad officials and representatives and officers of VRA and Commonwealth agencies acknowledge that the ANTDC Bonds remain outstanding and continue to be secured by the terms of the Loan Agreement, the Deeds of Trust and the related security documents; provided that the Commonwealth agreed that so long as freight rail operations continue over the lines owned by the Railroad, the Commonwealth would not seek to foreclose due to non-payment of the ANTDC Bonds; but provided further that provisions relating the release of Railroad property for sale or lease and the granting of easements on Railroad property remain unchanged and enforceable; and

**WHEREAS**, Cassatt Management, LLC, ceased operations in April of 2018 and the Railroad petitioned the Surface Transportation Board, an independent federal agency, to abandon approximately 49 miles of rail line in the Counties of Accomack and Northampton from Hallwood, Virginia, to Cape Charles, Virginia; and

**WHEREAS**, the Railroad currently has limited rail operations in Maryland, Accomack County and the City of Virginia Beach; and

**WHEREAS**, there is an effort underway to create a rail-to-trail system in the Railroad's former rail right-of-way on the Eastern Shore, which endeavor is supported by the Counties of Accomack and Northampton, the Commonwealth, and \$23 million in federal funds; and

**WHEREAS**, the Railroad owns property that is no longer necessary for the remaining limited rail operations or the proposed rail-to-trail system but is nevertheless subject to the lien of the Deeds of Trust; and

**WHEREAS**, given the appropriation in 2000, the VRA Board of Directors is compelled to act in the best interests of the Commonwealth and its taxpayers; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY AS FOLLOWS:**

1. Each of the Executive Director, Chairman of VRA, and Vice Chairman of VRA is authorized to administer and enforce the ANTDC Bonds, the Loan Agreement, the Deeds of Trust and the related security documents, and all of the foregoing, previously done or performed by any such officer, are in all respects approved, ratified and confirmed.

2. Any and all actions taken by the Executive Director, Chairman of VRA, and Vice Chairman of VRA shall be made subject to and in accordance with the terms and conditions of the ANTDC Bonds, the Loan Agreement, the Deeds of Trust and the related security documents and otherwise as may be deemed to be in the best interests of the Commonwealth and VRA after consultation with VRA's counsel and the Secretary of Finance.

3. After reimbursement of expenses incurred by VRA in the administration and enforcement of the ANTDC Bonds, the Loan Agreement, the Deeds of Trust and the related security documents, loan repayments received by VRA from the Railroad shall be remitted back to the Commonwealth.

4. The Executive Director shall continue to advise the VRA Board of Directors of any action taken under the authority granted in this Resolution.

5. This Resolution shall take effect immediately.