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Virginia Resources Authority

MORE FINANCING OPTIONS MEAN MORE SAVINGS

By Cecile F. Harrison, Virginia Resources Authority



Recent improvements to governmental infrastructure financing programs could mean more money in your locality's wallet. The latest project area expansions to Virginia's revolving loan funds and a recent bond rating upgrade for Virginia

Resources Authority's (VRA) Virginia Pooled Financing Program will save local governments thousands of dollars, good news at any time, but particularly in the recent state of fiscal stress and uncertainty currently faced by all levels of government.

Flexible and cost-effective financial resources are available to Virginia local governments for pending infrastructure projects, including grants, wastewater and drinking water revolving loan funds, and public market bond issuance programs. These financing options offer not only interest cost savings, but also the expertise of the professionals managing the programs. Translation: You won't need a finance degree or have to invest months of work to navigate the highly technical waters of government borrowing – while saving a lot of money.

Each of the revolving loan funds and the Virginia Pooled Financing Program are highlighted at the end of this article with program descriptions, contact information, application deadlines, and Website addresses. Information on the upcoming 2004 VRA Virginia Local Government Financing Conference is shown below as well.

The Virginia Pooled Financing Program – Flexible Loan Terms, Streamlined Process

As Virginia's infrastructure bond bank, VRA has been a financing resource for over 20 years, issuing over \$2 billion of bonds for hundreds of localities, and continues to improve its original offering, the bond program. If you are looking for a streamlined financing process, loan structuring flexibility, and refunding capability, you should consider VRA's latest, most innovative program to date, the Virginia Pooled Financing Program.

The new VPPF is the first lending vehicle in the

nation to utilize a senior/subordinate issuance structure to finance a pool of governmental infrastructure projects. Through the VPPF, localities can access the national municipal bond marketplace utilizing VRA's blended "AAA/AA" rating by Moody's and Standard & Poor's for water and wastewater treatment projects, solid waste, aviation, and public safety facility/equipment needs. Under the new structure, seventy percent (70%) of your project will be financed at *natural* "AAA" rates without insurance and without a reserve fund.

The VPPF issued over \$190,000,000 of infrastructure revenue bonds for seventeen local governments during Fiscal Year 2004, the inaugural year of the program.

Virginia State Revolving Funds – Below-Market Financing Options

Virginia's State Revolving Funds (SRFs), the Virginia Water Facilities Revolving Fund for wastewater and stormwater management and the Virginia Water Supply Revolving Fund for drinking water projects, offer loans with below-market interest rates and minimal closing costs.



Both Revolving Funds receive monies from the U.S. Environmental Protection Agency (EPA) in the form of capitalization grants and mandatory state match monies – provided to the SRFs by the General Assembly annually. SRF monies are loaned to local governments, repaid, and re-loaned, creating

the perpetual nature of the Funds. The SRFs subsidize loan administration costs in addition to offering below-market interest rates, generating savings in interest expense and ultimately benefiting the utility system rate-payers.

There continues to be plenty of funding avail-

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able in both SRFs so that *all qualified applicants have access to the funding necessary to facilitate projects.*

The Wastewater SRF recently added the Virginia Brownfield Remediation Loan Program to provide funding for brownfields remediation projects. Also, low interest loans are now available for open space preservation projects through the Land Conservation Loan Program. As these new programs are subsets of the Wastewater SRF, local governments now have two additional tools to facilitate important loans that may have been previously unaffordable. In addition, DEQ now lends funds at one percent (1%) below market on all wastewater revolving fund loans.

More information on Virginia's SRFs is available through Virginia Resources Authority (VRA), the financial administrator for both Funds, and the regulatory agencies that manage the Funds. For wastewater projects (plus brownfields remediation and open space), the regulatory agency is the Virginia Department of Environmental Quality—Office of Construction Assistance Programs. The Virginia Department of Health—Office of Water Programs is the regulatory agency for drinking water projects.

Where to Go for More Info

Virginia Water Supply Revolving Fund Drinking Water Projects

Virginia Dept. of Health, Office of Water Programs

Application Due Date: Annually, early April

www.vdh.state.va.us/dw/dwsrf.asp

Contact: Tom Gray, (804) 864-7506;

tgray@vdh.state.va.us

Virginia Water Facilities Revolving Fund Wastewater, Brownfields, & Open Space Preservation Projects Virginia DEQ, Construction Assistance Program

Application Due Date: Annually, mid July

www.deq.state.va.us/cap/homepage.html

Contact: Walter Gills, (804) 698-4133;

wagills@deq.state.va.us

Virginia Pooled Financing Program Virginia Resources Authority

Application Due Dates: Semi-annually, early March
and mid September. Next Pool: September 17, 2004

www.VirginiaResources.org

Contact: Jamie Shield, (804) 644-0310;

jshield@vra.state.va.us

Upcoming Conference Information

Want to learn more about these and other financing programs available to local governments (and much, much more)? Plan to attend the 2004 Local Government Financing Conference at the Hotel Roanoke on September 13-14, 2004. The conference will begin with an opening reception on the evening of September 13th and sessions will begin at 8:30 a.m. on Tuesday the 14th. Additional details and a complete agenda are available at www.VirginiaResources.org, or you may contact Bonnie McRae, (804) 644-3100, bmcray@vra.state.va.us for more information.

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Draper Aden Associates is a full-service engineering, surveying and environmental consulting firm. Services include: civil/utilities engineering; environmental services, geological/hydrogeological services; geotechnical/construction/laboratory; site planning & engineering; solid waste management; structural engineering; surveying; subsurface utility engineering, information management services, GIS and transportation engineering.



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