



## **Virginia Transportation Infrastructure Bank (VTIB)**

**Presentation to the Commonwealth Transportation Board**

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# Overview of the Virginia Transportation Infrastructure Bank

- ❑ The Virginia Transportation Infrastructure Bank (VTIB) was established by Chapters 830 and 868 of the 2011 Acts of Assembly.
- ❑ The VTIB or the Bank, is a special non-reverting, revolving loan fund created to provide grants, loans and other financial assistance to advance transportation projects.
- ❑ The VTIB will be maintained as a subfund of the Transportation Trust Fund.
- ❑ The initial capitalization was \$282.7 million
  - \$32.7 million General Funds from FY 2010 surplus
  - \$250.0 million from Commonwealth Transportation Fund
- ❑ The VTIB will be directed by the Commonwealth Transportation Board (CTB) with financial management by the Virginia Resources Authority (VRA) referred to as the Manager.
  - **CTB policy and programmatic administrator**  
Acting through the Virginia Department of Transportation (VDOT) staff.
  - **VRA serves as the financial manager.**
  - **Management Agreement sets forth terms and conditions under which VTIB is administered and managed.**

## Overview of VTIB – Continued

- ❑ VTIB financial assistance may be provided to Eligible Borrowers in the form of loans, grants or other financial assistance to support transportation projects.
- ❑ An Eligible Borrower is any (i) Private Entity; (ii) Governmental Entity; (iii) instrumentality, corporation, or entity established by any of the foregoing; or (iv) combination of two or more of the foregoing.
- ❑ Eligible Private Entities must have executed an interim or comprehensive agreement under the PPTA.
- ❑ Grants
  - Only available to Governmental Entities.
  - Cannot exceed 20 percent of the VTIB capitalization.

# Overview of VTIB – Loans

## ❑ Loans

- Shall require principal repayment to begin within five years of substantial project completion.
- Final maturity not more than 35 years following substantial project completion.

## ❑ Loans are to be repaid with interest.

- Legislation states the interest rates shall be determined by reference to the current market rates for comparable obligations.
- VRA will tie base interest rate to AAA MMD (Municipal Market Data).
- Lower rates may be requested and negotiated.

## ❑ Over term of loan, recipient monitoring performed by VRA and VDOT.

- Ensure timely submittal of required items, including loan payments.
- Ensure stability of recipients financial condition and ability to operate, maintain facilities and repay debt.

## ❑ VRA responsible for semi-annual program reporting to General Assembly.

## Overview of VTIB – Administration

- ❑ **The VTIB will be guided by a Management Agreement executed by the CTB, VRA and the Secretary of Finance.**
- ❑ **The details of the program are provided in the VTIB Guidelines and Selection Criteria.**
  - **Provides an overview of the legislation.**
  - **Outlines the interaction between the CTB and VRA.**
  - **Details the application process.**
  - **Explains the screening criteria.**
    - Scoring worksheet
    - VTIB Advisory Panel
      - Chaired by Deputy Secretary of Transportation
      - VDOT's and DRPT's CFO
      - VRA Executive Director or designee
      - Secretary of Finance or designee
      - Secretary of Commerce and Trade or designee
      - Representative from VPA and/or DOAV if applicant pool contains related projects

# VTIB Management Agreement

- ❑ **Sets forth the terms and conditions by which VTIB is administered and managed by the involved parties.**
  - **Enabling legislation requires the CTB, VRA and the Secretary of Finance to be parties to the agreement**
  - **Joint responsibilities of the Board and VRA include:**
    - Develop criteria, procedures and application funding cycles.
    - Provide programmatic and administrative assistance to applicants.
    - Provide for the long-term sustainability of VTIB.
  - **Responsibilities of the Board**
    - Serve as coordinator for all statutory, regulatory and programmatic changes and modifications to the program.
    - Consider applications recommended by the Advisory Panel and approve or deny financial assistance.
    - Assure all VTIB project expenditures are reasonable, necessary and are allowable under law.

# VTIB Management Agreement - continued

## ➤ Responsibilities of the Manager

- Determine structure of the loans and other forms of financial assistance made from VTIB.
- Verify Governmental Entities applications for a Grant meet requirement that the Project cannot be financed on reasonable terms or would otherwise be financially infeasible without the Grant.
- Coordinate the completion of VTIB financial transactions with recipients.
- Transfers loan repayments, interest or funds released from other financing instruments to the Bank.

## ➤ Responsibility of the Secretary of Finance

To receive information from the Board concerning the budgeted goals of the Bank and consider such information in proposals to use his best efforts to have (1) the Governor for inclusion in each biennial or any supplemental budget of the Commonwealth of Virginia the amounts necessary to meet the budgeted goals of the Bank and (2) the General Assembly deposit, appropriate, and reappropriate, as applicable, such amounts.

## ➤ Agreement includes a cost allocation plan for the Manager's compensation.

## ➤ Agreement is in acceptable form to VRA and the Secretary of Finance.

Recommend approval by the CTB.

## ➤ Must be provided to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Transportation prior to the award of any assistance from the Bank.

## VTIB Guidelines and Scoring Criteria

- ❑ The enabling legislation directs the Board to develop and issue, in consultation with VRA, guidelines for scoring projects in accordance with criteria set out by statute and as deemed necessary by the Board and the Manager.
- ❑ The Guidelines and Criteria have been developed to guide the process of applying for and receiving financial assistance from VTIB.
  - **Narrative included, among others, on:**
    - VTIB goals and objectives
    - Eligible applicants, projects and types of assistance
    - The application process, including minimum eligibility requirements and the application screening criteria
    - The disbursement process
    - Recipient reporting requirements
  - **Also included Chapters 830 and 868 of the 2011 Acts of Assembly, the VTIB assistance application, VTIB's scoring criteria and worksheet and VTIB's Interest Rate Methodology.**



## VTIB Guidelines and Criteria

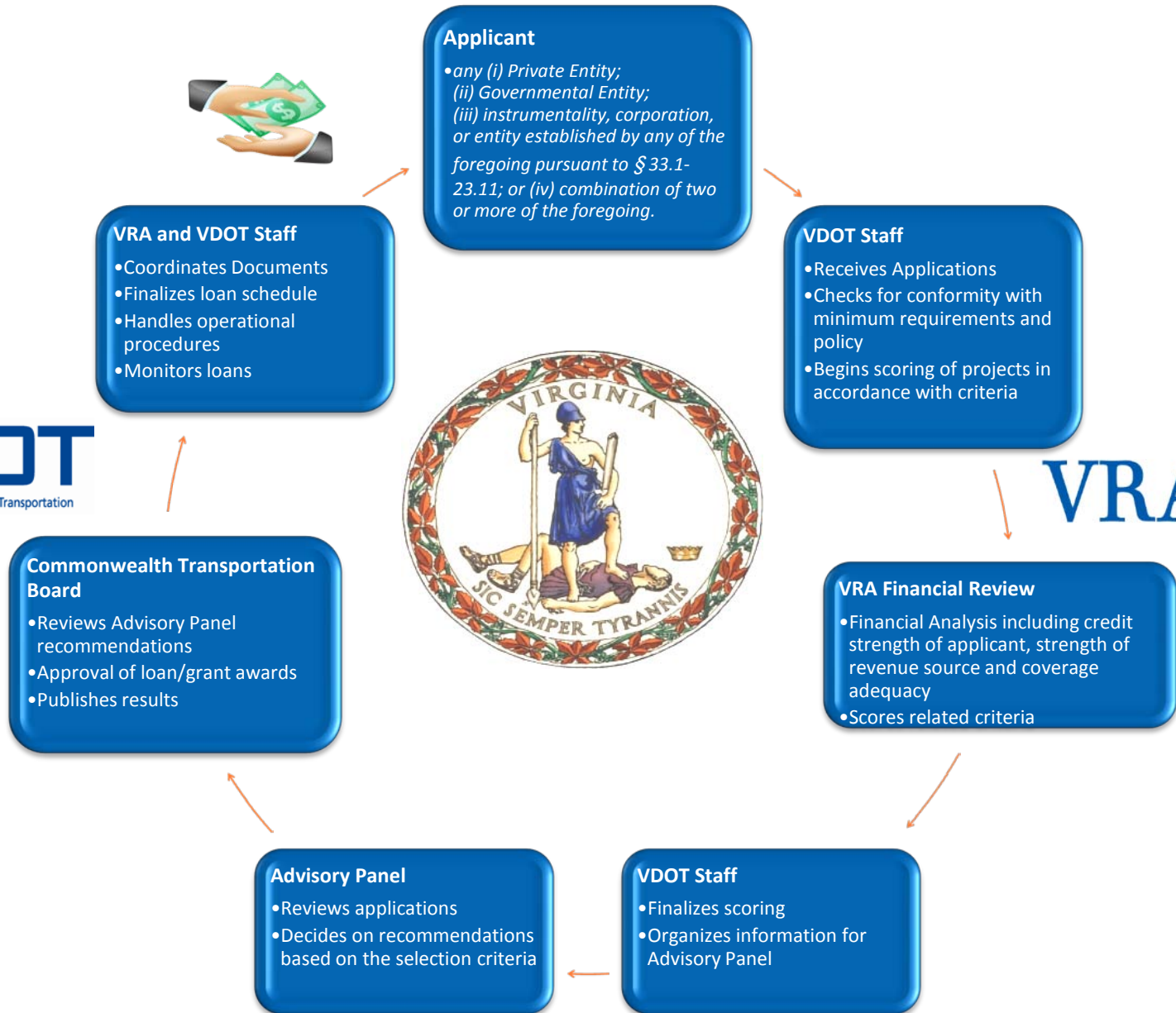
- ❑ **Scoring Criteria developed to score applications and assign points based on specifics of the applicant, the project and the applicant's creditworthiness.**
  - **18 individual criterion**

Examples: Maturity of the project; project readiness; air quality improvements; safety enhancements; consistency with transportation plans and initiatives; and the recipients financial stability or creditworthiness
  
- ❑ **The Guidelines and Criteria, including the scoring criteria, have been developed by VDOT, with input received from VRA.**
  - **Document must undergo the requirements of Virginia's Administrative Process Act (APA).**
  - **Must be provided to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Transportation prior to the award of any assistance from the Bank.**

# VTIB Application Process

- ❑ **Minimum Eligibility Requirements:**
  - The applicant must be an eligible borrower as defined in the enabling legislation.
  - Project must be a statewide, regional and/or local priority.
- ❑ **Applications meeting minimum eligibility requirements will be fully reviewed and scored using the established scoring criteria.**
  - Scoring will be performed jointly by VDOT and VRA staff.
  - Financial capability analysis will be conducted by VRA.
- ❑ **Advisory Panel reviews scoring results and determines which applications are recommended for CTB action.**
- ❑ **CTB approved applications progress to the financing commitment stage and, once ready, execution of a financing agreement.**
- ❑ **The scoring results for each application must be published.**
- ❑ **With financing agreement in place, disbursement of the financial assistance can begin.**

# VTIB Application Review and Selection Process



## VTIB Guidelines and Criteria Subject to APA

- ❑ The Virginia Administrative Process Act (APA) provides the basic framework for rulemaking in Virginia.
- ❑ It sets out the stages of the regulatory process, including notice and comment; requires agencies to promulgate public participation guidelines on how the public can be involved in the rulemaking process; and requires the Governor to publish procedures for executive review of regulations.
- ❑ **Process**
  - **Executive Branch Review**
  - **Public Comment Period – 30 days**
  - **Becomes effective 15 days after end of Public Comment**
  - **Process should be completed within 60 to 90 days**

## VTIB Implementation Schedule

- ❑ **September 2011 – CTB considers the Management Agreement and the Guidelines and Scoring Criteria for approval.**
- ❑ **September 2011 – Guidelines and Scoring Criteria submitted for compliance through the APA.**
- ❑ **December 2011 / January 2012 – Following completion of the APA process begin accepting applications.**
- ❑ **After January 2012**
  - **Applications received and evaluated.**
  - **Applications presented to the CTB for consideration and potential award.**
  - **Financing Agreements finalized and executed with recipients.**