



Capital Projects Revenue Bonds, Series 2011

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Authorization to Issue CPR Bonds

- ❑ **Chapter 896 (HB 3202) of the 2007 Virginia Acts of Assembly authorized the issuance of \$3 billion of Commonwealth of Virginia Capital Projects Revenue Bonds (CPR).**
 - 20% dedicated to Transit Capital
 - 4.3% dedicated to Rail Capital
 - Balance to be used to provide for federal match, enhance the Revenue Sharing Program and Statewide and Regional Projects
 - Annual sales limited to \$300 million, with carry over of unsold amount
- ❑ **Total authorization was increased in 2009 to \$3.18 billion to replace \$180 million of General Funds (GF) provided in 2007 and subsequently taken.**
- ❑ **Through FY 2011, the authorization permitted the issuance of \$1.2 billion.**
- ❑ **The first issue of CPR Bonds was sold in May 2010, totaling \$493 million.**

The Governor's Plan HB 2527 / SB 1446

- The Governor's plan for the 2011 General Assembly Session did not seek to increase the current CPR bond authorization amount.
- The Bill provides the ability to accelerate the sale of \$1.8 billion of CPR bonds over the next three years.
- The FY 2011 sale is the first of three planned \$600 million issues and is supported by prior year authorized but unissued amounts.
- The Bill provides the authority to increase the annual sales limits in FY 2012 and FY 2013 to permit the sale of \$600 million in each year.
- In this construction climate of low prices and interest rates, it makes good business sense to accelerate the use of these bonds to take advantage of the market conditions and provide needed transportation projects.

Use of the CPR Bonds

□ CPR bonds have been allocated to the prescribed VDOT and DRPT programs each year since 2008.

□ The CPR bonds will be utilized to fund SYIP planned activities through FY 2020.

□ The planned use of the full \$3.18 billion authorization is as follows:

CPR Bonds Use	Amount (in millions)	Percent Share
Transit Capital	\$600.0	20.0%
Rail Capital	129.0	4.3%
Match Federal Funds	1,044.8	34.8%
Dulles Rail	125.0	
Metro Matters	500.0	
Construction Projects	419.8	
Revenue Sharing	70.0	2.3%
Project Funding	1,156.2	38.5%
Total 2007 Authorization	3,000.0	100.0%
2009 GF Replacement		
Transit / Rail	60.0	
VDOT	120.0	
Total GF Replacement	180.0	
Total	\$3,180.0	

Use of the CPR Bonds

- The first issue, which was sold last May, was used to reimburse VDOT and DRPT for bond-related cost incurred prior to the sale and for DRPT transit and rail activity during FY 2011.

- The FY 2011 sale of \$600 million will provide reimbursement for additional bond-related expenditures incurred by VDOT and provide for the costs to be incurred by VDOT and DRPT between the May 2011 sale and the next planned sale in May 2012.
 - Through February 2011, VDOT has accumulated an additional \$247 million of CPR bond supported expenditures.
 - Continued support of the rail and transit capital programs.
 - Support for VDOT construction projects.

Use of the CPR Bonds

- ❑ **Combined with the planned FY 2012 and FY 2013 sales, the CPR bond proceeds will provide a major portion of the funding provided by the Governor's 2011 funding plan.**
- ❑ **The bond proceeds will advance and accelerate the transportation construction program and support projects included in the Illustrative Project list and programmed in the FY 2012 – 2017 Six-Year Improvement Program.**

Debt Service for the CPR Bonds

- ❑ **The debt service for the CPR bonds is provided by the PTF.**
- ❑ **The PTF revenue is provided by:**
 - One-third of the taxes collected on insurance premiums.
 - A portion of the fuels tax attributable to the additional fuels taxes collected due to taxation at the rack .
 - Interest earnings.
- ❑ **Actual PTF revenues in FY 2010 were \$152 million.**
- ❑ **Annual PTF funds available for debt service between FY 2011 and FY 2017 are estimated to average \$225 million.**
 - Includes \$50 million from Transportation revenues in excess of the FY 2010 forecast that was required to be deposited into the PTF in FY 2011,
- ❑ **Average PTF debt service over the same period is estimated to be \$176 million.**

Next Steps

- ❑ April 20 – Seek Treasury Board approval
- ❑ May 11 – Planned date of competitive sale
- ❑ May 25 – Planned closing

CPR Bond Authorization Summary		(in millions)
Authorized		\$3,180
Less: Sold May 2010		493
Planned May 2011 Sale		<u>600</u>
Remaining amount to be sold in future		\$2,087