

Virginia Transportation Infrastructure Bank Management Agreement

This Management Agreement (this "Agreement") is made as of _____, 2011, by and among the Commonwealth Transportation Board (the "Board"), the Virginia Resources Authority (the "Manager"), and the Secretary of Finance of the Commonwealth of Virginia (the "Secretary"). The purpose of this Agreement is to outline the respective roles of the Board, the Manager, and the Secretary in the management of the Virginia Transportation Infrastructure Bank (the "Bank") established pursuant to Article 1.2 of Chapter 1 of Title 33.1 of the Code of Virginia of 1950, as amended (the "Act"). Unless otherwise defined herein, each capitalized term used herein shall have the meaning given it in the Act.

Joint Responsibilities of the Board and the Manager

1. Develop the guidelines, criteria, procedures, and timeframes of application for participation and administration of the Bank program.
2. Develop processes for the payment and receipt of Bank funds between the Bank and the Manager to support the administration, accounting and reporting of the activities of the Bank.
3. Provide program and administrative assistance as needed to applicants for, and recipients of, Grants, Loans or Other Financial Assistance from the Bank.
4. Provide for the long-term sustainability of the Bank.

Responsibilities of the Board

The Board, supported by and acting through the staff of the Virginia Department of Transportation (VDOT) where appropriate, is responsible for the following:

1. Serve as the coordinator for all statutory, regulatory, and programmatic changes and modifications to the Bank.
2. Apply for and secure state appropriations and all other sums designated for deposit in the Bank from any source, public or private, including without limitation any federal grants, awards, or other forms of assistance eligible for deposit in the Bank, and as appropriate, seek the assistance and support of the Manager. Notify the Manager of the total amount of any state appropriation or other sum to be received within 30 days of notice of appropriation and/or award and, where sums are received by the Board, deposit such monies within 14 days following appropriation approval and receipt to the Bank.

3. Develop procedures necessary to comply with applicable state and federal legislation and regulations related to those matters assigned to the Board pursuant to the Act and affecting the Bank and the financing of Costs of Projects thereunder. Assure that approved Projects conform to state and federal laws and regulations related to those matters assigned to the Board pursuant to the Act.
4. Develop and maintain eligibility and scoring guidelines for Projects to be considered for Grants, Loans and/or Other Financial Assistance as required by the Act.
5. Provide the Manager 14 days advance notice and copies of materials for meetings of the Board in which proposed policies or procedures regarding the Bank are to be presented. Advise the Manager within 14 days of Board action regarding policies or procedures with respect to the Bank.
6. Consult with the Manager regarding funding availability to determine the types and amounts of Grants, Loans and/or Other Financial Assistance to be considered for funding during any fiscal year and establish any funding caps and program allocations.
7. Review all applications for Grant, Loans and/or Other Financial Assistance to determine minimum eligibility pursuant to the Act. Provide the Manager with copies of all applications meeting the minimum requirements within 30 days of receipt.
8. Provide the Manager with copies of all correspondence between the Board and any Eligible Borrower or Project Sponsor occurring after the Board's approval of the Eligible Borrower or Project Sponsor's eligibility for Grants, Loans or Other Financial Assistance.
9. Score, in conjunction with the Manager, the applications based on the current scoring criteria.
10. Establish the VTIB advisory panel as defined in the VTIB Guidelines to review and recommend actions on applications of the Bank.
11. Consider each application recommended by the VTIB advisory panel for award and approving or denying as determined.
12. Following Board action, publish the scores and Board action of each application.
13. Transfer funds to the Manager equal to the amount anticipated to be disbursed in six month intervals based on the approved Grants, Loans or Other Financial Assistance. Additional transfers to the Manager may be made if actual draw requests exceed the anticipated amount.

14. Assure that all Grant, Loan and Other Financial Assistance drawdown requests are supported by expenditures that are reasonable and necessary for the completion of an approved project in accordance with applicable laws and regulations by reviewing the recipient's Project records, and by having onsite and final Project inspections conducted as needed. Develop with the Manager, the necessary requisition processes and authorizations for disbursement of proceeds by the Manager and recording of such transactions in the Commonwealth's financial management system.
15. In consultation with the Manager, provide advice regarding proposed updates or changes to a Project Obligation, including, without limitation, Grant, Loan and Other Financial Assistance amount changes.
16. Review the Bank annual budget, as prepared by the Manager, and provide comments to the Manager at least two weeks prior to submittal to the Manager's Board of Directors (the "Manager Board") (which typically occurs on or about May 1 of each year).
17. Establish and maintain fiscal controls, accounting, and audit procedures for the Bank that conform to generally accepted accounting principles and are consistent with state and federal laws and regulations. Maintain all fiscal and financial records that will identify all cash flow activity of the Bank, and prepare all financial reports for the same.
18. Maintain reporting data necessary to assist the Manager with its semiannual reporting requirements under the Act on the activities of the Bank.

Responsibilities of the Manager

1. In accordance with policies and guidelines established by the Board and the Manager for administration of the Bank program, determine the structure of the Loans and Other Financial Assistance to be made to Eligible Borrowers or Project Sponsors from the Bank, including the interest rates, repayment terms, and other financial and security conditions thereof, and approve the type and sufficiency of the security pledged by Eligible Borrowers or Project Sponsors to secure the Loans and Other Financial Assistance from the Bank. The Manager may provide that Project Obligations evidencing the Loans and Other Financial Assistance be tax-favored if permitted under federal tax law and regulations.
2. Verify that the Project for which a Governmental Entity has submitted an application seeking a Grant cannot be financed on reasonable terms or would otherwise be financially infeasible without the Grant.
3. Comply with all federal and state laws and regulations governing the disbursement of funds to Loans and Other Financial Assistance recipients.

4. Following receipt from the Board of applications meeting minimum eligibility requirements for Project assistance, conduct a financial capability analysis on each applicant to determine the applicant's revenue generating and other repayment capabilities. Incorporate the results of this analysis in the scoring of the application for presentation to the VTIB Advisory Committee.
5. Coordinate the completion of the financial transactions for the Grants, Loans and Other Financial Assistance with the Board, the recipients, their consultants and their attorneys or other authorized representatives. Execute agreements evidencing Grants, Loans and Other Financial Assistance consistent with the Board's authorizations.
6. Accept revisions for any changes to a Project application following consultation with the Board as to Project eligibility and reasonableness of Project Costs.
7. Monitor and enforce recipient compliance with the terms of Project Obligations including loan repayment, default provisions, and periodic reporting requirements. In consultation with the Board, develop procedures and actions to be utilized in cases of Project Obligation default or violation of Project Obligation terms.
8. Develop with the Board, the necessary requisition processes and authorizations for disbursement of proceeds by the Manager. All Grant, Loan and Other Financial Assistance drawdown requests must be approved by the Board prior to disbursement.
9. Employ such officers, employees, agents, advisers and consultants, including without limitation, attorneys, financial advisors, and other advisors and public accountants and determine their duties and compensation and request reimbursement from the Board of reasonable costs and expenses incurred in the financial administration and management of the Bank.
10. Establish and collect reasonable fees from the Bank for management services consistent with the current cost allocation plan, attached as Exhibit A.
11. Participate in any Bank status meetings with the Board, Board staff and other appropriate entities.
12. Develop the Bank's annual budget based on anticipated Bank activity. Submit budget to the Board for review and comment 45 days prior to the Manager Board approval.
13. Report all budget, financial, and other appropriate Bank information in a timely fashion as required by the Act and any federal laws and regulations, if applicable. The Board shall be provided a 15-day review period for any such reports prior to their submission. Provide copies of all final reports to the Board and the Secretary of Finance.

14. Establish and maintain fiscal controls, accounting, and audit procedures for the Bank that conform to generally accepted accounting principles and are consistent with state and federal laws and regulations. Maintain all fiscal and financial records that will identify all cash flow activity of the Bank, and prepare all financial reports for the same. Provide monthly financial statements to the Board.
15. Promptly transfer Loan repayments or funds released from Other Financial Assistance and interest earned to the Bank. each month.

Responsibility of the Secretary

The Secretary shall receive information from the Board concerning the budgeted goals of the Bank and consider such information in proposals to the Governor for inclusion in each biennial or any supplemental budget of the Commonwealth of Virginia.

This agreement is effective upon signature by the parties and shall continue indefinitely. This agreement may be supplemented or amended only by a writing signed by the parties named herein or their successors. If any part of this Agreement shall be found by a court of competent jurisdiction to be unlawful, such part shall be severed from the Agreement, and the remainder of the Agreement shall remain in full force and effect.

In witness whereof, the parties have caused this Agreement to be executed as of the date first written above.

VIRGINIA RESOURCES AUTHORITY

By _____
Stephanie L. Hamlett, Executive Director

COMMONWEALTH TRANSPORTATION BOARD

By _____
Sean T. Connaughton, Chairman

SECRETARY OF FINANCE

By _____
Richard D. Brown, Secretary of Finance

EXHIBIT A
COST ALLOCATION PLAN

- I. Employee compensation will be allocated on an individual employee basis based on the number of hours associated with a Program Category, divided by the total number of hours worked in a given month, multiplied by monthly compensation. Compensation is defined as salary plus benefits.
- II. Compensation will be split between direct and indirect.
 - a. Direct compensation includes the following Program Categories:
 - i. General Fund (GF), which encompasses VRA Programs
 - ii. Virginia Water Supply Revolving Fund
 - iii. Virginia Water Facilities Revolving Fund
 - iv. Virginia Airports Revolving Fund
 - v. Virginia Dam Safety and Flood Prevention Fund
 - vi. Virginia Transportation Infrastructure Bank
 - b. Indirect compensation includes the following non-program categories:
 - i. General administrative activities
 - ii. Leave
 - iii. Non-program activities
- III. Indirect compensation (II. b. above) will be allocated to the six direct compensation Program Categories (II. A. above) based on their percentage of total direct compensation.
- IV. Non-personnel indirect costs will be allocated based on the percentage of direct labor hours associated with the six Program Categories.
- V. Direct expenses, such as bank charges and legal fees, are passed through to the Program.