

# Northern Virginia Transportation District Bond Program Defeasance Recommendation

## CTB Refunding Resolution

Laura Farmer, Chief Financial Officer

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# Northern Virginia Transportation District (“NVTD”) Program

- The General Assembly enacted legislation in 1993, which was amended in the 1994, 1998, 1999, 2002 and 2005 Regular Session that authorized the Transportation Board to issue Transportation Revenue Bonds in an amount of \$500.2 million plus an additional amount for issuance costs
- Bonds were issued in 1993, 1995, 1996, 1999, 2001, 2002 and 2009 totaling \$477.87 million
  - A portion of the 2009 bonds were issued as Build America Bonds
- CTB has taken advantage of refunding all outstanding bonds to maximize interests savings to date
- Remaining authorization is under review for issuance in the future
- Current issued bonds will be paid off in fiscal year 2034
- The NVTD Fund has two annual commitments required in the *Code of Virginia*.
  - \$20 million is transferred to the Washington Metropolitan Area Transit Authority Capital Fund
  - \$20 million is transferred to the Northern Virginia Transportation Authority Fund

# NVTD Bond Status and Future Refundings

- **Outstanding Bonds are Refunding Bonds** *(Amounts shown are reflective of amounts after the May 15, 2022 payment)*
  - Series 2012: \$16.1 million
  - Series 2016: \$10.4 million
  - Series 2019: \$37.0 million
- **The Fund has a few remaining project commitments along with the above debt service commitments but the Program has fulfilled its purpose and intent**
- **The 2012 Bonds are available for refunding as of May 15, 2022**
- **Due to the legislative commitments of the fund it is more advantageous to the Agency to defease the bonds instead of refunding the bonds**
- **To defease the 2012 bonds, CTB Approval is needed**

# Authorization of the Issuance of Refunding Bonds

- **Section 33.2-1727 of the Code of Virginia authorizes the Commonwealth Transportation Board (CTB) to issue revenue refunding bonds to refund any revenue bonds issued pursuant to the State Revenue Bond Act, Sections 33.2-1700 et seq. of the Virginia Code.**
- **Section 2.2-2416(7) of the Virginia Code, authorizes the Treasury Board to approve financing arrangements executed by state agencies, boards and authorities where the debt service on such financing arrangements are to be made from appropriations of the Commonwealth.**
- **The one month lag between CTB approval and the Treasury Board's approval entails the real possibility the anticipated savings might dissipate between board meetings.**

# Authorization of the Issuance of Refunding Bonds

- The draft resolution will address this issue by authorizing the issuance and sale of revenue refunding bonds that achieve present value savings as set forth in the Treasury Board Debt Structuring and Issuance Guidelines or such other threshold as may be approved by the Treasury Board (Treasury Guidelines).
- The final maturity of the refunding bonds shall not exceed the final maturity on the bonds refunded, and the amortization of the bonds shall also be structured in accordance with the Treasury Guidelines.
- The resolution further authorizes VDOT staff (a) to request the Treasury Board to approve the terms and structure of the bonds in accordance with Section 2.2-2416(7) of the Code, and (b) to request the Governor to approve the issuance of the bonds.
- The draft resolution will replace the June 17, 2020 adopted resolution which had a sunset date of June 30, 2022. The authority to issue revenue refunding bonds pursuant to this resolution terminates on June 30, 2024.

# Next Steps

- **Resolutions will be presented for consideration at the June Meeting**
  - **If approved, a defeasance notice will be provided to bond holders and NVTD fund balance will be used to defease the 2012 Bonds in early FY 2023**
  - **Refunding opportunities would be authorized for a two year period.**