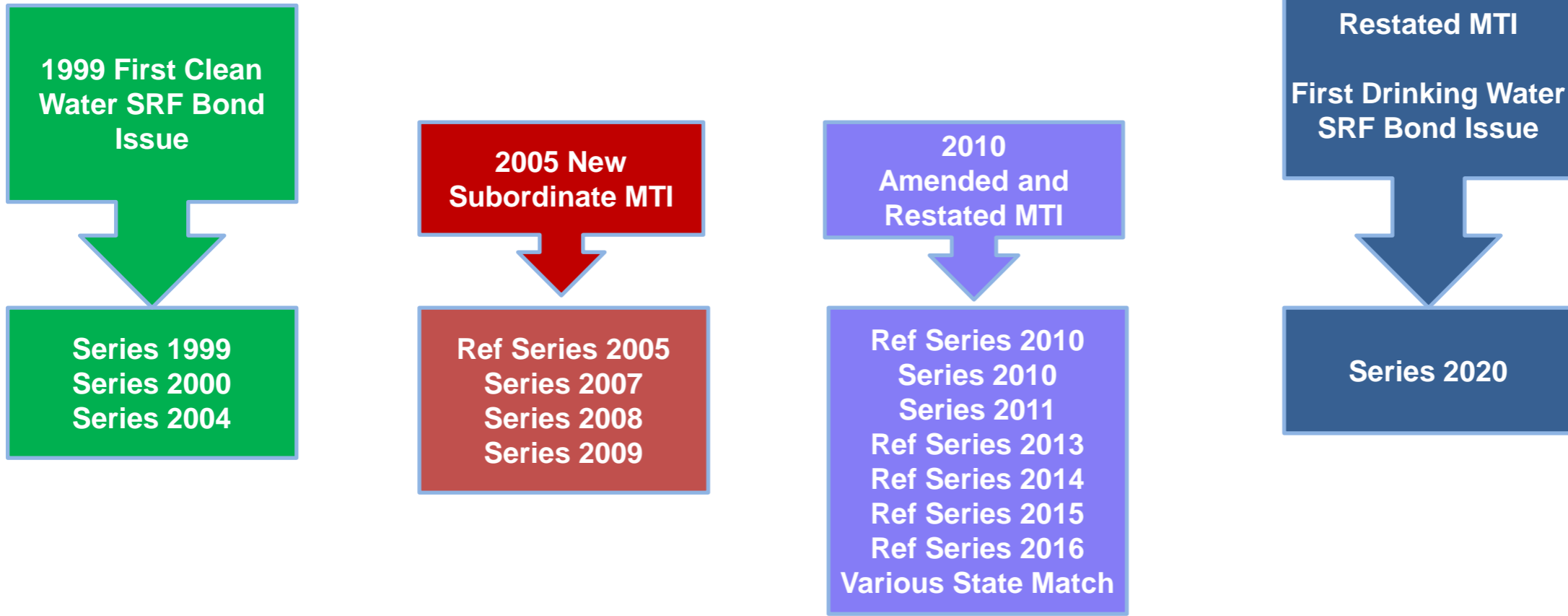


2021 CIFA SRF Workshop

Leveraging 2.0 and Beyond

Virginia Leverage History



Master Trust Indenture Amendment Provision

VRA and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of this Master Indenture or any Supplemental Series Indenture for any one or more of the following purposes:

(j) To make any changes to insert any provision into or delete or amend any provision of this Master Indenture or any Supplemental Series Indenture provided that such insertion, deletion or amendment is (i) permitted by the Clean Water Act and the Act and ***** (ii) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Rating Agency**

*** Ratings maintenance provision for amendments

Other Options

- Close a Master Trust Indenture and enter into a new Master Trust Indenture
 - Senior/Subordinate
- Majority (or some higher level) bond holder consent
 - Typically, new bond purchasers consent to the amendment
 - May take time to implement

2020 Master Trust Indenture Change Objectives

- #1 Add Drinking Water SRF leverage program within the same MTI
 - Issue a single bond series with the proceeds allocated between the two programs
- Cross-collateralize Clean Water SRF and Drinking Water SRF programs
 - Strength of Clean Water SRF essential to Drinking Water SRF leverage program
- Streamline State Match Bond issuance
- Simplify flow of funds
- Improve mechanics
- Clarify and outline requirements for managing the underlying loan portfolio
 - Pledging/de-pledging, substituting, amending, and accepting prepayments


Achieved greater flexibility for the programs and ability to meet participant needs

Program Updates

Old Approach	New Approach
Clean Water SRF Bonds	SRF Bonds to fund both Clean Water and Drinking Water SRF loans
Hybrid with a reserve model bias	Hybrid with a cash flow model bias
Leverage loan vs. Direct loan	Pledged vs. not Pledged
Issue separate state match bonds	Issue SRF bonds; allocate state match bond portion
Direct loan interest only for state match bond repayments	All pledged loans interest and reserve fund earnings for state match bond repayments
Issue before closing SRF loans and fund specific loans with 100% bond proceeds	Bond proceeds can be used to either reimburse for previously closed loans or any new qualifying loans
SRF Bond all-in TIC defined market rate for all Leverage loans	Consistent rate setting for all interest bearing loans, with rates set a month prior to loan closing

Other Considerations

- Make certain that underlying loans are eligible to receive bond proceeds
 - Flexibility to fund projects that do not meet tax-exempt financing qualifications
- Large borrower concentration concerns
- Bond proceeds reimburse program for prior loan disbursements
 - Better manage spend down requirements
 - Issue bonds when cash is needed
 - Avoids over leveraging
 - More necessary now with ARPA and potential infrastructure bill shifting project funding sources
- Consider how WIFIA/SWIFIA may plug-in
- Talk to other SRF program managers in addition to municipal advisor and underwriters



Shawn B. Crumlish
Director of Financial Services
804-616-3445
scrumlish@virginiaresources.org

VRA VIRGINIA
RESOURCES
AUTHORITY