



## **Federal Transportation Grant Anticipation Revenue Notes (“GARVEEs”), Series 2012B**

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# GARVEE Program Overview

- ❑ **Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Act was enacted by the General Assembly in 2011:**
  - Successor program to existing indirect FRANs authorized in 2000.
  - No additional new money FRANs may be issued.
  
- ❑ **Authorizing legislation caps outstanding FRANs and GARVEEs at \$1.2 billion and the GARVEEs are expected to be a revolving program.**
  
- ❑ **The CTB has issued approximately \$1.1 billion of FRANs, of which \$176.6 million remain outstanding – all FRANs will be paid off by September 2015**

## GARVEE Sales

- **The CTB sold its first issuance of GARVEEs in February 2012**
  - \$298 million to support the Downtown Tunnel/Midtown Tunnel/Martin Luther King Expressway
  - 15 year term
  - All in TIC of 2.40%
  
- **The second sale planned for June/July to support:**
  - I-95 Express Lanes – up to \$100 million (current est. \$92 million)
  - Downtown Tunnel/Midtown Tunnel/Martin Luther King Expressway - \$50 million

# Authorization and Legal Framework

- ❑ **Chapter 830 and 868 of the Acts of Assembly of 2011 authorized the issuance of \$1.2 billion of GARVEEs.**
  - Amended the existing authorization for Federal Reimbursement Anticipation Notes (FRANs) to enable the CTB to issue GARVEEs.
  - Limited to a maximum of \$1.2 billion of GARVEEs and FRANs outstanding at any given time.
  - The CTB has issued three series of FRANs (\$1.1billion), of which \$176.5 million is currently outstanding and will be paid off by FY 2016.
  - Prohibits additional issuance of FRANs.
  - The CTB has issued one series of GARVEEs for \$298 million, all of which is currently outstanding.
  
- ❑ **Memorandum of Agreement**
  - Approved by Federal Highway Administration in December 2011.
  - Will update the approved projects list to include I-95.

# GARVEE and FRAN Authorization

## GARVEEs & FRANs Bond Authorization Summary

(in millions)

Authorized	\$	1,200
Less: FRANs Outstanding (as of May 2012)		176
GARVEEs Outstanding (as of May 2012)		298
Planned GARVEEs (July 2012)		150
Available Capacity (July 2012)	\$	576

# Debt Service for the GARVEE Bonds

- ❑ **The Virginia GARVEE bonds are secured first by project specific federal reimbursements and then by,**
  - Legally available revenues from the TTF.
  - Other such funds designated by the General Assembly for such purposes.
  
- ❑ **Actual federal reimbursements for FFY 2011 were \$1.1 billion.**
  
- ❑ **The estimated average annual debt service for the Series 2012A and Series 2012B GARVEE issue is \$39.7 million.**

# The Market for GARVEE Transactions

Issuer	Commonwealth Transportation Board	Idaho Housing and Finance Association	Distict of Columbia	Arizona Transportation Board
<b>Underlying Ratings (M/S/F)</b>	Aa1/AA/NR	Aa2/NR/A+	Aa2/AA/NR	Aa2/AA/AA
<b>Pricing Date</b>	2/15/2012	7/13/2011	2/2/2011	1/12/2011
<b>Security</b>	Federal Funds and Certain State Funds	Stand Alone	Stand Alone	Federal Funds and Certain State Funds
<b>Series</b>	2012A	2011A	2011	2011A
<b>Par (in millions)</b>	\$297.59	\$72.93	\$82.61	\$158.59
<b>Structure</b>	Serial Bonds 2012-2027	Serial Bonds 2012-2026 and Term Bonds in 2029	Serial Bonds 2011-2025	Serial Bonds 2016-2026
<b>Final Maturity (years)</b>	15	18	15	11
<b>All-in-Rate</b>	2.40%	4.61%	3.90%	4.19%

# Commonwealth Transportation Board: Federal Transportation Grant Anticipation Notes, Series 2012B

## Summary Terms of Offering\*

<b>Issuer</b>	Commonwealth Transportation Board
<b>Project</b>	I-95 Express Lanes and Downtown/Midtown Tunnel/MLK Expressway
<b>Anticipated Ratings</b>	Double-A Category
<b>Pricing Date</b>	July 2012
<b>Security</b>	The Series 2012 B bonds are payable from and secured by revenues (i) first, from Project specific reimbursements, (ii) legally available revenues from the TTF, and (iii) from other such funds designated by the General Assembly for such purposes.
<b>Par (in millions)</b>	\$150.0
<b>Structure</b>	Serial Bonds 2013- 2027
<b>Final Maturity (years)</b>	15

\* Preliminary and subject to change



## Next Steps for Virginia's Second GARVEE Issue

Update MOA with FHWA (May)



Ratings Requests (June)



Treasury Board Approval (June)



Pricing and Sale (June/July)



Planned Closing (July)