



FEDERAL TRANSPORTATION GRANT ANTICIPATION NOTES

Series 2024

| Laura Farmer, Chief Financial Officer

June 17, 2024

Federal Transportation Grant Anticipation Notes (“GARVEEs”), Series 2024

Summary of the Terms of Offering*	
Issuer	Commonwealth Transportation Board
Projects	Project with GARVEE allocations in a Six-Year Improvement Program (“SYIP”) previously approved by the CTB on advancing projects
Anticipated Ratings	Double-A Category
Pricing Date	October 2024
Security	The Series 2024 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.
Par (Project Fund Deposit sought)	\$123.1 million (\$137 million)*
Structure	Serial Bonds, Level semi-annual debt service
Final Maturity (in years)	15

* Preliminary and subject to change.

GARVEE Program Overview

Chapter 830 and 868 of the Acts of Assembly of 2011 authorized issuance of \$1.2 billion of GARVEEs

- Successor program to Federal Highway Reimbursement Anticipation Notes (FRANs) authorized in 2000**
- Limits outstanding GARVEEs to \$1.2 billion**
- Limits maturity to 20 years**
- Secured first by project specific federal reimbursements and then by:**
 - Legally available revenues from Transportation Trust Fund (TTF)
 - Other such funds designated by the General Assembly for such purposes

Memorandum of Agreement (MOA) with Federal Highway Administration (FHWA) for GARVEE program was executed in December 2011 and updated in August 2017

Exhibit A of MOA identifies approved GARVEE supported projects and is updated as the projects in the SYIP are reflected or modified

GARVEE Issuances to Date

The CTB has issued seven series of GARVEEs from 2012 to 2020

Issuances have totaled just more than \$1.3 billion over that period

GARVEEs have supported Downtown and Midtown Tunnels, Martin Luther King Expressway, I-95 Express Lanes, Route 460 Corridor Development Project, I-495 Express Lanes Shoulder Use

Beginning in 2017 through 2020 sale, GARVEEs were used to support projects selected through SMART SCALE

Proceeds from the 2024 issue will provide continued support to projects that received prior GARVEE allocations

Debt Service for GARVEE Bonds

Virginia's GARVEE bonds are secured by

- (i) project specific federal reimbursements
- (ii) legally available revenues from the Transportation Trust Fund (TTF)
- (iii) other such funds designated by the General Assembly for such purposes

Bond issuances are limited:

Maximum outstanding amount cannot exceed \$1.2 billion

Debt service must have 4x coverage

After this sale:

Outstanding GARVEEs - \$746.9 million

Minimum debt service coverage – 8.5x

Sale anticipated for October 2024 and the project fund deposit is estimated to be \$137 million

Recent GARVEE Transactions

	CTB	Kentucky Asset/Liability Commission	State of Louisiana	State of Ohio	Maine Municipal Bond Bank (Maine DOT)	Alabama Federal Aid Highway Finance Auth.	State of North Carolina	Florida Department of Transportation
Ratings	Aa1/AA+/AA+	2024: -/AA/- 2023: -/AA/-	-/AA/-	Aa2/AA/-	A2/AA/-	Aa2/AAA/-	A2/AA/A+	A1/AA/A+
Pricing Date	9/1/2020	2024: 5/8/2024 2023: 6/6/2023	8/15/2023	11/9/2022	10/25/2022	10/6/2021	08/25/2021	02/10/2021
Method of Sale	Negotiated	2024: Negotiated 2023: Competitive	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated	Competitive
Par (\$MM)	\$100.76	2024: \$107.0 2023: \$54.84	\$225.89	\$114.36	\$47.175	\$1,516.610	\$252.595	\$118.885
Additional Security	Discretionary Pledge of TTF Revenues and Other Funds (subject to appropriation)	Stand Alone	Stand Alone	Other Lawfully Available Funds, Including State Highway Fund Monies	Stand Alone	State's share of Gasoline Tax Revenues	Stand Alone	Stand Alone
Use of Proceeds	New Money	2024: Refunding 2023: Refunding	New Money	New Money	New Money	2021A: New Money 2021B: Refunding	New Money	New Money
Final Maturity (Years)	15 years	2024: 3 years 2023: 2 years	12 years	12 years	12 years	16 years	15 years	11 years

Next Steps

CTB Approval (July)

Rating Agency Updates (August)

Treasury Board Approval (August)

Receive Ratings (September)

Governor's Approval (September)

Price and Close (October)

ONGOING ISSUANCE AND SALE OF REVENUE REFUNDING BONDS

July 1, 2024 through June 30, 2026

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Revenue Refunding Bonds

Section 33.2-1727 of the Code of Virginia of 1950, as amended authorizes the Commonwealth Transportation Board to issue revenue refunding bonds to refund any bonds issued pursuant to the State Revenue Bond Act (Sections 33.2-1700 et seq. of the Code of Virginia)

Historically, CTB debt is structured with an optional 10-year call date (optional redemption) so approximately 10 years after debt is issued, it is eligible for refunding if is in the best interest of the Commonwealth

Department staff along with our Financial Advisor, monitor all outstanding maturities to identify refunding opportunities and notify the Board Chair

The existing resolution was approved on June 21, 2022 and will terminate on June 30, 2024

Resolution Authorizing Revenue Refunding Bonds

Allows for the refunding of some or all of the outstanding bonds from time to time (between July 1, 2024 to June 30, 2026) as long as the following conditions are met:

- (i) Minimum debt service savings threshold for any series of bonds shall be**
 - (a) no less than three percent (3%) savings on a present value basis compared to the existing debt service on the refunded bonds or
 - (b) such other threshold as may be approved by the Treasury Board of the Commonwealth
- (ii) The final maturity date of the refunding bonds must not be later than the final maturity date of the refunded bonds**

Revenue Refunding Bonds

Once a refunding opportunity is identified, the Chairperson will submit a memo to the Board identifying the refunded bonds and disclosing the proposed terms and structure of the bonds including all details needed to demonstrate the bonds are expected to satisfy the necessary criteria

Within 60 days following each date of issuance, the Chairperson will submit a report to the Board that:

- (i) Identifies the bonds actually refunded
- (ii) Describes the final terms and conditions
- (iii) Demonstrates that the required criteria set forth in the resolution were satisfied

Effective July 1, 2024 and will terminate on June 30, 2026

Resolution for consideration is provided with this month's Action Meeting Agenda