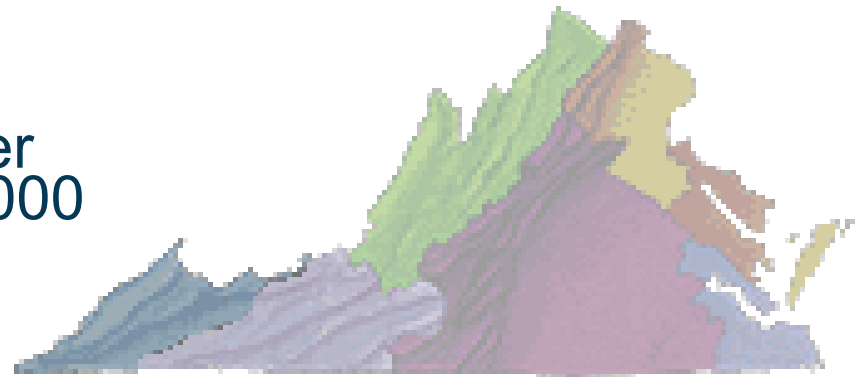


Virginia Resources Authority: Drinking Water Project Funding

September
2025

VRA History in the Commonwealth

- Created by General Assembly in 1984
- 40+ years of underwriting experience
- Provides low-interest loans to municipalities
- Finances municipal facilities, equipment & infrastructure
- Since inception, invested over \$12 billion in funding over 4,000 projects across the Commonwealth



VRA Assigned Project Areas

Public Safety	Transportation	Wastewater	Flood Prevention and Dam Safety	Solid Waste
Water	Federal Facility Development	Brownfield Remediation and Redevelopment	Airports	Land Conservation and Preservation
Broadband	Parks and Recreation	Local Government Buildings	Energy	Site Aquisition and Development for Economic and Community Development
Administrative and Operations Systems	Oyster Restoration	Defective Drywall Correction and Restoration	Dredging	Housing

Water Projects and Funding Options

Types of Water Projects

- Water treatment plants
- Distribution systems
- Water storage tanks
- Pump stations
- Related appurtenances

What programs fund water projects?

- Drinking Water State Revolving Fund (DWSRF)
- Virginia Pooled Financing Program (VPFP)
- Virginia Local Government Direct Loan Program



Drinking Water State Revolving Fund

- **Eligibility:**
 - Governmental borrowers and eligible private systems
 - Program co-managed with the Virginia Department of Health
- **Cost of funds:**
 - 50 to 100 basis points below market (fixed rate)
 - Disadvantaged borrowers eligible for principal forgiveness (grants)
- **Loan terms:**
 - Up to 30 years after the estimated project completion date
 - Level debt service (semi-annual)
- **Application period:** Once annually
- **Total financed:** Almost 600 projects for over \$600 million since 1998
- **Program-specific information:**
 - Federal capitalization grants
 - Additional federal requirements for the program

Virginia Pooled Financing Program

- **Eligibility:**
 - Governmental borrowers
- **Cost of funds:**
 - “AAA”/“AA” rates
 - Shared costs of issuance among a pool of borrowers
- **Loan terms:**
 - Fixed rate up to 30 years
 - Custom-tailored to meet borrower financial objectives and policies
- **Application period:** 3 bond issuances per year
- **Total financed:**
 - Over \$6 billion since 2003
 - 400+ projects across various project areas (primarily public safety, water, wastewater, local government buildings, parks & recreation, etc.)

Virginia Local Government Direct Loan Program

- **Eligibility:**
 - Governmental borrowers
- **Loan amount:**
 - \$250,000 to \$750,000
- **Cost of funds:**
 - Market rates
 - Issuance costs may include VRA lender's counsel, borrower counsel, and financial advisor fees
- **Loan terms:**
 - Fixed rate up to 30 years
 - Short-term financing option
- **Application period:** Rolling
- **Total financed:**
 - Approved by VRA Board of Directors in FY2024

Overall Loan Process

- **Applications:**
 - DWRSF located on the VDH website
 - VPFP and Direct Loan Program located on VRA website
- **Loan Underwriting:**
 - Subject to VRA underwriting criteria
 - Current audited financial statements required for all programs
 - Typical loan security structure:
 - Water/sewer system revenue pledge
 - General obligation
 - Moral obligation pledge (supplements revenue pledge)
 - Additional closing conditions may be required
- **Loan closings:**
 - Bond counsel required for each borrower
 - Drinking Water State Revolving Fund driven by project readiness
 - VPFP interest accrues on the entire loan amount

Water Projects - Program Comparison

Criteria	DWSRF	VPFP	VRA Direct Loans
Eligible borrowers	Local governments and some private systems	Local governments	Local governments
Competitive applications?	Yes, limited resources	Not competitive	Limited dollars available, but rolling applications
Application frequency	Once annually	Three times annually	Rolling
Application amount	Not specified	Minimum of \$750,000	\$250,000 to \$750,000
Loan term	Up to 30 years	Up to 30 years	Up to 30 years

Water Projects - Program Comparison (continued)

Criteria	DWSRF	VPFP	VRA Direct Loans
Interest rate	50 to 100 bps below market	Market	Market
Principal forgiveness	Yes, potential for some borrowers	No	No
Current audit requirements	Yes	Yes	Yes
Accrued interest	Only on drawn loan amount	Entire loan amount	Only on drawn loan amount
Procurement requirements	Virginia Public Procurement Act and additional Federal requirements	Virginia Public Procurement Act	Virginia Public Procurement Act

Questions?

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