



Northern Virginia Transportation Commission

Virginia Pooled Financing Program – Revenue Pledge –Terms and Conditions

Below is an outline of the proposed principal terms and conditions for the type of financing requested in the Northern Virginia Transportation Commission application for funding from the spring Series 2018 Virginia Pooled Financing Program (“VPFP”), which has been authorized by the Credit Committee of Virginia Resources Authority (“VRA”), subject to receipt and satisfactory review of the City of Manassas Park fiscal year 2016 audited financial statements. The final terms and conditions will be set forth in the Local Bond Sale and Financing Agreement between VRA and the Northern Virginia Transportation Commission, which will be executed in advance of the VPFP spring Series 2018 bond issue pricing in May 2018. The following proposed terms are valid through June 30, 2018.

Borrower:	Northern Virginia Transportation Commission (the “Borrower”), as co-owner of the Virginia Railway Express (“VRE”), the provisions for which are detailed in the Master Agreement for Provision of Commuter Rail Services in Northern Virginia document originally dated October 3, 1989, as amended (the “Master Agreement”).
Amount:	Requested proceeds of up to \$52,000,000 plus costs of issuance and an amount sufficient to provide for the below-referenced local debt service reserve fund, if debt financed. (Any changes in the Requested Proceeds amount should be submitted no later than March 23, 2018)
Purpose:	To refinance the Borrower’s promissory note payable to the Federal Railroad Administration issued in fiscal year 2008, together with related expenses (the “Project”).
Security:	Gross pledge of Borrower revenues properly allocable to VRE in accordance with generally accepted accounting principles or resulting from the ownership or operation of VRE, specifically including: (1) fares and other operating revenues, (2) contributions to costs of VRE by the below defined Participating Jurisdictions and Contributing Jurisdictions, (3) federal, state, and local grants, subsidies, or other governmental revenues received with respect to VRE that can be legally pledged and (4) any investment or other income allocable to VRE that can be legally pledged (collectively, the “Gross Revenues”); Equity or debt-funded local debt service reserve equal to \$2,000,000 to be held by the VPFP trustee and if equity funded, the local debt service reserve requirement may be

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funded in four annual installments of \$500,000 on each July 1 in 2018, 2019, 2020, and 2021;

Moral obligation pledges as described below.

Moral Obligation Pledges:

Moral obligation pledges of the Counties of Fairfax, Prince William, Stafford, and Spotsylvania, and the Cities of Fredericksburg, Manassas, and Manassas Park (collectively, the “Participating Jurisdictions”) evidenced in resolutions of the governing body of each locality that acknowledge and consent to the following: (1) the issuance of the proposed debt, (2) VRA’s treatment of the Master Agreement and the related, subject to appropriation, financial responsibilities of the Participating Jurisdictions as a “local obligation” within the meaning of Section 62.1-199 of the Code of Virginia of 1950, as amended, which will enable VRA to invoke the “state-aid intercept” in the event of a non-payment under the master agreement that results in a payment default on the proposed VRA loan, and (3) VRA’s status as a third party beneficiary of the Master Agreement;

It is understood that the County of Arlington and the City of Alexandria (collectively, the “Contributing Jurisdictions”) are not providing moral obligation support for the proposed loan.

Rate Covenant:

Net revenues available for debt service consisting of Gross Revenues less cash-based operating and maintenance expenses (“Net Revenues Available for Debt Service”) shall be 100% of Borrower’s annual debt service on the proposed loan and any other debt obligations secured by a pledge of Gross Revenues, inclusive of contributions from the Participating Jurisdictions and Contributing Jurisdictions (the “Rate Covenant”); it is understood that debt obligations secured by a leasehold interest in property are excluded from the rate covenant calculation.

In the event that the Borrower does not meet the Rate Covenant based on results of the Borrower’s annual audited financial statements, the Borrower agrees to take immediate action to adjust the VRE budget to restore compliance with

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the Rate Covenant, including adjusting revenues and / or expenses and / or taking action under Section III(D) of the Master Agreement to seek supplemental appropriations from all Participating Jurisdictions that provided funding in support of VRE in the then current budget year and the most recent prior fiscal year.

Qualified Independent Consultant Report:

If as of the end of any fiscal year, the Borrower is not in compliance with the revenue covenant, the Borrower will within 30 days of receipt of the annual audited financial statements request a consultant report with recommendations to bring the Borrower into compliance with the rate covenant.

Liquidity Covenant:

Borrower covenants to maintain no less than 90 days of budgeted annual cash operating expenses (excluding budgeted annual debt service) in unrestricted cash as a working capital reserve fund (the “Working Capital Reserve Fund Requirement”); VRA will test compliance as of the end of the Borrower’s fiscal year (each June 30) based on audited financial statements, and if at any time during the life of the proposed loan the Borrower maintains an amount less than the Working Capital Reserve Fund Requirement, the Borrower covenants to replenish the related, unrestricted cash balance to the Working Capital Reserve Fund Requirement within six months of completion of the audited financial statements that showed non-compliance.

Parity Provisions:

In addition to the necessary local approvals required to issue additional debt, the Borrower may issue parity bonds on behalf of VRE provided that while the proposed VRA 2018 loan is outstanding: (1) Borrower provides evidence of compliance with the Rate Covenant in each of the five most recently audited fiscal years, (2) Borrower provides evidence of compliance with the Working Capital Reserve Fund Requirement in each of the five most recently audited fiscal years, and (3) Borrower will provide a third-party independent consultant certification that during the first three complete fiscal years following the completion of the improvements to be financed with the parity debt, the projected Net Revenues Available for Debt Service will be sufficient to meet the Rate Covenant; it is understood that the

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independent consultant may use the Borrower's six-year plan as the basis for projected Net Revenues Available for Debt Service.

Other Conditions:

Notice to VRA prior to the pricing of the VPFP spring Series 2018 bond issue if the Borrower becomes aware of any threatened or filed litigation with respect to the Project¹;

Notice to VRA of intent to participate in the VPFP spring Series 2018 bond issue no later than March 30, 2018² through the execution of the Borrower's Local Bond Sale and Financing Agreement related to the proposed loan;

Loan commitment is contingent on receipt and satisfactory review of the fiscal year 2016 audited financial statements of the City of Manassas Park.

Other Highlighted Documentation:

Certified copies of the Borrower, Potomac and Rappahannock Transportation Commission, Participating Jurisdictions, and Contributing Jurisdictions local resolutions authorizing the proposed financing.

Legal Opinions:

Customary opinions as to authorization, validity, no litigation, and no private activity and other matters requested by VRA

General Covenants:

To include those customary for these types of transactions, including events of taxability and others that are appropriate in the context of the financing

Payment Dates:

April 1 - Interest
October 1 – Principal and interest

Final Local Bond Maturity:

No later than October 1, 2032

¹ In the event of threatened or filed litigation with respect to the Borrower or the Project, VRA reserves the right to withdraw or alter the terms of this commitment in its sole discretion.

² If a material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, application and other information furnished to VRA between the date of the Borrower's loan application to the VPFP and the VPFP bond pricing, VRA reserves the right to withdraw or alter the terms of this commitment in its sole discretion.

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VRA Loan Origination Fee:	12.5 basis points of par amount and added to costs of issuance (not to exceed \$25,000)
Annual Administrative Fee:	12.5 basis points of outstanding principal and payable semi-annually
Annual Pass-through fees:	Annual trustee fees; allocable costs associated with arbitrage rebate calculations

Acknowledgement:

The foregoing terms and conditions are hereby acknowledged the _____ day of _____, 2017 / 2018.

By: _____

Its: _____

VRA Contact:

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