Safeguarding Tomorrow Revolving Loan Fund
Intended Use Plan
Resilient Virginia Revolving Loan Fund

DCR VRA Virginia Resources Authority

I. Introduction

1.1. Status of the Virginia Safeguarding Tomorrow Revolving Loan Fund

Summary of Intended Use Plan Purpose

The Virginia Intended Use Plan (VIUP) provides information to potential loan recipients and other interested parties about goals for the Resilient Virginia Revolving Loan Fund (RVRLF), an overview of eligible project types, the criteria for the distribution of loans, and the process for management of the loan fund. The VIUP is effective for Federal Fiscal Year 2023 Safeguarding Tomorrow Revolving Loan Fund (STRLF) Program.

The RVRLF was established in 2022 by the General Assembly of Virginia: §§ 62.1-199 and 62.1-203 of the Code of Virginia were amended and reenacted and Chapter 6 of Title 10.1 10.1-603.28 through 10.1-603.40 of the Code of Virginia was amended.

The RVRLF will provide funding for the following:

> (i) home upgrades for resilience purposes, home buyouts necessary for the construction of mitigation or resilience projects, relocations, and buyout assistance for homes, all including multifamily units;
>
> (ii) gap funding related to buyouts in order to move residents out of floodplain hazard areas and restore or enhance the natural flood mitigation capacity of functioning floodplains;
>
> (iii) assistance to low-income and moderate-income homeowners to help lower flood risk through structural and nonstructural mitigation projects, or other means;
>
> (iv) loans and grants to persons for hazard mitigation and infrastructure improvement projects for resilience purposes; and
>
> (v) projects identified in the Virginia Flood Protection Master Plan or the Virginia Coastal Resilience Master Plan.

All projects, regardless of funding sources, will meet the eligibility requirements of the RVRLF.

Entity responsible for emergency management and programmatic oversight

Title 44. Military and Emergency Laws » Chapter 3.2. Emergency Services and Disaster Law » § 44-146.18. Department of Emergency Management; administration and operational control; coordinator and other personnel; powers and duties establish the Department of Emergency Management as the agency responsible for emergency management in the commonwealth of Virginia. The Virginia Department of Emergency Management (VDEM) is hereafter designated as the Entity for the purposes of this VIUP and will have programmatic oversight for administering the fund.

Financial Administration

Virginia Resources Authority (VRA), established in 1984 as a public body corporate and as a political subdivision of the Commonwealth of Virginia (Chapter 21 of Title 62.1 of the Code of Virginia, as amended), will be responsible for certain financial aspects of the Fund.

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Pursuant to § 10.1-603.29. Resilient Virginia Revolving Fund. . . The Fund shall be administered and managed by the Authority as prescribed in this article, subject to the right of the Department of

Conservation and Recreation (DCR), following consultation with the Authority, to direct the distribution of loans or grants from the Fund.

VDEM in coordination with DCR and VRA, will have collaborative financial administration of the fund for projects specifically funded through STRLF funds.

Financial Management of all Fund Components

In addition to managing a municipal pooled financing program, VRA serves as the financial administrator for a number of federal and state capitalized funds, including the Clean Water and Drinking Water State Revolving Funds. VRA maintains separate cash or investment accounts for each program. The existing loan and grant tracking software allows for program level and funding source tracking, including entity share, loan repayment revenue and interest. Financial statements for each fund are available in VRA's Annual Comprehensive Financial Report. Several programs have sub-accounts for additional accounting detail as needed.

Entity Priority Setting and Oversight

VDEM will lead efforts for and coordinate with DCR to establish project priority scoring, application review, and convene an advisory panel for financial assistance awards. VDEM currently serves on the state Resiliency Coordination Working Group and remains engaged and aware of state resiliency collaboration efforts.

Provide the name of the other revolving loan fund(s) with which financial administration would be combined.

Financial administration for STRLF funds, federal and state match, will be managed with the Resilient Virginia Revolving Fund (RVRF) (§ 10.1-603.29, Code of Virginia). RVRLF is a new fund created by the Virginia General Assembly in 2022 with an initial capitalization of $25 million.

1.2. Updates for Fiscal Year (YEAR) Safeguarding Tomorrow Revolving Loan Fund

First year application - NA

II. Uses of the Entity Safeguarding Tomorrow Revolving Loan Fund

2.1. Entity Program Objectives

Hazard Reduction for Localities in Need of Financial Assistance

VDEM recently solicited, reviewed, and supported project applications for the Building Resilient Infrastructure and Communities (BRIC) grant program, and Flood Mitigation Assistance (FMA) grant programs. One of the challenges of these grant programs, is meeting the non-federal cost share. One of the benefits of STRLF, is that it can offset the non-federal cost share of these grant projects. While FEMA will not announce the selected projects until after the application deadline, due to the timeline of the grant application, these will be the project pool considered for funding. VDEM sent out a survey on

March 13th to local governments and stakeholders, to get information on interest in the STRLF and if they have the financial capacity to administer and repay any loans received through this program. VDEM and DCR reviewed responses, and then prioritized the BRIC and FMA applications based on the most vulnerable communities. Virginia identified 41 communities in 2021 with the highest population vulnerability and flood risk, and held sub-regional workshops to help with technical assistance.

The STRLF will fund residential elevations, dam adaptation projects, localized flood control projects, and critical infrastructure protection projects. These projects were evaluated for cost effectiveness, and are determined to reduce future risk of flooding.

2.2. Entity Program Goals

VDEM considers the Flood Mitigation Assistance (FMA) and Building Resilient Infrastructure in Communities (BRIC) grant programs to be essential in achieving the long-term goals of reducing risk to life and property in Virginia. Within the state are many localities with on-going challenges relating to consistent flooding events and threats to critical municipality infrastructure. Therefore, funding from these grants is considerably valuable in reducing these challenges and avoiding future losses due to severe storms and other disasters.

2.2.1. Connection to Other Plans and Goals

Integration of Planning Efforts for Mitigation of Disasters

The Commonwealth of Virginia Hazard Mitigation Plan (COVHMP) just recently went through a revision, has been approved by FEMA, and adopted by the Commonwealth. More specifically, this plan and the mitigation vision, goals, objectives, and actions will continue to be integrated to the maximum extent practical with state plans or programs that have already been determined to be mutually supportive and at a minimum, in need of cross-referencing. These include, but are not limited to, the following:

- Virginia Department of Planning & Budget Six Year Capital Plan
- DCR's Floodplain Management & Dam Safety Programs
- Virginia Dam Safety, Flood Prevention and Protection Assistance Fund
- Virginia Community Flood Preparedness Fund
- Virginia Coastal Resilience Master Plan
- Floodplain Management Plan for the Commonwealth of Virginia, 2022 pending update
- Scenic Rivers Program
- Virginia Outdoors Fund
- Virginia Agricultural Cost Share Program
- Virginia Natural Heritage Karst Program
- Conservation Reserve and Enhancement Program
- Commonwealth of Virginia Emergency Operations Plan, 2021
- VDEM HMA Programs
- VDEM THIRA
- Virginia Energy Plan
- VDEM Continuity of Operations Plan
- Virginia Uniform Statewide Building Code Resiliency Sub-Workgroup
- Hazardous Material Emergency Response Program

- Virginia Weatherization Assistance Program
- Virginia Behavioral Risk Factor Surveillance System
- Virginia Transportation Research Council
- VDOT Office of Transportation Sustainability
- Virginia Property System
- Virginia Coastal Zone Management Program and Coastal Policy Team
- Virginia Drought Monitoring Task Force

2.2.2. Mitigation and Resiliency Goals

Flood prevention and protection projects completed as pre-disaster mitigation as well as projects completed post disaster often result in reduced future NFIP flood claims. Mitigation projects that specifically align with FEMA's Risk Rating 2.0 actuarial property assessments may also result in reduced flood insurance premiums for property owners. Many properties mitigated through these programs are also considered severe repetitive loss and repetitive loss structures, and by implementing these projects such as elevations and acquisitions, VDEM hopes to continue to achieve an overall reduction in risk to future flooding impacts as is a goal cited in United States Code Section 5135(g)(2)(B).

The Community Rating System (CRS) is a voluntary incentive program that recognizes and encourages community floodplain management practices that exceed the minimum requirements of the National Flood Insurance Program (NFIP). Virginia has 27 CRS communities. In CRS communities, flood insurance premium rates are discounted to reflect the reduced flood risk resulting from the community's efforts to reduce and avoid flood damage to insurable property, strengthen and support the insurance aspects of the National Flood Insurance Program and foster comprehensive floodplain management.

Mitigation actions to reduce flood risk and flood damage may result in increased CRS ratings where communities participate. The project list includes Fairfax County, City of Portsmouth and City of Norfolk. These three localities are CRS participating communities.

2.2.3. Short-Term Entity Safeguarding Tomorrow Revolving Loan Fund Goals

Short-Term Goals for Loan Decision Making and Disbursements

The STRLF, in year 1, will support the non-federal cost share of submitted BRIC and FMA projects OR completely fund a BRIC or FMA project that was not selected by FEMA.

VDEM, through a grant agreement, will pass through STRLF funds to the VRA to administer loans to the selected approved project(s). VDEM will require DCR to provide documentation of non-federal cost share to VDEM from the RVRF.

As a requirement of the grant agreement with VRA, they will be required to coordinate with DCR and report to VDEM quarterly the status of the project implementation.

VDEM and DCR will prioritize projects submitted under BRIC and FMA based on low-income and underserved communities. Specifically, the 41 localities identified in the BRIC Health Equity Study in Virginia from 2021.

VDEM, in consultation with DCR, will prioritize projects based on eligibility, interest, and financial capacity to administer and repay a loan from the BRIC and FMA application list with the $5.1M minimum in mind. If one of the projects submitted gets selected by FEMA for funding under BRIC and FMA, and the STRLF grant is still below $5.1M, then VDEM and DCR would look to fund the next project on the list. If none of the BRIC and FMA projects are selected by FEMA for further review, VDEM and DCR would prioritize full funding of the highest scoring projects until the $5.1M minimum is met.

2.2.4. Long-Term Entity Safeguarding Tomorrow Revolving Loan Fund Goals

Long Term Goals

Long Term Goals of the STRLF will be consistent with Goals #1 and #4 in the COVSHMP.

Goal #1 Identify, prioritize and implement projects that will directly reduce impacts from hazards and minimize long-term risk.

Goal #4 Achieve equity in awareness of hazards, their risk, and access to potential mitigation assistance for actions that increase resiliency.

Consistent with the RVRF state legislation of a "permanent and perpetual fund", the state partners will seek quality projects with entities that have the capacity to repay loans. VRA has existing credit underwriting guidelines that will be applied to this program. Like other loan programs, each application is subject to a credit approval prior to execution of a financial assistance agreement to minimize loan losses.

Financial Metrics, Fund Management, Prioritization and Compliance

- Financial metrics used to ensure the fund is efficiently managed and effective in perpetuity are highlighted below:
- Asset Perpetuity Test: Total Fund Assets/(Total Cumulative Capitalization – Administrative/TA Costs Reimbursed from Capitalization)
- Loan loss trends
- Investment earnings versus appropriate benchmark
- Available amounts for Administrative Costs versus Administrative Costs necessary to support program
- Future Lending Capacity

For projects selected for STRLF, Virginia will continue to review BRIC and FMA applications – as a lot of the technical work has already been done, as a means to leverage STRLF funding. For funded projects, VDEM will issue a press release for transparency.

Virginia will continue to solicit projects on a rolling basis for BRIC, FMA, and the Hazard Mitigation Grant Program where there are federal declarations. VDEM will continue to look for opportunities to leverage these grant applications for the STRLF, where the communities have interest and the financial and administrative capacity to repay the loan.

VDEM and DCR will prioritize BRIC and FMA project application, and ensure that this is communicated when BRIC and FMA applications are submitted. This may result in local governments that have not historically applied for hazard mitigation funding to become active applicants, which will be a positive outcome.

VDEM and DCR will promote the STRLF as a potential cost share for BRIC and FMA in Virginia. VDEM will also emphasize, that revolving income of this grant will be utilized to fund projects in underserved communities in Virginia. The goal would be to see future grant applications from local governments that have not traditionally applied for BRIC and FMA due to the inability to match the funds, but a 1% loan may be more of an attainable goal as BRIC and FMA grant applications require a matching source to be identified.

VDEM will pass-through all federal requirements of the loan fund to VRA, and it will be documented in the grant agreement, which will be signed by both parties.

VRA's loan documents, as a condition of accepting the grant award from VDEM, will be required to include federal terms and conditions required by the grant.

2.3. Entity Program Priorities

2.3.1. Increase Resilience and Reduce Risk

Since VDEM and DCR will be utilizing the annual BRIC and FMA applications pool to evaluate potential projects for funding from the STRLF, in full, or partially, the projects are already tied to a risk of a natural hazard inherently by the program requirements.

2.3.1.1. HAZARD MITIGATION

This loan fund will not be utilized to support hazard mitigation planning efforts, VDEM has prioritized HMGP and BRIC to fund plan updates.

By adopting a strategy to consider BRIC and FMA application pool to pull applications for STRLF, Virginia will meet the requirement to support local hazard mitigation activities that reduce the impacts of natural hazards.

2.3.1.2. ZONING AND LAND-USE PLANNING

Virginia will not be using SRLF for zoning and land use planning projects.

2.3.1.3. BUILDING CODE ADOPTION AND ENFORCEMENT

Virginia will not be using STRLF for the adoption or enforcement of building codes.

2.3.1.4. ADMINISTRATIVE AND TECHNICAL ASSISTANCE

The RVRF will be used to pay the administrative costs of VDEM, DCR, and VRA for establishing and implementing the RVRF. In the event the capitalization grant is not sufficient, RVRLF has additional state appropriations to supplement allowable administrative and technical assistance costs. Given the effort to establish a start-up fund, the maximum allowable of the greater of $100,000 or 2 percent of the inaugural capitalization grant is anticipated. An annual 0.20 percent administration fee for each loan is planned for ongoing loan servicing and compliance monitoring.

As a start-up fund, technical assistance to various stakeholders will be necessary and the full 5 percent allowable under the STORM program is anticipated to be used to support these efforts. Technical assistance will include outreach and application and project support.

BUDGET

VDEM will pass through administrative costs of this grant to VRA for allocation to participating agencies.

The anticipated percentage of funding to be used for administrative costs will be the maximum amount allowed by the STRLF.

VDEM will provide technical assistance when developing BRIC and FMA grant applications and promote the use of STRLF to off-set the non-federal cost share.

The anticipated percentage of funding to be used for technical assistance for this fiscal year is unknown at this time.

2.3.2. Partnerships

VDEM will work in partnership with DCR and VRA to administer various aspects of the STLRF. VDEM will administer the programmatic aspects of the STLRF including soliciting applications, reporting to FEMA, monitoring projects and certifying projects for completion and payment. DCR will help prioritize applications for funding and DCR and VRA will participate in the financial review and administration of the STLRF.

2.3.3. Regional Impacts

Many localities in Virginia have a water body as a geographical boarder. In some instances, population centers sit on these areas. The focus of the STRLF is to reduce risk on vulnerable populations, so if there is a region that has a mutual benefit – VDEM would coordinate with them on the most appropriate applicant, depending on financial and administrative capability to repay the loan. Planning District Commissions have been valuable partners in the past in applying for regional projects. VDEM has seven regional offices that can help promote the program at regional meetings.

2.3.4. Major Economic Sectors and National Infrastructure

BRIC and FMA grant programs support these same goals. VDEM and DCR will promote the protection of infrastructure, and utilization of this grant program to offset the cost share of these costly projects.

2.4. Cost Share

Five million ($5M) from the RVRF has been set aside for match for funds awarded through STRLF funds to assist local governments in its non-federal cost share requirement of a grant under one of FEMA's HMA grant programs. These programs include BRIC and FMA

III. Criteria and Method for Distribution of Funds

VRA - 3.1. Loan Management Information

Five million ($5M) from the RVRF has been set aside for match for funds awarded through STRLF funds to assist local governments in its non-federal cost share requirement of a grant under one of FEMA's HMA grant programs.

VRA utilizes cash flow modeling to measure asset perpetuity and the capacity for existing revolving loan programs. The information for all existing loans serves as a base. Assumptions for other variables, such as, terms, rates, future capitalization grants, state appropriations, earnings and bond issuances enable scenario analysis. See Appendix A for an example of cash flow modeling.

3.2. Criteria and Method for Loan Distribution

VDEM's initial solicitation of projects included 41 identified equity communities where underserved and populations were identified. VDEM and DCR will prioritize funding to these underserved localities. Loans for Low-Income Geographic Areas or Underserved Communities terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion and not longer than the expected design life of the project. Such loans will be appropriately secured by a general obligation pledge, certain revenues, or an annual appropriation.

After project completion, VRA monitors the financial performance of borrowers by reviewing annual audited financials, which are required in the financial assistance agreements. The loan underwriting determines what covenants are included in the financial assistance agreements which are monitored annually. Depending on the project type, annual project reporting is required. Communication with the borrower is initiated when terms of the financial assistance agreements are not being met. This information will be reported to VDEM quarterly. Loan distribution methodology located in Appendix B.

3.3. Creating a Project Proposal List

3.3.1. Prioritization Methodology

Virginia looked at three criteria to prioritize projects.

- Were BRIC and FMA applicants interested the STRLF (based on survey)
- Did applicants have the financial and administrative capabilities to track and repay a loan (based on survey)
- Were applicants one of the 41 local governments identified in 2021 by VDEM as having the highest population vulnerability and flood risk?
- Including projects that less than $5.1M up until $5.1M was reached.

Ranking system for prioritization in Appendix C.

3.3.2. Tie-Breaking Procedure

Not required for the first year

3.3.3. Project Proposal List

Applicant Name	Application Title	Amount	Federal Share Amount	Local Share Amount	Local Share %	Interested in RLF	RLF Capability in Place	Top 40 Equity Locality
Norfolk, City of	FMA 2022 Elevation of SRL and RL Properties in the City of Norfolk	$2,192,900	$2,014,445	$178,455	8.14%	Yes	Yes	Yes
Norfolk, City of	Norfolk - FMA 2021 Elevations - 7 Residential Properties	$1,988,453	$1,830,304	$158,149	7.95%	Yes	Yes	Yes
Portsmouth, City of	City of Portsmouth - Lake Cohoon Dam Adaptations	$25,633,125	$3,181,992	$1,060,664	25.00%	Yes	Yes	Yes
Portsmouth, City of	City of Portsmouth-Lake Meade Dam Adaptations	$31,775,625	$6,034,218	$2,011,406	25.00%	Yes	Yes	Yes
Fairfax County	Localized Flood Risk Reduction Project: Tripps Run at Barrett Rd	$12,835,930	$10,035,930	$2,800,000	21.81%	Yes	Yes	No
Greene County	Greene County Building Department C&CB	$138,999	$105,904	$33,095	23.81%	Yes	Yes	No
Greene County	Greene/Standardsville - Water Supply Protection	$58,582,000	$44,633,904	$13,948,095	23.81%	Yes	Yes	No

IV. Financial Management

4.1. Financial Status of the (Entity Name) Safeguarding Tomorrow Revolving Loan Fund

RVRF was established in fiscal year 2023 and capitalized with an initial state appropriation of $25 million. $5 million of the initial state appropriation will be set aside to be used to meet the state 10 percent cost-share requirement of the Safeguarding Tomorrow RLF Program (STRLF). While not anticipated in the early implementation of the RVRF, VRA can issue bonds to leverage the portfolio to increase capacity VRA will track federally funded STRLF projects and state-only funded RVRF projects. As of December 31, 2022, RVRF earned $334,751 on the initial capitalization. No loans or grants have been awarded to date.

VRA - 4.2. Financial Terms of Loans

4.2.1. Standard Loans

Standard loan terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 20-year or less term after project completion. Such loans will be appropriately secured by a general obligation pledge, certain revenues, or an annual appropriation.

4.2.2. Loans for Low-Income Geographic Areas or Underserved Communities

Loans for Low-Income Geographic Areas or Underserved Communities terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion and not longer than the expected design life of the project. Such loans will be appropriately secured by a general obligation pledge, certain revenues, or an annual appropriation.

4.3. Loan Disbursements

RVRF expects to disburse up to $25 million in state-supplied funds in loans for fiscal year 2024, plus funds made available through the STRLF.

As a utilization goal, RVRF will target 100% allotment of available funds.

Due to the short application period, VDEM has not worked with local governments to understand potential revenue streams that can support projects and activities that are not revenue-producing during this grant cycle.

V. Entity Program Management

5.1. Local Capacity Development

For this application, the STRLF will not be used to build capacity, but rather to offset the non-federal cost share of BRIC and FMA projects.

5.2. Environment and Historic Preservation Compliance

VDEM will ensure applicants complete an EHP checklist for initial screening. All project applications with potential EHP impact will be provided to FEMA to screen for EHP compliance. VDEM will pass along any EHP requirements through the sub-award grant agreement issued by VRA.

VI. Public Participation

6.1. Public Meetings and Comment Activities

A press release and instructions on how to provide comment on the Intended Use Plan will be posted on VDEM's website by April 7, 2023 for 10 days. A survey was sent out on March 13, 2023 to find out which localities were interested, and if they had the financial and administrative capacity to repay a loan.

Due to the grant application timeline, VDEM did not engage in public meetings in support of entity loan fund implementation.

Describe the public notice process and actions taken to address public comments for project proposals. This section will be completed after public comment period closes.

VII. Audits and Reporting

7.1. Compliance with Federal Reporting Requirements

Ensuring transparency and accountability, all program materials are posted on the website (*http://vaemergency.gov*). The Virginia Auditor of Public Accounts is responsible for engaging an independent auditor to ensure financial integrity for the Annual and Biennial Audits. Currently CliftonLarsonAllen, LLP, is engaged for this purpose.

VDEM commits to entering project and benefits data into the FEMA Non-Disaster Grants system (ND Grants) and financial data in Payment and Reporting System (PARS) to support the evaluation of the *VDEM* Safeguarding Tomorrow RLF program. Among other parameters, FEMA will use the data from the audits and reporting to evaluate how the entity loan funds:

VDEM will enter project benefits data into ND Grants by the end of the quarter in which the capitalization grant is received. After the period of performance, we will enter required project benefits data into FEMA's ND Grants by the end of the fiscal year for this Intended Use Plan.

7.2. Publication of Information

Provide information about the frequency and location of the Publication of Information requirement per 42 United States Code Section 5135(h)(2).

VDEM will publish the intended use plan, and project listing on the agency website – https://vaemergency.gov. VDEM will also provide updates to the STRLF website after VRA and DCR provide quarterly reports/updates. VDEM will also link to DCR and VRA websites. Once the year 1 project(s) are complete, the closeout information and final outcomes will be posted via a summary document on the VDEM website, and linked to VRA and DCRs website.

NOTE: The recipient should publish information publicly on a preferred platform and at intervals most suitable to the recipient during, and after, the period of performance.

7.3. Loan Recipient Auditing and Reporting

Provide information about how the entity loan fund will monitor and evaluate the performance of loan recipients in their use of funds, if applicable.

Appendix A

A.1. Loan Application Process

VDEM solicits applications for hazard mitigation grant funding opportunities through a multi-step process designed to develop the most competitive proposals for FEMA consideration. This process includes first the solicitation of pre-applications, which are a streamlined method of reviewing a sub-applicant's project scope for assessing grant program applicability. Once this pre-application is approved by VDEM staff, the full application is made available to sub-applicants to complete and submit to VDEM in accordance with established deadlines. VDEM also provides tailored assistance to sub-applicants both before and after full-application submission to ensure that the proposal is complete and optimized for FEMA's complex review criteria. VDEM then facilitates the submission of the application to FEMA on the sub-applicant's behalf and monitors the application status up the point that the grant award is ultimately received.

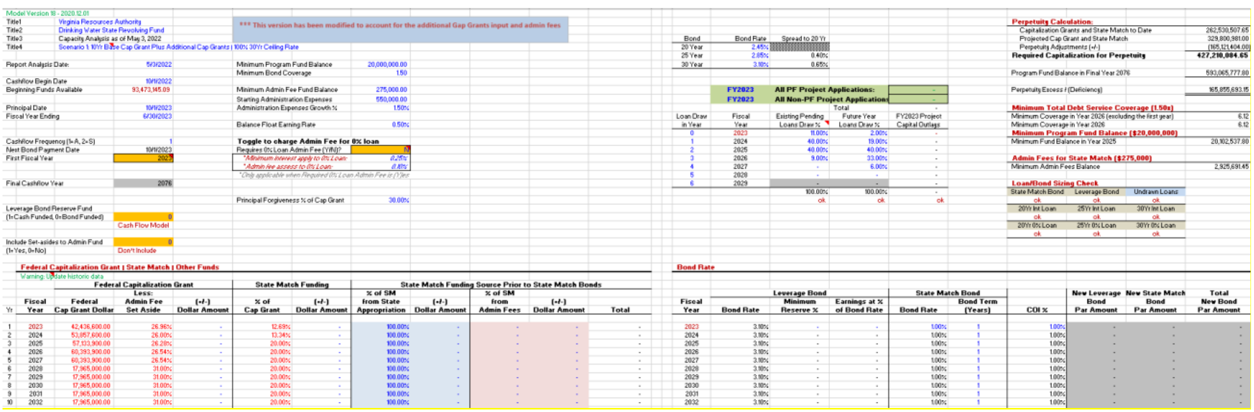
A.2. Financial Planning Methodology

VRA, together with state agency partners, will implement a capacity planning model. This planning tool provides a relevant framework for decision-making and provides a high-level capacity projection within a given set of assumptions. While not anticipated in the early implementation of the RVRF, VRA can issue bonds to leverage the portfolio to increase capacity. Major inputs, assumptions and outputs are highlighted below.

Inputs and Assumptions	Outputs
Actual Application Requests	Capacity Indication
Future Project Loans	

Loan Subsidy and Terms	
Loan Draw Timing	Leverage (Go/No-Go)
Level of Additional Subsidy	
Federal Capitalization Grants	
State Match Requirements	Debt Service Coverage Projections
Existing Loan Repayments	
Bond Payments	
VRA Borrowing Rates	Perpetuity Test Results
VRA Investment Rates	
Reserve Fund De-allocations	

Sample Cash Flow Modeling



Appendix B

B.1. Loan Distribution Methodology

The Borrower agrees to apply the Local Bond Proceeds solely and exclusively to the payment, or to the reimbursement of the Borrower for the payment, of Project Costs and further agrees to exhibit to the Department or the Authority receipts, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Authority shall disburse money from the Fund to or for the account of the Borrower not more frequently than once each calendar month (unless otherwise agreed by the Authority and the Borrower) upon receipt by the Authority (with a copy to be furnished to the Department) of the following:

(1) A requisition (upon which the Authority, the Board and the Department shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, Exhibit E to this Agreement;

(2) If any requisition includes an item for payment for labor or to contractors, builders or materialmen,

(i) a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and

(ii) a certificate, signed by an Authorized Representative, stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates and approval thereof by the Department, the Authority shall disburse Local Bond Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Department and shall note the date and amount of each such disbursement on a schedule of principal disbursements to be included on the Local Bond. The Authority shall have no obligation to disburse any such Local Bond Proceeds if the Borrower is in default hereunder nor shall the Department have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

Appendix C

C.1. Project Proposal List Prioritization Methodology

Virginia looked at three criteria to prioritize projects.

- Were BRIC and FMA applicants interested the STRLF (based on survey)
- Did applicants have the financial and administrative capabilities to track and repay a loan (based on survey)
- Were applicants one of the 41 local governments identified in 2021 by VDEM as having the highest population vulnerability and flood risk?
- Including projects that less than $5.1M up until $5.1M was reached.

Appendix D

D.1. Additional Information Low-Income Geographic Area

Low-Income Geographic Area

Pursuant to 42 United States Code Section 5165(m)(6), a "low-income geographic area" is an area, pursuant to 42 United States Code Section 3161(a)(1), that meets one of the two following criteria:

(1) “the area has a per capita income of 80% or less of the national average,” or (2) “the area has an unemployment rate that is, for the most recent 24-month period for which data are available, at least 1% greater than the national average unemployment rate.”

Underserved Communities

Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, defines “underserved communities” as “populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life…” and includes communities such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

As used in this document, underserved communities also include “communities environmentally overburdened,” which are communities adversely and disproportionately affected by environmental and human health harms or risks, and “disadvantaged communities,” as referenced in Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, and defined in Office of Management and Budget’s Memo M-21-28: Interim Implementation Guidance for the Justice40 Initiative.

Pursuant to 42 United States Code Section 5165(m)(6), a “low-income geographic area” is an area, pursuant to 42 United States Code Section 3161(a)(1), that meets one of the two following criteria: (1) “the area has a per capita income of 80% or less of the national average,” or (2) “the area has an unemployment rate that is, for the most recent 24-month period for which data are available, at least 1% greater than the national average unemployment rate.” Underserved Communities Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, defines “underserved communities” as “populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life...” and includes communities such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality. As used in this document, underserved communities also include “communities environmentally overburdened,” which are communities adversely and disproportionately affected by environmental and human health harms or risks, and “disadvantaged communities,” as referenced in Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, and defined in Office of Management and Budget’s Memo M-21-28: Interim Implementation Guidance for the Justice40 Initiative.