



To: Representative William Botzow, II, Chair
House Committee on Commerce and Economic Development

From: Jo Bradley, CEO
Cassie Polhemus, COO

Date: February 27, 2018

RE: Request for Increase in State's Moral Obligation Support for VEDA

VEDA is requesting a \$20 million increase (to \$175 million) in Moral Obligation from the State to support VEDA's continued growth in lending volume. The State's Moral Obligation allows VEDA to borrow from other lenders at favorable low interest rates. This is a critical component of VEDA's financial stability and ability to fulfill its economic development missions.

Draft language for consideration in a bill follows:

“In order to ensure the maintenance of the debt service reserve requirement in each debt service reserve fund established by the Authority, there may be appropriated annually and paid to the Authority for deposit in each such fund, such sum as shall be certified by the Chair of the Authority, to the Governor, the President of the Senate, and the Speaker of the House, as is necessary to restore each such debt service reserve fund to an amount equal to the debt service reserve requirement for such fund. The Chair shall annually, on or about February 1, make, execute, and deliver to the Governor, the President of the Senate, and the Speaker of the House, a certificate stating the sum required to restore each such debt service reserve fund to the amount aforesaid, and the sum so certified may be appropriated, and if appropriated, shall be paid to the Authority during the then current State fiscal year. The principal amount of bonds or notes outstanding at any one time and secured in whole or in part by a debt service reserve fund to which State funds may be appropriated pursuant to this subsection shall not exceed \$175,000,000.00, provided that the foregoing shall not impair the obligation of any contract or contracts entered into by the Authority in contravention of the Constitution of the United States.”