

**VIRGINIA RESOURCES AUTHORITY**  
**BOARD OF DIRECTORS**  
**MINUTES OF THE REGULAR MEETING**

The Board of Directors of the Virginia Resources Authority (VRA) met on April 10, 2012, in the 18<sup>th</sup> Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

**BOARD MEMBERS PRESENT:**

William G. O'Brien, Chair  
James H. Spencer, II, Vice Chair  
David Branscome  
Cherry Evans on behalf of Randall P Burdette  
Barbara McCarthy Donnellan  
Manju Ganeriwala  
Thomas L. Hasty, III  
J. Wesley Kleene, Ph.D., PE on behalf of Karen Remley, M.D., M.B.A.  
Dena Frith Moore

**ABSENT:**

J. Barry Purcell  
Richard Weeks on behalf of David Paylor

**STAFF:**

Suzanne S. Long, Executive Director, Secretary to the Board  
Jean Bass, Director of Policy & Intergovernmental Relations  
Shawn Crumlish, Director of Debt Management & Credit Analysis  
Peter D'Alema, Director of Program Management  
Michael Cooper, Director of Administration  
Jon McCubbin, Controller  
Jonathan Farmer, Financial Analyst  
Bradley Jones, Program Manager  
Stephanie Bush, Fiscal Analyst/Compliance Officer

**OTHERS:**

Carrie S. Cantrell, Deputy Secretary of Commerce and Trade  
Arthur Anderson, McGuire Woods LLP, Bond Counsel  
James Traudt, Davenport & Company LLC  
Ty Wellford, Davenport & Company LLC

Mr. William G. O'Brien, Chair, called the meeting to order at 9:12 a.m. **Call to Order**

Mr. O'Brien introduced and welcomed Ms. Suzanne S. Long as the Executive Director of VRA.

Ms. Long expressed her appreciation to Mr. O'Brien. She has been involved with VRA prior to her appointment as Executive Director through her past work experiences with McGuire Woods. She said that she is really impressed with VRA and its staff and she extended her gratitude to the Governor for giving her the opportunity to serve. Ms. Long also thanked Ms. Carrie S. Cantrell, Deputy Secretary of Commerce and Trade, for her support.

Ms. Long shared with the Board her vision for VRA that included increasing outreach efforts, increasing operational efficiencies, and raising VRA's profile. She concluded by extending the opportunity to the Board to contact her with questions and ideas to ensure open lines of communication.

Mr. O'Brien thanked Ms. Long and said that the Board is looking forward to her association and leadership.

The Chair called for approval of the agenda.

**Approval of Agenda**

Mr. Hasty moved, and Mrs. Donnellan seconded, approval of the agenda.

The motion was approved unanimously.

Mr. O'Brien called for approval of the minutes of the Portfolio Risk Management Committee meeting, held December 12, 2011, the Personnel Committee meeting, held December 12, 2011, the Budget committee meeting, held December 13, 2011, and the Board of Directors meeting, held December 13, 2011.

**Approval of Minutes**

There were no amendments to the minutes.

Mrs. Donnellan moved, and Ms. Moore seconded, approval of the minutes of the Portfolio Risk Management Committee meeting, held December 12, 2011, the Personnel Committee meeting, held December 12, 2011, the Budget committee meeting, held December 13, 2011, and the Board of Directors meeting, held December 13, 2011.

The motion was approved unanimously.

Chairman O'Brien called on Ms. Suzanne Long for the Executive Director's Report. The Executive Director highlighted various items included in the Executive Director's Report. These included the scheduled workshop in Middlesex County, outreach to Goochland County officials regarding the County's request for refunding, Virginia Transportation Infrastructure Bank loan requests from the city of Chesapeake and Loudoun County, and VRA's receipt of the Certificate of Achievement for Excellence in Financial Reporting for the fourth consecutive year.

**Executive Director's Report**

Ms. Long concluded her report by expressing appreciation to J. Wesley Kleene, Ph.D., PE, who is serving on the VRA Board on behalf of Karen Remley, M.D., M.B.A. She stated that Dr. Kleene has accepted a new position with the Virginia Department of Health (VDH). She thanked him for all of his efforts, participation and stewardship as a member of the VRA Board.

Dr. Kleene expressed his pleasure in working with the Board. He said he will work with Dr. Remley in appointing a replacement to ensure that VRA continues to receive stable and valid input from the VDH.

On behalf of the Board, Mr. O'Brien expressed appreciation to Dr. Kleene for his service.

Mr. O'Brien called for Committee Reports.

**Committee Reports**

**Personnel Committee**

Mr. Thomas L. Hasty, III, Chair, stated that the Personnel Committee met on Monday, April 9, 2012.

Mr. Hasty stated the Committee recommends that VRA employees contribute 5% to the Virginia Retirement System (VRS), receive a 5% wage increase to offset the contribution to VRS, and receive a one-time 3% bonus. He explained that these actions are consistent with the State's budget and the action other similarly situated political subdivisions have taken.

In addition, Mr. Hasty stated the Committee recommends that VRA absorb the 1.13% increase in health insurance premiums for employees. Mr. Hasty stated that the Committee recommends that the Board accept the Governor's recommendation for the Executive Director's salary as described in the employment letter. He noted that the letter will be made available for public inspection (hereto attached).

There was no discussion.

Mr. Hasty moved, and Ms. Moore seconded, approval of the VRA employees' 5% contribution to VRS, a 5% employee wage increase to offset the contribution to VRS, a one-time employee 3% bonus, absorption by VRA of the 1.13% increase in health insurance premiums for employees, and acceptance of the Governor's recommendation for the Executive Director's salary as described in the employment letter.

The motion was approved unanimously.

Mr. Hasty read and recommended approval of a VRA resolution in recognition of Stephanie L. Hamlett.

Mr. Hasty moved, and Ms. Ganeriwala seconded, approval of the Resolution of the VRA Board of Directors expressing deepest appreciation to Stephanie L. Hamlett for her service to VRA and wishing her well in all of her endeavors.

The motion was approved unanimously.

The resolution is attached hereto and made a part herein.

Mr. O'Brien explained that a closed session was held during the Personnel Committee meeting and is not necessary at this time.

Portfolio Risk Management Committee (PRMC)

Ms. Dena Frith Moore, Chair, stated that PRMC met on Monday, April 9, 2012. She said that staff will provide several updates, some of which will require Board action and others, she said, will be continued to the July 2012 meeting of the Committee.

• 2012A Virginia Pooled Financing Program (VPFP) Update

Mr. Peter D'Alema, Director of Program Management, stated that staff is in the middle of possibly the largest VPFP transaction in VRA history with over \$400 million in requested proceeds. Of the 27 borrower applications received, approximately 16 will move forward to the spring pool. He referenced complete credit summaries of each borrower, noting that nine (9) of the borrowers have refunding components, there are seven (7) new borrowers and nine (9) loans are in excess of \$20 million. He referenced a chart detailing the larger loans.

Mr. D'Alema continued that the City of Fairfax's request to refund its series 2005 EDA lease revenue bonds as part of the series 2012A Bond issuance will require an exception to one of VRA's underwriting

guidelines. The loan was originally used to finance road improvements and a library. It was secured by alternate collateral that included Fairfax City Hall and a Property Yard. The City pledged the same property as collateral for the requested refunding in order to meet the 75% collateral value to the loan underwriting guideline. VRA was advised, though, to exclude the Property Yard from the collateral requirements due to potential exposure related to environmental issues thereby reducing the collateral value. However, based on the City's credit profile and the strength of the borrower, staff decided to request an exception to the underwriting guideline.

Prior to the vote on the following motion, Mr. D'Alema explained, in response to Mrs. Donnellan, that the Fairfax City Hall has no debt other than the 2005 lease revenue bonds, the savings from the refunding is well over 3%, and the savings meet the City's savings threshold all of which will allow the loan to move forward.

Ms. Moore moved, and Ms. Ganeriwala seconded, that the VRA Board grant an exception to VRA's Lease Transaction Guidelines which require that the targeted valuation of collateral provided under a lease revenue pledge be at least 75% of the amount of the borrowing requested related to the City of Fairfax's spring 2012A VPPF loan request. Such exception is being granted due to the essential nature of the collateral to be pledged by the City that consists of the Fairfax City Hall and the strong credit profile in the City that includes Aaa ratings from both Moody's and S&P.

The motion was approved unanimously.

Mr. D'Alema shared the critical dates for the Series 2012A Bonds, noting that bond pricing is scheduled for May 22-23, 2012 and pre-closing and closing is scheduled for June 12-13, 2012. He concluded by sharing a chart of the top ten (10) borrowers which represent over 44% of the portfolio.

- Parameter Resolutions

Ms. Moore stated that each year the Board approves parameter resolutions associated with bond transactions for the upcoming fiscal year. In addition to these, she stated that the Board will be asked to approve a resolution to amend and restate the FY2012 pool resolution.

Ms. Moore stated that in June 2011, the Board adopted a resolution authorizing the issuance of up to \$450 million in VPPF bonds for the year ending June 30, 2012. Based on the spring pool volume exceeding \$400 million, the Committee is recommending that the Board adopt an

amended and restated VFPF resolution increasing the authorized maximum bond par amount to \$700 million for FY2012.

Mr. D'Alema explained that VRA has 23 eligible refunding loans in its portfolio. The refunding loans coupled with the 27 loans for the spring pool would create some quality control concerns and capacity constraints. Staff, along with Bond Counsel, concluded that it would be best to do the VRA refundings in a separate summer transaction. Mr. D'Alema stated that staff did a summer transaction in 2006. He concluded that to accommodate the summer pool, the refunding parameter resolution adopted in June 2011 will need to be amended.

Ms. Moore moved, and Mr. Hasty seconded, Board approval of the following resolutions:

VRA amended and restated resolution authorizing the issuance of up to \$700,000,000 in infrastructure revenue bonds (Virginia Pooled Financing Program) for Fiscal Year Ending June 30, 2012 to take effect immediately and supersede that certain resolution entitled, "Virginia Resources Authority resolution authorizing the issuance of up to \$450,000,000 in infrastructure revenue bonds (Virginia Pooled Financing Program) for Fiscal Year Ending June 30, 2012", adopted June 14, 2011;

VRA resolution authorizing the issuance of up to \$650,000,000 in infrastructure revenue bonds (Virginia Pooled Financing Program) for Fiscal Year Ending June 30, 2013, effective July 1, 2012;

VRA resolution authorizing the issuance and sale of bonds to refund outstanding bonds, effective July 1, 2012; and

VRA resolution authorizing the issuance and sale of up to \$10,000,000 in Airports Revolving Fund bonds for the Fiscal Year Ending June 30, 2012, the lending of the proceeds thereof to finance or refinance airport projects, and the making of direct loans from the Virginia Airports Revolving Fund for airport projects, effective July 1, 2012.

The motion was approved unanimously.

Mr. D'Alema provided an overview of the Virginia Airports Revolving Fund (VARF) stating that there have been no additional VARF loan closings since the December 2011. However, there is one pending loan that has been endorsed by the Aviation Board and recommended by VRA's Credit Committee for approval. In addition, he explained that the Town of Tappahannock has been removed from the Tappahannock-

Essex Airport Authority. As an outreach effort, staff has continued to work with the Town in determining ways to meet its financial obligations relating to the Airport's 2007 VARF loan.

- Short-Term Financing Program (STFP)

Ms. Moore stated that the Board approved, as recommended by the PRMC, a STFP with a \$50 million facility. Staff was authorized to use \$25 million of the facility, and borrowers would have a twelve (12) month loan maturity. The STFP is intended to serve as a bridge to the VFPF. As a result of staff outreach, it was determined that PRMC needs to revisit the program to determine what instances would require a borrower to need a loan maturity beyond 12 months.

She concluded that staff will refine the program to make sure that it is cost-effective, serves the borrowers, can be executed well and limits risks to VRA. The Committee will receive staff recommendations at its meeting in July 2012.

- Unrestricted Net Assets Guidelines

Mr. D'Alema stated that the Unrestricted Net Assets Guidelines provide financial stability to VRA programs. He explained that VRA historically maintains budget surpluses annually. These guidelines will assist in earmarking the surpluses. The three components of the guidelines are the General Reserve for annual operating expenses, Technology and Efficiency Reserve currently in place and will provide IT upgrades, and the Portfolio Risk Management (PRM) Reserve to cover a potential borrower default.

Ms. Moore stated that PRMC experienced some difficulty in terms of sizing the PRM reserve and that the staff was directed to continue its review. She said the staff received direction from the PRMC, the Audit Committee and the Budget Committee. Ms. Moore said recommendations for a formula to set a PRM Reserve will be presented by staff to the PRMC at its July 2012 meeting.

- Loan Monitoring & Compliance Update

Ms. Moore commended Ms. Stephanie Bush, Fiscal Analyst/ Compliance Officer, and staff for their work on the Loan Monitoring & Compliance system. Ninety-five (95) borrowers will be fully reviewed during the calendar year 2012, representing over 60% of the VRA portfolio. However, the interim report received in the PRMC meeting contained ten (10) borrowers. She explained that the reviews were developed taking into account three factors: (1) the magnitude of impact in terms of the dollar amount of the borrowers portfolio; (2) the likelihood of default occurrence or risk category; and (3) the impact on

other borrowers as it relates to leveraged or pool issuances. Staff is using the database and inputting data from the Auditor of Public Accounts on the remaining borrowers to determine if there are issues.

Ms. Moore referenced the FY2011 interim report that shows details of the borrowers, noting that there was considerable discussion relative to the City of Hopewell. The City was rated yellow according to the FY2010 review, but will be upgraded to green based on the FY2011 review. The City has been in the news regarding a bio fuel plant that will not be built. Despite the consequences associated with the plant, staff is confident that the City is in good financial condition.

In response to inquiry from the Board, Ms. Bush stated that all of the red borrowers will be reviewed within the calendar year. Staff will follow up appropriately if the borrowers have any violations. Mr. Hasty stated that the reason for identifying the red borrowers is to create a watch list.

#### Audit Committee

Ms. Manju Ganeriwala, Chair, stated that the Audit Committee met on Monday, April 9, 2012. She stated that VRA's Auditor, Clifton, Larson, Allen LLP made recommendations regarding the Audit Committee Charter for consideration and staff will present those changes at the July 2012 Committee meeting. Specifically, she said, it was suggested that language be added to Part II, Statement of Purpose, to provide for Board oversight for internal controls. The second recommendation was for Part III, item 5. It was recommended that the Audit Committee be the conduit for receiving complaints from any employee who believes that a violation of policies had occurred. In addition, it was recommended that this section include specific instructions for receiving and treating these complaints and include references for receiving these anonymous submissions such as a Fraud, Waste, and Abuse Hotline.

Ms. Ganeriwala continued stating that the Audit Committee is required to complete a Certification and Disclosure form certifying that Committee members are independent of VRA management and has no relationship with the audit firm. The form has been provided to Committee members and they are to be returned to Mr. Jon McCubbin, Controller, prior to the upcoming audit.

Ms. Ganeriwala explained that Mr. J. Michael Stephens performed the audit for VRA in FY2011 and will be conducting the Audit in FY2012. She explained that Mr. Stephens' previous firm, Clifton Gunderson, merged with Larson Allen to form the new firm, Clifton Larson Allen

LLP. The merger, Ms. Ganeriwala said, will not have an impact on the audit team or audit approach. The audit process will begin in June and conclude in August with an expected completion date of September 1, 2012.

Ms. Ganeriwala continued that the Committee had extensive discussion on the Agency Risk Management and Internal Control Standards (ARMICS) review. She said, staff will provide the questionnaire that accompanies the ARMICS review to the Audit Committee and Executive Director for review prior to it being sent to all employees. In addition, staff will report the results of the questionnaire and ARMICS review to the Audit Committee once completed.

Ms. Ganeriwala stated that the Audit Committee does not have any action items for consideration.

Ms. Ganeriwala concluded that Committee member Randall P Burdette recommended that VRA consider ISO 9000 Management certification. ISO is a quality management standard that establishes the framework for all processes undertaken by an organization. The Department of Aviation (DOA) was the second agency in the Commonwealth to receive ISO certification.

Ms. Cherry Evans, on behalf of Mr. Burdette, stated since DOA received its certification two (2) years ago, Mr. Burdette has been encouraging other state agencies to do the same. Ms. Evans stated she will arrange a meeting with Ms. Long and Ms. Ganeriwala, if they would like, to learn more about the standards and implementing them at VRA.

#### Budget Committee

Mrs. Barbara McCarthy Donnellan, Chair, stated that the Budget Committee met prior to the Board meeting, Tuesday, April 10, 2012. She stated, as previously noted, the Unrestricted Net Assets Guidelines are not finalized and discussions will continue at the July 2012 meeting of the Committee.

Mrs. Donnellan continued stating that projected revenues are tracking over expenses in the FY2012 budget. She shared the FY2013 budget drivers as follows. The Virginia Pooled Financing Program (VPFP) has new issuances for FY2013. There is increased activity in the Clean Water, Drinking Water, and Airports consistent with prior years. The Virginia Transportation Infrastructure Bank (VTIB) closings will generate a new revenue source to cover costs associated with the transactions. VRA will pick up Trustee Fees for Pool Borrowers for the

first time and VRA will increase its outreach efforts in terms of workshops and conferences.

Mr. Jon McCubbin, Controller, shared the process and rationale for absorbing Trustee Fees for Pool Borrowers. The language in the finance agreements will not change so that if VRA has to revert back to having the borrower pay those fees it can do so. The method by which the fees will be paid has not yet been determined. Mrs. Donnellan added that this gesture may work in conjunction with VRA's outreach efforts.

Mrs. Donnellan provided an update of the FY2013 Budget stating there is \$4 million in revenues, \$4 million in expenses, and approximately \$1 million to be transferred to reserves. The Technology and Efficiency Upgrades Budget has carry forward funds in the amount of \$450,000 for new Technology initiatives. The Community Investment & Education Fund has carry forward funds in the amount of \$255,000 for Community Investment and education.

Mrs. Donnellan concluded that the Budget Committee is recommending Board approval of the Fiscal Year 2013 Budget as presented by VRA staff.

Mrs. Donnellan moved, and Mr. Hasty seconded, approval of the Fiscal Year 2013 Budget as presented by staff.

The motion was approved unanimously.

Mrs. Donnellan stated that during the discussion on the budget, it was suggested that VRA periodically issue a Request for Proposals (RFP) for banking services.

Ms. Donnellan moved, and Mr. Hasty seconded, that staff pursue an RFP for VRA banking services.

The motion was approved unanimously.

There was no old business.

**Old Business**

Mr. O'Brien stated that the PRMC has a significant number of activities to revisit. He asked that the Board consider moving the meetings from July 9 - 10, 2012 to July 16 - 17, 2012 to give the Committee sufficient time to complete its work and to accommodate Ms. Moore's schedule.

**New Business**

Mr. Spencer moved, and Dr. Kleene seconded, that the Committee and Board meeting dates be rescheduled from July 9 and 10, 2012 to July 16 and 17, 2012.

The motion was approved unanimously.

Ms. Carrie S. Cantrell, Deputy Secretary of Commerce and Trade, expressed enthusiasm relative to Ms. Long assuming the leadership role at VRA. In addition, she stated the Board should be aware that funding has been included in the Governor's budget for the Rappahannock Shenandoah Warren Regional Jail Authority that was also seeking VRA financing.

**Public Comment**

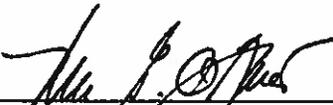
Ms. Cherry Evans, attending the meeting on behalf of Randall P Burdette, commended the Executive Director and staff for their continued outreach efforts. In particular she expressed appreciation for VRA's presence at a meeting involving the Tappahannock-Essex airport and local officials regarding their debt obligations. Staff proved to be invaluable in terms of enlightening local officials regarding their financial responsibilities. In addition, Ms. Evans stated that the Department of Aviation looks forward to participating in future VRA workshops for borrowers.

Mr. Branscome moved, and Ms. Ganeriwala seconded, adjournment.

**Adjournment**

The motion was approved unanimously, and the meeting adjourned at 10:20 a.m.

The next meeting of the Board will be held on July 17, 2012.

  
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William G. O'Brien, Chair  
Board of Directors

  
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Suzanne S. Long, Executive Director  
Secretary to the Board



# COMMONWEALTH of VIRGINIA

Office of the Governor

Martin L. Kent  
Chief of Staff

February 21, 2012

Suzanne S. Long  
202 Canterbury Road  
Richmond, Virginia 23221

Dear Ms. Long:

I am pleased to confirm your appointment as Executive Director of the Virginia Resources Authority (VRA), effective March 1, 2012. Your recommended base annual salary is \$150,500.00.

In addition to your annual salary, the Governor's Office supports state employer-paid benefits. The benefits package for full-time, salaried employees includes: paid leave, paid holidays, health care insurance, group life insurance, retirement, worker's compensation, subsidized parking, and direct deposit of your paycheck. Other available options are credit union membership, savings bonds, deferred compensation and a flexible benefits reimbursement program. A benefits information packet describing these and other benefits in more detail will be provided to you. Please note that you serve at the pleasure of the Governor and may be discharged at any time with or without cause.

You will have thirty-one (31) days from your start date to elect health care coverage. Your health care coverage is effective the first of the month following receipt of your request provided your paperwork has been submitted to the Department of Selected Agency Services prior to that date.

The Governor looks forward to your service in his administration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Martin L. Kent', written over a large, stylized flourish.

Martin L. Kent  
Chief of Staff

MLK/kfs

cc: Jim Cheng, Secretary of Commerce and Trade  
Janet Polarek, Secretary of the Commonwealth  
William O'Brien, Chairman, Virginia Resources Authority  
Sara R. Wilson, Director, Department of Human Resource Management  
Robert Schultz, Director, Virginia Retirement System  
Dennis M. Johnson, Director, Division of Selected Agency Support Services



**Resolution of the Virginia Resources Authority  
Board of Directors**

**April 10, 2012**

**WHEREAS**, Stephanie L. Hamlett was appointed as Executive Director of the Virginia Resources Authority on July 26, 2010; and

**WHEREAS**, Ms. Hamlett's leadership and vision produced significant improvements in the operations of the Authority; and

**WHEREAS**, Ms. Hamlett worked successfully with the Administration and the Legislature to strengthen the credit quality of use and support agreements and other local obligations or guarantees of borrowers; and

**WHEREAS**, her contributions to the Authority assisted in the development of new partnerships benefitting the citizens of the Commonwealth of Virginia, including the implementation of the Virginia Transportation Infrastructure Bank and the Tourism Gap Financing Program; and

**WHEREAS**, the Authority improved its financial position while continuously providing cost effective financing for critical projects throughout the Commonwealth of Virginia during her tenure; and

**WHEREAS**, Ms. Hamlett distinguished herself through her commitment to carrying out the mission of the Authority; and

**WHEREAS**, Ms. Hamlett has earned the respect and admiration of the Board of Directors, staff and all those with whom she has worked with over the years;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Virginia Resources Authority expresses its deepest appreciation to Stephanie L. Hamlett for her service to the Authority and wishes her well in all of her future endeavors.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Date

**VIRGINIA RESOURCES AUTHORITY**

**- AMENDED AND RESTATED RESOLUTION -**

**AUTHORIZING THE ISSUANCE OF UP TO \$700,000,000 IN  
INFRASTRUCTURE REVENUE BONDS  
(VIRGINIA POOLED FINANCING PROGRAM)  
FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

April 10, 2012

**WHEREAS**, the Virginia Resources Authority (the "Authority") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

**WHEREAS**, the Act provides that the Authority was created for the purpose of encouraging the investment of both public and private funds and making loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

**WHEREAS**, the Act authorizes and empowers the Authority, among other things, to borrow money and issue its bonds to provide funds to carry out the Authority's purposes and powers and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

**WHEREAS**, by a resolution adopted by the Board of Directors of the Authority (the "Board") on November 13, 2003, the Authority established the Virginia Pooled Financing Program (the "Program") and authorized the execution and delivery of a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended (the "Master Indenture"), between the Authority and U.S. Bank National Association (as successor in interest to SunTrust Bank), as trustee (the "Trustee"), under which the Authority has provided for the issuance from time to time of bonds of the Authority for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act; and

**WHEREAS**, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture; and

**WHEREAS**, the Program and the Master Indenture contemplate and authorize the Authority's issuance of Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the use of the proceeds thereof to purchase and acquire Local Obligations, with (i) the Infrastructure Revenue Bonds to be secured primarily by revenues derived from the Local Obligations, and (ii) the State Moral Obligation Revenue Bonds to be secured primarily by (A) revenues derived from the Local Obligations (on a subordinate basis to the Infrastructure

Revenue Bonds) and (B) a "capital reserve fund" with "moral obligation" support within the meaning of Section 62.1-215 of the Act to the extent provided under the Master Indenture; and

**WHEREAS**, to further the purposes of the Act and the Program, the Authority has determined to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$700,000,000 (the "Bonds") at one time or from time to time during the Authority's fiscal year ending June 30, 2012; and

**WHEREAS**, the Authority will use the proceeds of the Bonds (i) to purchase and acquire Local Obligations issued or incurred by Localities to finance or refinance qualified Projects, (ii) to provide for any funding of the Capital Reserve Fund necessary or desirable to provide credit support for the Bonds issued as State Moral Obligation Revenue Bonds and any other State Moral Obligation Revenue Bonds heretofore or hereafter issued under the Master Indenture, and (iii) to pay the costs of issuance related to the Bonds; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, the Authority shall deliver to the Trustee a Supplemental Series Indenture which will contain, among other things, the specific payment and redemption provisions for the Bonds; and

**WHEREAS**, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on certain funds and accounts established under the Master Indenture and the Supplemental Series Indentures as provided therein; and

**WHEREAS**, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreements, Local Lease Acquisition Agreements, Financing Agreements and Financing Leases to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations and lease Local Obligations (collectively, the "Local Obligation Documents"); and

**After careful consideration and to further the public purposes for which the Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY THAT:**

**1. Authorization of the Bonds.** There is hereby authorized the issuance at one time or from time to time of one or more series of revenue bonds of the Authority to be known as the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program). Each Series of the Bonds shall bear appropriate Series designations and any Bonds to be issued as a single Series for purposes of the Master Indenture may, for purposes of the related Supplemental Series Indenture and federal tax law, be issued under two or more sub-designations. The Bonds shall be in substantially the forms attached as exhibits to the model Supplemental Series Indenture. The Authority shall use the proceeds of the issuance and sale of each Series of the Bonds as described in the Recitals above and in accordance with the Master Indenture and the related Supplemental Series Indenture. It is

hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Details of the Bonds.** The Authority's Chairman and Executive Director are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$700,000,000; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7.50%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2043. The approval of the Chairman and Executive Director of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

**3. Approval of Supplemental Series Indentures.** Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on the Authority's behalf, and, if required, to affix and attest the Authority's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on the Authority's behalf.

**4. Preparation, Execution, Authentication and Delivery of Bonds.** The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

**5. Sale of Bonds.** Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with the Authority's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to the Authority. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon

terms and conditions to be approved by the Chairman and Executive Director within the parameters set forth in paragraph 2 above.

**6. Preliminary Official Statement.** The Authority authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**7. Official Statement.** Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of the Authority and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**8. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of the Authority.

**9. Participating Localities.** Without the need for additional approval by this Board, the Executive Director is authorized on behalf of the Authority to solicit, accept and approve applications from Local Governments to be participants in the Program through the Authority's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from participating Localities shall in no event be less stringent than the Authority's internal credit criteria previously approved by this Board.

**10. Approval of Local Obligation Documents.** The model Local Obligation Documents are hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by the Authority and the various participating Localities.

**11. Tax Matters.** The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if required under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), (ii) seek the approval of the Governor of the issuance of any Series of Bonds, if required under the Tax Code, and (iii) execute and deliver on the Authority's behalf simultaneously with

the issuance of each Series of Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Tax Code and to maintain such exemption. The Executive Director is further authorized to make on behalf of the Authority such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of the Authority after consultation with the Authority's Bond Counsel and Financial Advisor. Such authorization includes any election required to issue Bonds as "qualified tax credit bonds" under Section 54A et. seq. of the Tax Code. The calculation of "true interest cost" of any Bonds or Notes (as defined in paragraph 13 below) for purposes of paragraphs 2 and 13 hereof may take into account the net benefit expected to be received by VRA from the issuance of Bonds as qualified tax credit bonds as determined by the Executive Director.

**12. Investment of Proceeds.** Notwithstanding anything to the contrary contained in the Authority's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

**13. Interim Financing.** Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of the Authority ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$700,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7.50% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of the Authority to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

**14. Authorization of Further Actions.** Each officer of the Authority is authorized to execute and deliver on the Authority's behalf such other instruments, documents or

certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any officer of the Authority is in all respects approved, ratified and confirmed.

**15. Effective Date; Termination.** This Resolution shall take effect immediately and shall supersede that certain resolution entitled "Virginia Resources Authority Resolution Authorizing the Issuance of up to \$450,000,000 in Infrastructure Revenue Bonds (Virginia Pooled Financing Program) for the Fiscal Year Ending June 30, 2012" adopted on June 14, 2011. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2012.

# **VIRGINIA RESOURCES AUTHORITY**

## **- RESOLUTION -**

### **AUTHORIZING THE ISSUANCE OF UP TO \$650,000,000 IN INFRASTRUCTURE REVENUE BONDS (VIRGINIA POOLED FINANCING PROGRAM) FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

April 10, 2012

**WHEREAS**, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

**WHEREAS**, the Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and making loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

**WHEREAS**, the Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

**WHEREAS**, by a resolution adopted by the Board of Directors of VRA (the "Board") on November 13, 2003, VRA established the Virginia Pooled Financing Program (the "Program") and authorized the execution and delivery of a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association (as successor in interest to SunTrust Bank), as trustee (the "Trustee"), under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act; and

**WHEREAS**, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture; and

**WHEREAS**, the Program and the Master Indenture contemplate and authorize VRA's issuance of Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the use of the proceeds thereof to purchase and acquire Local Obligations, with (i) the Infrastructure Revenue Bonds to be secured primarily by revenues derived from the Local Obligations, and (ii) the State Moral Obligation Revenue Bonds to be secured primarily by (A) revenues derived from the Local Obligations (on a subordinate basis to the Infrastructure Revenue Bonds) and (B) a "capital reserve fund" with "moral obligation" support within the meaning of Section 62.1-215 of the Act to the extent provided under the Master Indenture; and

**WHEREAS**, to further the purposes of the Act and the Program, the Board has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$650,000,000 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2013; and

**WHEREAS**, VRA will use the proceeds of the Bonds (i) to purchase and acquire Local Obligations issued or incurred by Localities to finance or refinance qualified Projects, (ii) to provide for any funding of the Capital Reserve Fund necessary or desirable to provide credit support for the Bonds issued as State Moral Obligation Revenue Bonds and any other State Moral Obligation Revenue Bonds heretofore or hereafter issued under the Master Indenture, and (iii) to pay the costs of issuance related to the Bonds; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture which will contain, among other things, the specific payment and redemption provisions for the Bonds; and

**WHEREAS**, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on certain funds and accounts established under the Master Indenture and the Supplemental Series Indentures as provided therein; and

**WHEREAS**, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreements, Local Lease Acquisition Agreements, Financing Agreements and Financing Leases to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations and lease Local Obligations (collectively, the "Local Obligation Documents"); and

**After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:**

**1. Authorization of the Bonds.** There is hereby authorized the issuance at one time or from time to time of one or more series of revenue bonds of VRA to be known as the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program). Each Series of the Bonds shall bear appropriate Series designations and any Bonds to be issued as a single Series for purposes of the Master Indenture may, for purposes of the related Supplemental Series Indenture and federal tax law, be issued under two or more sub-designations. The Bonds shall be in substantially the forms attached as exhibits to the model Supplemental Series Indenture. VRA shall use the proceeds of the issuance and sale of each Series of the Bonds as described in the Recitals above and in accordance with the Master Indenture and the related Supplemental Series Indenture. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or

in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Details of the Bonds.** VRA's Chairman and Executive Director are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$650,000,000; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7.00%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2044. The approval of the Chairman and Executive Director of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

**3. Approval of Supplemental Series Indentures.** Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

**4. Preparation, Execution, Authentication and Delivery of Bonds.** The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

**5. Sale of Bonds.** Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to

be approved by the Chairman and Executive Director within the parameters set forth in paragraph 2 above.

**6. Preliminary Official Statement.** VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**7. Official Statement.** Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**8. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

**9. Participating Localities.** Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from Local Governments to be participants in the Program through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from participating Localities shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

**10. Approval of Local Obligation Documents.** The model Local Obligation Documents are hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Localities.

**11. Tax Matters.** The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of any Series of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all

or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor.

**12. Investment of Proceeds.** Notwithstanding anything to the contrary contained in VRA's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

**13. Interim Financing.** Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$650,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7.00% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

**14. Authorization of Further Actions.** Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

**15. Effective Date; Termination.** This Resolution shall be effective on July 1, 2012. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2013.

# VIRGINIA RESOURCES AUTHORITY

## - RESOLUTION -

### AUTHORIZING THE ISSUANCE AND SALE OF BONDSTO REFUNDOUTSTANDING BONDS

April 10, 2012

**WHEREAS**, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

**WHEREAS**, Section 62.1-205 of the Act authorizes VRA to issue refunding bonds to refund any bonds previously issued by VRA; and

**WHEREAS**, to further the purposes of the Act, the Board of Directors of VRA (the "Board") has determined to authorize VRA to issue bonds from time to time (the "Bonds") to refund, redeem and/or defease outstanding bonds of VRA issued in VRA's Virginia Pooled Financing Program, Pooled Loan Bond Program, Virginia Water Facilities Revolving Loan Fund Program, Virginia Airports Revolving Loan Fund leveraging program and otherwise by VRA to further the purposes of the Act; and

**After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:**

**1. Authorization of Bonds.** The Board determines that it is in the best interest of VRA to authorize the issuance of Bonds to refund, redeem and/or defease all or any of the outstanding bonds of VRA as may be selected by the Executive Director from time to time (the "Refunded Bonds") pursuant to the criteria set forth in this paragraph 1. The outstanding bonds selected by the Executive Director shall be referred to below as the "Refunded Bonds." The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (a) the minimum savings threshold for any series of Bonds shall be not less than three percent (3%) savings on a present value basis compared to the existing debt service on the Refunded Bonds and (b) the final maturity for the Bonds shall not exceed the final maturity for the Refunded Bonds. The Executive Director, in collaboration with VRA's financial advisor (the "Financial Advisor"), is authorized from time to time to review the terms of VRA's outstanding bonds and determine which bonds satisfy the criteria set forth in this paragraph 1. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Determination of Details of Bonds.** VRA's Chairman and Executive Director, either of whom may act, are authorized, subject to the limitations set forth in paragraph

1, to determine the details of the Bonds issued hereunder, including without limitation the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the reoffering prices. The Bonds may be issued and sold in one or more series from time to time as determined by the Chairman and Executive Director, either of whom may act.

**3. Sale of Bonds.** VRA's Chairman and Executive Director, either of whom may act, are authorized to solicit and consider, if determined to be desirable, proposals for a negotiated sale of any Bonds authorized hereunder and to negotiate the terms of such sale. The Chairman and Executive Director, either of whom may act, are authorized to execute and deliver a purchase contract or agreement reflecting such proposal.

**4. Preliminary Official Statement.** VRA authorizes the preparation of a Preliminary Official Statement, in such form as the Executive Director may approve, in connection with the offering of each series of Bonds authorized hereunder. The Executive Director is authorized to deem final the Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve distribution thereof. Distribution of the Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**5. Official Statement.** The Executive Director is authorized and directed in collaboration with the Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") to reflect the provisions of the executed purchase contract. The Executive Director is authorized to execute the Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**6. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established under the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

**7. Financing Documents.** The Chairman or Vice-Chairman is authorized and directed to prepare and execute any indentures, supplemental indentures, escrow agreements and any other documents necessary or desirable to effect the issuance of the particular series of Bonds and the refunding of the Refunded Bonds.

**8. Execution and Delivery of Bonds.** The Chairman or the Executive Director is authorized and directed to have the Bonds prepared and to execute the Bonds in accordance with the respective supplemental indenture or other authorizing document executed in connection with the Bonds and/or the Refunded Bonds, to deliver them to the trustee for authentication if required and to cause the Bonds so executed and authenticated to be delivered

to or for the account of the underwriters or winning bidders upon payment of the purchase price therefor, all in accordance with the executed purchase contract or notice of sale, as appropriate.

**9. Tax Matters.** The Executive Director is authorized and directed to execute and deliver on VRA's behalf simultaneously with the issuance of the Bonds a Tax Regulatory Agreement and supplemental or similar agreements or certificates. The Tax Regulatory Agreement and such other agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor.

**10. Authorization of Further Action.** The Executive Director is authorized to execute and deliver financing agreements, amended financing agreements, bond sale agreements and any other documents or certificates in connection with each locality which previously issued local obligations securing any portion of the Refunded Bonds ("the "Local Obligations"), including any such amendments necessary or advisable in connection with the issuance of the Bonds, the refunding, redemption and defeasance of the Refunded Bonds or the incorporation of such Local Obligations into the Program; provided, however that the provisions of such amendments may not (a) extend the maturity of such Local Obligations beyond their original terms and (b) the security for such Local Obligations may not be reduced. Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture, the Bonds or the Refunded Bonds (and associated financing documents). Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

**11. Effective Date. Termination.** This Resolution shall be effective on July 1, 2012. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2013.

**VIRGINIA RESOURCES AUTHORITY**

**-RESOLUTION-**

**AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$10,000,000  
IN AIRPORTS REVOLVING FUND BONDS FOR THE FISCAL YEAR ENDING  
JUNE 30, 2013, THE LENDING OF THE PROCEEDS THEREOF TO FINANCE OR  
REFINANCE AIRPORT PROJECTS, AND THE MAKING OF DIRECT LOANS FROM  
THE VIRGINIA AIRPORTS REVOLVING FUND FOR AIRPORT PROJECTS**

April 10, 2012

**WHEREAS**, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"); and

**WHEREAS**, the VRA Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution and laws of the Commonwealth of Virginia or any combination of any two or more of the foregoing ("Obligors") to finance or refinance, among other facilities, qualified airport facilities ("Airport Projects"); and

**WHEREAS**, the VRA Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers, including making loans to Obligors to finance or refinance the cost of any Airport Project from the proceeds of such bonds ("Leveraged Loans"), and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

**WHEREAS**, pursuant to Chapter 2.1, Title 5.1, Code of Virginia of 1950, as amended (the "VARF Act"), VRA may, among other things, at any time or from time to time transfer from the Virginia Airports Revolving Fund established under the VARF Act to banks or trust companies designated by VRA any or all of the assets of the Virginia Airports Revolving Fund to be held in trust as security for the payment of the principal of and premium, if any, and interest on any or all of the bonds of VRA; and

**WHEREAS**, VRA has prepared a Master Indenture of Trust dated as of January 1, 2001, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association, as successor trustee, under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring obligations ("Local Obligations") of Obligors to finance and refinance the cost of Airport Projects, and for such other purposes as may be authorized under and pursuant to the VRA Act; and

**WHEREAS**, pursuant to the VARF Act, VRA may make direct loans ("Direct Loans") from the Virginia Airports Revolving Fund to Obligors to finance or refinance the cost of any Airport Project; and

**WHEREAS**, to further the purposes of the VARF Act and the VRA Act, the Board of Directors of VRA (the "Board") has determined to authorize VRA to make Direct Loans from the Virginia Airports Revolving Fund to Obligors to finance or refinance the cost of any Airport Project; and

**WHEREAS**, to further the purposes of the VRA Act, VRA has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$10,000,000 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2013, and to use the proceeds of such Bonds to make Leveraged Loans to Obligors to finance or refinance Airport Projects and to pay the cost of issuance related to such Bonds; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture; and

**WHEREAS**, the Master Indenture provides for the establishment of a separate debt service reserve fund (a "Debt Service Reserve Fund") for each Series of Bonds issued thereunder; and

**WHEREAS**, the funding for the Debt Service Reserve Fund may be derived in whole or in part from amounts transferred from the Virginia Airports Revolving Fund; and

**WHEREAS**, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on the Debt Service Reserve Fund established for the applicable Bonds and certain other funds and accounts established under the Master Indenture and any Supplemental Series Indenture as provided therein; and

**WHEREAS**, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture; (ii) a model Supplemental Series Indenture; and (iii) a model Financing Agreement to be used in making the Leveraged Loans and the Direct Loans; and

**WHEREAS**, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture.

**After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY AS FOLLOWS:**

1. **Authorization of Bonds.** The Board determines that it is in the best interest of VRA to authorize the issuance at one time or from time to time of one or more series of Bonds under the Master Indenture to make Leveraged Loans to Obligors to finance or

refinance Airport Projects and to pay the cost of issuance related to such Bonds. The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (i) the original aggregate principal amount of the Bonds shall not exceed \$10,000,000; (ii) no Series of the Bonds shall have a true interest cost in excess of 7.00%; and (iii) the final maturity any of the Bonds of any Series shall be no later than December 31, 2040. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth of Virginia within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Details of the Bonds.** Subject to the limitations outlined in paragraph 1 above, VRA's Chairman and Executive Director are authorized to determine and approve the Bonds' final details, including without limitation, their series designation, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices and the principal amount of each maturity, the sale date, the sale price and the reoffering prices. The approval of the Chairman and Executive Director of such details shall be evidenced conclusively by their execution and delivery of the Bonds on VRA's behalf.

**3. Approval of Supplemental Series Indentures.** Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of Bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

**4. Preparation, Execution, Authentication and Delivery of Bonds.** The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

**5. Sale of Bonds.** Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the Chairman and Executive Director within the parameters set forth in paragraph 1 above.

**6. Preliminary Official Statement.** VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**7. Official Statement.** Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefore as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**8. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of a Debt Service Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

**9. Tax Matters.** The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of the Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's bond counsel and financial advisor.

**10. Investment of Proceeds.** Notwithstanding anything to the contrary contained in VRA's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an

arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

**11. Authorization of Loans.** The Board determines that it is in the best interest of VRA to authorize Leveraged Loans and Direct Loans to Obligor to finance or refinance the cost of any Airport Project; provided, however, that such Leveraged Loans and Direct Loans shall be subject to the following terms and conditions: (i) VRA shall have received from the Virginia Aviation Board (the "Aviation Board") written evidence of approval of the Airport Project by the Aviation Board in connection with such Leveraged Loan or Direct Loan, including the purpose and amount of such loan; (ii) the Leveraged Loan or Direct Loan shall be formally authorized and approved by the Obligor's governing body for at least the principal amount of the Leveraged Loan or Direct Loan; (iii) the Leveraged Loan or Direct Loan shall be evidenced and secured by a financing agreement between the Obligor and VRA, containing such terms and conditions as may be authorized or approved by the Executive Director; (iv) the Obligor's Local Obligation evidencing the Leveraged Loan or Direct Loan shall be secured by (a) a pledge of the net revenues of the Obligor's airport facility operations or of any Airport Project, (b) a support agreement containing such terms and conditions as may be authorized or approved by the Executive Director and providing for the moral obligation of the Obligor or the participating jurisdiction of the Obligor to fund any deficiencies in debt service or debt coverage on the Leveraged Loan or Direct Loan arising from insufficiencies in revenues from the Obligor's airport facility operations and/or (c) such other security as deemed appropriate by the Executive Director; and (v) a Leveraged Loan or Direct Loan to any Obligor shall not exceed the costs of the related Airport Project. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from local governments within the Commonwealth of Virginia to be potential Obligors through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from Obligors shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

**12. Approval of Local Obligation Documents.** The model Financing Agreement is hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds and the Leveraged Loans or the Direct Loans; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Obligors.

**13. Interim Financing.** Prior to the offering of any series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Airport Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$10,000,000 (less the aggregate principal amount of any previously issued series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7.0% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the

direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

**14. Authorization of Further Actions.** Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds, Notes or the Direct Loans. Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

**15. Effective Date; Termination.** This Resolution shall be effective on July 1, 2012. The authority to issue Bonds, Notes and make Direct Loans pursuant to this Resolution shall terminate on June 30, 2013.

**VIRGINIA RESOURCES AUTHORITY**  
**BUDGET COMMITTEE**  
**MINUTES OF THE REGULAR MEETING**

The Budget Committee of the Virginia Resources Authority (VRA) met on Tuesday, April 10, 2012, relocated from the 18<sup>th</sup> Floor Meeting Room to the VRA Conference, 19<sup>th</sup> Floor, 1111 E. Main Street, Richmond, Virginia.

**COMMITTEE MEMBERS PRESENT:**

Manju Ganeriwala  
Thomas L. Hasty, III  
Dena Frith Moore  
William G. O'Brien, Ex Officio

**COMMITTEE MEMBERS PRESENT VIA CONFERENCE CALL**

Barbara McCarthy Donnellan, Chair

**ABSENT:**

None

**STAFF:**

Suzanne S. Long, Executive Director, Secretary to the Board  
Jean Bass, Director of Policy & Intergovernmental Relations  
Michael Cooper, Director of Administration  
Jon McCubbin, Controller

**OTHERS:**

None

Mr. William G. O'Brien, Ex Officio, stated that the Budget Committee meeting was relocated from the 18<sup>th</sup> Floor to the VRA Conference to accommodate the Chair, Ms. Barbara McCarthy Donnellan, who is in route and available by telephone.

Ms. Donnellan asked Mr. O'Brien to preside over the meeting.

Mr. O'Brien called the meeting to order at 8:23 a.m.

**Call to Order**

There were no additions, corrections or deletions to the agenda.

**Approval of Agenda**

Mr. Hasty moved, and Ms. Moore seconded, approval of the agenda.

The motion was approved unanimously by those present.

Mr. Jon McCubbin, Controller, stated no action is being requested on the Unrestricted Net Assets Guidelines based on discussions held in the Portfolio Risk Management Committee (PRMC) meeting on Monday, April 9, 2012. He explained that the Unrestricted Net Assets Guidelines consist of three (3) components. The first component is the General Reserve which is intended to help VRA cover operating expenses in unexpected circumstances when revenue is unavailable. The General Reserve at the end of the fiscal year will not be less than 270 days of the current year's projected operating expenses reduced from 325 days, previously introduced. The second component is the Technology and Efficiency Reserve which is to be used for one-time expenditures related to upgrading, expanding, and replacing VRA's technology resources. Balances are established during the annual budget process, and \$450,000 has been dedicated for FY2013. The third component is the Portfolio Risk Management Reserve. This Reserve is intended to help VRA temporarily cover a potential local borrower payment default.

**Unrestricted Net  
Assets Guidelines**

Mr. McCubbin explained that staff took several approaches to establish a reasonable balance for the Portfolio Risk Management Reserve. However, after extensive discussion with the PRMC and Audit Committees, VRA staff was asked to revisit its approach of setting the reserve at the highest maximum annual debt service of any particular VRA "red" (high risk) borrower. It was suggested that VRA examine its loan portfolio as a whole and assign risk categories to each borrower in the portfolio and assign an estimated default percentage to each risk category. Utilizing these percentages against the risk-weighted average of the loan portfolio, a reasonable reserve level can be determined. This approach takes into consideration VRA's overall loan portfolio versus isolating the risk to an individual borrower. The Committee also suggested that both approaches could potentially be implored where the reserves are set at the greater of the two methods.

Staff agreed to continue working on a reserves policy and will provide an update at the Board's July meeting.

Mr. Jon McCubbin, Controller, began discussion on the FY2013 Budget Development Process by providing a FY2012 budget update. He explained that projected revenues and expenses are estimates based on anticipated fee collections and historical costs, and that overall staff is projecting operating income of about \$900,000 at the end of the fiscal year. These funds will be moved into reserves and will be used for the Unrestricted Net Asset Guidelines.

**Budget Development  
Process**

Mr. McCubbin continued with an overview of the FY2013 key budget

Mr. McCubbin continued with an overview of the FY2013 key budget drivers on the revenue side. He stated that staff is estimating \$200 million in new issuances for FY2013 in the Virginia Pooled Financing Program. He continued with the Revolving Loan Funds, noting that program activity with Clean Water, Drinking Water, and Airports are expected to be consistent with prior years. The Virginia Transportation Infrastructure Bank (VTIB) is a new program. Three (3) loans are projected for FY2012 which will generate a new revenue source to cover costs associated with VTIB transactions.

Mr. McCubbin explained that the key expense budget drivers included personnel expenses, VTIB and its related transactional fees, paying the Trustee Fees for pool borrowers for the first time by VRA (it was noted that this action will not take place every year and staff will communicate the rationale for the action to the borrowers), and lastly, an increase in outreach efforts to include workshops and conferences built into the budget.

Mr. McCubbin continued with the FY2013 proposed budget stating that the General Fund Budget is proposed at \$4 million in revenues and \$4 million in expenses including approximately \$1 million to be transferred to unrestricted reserves.

**Proposed Budget**

Mr. McCubbin shared a comparison chart of the FY2013 Budget showing projected revenues for FY2013 versus FY2012 actual revenues. Budgeted expenses were shown to remain relatively level with prior years.

The Technology and Efficient Upgrade Budget is a carry forward of \$450,000 for new technology initiatives and no major projects are dedicated at this time. The Community Investment and Education Fund is a carry forward of \$255,000 for community investment and education and includes expenses for VRA Regional Workshops, Community Education, and New Program Development. There is \$200,000 included for new program development around VTIB, Tourism, and the Short-Term Financing Program.

Mr. Hasty moved, and Ms. Ganeriwala seconded, that the FY2013 budget be recommended to the Full Board for approval.

The motion was approved unanimously by those present.

There was no old business.

**Old Business**

During the discussion on the budget, the Committee asked staff to issue a Request for Proposal (RFP) for banking services, noting it would be prudent to issue a new RFP at least every three (3) years. Ms. Ganeriwala and Mr. Hasty offered assistance to VRA in initiating and completing the RFP process.

**New Business**

Mr. Hasty moved, and Ms. Moore seconded, that VRA issue an RFP for banking services.

The motion was approved unanimously by those present.

There was no public comment.

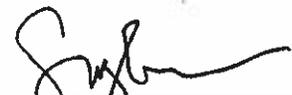
**Public Comment**

There being no further business to come before the Committee, the meeting adjourned at 8:54 a.m.

**Adjournment**

The next meeting of the Budget Committee will be held July 9, 2012.

  
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William G. O'Brien on behalf of  
Barbara McCarthy Donnellan, Chair

  
\_\_\_\_\_  
Suzanne Long, Executive Director/Secretary

**VIRGINIA RESOURCES AUTHORITY**  
**AUDIT COMMITTEE**  
**MINUTES OF THE REGULAR MEETING**

The Audit Committee of the Virginia Resources Authority (VRA) met on Monday, April 9, 2012, in the 18<sup>th</sup> Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

**COMMITTEE MEMBERS PRESENT:**

Manju Ganeriwala, Chair  
David Branscome  
Randall P. Burdette

**ABSENT:**

James H. Spencer, III  
William G. O'Brien, Ex Officio

**STAFF:**

Suzanne S. Long, Executive Director, Secretary to the Board  
Jean Bass, Director of Policy & Intergovernmental Relations  
Michael Cooper, Director of Administration  
Jon McCubbin, Controller

**OTHERS:**

J. Michael Stephens, Partner, Clifton Larson Allen LLP

Ms. Manju Ganeriwala, Chair of the Audit Committee, called the meeting to order at 5:30 p.m.

**Call to Order**

There were no additions, corrections or deletions to the agenda.

**Approval of Agenda**

Mr. Burdette moved, and Mr. Branscome seconded, approval of the agenda.

The motion was approved unanimously.

Mr. Jon McCubbin, Controller, stated that the Audit Committee is required to annually review its Charter and recommend any changes to the Board for approval.

**Review of Audit  
Committee Charter**

Mr. J. Michael Stephens, Partner with Clifton Larson Allen LLP, suggested that under Part II, Statement of Purpose, language be added to provide for Board oversight of internal controls.

Mr. Stephens further recommended that Part III, Specific Authority and Responsibilities, Item 5, be revisited to consider making the Audit Committee the conduit for receiving anonymous complaints from all employees regarding accounting, internal accounting controls and auditing matters.

In response to the Executive Director, Mr. McCubbin stated that there is a fraud, waste and abuse hotline available for employees managed by the State. Mr. Burdette suggested that the language in the Charter be clarified to specify various reporting avenues such as the Committee or the hotline.

It was the consensus of the Committee that VRA staff continue to review the Charter and refine recommendations presented by Mr. Stephens pertaining to Part II, Statement of Purpose, and Part III, Item 5, to include specific instructions for receiving and treating complaints regarding accounting, internal accounting controls and auditing matters, and referencing avenues available for reporting the complaints, such as the fraud, waste and abuse hotline.

Staff will report back to the Committee at July's Board of Director's meeting.

Mr. Jon McCubbin, Controller, explained that each year the Audit Committee is required to complete a Certification and Disclosure Form. The form states that Committee members are independent of VRA management and any relationship that may interfere with their independent judgment as a member of the Committee.

**Review of  
Certification and  
Disclosure**

In response to the Committee, Mr. J. Michael Stephens, Partner with Clifton Larson Allen LLP, stated that the form is standard, and he had no recommendations for consideration.

The forms are to be signed by Committee members and returned to VRA staff no later than the July 9, 2012, meeting of the Audit Committee, prior to the upcoming audit.

Mr. Jon McCubbin, Controller, stated this is the first year that a representative from the audit firm has visited prior to the completion of the audit. Mr. McCubbin formally introduced Mr. J. Michael Stephens from Clifton Larson Allen LLP, as the lead audit partner for the upcoming audit.

**Introduction of  
Auditing Firm**

Mr. Stephens, explained that the audit firms of Clifton Gunderson and Larson Allen merged to form the new firm Clifton Larson Allen LLP

effective January 2, 2012. He explained that there is no change in the audit approach and audit team as a result of the merger.

Mr. McCubbin shared a preliminary timeline for the audit process, noting that it will begin in June and conclude in August for VRA. Mr. Stephens added his firm's involvement will begin and conclude in August with an expected completion date of September 1, 2012. He explained the risk based approach implored by Clifton Larson Allen in conducting the audit.

Ms. Ganeriwala stated that the Portfolio Risk Management Committee is considering guidelines to establish a formula to provide funding to its Portfolio Risk Management Reserve and requested Mr. Stephens' view. In response to Ms. Ganeriwala, Mr. Stephens stated that other agencies usually establish reserves based on their programs and risks. He explained that one method for establishing reserves, which VRA does not currently have, is historical loan losses. This makes it challenging for VRA and the auditors to establish a loan loss reserve or other reserve. He added that VRA's assignment of risk levels (low, moderate, high) is another standard used. From an auditor's perspective, he recommended that a loan portfolio reserve not be tied to an individual borrower or loan, especially if there are multiple loans in the portfolio identified as high risk. Allocations to reserves are usually based on specific concerns with a general allowance for unforeseen circumstances. He suggested that VRA consider a percentage of overall at-risk borrower loans to determine the reserve.

The Committee discussed the upcoming Risk Management and Internal Control Standards (ARMICS) review. Mr. Burdette posed the question of whether the Audit Committee should review the employees' surveys that accompany the ARMICS review.

During the discussion, it was noted that administration of the survey is performed by VRA's accounting consultants, Cherry, Bekaert, and Holland, and that historically, a sample of VRA employees were selected to complete the survey.

In conclusion, staff was asked to provide the surveys that accompany the ARMICS review to the Audit committee and Executive Director for review. In addition, staff was asked to have all VRA employees complete the survey and report the results of the surveys and ARMICS review to the Audit Committee once completed.

#### ISO 9000 Quality Management Standards

Mr. Burdette suggested in conjunction with the review of internal

controls for financial procedures and processes, consideration should be given to developing a mechanism of identifying processes and procedures for other core activities of VRA. He explained that the Department of Aviation recently implemented ISO 9000 and Quality Management Standards. Such a process, he said, provides better continuity of operations and greater efficiency in responding to customers in periods of change and transition. In addition, these standards promote one central location to access the procedures of the organization. Mr. Burdette offered to provide VRA staff with the contact information of the resources he used in the development of the Department of Aviation's procedures.

Mr. McCubbin explained that ARMICS offers a limited review of processes and procedures as it relates to financial processes. This review is submitted annually to the state.

The Executive Director expressed an interest in learning more about the ISO 9000 Quality Management Standards and possibly implementing them at VRA.

There was no old business.

**Old Business**

There was no new business.

**New Business**

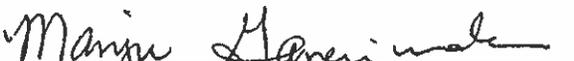
There was no public comment.

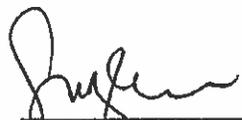
**Public Comment**

There being no further business to come before the Committee, the meeting adjourned at 6:10 p.m.

**Adjournment**

The next meeting of the Audit Committee will be held on July 9, 2012.

  
\_\_\_\_\_  
Manju Ganeriwala, Chair

  
\_\_\_\_\_  
Suzanne S. Long, Executive Director/Secretary

**VIRGINIA RESOURCES AUTHORITY**  
**PORTFOLIO RISK MANAGEMENT COMMITTEE**  
**MINUTES OF THE REGULAR MEETING**

The Portfolio Risk Management Committee of the Virginia Resources Authority (VRA) met on Monday, April 9, 2012, in the 18<sup>th</sup> Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

**COMMITTEE MEMBERS PRESENT:**

Dena Frith Moore, Chair  
David Branscome  
Manju Ganeriwala  
Thomas L. Hasty, III

**COMMITTEE MEMBERS ABSENT:**

William G. O'Brien, Ex Officio

**OTHER BOARD MEMBERS PRESENT:**

Randall P Burdette arrived for the Audit Committee

**STAFF:**

Suzanne S. Long, Executive Director, Secretary to the Board  
Jean Bass, Director of Policy & Intergovernmental Relations  
Michael Cooper, Director of Administration  
Shawn Crumlsh, Director of Debt Management & Credit Analysis  
Peter D'Alema, Director of Program Management  
Jon McCubbin, Controller  
Bradley Jones, Program Manager  
Stephanie Bush, Fiscal Analyst/Compliance Officer

**OTHERS:**

Arthur Anderson, McGuire Woods LLP, Bond Counsel  
James Traudt, Davenport & Company LLC  
Ty Wellford, Davenport & Company LLC  
J. Michael Stephens, Partner, Clifton Larson Allen LLP  
Arrived for the Audit Committee

Ms. Dena Frith Moore, Chair of the Portfolio Risk Management Committee, called the meeting to order at 2:30 p.m. She thanked staff for the detailed work and the revised presentation provided to the Committee.

**Call to Order**

The Committee was provided a revised agenda.

**Approval of Agenda**

Mr. Hasty moved, and Ms. Ganeriwala seconded, approval of the revised agenda.

The motion was approved unanimously.

Mr. Peter D'Alema, Director of Program Management, stated that VRA received applications from 27 potential borrowers for the 2012A Virginia Pooled Financing Program (VPFP) with over \$400 million in requested proceeds. The applications received covered seven (7) of VRA's authorized project areas. Of the 27 applicants, it currently appears that 16 of the loans will likely move forward in the spring pool.

**2012A Virginia  
Pooled Financing  
Program**

Mr. D'Alema reviewed the borrower list that included each borrower's requested proceeds, VRA project area, project description and anticipated security. He stated that the Series 2012A Bonds will likely include seven (7) new VPFP borrowers and nine (9) loans with requested proceeds in excess of \$20 million. He shared the bond ratings of each. He further provided a transaction overview and a participant summary of each potential borrower.

**City of Fairfax**

Mr. D'Alema presented in detail the City of Fairfax's \$41.6 million loan request from the proceeds of the series 2012A Bonds to refund the City's series 2005 EDA lease revenue bonds that originally financed improvements to roads and a library. The original loan was secured by alternate collateral that included Fairfax City Hall and a Property Yard. However, the Property Yard has been excluded as part of the collateral for the refunding request.

Mr. D'Alema stated VRA staff is recommending that the Fairfax City Hall alone be accepted as collateral for the City's series 2012A Bonds loan due to the essential nature of the facility and the significant amount of time required to complete a Phase I environmental report on the Property Yard. However, to do so will require an exception to VRA's 75% collateral value for loan underwriting guideline. This exception is mitigated by the strong financial profile of Fairfax City.

There was extensive discussion relative to the 75% collateral value underwriting guideline, the purpose of the guideline and possible future amendments to the VRA collateral-to-value underwriting guideline. At the conclusion of the discussion, the Committee suggested that VRA staff return to the Committee in July to discuss the possibility of reducing the 75% collateral value requirement in the VRA lease underwriting guideline.

Mr. Hasty moved, and Ms. Ganeriwala seconded, that the request by the City of Fairfax to the series 2012A Bonds to refund the City's series 2005 EDA lease revenue bonds be referred to the Full Board for consideration to grant an exception to VRA's lease transaction underwriting guideline requiring that the target evaluation of collateral provided in the lease revenue pledge shall be at least 75% of the amount of the borrowing requested. Such exception is to be granted in this case due to the essential nature of the collateral to be pledged by the City which consists of Fairfax City Hall and the strong credit profile of the City, which includes Aaa ratings from Moody's and S&P.

The motion was approved unanimously.

Mr. D'Alema continued the presentation with a schedule of the series 2012A Bonds critical dates, noting that bond pricing will be May 22-23, and pre-closing and closing will be June 12-13.

Mr. D'Alema provided a VFPF Portfolio summary after the issuance of the spring sale stating that the total amount of borrower loans outstanding will be approximately \$2 billion. He reviewed a chart of the top ten (10) borrowers.

Amended and Restated FY2012 Parameter Resolution

Mr. D'Alema explained that staff is recommending the adoption of an amended and restated VFPF resolution, previously adopted June 2011, increasing the authorized maximum bond par amount from up to \$450 million to up to \$700 million to provide for the spring pool loan volume.

Following the vote to forward the resolution to the full Board for approval, there was discussion relative to a concentration guideline for borrowing. Discussion will continue at the July 9, 2012 meeting of the PRMC.

Ms. Ganeriwala moved, and Mr. Branscome seconded, a recommendation to the full Board for approval of a VRA amended and restated resolution authorizing the issuance of up to \$700,000,000 in infrastructure revenue bonds (Virginia Pooled Financing Program) for Fiscal Year Ending June 30, 2012 to take effect immediately and supersede that certain resolution entitled, "Virginia Resources Authority resolution authorizing the issuance of up to \$450,000,000 in infrastructure revenue bonds (Virginia Pooled Financing Program) for Fiscal Year Ending June 30, 2012", adopted June 14, 2011.

The motion was approved unanimously.

The resolution is attached hereto and made a part herein.

FY2013 VPPF Parameter Resolution

Mr. D'Alema proceeded to address the FY2013 VPPF Parameter Resolution which is approved annually. He stated staff is recommending an authorized issuance of up to \$650,000,000. The resolution will provide a capacity for a Refunding Pool of approximately \$150,000,000 for the FY2012 summer transaction and \$250,000,000 each for the FY2013 fall and spring pools.

There was discussion relative to general obligation loan limits for borrowing.

Ms. Ganeriwala moved, and Mr. Branscome seconded, a recommendation to the full Board for approval of the VRA resolution authorizing the issuance of up to \$650,000,000 in infrastructure revenue bonds (Virginia Pooled Financing Program) for Fiscal Year Ending June 30, 2013, effective July 1, 2012.

The motion was approved unanimously.

The resolution is attached hereto and made a part herein.

Mr. Peter D'Alema, Director of Program Management, stated that staff is requesting a 2012B VPPF Refunding Summer Pool to address eligible refundings. He explained that if the refundings are included in the spring pool, there would be quality control concerns and capacity constraints. He shared charts providing details and gross savings relative to the three (3) stand-alone, seven (7) Pooled Loan Bond Program (PLBP), and 13 VPPF loans to be considered in the summer pool.

**2012B Virginia  
Pooled Financing  
Program Refunding  
Pool**

Mr. D'Alema stated that a standardized resolution is being prepared for adoption by VRA refunding borrowers prior to June 30, 2012, authorizing their participation in the summer transaction. VRA will prepare for a mid-July VPPF pricing and early August VPPF closing for the summer transaction, assuming market rates continue to provide savings to borrowers.

In response to the Committee, Mr. D'Alema stated that the borrowers are VRA refundings. Therefore, a credit analysis will not be necessary, and preparation time for the refundings will be reduced. He explained

that approval of a shelf refunding resolution is an annual request and that VRA has done summer bond transactions in the past.

Ms. Ganeriwala moved, and Mr. Branscome seconded, a recommendation to the full Board for approval of a VRA resolution authorizing the issuance and sale of bonds to refund outstanding bonds, effective July 1, 2012.

The motion was approved unanimously.

The resolution is attached hereto and made a part herein.

With consensus of the Committee, Ms. Moore deviated from the agenda to consider item number 5, Virginia Airports Revolving Fund Update, prior to item number 4, Short-Term Financing Program update (STFP).

**Virginia Airports  
Revolving Fund  
Update**

Mr. Peter D'Alema, Director of Program Management, stated staff is asking that the Committee recommend to the Full Board approval of the parameter resolution for the Virginia Airports Revolving Fund (VARF).

Mr. D'Alema continued that there has been no additional VARF loan closings since December 2011. However, a loan by the New River Valley Airport Commission ("NRVAC") is recommended for approval. He shared the security requirements for the loan.

Mr. D'Alema explained in detail the current status relative to the legislation that contemplated removal of the Town of Tappahannock from the Tappahannock-Essex Airport Authority. As a result of the legislation, concerns surfaced about the Town's intentions of honoring a support agreement between VRA, Essex County, and the Town. However, the Town has determined a means to address its obligations for FY2013, and the Town and County will work to address how future debt service payments will be allocated.

Mr. D'Alema concluded that the amount of the FY13 airport shelf resolution has remained the same as previous years due to anticipated demand.

Mr. Hasty moved, and Ms. Ganeriwala seconded, a recommendation to the full Board for approval of a VRA resolution authorizing the issuance and sale of up to \$10,000,000 in Airports Revolving Fund bonds for the Fiscal Year Ending June 30, 2013, the lending of the proceeds thereof to finance or refinance airport projects, and the

making of direct loans from the Virginia Airports Revolving Fund for airport projects, effective July 1, 2012.

The motion was approved unanimously.

The resolution is attached hereto and made a part herein.

The Committee recessed at 3:38 p.m. and reconvened at 3:48 p.m.

**Break**

Ms. Dena Frith Moore, Chair of the Portfolio Risk Management Committee, explained that there is a need to revisit the STFP as a result of outreach to potential borrowers provided by VRA staff. The Board approved the program at the Committee's request, with a \$25 million facility and local loans with an initial term of no more than 12 months, allowing VRA to extend the term only if the borrower made a request for an extension.

**Short-Term  
Financing Program  
Update**

Mr. Peter D'Alema, Director of Program Management, continued providing a history of the program development. He stated that the program was developed to serve as a bridge to future VFPF issuances. As a result of outreach, staff has identified three potential borrowers, two of which would not benefit from the program because of the limit on maturities. He shared in detail the three (3) potential borrowers, and their short-term financing needs.

Mr. D'Alema stated that VRA staff is seeking further guidance from the PRMC and Board relative to possibly maintaining the current STFP facility for short-term borrowers, allowing for maturities of loans in excess of 12 months or up to 30 months.

Members of the Committee expressed concern about allowing loan maturities for borrowers beyond 18 months. As a result, there was extensive discussion relative to the purpose of STFP and it being a bridge to the VFPF, ways to accommodate potential borrowers that do not fit into the STFP, the cost-effectiveness of financing a project through the STFP rather than through a bank, material risks and the possibility of defaults.

As a result of the discussions, Mr. D'Alema concluded that staff may recommend that the credit facility for STFP be reduced from \$25 million to \$5 million to \$15 million if the loan maturities are not extended beyond 12 months or less. This recommendation is being made because potential borrowers will only seek small loans for such a limited maturity.

Discussion continued relative to STFP being a complement to an existing program rather than a stand-alone program, establishing parameters for various structured loans, and variable rates versus long-term financing rates.

Mr. James Traudt, Davenport & Company LLC, reiterated that the purpose of the program is to serve as a bridge to the VFPF and to be cost-effective as a result of the cyclical nature of the VFPF and short-term nature of the STFP.

The Executive Director requested that the Committee provide staff the opportunity to address the concerns expressed.

It was the consensus of the Committee that discussion on the STFP be tabled until July 9, 2012.

Ms. Stephanie Bush, Fiscal Analyst/Compliance Officer, provided a priority list of FY2011 Compliance Reviews based on the Loan Monitoring and Compliance system. She explained that the reviews were developed taking into account three factors: (1) the magnitude of impact in terms of the dollar amount of the borrowers portfolio; (2) the likelihood of default occurrence or risk category; and (3) the impact on other borrowers as it relates to leveraged or pool issuances.

**Loan Monitoring and  
Compliance Update**

Ms. Bush continued that 95 borrowers will be fully reviewed during the calendar year 2012, representing over 60% of the VRA portfolio reviewed. Status updates on eight (8) borrowers were highlighted in the Interim Report. Ms. Bush referred the Committee to a chart summarizing the borrowers, noting that the chart is updated quarterly for presentation to the VRA Board.

In response to a request from Ms. Dena Frith Moore, Ms. Bush will add a column to the report showing the loan balance outstanding for each borrower.

Ms. Bush cited the City of Hopewell as an example of a recent compliance review and explained the rationale for recommending that Hopewell move from 'Yellow' in the FY2010 database to Green in the FY2011 despite its pending lawsuit over a bio energy plant. She explained that Hopewell has strong financial management, strong debt service coverage and strong liquidity. The bio energy plant was not a source of tax revenue for the City in prior years. Therefore, regardless of the outcome of the lawsuit, VRA believes Hopewell will remain strong financially.

No action was taken.

Mr. Peter D'Alema, Director of Program Management, stated that in order to provide additional financial stability to VRA and its programs, staff has sought to establish guidelines regarding unrestricted net assets. The guidelines will ensure VRA maintains prudent levels of financial resources to mitigate portfolio risk, plan for unexpected expenses, and avoid raising program fees during temporary periods of reduced demand for VRA programs. The proposed guidelines provide for a General Reserve (annual operating expenses), Technology and Efficiency Reserve (currently in place), and a Portfolio Risk Management (PRM) Reserve (ensure short-term for default).

**Unrestricted Net  
Assets Guidelines**

Mr. D'Alema explained that the General Reserve will be not less than 270 days of the current year's projected operating expenses. The Technology and Efficiency Reserve will be established during the annual budget process. However, staff is experiencing some difficulty in determining a reserve level for the PRM Reserve.

Mr. D'Alema stated that VRA staff surveyed similar financing authorities in other states and found that there is no 'standardized formula' for arriving at a sufficient reserve level to protect against portfolio loan defaults. As a result, staff has explored the new Basel capital adequacy rules, which suggest lenders hold 8% of risk-weighted assets in reserve against potential losses. In addition, staff explored the possibility of setting a reserve target based on maximum annual debt service of 'red borrowers' in the VPPF, PLBP, and STFP. Mr. D'Alema shared a chart of Basel II governing risk weights that provided a summary of potential loss reserve requirements.

Ms. Ganeriwala suggested that staff review the reserve formula established by the Virginia Housing Development Authority.

Mr. D'Alema reviewed the list of 'red' borrowers in VRA's portfolio, noting that staff considered developing a reserve based on the borrower(s) with the highest risk.

After extensive discussion, the Committee expressed concern relative to developing a reserve based on one 'red' or at-risk borrower and the size of the reserve. It was stated that consideration should be given to the possibility of determining a balance for the PRM Reserve using a percentage of annual debt service of all 'red' borrowers as opposed to focusing on one top borrower.

Mr. D'Alema stated that the staff recommendation was to ask the

Committee to request Board approval of the Unrestricted Net Assets Guidelines at a future meeting.

It was the consensus of the Committee that no action be taken. Input will be solicited from the Audit Committee and discussions will continue at the July 9, 2012 meeting of PRMC.

Actions on the parameter resolutions were taken during discussion on the 2012A Virginia Pooled Financing Program, the 2012B Virginia Pooled Financing Program Refunding Pool, and the Virginia Airports Revolving Fund Update.

**Parameter Resolutions**

There was no old business.

**Old Business**

There was no new business

**New Business**

There was no public comment.

**Public Comment**

There being no further business, the meeting adjourned at 5:24 p.m.

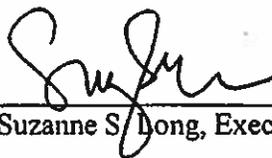
**Adjournment**

The next meeting of the Portfolio Risk Management Committee will be held on July 9, 2012.



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Dena Frith Moore, Chair



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Suzanne S. Long, Executive Director/Secretary

**VIRGINIA RESOURCES AUTHORITY**

**- AMENDED AND RESTATED RESOLUTION -**

**AUTHORIZING THE ISSUANCE OF UP TO \$700,000,000 IN  
INFRASTRUCTURE REVENUE BONDS  
(VIRGINIA POOLED FINANCING PROGRAM)  
FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

April 10, 2012

**WHEREAS**, the Virginia Resources Authority (the "Authority") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

**WHEREAS**, the Act provides that the Authority was created for the purpose of encouraging the investment of both public and private funds and making loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

**WHEREAS**, the Act authorizes and empowers the Authority, among other things, to borrow money and issue its bonds to provide funds to carry out the Authority's purposes and powers and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

**WHEREAS**, by a resolution adopted by the Board of Directors of the Authority (the "Board") on November 13, 2003, the Authority established the Virginia Pooled Financing Program (the "Program") and authorized the execution and delivery of a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended (the "Master Indenture"), between the Authority and U.S. Bank National Association (as successor in interest to SunTrust Bank), as trustee (the "Trustee"), under which the Authority has provided for the issuance from time to time of bonds of the Authority for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act; and

**WHEREAS**, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture; and

**WHEREAS**, the Program and the Master Indenture contemplate and authorize the Authority's issuance of Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the use of the proceeds thereof to purchase and acquire Local Obligations, with (i) the Infrastructure Revenue Bonds to be secured primarily by revenues derived from the Local Obligations, and (ii) the State Moral Obligation Revenue Bonds to be secured primarily by (A) revenues derived from the Local Obligations (on a subordinate basis to the Infrastructure

Revenue Bonds) and (B) a "capital reserve fund" with "moral obligation" support within the meaning of Section 62.1-215 of the Act to the extent provided under the Master Indenture; and

**WHEREAS**, to further the purposes of the Act and the Program, the Authority has determined to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$700,000,000 (the "Bonds") at one time or from time to time during the Authority's fiscal year ending June 30, 2012; and

**WHEREAS**, the Authority will use the proceeds of the Bonds (i) to purchase and acquire Local Obligations issued or incurred by Localities to finance or refinance qualified Projects, (ii) to provide for any funding of the Capital Reserve Fund necessary or desirable to provide credit support for the Bonds issued as State Moral Obligation Revenue Bonds and any other State Moral Obligation Revenue Bonds heretofore or hereafter issued under the Master Indenture, and (iii) to pay the costs of issuance related to the Bonds; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, the Authority shall deliver to the Trustee a Supplemental Series Indenture which will contain, among other things, the specific payment and redemption provisions for the Bonds; and

**WHEREAS**, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on certain funds and accounts established under the Master Indenture and the Supplemental Series Indentures as provided therein; and

**WHEREAS**, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreements, Local Lease Acquisition Agreements, Financing Agreements and Financing Leases to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations and lease Local Obligations (collectively, the "Local Obligation Documents"); and

**After careful consideration and to further the public purposes for which the Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY THAT:**

**1. Authorization of the Bonds.** There is hereby authorized the issuance at one time or from time to time of one or more series of revenue bonds of the Authority to be known as the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program). Each Series of the Bonds shall bear appropriate Series designations and any Bonds to be issued as a single Series for purposes of the Master Indenture may, for purposes of the related Supplemental Series Indenture and federal tax law, be issued under two or more sub-designations. The Bonds shall be in substantially the forms attached as exhibits to the model Supplemental Series Indenture. The Authority shall use the proceeds of the issuance and sale of each Series of the Bonds as described in the Recitals above and in accordance with the Master Indenture and the related Supplemental Series Indenture. It is

hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Details of the Bonds.** The Authority's Chairman and Executive Director are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$700,000,000; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7.50%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2043. The approval of the Chairman and Executive Director of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

**3. Approval of Supplemental Series Indentures.** Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on the Authority's behalf, and, if required, to affix and attest the Authority's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on the Authority's behalf.

**4. Preparation, Execution, Authentication and Delivery of Bonds.** The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

**5. Sale of Bonds.** Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with the Authority's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to the Authority. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon

terms and conditions to be approved by the Chairman and Executive Director within the parameters set forth in paragraph 2 above.

**6. Preliminary Official Statement.** The Authority authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**7. Official Statement.** Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of the Authority and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**8. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of the Authority.

**9. Participating Localities.** Without the need for additional approval by this Board, the Executive Director is authorized on behalf of the Authority to solicit, accept and approve applications from Local Governments to be participants in the Program through the Authority's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from participating Localities shall in no event be less stringent than the Authority's internal credit criteria previously approved by this Board.

**10. Approval of Local Obligation Documents.** The model Local Obligation Documents are hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by the Authority and the various participating Localities.

**11. Tax Matters.** The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if required under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), (ii) seek the approval of the Governor of the issuance of any Series of Bonds, if required under the Tax Code, and (iii) execute and deliver on the Authority's behalf simultaneously with

the issuance of each Series of Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Tax Code and to maintain such exemption. The Executive Director is further authorized to make on behalf of the Authority such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of the Authority after consultation with the Authority's Bond Counsel and Financial Advisor. Such authorization includes any election required to issue Bonds as "qualified tax credit bonds" under Section 54A et. seq. of the Tax Code. The calculation of "true interest cost" of any Bonds or Notes (as defined in paragraph 13 below) for purposes of paragraphs 2 and 13 hereof may take into account the net benefit expected to be received by VRA from the issuance of Bonds as qualified tax credit bonds as determined by the Executive Director.

**12. Investment of Proceeds.** Notwithstanding anything to the contrary contained in the Authority's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

**13. Interim Financing.** Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of the Authority ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$700,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7.50% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of the Authority to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

**14. Authorization of Further Actions.** Each officer of the Authority is authorized to execute and deliver on the Authority's behalf such other instruments, documents or

certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any officer of the Authority is in all respects approved, ratified and confirmed.

**15. Effective Date; Termination.** This Resolution shall take effect immediately and shall supersede that certain resolution entitled "Virginia Resources Authority Resolution Authorizing the Issuance of up to \$450,000,000 in Infrastructure Revenue Bonds (Virginia Pooled Financing Program) for the Fiscal Year Ending June 30, 2012" adopted on June 14, 2011. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2012.

# VIRGINIA RESOURCES AUTHORITY

## - RESOLUTION -

### AUTHORIZING THE ISSUANCE OF UP TO \$650,000,000 IN INFRASTRUCTURE REVENUE BONDS (VIRGINIA POOLED FINANCING PROGRAM) FOR THE FISCAL YEAR ENDING JUNE 30, 2013

April 10, 2012

**WHEREAS**, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

**WHEREAS**, the Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and making loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

**WHEREAS**, the Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

**WHEREAS**, by a resolution adopted by the Board of Directors of VRA (the "Board") on November 13, 2003, VRA established the Virginia Pooled Financing Program (the "Program") and authorized the execution and delivery of a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association (as successor in interest to SunTrust Bank), as trustee (the "Trustee"), under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act; and

**WHEREAS**, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture; and

**WHEREAS**, the Program and the Master Indenture contemplate and authorize VRA's issuance of Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the use of the proceeds thereof to purchase and acquire Local Obligations, with (i) the Infrastructure Revenue Bonds to be secured primarily by revenues derived from the Local Obligations, and (ii) the State Moral Obligation Revenue Bonds to be secured primarily by (A) revenues derived from the Local Obligations (on a subordinate basis to the Infrastructure Revenue Bonds) and (B) a "capital reserve fund" with "moral obligation" support within the meaning of Section 62.1-215 of the Act to the extent provided under the Master Indenture; and

**WHEREAS**, to further the purposes of the Act and the Program, the Board has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$650,000,000 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2013; and

**WHEREAS**, VRA will use the proceeds of the Bonds (i) to purchase and acquire Local Obligations issued or incurred by Localities to finance or refinance qualified Projects, (ii) to provide for any funding of the Capital Reserve Fund necessary or desirable to provide credit support for the Bonds issued as State Moral Obligation Revenue Bonds and any other State Moral Obligation Revenue Bonds heretofore or hereafter issued under the Master Indenture, and (iii) to pay the costs of issuance related to the Bonds; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture which will contain, among other things, the specific payment and redemption provisions for the Bonds; and

**WHEREAS**, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on certain funds and accounts established under the Master Indenture and the Supplemental Series Indentures as provided therein; and

**WHEREAS**, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreements, Local Lease Acquisition Agreements, Financing Agreements and Financing Leases to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations and lease Local Obligations (collectively, the "Local Obligation Documents"); and

**After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:**

**1. Authorization of the Bonds.** There is hereby authorized the issuance at one time or from time to time of one or more series of revenue bonds of VRA to be known as the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program). Each Series of the Bonds shall bear appropriate Series designations and any Bonds to be issued as a single Series for purposes of the Master Indenture may, for purposes of the related Supplemental Series Indenture and federal tax law, be issued under two or more sub-designations. The Bonds shall be in substantially the forms attached as exhibits to the model Supplemental Series Indenture. VRA shall use the proceeds of the issuance and sale of each Series of the Bonds as described in the Recitals above and in accordance with the Master Indenture and the related Supplemental Series Indenture. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or

in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Details of the Bonds.** VRA's Chairman and Executive Director are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$650,000,000; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7.00%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2044. The approval of the Chairman and Executive Director of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

**3. Approval of Supplemental Series Indentures.** Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

**4. Preparation, Execution, Authentication and Delivery of Bonds.** The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

**5. Sale of Bonds.** Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to

be approved by the Chairman and Executive Director within the parameters set forth in paragraph 2 above.

**6. Preliminary Official Statement.** VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**7. Official Statement.** Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**8. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

**9. Participating Localities.** Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from Local Governments to be participants in the Program through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from participating Localities shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

**10. Approval of Local Obligation Documents.** The model Local Obligation Documents are hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Localities.

**11. Tax Matters.** The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of any Series of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all

or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor.

**12. Investment of Proceeds.** Notwithstanding anything to the contrary contained in VRA's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

**13. Interim Financing.** Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$650,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7.00% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

**14. Authorization of Further Actions.** Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

**15. Effective Date; Termination.** This Resolution shall be effective on July 1, 2012. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2013.

# VIRGINIA RESOURCES AUTHORITY

## - RESOLUTION -

### AUTHORIZING THE ISSUANCE AND SALE OF BONDSTO REFUNDOUTSTANDING BONDS

April 10, 2012

**WHEREAS**, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

**WHEREAS**, Section 62.1-205 of the Act authorizes VRA to issue refunding bonds to refund any bonds previously issued by VRA; and

**WHEREAS**, to further the purposes of the Act, the Board of Directors of VRA (the "Board") has determined to authorize VRA to issue bonds from time to time (the "Bonds") to refund, redeem and/or defease outstanding bonds of VRA issued in VRA's Virginia Pooled Financing Program, Pooled Loan Bond Program, Virginia Water Facilities Revolving Loan Fund Program, Virginia Airports Revolving Loan Fund leveraging program and otherwise by VRA to further the purposes of the Act; and

**After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:**

1. **Authorization of Bonds.** The Board determines that it is in the best interest of VRA to authorize the issuance of Bonds to refund, redeem and/or defease all or any of the outstanding bonds of VRA as may be selected by the Executive Director from time to time (the "Refunded Bonds") pursuant to the criteria set forth in this paragraph 1. The outstanding bonds selected by the Executive Director shall be referred to below as the "Refunded Bonds." The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (a) the minimum savings threshold for any series of Bonds shall be not less than three percent (3%) savings on a present value basis compared to the existing debt service on the Refunded Bonds and (b) the final maturity for the Bonds shall not exceed the final maturity for the Refunded Bonds. The Executive Director, in collaboration with VRA's financial advisor (the "Financial Advisor"), is authorized from time to time to review the terms of VRA's outstanding bonds and determine which bonds satisfy the criteria set forth in this paragraph 1. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

2. **Determination of Details of Bonds.** VRA's Chairman and Executive Director, either of whom may act, are authorized, subject to the limitations set forth in paragraph

1, to determine the details of the Bonds issued hereunder, including without limitation the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the reoffering prices. The Bonds may be issued and sold in one or more series from time to time as determined by the Chairman and Executive Director, either of whom may act.

**3. Sale of Bonds.** VRA's Chairman and Executive Director, either of whom may act, are authorized to solicit and consider, if determined to be desirable, proposals for a negotiated sale of any Bonds authorized hereunder and to negotiate the terms of such sale. The Chairman and Executive Director, either of whom may act, are authorized to execute and deliver a purchase contract or agreement reflecting such proposal.

**4. Preliminary Official Statement.** VRA authorizes the preparation of a Preliminary Official Statement, in such form as the Executive Director may approve, in connection with the offering of each series of Bonds authorized hereunder. The Executive Director is authorized to deem final the Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve distribution thereof. Distribution of the Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

**5. Official Statement.** The Executive Director is authorized and directed in collaboration with the Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") to reflect the provisions of the executed purchase contract. The Executive Director is authorized to execute the Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

**6. Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established under the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

**7. Financing Documents.** The Chairman or Vice-Chairman is authorized and directed to prepare and execute any indentures, supplemental indentures, escrow agreements and any other documents necessary or desirable to effect the issuance of the particular series of Bonds and the refunding of the Refunded Bonds.

**8. Execution and Delivery of Bonds.** The Chairman or the Executive Director is authorized and directed to have the Bonds prepared and to execute the Bonds in accordance with the respective supplemental indenture or other authorizing document executed in connection with the Bonds and/or the Refunded Bonds, to deliver them to the trustee for authentication if required and to cause the Bonds so executed and authenticated to be delivered

to or for the account of the underwriters or winning bidders upon payment of the purchase price therefor, all in accordance with the executed purchase contract or notice of sale, as appropriate.

**9. Tax Matters.** The Executive Director is authorized and directed to execute and deliver on VRA's behalf simultaneously with the issuance of the Bonds a Tax Regulatory Agreement and supplemental or similar agreements or certificates. The Tax Regulatory Agreement and such other agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor.

**10. Authorization of Further Action.** The Executive Director is authorized to execute and deliver financing agreements, amended financing agreements, bond sale agreements and any other documents or certificates in connection with each locality which previously issued local obligations securing any portion of the Refunded Bonds ("the "Local Obligations"), including any such amendments necessary or advisable in connection with the issuance of the Bonds, the refunding, redemption and defeasance of the Refunded Bonds or the incorporation of such Local Obligations into the Program; provided, however that the provisions of such amendments may not (a) extend the maturity of such Local Obligations beyond their original terms and (b) the security for such Local Obligations may not be reduced. Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture, the Bonds or the Refunded Bonds (and associated financing documents). Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

**11. Effective Date. Termination.** This Resolution shall be effective on July 1, 2012. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2013.

**VIRGINIA RESOURCES AUTHORITY**

**-RESOLUTION-**

**AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$10,000,000  
IN AIRPORTS REVOLVING FUND BONDS FOR THE FISCAL YEAR ENDING  
JUNE 30, 2013, THE LENDING OF THE PROCEEDS THEREOF TO FINANCE OR  
REFINANCE AIRPORT PROJECTS, AND THE MAKING OF DIRECT LOANS FROM  
THE VIRGINIA AIRPORTS REVOLVING FUND FOR AIRPORT PROJECTS**

April 10, 2012

**WHEREAS**, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"); and

**WHEREAS**, the VRA Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution and laws of the Commonwealth of Virginia or any combination of any two or more of the foregoing ("Obligors") to finance or refinance, among other facilities, qualified airport facilities ("Airport Projects"); and

**WHEREAS**, the VRA Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers, including making loans to Obligors to finance or refinance the cost of any Airport Project from the proceeds of such bonds ("Leveraged Loans"), and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

**WHEREAS**, pursuant to Chapter 2.1, Title 5.1, Code of Virginia of 1950, as amended (the "VARF Act"), VRA may, among other things, at any time or from time to time transfer from the Virginia Airports Revolving Fund established under the VARF Act to banks or trust companies designated by VRA any or all of the assets of the Virginia Airports Revolving Fund to be held in trust as security for the payment of the principal of and premium, if any, and interest on any or all of the bonds of VRA; and

**WHEREAS**, VRA has prepared a Master Indenture of Trust dated as of January 1, 2001, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association, as successor trustee, under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring obligations ("Local Obligations") of Obligors to finance and refinance the cost of Airport Projects, and for such other purposes as may be authorized under and pursuant to the VRA Act; and

**WHEREAS**, pursuant to the VARF Act, VRA may make direct loans ("Direct Loans") from the Virginia Airports Revolving Fund to Obligor to finance or refinance the cost of any Airport Project; and

**WHEREAS**, to further the purposes of the VARF Act and the VRA Act, the Board of Directors of VRA (the "Board") has determined to authorize VRA to make Direct Loans from the Virginia Airports Revolving Fund to Obligor to finance or refinance the cost of any Airport Project; and

**WHEREAS**, to further the purposes of the VRA Act, VRA has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$10,000,000 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2013, and to use the proceeds of such Bonds to make Leveraged Loans to Obligor to finance or refinance Airport Projects and to pay the cost of issuance related to such Bonds; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture; and

**WHEREAS**, the Master Indenture provides for the establishment of a separate debt service reserve fund (a "Debt Service Reserve Fund") for each Series of Bonds issued thereunder; and

**WHEREAS**, the funding for the Debt Service Reserve Fund may be derived in whole or in part from amounts transferred from the Virginia Airports Revolving Fund; and

**WHEREAS**, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on the Debt Service Reserve Fund established for the applicable Bonds and certain other funds and accounts established under the Master Indenture and any Supplemental Series Indenture as provided therein; and

**WHEREAS**, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture; (ii) a model Supplemental Series Indenture; and (iii) a model Financing Agreement to be used in making the Leveraged Loans and the Direct Loans; and

**WHEREAS**, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture.

**After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY AS FOLLOWS:**

**1. Authorization of Bonds.** The Board determines that it is in the best interest of VRA to authorize the issuance at one time or from time to time of one or more series of Bonds under the Master Indenture to make Leveraged Loans to Obligor to finance or

refinance Airport Projects and to pay the cost of issuance related to such Bonds. The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (i) the original aggregate principal amount of the Bonds shall not exceed \$10,000,000; (ii) no Series of the Bonds shall have a true interest cost in excess of 7.00%; and (iii) the final maturity any of the Bonds of any Series shall be no later than December 31, 2040. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth of Virginia within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

**2. Details of the Bonds.** Subject to the limitations outlined in paragraph 1 above, VRA's Chairman and Executive Director are authorized to determine and approve the Bonds' final details, including without limitation, their series designation, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices and the principal amount of each maturity, the sale date, the sale price and the reoffering prices. The approval of the Chairman and Executive Director of such details shall be evidenced conclusively by their execution and delivery of the Bonds on VRA's behalf.

**3. Approval of Supplemental Series Indentures.** Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of Bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

**4. Preparation, Execution, Authentication and Delivery of Bonds.** The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

**5. Sale of Bonds.** Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the Chairman and Executive Director within the parameters set forth in paragraph 1 above.

6. **Preliminary Official Statement.** VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

7. **Official Statement.** Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefore as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

8. **Credit Enhancement.** The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of a Debt Service Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

9. **Tax Matters.** The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of the Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's bond counsel and financial advisor.

10. **Investment of Proceeds.** Notwithstanding anything to the contrary contained in VRA's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an

arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

**11. Authorization of Loans.** The Board determines that it is in the best interest of VRA to authorize Leveraged Loans and Direct Loans to Obligor to finance or refinance the cost of any Airport Project; provided, however, that such Leveraged Loans and Direct Loans shall be subject to the following terms and conditions: (i) VRA shall have received from the Virginia Aviation Board (the "Aviation Board") written evidence of approval of the Airport Project by the Aviation Board in connection with such Leveraged Loan or Direct Loan, including the purpose and amount of such loan; (ii) the Leveraged Loan or Direct Loan shall be formally authorized and approved by the Obligor's governing body for at least the principal amount of the Leveraged Loan or Direct Loan; (iii) the Leveraged Loan or Direct Loan shall be evidenced and secured by a financing agreement between the Obligor and VRA, containing such terms and conditions as may be authorized or approved by the Executive Director; (iv) the Obligor's Local Obligation evidencing the Leveraged Loan or Direct Loan shall be secured by (a) a pledge of the net revenues of the Obligor's airport facility operations or of any Airport Project, (b) a support agreement containing such terms and conditions as may be authorized or approved by the Executive Director and providing for the moral obligation of the Obligor or the participating jurisdiction of the Obligor to fund any deficiencies in debt service or debt coverage on the Leveraged Loan or Direct Loan arising from insufficiencies in revenues from the Obligor's airport facility operations and/or (c) such other security as deemed appropriate by the Executive Director; and (v) a Leveraged Loan or Direct Loan to any Obligor shall not exceed the costs of the related Airport Project. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from local governments within the Commonwealth of Virginia to be potential Obligors through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from Obligors shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

**12. Approval of Local Obligation Documents.** The model Financing Agreement is hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds and the Leveraged Loans or the Direct Loans; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Obligors.

**13. Interim Financing.** Prior to the offering of any series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Airport Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$10,000,000 (less the aggregate principal amount of any previously issued series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7.0% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the

direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

**14. Authorization of Further Actions.** Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds, Notes or the Direct Loans. Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

**15. Effective Date; Termination.** This Resolution shall be effective on July 1, 2012. The authority to issue Bonds, Notes and make Direct Loans pursuant to this Resolution shall terminate on June 30, 2013.