

VIRGINIA RESOURCES AUTHORITY
BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING

The Board of Directors of the Virginia Resources Authority met on Tuesday, September 11, 2012, in the 18th Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

William G. O'Brien, Chair
James H. Spencer, III, Vice Chair
David Branscome
Clifford Burnette on behalf of Randall P Burdette
Barbara McCarthy Donnellan
Thomas L. Hasty, III
Joseph J. Hilbert on behalf of Karen Remley, M.D., M.B.A.
Dena Frith Moore
John H. Rust, Jr.
Richard Weeks on behalf of David Paylor
Evelyn Whitley on behalf of Manju Ganeriwala

ABSENT:

None.

STAFF:

Suzanne S. Long, Executive Director, Secretary to the Board
Jean Bass, Director of Policy & Intergovernmental Relations
Michael Cooper, Director of Administration
Shawn Crumlish, Director of Debt Management
Peter D'Alema, Director of Program Management
Jon McCubbin, Controller
Bradley Jones, Senior Program Manager
Joseph Bergeron, Senior Finance Analyst
Stephanie Bush, Fiscal Analyst/Compliance Officer
Elizabeth Sacre, Fiscal and Administrative Specialist
Rachael Logan, Administrative Manager
Richard Rhodemyre, Intern
Jason Saunders, Intern

OTHERS:

Carrie Cantrell, Deputy Secretary, Commerce and Trade
Arthur Anderson, McGuireWoods LLP, Bond Counsel
James Traudt, Davenport & Company LLC
Ty Wellford, Davenport & Company LLC
Rebecca Dickson, County Administrator, Goochland County
John Wack, Deputy County Administrator/Finance, Goochland County

Mr. William G. O'Brien, Chair, called the meeting to order at 9:02 a.m.

Call to Order

Mr. O'Brien held a moment of silence in recognition of the eleventh anniversary of the terrorist attacks on the United States and in remembrance of fellow citizens who lost their lives at that time.

Mr. O'Brien announced that he, Ms. Dena Frith Moore and Mr. James H. Spencer, III were reappointed to the VRA Board of Directors by Governor Robert McDonnell. In addition, the Governor appointed Mr. John H. Rust, Jr. as a new member to replace Mr. Barry Purcell, whose term expired on June 30, 2012.

Mr. Rust arrived at the meeting during the report by the Portfolio Risk Management Committee at which time he was introduced. Mr. O'Brien stated that Mr. Rust is a practicing attorney in Fairfax County with the firm of Rust & Rust, P.C., and that he served in the House of Delegates and as a member of Governor McDonnell's transition team.

There were no additions or deletions to the agenda.

**Approval of the
Agenda**

Ms. Donnellan moved, and Ms. Moore seconded, approval of the agenda.

The motion was approved unanimously.

Mr. O'Brien called for approval of minutes for the Portfolio Risk Management Committee held on July 16, 2012, and the Board of Directors held on July 17, 2012.

**Approval of
Minutes**

Ms. Moore moved, and Mr. Hasty seconded, approval of minutes for the Portfolio Risk Management Committee held on July 16, 2012, and the Board of Directors held on July 17, 2012.

The motion was approved unanimously.

Ms. Suzanne S. Long, Executive Director, highlighted activities mentioned in the Executive Director's Report noting that VRA completed the workshop series in Big Stone Gap. She stated that the workshop was well received and very well attended. Ms. Long thanked Ms. Jean Bass, Director of Policy & Intergovernmental Relations, Ms. Stephanie Bush, Fiscal Analyst/Compliance Officer, and everyone who participated in making the workshop a success.

**Executive
Director's Report**

Ms. Long continued that plans are underway for VRA's Infrastructure Financing Conference to be held at the Hotel Roanoke and Conference Center, December 12-14, 2012. Ms. Bass added that the Board

Committees will meet during the afternoon of December 11, 2012 and the Board meeting will be held the morning of December 12, 2012, prior to the beginning of the Conference.

Ms. Long introduced two new interns, Mr. Jason Saunders, a recent graduate of William and Mary with a Master's Degree in Public Policy, and Mr. Richard Rhodemyre, a recent graduate of Virginia Tech with a double major in accounting and finance. They will be receiving initial training relative to compliance matters. Afterwards, Mr. Saunders will support the compliance team and Mr. Rhodemyre will support the credit analysis team.

Mr. O'Brien welcomed the interns wishing them a very productive experience.

Ms. Long concluded that efforts continue to place the Board's meeting documents online. Staff is exploring and evaluating options including Board Docs, as recommended by Mr. Spencer. Ms. Long said it is intended that a program be in place by the first of 2013.

Audit Committee

Ms. Evelyn Whitley on behalf of Ms. Manju Ganeriwala, Chair, stated that staff presented the Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2012. She stated this is the third year that CliftonLarsonAllen has conducted VRA's audit. VRA received a clean, unqualified audit opinion with no deficiencies, and no instances of non-compliance, no qualified opinion on accounting, no audit adjustments, no past adjustments, no issues with the single audit report, and an unqualified opinion on the OMB Circular A-133. In addition, a closed session was held to discuss with Mr. J. Michael Stephens, CliftonLarsonAllen, LLP, the performance of employees and evaluation of specific departments.

- FY 2012 CAFR: Mr. Jon McCubbin, Controller, distributed copies of the CAFR. He explained there were four (4) large drivers in the form of new bond issuances. He noted that the VFPF Series 2011A and 2011A-1 were the largest offering to date. He then referenced the Revolving Loan Funds noting that in FY2012, VRA realized its largest issuances and bond activity.

Mr. McCubbin continued that in FY2012 net assets exceeded liabilities. There was an increase in liabilities due to the issuance of new bonds and associated debt obligations. The operating revenues increased and the operating expenses decreased due to the American Reinvestment and Recovery Act (ARRA) projects being in the final stages of construction. The ARRA project disbursements are reported as an operating expense in

Committee Reports

VRA's financial statements and the largest volume of activity was in the previous two fiscal years.

After the motion, Mr. O'Brien thanked staff for their efforts in developing the CAFR.

Ms. Moore moved, and Mr. Hasty seconded, acceptance of the Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2012.

The motion was approved unanimously.

- Audit Committee Charter Changes: Ms. Whitley stated that in April 2012, the Auditor provided recommendations to improve the Audit Committee Charter. Wording was added to Section II, to give the Committee more oversight of VRA's finances and internal controls. Under Section III, Paragraph 5, a sentence was added to the end of the paragraph to provide staff with the means of reporting complaints or abuse regarding accounting matters without going through management. Some language was deleted in this section to provide clarity.

Ms. Whitley moved, and Mr. Hasty seconded, approval of amendments to the Audit Committee Charter as outlined above.

The motion was approved unanimously.

- Quality Management Analysis: Ms. Whitley stated that staff reviewed several quality management analysis proposals. She explained that upon thoughtful consideration the Virginia Commonwealth University Performance Management Group proposal is more in line with VRA's objectives.

Ms. Whitley moved, and Mr. Hasty seconded, that staff proceed with discussions and negotiations with Virginia Commonwealth University Performance Management Group to provide quality management analysis services to VRA and that staff return in December with a contract for Board consideration.

The motion was approved unanimously.

- ARMICS: Ms. Whitley stated that staff reported on the Agency Risk Management and Internal Control Standards Review (ARMICS). There were no findings. As part of the review, staff was surveyed to determine if there are any areas that can be improved upon in terms of internal controls. There was a high rate of response and no material issues.

Portfolio Risk Management Committee

Ms. Dena Frith Moore, Chair, stated that PRMC received presentations and recommendations by the staff in regard to Goochland County's request to restructure its Series 2002 Water and Sewer Revenue Bond.

Ms. Suzanne S. Long, Executive Director, provided a history of the loan noting that it was issued as a stand-alone transaction to finance construction of water and sewer infrastructure within the Tuckahoe Creek Service District (TCSD) to accommodate anticipated economic development. She provided a summary of the structure and security features of the loan.

Ms. Long continued that Goochland County has met with VRA staff and submitted an application to the Virginia Pooled Financing Program (VPFP) seeking to restructure the original loan. However, upon review, staff was not able to bring Goochland's loan into compliance with VRA's restructuring and revenue underwriting guidelines due to the immediate effect on County rates and taxes. However, staff is requesting an exception to the underwriting guidelines and recommends approval of the transaction on a stand-alone basis. The recommendation is based on Goochland's strong and stable financial condition, as well as its receipt of State Aid. In addition, a restructure reduces VRA's and the Commonwealth's risk, allows all parties to take advantage of the current favorable interest rate environment and reduces maximum annual debt service.

Mr. John H. Rust, Jr. arrived at 9:37 a.m.

Ms. Long further added that staff recommends a stand-alone transaction. She reviewed recommended security options, noting that a reserve has been established in the County's general fund that can be drawn if needed. In addition, she said the restructuring will provide a satisfactory path toward the successful repayment of the debt related to the TCSD.

Ms. Moore summarized that the County has very strong leadership and a positive relationship with VRA. The County is seeking a solution that will prevent annual debt service from escalating. She also noted that the 2002 Series cannot be restructured in a VPFP issuance because of VRA credit guidelines which are highly valued by the credit agencies. Ms. Long added that staff recommends a stand-alone issuance outside of the VPFP. She reviewed recommended security options, noting the restructure will provide a satisfactory solution for all parties with the goal being the successful repayment of the debt related to the TCSD. She concluded by referencing the resolution needed to proceed with the proposed restructure.

Mr. Arthur Anderson, McGuire Woods, Bond Counsel, stated this resolution is based on the shelf refunding resolution that the Board adopted in April 2012. It authorizes refunding to proceed under parameters set forth providing for an exception to VRA's underwriting guidelines.

During discussion relative to the original loan, it was noted that Goochland is requesting a restructure of the Series 2002 bond because of the downturn in the economy defeating Goochland's efforts to proceed with economic development to support the loan. Ms. Rebecca Dickson, County Administrator, Goochland County, stated that she appreciates the support from the VRA team. The proposed restructure of the Series 2002 bond issue meets Goochland's goals to level out the debt service and allow the system to grow and bring on economic development. She stated that she understands the rationale for recommending a stand-alone restructure and believes it is a good approach for everyone.

Ms. Moore moved, and Mr. Spencer seconded, approval of a resolution authorizing the issuance of up to \$60,000,000 in water and sewer system revenue refunding bonds, Series 2012 (Goochland County-Tuckahoe Creek Service District Project).

The motion was approved unanimously.

The resolution is attached hereto and made a part here-in.

Mr. O'Brien introduced Mr. John H. Rust, Jr., noting that he was delayed attending the meeting due to the need to complete the necessary paper work to serve on the Board.

Mr. Rust thanked Mr. O'Brien for the introduction.

- 2012C VPPF Update: Mr. Peter D'Alema, Director of Program Management, stated that VRA received 13 applications from potential borrowers for consideration in the fall 2012 VPPF; however, one (1) applicant withdrew. The applications covered seven (7) of VRA's project goals, ten (10) of the borrowers will likely move forward in the pool, and VRA will work with bond and legal counsel to identify eligible VRA refunding candidates for the fall pool. He explained that requested proceeds relate to refunding and restructuring prior non-VRA debt obligations, new construction projects, as well as refunding prior debt obligations related to school capital projects. Security pledges include general obligation, lease revenue and utility system revenue. He shared a table outlining the twelve borrowers, noting that Goochland County will be a stand-alone transaction outside of the VPPF. Mr. D'Alema concluded with a tentative financing

schedule. He noted that the anticipated closing is November 29; however, the schedule is flexible.

- Loan Monitoring and Compliance Update: Ms. Moore stated that Ms. Stephanie Bush, Fiscal Analyst/Compliance Officer, provided an update on loan monitoring and compliance. She referenced information included in the Board's packet.

In the interest of time, Ms. Bush will provide Mr. Rust with additional information relative to loan monitoring and compliance at the conclusion of the meeting.

- J. P. Morgan Infrastructure Conference: Ms. Moore stated that staff will be attending the J. P. Morgan Public Finance Transportation and Utility Conference October 29 – 30, 2012 in an effort to improve pricing in the pool.

The Executive Director asked that the Board go into closed meeting to discuss litigation. She stated that she, Mr. Peter D'Alema, Director of Program Management, Mr. Arthur Anderson, McGuire Woods, Bond Counsel, and Ms. Carrie Cantrell, Deputy Secretary, Commerce and Trade, will remain for the closed meeting.

Closed Meeting

Ms. Moore moved, and Ms. Whitley seconded, that the Board of Directors of the Virginia Resources Authority go into a closed meeting for consultation with legal counsel and briefings by staff members pertaining to actual litigation filed against Virginia Resources Authority (the "Authority") involving RSW Regional Jail Authority, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority; and consultation with legal counsel employed or retained by the Authority regarding the actual litigation involving RSW Regional Jail Authority requiring the provision of legal advice by such counsel, as permitted by Section 2.2-3711A.7 of the Virginia Freedom of Information Act.

A roll call vote on the motion resulted as follows:

Ayes: Mr. Branscome, Mr. Burnette, Mrs. Donnellan, Mr. Hasty, Mr. Hilbert, Ms. Moore, Mr. Rust, Mr. Spencer, Mr. Weeks, Ms. Whitley, Mr. O'Brien.

Nays: None.

Absent during vote: None.

Absent during meeting: None.

The closed meeting convened at 10:07 a.m.

The open meeting reconvened at 10:25 a.m.

Open Meeting

Ms. Long read the following resolution certifying closed meeting.

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Board of Directors (the "Board") of the Virginia Resources Authority (the "Authority") convened a closed meeting on September 11, 2012, pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia "Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW THEREFORE, BE IT RESOLVED that the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

Ms. Moore moved, and Mr. Hasty seconded that the above-stated resolution certifying closed meeting be approved.

A roll call vote on the motion resulted as follows:

Ayes: Mr. Branscome, Mr. Burnette, Mrs. Donnellan, Mr. Hasty, Mr. Hilbert, Ms. Moore, Mr. Rust, Mr. Spencer, Mr. Weeks, Ms. Whitley, Mr. O'Brien.

Nays: None.

Absent during vote: None.

Absent during meeting: None.

Mr. O'Brien stated that at each annual meeting, the Vice Chair of the Board of Directors is elected. Currently, Mr. James H. Spencer, III is serving as Vice Chair and is interested in continuing in the position.

Election of Vice
Chair

Mrs. Donnellan moved, and Ms. Moore seconded, that Mr. James H. Spencer, III be re-elected as Vice Chair of the Board of Directors.

The motion was approved unanimously.

Mr. O'Brien asked that Board members consider the proposed meeting schedule for Calendar Year 2013. He stated that the dates are based on quarterly meetings, noting that special Committee and Board meetings can be called if the need arises prior to a scheduled meeting. **2013 Meeting Schedule**

Mr. Branscome moved approval of the proposed dates. After discussion, it was the consensus of the Board that members review the proposed dates and report back to staff. Mr. Branscome withdrew his motion.

Committee Structure

Mr. O'Brien stated that Board members will be receiving information relative to the structure of Board Committees in December 2012. He invited members to inform him of their interest in continuing on the Committees currently assigned or serving on a different Committee.

Staff was asked to prepare an appropriate resolution for Mr. Barry Purcell for his services to the Board and the Commonwealth for consideration at the December 2012 meeting of the Board. **Old Business**

There was no old business.

New Business

There was no public comment.

Public Comment

Mr. Hasty moved, and Mr. Spencer, seconded, adjournment.

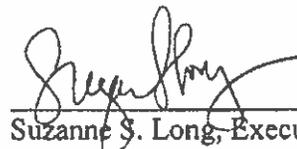
Adjournment

The motion was approved and the meeting adjourned at 10:31 a.m.

The next meeting of the Board will be held on December 12, 2012.



William G. O'Brien, Chair



Suzanne S. Long, Executive Director/Secretary

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

**AUTHORIZING THE ISSUANCE OF UP TO \$60,000,000
IN WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2012
(GOOCHLAND COUNTY – TUCKAHOE CREEK SERVICE DISTRICT PROJECT)**

A. The Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia established by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act").

B. The Act empowers VRA, among other things, to borrow money and issue its bonds and to use all or a portion of the proceeds thereof to acquire local obligations to finance or refinance the "costs" of any "project," as such terms are defined in the Act.

C. On April 10, 2012, the Board of Directors of VRA (the "VRA Board") adopted a resolution (the "FY13 Shelf Refunding Resolution") authorizing VRA to issue and sell refunding bonds during Fiscal Year 2013 to refund any outstanding VRA bonds provided that (i) the refunding results in at least a three percent (3%) present value debt service savings and (ii) the final maturity of the refunding bonds does not exceed the final maturity of the refunded bonds (collectively, the "Refunding Requirements").

D. On December 14, 2010, the VRA Board adopted Revenue Credit Guidelines and Restructuring Guidelines (collectively, the "Guidelines") to set forth guidelines for the terms and conditions under which VRA would acquire local obligations.

E. On July 31, 2002, VRA issued and sold its \$62,747,167.45 Water and Sewer System Revenue Bonds, Series 2002 (Goochland County – Tuckahoe Creek Service District Project) (the "2002 Bonds"), under an Indenture of Trust dated as of July 1, 2002, as supplemented and amended (the "2002 Indenture"), between VRA and U.S. Bank National Association, as successor trustee (the "Trustee").

F. VRA used the proceeds of the 2002 Bonds to (i) purchase certain revenue bonds (the "2002 Borrower Bonds") to be issued by the County of Goochland, Virginia (the "Borrower" or the "County"), pursuant to a Financing Agreement dated as of July 1, 2002 (the "2002 Financing Agreement"), between VRA and the County, (ii) purchase a surety bond for the Capital Reserve Fund (as defined in the 2002 Indenture), (iii) fund the Secondary Reserve Fund (as defined in the 2002 Indenture) and (ii) to pay the costs of issuance of the 2002 Bonds.

G. The Borrower used the proceeds of the 2002 Borrower Bonds, along with other available money, to (i) finance or refinance the costs of various water and sewer improvements primarily to serve the Tuckahoe Creek Service District in the County, including, without limitation, (a) improvements to the water system by laying water distribution lines and constructing a 1.0 million gallon storage tank, (b) improvements to the sewer system by laying

sewer collection lines and constructing a 33.0 million gallon per day pump station, (c) the purchase of water capacity from Henrico County, Virginia, and (d) the purchase of sewer capacity from the City of Richmond, Virginia; and (ii) pay the costs of issuance of the 2002 Borrower Bonds.

H. The Borrower has requested VRA to issue and sell additional bonds under the 2002 Indenture (as more particularly defined below, the "2012 Bonds") to refund and restructure a portion of the 2002 Bonds (the "Refunded 2002 Bonds"), which refunding and restructuring is likely not to produce any present value debt service savings and calls for the final maturity of the 2012 Bonds to be later than the final maturity of the Refunded 2002 Bonds and therefore will not satisfy the Refunding Requirements.

I. VRA staff has noted that the terms and conditions under which VRA would apply the proceeds of the 2012 Bonds to acquire local refunding obligations from the Borrower will constitute exceptions from the Guidelines (the "Guideline Exceptions"), the most significant of which being exceptions to the "Rating Requirement" and "Debt Structure" guidelines.

J. The Guidelines require a borrower of more than \$25 million in a financial condition in the same category as the Borrower's to have at least a "BBB" rating from either Standard & Poor's, Moody's or Fitch and a borrower in the same category as the Borrower to demonstrate revenue coverage of maximum annual debt service either on a historical or projected basis, and the Borrower will not meet either of these guidelines.

K. Notwithstanding that the 2012 Bonds will not satisfy the Refunding Requirements and the existence of the Guideline Exceptions, VRA staff has recommended proceeding with the issuance and sale of the 2012 Bonds and the Portfolio Risk Management Committee has accepted the VRA staff recommendation and has recommended that the VRA Board adopt this Resolution.

L. The debt service payments on the 2012 Bonds are expected to be made from the revenues derived pursuant to the 2002 Borrower Bonds as amended and supplemented to reflect the above-described refunding and restructuring (the "Borrower Bonds") and the balances in and investment earnings on the Capital Reserve Fund, the Secondary Reserve Fund and certain other funds and accounts established and maintained pursuant to the 2002 Indenture.

After careful consideration and to further the public purposes for which VRA was established, NOW, THEREFORE, BE IT RESOLVED, BY THE VRA BOARD THAT:

1. There is hereby authorized pursuant to the FY13 Shelf Refunding Resolution the issuance and sale of revenue bonds of VRA to be known as the Virginia Resources Authority Water and Sewer System Revenue Refunding Bonds, Series 2012 (Goochland County – Tuckahoe Creek Service District Project) (the "2012 Bonds"), notwithstanding the noncompliance with the Refunding Requirements and the existence of the Guideline Exceptions. It is hereby found and determined that (i) the issuance and sale of the 2012 Bonds as described in this Resolution will further the public purposes for which VRA was established and (ii) the debt service payments on the 2012 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. VRA's Chairman and Executive Director are each authorized to determine and approve all of the 2012 Bonds' final details as provided in the FY13 Shelf Refunding Resolution, including without limitation, their series designation or designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the 2012 Bonds shall not exceed \$60,000,000, (ii) the 2012 Bonds shall have a projected true interest cost that does not exceed 6.00%, (iii) the final maturity of the last 2012 Bond to mature shall not be later than December 31, 2042, and (iv) the sale price of the 2012 Bonds to the underwriters thereof shall not be less than 99% of the original aggregate principal amount of the 2012 Bonds (disregarding any net original issue discount on the 2012 Bonds). The true interest cost of the 2012 Bonds shall be projected as of the issue date with reasonable assumptions and adjustments for any of the 2012 Bonds issued as variable rate bonds. The approval of the Chairman and Executive Director of such details shall be evidenced conclusively by the execution and delivery of the 2012 Bonds on VRA's behalf.

3. This Resolution shall take effect immediately.

EXHIBIT

RESOLUTION OF THE BOARD OF SUPERVISORS OF GOOCHLAND COUNTY, VIRGINIA AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE BONDS OF THE COUNTY IN THE MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$60,000,000 TO REFUND A PORTION OF THE COUNTY'S WATER AND SEWER REVENUE BOND, SERIES 2002, AND PROVIDING FOR THE FORM, DETAILS, DOCUMENTATION AND PAYMENT OF SUCH BONDS.

WHEREAS, the Public Finance Act of 1991, Sections 15.2-2600 *et seq.* of the *Code of Virginia* of 1950, as amended (the "Public Finance Act"), permits the issuance of certain revenue bonds and refunding bonds without voter approval when authorized by the Board of Supervisors (the "Board") of the County of Goochland, Virginia (the "County");

WHEREAS, the County issued its \$62,747,167.45 Water and Sewer Revenue Bond, Series 2002 (the "2002 Bond") to the Virginia Resources Authority ("VRA") pursuant to a Financing Agreement dated as of July 1, 2002, as amended by an Amendment to Financing Agreement dated as of July 1, 2010 (the "Original Financing Agreement") between VRA and the County to finance various water and sewer improvements in the Tuckahoe Creek Service District established in the County;

WHEREAS, the Board has been presented with an opportunity to refund a portion of the 2002 Bond through the issuance of refunding bonds to VRA in order to restructure and level out debt service payments and take advantage of favorable market conditions which could also result in debt service savings;

WHEREAS, the Board has determined to issue and sell the County's water and sewer refunding revenue bonds to VRA in the aggregate principal amount not to exceed \$60,000,000 (the "Bonds") to effect the refunding and restructuring;

WHEREAS, VRA intends to purchase the Bonds with proceeds of its Water and Sewer System Refunding Revenue Bonds, Series 2012 (Goochland County – Tuckahoe Service District Project) (the “VRA Bonds”);

WHEREAS, the foregoing arrangements with respect to the issuance of the County’s Bonds will be reflected in an Amended and Restated Financing Agreement to be dated the date of its execution and delivery (the “Refunding Agreement”) between the County and VRA;

WHEREAS, the Refunding Agreement shall indicate that the County agrees to sell and deliver to VRA the Bonds at a price, determined by VRA to be fair and accepted by the County;

WHEREAS, VRA has advised the County that the sale date of the VRA Bonds is tentatively scheduled for October 25, 2012 (the “VRA Sale Date”), and that VRA’s objective is to pay the County a purchase price for the Bonds (the “Purchase Price Objective”), which in VRA’s judgment reflects its market value taking into consideration such factors as the purchase price received by VRA for the VRA Bonds, the issuance costs of the VRA Bonds (consisting of the underwriters’ discount and other costs incurred by VRA), and other market conditions relating to the sale of the VRA Bonds; and

WHEREAS, the Refunding Agreement and any other required agreements related thereto are to be in the forms approved by the officers of the County herein authorized under the terms of this Resolution.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF GOOCHLAND, VIRGINIA AS FOLLOWS:

§ 1. **Authorization of Bonds.** The issuance of the Bonds is authorized in the maximum principal amount not to exceed \$60,000,000 in order to refund and restructure debt service on a portion of the 2002 Bond, including the funding of any debt service reserve funds required by VRA,

and to pay issuance and related costs of the Bonds, subject to the conditions set forth in paragraph 2 of this Resolution, VRA's Purchase Price Objective and market conditions described in the Recitals hereof. The Bonds shall be designated "Water and Sewer Refunding Revenue Bonds, Series 2012," and may be issued to VRA as a single bond or issued as multiple bonds in varying maturities, and sold all at one time or at different times, in either case in one or more series if requested by VRA, and if so issued may include such other term or terms as part of their designation as the officers herein authorized deem appropriate. The Bonds shall be dated as of the date on which they are issued unless otherwise required by VRA, shall mature on the dates in principal installments, shall bear interest at the rates payable semi-annually, and shall be subject to redemption as shall be set forth in the Refunding Agreement and approved by the Chairman, the Vice Chairman or the County Administrator. The Bonds shall otherwise be prepared in accordance with the Refunding Agreement.

§ 2. Conditions to Issuance and Sale. Notwithstanding any other provision of this Resolution, the authorization herein granted is subject to the following conditions: (i) the Bonds shall have a projected true interest cost that does not exceed 6.0%, excluding any administrative or other fees imposed or assessed by VRA; (ii) the final maturity of the Bonds shall not be later than December 31, 2042; (iii) the aggregate principal amount of the Bonds shall not exceed the amount specified in paragraph 1 hereof; and (iv) the Bonds shall be issued at a sales price to VRA, excluding original issue discount, of not less than 95% of the aggregate principal amount of the Bonds. The true interest cost of the Bonds shall be projected as of the issue date with reasonable assumptions and adjustments for any of the Bonds issued as variable rate bonds. The Chairman, Vice Chairman and County Administrator are each authorized to approve the interest rate or rates on any Bonds issued as variable rate bonds upon any adjustment or reset of the interest rate or rates

in accordance with the terms of such Bonds; provided such adjustment or reset does not cause the projected true interest cost on the Bonds to exceed the limitation contained in clause (i) of this paragraph.

The officers of the County herein authorized are not authorized to issue the Bonds under any circumstances in which any of the limitations set forth in this paragraph would be exceeded or any other condition set forth herein has not been satisfied.

§ 3. **Delegation of Authority.** Subject to paragraph 2 of this Resolution, the County further authorizes the Chairman, Vice Chairman or County Administrator to accept the final terms presented by VRA, including (a) the final principal amount of the Bonds, (b) the projected true interest cost of the Bonds, (c) the amortization schedule (including the principal installment dates and amounts) for the Bonds, and (c) the redemption provisions, if any, of the Bonds, all in such manner as such accepting officer shall determine to be in the best interests of the County.

The actions of the Chairman, Vice Chairman or County Administrator in selling the Bonds shall be conclusive, and no further action shall be necessary on the part of the Board. This Resolution is intended to grant to such officers full and complete authority to finalize the terms of the Bonds, to provide for their issuance and sale and to execute and deliver any and all documentation in connection therewith, including causing the redemption of a portion of the 2002 Bond, without further approval by the Board, consistent with the requirements of this Resolution, the Public Finance Act and the Constitution and other laws of the Commonwealth of Virginia.

§ 4. **Pledge of Revenues.** The Bonds shall be limited obligations of the County, the principal of, premium, if any, and interest on which shall be payable as provided therein and in the Refunding Agreement solely from the Revenues of the System, as such capitalized terms are defined in the Refunding Agreement, except to the extent such payment shall be made from the

proceeds of the Bonds, certain trust funds that may be established with respect to the Bonds, the income, if any, derived from the investment thereof or the sources provided herein and in the Refunding Agreement. The Bonds shall be secured on parity with the portion of the 2002 Bond remaining outstanding and any other obligations secured on parity therewith from Revenues of the System and other funds provided for such purpose.

§ 5. County Commitments. The County agrees to pay, subject to annual appropriation by the Board, such amounts as may be required under the Refunding Agreement, including amounts necessary to pay principal of and interest on the Bonds and to fund certain reserves, to the extent Revenues of the System and other available monies are insufficient therefor. In the event VRA or VRA's representative notifies the County that either of the Capital Reserve Fund or the Secondary Reserve Fund (as such terms are defined in the Refunding Agreement) established for the VRA Bonds contains an amount less than the amount required to be on deposit therein, the County Administrator shall promptly advise the Board of such notice and seek an appropriation in an amount at least equal to the reported deficit to be funded no later than the dates specified in the Refunding Agreement. While not intending to bind any future Board, it is the intent of the current Board to appropriate funds sufficient to make any payment or cure any deficiency required under the Refunding Agreement; provided, however, the obligation of this or any future Board to make any such payment other than from Revenues of the System is subject to the appropriation of funds for such purpose.

Nothing in the Bonds, the Refunding Agreement or this Resolution shall be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the County. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions,

including the County, to pledge its faith and credit or levy any taxes for the payment of the principal of or premium, if any, and interest on the Bonds or other costs incident to it or make any appropriation for its payment except from the Revenues of the System and other funds pledged for such purpose under the provisions of the Bonds, the Refunding Agreement and this Resolution.

§ 6. **Form of Bond.** The Bonds shall be in substantially the form attached to this Resolution as Exhibit A, with such variations, insertions or deletions as may be approved by the Chairman, Vice Chairman or the County Administrator, including any modifications to such form as may be necessary or appropriate for the issuance of any Bonds as variable rate Bonds. There may be endorsed on the Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

§ 7. **Refunding Provisions.** The Chairman, Vice Chairman or County Administrator are each authorized to select the amount of the 2002 Bond to be refunded and to cause to be called for optional redemption the amount to be redeemed in accordance with the provisions of the 2002 Bond and the Original Financing Agreement. In connection with the refunding herein authorized, such officers, if determined necessary by VRA, are authorized to retain the services of independent consultants to provide verification reports (the "Verification Agent") on aspects of the refunding and are further authorized to retain the services of one or more escrow agents (the "Escrow Agent") and to enter into escrow agreements with them to the extent needed to hold proceeds of the Bonds or VRA Bonds and other funds, and to purchase and hold investments as needed pending their application to refund the portion of the 2002 Bond to be refunded.

§ 8. Approval of Refunding Agreement. Subject to paragraph 2 hereof, the Chairman, Vice Chairman or the County Administrator are each authorized to execute and deliver on behalf of the County, and, if required, the Clerk of the Board is authorized to affix and attest the seal of the County or facsimile thereof to, the Refunding Agreement with such changes, insertions or omissions, as may be approved such officers, whose approval will be evidenced conclusively by the execution and delivery of such Refunding Agreement. Each officer of the County herein authorized is authorized to execute and deliver on behalf of the County such other instruments, documents or certificates and affix thereto the seal or facsimile thereof, and to do and perform such things and acts, as they deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bonds or the Refunding Agreement and such other documents, and all of the foregoing, previously done or performed by such officers of the County, are in all respects approved, ratified and confirmed.

§ 9. Execution and Delivery of Bonds. Subject to paragraph 2 hereof, the Chairman, Vice Chairman or County Administrator are each authorized to have the Bonds prepared, to execute the Bonds pursuant to the Refunding Agreement, and to cause the Bonds so executed to be delivered for authentication, if required, and to be delivered to or for the account of VRA upon payment of the purchase price therefor as set forth in the Refunding Agreement. The County's seal may be affixed to the Bonds and attested by the manual or facsimile signature of the Clerk of the Board.

§ 10. Registration, Transfer and Exchange. The Clerk is hereby appointed as the County's registrar and transfer agent to keep books for the registration and transfer of the Bonds and to make such registrations and transfers under such reasonable regulations as the Board may prescribe.

Upon surrender for transfer or exchange of any Bond at the office of the Clerk, the County shall execute and deliver in the name of the transferee or transferees a new Bond in a principal amount equal to the Bond surrendered and of the same form and maturity and bearing interest at the same rate or rates as the Bond surrendered, subject in each case to such reasonable regulations as the Board may prescribe. If presented for transfer, exchange, redemption or payment, the Bond shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Clerk, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

A new Bond delivered upon any transfer or exchange shall be a valid limited obligation of the County, evidencing the same debt as the Bond surrendered and shall be secured by and entitled to all of the security and benefits of this Resolution and the Refunding Agreement to the same extent as the Bond surrendered.

§ 11. **Charges for Exchange or Transfer.** No charge shall be made for any exchange or transfer of a Bond, but the Clerk may require payment by the registered owner of the Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

§ 12. **Mutilated, Lost, Stolen or Destroyed Bond.** If any Bond has been mutilated, lost, stolen or destroyed, the County shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon delivery to the Clerk and cancellation of, such mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond; provided, however, that the County shall execute, authenticate and deliver a new Bond only if the registered owner thereof has paid the reasonable expenses and charges of the County in

connection therewith and, in the case of a lost, stolen or destroyed Bond (i) has filed with the Clerk evidence satisfactory to him or her that such Bond was lost, stolen or destroyed and that the holder of the Bond was the registered owner thereof and (ii) has furnished to the County indemnity satisfactory to the Clerk. If the Bond has matured, instead of issuing a new Bond, the County may pay the same without surrender thereof upon receipt of the aforesaid evidence and indemnity.

§ 13. **VRA Offering Documents.** The County authorizes and consents to the inclusion of information with respect to the County to be contained in VRA's Preliminary Official Statement and VRA's Official Statement in final form, both prepared in connection with the sale of the VRA Bonds, a portion of the proceeds of which will be used to purchase the Bonds. The County authorizes and consents to the inclusion of information with respect to the County to be contained in any of VRA's public disclosure documentation, as may be advisable or required, subject to prior review by the County Administrator or such officer's designee. The County Administrator or such officer's designee are authorized and directed to take whatever actions are necessary and/or appropriate to assist VRA in complying with Securities and Exchange Commission Rule ("SEC") 15c2-12 ("Rule 15c2-12"), as may be required by VRA in connection with the issuance of the VRA Bonds or the Bonds.

§ 14. **VRA Fees and Expenses.** The County agrees to pay all amounts required by the Refunding Agreement, including supplemental interest, late charges and other amounts necessary to maintain or replenish reserve funds established for the VRA Bonds required by VRA and set forth in the Refunding Agreement.

§ 15. **Tax Covenants.** The County covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA Bonds to be "arbitrage bonds" within

the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the VRA Bonds to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. In particular, the County will comply with Section 141 of the Code and not permit any private use of the proceeds of the Bonds, the VRA Bonds or the County's facilities that would cause the Bonds or the VRA Bonds to be considered "private activity bonds" for purposes of such section. The County shall comply with any provision of law that may require the County at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bonds or VRA Bonds, unless the County receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bonds or the VRA Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. The County shall pay any such required rebate from its legally available funds.

§ 16. **Tax Compliance Agreement.** The County Administrator is hereby authorized and directed to execute a Nonarbitrage Certificate and Tax Compliance Agreement as required by VRA setting forth the expected use and investment of the proceeds of the Bonds and VRA Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Code, including the provisions of Section 148 of the Code and applicable regulations relating to arbitrage bonds. The County covenants that the proceeds from the issuance and sale of the Bonds and VRA Bonds will be expended and invested as set forth in such Nonarbitrage Certificate and Tax Compliance Agreement and that the County shall comply with the covenants and representations contained therein.

§ 17. **Post-Issuance Compliance.** The County Administrator is authorized and directed to establish post-issuance compliance policies and procedures (the "Post-Issuance Compliance Policies and Procedures") in order to demonstrate compliance with Internal Revenue Service ("IRS") guidelines advising issuers of tax-exempt and other tax-advantaged obligations to establish written procedures for monitoring and tracking the use and investment of proceeds of such obligations, and for monitoring the use of the projects financed with the proceeds of such obligations, and to ensure compliance with SEC continuing disclosure filing obligations under Rule 15c2-12. The Post Issuance Policies and Procedures shall be administered by the County Administrator and such other officers and staff as the County Administrator may designate and authorize for such purpose. Such policies and procedures may be modified or amended from time to time as the County Administrator determines appropriate; provided any modification or amendment thereto related to federal tax law is in compliance with then current IRS requirements and, with respect to Rule 15c2-12, is in compliance with then current SEC requirements.

§ 18. **Filing of Resolution.** The Clerk of the Board, with the assistance of the County Attorney, is authorized and directed to see to the immediate filing of a certified copy of this Resolution in the Circuit Court of the County of Goochland and is directed to make a copy of this Resolution continuously available for inspection by the general public during normal business hours at the County Clerk's office from the date of adoption hereof through the date of the issuance of the Bonds.

§ 19. **Confirmation and General Authorization.** All other actions of officers of the County herein authorized in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds are approved and confirmed. Such officers are authorized and directed to execute and deliver all certificates and instruments and to take all such

further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds, and are further authorized to take all future action, including the preparation, execution and delivery of all documents, instruments and certificates, as VRA may require in connection with the adjustment or reset of the interest rate on any Bonds issued as variable rate Bonds.

§ 20. **Effective Date.** This Resolution shall be in force and effect upon adoption.

FORM OF BOND

R-1

REGISTERED

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

COUNTY OF GOOCHLAND, VIRGINIA
WATER AND SEWER REFUNDING REVENUE BONDS,
SERIES 2012

MATURITY DATE

DATED DATE

_____ 1, 204 _____

_____, 2012

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The COUNTY OF GOOCHLAND, VIRGINIA (the "County"), for value received, promises to pay, solely from the sources described below and pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal sum stated above, together with interest thereon at the rates stated below, as set forth below.

This Bond shall be payable as follows. Principal on this Bond shall be due and payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this Bond shall be due and payable semi-annually on each _____ 1 and _____ 1, commencing _____ 1, 201_. Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months at the rates set forth in Schedule I attached hereto.

Subject to the provisions of the Amended and Restated Financing Agreement dated as of October 15, 2012 (the "Financing Agreement"), between the Virginia Resources Authority ("VRA") and the County, so long as this Bond is held by VRA or the Trustee (as defined in the Financing Agreement), interest is payable by check or draft mailed to the registered owner of this Bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the Registrar. Principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. In case the date fixed for the payment of principal of or interest on or the redemption of this Bond shall not be a Business Day (as defined below) then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such maturity date or date fixed for the payment of interest or redemption. "Business Day"

means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

If any installment of principal of and interest on this Bond is not paid to the registered owner of this Bond within ten days after its due date, the County shall pay to VRA a late payment charge in an amount equal to [_____ %] of the overdue installment.

If any failure of the County to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this Bond results in a withdrawal from the Capital Reserve Fund (as defined in the Financing Agreement) and/or a drawing on any CRF Credit Facility (as defined in the Financing Agreement), the interest rates applicable to this Bond shall be increased to interest rates [sufficient to reimburse the Capital Reserve Fund for any foregone investment earnings on the funds withdrawn therefrom and/or] pay any interest, fees or penalties assessed by the CRF Credit Provider (as defined in the Financing Agreement) as a result of the drawing on the CRF Credit Facility. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The County's obligation to pay Supplemental Interest shall commence on the date of [VRA's withdrawal of funds from the Capital Reserve Fund or] the drawing on the CRF Credit Facility occasioned by the County's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The County's obligation to pay Supplemental Interest shall terminate on the date on which the County remedies such failure to pay by making all payments required but outstanding since the date of such failure to pay (the "Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this Bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this Bond, VRA shall deliver to the County a certificate as to increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in the interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

Principal of and interest on this Bond shall be payable solely from the Revenues (as defined in the Financing Agreement), except to the extent such payment shall be made from the proceeds of this Bond or the bonds or notes to be issued by the County to redeem the Bond or the income, if any, derived from the investment thereof. The Revenues are pledged to secure the payment of the principal of and interest on this Bond. This Bond shall not be deemed to create or constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof, including the County. Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other subdivision of the Commonwealth of Virginia, including the County, are pledged to the payment of the principal of or interest on this Bond. The issuance of this Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or other subdivision of the Commonwealth of Virginia to levy any taxes whatever therefor or to make any appropriation for

their payment except from the Revenues and any other funds or property pledged for such purpose under the provisions of the Resolution.

This Bond is one of an issue of \$ _____ Water and Sewer Refunding Revenue Bonds, Series 2012 (the "Bonds") duly authorized by the Board of Supervisors of the County by resolution adopted October __, 2012 (the "Resolution"). The Bonds are issued for the purpose of refunding and restructuring a portion of the County's Water and Sewer Revenue Bond, Series 2002, funding required debt service reserve funds for the Bonds, and paying certain issuance costs related thereto.

This Bond is issued pursuant to the terms of the Resolution, the Financing Agreement, and the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended. The obligations of the County under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the Financing Agreement have been paid in full.

The County may issue additional bonds ranking on parity with this Bond with respect to the pledge of the Revenues under the terms of the Financing Agreement. This Bond is secured by a pledge of Revenues which are equally and ratably pledged to the County's outstanding water and sewer system revenue bonds, [series, 2002, 2006 and 2007.]

This Bond is subject to refunding, prepayment or redemption in accordance with the terms of the Financing Agreement.

If an Event of Default (as defined in the Financing Agreement) occurs, the principal of this Bond may be declared immediately due and payable by the registered owner of this Bond by written notice to the County.

This Bond may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in form satisfactory to the Clerk of the Board of Supervisors of the County (the "Clerk"), as registrar. Such transfer shall be made in the registration books kept by the Clerk, as registrar, upon presentation and surrender hereof.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Goochland, Virginia has caused this Bond to be dated as of the Dated Date and to be executed by its Chairman and to be attested to and its seal to be affixed to this Bond by the Clerk.

COUNTY OF GOOCHLAND, VIRGINIA

(SEAL)

By _____
Chairman, Board of Supervisors,
County of Goochland, Virginia

Attest:

By: _____
Clerk, Board of Supervisors
County of Goochland, Virginia

Schedule I
Debt Service Schedule

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFeree

: :
: :
: :

The within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

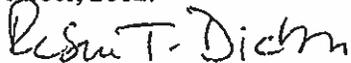
CERTIFICATE OF CLERK

The undersigned Clerk of the Board of Supervisors of the County of Goochland, Virginia, hereby certifies that the foregoing constitutes a true, correct and complete copy of a resolution duly adopted at a regular meeting duly called and held on October 2, 2012 during which a quorum was present and acting throughout by the recorded affirmative vote of a majority of all of the members elected to the Board, the ayes and nays being recorded in the minutes of the Meeting as shown below:

<u>MEMBER</u>	<u>PRESENT/ABSENT</u>	<u>VOTE</u>
Manual Alvarez, Jr.	Present	Aye
Ned S. Creasey	Present	Aye
Susan F. Lascolette	Present	Aye
Robert H. Minnick	Present	Aye
Ken Peterson	Present	Aye

The attached resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the County of Goochland, Virginia, this 2nd day of October, 2012.



Clerk of the Board of Supervisors
of the County of Goochland, Virginia

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

The Portfolio Risk Management Committee of the Virginia Resources Authority met on September 10, 2012, in the 18th Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Dena Frith Moore, Chair
Thomas L. Hasty, III
Evelyn Whitley on behalf of Manju Ganeriwala
William G. O'Brien, Ex-Officio

ABSENT:

David Branscome

STAFF:

Suzanne S. Long, Executive Director, Secretary to the Board
Jean Bass, Director of Policy & Intergovernmental Relations
Peter D'Alema, Director of Program Management
Shawn Crumlish, Director of Debt Management
Jon McCubbin, Controller
Bradley Jones, Program Manager
Stephanie Bush, Financial Analyst/Compliance Officer
Richard Rhodemyre, Intern
Jason Saunders, Intern

OTHERS:

Arthur Anderson, McGuireWoods LLP, Bond Counsel
James Traudt, Davenport & Company LLC
Ty Wellford, Davenport & Company LLC
Ken Peterson, Board of Supervisors, Goochland County
Rebecca T. Dickson, County Administrator, Goochland County
John Wack, Deputy County Administrator/Finance, Goochland County
Kevin Rotty, PFM, Financial Advisor
George Scruggs, Bond Counsel, Kutak Rock

Ms. Dena Frith Moore, Chair, called the meeting to order at 2:07 p.m.

Call to Order

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

**Approval of
the Agenda**

Mr. O'Brien moved, and Ms. Whitley seconded, approval of the agenda.

The motion was approved unanimously.

Ms. Suzanne S. Long, Executive Director, explained that Goochland County is requesting the restructure of the VRA Series 2002 Water and Sewer Revenue Bond. She noted that the loan financed construction of water and sewer infrastructure within the Tuckahoe Creek Service District (TCSD) to accommodate anticipated economic development. Ms. Long stated that the bond was a stand-alone transaction. She shared a chart depicting the loan structure and security features.

Goochland
County
Restructuring
Request

Mr. Peter D'Alema, Director of Program Management, explained the proposed restructuring plan and shared a chart depicting the original Series 2002 loan and a proposed restructured loan showing the annual and cumulative debt service of each.

Mr. Thomas L. Hasty, III, arrived at 2:15 p.m.

Mr. D'Alema reviewed the VRA credit summary findings for Goochland County, noting the County's strong and stable financial condition that includes proactive management of water and sewer system rates in recent years. He said that the County adopted financial policy guidelines in April 2010, and referenced charts showing the combined operating performance metrics, liquidity, leverage metrics and statistics of the enterprise and general funds.

There was discussion relative to debt service for Goochland and the demonstration of fiscal responsibilities. It was noted that the restructuring will assist Goochland in limiting future significant increases in the TCSD ad valorem rate due to a reduced maximum annual debt service requirement.

Ms. Long continued that Goochland's loan was not in compliance with VRA's restructuring and revenue underwriting guidelines and could not be brought into compliance due to the immediate effect on County rates and taxes. However, staff is requesting an exception to the underwriting guidelines and recommends approval of the transaction as a stand-alone financing, outside of the Virginia Pooled Financing Program (VPFP). The restructure plan will extend the final maturity of the loan by five (5) years. She reiterated that the recommendation is based on Goochland's solid and steady financial condition, as well as its receipt of State Aid. In addition, a restructure reduces VRA's and the Commonwealth's risk, allows all parties to take advantage of the current, favorable interest rate environment, and reduces maximum annual debt service.

Ms. Long further added that staff recommends a stand-alone issuance outside of the VPPF. She reviewed recommended security options, noting the restructure will provide a satisfactory solution for all parties with an interest in the successful repayment of the debt related to the TCSD.

Ms. Rebecca T. Dickson, County Administrator, Goochland County, shared Goochland's refunding objectives adding that the Series 2002 bond transaction is unique in structure and collateral. Even though Goochland does not meet all of VRA's guidelines, the transaction offers strong security. In addition, Goochland has never been delinquent on a payment or come remotely close to nonpayment. For the past few years, Goochland has been looking ahead proactively and has been in high level discussions with VRA regarding the long term challenges of the TCSD debt. Ms. Dickson shared Goochland County highlights and graphs including Economic Development, Leadership and Management and Financial Health. Ms. Dickson also shared charts depicting existing debt service on the Series 2002 transaction along with a proposed plan of finance. She noted that a reserve has been established in the County's general fund that can be drawn if needed to assist in meeting future payments.

Ms. Dickson concluded stating that the proposal meets both Goochland County's and VRA's goals as previously stipulated and asked for favorable consideration of a resolution authorizing restructuring of the Series 2002 bonds pertaining to TCSD.

Ms. Long stated that a resolution has been provided for consideration that will allow VRA to move forward with the restructuring as outlined. The resolution was distributed to the PRMC.

Ms. Moore thanked Ms. Dickson for Goochland's presence at the PRMC meeting and the efforts exhibited to bring the restructuring to fruition.

In response to the Committee, Ms. Long stated that VRA is working with Goochland and is prepared to move forward in October 2012 should the resolution be approved. Mr. Arthur Anderson, McGuire Woods, Bond Counsel, explained that the Board approved a Shelf Resolution in April 2012 allowing the transaction to proceed under certain terms and that the proposed resolution will allow for an exception to VRA's underwriting guidelines.

Mr. James Traudt, Davenport & Company LLC, added that rating agencies have been contacted and are on board with the proposed

restructuring. He stated that he does not anticipate any negative ramifications by moving forward with the restructuring on a stand-alone basis.

Mr. O'Brien thanked Ms. Dickson for the presentation stating that it signals commitment of the County and Board. He complimented staff for their hard work, noting that the recommendation is a reasonable way to proceed.

Mr. O'Brien moved, and Mr. Hasty seconded, that the Portfolio Risk Management Committee recommend to the Full Board approval of a resolution authorizing the issuance of up to \$60,000,000 in water and sewer system revenue refunding bonds, Series 2012 (Goochland County–Tuckahoe Creek Service District Project).

The motion was approved unanimously.

The resolution is attached hereto and made a part here-in.

Mr. Peter D'Alema, Director of Program Management, provided an update on the fall 2012C Virginia Pooled Financing Program (VPFP). He stated that VRA received 13 applications for the fall pool covering seven (7) of VRA's authorized project areas, of which ten (10) will most likely move forward in the pool. Mr. D'Alema stated that staff will be working with bond and legal counsel to identify eligible VRA refunding candidates for possible inclusion in the fall pool.

2012C VPFP
Update

Mr. D'Alema continued noting that requested proceeds relate to refunding prior non-VRA debt obligations, including the Goochland County request (which was approved on a stand-alone basis outside of the VPFP), and new construction projects. He stated that two (2) loans include refunding prior debt obligations related to school capital projects that have been discussed with Treasury and the Virginia Public School Authority (VPSA). He then reviewed a chart outlining details on each of the borrowers and a tentative financing schedule. He noted that the schedule is flexible with an anticipated closing date in November 2012.

There was discussion relative to the VPSA and the type of security it can offer and the project to be financed by the City of Staunton.

Mr. D'Alema elaborated on the Shenandoah County application included in the fall pool. He explained that the credit summary has not yet been completed; however, the project is anticipated to be self-supporting. Mr. D'Alema continued stating that the County's Board of

Supervisors has been named as a defendant in the pending litigation regarding the RSW Regional Jail Authority project.

In this regard, the Executive Director explained that VRA's role in the loan request is to consider the financing request as would be done for any other VRA borrower, despite the pending litigation, which named both VRA and the Shenandoah Board of Supervisors as defendants. She requested that the PRMC go into closed meeting to brief the PRMC and to consult with legal counsel. She noted that she, Mr. D'Alema and Mr. Anderson will remain for the closed meeting.

Mr. O'Brien moved, and Mr. Hasty seconded, that the Portfolio Risk Management Committee go into closed session for consultation with legal counsel and briefings by staff members pertaining to actual litigation filed against Virginia Resources Authority (the "Authority") involving the RSW Regional Jail Authority and receipt of an application by the County of Shenandoah, a co-defendant in the subject litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority; and consultation with legal counsel employed or retained by the Authority regarding the actual litigation involving RSW Regional Jail Authority requiring the provision of legal advice by such counsel, as permitted by Section 2.2-3711A.7 of the Virginia Freedom of Information Act.

Closed Meeting

A roll call vote on the motion resulted as follows:

Ayes: Mr. Hasty, Mr. O'Brien, Ms. Whitley, Ms. Moore.

Nays: None.

Absent during vote: Mr. Branscome.

Absent during Closed Meeting: Mr. Branscome.

The closed meeting convened at 3:42 p.m.

The open meeting reconvened at 4:04 p.m.

Open Meeting

The Executive Director read the following resolution.

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Portfolio Risk Management Committee of the Board of the Virginia Resources Authority (the "Authority") convened a closed meeting on September 10, 2012, pursuant to an affirmative

recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Committee that such closed meeting was conducted in conformity with Virginia law;

NOW THEREFORE, BE IT RESOLVED that the Portfolio Risk Management Committee of the Board of the Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Committee.

Mr. Hasty moved, and Mr. O'Brien seconded, that the above-stated resolution certifying closed meeting be approved.

A roll call vote on the motion resulted as follows:

Ayes: Mr. Hasty, Mr. O'Brien, Ms. Whitley, Ms. Moore.

Nays: None.

Absent During Vote: Mr. Branscome.

Absent During Closed Meeting: Mr. Branscome.

Ms. Stephanie Bush, Financial Analyst/Compliance Officer, provided a Loan Monitoring and Compliance update. She explained that orientation letters were mailed to the FY2012 borrowers in the Drinking Water and Clean Water Programs highlighting annual compliance requirements of financing agreements. She stated that one of the requirements includes submission of an audit report by every borrower. She noted that rating agencies look favorably upon this requirement. Ms. Bush further explained outreach efforts to obtain missing FY2011 audits.

**Loan
Monitoring
and
Compliance**

Mr. Peter D'Alema, Director of Program Management, stated that J.P. Morgan invited VRA to attend a Transportation and Utility Conference on October 29-30, 2012 in New York City. This Conference will give VRA the opportunity to share its history, practices and financing programs, in an attempt to improve pricing in the VPPF and other programs through increased institutional investor awareness.

**J. P. Morgan
Transportation
Update**

There was no old business.

Old Business

There was no new business.

New Business

There was no public comment.

**Public
Comment**

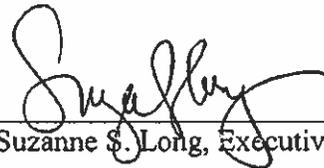
There being no further business to come before the PRMC, the meeting
adjourned at 4:22 p.m.

Adjournment

The next meeting to be determined.



Dena Frith Moore, Chair



Suzanne S. Long, Executive Director/Secretary