

VIRGINIA RESOURCES AUTHORITY
MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION
INITIATIVE SUBCOMMITTEE
MINUTES OF THE REGULAR MEETING

The Municipalities Continuing Disclosure Cooperation Initiative Subcommittee of the Virginia Resources Authority met on Monday, February 29, 2016 in the Virginia Resources Authority Board Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Committee Members present

John H. Rust, Jr., Chair
Dena Frith Moore
William G. O'Brien, Ex Officio

Other Board Members Present

John H. Aulbach, II
David Branscome
Thomas L. Hasty, III
Bradley Jones on behalf of Manju Ganeriwala

Staff Present

Stephanie L. Hamlett, Executive Director, Secretary to the Board
Jean Bass, Director of Policy
Michael Cooper, Director of Administration and Operations
Peter D'Alema, Director of Program Management
Rachael Logan, Fiscal & Administrative Specialist

Others Present

T. W. Bruno, McGuireWoods, LLP

Call to Order

The meeting was called to order by Mr. John H. Rust, Jr., Chair, at 1:00 p.m.

Approval of Agenda

There being no amendments, the agenda stands approved as presented.

Municipalities Continuing Disclosure Cooperation (MCDC)

Mr. Peter D'Alema, Director of Program Management, stated that recent articles in *The Bond Buyer* prompted this meeting and the action being requested is precautionary. A copy of an article from *The Bond Buyer* entitled "GFOA Alert Urges Issuers to Prepare for SEC MCDC Settlement Offers" dated February 10, 2016 was provided to the Committee. He explained that

under the MCDC Initiative, the Securities and Exchange Commission (SEC) offered issuers of municipal securities, standard settlement terms, including no financial penalties related to instances of non-compliance with prior continuing disclosure undertakings that were not reported correctly in issuer official statements. This offer was contingent on issuers self-reporting instances in which the issuer may have made materially inaccurate disclosures of its past continuing disclosure compliance in its offering documents. The article stated that the SEC has had several rounds of settlements with underwriters and to date there has been two waves of underwriter settlements with possibly a third. In addition, the SEC did not provide the underwriters much time for negotiations and the underwriters had a short turn around for acceptance of settlement agreements. The SEC is now shifting its focus to municipal issuers that filed under the MCDC Initiative.

Mr. D'Alema continued that in the event a settlement is offered or required of VRA prior to the June 2016 meeting, VRA staff is recommending consideration and approval of a resolution by the Subcommittee and Full Board. The resolution lays out the current status of the MCDC initiative, provides for notification of the MCDC Committee by the Executive Director if or when an SEC settlement is offered to VRA. Once the MCDC Committee is notified of the settlement offer, the resolution authorizes the Executive Director to enter into the settlement agreement on behalf of VRA.

Mr. D'Alema noted that the SEC may require the adoption of a continuing disclosure policy, which has, he said, been drafted and reviewed by the Committee and Board. However, the Executive Director added that the policy should not be adopted by the VRA Board until the SEC has contacted VRA as it may be necessary to incorporate specific recommendations from the SEC in the policy.

In response to the Executive Director, Mr. T. W. Bruno with McGuireWoods, stated that issuers will likely have only ten days to sign settlements and return the agreement to the SEC. The issuers have the opportunity to meet with SEC staff for the confirmation of facts only.

There was further discussion related to general continuing disclosure requirements of VRA and material obligors in VRA programs.

Resolution – Securities and Exchange Commission

Motion by Ms. Moore, seconded by Mr. O'Brien, to recommend to the Full Board approval of a resolution authorizing the Executive Director to enter into a settlement with the Securities and Exchange Commission under the Municipalities Continuing Disclosure Cooperation Initiative.

Motion carried.

The resolution is attached hereto and made a part herein.

Old Business

There was no old business.

New Business

There was no new business.

Public Comment

There was no public comment.

Adjournment

There being no further business to come before Committee, the meeting adjourned at 1:10 p.m.

The next meeting of the Subcommittee to be determined.

John H. Rust, Jr., Chair

Stephanie L. Hamlett, Executive Director
Secretary to the Board