

In the opinion of Bond Counsel, and subject to the conditions described in the subsection titled "TAX MATTERS" in Section Four, interest on the 2015 Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. However, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Code), interest on the 2015 Bonds must be included in computing adjusted current earnings. Bond Counsel is also of the opinion that interest on the 2015 Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. For more information regarding see the subsection titled "TAX MATTERS" in Section Four.



\$115,225,000

**Clean Water State Revolving Fund Revenue Bonds,
Refunding Series 2015**

Dated: Date of delivery

Due: October 1 as shown on the inside cover

The Virginia Resources Authority ("VRA") prepared this Official Statement to provide information on the 2015 Bonds. Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the 2015 Bonds, a prospective investor should read this Official Statement in its entirety. Unless otherwise defined, all capitalized terms used on this cover page are defined herein.

Security

The 2015 Bonds are limited obligations of VRA payable from (i) payments on Local Bonds and Direct Loans, (ii) amounts in certain funds and accounts held under the Indenture, including the Reserve Fund.

The principal of and premium, if any, and interest on the 2015 Bonds do not constitute a debt of the Commonwealth or any of its political subdivisions other than VRA. Neither the Commonwealth nor any political subdivision thereof, including VRA, will be obligated to pay the principal of or premium, if any, or interest on the 2015 Bonds or other costs incident thereto except from the revenues, money or property of VRA pledged for such purposes. Neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including VRA, is pledged to the payment of the principal of or premium, if any, or interest on the 2015 Bonds. **VRA has no taxing power.** See the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS**" in Section Two.

Purpose

2015 Bond proceeds will be used to (i) refund, defease and redeem all or a portion of the outstanding 2009 Bonds and (ii) pay the costs of issuance of the 2015 Bonds. See the subsection "**PLAN OF REFUNDING**" in Section Two.

Issued Pursuant To

Amended and Restated Master Trust Indenture dated as of April 1, 2010, as previously supplemented and amended and as further supplemented by a Seventh Supplemental Series Trust Indenture dated as of April 1, 2015, each between VRA and U.S. Bank National Association, as trustee.

Interest Rates and Yields

See the inside cover.

Redemption

See the inside cover.

Interest Payment Dates

April 1 and October 1, commencing October 1, 2015.

Interest Computation

360-day year comprised of 12 months of 30 days each.

Denomination

\$5,000 or integral multiples thereof.

Regular Record Date

March 15 and September 15 preceding each payment date.

Registration

Book-entry only through the facilities of The Depository Trust Company.

Trustee

U.S. Bank National Association, Richmond, Virginia.

Bond Counsel

McGuireWoods LLP, Richmond, Virginia.

General Counsel

Stephanie L. Hamlett, Esquire.

Financial Advisor

Davenport & Company LLC, Richmond, Virginia.

Underwriters' Counsel

Kutak Rock LLP, Richmond, Virginia.

Closing/Delivery Date

April 14, 2015.

**Morgan Stanley
Jefferies**

**Citigroup
Siebert Brandford Shank & Co., L.L.C.**

VIRGINIA RESOURCES AUTHORITY

\$115,225,000
Clean Water State Revolving Fund Revenue Bonds,
Series 2015
(Base CUSIP: 92817L)**

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2020	\$7,920,000	5.000%	1.390%	118.930%	RE5
2021	8,330,000	5.000	1.580	120.936	RF2
2022	8,780,000	5.000	1.780	122.411	RG0
2023	9,230,000	5.000	1.920	123.954	RH8
2024	9,730,000	5.000	2.060	125.161	RJ4
2025	10,225,000	5.000	2.150	126.577	RK1
2026	10,760,000	5.000	2.260*	125.405*	RL9
2027	11,325,000	5.000	2.360*	124.350*	RM7
2028	11,950,000	5.000	2.470*	123.202*	RN5
2029	12,550,000	5.000	2.520*	122.685*	RP0
2030	10,640,000	5.000	2.590*	121.964*	RQ8
2031	3,785,000	5.000	2.650*	121.351*	RR6

* Priced to first optional redemption date of October 1, 2025.

Redemption Provisions

Optional Redemption of 2015 Bonds. The 2015 Bonds maturing on or before October 1, 2025, are not subject to redemption before their respective maturities. The 2015 Bonds maturing on or after October 1, 2026, are subject to redemption before maturity at the option of VRA from any available moneys on and after October 1, 2025, in whole or in part in \$5,000 increments on any date, at a redemption price equal to 100% of the principal amount of the 2015 Bonds or portion thereof to be redeemed, plus accrued and unpaid interest to the date fixed for redemption.

** See page (i) for an explanation regarding the use of CUSIP information in this Official Statement.

The 2015 Bonds are exempt from registration under the Securities Act of 1933, as amended. The 2015 Bonds are also exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by VRA to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by VRA. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2015 Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between VRA and the purchasers or owners of any of the 2015 Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in affairs of VRA or in any other matters described herein since the date hereof or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

The information set forth herein has been obtained from VRA and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source. All quotations from, and summaries and explanations of, provisions of law and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words, "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions identify forward-looking statements. A number of factors affecting VRA and its financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the 2015 Bonds, including transactions to (i) overallot in arranging the sales of the 2015 Bonds and (ii) make purchases and sales of 2015 Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner beyond the control of VRA.

The Underwriters have provided the following sentence. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

All CUSIP (Committee on Uniform Securities Identification Procedures) numbers shown in this Official Statement have been assigned by an organization not affiliated with VRA, and VRA is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. VRA has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above. CUSIP is a registered trademark of the American Banker's Association, used by Standard & Poor's in its operation of the CUSIP Service Bureau on their behalf.

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OFFICIAL STATEMENT
of the
VIRGINIA RESOURCES AUTHORITY

\$115,225,000
Clean Water State Revolving Fund Revenue Bonds,
Refunding Series 2015

SECTION ONE: INTRODUCTION

The following introductory information is furnished solely to provide limited introductory information regarding the 2015 Bonds and the Virginia Water Facilities Revolving Fund and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto. Each capitalized term not otherwise defined has the meaning assigned to it in Appendix B.

General

The Virginia Resources Authority ("VRA") prepared this Official Statement (including the cover page, the inside cover page and the appendices) to provide information concerning its above-referenced \$115,225,000 Clean Water State Revolving Fund Revenue Bonds, Refunding Series 2015 (the "2015 Bonds"). VRA has approved and authorized the use of this Official Statement in connection with the sale of the 2015 Bonds. The information in this Official Statement speaks as of its date and is not intended to indicate future or continuing trends in the financial position of VRA or the Revolving Fund, as hereinafter defined.

VRA's Board of Directors adopted a resolution authorizing the issuance and sale of the 2015 Bonds on June 10, 2014. VRA is issuing the 2015 Bonds pursuant to the Act (herein defined) and an Amended and Restated Master Trust Indenture dated as of April 1, 2010, between VRA and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented and amended (the "Master Indenture"), and as further supplemented by a Seventh Supplemental Series Trust Indenture dated as of April 1, 2015 (the "Seventh Supplement" and the Master Indenture as supplemented by the Seventh Supplement is referred to as the "Indenture"). The 2015 Bonds are the fourteenth series of Bonds to be secured under the Indenture.

VRA was created by the Virginia Resources Authority Act, Chapter 21, Title 62.1 of the Code of Virginia of 1950, as amended (the "VRA Act"), and has certain administrative and managerial duties and powers under the Virginia Water Facilities Revolving Fund Act, Chapter 22, Title 62.1 of the Code of Virginia of 1950, as amended (the "Revolving Fund Act" and collectively, with the VRA Act, the "Act"). In addition to managing the Virginia Water Facilities Revolving Fund (the "Revolving Fund") pursuant to the Revolving Fund Act, VRA manages several similar local government infrastructure financing programs. See the subsection "**VIRGINIA RESOURCES AUTHORITY**" in Section Three. **The 2015 Bonds are not secured by the assets, revenues or funds associated with these other programs.**

Summary of the 2015 Bonds and the Virginia Water Facilities Revolving Fund

<i>The Issuer</i>	VRA is organized and exists as a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth").
<i>Principal Payments 2015 Bonds</i>	October 1, as set forth on the inside cover.
<i>Interest Payments 2015 Bonds</i>	April 1 and October 1, commencing October 1, 2015.
<i>Interest Calculation</i>	360-day year comprised of 12 months of 30 days each.
<i>Regular Record Date</i>	March 15 and September 15 preceding each payment date.
<i>Authorized Denominations</i>	\$5,000 and integral multiples thereof.
<i>Registration</i>	Book-entry only through the facilities of The Depository Trust Company, New York, New York ("DTC").
<i>Settlement</i>	Same-day funds through DTC.
<i>Closing/Delivery Date</i>	On or about April 14, 2015.
<i>Ratings</i>	Aaa (Moody's), AAA (S&P), AAA (Fitch) A more complete description of the ratings is provided in the subsection " RATINGS " in Section Four.
<i>Optional Redemption 2015 Bonds</i>	The 2015 Bonds maturing on or before October 1, 2025, are not subject to redemption before their respective maturities. The 2015 Bonds maturing on or after October 1, 2026, are subject to redemption before maturity at the option of VRA from any available moneys on and after October 1, 2025, in whole or in part in \$5,000 increments on any date, at a redemption price equal to 100% of the principal amount of the 2015 Bonds or portion thereof to be redeemed, plus accrued and unpaid interest to the date fixed for redemption. See the heading " Redemption " in the subsection " DESCRIPTION OF THE 2015 BONDS " in Section Two.
<i>Use of Proceeds</i>	VRA will use the proceeds of the 2015 Bonds, together with other available funds, to (i) refund, defease, and redeem all or a portion of VRA's outstanding Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2009 (the "2009 Bonds") and (ii) pay the costs of issuance of the 2015 Bonds. VRA used the proceeds of the 2009 Bonds to make loans evidenced by Local Bonds (the "2009 Local Bonds") issued by Local Governments within the Commonwealth (the "2009 Local Governments") to finance or refinance Sewer Projects, defined herein, at below-market interest rates and to pay the costs of issuance of the 2009 Local Bonds. The general terms "Local Bonds" and "Local Governments" are defined herein. See the subsections " PLAN OF REFUNDING " and " SOURCES AND USES OF FUNDS " in Section Two.

*Virginia Water Facilities
Revolving Fund*

The Virginia General Assembly created the Revolving Fund pursuant to the Water Quality Act of 1987, which amended the Water Pollution Control Act Amendments of 1972 (as amended, the "Clean Water Act").

Pursuant to the Revolving Fund Act, the Revolving Fund exists as a permanent and perpetual fund comprised of (i) sums appropriated to the Revolving Fund by the Virginia General Assembly, (ii) sums allocated to the Commonwealth expressly for the purpose of creating a revolving fund concept through the Clean Water Act (such as the federal capitalization grants described in the subsection "**VIRGINIA WATER FACILITIES REVOLVING FUND**" in Section Three), (iii) all receipts by the Revolving Fund from loans made by it, (iv) all income from the investment of moneys held in the Revolving Fund and (v) any other sums designated for deposit in the Revolving Fund.

The Virginia General Assembly designated VRA to administer and manage the Revolving Fund pursuant to the Revolving Fund Act.

Use of the Revolving Fund

While VRA manages the Revolving Fund, the Virginia Department of Environmental Quality ("DEQ") through the State Water Control Board, directs the distribution of loans or other subsidies from the Revolving Fund (i) to Local Governments for Sewer Projects and installation of stormwater best management practices and (ii) to Local Governments and other entities for brownfields remediation, installation of agricultural best management practices and open space preservation having an impact on water quality.

*Types of Loans from the
Assets of the Revolving Fund*

Loans to Local Governments from the assets of the Revolving Fund are either (i) leveraged loans made with the proceeds of Revolving Fund Revenue Bonds evidenced by a local bond or other obligation of a Local Government (each a "Local Bond") or (ii) direct loans made with assets available in the Revolving Fund (other than the proceeds of Revolving Fund Revenue Bonds) (each a "Direct Loan").

*Categories of Clean Water
Revolving Fund Program
Bonds*

VRA issues two categories of Bonds under the Master Indenture: Clean Water State Match Bonds (the "State Match Bonds"), and Clean Water Revolving Fund Revenue Bonds (the "Revolving Fund Revenue Bonds"). The 2015 Bonds are Revolving Fund Revenue Bonds. State Match Bonds and Revolving Fund Revenue Bonds are referred to collectively as the "Bonds."

*Purpose of State Match
Bonds*

As a condition of the Commonwealth's receipt of federal capitalization grants, which are deposited into and are an asset of the Revolving Fund, the Commonwealth must provide matching funds in a ratio of at least \$1 for every \$5 of federal capitalization grants. VRA issues, from time to time, State Match Bonds to finance the Commonwealth's matching funds requirement. No State Match Bonds are currently outstanding.

*Purpose of Revolving Fund
Revenue Bonds*

VRA issues Revolving Fund Revenue Bonds to provide funds to make loans to Local Governments to finance or refinance Sewer Projects at below-market interest rates, which loans are evidenced by Local Bonds.

*Security for the State Match
Bonds*

All State Match Bonds are limited obligations of VRA payable from (i) interest payments on Direct Loans (ii) amounts in the State Match Reserve Fund. See the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in Section Two.

<i>State Match Reserve Fund</i>	The State Match Reserve Fund is available to the Trustee in the event that there are insufficient funds available to pay debt service on State Match Bonds. See the subsection " SECURITY AND SOURCES OF PAYMENT FOR THE BONDS " in Section Two.
<i>Security for the 2015 Bonds and other Revolving Fund Revenue Bonds</i>	<p>The 2015 Bonds and all other Revolving Fund Revenue Bonds will be limited obligations of VRA payable from (i) payments on Local Bonds and Direct Loans (collectively, "Local Obligations") and (ii) amounts in certain funds and accounts held under the Indenture, including the Reserve Fund.</p> <p>The 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds and any additional Revolving Fund Revenue Bonds are secured by a subordinate pledge of the interest payments on Direct Loans, which payments have been pledged on a senior basis to secure the State Match Bonds to the extent any State Match Bonds are Outstanding.</p> <p>See the subsection "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS" in Section Two.</p>
<i>Reserve Fund</i>	The Reserve Fund is available to the Trustee in the event that there are insufficient funds available to pay debt service on the Revolving Fund Revenue Bonds. The Seventh Supplement requires that while the 2015 Bonds are Outstanding the Minimum Balance to be maintained in the Reserve Fund will be the sum of the Minimum Balances established with respect to the Outstanding Revolving Fund Revenue Bonds. As of the date of issuance of the 2015 Bonds, the Minimum Balance is \$185,951,084.37, and such amount has been determined to be on deposit in the Reserve Fund. VRA may increase the amount of the Minimum Balance with respect to the Reserve Fund pursuant to a Supplemental Indenture.
<i>Outstanding Revolving Fund Revenue Bonds</i>	<p>As of March 31, 2015, \$791,690,000 principal amount of Revolving Fund Revenue Bonds was Outstanding.</p> <p>The 2015 Bonds and all other Outstanding Revolving Fund Revenue Bonds are payable and secured on a parity with all other Revolving Fund Revenue Bonds. See the subsections "OUTSTANDING REVOLVING FUND REVENUE BONDS" and "ADDITIONAL INDEBTEDNESS" in Section Two.</p>
<i>Expected Use of Investment Earnings and Direct Loans To Pay Debt Service on the 2015 Bonds</i>	As a result of their below-market interest rates, the payments on the Local Bonds will not be sufficient to pay all of the debt service on the 2015 Bonds and other Revolving Fund Revenue Bonds. Therefore, in addition to payments on Local Bonds, payment of debt service due on the 2015 Bonds will depend in part upon payment on Direct Loans, subject to the senior pledge of interest payments thereon to any outstanding State Match Bonds, and earnings derived from the investment of amounts in certain funds and accounts held under the Indenture, including the Reserve Fund. See the subsection " SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS " in Section Two.

Security for Local Obligations

Local Obligations are secured by one or more of the following pledges:

- General Obligation
- Revenue
- Moral Obligation (of a Local Government)
- Financing Lease

See the subsection "**SECURITY FOR THE LOCAL BONDS AND DIRECT LOANS**" in Section Two.

State Aid Intercept

VRA is authorized by law and has covenanted in the Master Indenture to take any and all action to cause the interception of the state aid provided to a Local Government that is a county, city or town which fails to make a payment on a Local Obligation when due; however, VRA has never had to use this remedy, and this remedy has never been implemented. See the subsection "**COMMONWEALTH AID INTERCEPT PROVISION**" in Section Three.

Investment Considerations

Prospective purchasers of any of the 2015 Bonds should be aware that investment in the 2015 Bonds entails some degree of risk and uncertainty, and all of the information presented in this Official Statement should be considered carefully before making a decision to invest in the 2015 Bonds. See the subsection "**INVESTMENT CONSIDERATIONS**" in Section Two.

Continuing Disclosure

VRA and any Local Government that becomes a "Material Local Government" will undertake to provide certain limited information at specified times under certain conditions to assist the underwriter of the 2015 Bonds in complying with the provisions of Rule 15c2-12. No Local Government qualifies as a Material Local Government, and no Local Government qualified as a Material Local Government within the past five years. Within the past five years, VRA has not complied in all material respects with its undertakings under Rule 15c2-12, but has corrected such non-compliance. See the subsection "**CONTINUING DISCLOSURE**" in Section Four.

Additional Information

Any question concerning the content of this Official Statement should be directed to Stephanie L. Hamlett, Executive Director and General Counsel, Virginia Resources Authority, 1111 East Main Street, Suite 1920, Richmond, Virginia 23219 (804-644-3100) or Ty Wellford, Davenport & Company, LLC, 901 East Cary Street, 14th Floor, Richmond, Virginia 23219 (804-697-2915).

SECTION TWO: THE 2015 BONDS

AUTHORITY FOR ISSUANCE OF THE 2015 BONDS

The 2015 Bonds were authorized by a resolution of VRA adopted on June 10, 2014, and are being issued pursuant to the Act and the Indenture. See **Appendix B** for a summary of certain provisions of the Indenture.

PLAN OF REFUNDING

VRA will apply the proceeds of the 2015 Bonds, together with other available funds, to (i) refund, defease, and redeem all or a portion of the outstanding 2009 Bonds and (ii) pay the costs of issuance of the 2015 Bonds.

The 2009 Bonds are Revolving Fund Revenue Bonds. VRA used the proceeds of the 2009 Bonds to make loans evidenced by the 2009 Local Bonds issued by the 2009 Local Governments to finance or refinance the construction of publicly owned systems for the storage, treatment, recycling and reclamation of municipal sewage and certain other water pollution control projects ("Sewer Projects") at below-market interest rates and to pay the costs of issuance of the 2009 Local Bonds.

The 2009 Bonds to be refunded (the "Refunded Bonds") are more particularly described in the table below. VRA is refunding the Refunded Bonds to obtain present value debt service savings. Each of the Refunded Bonds will be redeemed on October 1, 2019, at a redemption price equal to 100% of the principal amount to be redeemed plus interest accrued through the redemption date.

<u>Year of Maturity (October 1)</u>	<u>Principal Amount to be Refunded</u>	<u>Interest Rate</u>	<u>CUSIP* Suffix (92817L)</u>	<u>Year of Maturity (October 1)</u>	<u>Principal Amount to be Refunded</u>	<u>Interest Rate</u>	<u>CUSIP* Suffix (92817L)</u>
2020	\$8,440,000	5.00%	KE2	2026	\$11,410,000	5.00%	KN2
2021	8,880,000	5.00	KF9	2027	12,010,000	5.00	KP7
2022	2,195,000	4.00	KG7	2028	12,635,000	4.50	KQ5
2022	7,150,000	5.00	KH5	2029	7,460,000	4.80	KR3
2023	9,815,000	5.00	KJ1	2029	5,770,000	5.00	KS1
2024	3,340,000	4.25	KK8	2030	11,350,000	5.00	KT9
2024	6,990,000	5.00	KL6	2031	4,530,000	5.00	KU6
2025	10,845,000	5.00	KM4				

* See page (i) regarding the use of CUSIP numbers in this Official Statement.

A portion of the proceeds of the 2015 Bonds and other available funds in the aggregate amount of \$142,264,311.00 will be deposited in an escrow fund (the "Escrow Fund") held by U.S. Bank National Association, Richmond, Virginia (the "Escrow Agent"), pursuant to an Escrow Agreement to be dated the delivery date of the 2015 Bonds, between VRA and the Escrow Agent (the "Escrow Agreement"). The Escrow Agreement will provide for the purchase of direct, non-callable obligations of the United States Treasury (the "Escrow Securities") that will mature and bear interest at times and in amounts sufficient to pay the principal of and interest on the Refunded Bonds through their redemption date. The sufficiency of the Escrow Securities deposited with the Escrow Agent will be verified by The Arbitrage Group, Inc. (the "Verification Agent"). See the subsection "**VERIFICATION**" in Section Four.

DESCRIPTION OF THE 2015 BONDS

General

The 2015 Bonds will be dated and bear interest from their date of delivery. Principal of and premium, if any, on the 2015 Bonds will be payable on October 1 in the years and in the amounts set forth in the inside front cover hereof. Interest on the 2015 Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2015. The principal of and premium, if any, and interest on the 2015 Bonds will be payable at the corporate trust office of the Trustee in Richmond, Virginia, or at the office designated for such payment by any

successor Trustee. Interest on the 2015 Bonds will be payable to the person appearing in the registration books of the Trustee as the registered owner thereof on the Record Date, as hereinafter defined, by check or draft mailed on the interest payment date to the registered owner or, following appropriate notice to the Trustee, by wire transfer on the interest payment date to any owner of at least \$1,000,000 in aggregate principal amount of the 2015 Bonds, as applicable. For so long as the 2015 Bonds are registered in book-entry only form, principal and interest will be payable solely to Cede & Co., the nominee for DTC, as the sole registered owner of the 2015 Bonds, and references herein to the registered owner shall be to Cede & Co.

The Seventh Supplement establishes March 15 and September 15 preceding each payment date as the record date (the "Record Date") for the 2015 Bonds and establishes that interest on the 2015 Bonds is computed on the basis of a year of 360 days and 12 months of 30 days each.

The 2015 Bonds are issuable as fully registered bonds in denominations of \$5,000 and integral multiples of \$5,000 not exceeding the aggregate principal amount of the 2015 Bonds. The 2015 Bonds may be transferred or exchanged, upon presentation or surrender, as the case may be, at the corporate trust office of the Trustee in Richmond, Virginia, as provided in the Master Indenture, or at such other office designated for such payment by the Trustee or any successor Trustee. Any 2015 Bonds, upon surrender thereof at said corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2015 Bonds of the same series, maturity and interest rate of any other authorized denominations. For every exchange or transfer of 2015 Bonds, VRA or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other government charge required to be paid with respect to such exchange or transfer.

One fully registered 2015 Bond for each maturity, in the applicable aggregate principal amount of such maturity, will be registered in the name of Cede & Co. and deposited with DTC, in accordance with the Seventh Supplement. So long as 2015 Bonds are required to be registered in the name of Cede & Co., as nominee for DTC, or a successor securities depository or a nominee therefore, transfers of ownership interests in the 2015 Bonds will be settled through the book-entry only system of DTC or such successor securities depository, if any. For a description of DTC and its book-entry only system, see the heading "**Book-Entry Only System**" in this subsection and **Appendix F**.

Redemption

The 2015 Bonds maturing on or before October 1, 2025, are not subject to redemption before their respective maturities. The 2015 Bonds maturing on or after October 1, 2026, are subject to redemption before maturity at the option of VRA from any available moneys on and after October 1, 2025, in whole or in part in \$5,000 increments on any date, at a redemption price equal to 100% of the principal amount of the 2015 Bonds or portion thereof to be redeemed, plus accrued and unpaid interest to the date fixed for redemption.

Any notice of redemption shall be mailed by certified or registered mail, not less than 30 nor more than 60 days before the redemption date, to all Owners of 2015 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Paying Agent; provided, however, that the failure to mail any such notice or any defect in the mailing to any one or more of the Owners shall not affect the validity of the redemption with respect to any Owners to whom such notice was properly mailed. Such notice may state that the redemption of the 2015 Bonds to be redeemed is conditioned upon the occurrence of certain future events, including, without limitation, the deposit with the Paying Agent of moneys sufficient to effect the redemption on or before the date fixed therefor.

Further notice of such redemption shall be provided not less than one day before the date on which it gives notice of redemption to the Owners by certified or registered mail to (i) all registered national securities depositories then in the business of holding substantial amounts of obligations of types similar to the 2015 Bonds and (ii) to at least one national information service that disseminates notices of redemption of obligations such as the 2015 Bonds. Notwithstanding the foregoing, no defect in such further notice and no failure to give all or any portion of such further notice shall in any manner affect the effectiveness of a call for redemption.

Outstanding State Match Bonds

There are no State Match Bonds outstanding on the date of delivery of the 2015 Bonds. See the heading "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS**" in this Section Two, for a description of the priority of certain revenues between State Match Bonds and Revolving Fund Revenue Bonds and other security features for the 2015 Bonds.

Book-Entry Only System

Appendix F contains a description of DTC's procedures and recordkeeping with respect to beneficial ownership interests in the 2015 Bonds, payments of principal and interest on the 2015 Bonds to DTC, its nominee, Direct Participants, Indirect Participants or Beneficial Owners (each as defined in **Appendix F**), confirmation and transfer to beneficial ownership interests in the 2015 Bonds and other bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners. Such description is based solely on information furnished by DTC and neither VRA nor the Underwriters make any representations about such information. **So long as DTC or its nominee, Cede & Co., is the registered owner of the 2015 Bonds, any such notices of redemption will be mailed solely to DTC and distribution of such notices to Direct Participants and Indirect Participants (each as defined in Appendix F) will be the sole responsibility of DTC, and distribution of such notices to Beneficial Owners (as defined in Appendix F) will be the sole responsibility of the Direct Participants and Indirect Participants.**

SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the 2015 Bonds, together with other available funds, will be used as follows:

<u>Sources:</u>	<u>2015 Bonds</u>
Par Amount	\$115,225,000.00
Original Issue Premium	26,843,455.30
Equity Contribution ⁽¹⁾	896,871.43
<u>Total</u>	<u>\$142,965,326.73</u>
<u>Uses:</u>	
Deposit to Escrow Fund	\$142,264,311.00
Costs of Issuance (including Underwriters' discount)	701,015.73
<u>Total</u>	<u>\$142,965,326.73</u>

⁽¹⁾ Funds to be provided from the 2009 Acquisition Fund.

SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS

General

The 2015 Bonds are limited obligations of VRA. The principal of and premium, if any, and interest on the 2015 Bonds do not constitute a debt of the Commonwealth or any of its political subdivisions other than VRA. Neither the Commonwealth nor any political subdivision thereof, including VRA, will be obligated to pay the principal of or premium, if any, or interest on the 2015 Bonds or other costs incident thereto except from the revenues, money or property of VRA pledged for such purposes. Neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or premium, if any, or interest on the 2015 Bonds. VRA has no taxing power.

The 2015 Bonds are limited obligations of VRA payable from (i) payments on Local Bonds and Direct Loans and (ii) amounts in certain funds and accounts held under the Indenture, including the Reserve Fund (but not the State Match Reserve Fund). The 2015 Bonds are secured on parity with the Outstanding Revolving Fund Revenue Bonds and any additional Revolving Fund Revenue Bonds; **provided, however, that the 2015 Bonds, the**

Outstanding Revolving Fund Revenue Bonds, and any additional Revolving Fund Revenue Bonds are secured by a subordinate pledge of the interest payments on Direct Loans, which payments have been pledged on a senior basis to secure the outstanding State Match Bonds to the extent any State Match Bonds are issued and Outstanding.

Local Bonds and Direct Loans

Local Bonds are obligations issued by Local Governments that evidence leveraged loans made by VRA to the Local Governments from proceeds of Revolving Fund Revenue Bonds to finance or refinance Sewer Projects at below-market interest rates. VRA used the net proceeds of the 2009 Bonds to purchase the 2009 Local Bonds. No Local Bonds will be purchased or acquired with the net proceeds of the 2015 Bonds, but VRA intends to reduce the interest rates on the 2009 Local Bonds to pass along the refunding debt service savings.

Direct Loans differ from Local Bonds in that Direct Loans are loans made to Local Governments from assets in the Revolving Fund (other than the proceeds of Revolving Fund Revenue Bonds).

Each Local Bond and Direct Loan provides for the repayment of the principal amount thereof, together with interest on the unpaid principal amount thereof at a below-market interest rate. The term "below-market interest rate" means an interest rate less than the interest rates on the Revolving Fund Revenue Bonds issued by VRA to finance the purchase and acquisition of Local Bonds. DEQ, with the concurrence of VRA, sets the specific interest rate for each Local Bond and Direct Loan, which may be as low as 0%. For additional information on the method for setting interest rates on the Local Bonds and Direct Loans, see the subsection "**VIRGINIA WATER FACILITIES REVOLVING FUND – LOAN ADMINISTRATION**" in Section Three.

Under the Indenture, VRA has pledged all of its right, title and interest in and to the payments under Local Bonds and Direct Loans and its rights under each Local Agreement (as defined below) related to each Local Bond (except for the remedies related to the Commonwealth Aid Intercept Provision discussed below) for the benefit of the owners from time to time of the Bonds, provided that VRA has reserved the right and license to enjoy and enforce VRA's rights under the Local Bonds so long as no Event of Default under the Indenture shall have occurred and be continuing. VRA has not pledged its right in the agreements that evidence Direct Loans as security for the Bonds.

Because the interest rates on the Local Bonds are set at a below-market rate, the payments on the Local Bonds will not be sufficient to pay all of the debt service on the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds. Therefore, in addition to payments on Local Bonds, payment of debt service due on the 2015 Bonds and the Revenue Bonds will depend in part upon (i) payments on Direct Loans, subject to the senior pledge of interest payments thereon to State Match Bonds and (ii) amounts earned from investments in the Outstanding Revolving Fund Revenue Bonds and certain other funds and accounts established under the Indenture. See the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS – Investment of Certain Funds,**" "**PROJECTED CASH FLOWS**" and "**SECURITY FOR LOCAL BONDS AND DIRECT LOANS**" in this Section Two.

Reserve Fund

The Indenture establishes a Reserve Fund as additional security for Revolving Fund Revenue Bonds, including the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds and any Revolving Fund Revenue Bonds that may be issued in the future. For so long as any of the 2015 Bonds remain Outstanding, the Minimum Balance to be maintained in the Reserve Fund will be the aggregate amount of the minimum balances established with respect to the Outstanding Revolving Fund Revenue Bonds. Upon the issuance of the 2015 Bonds, the Reserve Fund will have a balance of \$185,951,084.37. VRA may increase the amount of the Minimum Balance with respect to the Reserve Fund pursuant to a Supplemental Indenture. Even though VRA is issuing the 2015 Bonds to achieve a present value debt service savings with respect to the Refunded Bonds, the Seventh Supplement does not reduce the Minimum Balance.

The amounts on deposit in the Reserve Fund will be used solely to cure any deficiencies in the amount on deposit in the Debt Service Fund to pay the principal of and interest on the Revolving Fund Revenue Bonds, including the 2015 Bonds, when due.

State Match Reserve Fund

The Indenture establishes a State Match Reserve Fund as additional security for all State Match Bonds.

Sources of Payment

The 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds and any additional Revolving Fund Revenue Bonds will be paid from the following sources:

- a. Repayments on Local Bonds by Local Governments.
- b. Repayments on Direct Loans by Local Governments, subject to the senior pledge of interest payments thereon to State Match Bonds (if any).
- c. Earnings derived from the investment of amounts in certain funds and accounts held under the Indenture, such as the Reserve Fund (but not the State Match Reserve Fund).
- d. Reserve Fund – See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS – Reserve Fund**" and the subsection "**PROJECTED CASH FLOWS**" in this Section Two. The amounts on deposit in the Reserve Fund will be used solely to cure any deficiencies in the amount on deposit in the Debt Service Fund to pay the principal of and interest on the Revolving Fund Revenue Bonds.

Other than interest payments on Direct Loans, State Match Bonds do not have a claim on any security pledged to the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds, and any additional Revolving Fund Revenue Bonds.

Any State Match Bonds will be paid from the following sources:

- a. Interest payments on Direct Loans.
- b. The State Match Reserve Fund and the earnings derived from the investment thereof.

Investment of Certain Funds

Amounts on deposit in the funds and accounts under the Indenture may be invested in various permitted investments. See the section "*Investments*" in **Appendix B**. VRA expects that substantially all of the amounts in the Reserve Fund will be invested in (i) direct obligations of the United States and (ii) guaranteed investment contracts ("GICs"), the providers or guarantors of which will have a rating within at least the second highest rating category of Moody's and Standard & Poor's. The Indenture authorizes investments in GICs as permitted by the Act and in accordance with the provisions of VRA's investment policy. The GICs may be subject to early termination upon certain events, in which case the Trustee may have the right to require the return of certain funds or the repurchase of certain securities held pursuant to the GICs. In addition, the GICs may be subject to certain other risks, including bankruptcy or insolvency of the party with which such funds have been invested under the GIC or which has guaranteed such GICs. Investments will be valued monthly by the Trustee at the lower of cost or fair market value, plus accrued interest. See the section "*Investments*" in **Appendix B**. *Investment earnings are a necessary source of funds for the payment of the Bonds, including the 2015 Bonds, because, among other things, the Local Bonds bear interest at below-market rates and the payments from the Local Bonds are insufficient by themselves to pay the debt service on the Bonds. Consequently, investment earnings may affect payment of the 2015 Bonds if such earnings are less than expected. See the subsection "**PROJECTED CASH FLOWS**" in this Section Two.*

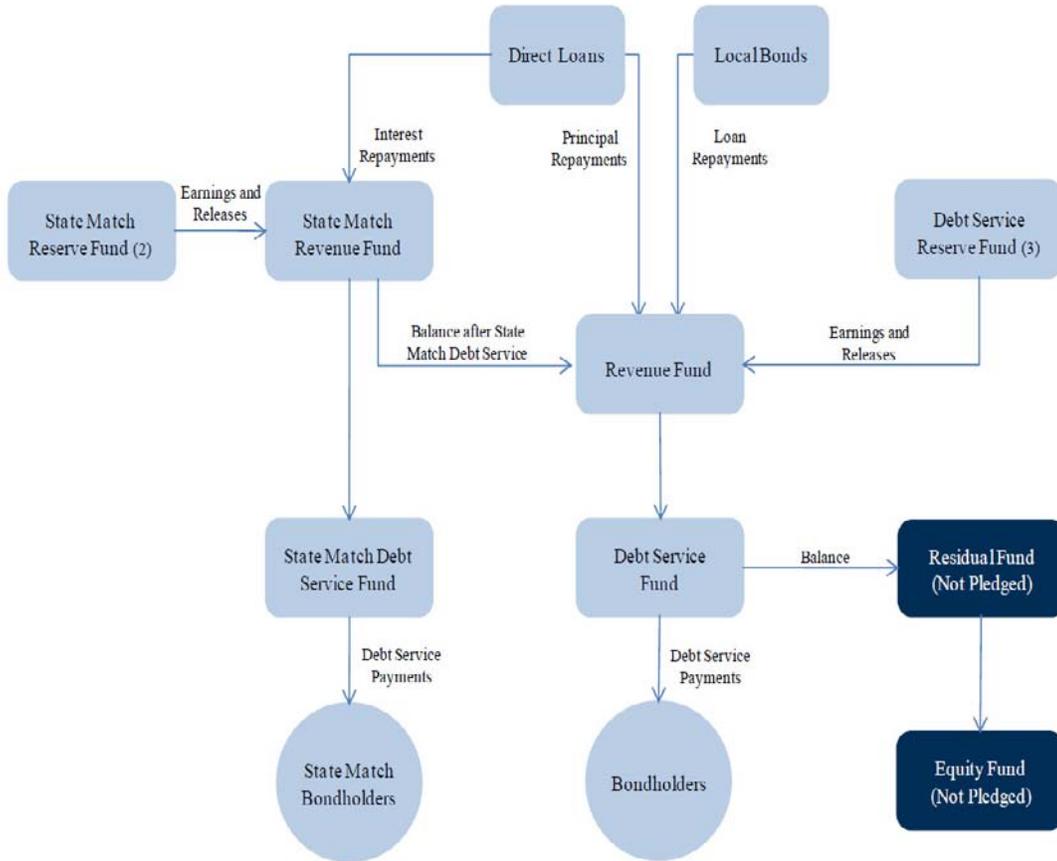
When VRA issued the 2007 Bonds (herein defined), it contributed from funds of the Revolving Fund program to the Reserve Fund the amount of \$48,200,000 all of which was invested pursuant to an Investment Agreement (the "2007 Investment Agreement") dated as of May 3, 2007 between the Trustee and FSA Capital Management Services LLC ("FSA"). Following certain credit ratings downgrades of the guarantor of the 2007 Investment Agreement, in February 2013, FSA caused the 2007 Investment Agreement to be collateralized with cash and other agreed upon securities in an amount approximately equal to the amount currently invested under the 2007 Investment Agreement. The cash and securities were deposited with The Bank of New York Mellon and are held in a collateral account for the benefit of the Trustee. The Trustee may withdraw such cash and securities in the event that FSA or the guarantor defaults under the 2007 Investment Agreement.

No Acceleration Upon Default

The payment of principal and interest on the Bonds (including the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds) is not subject to acceleration upon the occurrence and continuation of an Event of Default. Owners of Bonds will collect debt service payments on the Bonds after an Event of Default as such payments become due. Such payments will only be made from the Revenues and other property pledged under the Indenture, and no assurance can be given that such amounts will be sufficient to make such payment.

Flow of Funds

The following chart represents the flow of funds under the Indenture and the payment of debt service on the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds and any additional Bonds.⁽¹⁾



⁽¹⁾ Simplified for graphic representation purposes.

⁽²⁾ Available to meet debt service shortfalls on State Match Bonds.

⁽³⁾ Available to meet debt service shortfalls on Revolving Fund Revenue Bonds.

OUTSTANDING REVOLVING FUND REVENUE BONDS

Set forth in the following chart are the issue dates, original principal amounts and the current principal amounts of the series of Revolving Fund Revenue Bonds Outstanding prior to the issuance of the 2015 Bonds:

<u>Series of Bonds Outstanding</u> ⁽¹⁾	<u>Issue Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount as of March 31, 2015</u>
Clean Water State Revolving Fund Refunding Revenue Bonds, Subordinate Series 2005 (the "2005 Bonds")	June 30, 2005	\$188,475,000	\$93,600,000
Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2007 (the "2007 Bonds")	May 3, 2007	244,155,000	34,125,000
Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2008 (the "2008 Bonds")	August 14, 2008	181,280,000	28,820,000
Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2009 (the "2009 Bonds") ⁽²⁾	April 15, 2009	178,320,000	159,690,000
Clean Water State Revolving Fund Revenue Bonds, Refunding Series 2010A (the "2010A Bonds")	April 21, 2010	94,410,000	67,545,000
Clean Water State Revolving Fund Revenue Bonds, Series 2010B (the "2010B Bonds")	April 21, 2010	98,785,000	91,340,000
Clean Water State Revolving Fund Revenue Bonds, Series 2011B (the "2011B Bonds")	September 28, 2011	34,655,000	34,360,000
Clean Water State Revolving Fund Revenue Bond, Refunding Series 2013 (the "2013 Bonds")	June 20, 2013	104,275,000	103,275,000
Clean Water State Revolving Fund Revenue Bonds, Refunding Series 2014B (the "2014B Bonds")	September 30, 2014	<u>178,935,000</u>	<u>178,935,000</u>
Total:		<u>\$1,303,290,000</u>	<u>\$791,690,000</u>

⁽¹⁾ VRA has issued four series of State Match Bonds on April 21, 2010, September 28, 2011, September 25, 2012 and September 30, 2014, respectively, in the original aggregate principal amount of \$20,090,000, but no State Match Bonds are currently Outstanding. See the subsection titled "DESCRIPTION OF THE 2015 BONDS" in this Section Two. See "ADDITIONAL INDEBTEDNESS" in this Section Two.

⁽²⁾ To be refunded in part by the 2015 Bonds, after the issuance of which the principal amount of the 2009 Bonds remaining Outstanding will be \$36,870,000.

ADDITIONAL INDEBTEDNESS

VRA may issue additional Series of Bonds under the Indenture subject to certain conditions and limitations set forth in the Indenture, including (i) the provision of a Projected Coverage Certificate to the Trustee, projecting for each Bond Year the percentage obtained by dividing the estimated Net Revenues by the Principal and Interest Requirements for the Bonds, including State Match Bonds ("Revenue Coverage"), which must be equal to at least 110%, and (ii) confirmations from each of the Ratings Agencies that the issuance of such additional Series of Bonds shall not adversely affect the ratings then assigned to any Bonds then outstanding. In addition to the foregoing requirements, prior to the issuance of an additional Series of State Match Bonds, VRA shall be required to provide a Projected State Match Coverage Certificate, projecting for each Bond Year the percentage obtained by dividing the Net Revenues consisting only of interest payments on Direct Loans and earnings on amounts in funds securing the payment of State Match Bonds by the Principal and Interest Requirements for the State Match Bonds ("State Match Revenue Coverage"), which must be equal to at least 110%. See the section "*Additional Bonds*" in **Appendix B**.

SECURITY FOR THE LOCAL OBLIGATION

General

VRA's ability to make full and timely payments of the debt service on the 2015 Bonds is dependent in part on Local Governments making full and timely payments on their respective Local Bonds and Direct Loans (collectively, the "Local Obligations"). It is possible that one or more Local Governments will be unable to make a full or timely payment on their Local Obligations. The Bonds Outstanding, including the 2015 Bonds, have been structured so as to minimize the risk that a default or event of non-appropriation by one or more Local Governments on their Local Obligations will cause a default on the Bonds. Among these structural features is the requirement that debt service payments on each obligation is due at least 30 days prior to the corresponding payment dates of the Bonds. Set forth below are descriptions of certain matters relating to the security for the payment of the Local Obligations.

The Local Governments providing the Local Obligations are expected to consist mainly of Virginia counties, cities and towns with a wide range of governmental powers (each a "Locality") and regional authorities, service authorities, sanitation districts and sanitary districts and similar entities in the Commonwealth that have been granted limited powers to provide certain services, such as water, wastewater, solid waste disposal, public safety or transportation services (collectively, "Limited Purpose Local Governments").

Each Local Obligation evidences the obligation of the issuing Local Government to repay the principal amount of the loan from the respective Acquisition Fund or Revolving Fund, as applicable, together with interest, if any, on the unpaid principal amount. All interest-bearing Local Obligations will bear interest at a below-market interest rate. Certain Local Obligations carry a 0% interest rate. Set forth below is a description of certain matters relating to the security for the payment of debt service on the Local Obligations.

The security and sources of payment for each Local Obligation will vary and may consist of (i) a pledge of the full faith and credit of the Local Government (a "General Obligation Local Obligation"), (ii) a pledge of certain revenues of a revenue-producing undertaking of the Local Government and funds and accounts established under the applicable bond resolution or indenture under and pursuant to which the Local Obligation is issued (a "Revenue Local Obligation"), which pledge may be on a parity with or subordinate to the pledge of such revenues applicable to other Obligation of such Local Government, (iii) a combination of (i) and (ii) (a "Double-Barrel Local Obligation") or (iv) a financing lease (a "Financing Lease"). The agreement pursuant to which VRA acquires or enters into the Local Obligation is referred to herein as the "Local Agreement."

In certain cases, VRA may require that a Revenue Local Obligation be additionally secured and credit enhanced by a subject-to-appropriation, "moral obligation" support agreement provided by a Locality (a "Local Support Agreement") as described in the heading "Local Obligations Constituting a Bond of a Local Government" below. In some instances, the Local Support Agreement may be issued by the same Locality issuing the Revenue Local Obligation; in other instances the Local Support Agreement may be issued by one or more Localities that are member jurisdictions of a Limited Purpose Local Government. **Under no circumstances will a Local Support Agreement constitute a debt of a Locality or a pledge of the faith and credit or taxing power of a Locality.**

The security and sources of payment for each Local Obligation constituting a Financing Lease will be subject to annual appropriation by the governing body of the Local Government, which will be under no legal obligation to make such appropriation. **Under no circumstances will a Financing Lease constitute a debt of a Local Government or a pledge of the faith and credit or taxing power of a Local Government.**

Local Obligations Constituting a Bond of a Local Government

Each Local Obligation constituting a bond issued by a Local Government will evidence the obligation of the Local Government issuing such bond to repay the principal amount thereof, together with interest on the unpaid principal amount. Such Local Obligations may be issued and secured as General Obligation Local Obligations, Revenue Local Obligations or Double-Barrel Local Obligations.

General Obligation Local Obligation. Only Localities may issue General Obligation Local Obligations. Limited Purpose Local Governments may not issue General Obligation Local Obligations. A Locality issuing a General Obligation Local Obligation will pledge its full faith and credit to secure the payment of the principal of, premium, if any, and interest thereon. The Locality will agree to levy an annual tax upon all property subject to local taxation sufficient to pay the principal of, premium, if any, and interest on its General Obligation Local Obligation to the extent other funds of such Locality are not lawfully available and appropriated for such purpose.

Revenue Local Obligation. A Local Government issuing a Revenue Local Obligation pledges the revenues from the ownership or operation or lease of one or more of its water supply, wastewater collection, wastewater treatment or solid waste disposal system, as the case may be (each a "System"), and, to the extent necessary, other appropriated funds to the payment of principal of, premium, if any, and interest on its Revenue Local Obligation and its payment obligations under the Local Agreement, subject to the Local Government's right to apply revenues to the payment of certain operating, maintenance and replacement expenses and, in some cases, senior and parity indebtedness.

As shown in the subsection "**THE 2009 LOCAL GOVERNMENTS**" in Section Three and **Appendix A**, VRA has required certain Local Governments to obtain or provide additional security and credit enhancement for their Revenue Local Obligations in the form of subject-to-appropriation or "moral obligation" Local Support Agreements. The affected Local Governments are denoted by the term "MO" in the "Type of Security" columns.

Local Support Agreements include agreements to consider appropriations to replenish a debt service reserve fund securing a Revenue Local Obligation or to provide working capital to a Local Government to pay operating costs and the debt service on its Revenue Local Obligation. All Local Support Agreements contain or constitute a non-binding, legally unenforceable pledge by the governing body of a Locality to consider making the requested appropriations from the general funds of the Locality to support a Revenue Local Obligation (issued by that Locality or a Limited Purpose Local Government) or the operations of a Local Government issuing a Revenue Local Obligation. The constitutionality of "moral obligation" or "subject to appropriation" support agreements, such as Local Support Agreements, was upheld by the Virginia Supreme Court in *Dykes v. Northern Virginia Transp. Dist. Com'n.*, 411 S.E. 2d 1, 242 Va. 357 (Va. 1991) ("*Dykes*"). **Under no circumstances will a Local Support Agreement constitute a debt of the applicable Locality or a pledge of the faith and credit or taxing power of such Locality.** See the heading "Local Support Agreements" in the subsection "**INVESTMENT CONSIDERATIONS**" in this Section Two. For the applicability of the Commonwealth Aid Intercept Provision to Local Support Agreements, see the heading "Commonwealth Aid Intercept Provision" in this subsection.

Double-Barrel Local Obligation. Certain Localities may pledge both the revenues of their Systems and their full faith and credit to secure their Double-Barrel Local Obligations. Limited Purpose Local Governments are not empowered to issue Double-Barrel Local Obligations.

The Local Agreements

VRA enters into a Local Agreement with each Local Government issuing a Local Obligation. Each Local Agreement sets forth the conditions the Local Government must satisfy before VRA will be obligated to fund the loan to be evidenced by the Local Obligation.

Each Local Agreement requires that the Local Government apply the proceeds of its Local Obligation to finance or refinance the costs of its particular Sewer Project. Loan proceeds will be disbursed from time to time to or for the account of the Local Government upon the receipt of a written requisition in the form prescribed by the Local Agreement.

The Local Agreements for Revenue Local Obligations and Double Barrel Local Obligations are expected to provide for proper maintenance and operation of the applicable Systems and that rates will be charged and collected for the use of and the service of the Systems sufficient at all times to produce net revenues to pay debt service on all obligations payable therefrom, including the Local Obligations. Such Local Agreements may require the establishment of debt service or operating reserve accounts.

The Local Agreements for Revenue Local Obligations and Double Barrel Local Obligations generally prohibit the incurrence of any indebtedness or the issuance of any bonds, note or other evidences of indebtedness secured by a pledge of the System revenues, except subordinate bonds and parity bonds and only within certain limitations.

Each Local Agreement obligates the Local Government to provide annual audited financial statements and certain certifications and information to VRA and DEQ.

Each Local Agreement is expected to provide that if (i) a Local Government fails to pay when due any amount required to be paid under its Local Obligations or the Local Agreement or to perform or observe the covenants, agreements or conditions of the Local Agreement (after a 60-day grace period expires), (ii) any of the Local Government's warranties, representations or other statements contained in the Local Agreement or any instrument furnished in connection with the issuance and sale of its Local Obligations is false or misleading, or (iii) there shall occur certain events of insolvency or events affecting creditors' rights, then such events will constitute events of default under the Local Agreement.

The Local Agreement for a Local Bond require the Local Government to pay the amounts due on its Local Bond and under the Local Agreement to the Trustee, as assignee of VRA, including any amounts required to replenish amounts withdrawn from and foregone investment earnings on the Reserve Fund due to a failure by the Local Government to make a payment due under its Local Bond. Each such Local Agreement also requires, among other things, that the Local Government not take or omit to take any actions that would adversely affect the tax-exempt status of interest on the Revolving Fund Revenue Bonds.

Local Agreements for Direct Loans are not assigned to the Trustee, and VRA has only pledged the payments thereunder as security for the Bonds.

Financing Leases

Certain Local Governments enter into Local Obligations in the form of Financing Leases with VRA (each a "Financing Lease Local Government") to lease one or more Sewer Projects from VRA. In certain instances, such as joint ownership of a Sewer Project in which a Local Government is unable to lease its interest, VRA may accept substitute real property as security under the Financing Lease. The term of the Financing Lease commences on the date of issuance and delivery of the related Series of Revolving Fund Revenue Bonds and terminates upon payment of all rentals owed by the Financing Lease Local Government under the Financing Lease. The lease arrangement may involve an original prime lease of the Sewer Project or substitute real property from such Local Government to VRA and the leaseback of such property to such Local Government pursuant to the Financing Lease.

Each Financing Lease will contain, among other things, certain covenants relating to the preservation of the tax status of the corresponding Series of Revolving Fund Revenue Bonds and the provision of annual audited financial statements of the Financing Lease Local Government.

Each Financing Lease will require that the Financing Lease Local Government apply the proceeds of the Financing Lease to finance or refinance the costs of the Sewer Project.

The Financing Lease Local Government will agree to maintain or cause to be maintained the Sewer Project or substitute real property and to procure insurance with respect thereto.

Each Financing Lease will provide that no part of the Sewer Project or substitute real property shall be sold, exchanged, leased, subleased, mortgaged, encumbered or otherwise disposed of except with the written consent of VRA.

In a Financing Lease, the rental payments are structured in amounts expected to be sufficient to pay the Financing Lease Local Government's proportionate share of debt service payments on the related Series of Revolving Fund Revenue Bonds.

Pursuant to a Financing Lease, the Financing Lease Local Government will direct the officer charged with the responsibility of preparing such Local Government's budget to include in the budget for each fiscal year during the term of the Financing Lease a request that the governing body of such Local Government appropriate in the fiscal year all rental payments and other payments due under the Financing Lease during such fiscal year.

The undertaking of the Financing Lease Local Government to make payments under the Financing Lease is limited to amounts lawfully available and appropriated by the governing body thereof for such purpose. **Under no circumstances will the payments under a Financing Lease constitute a debt of the applicable Locality within the meaning of any constitutional or statutory limitation or a pledge of the faith or credit or the taxing power of such Locality.** Such Local Government will not be liable for any such payments under the Financing Lease unless and until funds have been appropriated by its governing body for payment and then only to the extent of such appropriations.

If the governing body of the Financing Lease Local Government fails to appropriate funds for amounts due under the Financing Lease or such Local Government cannot observe and perform any covenant or agreement as a result of such non-appropriation, VRA or the Trustee on behalf of VRA, may then exclude such Local Government from possession of its Sewer Project or substitute real property (subject to certain public policy concerns and legal restrictions discussed below), with or without terminating the Financing Lease, and re-let all or any portion of the Sewer Project or substitute real property, applying the proceeds in accordance with the Indenture. The Financing Lease Local Government may reinstate the Financing Lease upon satisfaction of certain conditions. In most lease arrangements, VRA holds only a leasehold interest in the Sewer Project or substitute real property and thus, in exercising its rights upon an event of default or an event of non-appropriation by the Financing Lease Local Government, VRA may not sell the Sewer Project or substitute real property but may only re-let its interests in the Sewer Project or substitute real property to a third party. In addition, the ability of VRA to exclude a Financing Lease Local Government from possession of a Sewer Project or substitute real property may be limited by certain imposed public policy concerns or legal restrictions and may require judicial action, which is often subject to discretion and delay. For example, in the case of substitute real property that is a courthouse or other public safety facility, such concerns and restrictions relate to the power of judges to control their courthouses and statutory requirements to provide adequate facilities for courts, Commonwealth's Attorneys and other constitutional officers. The foregoing factors may limit VRA's ability to re-let the Sewer Project or substitute real property upon an event of default or non-appropriation by the respective Financing Lease Local Government or to re-let the Sewer Project or substitute real property on terms as favorable as those in the Financing Lease.

Possible Defaults on Local Obligations

The ability and willingness of the Local Governments to make payments or timely payments of debt service due on their respective Local Obligations will depend on various economic and financial circumstances and regulatory requirements. The majority of payments by the Local Governments of principal and interest on the Local Bonds are scheduled to be made on March 1 and September 1, which dates are 30 days before the principal and interest payment dates for the 2015 Bonds. Where credit enhancement exists for a Local Obligation, such as from the moral obligation of a related jurisdiction, payments, or timely payments, of debt service on the respective Local Obligation may also depend on the timely performance of the entity or entities, if any, providing such credit enhancement.

The majority of the Local Obligations are revenue obligations payable from the net revenues of particular municipal water supply, wastewater collection, wastewater treatment or solid waste disposal systems. Most of the Local Obligations are not general obligations payable from tax levies. While the Revolving Fund has not experienced to date a default in the payment of debt service due on any Local Obligations, there can be no assurance that such a default will not occur.

Under the Act, if a Local Government defaults in the payment of principal of or interest on any Local Bond or Direct Loan held by VRA, VRA may proceed to enforce payment of such principal and interest and any other amounts due and payable pursuant to applicable provisions of state law.

Under the terms of the Local Agreement, upon the occurrence of an Event of Default, VRA has the contractual right to take any action permitted by the Local Agreement or the Local Obligation resolution of each Local Government or to take any other legal or equitable action, including the appointment of a receiver, necessary or desirable to collect any amounts due and to enforce any duty, covenant or agreement of the Local Government. There can be no assurance that VRA will have an effective remedy or realize any amounts or amounts equal to all amounts due to VRA under the Local Obligations. All remedies are subject to bankruptcy, insolvency and other similar state and federal laws.

Although Virginia law currently does not authorize such action, future legislation may enable any or all of the Local Governments to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code") if it is insolvent or unable to pay its debts. Bankruptcy proceedings by a Local Government could have adverse effects on creditors of such Local Government, including (i) delay in the enforcement of their remedies, (ii) subordination of their claims to claims of those supplying goods and services to the Local Government after the initiation of bankruptcy proceedings, and to the administrative expenses of bankruptcy proceedings, or (iii) imposition without their consent of a reorganization plan reducing or delaying payment of the Local Government's debts. The effect of the provisions of the Bankruptcy Code, if made applicable by future Virginia legislation, cannot be reliably predicted and may be significantly affected by judicial interpretation.

Commonwealth Aid Intercept Provision

Historically, the Local Obligations of Localities (but not those of Limited Purpose Local Governments) have been further secured by the "Commonwealth Aid Intercept Provision" under Section 62.1-216.1 of the Act.

The 2011 Virginia General Assembly enacted SB1309 to amend Section 62.1-216.1. The amendments, which became effective July 1, 2011, extend the Commonwealth Aid Intercept Provision to cover all Local Bonds, Local Support Agreements and Financing Leases, regardless of the security therefor.

Section 62.1-216.1 provides that, among other things, if it is established to the satisfaction of the Governor of the Commonwealth (the "Governor") after submission of an affidavit by VRA and a summary investigation by the Governor of the facts set forth in the affidavit that a Locality has failed to make a payment on its Local Obligation or Local Support Agreement, then the Governor shall (i) issue an order directing the Comptroller of the Commonwealth to withhold all further payments to such Locality of all or any portion of the funds appropriated and payable by the Commonwealth to such Locality for any and all purposes until such nonpayment is cured, and (ii) while such nonpayment continues, direct the payment of all funds so withheld, or so much of them as shall be necessary, to VRA so as to cover, or cover insofar as possible, the nonpayment on such Local Obligation or Local Support Agreement.

In addition, General Obligation Local Obligations and Double-Barrel Local Obligations are secured under Section 15.2-2659 of the Public Finance Act (the "General Obligation Intercept Provision"). The General Obligation Intercept Provision is similar in operation and effect to the Commonwealth Aid Intercept Provision but applies only as a remedy for a default in the payment of principal of, premium, if any, or interest on general obligation bonds. The General Obligation Intercept Provision covers all of the general obligation bonds issued by a Locality and not only those acquired by VRA.

Under either intercept provision, neither the Comptroller nor the Commonwealth has any legal obligation to make any payment on behalf of the nonpaying Locality other than from the funds appropriated and payable to the nonpaying Locality. Commonwealth aid that is payable to Localities and that is subject to interception is derived primarily from the Commonwealth's General Fund, with the remaining aid being payable from the Highway Maintenance and Construction Fund of the Virginia Department of Transportation and certain other funds. The primary sources of revenue for the Commonwealth's General Fund are individual and corporate income tax revenues, sales and use tax revenues, other tax revenues, interest, dividends and rents.

Neither the Virginia Supreme Court nor the Attorney General of Virginia has reviewed the validity of the Commonwealth Aid Intercept Provision, and there can be no assurance that such provision would be upheld if challenged. Further, the General Obligation Intercept Provision as embodied in either Section 15.2-2659 or its predecessor provisions (Sections 15.1-225 and 15.1-227.61) has not been reviewed by the Virginia Supreme Court. However, in 1973 the Attorney General of Virginia opined that funds appropriated and payable by the Commonwealth to local governments for any and all purposes may be withheld pursuant to the General Obligation Intercept Provision (set forth in Section 15.1-225 at that time) as a remedy for payment defaults under general obligation bonds.

To date, no order has been issued to withhold funds pursuant to either the Commonwealth Aid Intercept Provision or the General Obligation Intercept Provision. The General Obligation Intercept Provision has been successfully tested in a hypothetical default of a Locality with respect to bonds issued to the Virginia Public School Authority. Based on the results of that test, it is expected that the intercepted funds would be available within 30 days of the date of nonpayment. There can be no assurance that the benefits of these provisions could be realized in the event of a nonpayment by a Local Government.

VRA is not the only entity with the power to enforce an intercept provision. The Board of Trustees of the Virginia Retirement System, under Section 51.1-146, has the discretion to cause the deduction "from any non earmarked moneys distributable to a local government by any department or agency of the Commonwealth" of amounts equal to any delinquent contributions or insurance premiums owed by the local government to the Virginia Retirement System. There can be no assurance that the benefits of the Commonwealth Aid Intercept Provision will not be diminished by other intercept provisions or by other parties enforcing the General Obligation Intercept Provision.

The amount of aid appropriated by the Commonwealth to a Local Government varies from year to year and may not in a particular year equal or exceed all of the defaulted payment obligations of the Locality subject to the Commonwealth Aid Intercept Provision, the General Obligation Intercept Provision and any other similar intercept provisions. No guidance exists for determining the priority of the various intercept provisions in the event the amount of appropriated aid is insufficient to cover all of the applicable defaulted payment obligations.

VRA has covenanted in the Master Indenture to take any and all actions available to it under the laws of the Commonwealth (including the Commonwealth Aid Intercept Provision) to obtain payments on a Local Obligation if a Local Government fails to make such payments when the same become due and payable. The Trustee, on behalf of the Bondholders, may request that VRA take such actions, but the Trustee has not been assigned the right to exercise unilaterally without the cooperation of VRA the remedies granted to VRA under the Commonwealth Aid Intercept Provision. The General Assembly has the right to modify the Commonwealth Aid Intercept Provision in the future, which modifications may adversely affect the rights of VRA under such Provision. VRA is not aware of any proposal to make any such modification and as of the date hereof does not expect any to be enacted.

VRA LICENSE

All of the property pledged to the Trustee will be held in trust by the Trustee for the equal and proportionate benefit of the Owners from time to time of the 2015 Bonds and all other Bonds Outstanding under the Indenture. However, VRA has reserved the right and license to enjoy and enforce its rights with respect to the Local Bonds so long as no Event of Default with respect to the Bonds has occurred. This means, among other things, that, so long as no Event of Default has occurred, VRA may agree to amend the Local Bonds and related Local Agreements without the consent of the Trustee or the Owners of the Revolving Fund Revenue Bonds. However, if an Event of Default with respect to the Revolving Fund Revenue Bonds shall have occurred and be continuing, the Trustee will instead have such rights. VRA has not pledged its rights to the Local Agreement related to Direct Loans as security for the 2015 Bonds. VRA has only pledged the payments from Direct Loans as security for the 2015 Bonds. VRA may agree to amend the Direct Loans and related Local Agreements without the consent of the Trustee or the Owners of the Bonds.

PROJECTED CASH FLOWS

The projected cash flows relating to the 2015 Bonds and the Outstanding Revolving Fund Revenue Bonds and the return on the investments related thereto are dependent on Local Governments making timely payment on their respective Local Obligations and the receipt of certain investment earnings. It is possible that a Local Government will be unable to make a payment or a timely payment on its respective Local Obligation or investment earnings may fail to materialize. However, VRA's Revolving Fund program is structured to provide debt service coverage substantially in excess of debt service due on the Bonds.

The following projected cash flow schedule illustrates on an annual basis the projected amounts of total income (from repayments on Local Obligations and investment earnings) and the debt service on all of the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds. The projected cash flow schedule assumes the issuance of the 2015 Bonds, the refunding of the Refunded Bonds described under the heading "**PLAN OF REFUNDING,**" and the adjustment to the interest rates associated with the 2009 Local Bonds to reflect the refunding. *All of such revenue and debt service numbers are estimates, subject to change, and are based upon various assumptions concerning the amounts, timing, interest rates and repayment schedules of the Local Obligations, the amounts available for investment and the interest earnings on invested funds and timely payment by all Local Governments, among other assumptions.*

Projected Cash Flows for the Virginia Resources Authority
Clean Water State Revolving Fund

<u>Date</u>	<u>Local Bond Repayments⁽¹⁾⁽²⁾</u>	<u>PLUS Direct Loan Repayments⁽³⁾</u>	<u>PLUS Reserve Fund Releases</u>	<u>PLUS Other Income⁽⁴⁾</u>	<u>EQUALS Total Available Sources</u>	<u>Revolving Fund Revenue Bond Debt Service⁽⁵⁾</u>	<u>Total Annual Debt Service Coverage⁽⁶⁾</u>
Total	\$1,025,264,420.28	\$900,136,689.54	\$185,951,084.35	\$97,848,243.03	\$2,209,200,437.20	\$1,099,273,913.05	
4/1/2015	\$37,348,021.53	\$29,016,479.04	\$ -	\$3,575,684.50	\$69,940,185.07	\$24,554,596.32	
10/1/2015	37,466,383.97	28,809,711.50	1,991,974.45	3,616,570.44	71,884,640.36	64,018,991.74	1.60x
4/1/2016	37,165,257.27	29,248,187.89	-	3,520,920.20	69,934,365.36	17,598,559.38	
10/1/2016	37,185,306.29	29,566,494.69	2,255,406.45	3,578,780.23	72,585,987.67	65,163,559.38	1.72x
4/1/2017	37,205,626.66	30,102,241.12	-	3,464,344.26	70,772,212.04	16,481,434.38	
10/1/2017	37,226,219.19	31,136,472.83	2,312,635.54	3,525,255.11	74,200,582.67	66,046,434.38	1.76x
4/1/2018	37,247,090.20	32,479,642.93	-	3,406,709.58	73,133,442.71	15,285,965.63	
10/1/2018	37,268,242.28	31,418,847.39	2,371,316.91	3,469,695.98	74,528,102.55	66,390,965.63	1.81x
4/1/2019	37,289,680.41	30,236,436.04	-	3,345,405.69	70,871,522.14	14,036,396.88	
10/1/2019	37,631,850.73	29,322,341.85	2,431,487.40	3,411,664.11	72,797,344.10	67,706,396.88	1.76x
4/1/2020	37,654,297.85	28,824,238.56	-	3,282,785.79	69,761,322.20	12,738,021.88	
10/1/2020	37,179,184.55	28,104,373.72	2,493,184.85	3,352,785.54	71,129,528.65	68,013,021.88	1.74x
4/1/2021	36,810,861.61	27,615,180.99	-	3,217,897.17	67,643,939.77	11,329,034.38	
10/1/2021	36,034,763.71	26,135,781.92	2,556,448.00	3,288,706.69	68,015,700.32	65,734,034.38	1.76x
4/1/2022	35,504,130.76	25,970,041.54	-	3,150,728.64	64,624,900.94	9,961,346.88	
10/1/2022	35,061,653.52	24,352,365.89	8,275,566.54	3,221,604.02	70,911,189.97	63,801,346.88	1.84x
4/1/2023	30,718,087.47	23,708,742.19	-	2,975,796.92	57,402,626.57	8,594,371.88	
10/1/2023	30,705,257.80	23,654,115.47	2,687,831.27	3,038,517.59	60,085,722.13	53,304,371.88	1.90x
4/1/2024	30,728,676.99	23,494,374.73	-	2,905,790.92	57,128,842.64	7,476,621.88	
10/1/2024	30,752,406.97	23,617,748.50	2,756,033.97	2,971,246.83	60,097,436.26	54,096,621.88	1.90x
4/1/2025	29,929,265.93	22,650,591.52	-	2,833,104.39	55,412,961.84	6,328,571.88	
10/1/2025	29,953,205.21	22,519,282.85	2,825,967.46	2,899,144.15	58,197,599.67	53,653,571.88	1.89x
4/1/2026	29,848,836.90	21,859,293.01	-	2,758,596.47	54,466,726.38	5,172,625.00	
10/1/2026	26,077,096.33	21,982,810.85	53,597,675.63	2,825,663.40	104,483,246.21	50,977,625.00	2.83x
4/1/2027	25,997,242.60	21,185,484.16	-	1,933,801.92	49,116,528.69	4,046,100.00	
10/1/2027	25,606,836.05	18,559,246.77	2,971,203.62	1,992,257.35	49,129,543.79	51,471,100.00	1.77x
4/1/2028	25,630,333.57	16,702,815.49	-	1,853,157.22	44,186,306.28	3,017,275.00	

<u>Date</u>	<u>Local Bond Repayments⁽¹⁾⁽²⁾</u>	<u>PLUS Direct Loan Repayments⁽³⁾</u>	<u>PLUS Reserve Fund Releases</u>	<u>PLUS Other Income⁽⁴⁾</u>	<u>EQUALS Total Available Sources</u>	<u>Revolving Fund Revenue Bond Debt Service⁽⁵⁾</u>	<u>Total Annual Debt Service Coverage⁽⁶⁾</u>
10/1/2028	23,011,682.41	15,992,704.67	2,570,387.78	1,912,935.78	43,487,710.63	49,522,275.00	1.67x
4/1/2029	22,845,189.02	14,745,492.57	-	1,782,774.65	39,373,456.24	2,060,062.50	
10/1/2029	21,166,854.77	14,533,455.03	1,791,098.03	1,838,406.75	39,329,814.58	45,130,062.50	1.67x
4/1/2030	17,466,600.74	14,241,818.06	-	1,735,108.80	33,443,527.60	1,155,737.50	
10/1/2030	14,444,175.81	13,523,593.99	599,836.51	1,778,665.13	30,346,271.44	30,305,737.50	2.03x
4/1/2031	7,580,022.21	12,318,266.62	-	1,728,688.32	21,626,977.15	511,962.50	
10/1/2031	3,545,270.24	11,338,260.03	59,213,029.93	1,748,590.71	75,845,150.92	13,451,962.50	6.98x
4/1/2032	3,121,334.23	10,692,721.94	-	622,102.15	14,436,158.33	205,675.00	
10/1/2032	2,718,870.18	10,263,668.89	22,250,000.00	630,600.09	35,863,139.16	6,200,675.00	7.85x
4/1/2033	1,042,636.61	9,658,149.72	-	158,458.66	10,859,244.99	70,900.00	
10/1/2033	892,967.69	9,164,499.87	-	161,016.10	10,218,483.66	2,515,900.00	8.15x
4/1/2034	101,500.00	8,625,247.00	-	157,636.14	8,884,383.15	22,000.00	
10/1/2034	101,500.00	8,567,730.77	10,000,000.00	158,205.02	18,827,435.79	1,122,000.00	24.22x
Total	\$1,025,264,420.28	\$900,136,689.54	\$185,951,084.35	\$97,848,243.03	\$2,209,200,437.20	\$1,099,273,913.05	

(1) Consists of projected repayments of principal and interest on all Local Bonds and presumes that all repayments are made on a timely basis and in the full amounts due.

(2) Subject to change. This chart assumes, effective as of the closing date, that VRA adjusts the interest rate of the 2009 Local Bonds after the issuance of the 2015 Bonds (except for the local bond of the Rivanna Water & Sewer Authority that matures in 2032) after the 2015 Bonds to pass along the interest rate savings. See "**THE 2009 LOCAL GOVERNMENTS**" in Section Three.

(3) Consists of projected repayments of principal and interest on all Direct Loans and presumes that all repayments are made on a timely basis and in the full amounts due. Direct Loan repayment total runs through 9/1/2044 but only shown through 10/1/2034. The 2015 Bonds, the Outstanding Revolving Fund Revenue Bonds, and any additional Revolving Fund Revenue Bonds are secured by a subordinate pledge of the interest payments on Direct Loans, which payments have been pledged on a senior basis to secure the other State Match Bonds to the extent any State Match Bonds are Outstanding. See the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS.**" See the subsection "**ADDITIONAL INDEBTEDNESS.**"

(4) Consists of expected earnings derived from the investment of the Acquisition Funds, the Reserve Fund, and on balances carried in the Revenue Fund. Estimated earnings run through 9/1/2044 but only shown through 10/1/2034. See the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS – Investment of Certain Funds.**"

(5) Includes debt service on the 2015 Bonds and excludes debt service on the Refunded Bonds.

(6) Total Available Sources divided by Revolving Fund Revenue Bond Debt Service.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the 2015 Bonds should be aware that investment in the 2015 Bonds entails some degree of risk and uncertainty. Each prospective investor in the 2015 Bonds should read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of the debt service on the 2015 Bonds and which could also affect the market price of the 2015 Bonds to an extent that cannot be determined. This discussion of investment considerations is not, and is not intended to be, exhaustive.

2015 Bonds are Limited Obligations of VRA and are Payable Solely from Specific Sources

The 2015 Bonds and all other Bonds heretofore or hereafter issued under the Indenture are limited obligations of VRA payable only from the Revenues and funds and accounts specifically pledged thereto. Accordingly, investors should consider only the sources of payment and security described under the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS**" in this Section Two.

One or More Local Governments May Default Under Their Local Obligations

The initial source of repayment for the Bonds is the payments under the Local Obligations. The ability of the Local Governments to make full and timely payments of debt service due on their respective Local Obligations will depend on various economic and financial circumstances. Under the VRA Act, if a Local Government fails to pay the principal of or interest on any Local Obligations held by VRA, VRA may proceed to enforce payment of such principal and interest and any other amounts due and payable pursuant to applicable provisions of state law.

Upon the occurrence of an event of default under any Local Obligations, VRA has the contractual right to take any action permitted by the Local Obligations or the bond resolution of each Local Government or to take any other legal or equitable action, including the appointment of a receiver, necessary or desirable to collect any amounts due and to enforce any duty, covenant or agreement of the Local Government. There can be no assurance that VRA will have an effective remedy or realize any amounts or amounts equal to all amounts due to VRA under the Local Obligations. All remedies are subject to bankruptcy, insolvency and other similar state and federal laws. However, under present law, Virginia Local Governments are not authorized to file for bankruptcy protection.

To date, there have been no nonpayments on any Local Obligations that have required VRA to make any transfers from any reserve fund or have caused any payment default on bonds of VRA.

Local Support Agreements are Not a Binding Obligation of a Local Government

A Local Support Agreement contains or constitutes a non-binding, non-legally enforceable pledge of the governing body of a Locality to consider making the requested appropriations from the general funds of the Locality to support a Revenue Local Obligation (issued by that Locality or a Limited Purpose Local Government) or the operations of a Local Government issuing a Revenue Local Obligation. The governing body cannot be compelled to make the appropriations requested under a Local Support Agreement. However, the failure of the governing body to make such an appropriation would likely impair the credit standing of the Local Government and would trigger the Commonwealth Aid Intercept Provision of Section 62.1-216.1 of the VRA Act. See the heading "**COMMONWEALTH AID INTERCEPT PROVISION**" in the subsection "**SECURITY FOR THE LOCAL OBLIGATIONS**" in this Section Two.

To date, no Local Government has failed to make any required payments or timely appropriate funds under a Local Support Agreement.

One or More Local Governments May Fail to appropriate Funds or Default Under Their Financing Lease

The undertaking of the Financing Lease Local Governments to make payments under their respective Financing Leases is subject to and dependent upon amounts being lawfully available and appropriated from time to time by the governing body of such Local Government. The governing body cannot be compelled to make the appropriations. The undertaking of a Financing Lease Local Government to make payments under its Financing

Lease is not a debt of such Local Government within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit or the taxing power of such Local Government.

Pursuant to the Financing Leases, in the event that sufficient funds are not budgeted and appropriated by the governing body of the Financing Lease Local Government for the payment of amounts due under the Financing Lease and such Local Government defaults or fails to make payments under the Financing Lease, VRA may terminate the Financing Lease without penalty and may take possession of and re-lease the Leased Premises or substitute real property. Since the re-leasing of a Leased Premises or substitute real property may not be possible on terms as favorable as those of the Financing Lease there can be no assurance that the Rental Payments on the Financing Lease expected to be received will in fact be received. In addition, the ability of VRA to exclude a Financing Lease Local Government from possession in order to exercise VRA's remedy to re-lease a Leased Premises or substitute real property to a third-party may be limited by certain imposed public policy concerns or legal restrictions and may require judicial action, which is often subject to discretion and delay.

Moreover, if VRA exercises its rights to re-lease its interest in a Leased Premises or substitute real property, depending on the new user, interest paid on the Financing Lease may not be excludable from gross income for federal income tax purposes, which, in turn, may adversely affect the tax-exempt status of any Bonds the interest on which was intended to be excludable from gross income for federal income tax purposes.

To date, no Financing Lease Local Government has failed to make any required payments or timely appropriate funds.

Certain Funds Under the Indenture Can be Invested and Subject to Investment Risk

Amounts on deposit in the funds and accounts under the Indenture may be invested in various permitted investments. Proceeds of the 2015 Bonds on deposit in the funds and accounts under the Indenture will be invested in direct obligations of the United States. However, amounts held in the funds and accounts under the Indenture from certain other previously issued Series have been invested in GICs, as permitted by the Act and in accordance with the provisions of VRA's investment policy. The GICs may be subject to early termination upon certain events, in which case the Trustee may have the right to require the return of certain funds or the repurchase of certain securities held pursuant to the GICs. In addition, the GICs may be subject to certain other risks, including bankruptcy or insolvency of the party with which such funds have been invested under such GIC or which has guaranteed such GIC. See the heading "Investment of Certain Funds" in the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS**" in this Section Two and see the section "*Investments*" in **Appendix B**.

Owners of Bonds are Not Entitled to Accelerate the Indebtedness of the 2015 Bonds Upon a Default

The principal of, premium, if any, and interest on the Bonds is not subject to acceleration upon the occurrence and continuation of an Event of Default. Owners of Bonds will therefore be required to collect debt service payments on the Bonds due after an Event of Default based on the Bonds' scheduled payment dates from the Revenues and other property pledged under the Indenture which may not be sufficient to make such payments.

The Relative Future Participation of Local Governments is Unknown

The Indenture is an "open indenture" which authorizes the issuance of additional Bonds. VRA expects to purchase additional Local Obligations from yet-to-be-identified Local Governments (including newly-formed Local Government) in amounts and at interest rates which have not yet been determined. Thus, the credit quality of the Local Obligations from yet-to-be-identified Local Governments (including newly-formed Local Government) cannot be evaluated only on the basis of the Local Obligations heretofore acquired. Although all participating Local Governments must meet VRA's credit standards, the credit standards may be changed or waived at the discretion of VRA. Further, it is the intention of DEQ, with the concurrence of VRA, to continue to offer below-market interest rates on the Local Obligations, including, in some instances, rates as low as 0%.

Repayment of the 2015 Bonds Will Need to Be Made From Sources Other Than the Local Bonds, such as Earnings From Amounts Deposited in the Reserve Fund.

The interest rates on the Local Bonds will be lower than the interest rates on the corresponding Revolving Fund Revenue Bonds that were issued to acquire them. Because the debt service on the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds is expected to be paid only in part from the payments made on the Local Bonds, the payment of debt service on the 2015 Bonds will need to be made from the other funds available under the Indenture, including the Reserve Fund (and the earnings thereon) and the interest payments made on Direct Loans (which are subject to a senior pledge in favor of any outstanding State Match Bonds). See the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS**" and "**PROJECTED CASH FLOWS**" in this Section Two.

SECTION THREE: PROGRAM PARTICIPANTS

VIRGINIA RESOURCES AUTHORITY

VRA, created by the Act in July 1984, is organized and exists as a public body corporate and a political subdivision of the Commonwealth. VRA was created to assist in financing the present and future needs of the Commonwealth for, among other things, water supply and sewage treatment facilities, solid waste treatment, disposal and management facilities, recycling and resource recovery facilities, public safety facilities, public transportation and airport projects, projects at federal facilities (and former federal facilities), brownfield remediation projects, broadband projects, flood prevention and dam safety projects, land conservation and preservation projects, local government buildings, energy conservation projects, and parks and recreation facilities and to encourage the investment of both public and private funds to make loans and grants available to local governments for the foregoing purposes. VRA has no taxing power.

VRA is authorized to issue its bonds to provide funds to carry out its purposes and powers. Such powers include the power to issue bonds backed by the moral obligation of the Commonwealth, **but the 2015 Bonds and the other Outstanding Revolving Fund Revenue Bonds will not be backed by the moral obligation of the Commonwealth and VRA has no plans to issue Bonds under the Indenture backed by the moral obligation of the Commonwealth.** To date, for its various programs, VRA has issued bonds backed by the moral obligation of the Commonwealth of Virginia in the original aggregate principal amount of \$2,122,519,299, of which \$848,974,596 was outstanding as of September 30, 2014. In addition, for its various programs, VRA has issued bonds that are not backed by the moral obligation of the Commonwealth in the original aggregate principal amount of \$3,592,091,950, of which \$2,327,645,000 was outstanding as of September 30, 2014.

VRA provides low-cost and custom-tailored loans to counties, cities, towns, and authorities for public safety, transportation, dam safety and flood prevention, wastewater, drinking water, solid waste, storm water drainage, federal facility development, and brownfield remediation projects.

VRA manages several funds and programs that lend to local governments. Loan funds come from VRA bonds and federal grants and state appropriations. These state and federal funds are used to provide rate reductions on loans for eligible projects. These below-market rate loans, some at 0%, are made available through three revolving loan funds, including the Virginia Water Facilities Revolving Fund, the Virginia Drinking Water Supply Revolving Fund, and the Virginia Airports Revolving Fund. **The 2015 Bonds are not secured by the assets, revenues or funds associated with any of the programs referenced herein other than the Revolving Fund.**

In addition to the Virginia Water Facilities Revolving Fund, VRA manages the following programs.

The Virginia Drinking Water Supply Revolving Fund

The Virginia Drinking Water Supply Revolving Fund provides low interest loans, in addition to some grants, for drinking water projects to local governments and privately organized water suppliers. Like the Revolving Fund, the fund receives U.S. EPA grants and state matching dollars and is permanent and perpetual. The Virginia Department of Health administers the fund, while VRA acts as financial administrator and services the loans.

The Virginia Airports Revolving Fund

To support and induce more investment in Virginia's public use airports, the Virginia Airports Revolving Fund was created in 2000 with an appropriation from the Virginia General Assembly. As with other state revolving funds, VRA partners with a state agency to administer the fund. The Virginia Aviation Board prioritizes individual loan requests and VRA serves as financial administrator and services the loans.

The Virginia Pooled Financing Program

Under the Virginia Pooled Financing Program ("VPFP"), VRA sells bonds and then loans the proceeds to local governments to finance eligible projects. The borrowers' interest rates are based on the rates that VPFP bonds obtain in the public bond market. VRA's high credit ratings, which are based in part on the Commonwealth's moral obligation pledge, result in interest savings for borrower localities. This translates to reduced rates, taxes and user fees for VRA's borrowers' constituents. Further savings are realized by efficiently bringing the borrowing needs of multiple localities into one bond issue. Through economies of scale and sharing of expenses, borrowers significantly reduce issuance costs versus other methods of financing. These efficiencies do not hinder loan flexibility for individual borrowers. Each loan is customized to meet the needs and financial policies of each local government, or in the case of regional projects, group of local governments.

Members of the Board

The Board of Directors of VRA consists of seven members appointed by the Governor and confirmed by the General Assembly for four-year staggered terms and four ex-officio members: the State Treasurer, the State Health Commissioner, the Director of the Department of Environmental Quality and the Director of the Department of Aviation. The Chairman of the Board of Directors is designated by the Governor and is the chief executive officer of VRA. The members of the Board of Directors are as follows:

William G. O'Brien of Port Republic, Virginia. Director and Chairman. Term expires June 30, 2016. He is the retired County Administrator of Rockingham County, a position he held for over 25 years.

James H. Spencer, III of Bluefield, Virginia. Director and Vice Chairman. Term expires June 30, 2016. Mr. Spencer's experience includes serving as the Administrator of the Tazewell County Public Service Authority and as County Administrator of Tazewell County.

David Branscome of Manassas, Virginia. Director. Term expires June 30, 2015. Mr. Branscome is Vice President of Branscome Paving Company, Manassas, Virginia.

Barbara McCarthy Donnellan of Clifton, Virginia. Director. Term expires June 30, 2017. Ms. Donnellan serves as County Manager for Arlington County.

Thomas L. Hasty, III of Chesapeake, Virginia. Director. Term expires June 30, 2018. Mr. Hasty is Senior Executive Vice President of Towne Bank, Portsmouth, Virginia.

Dena Frith Moore of Richmond, Virginia. Director. Term expires June 30, 2016. Until 2011, Ms. Moore served as Managing Director and Chief Operating Officer for Harris Williams & Co., an investment banking firm focusing on mergers and acquisitions. Currently, Ms. Moore is an independent consultant working with for-profit and nonprofit businesses on strategic advisory projects. Prior to joining Harris Williams & Co., Ms. Moore was with Bowles Hollowell Conner & Co.

John H. Rust, Jr. of Fairfax, Virginia. Director. Term expires June 30, 2016. Mr. Rust practices law in Fairfax with the firm of Rust & Rust, P.C. He is the third generation of the Rust family to practice law in northern Virginia. He also serves as the Commissioner of Accounts for the 19th Judicial Circuit and provides government affairs consulting services through Iron Ox Consulting, a family-owned company. He serves as a member of the Board of Directors of Historic Fairfax City, Inc.

Randall P Burdette of Stafford County, Virginia. Director Ex-Officio. Mr. Burdette serves as Director of the Department of Aviation. He was appointed to this position on August 11, 2004. Previously, he served as Program Manager for the Defense Department's Technology Initiative.

Manju Ganeriwala of Henrico County, Virginia. Director Ex-Officio. Ms. Ganeriwala serves as State Treasurer of Virginia. She was reappointed to this post by Governor Terence R. McAuliffe, effective January 2014. Prior to her initial appointment as State Treasurer in 2009, Ms. Ganeriwala served as Deputy Secretary of Finance since January 2006.

Marissa Levine, MD, MPH of Richmond, Virginia. Director Ex-Officio. Dr. Levine serves as Health Commissioner. Prior to her appointment, Dr. Levine served as Interim Health Commissioner.

David K. Paylor of Richmond, Virginia. Director Ex-Officio. Mr. Paylor serves as the Director of the Department of Environmental Quality. Prior to his appointment, Mr. Paylor served as Deputy Secretary of Natural Resources for Governor Mark Warner.

VRA Staff

The Executive Director of VRA is appointed by the Governor. The Executive Director reports to, but is not a member of, the Board of Directors, and administers, manages and directs the affairs and activities of VRA in accordance with the policies, and under the control and direction, of the Board of Directors. Selected members of the staff include the following:

Stephanie L. Hamlett, Executive Director and General Counsel. Ms. Hamlett was appointed Executive Director in April 2014, and previously served as Executive Director from July 2010 to March 2012. Prior to her most recent appointment, Ms. Hamlett served as a Senior Assistant Attorney General. She has also served as Deputy Counselor for Governor Robert McDonnell. Prior to serving in that capacity, she served as Senior Counsel to the Attorney General, Deputy Attorney General, Special Counsel to the Attorney General and Opinions Chief and an Assistant Attorney General in the financial services section of the Attorney General's Office as Assistant Attorney General. As Assistant Attorney General she represented a variety of state agencies, including the Virginia Retirement System, the Virginia Port Authority, the Virginia College Savings Plan, the Virginia Public School Authority and the Virginia Public Building Authority in financial and investment-related matters. She also served as counsel to the Virginia Department of Taxation. She is the former Executive Director and General Counsel of Virginia's Heartland Partnership, Inc., and from 1996 to 1999, she served at Legislative Services as staff counsel to the House Finance Committee and House Appropriations Committee. In the private practice of law, Ms. Hamlett specialized in tax, bond and business issues. Ms. Hamlett received her undergraduate training at Mary Washington College, she received her Juris Doctor degree from the University of Richmond's T.C. Williams School of Law and her Master's degree in tax law from the College of William and Mary's Marshall-Wythe School of Law.

Shawn Crumlish, Director of Financial Services. Mr. Crumlish joined VRA in 2005. Prior to VRA, his work experience included financial research and analysis and business development for several manufacturers. He holds a Bachelor's degree in Marketing from James Madison University and a Master's degree in Finance from Virginia Commonwealth University.

Peter D'Alema, Director of Program Management. Mr. D'Alema currently serves as the Director of Program Management for VRA. His previous experience includes serving as Financial Manager for VRA and Senior Commercial Underwriter for Bank of America, N.A. He holds a Bachelor's degree in Marketing Management from Virginia Polytechnic Institute and State University (Virginia Tech) and a Master's degree in Finance from Virginia Commonwealth University.

VIRGINIA DEPARTMENT OF ENVIRONMENTAL QUALITY

DEQ was established by the General Assembly of the Commonwealth in 1992 by the consolidation of the programs, functions, staff, facilities, assets and obligations of the State Water Control Board, the Department of Air Pollution Control, the Department of Waste Management and the Council on the Environment. DEQ carries out the

environmental policy of the Commonwealth, including conserving, improving and protecting the Commonwealth's natural resources and environment and controlling water, land and air pollution.

DEQ, through the State Water Control Board, has certain statutory responsibilities with respect to the Revolving Fund program. The State Water Control Board (predecessor in interest to DEQ) and VRA have entered into a Letter of Agreement dated as of April 1988, as amended by letter dated October 19, 1999 (the "Letter of Agreement"), that delineates their respective obligations concerning the operation of such program. The Letter of Agreement provides that DEQ, as the recipient of the federal clean water capitalization grants on behalf of the Commonwealth, is responsible for executing any agreements (the "Capitalization Grant Agreements") with the United States Environmental Protection Agency (the "EPA") to receive such grants and for requesting the appropriate Commonwealth Matching Share for deposit in the Revolving Fund. In addition, DEQ is responsible for determining which projects are eligible to receive funding and the priority of such funding, setting the amount, interest rate, and term on each Local Obligation, developing procedures necessary to comply with applicable state and federal regulations and approving all expenditures for the Sewer Projects financed with proceeds of the Local Obligations.

VIRGINIA WATER FACILITIES REVOLVING FUND

Establishment of Revolving Fund; Project Requirements

The Clean Water Act provides for the establishment of state loan programs that require, as a condition for receipt of certain federal financial assistance, that each state establish a clean water revolving fund administered by the state or its instrumentality. The purpose of such a state revolving fund is, among other things, to provide a source for loans and other types of financial assistance (other than direct grants) to local entities for the construction of publicly owned wastewater treatment facilities and other eligible water pollution control projects including brownfields remediation, installation of agricultural best management practices, open space preservation and installation of stormwater best management practices having an impact on water quality. Initial funding for such a revolving fund program is to be provided from federal capitalization grants and state matching funds. Under such a revolving fund program, the state must provide matching funds equal to 20% of the amount to be provided by federal capitalization grants.

Pursuant to the Act, the Commonwealth created the Revolving Fund in 1986 and provided that moneys in the Revolving Fund be applied by VRA, at the direction of DEQ (through the State Water Control Board), to assist Local Governments in financing the construction of Sewer Projects. Until 1999, the sole source of such financial assistance had historically been from amounts in the Revolving Fund, *i.e.*, a "Direct Loan" program. During the 1998-2000 biennium, it was determined that the resources to continue the Direct Loan program for such period were insufficient to meet the demand for financial assistance from Local Governments. In response, VRA and DEQ, with the concurrence of EPA, decided to establish the Revolving Fund leveraging program under the 1999 Indenture.

Since the creation of the Revolving Fund, the Commonwealth has been awarded a total of approximately \$879.8 million in federal grant funds (includes \$80.2 million in ARRA funds not requiring a state match) through federal fiscal year 2014. Further, \$159.9 million in matching funds were deposited into the Revolving Fund from Commonwealth appropriations and State Match Bonds. To date, VRA has made approximately 332 Direct Loans from the Revolving Fund totaling approximately \$1.6 billion and has made 97 loans with respect to its leveraging program evidenced by Local Bonds totaling approximately \$1.16 billion.

Under the Act, VRA is authorized to transfer assets of the Revolving Fund to funds and accounts pledged to secure bonds issued by VRA. Such assets consist of federal capitalization grants, Commonwealth Matching Share funds and any other moneys appropriated or otherwise deposited by the Commonwealth to the Revolving Fund, including amounts repaid by Local Governments to the Revolving Fund from the Local Obligations, and earnings on the investment of any of the foregoing. Under the Indenture, VRA may in its discretion, but is not required to, deposit certain assets from the Revolving Fund to the Residual Fund created by the Master Indenture and held by VRA. VRA in its discretion may transfer, apply, expend or pledge amounts in the Residual Fund for any purpose allowed pursuant to the Clean Water Act, the Act and any applicable regulations promulgated under any of the foregoing as specified in an Officer's Certificate or a Supplemental Indenture, including, without limitation, for the purpose of (i) making transfers to the Virginia Water Facilities Revolving Fund, (ii) securing

Subordinate Debt and (iii) purchasing subordinate obligations or otherwise cross-collateralizing the bonds or other debt obligations to be issued to fund the public drinking water system program now or hereafter to be operated and maintained by the Commonwealth. See the section "*Residual Fund*" in **Appendix B**.

In addition to the Revolving Fund Revenue Bond leveraging program, VRA and DEQ may continue to make Direct Loans through the Revolving Fund to Local Governments directly from moneys held by the Revolving Fund.

Method of Funding

Pursuant to the Revolving Fund Act, the Revolving Fund exists as a permanent and perpetual fund comprised of (i) sums appropriated to the Revolving Fund by the General Assembly of the Commonwealth, (ii) sums allocated to the Commonwealth expressly for the purpose of creating a revolving fund concept through the Clean Water Act (such as federal capitalization grants), (iii) all receipts by the Revolving Fund from loans made by it, (iv) all income from the investment of moneys held in the Revolving Fund and (v) any other sums designated for deposit in the Revolving Fund.

As described above, the Revolving Fund is capitalized in part through (i) federal capitalization grants awarded by the EPA to the Commonwealth and transferred by DEQ to the Revolving Fund, and (ii) funds of the Commonwealth Matching Share provided by the Commonwealth for such purpose. In order to receive federal capitalization grants, the Commonwealth must provide its matching funds in a ratio of at least \$1 of Commonwealth Matching Share for every \$5 of federal capitalization grants. The federal capitalization grant amounts will be drawn over time by DEQ pursuant to the procedures described below. VRA and DEQ do not expect to use any future federal capitalization grants or the Commonwealth Matching Share as security for the 2015 Bonds.

EPA and the State Water Control Board (predecessor in interest to DEQ) have entered into an Operating Agreement, amended as of April 2013 (as amended, the "Operating Agreement"), which sets forth rules, procedures and activities to be followed by EPA and DEQ in administering the Revolving Fund. Payments by EPA under the Capitalization Grant Agreements are made from cash draws from time to time in accordance with federal regulations. DEQ may draw moneys periodically for purposes permitted under the Clean Water Act based on the amount of incurred costs for eligible projects or activities by either all or a specified group of Local Governments, as elected by DEQ. Pursuant to the terms of the Letter of Agreement, DEQ has agreed to transfer such moneys to the Revolving Fund. The Operating Agreement also provides that if at any time EPA determines that DEQ has not complied with the terms of the Operating Agreement or any requirement of the Clean Water Act, EPA may withhold payments on the federal capitalization grants if DEQ has not taken acceptable remedial action or refuted the claim within sixty days of receipt of a noncompliance notice from EPA.

Local Obligation Administration

The Revolving Fund is managed and administered jointly by VRA and DEQ. VRA serves as the financial administrator and manager of the Revolving Fund. DEQ determines which projects are eligible for funding and the priority of such projects, sets the interest rates on the Local Obligations (through the State Water Control Board), monitors and approves the drawdowns and distribution of all Local Obligation proceeds, and monitors Local Government compliance with federal and state requirements. DEQ also makes similar determinations for loans for brownfields remediation, agricultural best management practices, open space conservation and stormwater best management practices.

DEQ solicits applications annually for assistance from the Revolving Fund. Once applications are received, DEQ prepares the Intended Use Plan, along with the Project Priority List, which identifies those Local applicants that will be considered for assistance for the respective fiscal year. Following establishment of the list, VRA and DEQ hold diligence meetings with each applicant, and then VRA performs a financial capability analysis on each application that includes the preparation of a credit report.

The credit report provides information concerning the applicant and the project, as well as data regarding the System, the revenues of which may be pledged for the payment of the Local Obligation. The credit report

concludes with findings and recommendations as to loan authorization and the required security provisions. A 5-year cash flow projection of the System whose revenues are to be pledged is also prepared as a part of the credit report. The credit report is then presented by the staff to the VRA Credit Committee for their concurrence with, or override of, the staff's recommendations. Following VRA Credit Committee review, the credit report is forwarded to DEQ with the recommendation by VRA staff regarding loan authorization or denial, and the required security provisions for the loan.

Acting through the State Water Control Board, DEQ also sets the rates applicable to each Local Bond and Direct Loan. The rates are set by using the all-in true interest cost of each Series of Revolving Fund Revenue Bonds (for Local Bonds) or a market index (such as Thomson Municipal Market Data) (for Direct Loans) as a benchmark. The highest rates are set to be approximately 100 basis points below the benchmark rate, but a Local Government may receive a lower rate based on affordability standards.

Following the actions by the State Water Control Board and DEQ and the concurrence of VRA, VRA enters into a loan commitment with the Local Government. After acceptance of the commitment, the Local Government works mainly with DEQ to complete program planning requirements and to develop plans and specifications for the project's construction. Subsequent to the Local Government's completing the program requirements and bidding out the construction of the project, VRA closes the loan with the Local Government through the purchase of the Local Obligation and begins the disbursement of proceeds. DEQ authorizes the distribution of all Local Obligation Proceeds based on requisitions submitted by the Local Government during construction of its project. DEQ monitors the projects during construction through periodic, on-site project evaluation to ensure appropriate project management and that disbursements accurately reflect work in place. Following project completion of construction and final inspection by DEQ, the Local Government commences paying debt service on its Local Obligation. With respect to Local Bonds only, debt service payments are to be made semiannually by the Local Government to the Trustee for VRA's account. Debt service payments on Direct Loans are to be made directly to VRA and transferred from VRA to the Trustee each March 1 and September 1.

VRA provides strong management and oversight of the Revolving Fund program. Included in this oversight and monitoring are formal credit analysis guidelines, regular credit committee meetings, regular management reporting to the VRA Board and frequent reviews by the VRA Board Portfolio Risk Management Committee. Following loan closing and completion of construction, VRA monitors compliance by the Local Governments with the reporting requirements of their respective Local Agreement. Annually, the Local Government must submit to VRA preliminary and final budgets, and any amendments as they occur; certificates from a consulting engineer or a certified public accountant as to the satisfaction of required rate coverages, if applicable; a financial audit, statements, notes and opinions and a Local Government's Certificate of No Default. Unless approved by VRA for self-insurance, a Local Government must also maintain insurance coverage for its System, including full replacement coverage on the insurable portions of the System, comprehensive general liability insurance with a combined single limit of at least \$1,000,000 per year, and workers' compensation insurance.

Certain information regarding the performance of the Revolving Fund program for the fiscal year ending June 30, 2014, is available in the Comprehensive Annual Report of the Virginia Resources Authority, which is incorporated herein by reference. Such report has been filed with and is available from the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access website.

THE 2009 LOCAL GOVERNMENTS

Set forth in the table below are the names of the 2009 Local Governments that issued 2009 Local Bonds. VRA expects to reduce the interest rates of the 2009 Local Bonds following the issuance of the 2015 Bonds. A brief summary of general information relating to all Local Governments is set forth in Appendix A.

2009 Local Governments

<u>Local Government</u>	<u>Principal Amount</u>	<u>Outstanding Principal Amount</u>	<u>Current Interest Rate⁽¹⁾</u>	<u>Year of Final Maturity</u>	<u>Type of Security⁽²⁾</u>
County of Arlington	\$35,000,000	\$30,264,662	3.35%	2030	Revenue
County of Arlington	16,795,849	14,523,448	3.35	2030	Revenue
Augusta County Service Authority	6,309,596	5,584,049	3.35	2031	Revenue
City of Falls Church	4,100,000	3,374,587	3.35	2029	G.O.
Frederick-Winchester SA	19,739,112	17,469,291	3.35	2031	Revenue
Hampton Roads Sanitation District	13,431,198	11,772,735	3.35	2030	Revenue
Hampton Roads Sanitation District	19,394,535	17,125,885	3.35	2031	Revenue
Hampton Roads Sanitation District	9,989,337	8,841,166	3.35	2031	Revenue
Town of Lovettsville	476,327	401,800	3.35	2030	Revenue/G.O.
City of Newport News	4,932,056	4,253,841	3.35	2030	G.O.
Rivanna Water and Sewer Authority	24,000,000	20,748,905	3.35	2030	Revenue
Rivanna Water and Sewer Authority	4,241,488	3,908,649	2.93	2032	Revenue
City of Salem	3,648,124	3,178,171	3.35	2031	G.O.
Stafford County	<u>23,386,039</u>	<u>20,167,139</u>	1.60	2031	Revenue
Total	<u>\$185,443,661</u>	<u>\$161,614,328</u>			

⁽¹⁾ In connection with the refunding of a portion of the 2009 Bonds, the interest rates on the 2009 Local Bonds may be adjusted (other than the loan to the Rivanna Water and Sewer Authority that matures in 2032). In each event the 2009 Local Bonds will bear interest at a below market rate. See "PROJECTED CASHFLOWS."

⁽²⁾ For an explanation of the types of security for Local Bonds, see "SECURITY FOR THE LOCAL OBLIGATIONS" in Section Two.

This Official Statement does not include financial information or operating data specific to any Local Government because, under objective criteria established by VRA, no Local Government currently qualifies as a "Material Local Government." See the section "CONTINUING DISCLOSURE – LOCAL GOVERNMENT CONTINUING DISCLOSURE" in Section Four and Appendix D.

SECTION FOUR: MISCELLANEOUS

LITIGATION

There is not now pending against VRA any litigation restraining or enjoining the issuance or delivery of the 2015 Bonds or questioning or affecting the validity of the 2015 Bonds or the proceedings and authority under which the 2015 Bonds are to be issued, or the pledge or application of any moneys or the security provided for the payment of the 2015 Bonds (except as described below), or the existence or powers of VRA, or restraining or enjoining the execution, delivery or performance of the 2015 Bonds, the Indenture, or the proceedings under which they were issued or authorized or questioning or affecting the validity of any such agreements.

From time to time, VRA, some Local Governments and other Virginia issuers are targets of legal proceedings challenging the validity of bonds and requesting associated relief. Such proceedings are frequently in the form of bond validation suits under the Virginia Public Finance Act of 1991 and "whistleblower" actions under the Federal False Claims Act and the Virginia Fraud Against Taxpayers Act. The plaintiffs or complainants often seek the reversal of long-settled legal precedents related to appropriation-backed financing. These proceedings tend

to be both protracted and highly publicized but are also almost invariably without legal merit. If VRA were to become a party to, or become aware of, any such proceeding that would have a material effect on the security for the 2015 Bonds, VRA would be obligated to make an "event disclosure" as described in the subsection "*Event Disclosure*" in **Appendix D**.

VRA will require as a condition of adjusting the interest rate on each 2009 Local Bond, if any, that each 2009 Local Government represent that, as of the closing date for the respective interest rate adjustment, there is no action or suit pending or, to the knowledge of the 2009 Local Government, threatened against the 2009 Local Government (i) affecting the creation, organization or existence of the 2009 Local Government or the title of its officers to their respective office, (ii) seeking to prohibit, restrain or enjoin the execution of the related agreement or the execution and delivery of the amendments to the related 2009 Local Bond or (iii) in any way contesting or affecting the validity or enforceability of such 2009 Local Bond, or any agreement or instrument relating to any of the foregoing.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2015 Bonds are subject to the approving opinion of McGuireWoods LLP, Bond Counsel, which shall be in substantially the form shown in **Appendix C**. Such opinion will be furnished at the expense of VRA upon delivery of the 2015 Bonds. Bond Counsel has not been engaged to investigate the financial resources of VRA or the Revolving Fund or their ability to provide for payment on the 2015 Bonds. Bond Counsel has not verified the accuracy, completeness or fairness of this Official Statement, and such opinion will not include an opinion as to the Official Statement and will be limited to matters relating to (i) the authorization and validity of the 2015 Bonds, (ii) the tax status of interest on the 2015 Bonds under current federal income tax laws and (iii) the tax status of interest on the 2015 Bonds under current Commonwealth income tax laws.

Certain legal matters will be passed on for VRA by its general counsel, Stephanie L. Hamlett, Esquire and for the Underwriters by their counsel Kutak Rock LLP, Richmond, Virginia.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

Bond Counsel's opinion will state that, under current law and assuming compliance with the Covenants, as hereinafter defined, interest on the 2015 Bonds (including any accrued "original issue discount" properly allocable to the owners of the 2015 Bonds) (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item"). However, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Code), interest on the 2015 Bonds must be included in computing adjusted current earnings. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the 2015 Bonds. See **Appendix C**.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the 2015 Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of VRA or any of the Local Governments or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS").

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinions, Bond Counsel is (i) relying upon representations and certifications of representatives of VRA and other public officials as to facts material to the opinions, (ii) relying on computations of VRA's Financial advisor, the mathematical accuracy of which was verified by the Verification Agent, relating to the

yield on the 2015 Bonds and the yield on certain investments acquired with the proceeds thereof and (iii) assuming continuing compliance with the Covenants by VRA and each of the 2009 Local Governments, so that interest on the 2015 Bonds will remain excludable from gross income for federal income tax purposes and not become a Specific Tax Preference Item. VRA and each such Local Government has agreed or will agree to comply with the provisions of the Code applicable to the 2015 Bonds, including, among other things, requirements as to the use, expenditure and investment of proceeds thereof, the use of the property financed or refinanced thereby, the source of the payment thereof and the security therefor, the arbitrage yield restrictions and rebate payment obligations imposed by the Code and certain other actions that could cause interest thereon to be includable in gross income of their owners (the "Covenants"). Failure by VRA or any such Local Government, as applicable, to comply with the Covenants could cause interest on the 2015 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the 2015 Bonds from becoming includable in gross income for federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the 2015 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreements, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such agreements. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the 2015 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2015 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the 2015 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the 2015 Bonds.

Prospective purchasers of the 2015 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the 2015 Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any 2015 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2015 Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

The "original issue discount" ("OID") on any 2015 Bond is the excess of such bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such bond. The "issue price" of a 2015 Bond is the initial offering price to the public at which price a substantial amount of such bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The issue price for each maturity of the 2015 Bonds is expected to be the initial public

offering price set forth on the inside cover page of this Official Statement (or, in the case of 2015 Bonds sold on a yield basis, the initial offering price derived from such yield), but is subject to change based on actual sales. Accrued OID on the 2015 Bonds with OID (the "OID Bonds") represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Effects of Future Enforcement, Regulatory and Legislative Actions

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the 2015 Bonds, the IRS will, under its current procedures, treat VRA as the taxpayer. As such, the beneficial owners of the 2015 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the 2015 Bonds for audit, or the course

or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the 2015 Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. Such legislation may effect changes in federal or State income tax rates and the application of federal or State income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or State income tax purposes. The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the 2015 Bonds, regulatory interpretation of the Code or actions by a court involving either the 2015 Bonds or other tax-exempt obligations will not have an adverse effect on the 2015 Bonds' federal or State tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the 2015 Bonds.

Prospective purchasers of the 2015 Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or State tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel – Virginia Income Tax Consequences

Bond Counsel's opinion regarding the 2015 Bonds also will state that, in accordance with Section 62.1-219 of the VRA Act, the 2015 Bonds and the income from them, including any profit made on their sale, are exempt from taxation by the Commonwealth and any of its political subdivisions. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the 2015 Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the 2015 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the 2015 Bonds should consult their own tax advisors regarding the tax status of interest on the 2015 Bonds in a particular state or local jurisdiction other than the Commonwealth.

RELATIONSHIP OF PARTIES

McGuireWoods LLP, Richmond, Virginia, Bond Counsel to VRA, serves as general counsel or bond counsel, or both, to the following 2009 Local Governments: City of Alexandria, Virginia, Sanitation Authority; County of Arlington, Virginia; Augusta County Service Authority and Rivanna Water and Sewer Authority.

Davenport & Company LLC, VRA's financial advisor, serves as financial advisor to the following 2009 Local Governments: the City of Falls Church, Virginia, the City of Salem, Virginia and the Rivanna Water and Sewer Authority.

LEGALITY FOR INVESTMENT

The Act provides that the 2015 Bonds are legal investments for all public officers and public bodies of the Commonwealth and its political subdivisions, and for insurance companies, banks, trust companies, savings banks, savings associations, building and loan associations, investment companies, guardians, executors, trustees and other fiduciaries. No representation is made as to the legality of the 2015 Bonds for investment or any other purpose under any laws of any other state.

The Act also provides that the 2015 Bonds are eligible to be deposited with all public officers and bodies of the Commonwealth and its political subdivisions for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may be later authorized.

UNDERWRITING

The 2015 Bonds are being purchased by Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Jefferies LLC, and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters").

The purchase contract for the 2015 Bonds (the "Bond Purchase Agreement") sets forth the obligation of the Underwriters to purchase the 2015 Bonds at a price equal to \$141,745,954.14 (which reflects the par amount of the 2015 Bonds plus original issue premium of \$26,843,455.30 and less an underwriting discount of \$322,501.16) and is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriters will purchase all of the 2015 Bonds if any are purchased. The Underwriters may offer and sell the 2015 Bonds to certain dealers (including dealers depositing the 2015 Bonds into investment trusts) and others at prices different from the public offering prices stated on the inside cover of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2015 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2015 Bonds.

Citigroup Global Markets, Inc., an underwriter of the 2015 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the 2015 Bonds.

Siebert Brandford Shank & Co., L.L.C. ("SBS") has entered into an agreement with Credit Suisse Securities (USA) ("Credit Suisse Securities") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the 2015 Bonds, Credit Suisse Securities will purchase 2015 Bonds at the original issue price less the selling concession with respect to any 2015 Bonds that Credit Suisse Securities sells. SBS will share a portion of its underwriting compensation with Credit Suisse Securities.

RATINGS

As noted on the cover of this Official Statement, the 2015 Bonds have been rated "Aaa," "AAA," and "AAA," in each case by Moody's, Standard & Poor's, and Fitch, respectively.

The ratings reflect only the views of the respective rating agencies. Reference should be made to the respective rating agency for a full explanation of the significance of the assigned ratings. The ratings are not a recommendation to buy, sell or hold the 2015 Bonds and should be evaluated independently. There is no assurance that the ratings will be maintained for any period of time or that the rating may not be revised downward or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating could have an adverse effect on the market price of the 2015 Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC is employed as financial advisor to VRA in connection with the issuance of the 2015 Bonds. The financial advisor's fee for services rendered with respect to the sale of the 2015 Bonds is contingent upon the issuance and delivery of the 2015 Bonds. Davenport & Company LLC, in its capacity as financial advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the

2015 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The financial advisor to VRA has provided the following sentence for inclusion in this Official Statement. The financial advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to VRA and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the financial advisor does not guarantee the accuracy or completeness of such information.

VERIFICATION

The Verification Agent will verify the arithmetical accuracy of certain mathematical computations as to the sufficiency of the moneys and investments deposited in the Escrow Fund to pay, when due, the interest on the Refunded Bonds from the next interest payment date to their redemption date and the principal amount of the Refunded Bonds on such redemption date. Such verification will be relied upon by Bond Counsel to support its opinion. See the subsection "**TAX MATTERS**" in this Section Four. Such computations were based solely upon information supplied by or on behalf of VRA and interpretations provided by Bond Counsel. The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

CONTINUING DISCLOSURE

This offering is subject to the continuing disclosure requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended from time to time (the "Rule"). Pursuant to the Rule, each of VRA and such of the Local Governments that are or later become a "Material Local Government" will undertake to provide certain limited information at specified times under certain conditions.

VRA Continuing Disclosure

As summarized in **Appendix D**, VRA will undertake in the Seventh Supplement to provide to the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access system ("EMMA") or any successor thereto, certain annual financial information and operating data and notice of the events specified in the Rule. VRA will also covenant to require each Local Government to execute and deliver an agreement that contains continuing disclosure obligations in the form summarized in **Appendix E**.

VRA is aware that it has not complied with certain of its prior continuing disclosure undertakings as described below. The operating data for fiscal years 2009 and 2010 and some operating data for fiscal year 2011 for VRA's bond programs were not timely filed with the MSRB. Promptly upon discovery of the non-timely filings, VRA made remedial filings of such operating data in 2013 and 2014. VRA has also taken steps to ensure future compliance with its continuing disclosure undertakings.

Local Government Continuing Disclosure

As summarized in **Appendix E**, each Local Government will undertake or has undertaken to provide to the MSRB through the EMMA system or any successor thereto, certain annual financial information and notice of the failure to provide Annual Disclosure, but only upon notification by VRA that as of June 30 of any year, such Local Government constituted a "Material Local Government" as described therein. See the chart entitled "**Participation in the Clean Water Revolving Fund Program**" in **Appendix A** for a listing of all Local Governments under the Revolving Fund program, and see **Appendix E** for a description of the limited information available regarding the Local Governments expected to constitute Material Local Governments, if any. No Local Government qualifies as a Material Local Government, and no Local Government qualified as a Material Local Government in the last five years.

Additional Information

The right of the Trustee and the Owners and Beneficial Owners of the 2015 Bonds to enforce the undertakings described above is limited to the right to obtain specific performance of the respective obligations of VRA and any Material Local Government. Any failure of VRA or any Material Local Government to comply with its respective obligations will not give rise to an Event of Default under either the Indenture or the Local Agreements, respectively.

The obligation of VRA and any Material Local Government to provide continuing disclosure is limited to providing specified information at specific times, which may not provide all information material to an evaluation of such person's financial condition or other matters affecting an investment in the 2015 Bonds.

VRA and any Material Local Government may voluntarily disclose certain information and data in addition to that required by the Rule. If VRA or any Material Local Government provides such information or data, neither shall have an obligation to continue to update such information or data or to include it in any future disclosure filing.

APPROVAL OF OFFICIAL STATEMENT

VRA has furnished all information in this Official Statement relating to VRA and has duly authorized the execution and delivery of this Official Statement. Information about any Local Government has been furnished by such Local Government.

Any statements in this Official Statement involving matters of opinion or of estimates, regardless of whether expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

VRA has deemed this Official Statement final as of its date within the meaning of the Rule.

VIRGINIA RESOURCES AUTHORITY

By: *s/ Stephanie L. Hamlett*
Executive Director

APPENDIX A

SELECTED INFORMATION ON THE LOCAL GOVERNMENTS

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The information set forth below includes brief summaries of state law concerning the operation of, and certain legal restrictions applicable to, the Local Governments that have issued or entered into Local Obligations held by the Virginia Resources Authority ("VRA") to secure, in part, payment of the 2015 Bonds. Local Governments are expected to consist mainly of counties, cities, towns, service authorities, sanitation districts and sanitary districts in the Commonwealth. Nothing contained in the summaries set forth below should be construed as a representation or warranty of the financial condition of any Local Government.

Powers

Localities (i.e., counties, cities and towns) conduct their respective governmental activities pursuant to the provisions of the Constitution and general and special laws of the Commonwealth. Localities generally have been granted powers to contract, sue and be sued, assess, levy and collect taxes, issue bonds, take real or personal property by eminent domain, regulate nuisances, ensure public health and safety and take actions to protect the environment. Localities have also been granted powers to provide certain services, including without limitation police, fire, entertainment, rescue squad, street lighting, water, wastewater and solid waste disposal.

Limited Purpose Local Governments (i.e. service authorities, sanitary districts and sanitation districts) are limited purpose political subdivisions of the Commonwealth created pursuant to general or special laws of the Commonwealth. They are authorized to provide such services as are enumerated in the enabling legislation pursuant to which they were created, which may include without limitation one or more of the following: water supply, wastewater treatment and disposal, stormwater and refuse collection and disposal services, and airport services.

Sources of Revenue

Localities. Revenues of Localities are derived principally from:

(a) General Property Taxes - Localities are authorized by the Constitution to levy an annual *ad valorem* tax on the assessed value of real and personal property located within such Local Government. The timing of such taxes and the rate of such taxes varies among such Local Governments.

(b) Other Local Taxes - Localities may also levy various other local taxes including a sales and use tax, business, professional and occupational license taxes, motor vehicle license tax, meal tax, a recordation tax and a tax on consumer telephone bills.

(c) Intergovernmental Revenue - Localities may receive revenue from the Commonwealth for a portion of shared categorical expenses including certain expenditures for social services and the operation of constitutional offices. Cities and counties also receive a significant amount of aid from the Commonwealth in support of the public school system; however, such revenues are credited directly to the school system and are not reflected in the general fund of counties and cities. The Commonwealth is not obligated to maintain or continue such financial assistance, which is subject to appropriation by the General Assembly of the Commonwealth.

(d) Other Revenues - Other sources of revenue for a Locality may include permits, privilege fees and regulatory licenses, fines and forfeitures, interest on general fund investments, transfers from a utility fund, certain charges for services rendered and various recovered costs.

Limited Purpose Local Governments. Revenues of Limited Purpose Local Governments are derived principally from the payment of rates, fees and charges derived from the operation and use of the systems of such Limited Purpose Local Governments.

Incurrence of Debt

Pursuant to the Constitution of Virginia (the "Constitution") and the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended), a Locality in the Commonwealth is authorized to issue bonds and notes secured (i) by a pledge of its full faith and credit and unlimited taxing power ("General Obligation Debt"), (ii) by a pledge of revenues from the ownership or operation or lease of a revenue producing

enterprise, such as a water supply, wastewater collection, wastewater treatment or solid waste disposal system, and certain other funds ("Revenue Debt"), and (iii) by a pledge combining (i) and (ii) ("Double-Barrel Debt"). The Constitution and the Public Finance Act of 1991 limit the amount of such General Obligation Debt or Double-Barrel Debt (except Double-Barrel Debt that has been authorized by referendum to finance a project that is producing sufficient revenue to pay debt service on such Debt) which may be incurred by cities and towns (and counties that have elected to be treated as a city for purposes of the incurrence of debt) to 10% of the assessed valuation of real estate subject to local taxation. Some city or town charters may further limit the amount of debt that may be incurred within a fiscal year or that may be incurred without a referendum. Counties may not issue General Obligation Debt or Double-Barrel Debt without a referendum, except for refunding bonds and bonds issued for capital projects for school purposes and sold to the Literary Loan Fund, the Virginia Supplemental Retirement System or other Commonwealth agency prescribed by law. The Constitution and the Public Finance Act of 1991 do not contain restrictions on the amount of Revenue Debt that may be incurred by a Locality. The bond resolution, trust indenture or other agreement providing for the issuance of Revenue Debt may, however, contain certain rate covenants and additional bonds tests that must be satisfied prior to the issuance of additional Revenue Debt.

Subject to the provisions of its respective enabling legislation, most Limited Purpose Local Governments are authorized to issue Revenue Debt only. The bond resolution, trust agreement or other agreement providing for the issuance of debt may, however, contain certain rate covenants and additional bonds tests that must be satisfied prior to the issuance of additional Revenue Debt. Sanitary districts are authorized to issue Revenue Debt and subject to certain limitations, may levy an annual tax upon on all property in the district subject to local taxation to pay debt service on such debt.

Leasing Powers

Most Local Governments are authorized to lease property as lessor and as lessee under the Virginia Code. In general, as described above, a county may not issue General Obligation Debt without a referendum. Counties sometimes choose to finance non-revenue-producing projects by entering into long-term leases under which the obligation to pay rentals is subject to annual appropriations by the governing body of the county. Based on a number of opinions of the Attorney General of Virginia, and the decision of the Supreme Court of Virginia in *Dykes* (as referenced under the heading "**Local Obligations Constituting a Bond of a Local Government**" in the subsection "**SECURITY FOR THE LOCAL OBLITGATIONS**" in Section Two), to the effect that "subject-to-appropriation" financings do not constitute General Obligation Debt, there is no legally enforceable duty or liability on the county to make the appropriation. The rentals are often pledged to secure bonds issued by Limited Purpose Local Governments to finance the project leased to the county.

Listing of Local Governments

For a listing of the Local Governments that will benefit from the issuance of the 2015 Bonds, see the subsection "**THE 2009 LOCAL GOVERNMENTS**" in Section Three of the Official Statement. No additional information is provided with respect to such Local Governments.

Certain Economic Information

The economy of the Commonwealth and its Local Governments is affected to a significant degree by manufacturing, the government sector (including defense and other federal government operations), agriculture, mining and tourism. Defense installations are concentrated in (i) Northern Virginia, the location of the Pentagon, and (ii) the Hampton Roads area, including the Cities of Newport News, Hampton, Norfolk and Virginia Beach (Southeastern Virginia), the locations of, among other installations, the Joint Base Langley-Eustis (the combination of Langley Air Force Base and Fort Eustis), Norfolk Naval Station and the Oceana Naval Air Station, respectively. Any substantial reductions in defense spending generally or in particular areas, including base closings, could adversely affect the economies of the Commonwealth and its political subdivisions.

Participation in the Revolving Fund Program

Set forth on an aggregate basis is certain information on the Local Governments that have previously issued Local Obligations.

Locality	Outstanding Balance ⁽¹⁾	Type of Security ⁽²⁾	Percentage of Grand Total
Abingdon, Town of	\$9,402,839	GO & Revenue	0.56%
Albemarle County	303,252	Lease	0.02%
Alberta, Town of	61,066	GO & Revenue	0.00%
City of Alexandria, Virginia, Sanitation Authority (Alexandria Renew Enterprises)	109,120,944	Revenue	6.47%
Alleghany County	6,897,422	MO & Revenue	0.41%
Amelia County	192,942	MO & Lease Rev	0.01%
Appalachia, Town of	299,243	GO & Revenue	0.02%
Appomattox, Town of	1,101,311	GO & Revenue	0.07%
Arlington County	226,660,774	Revenue	13.44%
Augusta County	1,853,530	MO & Revenue	0.11%
Augusta County Service Authority	27,586,649	Revenue	1.64%
Bath County Service Authority	156,729	MO & Revenue	0.01%
Bedford, Town of	3,410,140	GO & Revenue	0.20%
Berryville, Town of	11,750,000	GO & Revenue	0.70%
Big Stone Gap, Town of	3,193,323	GO & Revenue	0.19%
Big Stone Gap, Town of	432,764	Revenue	0.03%
Blacksburg - Virginia Polytechnic Institute Sanitation Authority	15,671,349	Revenue	0.93%
Blackstone, Town of	1,034,530	Revenue	0.06%
Blackstone, Town of	2,624,976	GO & Revenue	0.16%
Bland County Service Authority	187,500	Revenue	0.01%
Botetourt County	6,651,582	MO & Revenue	0.39%
Boyce, Town of	188,000	GO & Revenue	0.01%
Broadway, Town of	6,886,711	GO	0.41%
Cape Charles, Town of	4,220,536	GO & Revenue	0.25%
Caroline County	2,120,930	MO & Revenue	0.13%
Castlewood Water and Sewage Authority	68,470	MO & Revenue	0.00%
Charlottesville, City of	4,387,091	GO	0.26%
Chilhowie, Town of	3,004,481	Revenue	0.18%
Christiansburg, Town of	4,869,380	GO & Revenue	0.29%
Clarke County Sanitary Authority	3,172,994	MO & Revenue	0.19%
Clarksville, Town of	101,506	GO & Revenue	0.01%
Clifton Forge, Town of	2,166,000	Revenue	0.13%
Clifton Forge, Town of	1,561,486	GO & Revenue	0.09%
Coeburn, Town of	1,467,018	GO & Revenue	0.09%
Coeburn-Norton-Wise Regional Waste Water Treatment Authority	14,961,044	Revenue	0.89%
Colonial Beach, Town of	1,730,841	GO	0.10%
Covington, City of	10,869,251	Revenue	0.64%
Craig-New Castle Public Service Authority	538,519	Revenue	0.03%
Craigsville, Town of	2,384,191	Revenue	0.14%
Crewe, Town of	3,889,118	GO & Revenue	0.23%
Danville, City of	1,683,940	Revenue	0.10%
Elkton, Town of	1,972,483	GO & Revenue	0.12%

Locality	Outstanding Balance⁽¹⁾	Type of Security⁽²⁾	Percentage of Grand Total
Fairfax County	40,071,494	Sub Revenue	2.38%
Falls Church, City of	3,374,587	GO	0.20%
Falls Church, City of	2,077,009	Revenue	0.12%
Fauquier County Water and Sanitation Authority	2,448,087	Revenue	0.15%
Fincastle, Town of	29,086	GO & Revenue	0.00%
Fluvanna County	750,000	MO & Revenue	0.04%
Frederick County Sanitation Authority	326,068	Revenue	0.02%
Frederick-Winchester Service Authority	52,091,781	Revenue	3.09%
Front Royal, Town of	39,377,600	GO & Revenue	2.33%
Galax, City of	1,526,250	GO & Revenue	0.09%
Greensville County Water and Sewer Authority	128,495	Revenue	0.01%
Grottoes, Town of	1,972,484	GO & Revenue	0.12%
Halifax, Town of	417,016	GO & Revenue	0.02%
Hamilton, Town of	87,535	Revenue	0.01%
Hampton Roads Sanitation District	102,718,446	Senior Revenue	6.09%
Hampton Roads Sanitation District	67,523,969	Sub Revenue	4.00%
Hanover County	807,109	Revenue	0.05%
Harrisonburg-Rockingham Regional Sewer Authority	54,592,255	Revenue	3.24%
Henry County Public Service Authority	142,970	Revenue	0.01%
Herndon, Town of	89,471	GO	0.01%
Hillsville, Town of	180,910	GO & Revenue	0.01%
Honaker, Town of	373,478	GO & Revenue	0.02%
Jonesville, Town of	18,403	GO & Revenue	0.00%
Keysville, Town of	451,320	GO & Revenue	0.03%
Kilmarnock, Town of	784,891	GO & Revenue	0.05%
King George County Service Authority	1,340,270	MO & Revenue	0.08%
Lee County PSA	1,722,432	MO & Revenue	0.10%
Leesburg, Town of	4,204,898	Revenue	0.25%
Loudoun County Sanitation Authority (Loudoun Water)	7,425,944	Revenue	0.44%
Lovettsville, Town of	1,505,557	GO & Revenue	0.09%
Luray, Town of	1,805,480	GO & Revenue	0.11%
Lynchburg, City of	115,833,647	Revenue	6.87%
Marion, Town of	1,010,285	GO	0.06%
Maury Service Authority	9,021,584	Revenue	0.53%
Middle Peninsula Planning District Commission	181,250	MO & Revenue	0.01%
Middletown, Town of	3,234,233	GO & Revenue	0.19%
Mount Jackson, Town of	4,666,361	GO & Revenue	0.28%
Nelson County Service Authority	223,304	Revenue	0.01%
New Market, Town of	2,010,826	GO & Revenue	0.12%
Newport News, City of	23,209,673	GO	1.38%
Norfolk, City of	30,059,163	GO	1.78%
Norfolk, City of	58,522,500	Revenue	3.47%
Northern Neck Planning District Commission	50,000	Revenue	0.00%
Northern Virginia Regional Park Authority	76,988	Lease	0.00%
Norton, City of	1,173,637	Revenue	0.07%
Onancock, Town of	3,642,351	GO & Revenue	0.22%
Orange, Town of	13,656,392	GO & Revenue	0.81%
Pearisburg, Town of	845,038	GO & Revenue	0.05%

Locality	Outstanding Balance⁽¹⁾	Type of Security⁽²⁾	Percentage of Grand Total
Pepper's Ferry Regional Wastewater Treatment Authority	7,247,013	Revenue	0.43%
Petersburg, City of	355,189	GO	0.02%
Prince William County Service Authority	86,614,857	Revenue	5.13%
Pulaski, Town of	2,043,460	GO & Revenue	0.12%
Purcellville, Town of	20,438,372	GO & Revenue	1.21%
Rapidan Service Authority	160,000	Revenue	0.01%
Richlands, Town of	762,342	Revenue	0.05%
Richmond, City of	67,396,920	Revenue	4.00%
Rivanna Water and Sewer Authority	75,929,047	Revenue	4.50%
Rockbridge County Public Service Authority	8,281,402	Revenue	0.49%
Rural Retreat, Town of	90,646	GO & Revenue	0.01%
Russell County	7,500	MO & Revenue	0.00%
Salem, City of	13,917,201	GO	0.83%
Scott County Public Service Authority	3,910,780	MO & Revenue	0.23%
Shenandoah County	4,236,040	MO & Revenue	0.25%
Smithfield, Town of	23,400	GO & Revenue	0.00%
Southampton County	1,641,245	Revenue	0.10%
Stafford County	6,986,343	Lease	0.41%
Stafford County	28,376,535	Revenue	1.68%
Stanley, Town of	609,885	GO & Revenue	0.04%
Staunton, City of	12,923,313	GO	0.77%
Strasburg, Town of	17,150,356	GO & Revenue	1.02%
Surry County	321,144	MO & Revenue	0.02%
Sussex Service Authority	1,876,513	Revenue	0.11%
Tangier, Town of	30,281	GO & Revenue	0.00%
Tappahannock, Town of	3,840,008	GO	0.23%
Tazewell County Public Service Authority	14,395,558	MO & Revenue	0.85%
Tazewell, Town of	2,988,696	GO & Revenue	0.18%
Upper Occoquan Service Authority	20,034,552	Revenue	1.19%
Vinton, Town of	3,235,468	GO	0.19%
Virginia Beach, City of	3,407,445	Revenue	0.20%
Virginia Beach, City of	5,062,074	GO	0.30%
Warsaw, Town of	257,713	GO & Revenue	0.02%
Washington, Town of	2,662,359	GO & Revenue	0.16%
Washington County Service Authority	1,314,000	Revenue	0.08%
Waynesboro, City of	4,259,916	GO	0.25%
Waynesboro, City of	24,221,066	Revenue	1.44%
Western Virginia Water Authority	64,061,742	Revenue	3.80%
Wise County Public Service Authority	754,644	MO & Revenue	0.04%
Woodstock, Town of	14,212,617	GO & Revenue	0.84%
Wythe County	1,256,229	GO	0.07%
Wytheville, Town of	964,540	GO	0.06%
Grand Total	\$1,686,877,795		100.00%

⁽¹⁾ Aggregate outstanding balance as of December 31, 2014, or if the Local Bond or Direct Loan is still in disbursement, the amount of principal advances authorized.

⁽²⁾ For an explanation of the types of security for Local Bonds and Direct Loans, see "SECURITY FOR THE LOCAL OBLIGATIONS" in Section Two.

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APPENDIX B

**SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE**

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Summary of Certain Provisions of the Indenture

The following is a brief summary of certain provisions contained in the Master Indenture and the Seventh Supplement and does not purport to be a complete statement of all of the provisions of those documents. Reference is made to the Master Indenture and the Seventh Supplement in their entirety for complete information on their terms and on the terms of the 2015 Bonds, the applicable security provisions and the application of pledged revenues. See also "**Description of the 2015 Bonds**" and "**Security and Sources of Payment for the 2015 Bonds**" in the Official Statement.

Definitions of Certain Terms

The following words and terms shall have the following meanings when used in this **Appendix B**, Part II. If not defined in this Part II, terms shall have the meanings set forth in Part I.

"Act" means the VRA Act and the VWFRF Act, collectively.

"Amortization Requirement," as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Supplemental Series Indenture for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Supplemental Series Indenture.

"Bond" or **"Bonds"** means the Outstanding Revolving Fund Revenue Bonds and any or all of bonds, notes, debentures, interim certificates or any other evidences of indebtedness of VRA issued pursuant to the Indenture, except for Subordinate Debt.

"Bond Counsel" means counsel selected by VRA and reasonably satisfactory to the Trustee, who or which is nationally recognized as experienced in matters relating to bonds issued by states and their political subdivisions.

"Bond Credit Facility" means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility established to provide credit or liquidity support for all or any portion of a Series of Bonds as approved in the Related Supplemental Series Indenture or a Supplemental Indenture in respect of such Bonds.

"Bond Credit Provider" means, as to all or any portion of a Series of Bonds, the Person providing a Credit Facility, as designated in the Related Supplemental Series Indenture or a Supplemental Indenture in respect of such Bonds.

"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.

"Clean Water Act" means 33 U.S.C. §1251 *et seq.*, as amended.

"Clean Water Administrative Expenses" means the direct and indirect expenses of DEQ and VRA of carrying out and administering their powers, duties and functions that are associated with the Virginia Water Facilities Revolving Fund Program, as authorized by the Act and the Clean Water Act.

"Code" means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

"Commonwealth" means the Commonwealth of Virginia.

"Costs of Issuance" means expenses incurred issuing a Series of Bonds, including the costs of procuring a Bond Credit Facility for any or all of the Series of Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund relating to a Series of Bonds established by the Related Supplemental Series Indenture.

"Debt Service Coverage" shall have the meaning assigned to it in the definition of Projected Coverage Certificate.

"Debt Service Fund" means the Debt Service Fund established for the Bonds pursuant to the Indenture.

"Determination Date" means (i) the tenth day after each Interest Payment Date or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

"Direct Loan(s)" means loans by VRA to a Local Government pursuant to the VWFRF Act, which loans are made solely from the Virginia Water Facilities Revolving Fund and not from the proceeds of Bonds.

"Direct Loan Interest Payments" shall mean the component of the Direct Loan Payments that represents interest payments made on the Direct Loans.

"Direct Loan Payments" means the amounts received by VRA from each Local Government under its Direct Loans and transferred by VRA to the Trustee on each March 1 and September 1.

"Escrow Fund" means any Escrow Fund relating to a Series of Refunding Bonds that may be established pursuant to a Supplemental Series Indenture.

"Event of Default" means any of the events enumerated in the Indenture.

"Existing Supplements" means the respective Supplemental Series Indentures Related to the 2005 Bonds, the 2007 Bonds, the 2008 Bonds, the 2009 Bonds, the 2010A Bonds, the 2010A State Match Bonds, the 2010B Bond, the 2011A State Match Bonds, the 2011B Bonds, the 2012 State Match Bonds, the 2013 Bonds, and the 2014B Bonds.

"Fund" means any fund established pursuant to the terms of the Indenture or any Supplemental Indenture.

"Government Certificates" means certificates representing ownership of United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a custodian that is independent of the seller of such certificates.

"Government Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

"Interest Payment Date" means an April 1 or October 1, as the case may be; provided, however, that "Interest Payment Date" may mean, if so provided in a Supplemental Indenture, such other date or dates provided therein or permitted thereby.

"Interest Requirement" for any Interest Payment Date, as applied to all Bonds Outstanding, means the total of the interest due on such Bonds on such Interest Payment Date. Interest expense shall be excluded from the definition of Interest Requirement to the extent that proceeds of Bonds are held by the Trustee to pay such interest. Unless VRA shall otherwise provide in a Supplemental Indenture, interest expense on Bond Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of Interest Requirement.

"Local Bond(s)" means the Existing Local Bonds and any bonds issued by any Local Government and acquired by the VRA or the Trustee, which acquisition is financed with the proceeds of Bonds.

"Local Bond Payments" means the amounts payable by each Local Government under its Local Bonds.

"Local Bond Prepayment Coverage Certificate" means an Officer's Certificate setting forth, as of any particular date:

A schedule projecting the Net Revenues to be derived from the following sources of Revenues to be available after receipt of the Local Bond Prepayment in the then-current and each future Bond Year in which Local Bond Payments would have been made on the Local Bond to be prepaid:

The payments of the principal of, premium, if any, and interest on, and any other payments made with respect to the Local Bonds;

Absent a Recycling Notice for any such amounts, the amounts scheduled to be released from all Local Bond Prepayment Accounts pursuant to the schedule required in (b) below;

The payments of the principal of, premium, if any, and interest on, and any other payments made with respect to the Direct Loans;

Income receivable from the investment of amounts from time to time held in the Reserve Fund;

Amounts scheduled to be released from the Reserve Fund (A) as a result of the payment of Bonds at maturity or (B) pursuant to the Amortization Requirements of the Bonds; and

Amounts held from time to time in the State Match Revenue Fund and the Revenue Fund.

A schedule, for the Local Bond Prepayment to be received, that sets forth the amounts and dates upon which the Trustee shall release specified amounts of the Local Bond Prepayments from the Local Bond Prepayment Account into the Revenue Fund for inclusion in the calculation of (ii) above.

A schedule of the Principal and Interest Requirements scheduled to become due and payable on each Bond Year in the then-current and each future Bond Year in which the Local Bond currently being prepaid would have been outstanding.

The percentage obtained by dividing the sum of estimated Net Revenues set forth in clause (a) for each of the then-current and future Bond Years by the scheduled Principal and Interest Requirements set forth in clause (c) for the same Bond Year.

In projecting the foregoing, VRA may assume that Revenues set forth in clause (a) that are scheduled to be retained in the Revenue Fund pursuant to paragraph "FIFTH" in Section 9.1(a) of the Master Indenture shall be reflected as Revenues only with respect to the Payment Dates on which the Trustee is to be directed to apply such retained amounts.

"Local Bond Prepayment Fund" means the fund established pursuant to Section 3.1 of the First Amendatory Supplemental Indenture.

"Local Government" means any "local government" (as defined in Section 62.1-199 of the VRA Act).

"Minimum Balance" means the minimum amount specified in a Supplemental Indenture with respect to the Reserve Fund, which amount, if applied as the amount producing the revenues described in clause (a)(3) and (4) and as the clause (b)(1) amount in the definition of Projected Coverage Certificate, assuming all other amounts are fixed, would for the then-current and all future Bond Years result in Revenue Coverage being equal at least to the Required Coverage Percentage.

"Net Revenues" means the Revenues less the Clean Water Administrative Expenses and any Rebate Amounts required or authorized to be paid therefrom.

"New Local Bond" means any Local Bond acquired by VRA with funds previously held in the Local Bond Prepayment Fund.

"Officer's Certificate" means a certificate signed by a VRA Representative and filed with the Trustee.

"Optional Tender Bonds" means any Bonds issued under the Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to VRA, or to the Trustee, any Paying Agent or other fiduciary for such owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

"Outstanding," when used in reference to the Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except:

- (a) Any Bond canceled or required to be canceled by the Trustee at or before such date;
- (b) Any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered under the Master Indenture;
- (c) Any Bond deemed paid under the Indenture except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for certain other purposes as provided in the Master Indenture; and
- (d) Any Bond not deemed Outstanding under, but only to the extent provided for in, the Master Indenture.

"Outstanding Revolving Fund Revenue Bonds" means the 2005 Bonds, the 2007 Bonds, the 2008 Bonds, the 2009 Bonds, the 2010A Bonds, the 2010B Bonds, the 2011B Bonds, the 2013 Bonds and the 2014B Bonds.

"Owner" means the registered owner of any Bond.

"Paying Agent or Paying Agents" means any paying agent(s) for the Bonds (which may include the Trustee) and any successor or successors as paying agent(s) appointed pursuant to the Indenture or the provisions of any Supplemental Indenture. Unless otherwise provided in a Supplemental Indenture, the Trustee shall be the Paying Agent.

"Payment Date" means a date that is an Interest Payment Date or a Principal Payment Date or both.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Principal and Interest Requirements" for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

"Principal Payment Date" means an October 1 upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement or such other date or dates as may be provided by a Supplemental Series Indenture.

"Principal Requirement" means for any Principal Payment Date, as applied to all Bonds, the total of the principal due on such Principal Payment Date.

"Projected Coverage Certificate" means an Officer's Certificate setting forth, as of any particular date:

- (a) A schedule projecting the Net Revenues to be derived from the following sources of Revenues to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the Bonds to be Outstanding in each such Bond Year:

(1) Any proceeds of a Series of Bonds deposited with the Trustee for the payment of accrued interest;

(2) Income receivable from the investment of amounts from time to time held in the Reserve Fund;

(3) Amounts scheduled to be released from the Reserve Fund as a result of the payment at maturity or pursuant to the Amortization Requirements of the Bonds Outstanding and, if applicable, then to be issued; and

(4) Any other revenues identified as Revenues in the Projected Coverage Certificate and in a Supplemental Indenture, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(b) A schedule projecting the following amounts to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the Bonds to be Outstanding in each such Bond Year:

(1) Amounts, if any, which are or will be on deposit in the Reserve Fund; and

(2) Any other amounts identified in the Projected Coverage Certificate and in a Supplemental Indenture as Fund or Account balances available for the payment of the Principal and Interest Requirements of the Bonds, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(c) A schedule of the Principal and Interest Requirements scheduled to become due and payable on each Payment Date in the then-current and each future Bond Year with respect to all Bonds to be Outstanding in each such Bond Year (including, if applicable, Bonds to be issued on the date of the Projected Coverage Certificate.

(d) The percentage obtained by dividing the sum of estimated Net Revenues set forth in clause (a) for each of the then-current and future Bond Years by the scheduled Principal and Interest Requirements set forth in clause (c) for the same Bond Year ("Revenue Coverage").

In projecting the foregoing, VRA may assume that Revenues set forth in clause (a) that are scheduled to be retained in the Revenue Fund shall be reflected as Revenues only with respect to the Payment Dates on which the Trustee is to be directed to apply such retained amounts.

"Projected State Match Coverage Certificate" means an Officer's Certificate setting forth, as of any particular date:

(a) A schedule projecting the Net Revenues to be derived from the following sources of Revenues to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the State Match Bonds to be Outstanding in each such Bond Year:

(1) Direct Loan Interest Payments;

(2) Income receivable from the investment of amounts from time to time held in the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund; and

(3) Any other revenues identified as Revenues in the Projected State Match Coverage Certificate and in a Supplemental Indenture, if there is filed with the Trustee written

confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(b) A schedule projecting the following amounts to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the State Match Bonds to be Outstanding in each such Bond Year:

(4) Amounts, if any, which are or will be on deposit in the State Match Reserve Fund; and

(5) Any other amounts identified in the Projected State Match Coverage Certificate and in a Supplemental Indenture as Fund or Account balances available for the payment of the Principal and Interest Requirements of the State Match Bonds, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(c) A schedule of the Principal and Interest Requirements scheduled to become due and payable on each Payment Date in the then-current and each future Bond Year with respect to all State Match Bonds to be Outstanding in each such Bond Year (including, if applicable, State Match Bonds to be issued on the date of the Projected State Match Coverage Certificate).

(d) The percentage obtained by dividing the sum of estimated Net Revenues set forth in clause (a) for each of the then-current and future Bond Years by the scheduled Principal and Interest Requirements set forth in clause (c) for the same Bond Year ("State Match Revenue Coverage").

In projecting the foregoing, VRA may assume that Revenues set forth in clause (a) that are scheduled to be retained in the State Match Revenue Fund shall be reflected as Revenues only with respect to the Payment Dates on which the Trustee is to be directed to apply such retained amounts.

"Rating Agency" means, with respect to each Series of Bonds, any nationally recognized credit Rating Agency specified in the Related Supplemental Series Indenture, so long as such Rating Agency, at the request of VRA, rates such Bonds.

"Rebate Fund" means the Rebate Fund established for the 2015 Bonds pursuant to the Master Indenture.

"Recycling Coverage Certificate" means an Officer's Certificate setting forth, as of any particular date:

(a) A schedule projecting the Net Revenues to be derived from the following sources of Revenues to be available upon purchase of the New Local Bond in the then-current and each future Bond Year in which Local Bond Payments are expected to be made on such New Local Bond:

The payments of the principal of, premium, if any, and interest on, and any other payments made with respect to the Local Bonds, including the New Local Bond(s) to be acquired;

The payments of the principal of, premium, if any, and interest on, and any other payments made with respect to the Direct Loans;

Income receivable from the investment of amounts from time to time held in the Reserve Fund;

Amounts scheduled to be released from the Reserve Fund (A) as a result of the payment of Bonds at maturity or (B) pursuant to the Amortization Requirements of the Bonds;

Amounts held from time to time in the State Match Revenue Fund and the Revenue Fund; and

Amounts scheduled to be released from Local Bond Prepayment Accounts into the Revenue Fund (excluding any amounts scheduled to be released from funds that will be used to acquire the New Local Bond(s) being acquired).

A schedule of the Principal and Interest Requirements scheduled to become due and payable on each Bond Year in the then-current and each future Bond Year with respect to all Bonds to be Outstanding in each such Bond Year.

The percentage obtained by dividing the sum of estimated Net Revenues set forth in clause (a) for each of the then-current and future Bond Years by the scheduled Principal and Interest Requirements set forth in clause (b) for the same Bond Year.

In projecting the foregoing, VRA may assume that Revenues set forth in clause (a) that are scheduled to be retained in the Revenue Fund pursuant to paragraph "FIFTH" in Section 9.1(a) of the Master Indenture shall be reflected as Revenues only with respect to the Payment Dates on which the Trustee is to be directed to apply such retained amounts.

"Reimbursement Fund" means the Reimbursement Fund relating to a Series of Bonds that may be established by the Related Supplemental Series Indenture.

"Reimbursement Obligations" means any reimbursement or payment obligations of VRA for which moneys in the Reimbursement Fund are pledged or payable pursuant to the provisions of the Indenture or any Supplemental Series Indenture or Supplemental Indenture.

"Related" as the context may require, means (i) when used with respect to any Fund or any Account or subaccount within any such Fund, the Fund, Account or subaccount so designated and established by the Related Supplemental Series Indenture authorizing a particular Series of Bonds, (ii) when used with respect to a Series of Bonds or a Supplemental Series Indenture, the particular Series of Bonds authorized by a Supplemental Series Indenture or Supplemental Series Indenture authorizing a particular Series of Bonds, and (iii) when used with respect to the Bond Credit Facility or Reimbursement Obligation, the Bond Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith.

"Required Coverage Percentage" means 110% or such higher percentage as may be specified in a Supplemental Series Indenture.

"Required State Match Coverage Percentage" means 110% or such higher percentage as may be specified in a Supplemental Series Indenture.

"Reserve Fund" means the Debt Service Reserve Fund established for the Bonds pursuant to the Master Indenture.

"Residual Fund" means the Residual Fund established pursuant to the Master Indenture.

"Revenue Fund" means the Revenue Fund established for the Bonds pursuant to the Master Indenture.

"Revenues" means (i) Local Bond Payments, (ii) Direct Loan Payments, (iii) any proceeds of any Series of Bonds originally deposited with the Trustee for the payment of accrued interest thereon, (iv) investment earnings on amounts in the Revenue Fund, the Debt Service Fund or the Reserve Fund, (v) amounts released from the Reserve Fund as a result of the payment at maturity, refunding, redemption or defeasance of Bonds; and (vi) any or all other revenues that may be identified as Revenues pursuant to a Supplemental Indenture, including moneys released from the Local Bond Prepayment Fund on a given Payment Date pursuant to a Local Bond Prepayment Coverage Certificate.

"Series" means all of the Bonds of a particular Series authenticated and delivered pursuant to the Indenture and the Related Supplemental Series Indenture and identified as such pursuant to such Supplemental Series

Indenture, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture and such Supplemental Series Indenture, regardless of variations in maturity, interest rate, sinking fund installments or other provisions.

"Serial Bonds" means the Bonds of a Series that are stated to mature in semiannual or annual installments and that are so designated in the Related Supplemental Series Indenture.

"State Match Bonds" means any Bonds issued pursuant to Articles V and VIII and designated by VRA as State Match Bonds in a Supplemental Series Indenture.

"State Match Debt Service Fund" means the State Match Debt Service Fund established pursuant to Article VIII.

"State Match Reserve Fund" means the State Match Reserve Fund established pursuant to Article VIII.

"State Match Reserve Fund Minimum Balance" means the minimum amount, if any, required to be held in the State Match Reserve Fund and established in a Supplemental Indenture or in a written direction by a VRA Representative supported by an Officer's Certificate.

"State Match Revenue Fund" means the State Match Revenue Fund established pursuant to Article VIII.

"Subordinate Debt" means bonds, notes or other evidences of indebtedness of VRA, secured by a pledge of General Revenues and/or Series Revenues expressly made subordinate to the pledge of such Revenues securing the Bonds of any and all Series.

"Supplemental Indenture" means the Existing Supplements, the provisions of which are incorporated by reference herein to the extent that such provisions are not inconsistent with the provisions hereof (the provisions hereof supersede the provisions of the Existing Supplements to the extent of any inconsistency or conflict), and any indenture supplementary to or amendatory of the Master Indenture or any Supplemental Indenture or Supplemental Series Indenture now or hereafter duly executed and delivered in accordance with the provisions of the Master Indenture, including a Supplemental Series Indenture.

"Supplemental Series Indenture" means a Supplemental Indenture providing for the issuance of a Series of Bonds, as such Supplemental Indenture may be amended and supplemented in accordance with the provisions of the Master Indenture.

"Tax Regulatory Agreement" means, with respect to any Series of Bonds, the Tax Regulatory Agreement, dated the date of the issuance of the Series of Bonds, between VRA and the Trustee, as the same may be amended or supplemented.

"Term Bonds" means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Supplemental Series Indenture.

"Variable Rate Bonds" means any Bonds the interest rate on which is not established, at the time such Bonds is incurred, at a single numerical rate for the entire term of the Bonds.

"Virginia Water Facilities Revolving Fund" means the water pollution control revolving fund established by the Commonwealth pursuant to the VWFRF Act.

"VRA Act" means the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended.

"VRA Representative" means any of the Chairman, Vice Chairman or Executive Director of VRA and any other member, officer or employee of VRA authorized by resolution of VRA's Board of Directors to perform the act or sign the document in question.

"VWFRF Act" means Chapter 22, Title 62.1, Code of Virginia of 1950, as amended.

Additional Bonds

In connection with the issuance of additional Bonds, VRA is required to file, among other things, the following documents with the Trustee:

1. An executed counterpart of the Related Supplemental Series Indenture which may include provisions (i) authorizing the issuance, fixing the principal amount and setting forth the details of the Bonds of the Series then to be issued, including the interest rate or rates and the manner in which the Bonds are to bear interest, the Principal and Interest Payment Dates of the Bonds, the purposes for which the Bonds are being issued, the date and the manner of numbering the Bonds, the series designation, the denominations, the maturity dates and amounts, the Amortization Requirements or the manner for determining such Amortization Requirements, and any other provisions for redemption before maturity, (ii) for Bond Credit Facilities for the Series and for any Funds and Accounts to be established with respect to the Series, (iii) for the application of the proceeds of the Bonds of the Series, (iv) necessary or expedient for the issuance of Bonds constituting Variable Rate Bonds or Optional Tender Bonds, including without limitation, tender and remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and changing interest rate modes, and (v) for such other matters as VRA may deem appropriate.

2. A certified copy of the resolution or resolutions adopted by VRA authorizing the execution and delivery of the Related Supplemental Series Indenture and any Related Reimbursement Obligation and the issuance, sale, execution and delivery of the Series of Bonds then to be issued.

3. Evidence that the Reserve Fund contains the Minimum Balance required therein immediately upon the issuance of the Series of Bonds then to be issued;

4. Executed counterparts of the Related Tax Regulatory Agreement, any Related Credit Facility and any Related Reimbursement Obligation.

5. A Projected Coverage Certificate, dated the date of delivery of the Bonds of the Series then to be issued, giving effect to the issuance of such Series of Bonds and showing for each Bond Year Revenue Coverage equal to at least the Required Coverage Percentage;

6. If the Bonds of the Series then to be issued are State Match Bonds:

(a) A Projected State Match Coverage Certificate, dated the date of delivery of the State Match Bonds of the Series then to be issued, giving effect to the issuance of such Series of State Match Bonds and showing for each Bond Year State Match Revenue Coverage equal to at least the Required State Match Coverage Percentage; and

(b) Evidence that the State Match Reserve Fund contains the State Match Reserve Fund Minimum Balance required therein immediately upon the issuance of the Series of State Match Bonds then to be issued;

7. If the Bonds of the Series then to be issued are to be issued to refund Bonds issued and outstanding under the Indenture ("Refunding Bonds"):

(a) Evidence satisfactory to the Trustee that VRA has made provision as required by the Indenture for the payment or redemption of all Bonds to be refunded; and

(b) A written determination by the Trustee or by a verification agent satisfactory to the Trustee that the proceeds (excluding accrued interest) of the Refunding Bonds, together with any other money to be deposited for such purpose with the Trustee in the Related Escrow Fund or otherwise upon the issuance of the Refunding Bonds and the investment income to be earned on funds held by the Trustee for the payment or

redemption of Bonds to be refunded, will be sufficient to pay, whether upon redemption or at maturity, the principal of and premium, if any, and interest on the Bonds to be refunded and the estimated expenses incident to the refunding;

8. Written confirmation from each Rating Agency that the issuance of such Series of Bonds will not result in the withdrawal or reduction of its then-current rating on any of the Bonds then Outstanding;

9. An opinion of Bond Counsel to the effect that the Bonds of such Series have been duly authorized, that all conditions precedent to the issuance thereof have been fulfilled and that the Bonds are valid and legally binding limited obligations of VRA, and are secured by the Indenture and the Related Supplemental Series Indenture to the extent provided herein and therein.

10. An Officer's Certificate and dated the date of issuance of the Series of Bonds then to be issued, to the effect that to the best of his or her knowledge, upon and immediately following the issuance, no Event of Default under the Indenture or any Supplemental Series Indenture with respect to any Series of Bonds Outstanding will have occurred and be continuing.

The proceeds of additional Series of Bonds (including accrued interest) will be applied as set forth in the Related Supplemental Series Indenture authorizing their issuance.

State Match Bonds

Notwithstanding any other provision of the Master Indenture, State Match Bonds shall be secured only by (i) the portion of the Net Revenues that consists of Direct Loan Interest Payments and (ii) amounts held in the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund.

The following Funds are established with respect to all Series of State Match Bonds issued under the Master Indenture:

- (1) State Match Revenue Fund;
- (2) State Match Debt Service Fund; and
- (3) State Match Reserve Fund.

All of the Funds described above shall be held by the Trustee.

State Match Revenue Fund

The Trustee shall promptly deposit in the State Match Revenue Fund (i) the Direct Loan Interest Payments and (ii) any amounts which have been specified for such purpose pursuant to a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

On or before each Payment Date on the State Match Bonds, the Trustee shall withdraw from the State Match Revenue Fund and transfer to the Funds set forth below, or shall retain and hold in the State Match Revenue Fund, the following amounts in the following order of priority:

FIRST: To the State Match Debt Service Fund the amount, if any, required so that the balance therein shall equal the Principal and Interest Requirements due on the Payment Date on each Series of State Match Bonds; provided that for the purpose of computing the amount to be paid to the State Match Debt Service Fund there shall be made an adjustment for the amount, if any, set aside in the State Match Debt Service Fund which was deposited therein as accrued interest and any amounts transferred to the State Match Debt Service Fund from any other Funds and Accounts as provided under the Master Indenture, together in each case with investment earnings thereon;

SECOND: To retain and hold in the State Match Revenue Fund an amount as provided in a Supplemental Indenture or in a written direction by a VRA Representative to the Trustee supported by an Officer's Certificate.

THIRD: To the State Match Reserve Fund the amount needed, if any, to restore the balance of the State Match Reserve Fund to an amount equal to the State Match Reserve Fund Minimum Balance;

FOURTH: To a Rebate Fund Related to a Series of State Match Bonds, the amount, if any, of any deficiency therein as confirmed to the Trustee by VRA; and

FIFTH: To the Revenue Fund, any balance remaining in the State Match Revenue Fund.

In the case of State Match Bonds secured by a Bond Credit Facility, amounts on deposit in the State Match Revenue Fund may be transferred to the State Match Debt Service Fund, the Related Reimbursement Fund, or elsewhere as provided in the Related Supplemental Series Indenture to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such State Match Bonds.

State Match Debt Service Fund

The Trustee shall promptly deposit in the State Match Debt Service Fund (i) all amounts required to be transferred to the State Match Debt Service Fund from the State Match Revenue Fund, (ii) all amounts required to be transferred to the State Match Debt Service Fund from the State Match Reserve Fund, and (iii) any amounts required to be transferred to the State Match Debt Service Fund from any other Funds and Accounts as provided in a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

Trustee shall pay out of the State Match Debt Service Fund to any Paying Agents for such Series of State Match Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Series of State Match Bonds due on such Interest Payment Date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Series of State Match Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment. The Trustee shall also pay out of the State Match Debt Service Fund the accrued interest included in the purchase price of each Series of State Match Bonds purchased for retirement pursuant to the Master Indenture.

The Trustee shall pay out of the State Match Debt Service Fund to any Paying Agents for each Series of State Match Bonds on each Principal Payment Date and redemption date for such Series of State Match Bonds, the amounts required for the payment of such principal or redemption price on such date, and such amounts shall be applied by the Paying Agents to such payments.

Amounts made available by VRA for such purpose may, and if so directed by VRA shall, be applied by the Trustee prior to the forty-fifth (45th) day preceding any mandatory sinking fund redemption date for Term Bonds of the Related Series of State Match Bonds to the purchase of the Term Bonds that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the redemption price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any such Term Bond, the Trustee shall then credit an amount equal to the principal of the Term Bond so purchased toward the next succeeding Amortization Requirement for such Term Bond.

As soon as practicable after the forty-fifth (45th) day preceding the date of any mandatory sinking fund redemption for the Term Bonds of the Related Series of State Match Bonds, the Trustee shall proceed to call for redemption on such redemption date the Term Bonds of the maturity for which sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund redemption. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the State Match Debt Service Fund sufficient to pay the applicable redemption price thereof and interest thereon to the redemption date. The Trustee shall pay out of the State Match Debt Service Fund to the appropriate Paying

Agents, on each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

State Match Reserve Fund

The Trustee shall promptly deposit in the State Match Reserve Fund (i) all amounts required to be transferred to the State Match Reserve Fund from the State Match Revenue Fund and (ii) any amounts required to be transferred to the State Match Reserve Fund from any other Funds and Accounts as provided in a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

On each Payment Date on the State Match Bonds and the other Bonds, the Trustee shall withdraw from the State Match Reserve Fund and transfer to the Funds set forth below the following amounts in the following order of priority:

FIRST: To the State Match Debt Service Fund the amount, if any, required to cure any deficiency in the State Match Debt Service Fund that exists after the transfer is made from the State Match Revenue Fund so that the balance therein shall equal the Principal and Interest Requirements due on the Payment Date on each Series of State Match Bonds; and

SECOND: To the Debt Service Fund the amount, if any, required to cure any deficiencies in the Debt Service Fund that exist after each of the deposits are made pursuant to the Master Indenture so that the balance of the Debt Service Fund shall equal the Principal and Interest Requirements due on the Payment Date on the Outstanding Bonds.

On each Determination Date, the Trustee shall determine if the balance on deposit in the State Match Reserve Fund is at least equal to the State Match Reserve Fund Minimum Balance. In making such determination, investments on deposit in the State Match Reserve Fund shall be valued as provided in the Master Indenture. If on any Determination Date the amount in the State Match Reserve Fund is less than the State Match Reserve Fund Minimum Balance, the Trustee shall immediately notify VRA of such fact and the amount of the deficiency.

Any interest earned from the investment of money in the State Match Reserve Fund shall be transferred upon receipt to the State Match Revenue Fund and/or to pay any Rebate Amounts in accordance with any Supplemental Indentures and Tax Regulatory Agreements to the extent that such transfer will not cause the balance in the State Match Reserve Fund to be less than the State Match Reserve Fund Minimum Balance. Unless provided in a Supplemental Indenture or a written direction to the Trustee by a VRA Representative supported by an Officer's Certificate, if on any Determination Date there exists a surplus in the State Match Reserve Fund, the Trustee shall transfer such surplus to the State Match Revenue Fund and/or use it to pay any Rebate Amounts in accordance with any Supplemental Indentures and Tax Regulatory Agreements.

Nature of Security Afforded by the State Match Revenue Fund, State Match Debt Service Fund, and State Match Reserve Fund

All State Match Bonds are, to the extent provided in the Master Indenture, equally and ratably secured by each of the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund without preference, priority and distinction on account of the actual time or times of the authentication or delivery or maturity or redemption of the State Match Bonds or any of them, so that, subject to the provisions of the Master Indenture, all State Match Bonds at any time outstanding under the Master Indenture shall have the same right, lien, and preference under and by virtue of the Master Indenture with respect to each of the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund and shall be equally and ratably secured by each of the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund, with the like effect as if they had all been simultaneously executed, authenticated and delivered.

Subordinate Debt

VRA may authorize and issue Subordinate Debt for any lawful purpose, including, without limitation, for the purpose of causing the Bonds to be cross-collateralized by the assets in the public drinking water system program now or hereafter to be operated or maintained by the Commonwealth. Subordinate Debt shall be payable from the revenues, money and other property pledged under the Indenture subject and subordinate to the payment of any Bonds and may be secured by a lien and pledge of the revenues, money and other property pledged under the Indenture junior and inferior to the lien and pledge granted by the Indenture for the payment and security of Bonds.

Establishment of Funds and Accounts.

(a) The following funds are established under the Master Indenture, to be established as follows:

- (1) Revenue Fund;
- (2) Debt Service Fund;
- (3) Reserve Fund;
- (4) Residual Fund;
- (5) Costs of Issuance Fund; and
- (6) Rebate Fund.

(b) All of the Funds described in subsection (a) shall be held by the Trustee, except for the Residual Fund, which shall be held by or at the direction of VRA.

(c) Unless otherwise provided in a Supplemental Indenture, the Residual Fund, the Costs of Issuance Fund and the Rebate Fund, the moneys therein and the earnings thereon are not pledged as security for the payment of any Series of Bonds.

Revenue Fund

The Trustee shall promptly deposit and hold in the Revenue Fund the Revenues paid or transferred to the Trustee from the various sources specified under the Indenture. On or before each Payment Date, the Trustee shall withdraw from the Revenue Fund and transfer to the Funds and Accounts set forth below the following amounts in the following order of priority:

FIRST: To VRA or DEQ, as applicable, the amount of any Clean Water Administrative Expenses due and payable on such date as specified in an Officer's Certificate; and

SECOND: To the Debt Service Fund the amount, if any, required so that the balance therein shall equal the Principal and Interest Requirements due on the Payment Date on the Bonds; provided that for the purpose of computing the amount to be paid to such Debt Service Fund there shall be made an adjustment for the amount, if any, set aside in such Debt Service Fund which was deposited therein as accrued interest and any amounts transferred to such Debt Service Fund from any other Funds and Accounts as provided under the Indenture, together in each case with investment earnings thereon; and

THIRD: To each Account of the Rebate Fund, the amount, if any, of any deficiency therein as specified in an Officer's Certificate; and

FOURTH: To the Reserve Fund the amount necessary to restore or augment the Minimum Balance therein as may be provided in a Supplemental Indenture; and

FIFTH: To the Residual Fund, any balance remaining in the Revenue Fund to the extent not necessary to be retained therein as provided in a Supplemental Indenture to pay the Principal and Interest Requirements on the Bonds.

If all or certain Bonds are secured by a Bond Credit Facility, amounts on deposit in the Revenue Fund may be transferred to the Debt Service Fund, the Related Reimbursement Fund or elsewhere as provided in a Supplemental Indenture to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds.

Debt Service Fund

The Trustee shall promptly deposit the following amounts in the Debt Service Fund:

- (1) the amount, if any, of the proceeds of any Series of Bonds, required by the Related Supplemental Series Indenture to be deposited in the Debt Service Fund in respect of accrued interest;
- (2) all amounts required to be transferred to the Debt Service Fund from the Revenue Fund; and
- (3) any amounts required to be transferred to the Debt Service Fund from any other Funds and Accounts or other sources as may be provided in a Supplemental Indenture.

The Trustee shall pay out of the Debt Service Fund to the Paying Agents for each Series of Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Series of Bonds due on such date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Series of Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment. The Trustee shall also pay out of the Debt Service Fund the accrued interest included in the purchase price of each Series of Bonds purchased for retirement pursuant to the Master Indenture.

The Trustee shall pay out of the Debt Service Fund to the Paying Agents for each Series of Bonds on each Principal Payment Date and redemption date for such Series of Bonds, the amounts required for the payment of such principal or redemption price on such date, and such amounts shall be applied by the Paying Agents to such payments.

Amounts made available by or on behalf of VRA for such purpose may and if so directed by an Officer's Certificate, shall be applied by the Trustee prior to the forty-fifth (45th) day preceding any mandatory sinking fund redemption date for Term Bonds to the purchase of the Term Bonds that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the redemption price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any Term Bond, the Trustee shall then credit an amount equal to the principal of the Bond so purchased toward the next succeeding Amortization Requirement for such Term Bond.

As soon as practicable after the forty-fifth (45th) day preceding the date of any mandatory sinking fund redemption for any Term Bonds, the Trustee shall proceed to call for redemption on such redemption date the Term Bonds of the maturity for which sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund redemption. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable redemption price thereof and interest thereon to the redemption date. The Trustee shall pay out of the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption the Debt Service Fund to the appropriate Paying Agents, on each such redemption date,

Reserve Fund

(a) Except as specifically provided below, the amount in the Reserve Fund shall be used solely to cure deficiencies in the amount on deposit in the Debt Service Fund. If there is a deficiency in the amount on deposit in the Debt Service Fund to pay the principal of and interest on the Bonds when due, then the Trustee shall transfer the amount of the deficiency from the amount, if any, on deposit in the Reserve Fund to the Debt Service Fund. The Trustee immediately shall notify VRA of any such transfer.

(b) On each Reserve Determination Date, the Trustee shall determine if the balance on deposit in the Reserve Fund is at least equal to the Minimum Balance. If on any Reserve Determination Date in the Reserve Fund is less than the Minimum Balance, the Trustee shall immediately notify VRA of such fact and the amount of the deficiency.

(c) Any interest earned from the investment of money in the Reserve Fund shall be transferred upon receipt to the Revenue Fund and/or to pay any Rebate Amounts in accordance with the Supplemental Series Indentures and Tax Regulatory Agreements (as specified or confirmed in an Officer's Certificate) to the extent that such transfer will not cause the balance in the Reserve Fund to be less than the Minimum Balance. If on any Reserve Determination Date there exists a surplus in the Reserve Fund, the Trustee shall transfer such surplus to the Revenue Fund and/or use it to pay any Rebate Amounts in accordance with the Supplemental Series Indentures and Tax Regulatory Agreements (as specified or confirmed in an Officer's Certificate); or as may be otherwise specified in a Supplemental Indenture.

Residual Fund

VRA shall promptly deposit in the Residual Fund the following amounts:

- (1) amounts transferred for deposit therein from the Revenue Fund; and
- (2) any other moneys received for deposit therein.

VRA may transfer, apply, expend or pledge amounts in the Residual Fund for any purpose allowed pursuant to the Clean Water Act, the Act and any applicable regulations promulgated under any of the foregoing as specified in an Officer's Certificate or a Supplemental Indenture, including, without limitation, for the purpose of (i) making transfers to the Virginia Water Facilities Revolving Fund, (ii) securing Subordinate Debt and (iii) purchasing subordinate obligations or otherwise cross-collateralizing the bonds or other debt obligations to be issued to fund the public drinking water system program now or hereafter to be operated and maintained by the Commonwealth.

Costs of Issuance Fund

There will be deposited in each Costs of Issuance Fund the portion of the proceeds of the Related Series of Bonds and such other amounts as may be specified in the Related Supplemental Series Indenture. VRA will use such amounts to pay Costs of Issuance incurred in connection with the issuance of the Related Series of Bonds. Upon certification by a VRA Representative to the Trustee that no further Costs of Issuance are to be paid from a Costs of Issuance Fund, VRA will transfer any amounts remaining on deposit in such Fund to the Related Revenue Fund and/or Rebate Fund as may be authorized or directed by the Related Supplemental Series Indenture or Tax Regulatory Agreement. Investment earnings on a Costs of Issuance Fund will be transferred periodically as provided in the Related Supplemental Series Indenture and Tax Regulatory Agreement to the Revenue Fund and/or Rebate Fund.

Rebate Fund

There will be deposited in each Rebate Fund such amounts as are specified under the Indenture and the Related Supplemental Series Indenture and Tax Regulatory Agreement. VRA will apply amounts in each Rebate Fund in accordance with the Related Supplemental Series Indenture and Tax Regulatory Agreement to satisfy the

arbitrage rebate and yield restriction requirements of Section 148 of the Code as applicable to the Related Series of Bonds. Any amounts in a Rebate Fund that are not necessary for purposes of Section 148 of the Code may be transferred to the Residual Fund or the Related Revenue Fund or Acquisition Fund as required or authorized by a Supplemental Series Indenture or Tax Regulatory Agreement.

Local Bond Prepayment Fund

There will be deposited in the Local Bond Prepayment Fund any and all payments made by a Local Government to prepay and redeem its Local Bond pursuant to prior written consent granted by VRA. The funds on deposit in the Local Bond Prepayment Fund shall not be transferred to any other Fund or Account established under the Master Indenture on any Payment Date or any other date, except as set forth in the Local Bond Prepayment Coverage Certificate; provided however, that the Trustee may use such funds (on a first-in-first-out basis) to pay VRA or DEQ, as applicable, the amount of any Clean Water Administrative Expenses due and payable, to the extent that there are insufficient funds available in the Revenue Fund to make such payments. The Local Bond Prepayment Fund is available to either pay debt service on Bonds (in accordance with the Local Bond Prepayment Coverage Certificate or to make additional loans to Local Governments.

Investments

All amounts deposited with VRA or the Trustee under the Indenture in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency will be continuously held in bank accounts which are secured for the benefit of VRA and the Owners of the Bonds in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act, Chapter 23, Title 2.1, Code of Virginia of 1950, as amended, or any successor provision of law.

Subject to the provisions of any Supplemental Indenture, any amounts held in any Funds and Accounts established by the Indenture or any Supplemental Indenture may be separately invested and reinvested by the Trustee, at the request of and as directed by VRA in any investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Act and the Investment of Public Funds Act, Chapter 18, Title 2.1, Code of Virginia of 1950, as amended, or any successor provision of law. Subject to the provisions of any Supplemental Indenture, all investments will be held by or under the control of the Trustee or VRA, as the case may be, and while so held shall be deemed a part of the Fund or Account in which the amounts were originally held. The Trustee and VRA will sell and reduce to cash a sufficient amount of investments whenever the cash balance in any Fund or Account is insufficient for its purposes.

Unless otherwise provided, VRA or the Trustee will value the investments in each Fund and Account established under the Indenture or any Supplemental Indenture and held by it or at its direction as of the last Business Day of each month, at the lower of cost or fair market value of such investments, plus accrued interest.

The Trustee may make investments through its own trust or bond department.

Particular Covenants

Payment of Bonds. VRA covenants to perform its obligations as provided in the Master Indenture, any Supplemental Series Indenture, each Series of Bonds and related documents and to pay the Bonds, but only from revenues, moneys and other property specifically pledged for such purpose.

Records and Accounts; Inspections and Reports. VRA will maintain or cause to be maintained proper books of record and account, separate from any of its other records and accounts, showing complete and correct entries of all transactions relating to the Bonds. All books and documents in VRA's possession relating to the Bonds will at all times be open to inspection by such agents as may be designated by the Trustee or the Owners of twenty-five percent or more in aggregate principal amount of Bonds then Outstanding. VRA will have an annual audit made by or on behalf of the Auditor of Public Accounts within 120 days after the end of each VRA fiscal year and will furnish to the Trustee copies of the audit report as soon as such report is available, which report shall include statements in reasonable detail, certified by the Auditor of Public Accounts or the accountant who prepared the

report, reflecting VRA's financial position as of the end of such fiscal year and the results of its operations and changes in the financial position of its funds for such fiscal year.

Covenants with Credit Providers. VRA may make such covenants as it may in its sole discretion determine to be appropriate with any Bond Credit Provider that will agree to insure or to provide for Bonds of any one or more Series a Bond Credit Facility that will enhance the security or the value of such Bonds and thereby reduce the Principal and Interest Requirements on such Bonds. Such covenants may be set forth in the Related Supplemental Series Indenture or in a Supplemental Indenture related to such Bonds and will be binding on VRA, the Trustee, the Paying Agents and the Owners of the Bonds the same as if such covenants were set forth in full in the Master Indenture.

Covenant to Enforce Commonwealth Aid Intercept. VRA will take any and all actions available to it under the laws of the Commonwealth, including Section 62.1-216.1 of the VRA Act and Section 15.2-2659 of Article 7, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, to obtain payment of the principal of and interest on Local Bonds and Direct Loans, if payment of such principal and interest shall not be made when the same shall become due and payable.

Arbitrage and Tax Covenants. VRA will comply throughout the term of the Bonds with the requirements of Section 148 of the Code applicable to the Bonds, including the rebate and reporting requirements of Section 148(f), and will not take or omit to take any action that would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code.

Events of Default

The occurrence and continuation of one or more of the following events will constitute an Event of Default with respect to a Series of Bonds:

- (1) Default in the payment of any installment of interest in respect of any Bond as the same shall become due and payable;
- (2) Default in the payment of the principal of or premium, if any, in respect of any Bond as the same shall become due and payable either at maturity, upon redemption, or otherwise;
- (3) Default in the payment of any Amortization Requirement in respect of any Term Bond as the same shall become due and payable; or
- (4) Subject to certain rights of VRA to cure such defaults as set forth in the Master Indenture, failure on the part of VRA duly to observe or perform any other of the covenants or agreements on the part of VRA contained in the Master Indenture, in the Related Supplemental Series Indenture, the Related Tax Regulatory Agreement or in any Bond of such Series.

Unless the Related Supplemental Series Indenture shall expressly so provide, the remedy of acceleration will not be available to the Owners of any Series of Bonds. VRA may, pursuant to a Supplemental Series Indenture, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof.

Remedies; Rights of Owners

Upon the happening and continuance of any Event of Default, the Trustee in its discretion may, and upon the written request of the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Related Series of Bonds then Outstanding and receipt of indemnity to its satisfaction will (i) by suit, action or special proceeding, enforce all rights of the Owners of such Series of Bonds and require VRA or each Related Local Government to perform its or their duties under the Act, the Related Local Agreements, the Bonds of such Series, the Related Local Bonds, the Indenture and the Related Supplemental Series Indenture, (ii) bring suit upon the Bonds of such Series and any Related Local Bonds which may be in default, (iii) by action or suit in equity require VRA to account as if it were the trustee of an express trust for the Owners of such Series of Bonds, or (iv) by action or suit in equity enjoin any actions or things which may be unlawful or in violation of the rights of the Owners of such Series of Bonds.

The Owners of a majority in aggregate principal amount of a Series of Bonds then Outstanding will have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture in connection with such Series of Bonds, subject, however, to the provisions of the Master Indenture.

Except as otherwise provided in the Master Indenture, no Owner will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Master Indenture.

All amounts received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture will, after payment of the costs and expenses of the proceedings resulting in the collection of such amounts, the expenses, liabilities and advances incurred or made by the Trustee and the fees of the Trustee and the expenses of VRA in carrying out the provisions of this Indenture, be deposited in an appropriate Account established under the Master Indenture. All such amounts in such Account will be applied as provided in the Master Indenture.

Waiver of Events of Default

The Trustee will waive any Event of Default and its consequences and rescind any declaration of acceleration at the written request of the Owners of a majority in aggregate principal amount of all Outstanding Bonds of the Related Series. If any Event of Default has been waived as provided in the Master Indenture, the Trustee will promptly give written notice of the waiver to VRA and by first class mail, postage prepaid, to all Owners of Outstanding Bonds of the Related Series if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under the Master Indenture.

No delay or omission of the Trustee or of any Owner to exercise any right, power or remedy accruing upon any default or Event of Default will impair any such right, power or remedy or will be construed to be a waiver of or acquiescence in any such default or Event of Default. Every right, power and remedy given by the Indenture to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Defeasance

If VRA pays or provides for the payment of the entire indebtedness on all Bonds Outstanding in any one or more of the following ways: (i) by paying or causing to be paid the principal of and premium, if any, and interest on all Bonds Outstanding, as and when the same become due and payable; (ii) by delivering all Bonds Outstanding to the Trustee for cancellation; or (iii) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or noncallable Government Obligations and/or noncallable Government Certificates in such amount as will, together with the income or increment to accrue thereon (the "Defeasance Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds Outstanding at or before their respective maturity dates, without consideration of any reinvestment of the Defeasance Amount, as a verification agent approved by the Trustee shall verify to the Trustee's satisfaction; and if VRA pays or provides for the payment of (on the date of defeasance or over time) all other sums payable under the Indenture by VRA, and if any of the

Bonds Outstanding are to be redeemed before their maturity, notice of such redemption has been given or provisions satisfactory to the Trustee have been made for the giving of such notice, the Indenture and the estate and rights granted will cease, determine, and become null and void, and thereupon the Trustee will, upon receipt by the Trustee of a certificate of a VRA Representative and an opinion of Bond Counsel, as specified in the Master Indenture, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture under it, except for certain provisions, and the lien thereof.

If VRA pays or provides for the payment of the entire indebtedness on particular Bonds in any one or more of the following ways: (i) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable; (ii) by delivering such Bonds to the Trustee for cancellation; or (iii) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or noncallable Government Obligations and/or noncallable Government Certificates in such amount as will, together with the income or increment to accrue thereon (the "Payment Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, without consideration of any reinvestment of the Payment Amount, as an independent certified public accountant shall verify to the Trustee's satisfaction; and if VRA also pays or provides for the payment of all other sums payable hereunder by VRA with respect to such Bonds, and if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds will cease to be entitled to any lien, benefit or security under the Master Indenture. The liability of VRA under such Bonds shall continue but their Owners will thereafter be entitled to payment (to the exclusion of all other Owners) only out of the cash and/or noncallable Government Obligations and/or noncallable Government Certificates deposited with the Trustee (or an escrow agent acceptable to the Trustee) as aforesaid.

VRA may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered that VRA may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired as provided in the Master Indenture.

The defeasance provisions of the Indenture may be modified by the Related Supplemental Series Resolutions with respect to Bonds of any Series that constitute Variable Rate Bonds and/or Optional Tender Bonds.

Modification or Amendment of the Indenture

VRA and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as will not be inconsistent with the terms and provisions of the Indenture or any Supplemental Series Indenture for any one or more of the following purposes:

- (1) To cure any ambiguity or formal defect or omission in the Master Indenture;
- (2) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee or either of them;
- (3) To subject to the lien and pledge of the Indenture additional revenues, properties or collateral;
- (4) To modify, amend or supplement the Indenture or any indenture supplemental to it as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and if VRA and the Trustee so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;
- (5) To add to the covenants and agreements of VRA contained in the Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon VRA;

(6) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds;

(7) In the case of Supplemental Series Indentures, to provide for the issuance of additional Series of Bonds (including Refunding Bonds) and to provide for such other related matters as may be required or contemplated by or appropriate under the Master Indenture;

(8) To provide for the cross-collateralization of any Series of Bonds with all or a portion of the bonds issued to fund the public drinking water system program, provided that no such change shall cause a reduction in the rating thus assigned by any Rating Agency to any Bond then Outstanding;

(9) To make any changes necessary to comply with the requirements of a Rating Agency or of a Credit Provider that, as expressed in a finding or determination by VRA (which is included in the Supplemental Indenture), would not materially adversely affect the security for the Bonds;

(10) To make any other changes that, as expressed in a determination or finding by VRA, shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding; and

(11) To make any changes to insert, delete or amend any provision into or of the Master Indenture or any Supplemental Series Indenture provided that such insertion, deletion or amendment is (i) permitted by the Clean Water Act and the Act, and (ii) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Rating Agency.

In addition, subject to the terms and provisions of the Master Indenture, the Owners of a majority in aggregate principal amount of Bonds then Outstanding will have the right from time to time, notwithstanding any other provision of the Master Indenture, to consent to and approve the execution by VRA and the Trustee of such other Supplemental Indenture or Supplemental Indentures as VRA deems necessary or desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Bonds then Outstanding nothing in the Indenture will permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest on it, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture.

First Subordinate Supplemental Series Trust Indenture

The First Subordinate Supplemental Series Indenture supplements the Master Indenture in the following ways.

Subordinate Reserve Fund. The Trustee shall deposit into the Subordinate Reserve Fund the amount of \$11,308,500 to be transferred to it on the Series 2005 Closing Date from the Series 1999 Debt Service Reserve Fund (as defined in the 1999 Master Indenture).

Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Revenue Fund investment earnings up to the Series 2005 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund and (ii) to the Series 2005 Rebate Account investment earnings in excess of the Series 2005 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the Series 2005 Tax Regulatory Agreement.

Series 2005 Costs of Issuance Account. The Trustee shall establish the Series 2005 Costs of Issuance Account in the Subordinate Costs of Issuance Fund with respect to the Series 2005 Bonds. Any of the amount deposited in the Series 2005 Costs of Issuance Fund that is not applied to pay the Costs of Issuance of the Series 2005 Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the Series 2005 Bonds before any other amounts therein are so used.

Series 2005 Rebate Account. The Trustee shall establish the Series 2005 Rebate Account in the Subordinate Rebate Fund with respect to the Series 2005 Bonds. VRA shall invest and apply amounts on deposit in the Series 2005 Rebate Account as provided in the Series 2005 Tax Regulatory Agreement.

Second Subordinate Supplemental Series Trust Indenture

Subordinate Reserve Fund. (a) Pursuant to the Master Indenture, the Section entitled "Subordinate Reserve Fund" of the First Subordinate Supplement is amended to read as follows:

(a) For so long as any of the Series 2005 Bonds remains Outstanding, the Minimum Balance with respect to the Subordinate Reserve Fund shall be not less than the applicable amount specified in the following sentence. Until October 1, 2014, such amount shall be \$11,308,500, and on and after October 1, 2014, such amount shall be \$5,654,250. As of the Series 2005 Closing Date, such amount is \$11,308,500. VRA may increase the amount of the Minimum Balance with respect to the Subordinate Reserve Fund pursuant to a Supplemental Indenture.

(b) For so long as any of the Subordinate 2007 Bonds remains Outstanding, the Minimum Balance to be maintained in the Subordinate Reserve Fund will be not less than the sum of (i) the Minimum Balance specified under the First Subordinate Supplement (as amended pursuant to subsection (a) above) and (ii) (x) until October 1, 2009, \$48,200,000, and (y) on and after October 1, 2009, 19.00099% of the outstanding principal amount of the 2007 Local Bonds as of the applicable Reserve Determination Date. Upon the issuance of the Subordinate 2007 Bonds, the Subordinate Reserve Fund will be funded in the amount of \$59,508,500, consisting of \$11,308,500 previously on deposit therein and \$48,200,000 to be transferred thereto from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund. VRA may increase the amount of the Minimum Balance with respect to the Subordinate Reserve Fund pursuant to a Supplemental Indenture. It should be noted that a Minimum Balance is only required to be maintained under the First Subordinate Supplement for so long as the Series 2005 Bonds remain Outstanding.

(c) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Subordinate Revenue Fund investment earnings up to the Series 2007 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund and (ii) to the Series 2007 Rebate Account investment earnings in excess of the Series 2007 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the Series 2007 Tax Regulatory Agreement.

Third Subordinate Supplemental Series Trust Indenture

The Third Subordinate Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge: Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA pledges, assigns and grants to the Trustee a security interest in the 2008 Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2008 Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the Subordinate 2008 Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2008 Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and this Second Subordinate Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2008 Local Bonds.

Pledge of Series 2008 Acquisition Fund. The Series 2008 Acquisition Fund and all amounts, money and investments held by the Trustee in the Series 2008 Acquisition Fund, and all investment earnings thereon, are pledged to provide for the payment of the principal of and the premium, if any, and interest on the Subordinate 2008

Bonds, and to secure the performance of all of the obligations of VRA with respect to the Subordinate 2008 Bonds, the Master Indenture and this Second Subordinate Supplement. The Series 2008 Costs of Issuance Account and the Series 2008 Rebate Account are not subject to this pledge.

Deposit to Subordinate Reserve Fund. The Trustee shall deposit into the Subordinate Reserve Fund the \$5,000,000 to be transferred to it on the Series 2008 Closing Date from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund. The receipt by the Trustee of such \$5,000,000 transfer shall be an additional condition to the issuance and authentication of the Subordinate 2008 Bonds as provided in the Master Indenture.

2008 Local Bonds. Nothing shall prohibit or limit VRA in agreeing to a different 2008 Local Bond principal amount for any of the listed Local Governments. In addition, VRA may purchase the Local Bonds of additional Local Governments or substitute the Local Bonds of other Local Governments if VRA provides to the Trustee a revised Projected Subordinate Coverage Certificate reflecting the addition or substitution.

Series 2008 Acquisition Fund. (a) The Trustee shall establish the Series 2008 Acquisition Fund with respect to the Subordinate 2008 Bonds. The balance in the Series 2008 Acquisition Fund shall be used to purchase or acquire 2008 Local Bonds upon the terms and conditions set forth in the Third Subordinate Supplemental Series Trust Indenture.

(b) In the event that certain maturities of the Subordinate 2008 Bonds are redeemed pursuant to the section of the Third Subordinate Supplemental Series Trust Indenture entitled "Extraordinary Mandatory Redemption," amounts in the Series 2008 Acquisition Fund shall be used to effect such redemption.

(c) Not less frequently than semiannually, a VRA Representative shall provide written directions for the transfer, and the Trustee shall transfer, (i) to the Series 2008 Revenue Fund all investment earnings up to the Series 2008 Bond Yield on the Series 2008 Acquisition Fund and (ii) to the Series 2008 Rebate Fund all investment earnings in excess of the Series 2008 Bond Yield on such Fund. The VRA Representative shall provide such written directions in accordance with the Series 2008 Tax Regulatory Agreement.

(d) Upon the Trustee's receipt of a certificate signed by a VRA Representative stating that no further disbursements from the Series 2008 Acquisition Fund will be made to acquire 2008 Local Bonds, the Trustee shall apply the balance remaining in the Series 2008 Acquisition Fund at the direction of a VRA Representative by transferring the balance to any other Fund or Account established under the Master Indenture or the Third Subordinate Supplemental Series Trust Indenture; provided that, before any such transfer, VRA will cause to be delivered to the Trustee an opinion of Bond Counsel to the effect that the transfer will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on the Subordinate 2008 Bonds.

Subordinate Reserve Fund. (a) For so long as any of the Subordinate 2008 Bonds remain Outstanding, the Minimum Balance to be maintained in the Subordinate Reserve Fund will be the sum of (i) the Minimum Balance established with respect to the Subordinate 2007 Bonds and (ii) \$5,000,000 or such higher amount as may be specified in a Supplemental Indenture. Upon the issuance of the Subordinate 2008 Bonds, the Subordinate Reserve Fund will be funded in the amount of \$64,508,500, consisting of \$59,508,500 previously on deposit therein and \$5,000,000 to be transferred thereto from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund.

(b) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Subordinate Revenue Fund investment earnings up to the Series 2008 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund and (ii) to the Series 2008 Rebate Account investment earnings in excess of the Series 2008 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the Series 2008 Tax Regulatory Agreement.

Series 2008 Costs of Issuance Account. The Trustee shall establish the Series 2008 Costs of Issuance Account in the Subordinate Costs of Issuance Fund with respect to the Subordinate 2008 Bonds. Any of the amount

deposited in the Series 2008 Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the Subordinate 2008 Bonds shall be transferred to the Subordinate Revenue Fund and applied to pay debt service on the Subordinate 2008 Bonds before any other amounts therein are so used.

Series 2008 Rebate Account. The Trustee shall establish the Series 2008 Rebate Account in the Subordinate Rebate Fund with respect to the Subordinate 2008 Bonds. VRA shall invest and apply amounts on deposit in the Series 2008 Rebate Account as provided in the Series 2008 Tax Regulatory Agreement.

Series 2008 Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Subordinate Revenue Fund on October 1 Payment Dates for the Subordinate 2008 Bonds.

The Third Subordinate Supplemental Indenture also amends the Supplemental Series Indentures under which the Subordinate 2005 Bonds and the Subordinate 2007 Bonds were issued to make the continuing disclosure undertakings for the Subordinate 2005 Bonds and the Subordinate 2007 Bonds consistent with those for the Subordinate 2008 Bonds.

Fourth Subordinate Supplemental Series Trust Indenture

The Fourth Subordinate Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA pledges, assigns and grants to the Trustee a security interest in the 2009 Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2009 Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the Subordinate 2009 Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2009 Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and the Second Subordinate Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2009 Local Bonds.

Pledge of Series 2009 Acquisition Fund. The Series 2009 Acquisition Fund and all amounts, money and investments held by the Trustee in the Series 2009 Acquisition Fund, and all investment earnings thereon, are pledged to provide for the payment of the principal of and the premium, if any, and interest on the Subordinate 2009 Bonds, and to secure the performance of all of the obligations of VRA with respect to the Subordinate 2009 Bonds, the Master Indenture and this Second Subordinate Supplement. The Series 2009 Costs of Issuance Account and the Series 2009 Rebate Account are not subject to this pledge.

Deposit to Subordinate Reserve Fund. The Trustee shall deposit into the Subordinate Reserve Fund the \$51,000,000 to be transferred to it on the Series 2009 Closing Date from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund. The receipt by the Trustee of such \$51,000,000 transfer shall be an additional condition to the issuance and authentication of the Subordinate 2009 Bonds as provided in the Master Indenture.

2009 Local Bonds. Nothing shall prohibit or limit VRA in agreeing to a different 2009 Local Bond principal amount for any of the listed Local Governments. In addition, VRA may purchase the Local Bonds of additional Local Governments or substitute the Local Bonds of other Local Governments if VRA provides to the Trustee a revised Projected Subordinate Coverage Certificate reflecting the addition or substitution.

Series 2009 Acquisition Fund. (a) The Trustee shall establish the Series 2009 Acquisition Fund with respect to the Subordinate 2009 Bonds. The balance in the Series 2009 Acquisition Fund shall be used to purchase

or acquire 2009 Local Bonds upon the terms and conditions set forth in the Fourth Subordinate Supplemental Series Trust Indenture.

(b) In the event that certain maturities of the Subordinate 2009 Bonds are redeemed pursuant to the section of the Fourth Subordinate Supplemental Series Trust Indenture entitled "Extraordinary Mandatory Redemption," amounts in the Series 2009 Acquisition Fund shall be used to effect such redemption.

(c) Not less frequently than semiannually, a VRA Representative shall provide written directions for the transfer, and the Trustee shall transfer, (i) to the Series 2009 Revenue Fund all investment earnings up to the Series 2009 Bond Yield on the Series 2009 Acquisition Fund and (ii) to the Series 2009 Rebate Fund all investment earnings in excess of the Series 2009 Bond Yield on such Fund. The VRA Representative shall provide such written directions in accordance with the Series 2009 Tax Regulatory Agreement.

(d) Upon the Trustee's receipt of a certificate signed by a VRA Representative stating that no further disbursements from the Series 2009 Acquisition Fund will be made to acquire 2009 Local Bonds, the Trustee shall apply the balance remaining in the Series 2009 Acquisition Fund at the direction of a VRA Representative by transferring the balance to any other Fund or Account established under the Master Indenture or the Fourth Subordinate Supplemental Series Trust Indenture; provided that, before any such transfer, VRA will cause to be delivered to the Trustee an opinion of Bond Counsel to the effect that the transfer will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on the Subordinate 2009 Bonds.

Subordinate Reserve Fund. (a) For so long as any of the Subordinate 2009 Bonds remain Outstanding, the Minimum Balance to be maintained in the Subordinate Reserve Fund will be the sum of (i) the aggregate of the Minimum Balances established with respect to the Outstanding Subordinate Bonds and (ii) \$51,000,000 or such higher amount as may be specified in a Supplemental Indenture. Upon the issuance of the Subordinate 2009 Bonds, the Subordinate Reserve Fund will be funded in the amount of \$115,508,500, consisting of \$64,508,500 previously on deposit therein and \$51,000,000 to be transferred thereto from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund.

(b) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Subordinate Revenue Fund investment earnings up to the Series 2009 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund and (ii) to the Series 2009 Rebate Account investment earnings in excess of the Series 2009 Bond Yield on the Allocable Share of the amounts in the Subordinate Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the Series 2009 Tax Regulatory Agreement.

Series 2009 Costs of Issuance Account. The Trustee shall establish the Series 2009 Costs of Issuance Account in the Subordinate Costs of Issuance Fund with respect to the Subordinate 2009 Bonds. Any of the amount deposited in the Series 2009 Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the Subordinate 2009 Bonds shall be transferred to the Subordinate Revenue Fund and applied to pay debt service on the Subordinate 2009 Bonds before any other amounts therein are so used.

Series 2009 Rebate Account. The Trustee shall establish the Series 2009 Rebate Account in the Subordinate Rebate Fund with respect to the Subordinate 2009 Bonds. VRA shall invest and apply amounts on deposit in the Series 2009 Rebate Account as provided in the Series 2009 Tax Regulatory Agreement.

Series 2009 Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Subordinate Revenue Fund on October 1 Payment Dates for the Subordinate 2009 Bonds.

First Supplemental Series Trust Indenture

The First Supplement supplements the Master Indenture in the following ways.

Deposit to Reserve Fund. The Trustee shall deposit into the Reserve Fund the \$50,700,000 to be transferred to it on the 2010A Closing Date from the debt service reserve fund for the 2004 Bonds. The receipt by the Trustee of such \$50,700,000 transfer shall be an additional condition to the issuance and authentication of the 2010A Bonds as provided in the Master Indenture.

Reserve Fund. (a) For so long as any of the 2010A Bonds remain Outstanding, the Minimum Balance to be maintained in the Reserve Fund will be the sum of (i) the aggregate of the Minimum Balances established with respect to the Outstanding Revolving Fund Revenue Bonds and (ii) \$50,700,000 or such higher amount as may be specified in a Supplemental Indenture. Upon the issuance of the 2010A Bonds, the Reserve Fund will be funded in the amount of \$168,844,267, consisting of \$118,144,267 previously on deposit therein and \$50,700,000 to be transferred thereto from the debt service reserve fund for the 2004 Bonds.

(b) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Revenue Fund investment earnings up to the 2010A Refunding Bond Yield on the Allocable Share of the amounts in the Reserve Fund and (ii) to the 2010A Rebate Account investment earnings in excess of the 2010A Refunding Bond Yield on the Allocable Share of the amounts in the Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the 2010A Tax Regulatory Agreement.

2010A Costs of Issuance Account. The Trustee shall establish the 2010A Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2010A Bonds. Any of the amount deposited in the 2010A Costs of Issuance Account that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the 2010A Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2010A Bonds before any other amounts therein are so used.

2010A Rebate Account. The Trustee shall establish the 2010A Rebate Account in the Rebate Fund with respect to the 2010A Bonds. VRA shall invest and apply amounts on deposit in the 2010A Rebate Account as provided in the 2010A Tax Regulatory Agreement.

2010A Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Revenue Fund on October 1 Payment Dates for the 2010A Bonds.

Second Supplemental Series Trust Indenture

The Second Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA pledges, assigns and grants to the Trustee a security interest in the 2010B Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2010B Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the 2010B Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2010B Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and the Fifth Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2010B Local Bonds.

Pledge of 2010B Acquisition Fund. The 2010B Acquisition Fund and all amounts, money and investments held by the Trustee in the 2010B Acquisition Fund, and all investment earnings thereon, are pledged to provide for the payment of the principal of and the premium, if any, and interest on the 2010B Bonds, and to secure the

performance of all of the obligations of VRA with respect to the 2010B Bonds, the Master Indenture and the Fifth Supplement. The 2010B Costs of Issuance Account and the 2010B Rebate Account are not subject to this pledge.

Deposit to Reserve Fund. The Trustee shall deposit into the Reserve Fund the \$22,250,000 to be transferred to it on the 2010 Closing Date from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund. The receipt by the Trustee of such \$22,250,000 transfer shall be an additional condition to the issuance and authentication of the 2010B Bonds as provided in the Master Indenture.

2010B Local Bonds. Nothing shall prohibit or limit VRA in agreeing to a different 2010B Local Bond principal amount for any of the listed Local Governments. In addition, VRA may purchase the Local Bonds of additional Local Governments or substitute the Local Bonds of other Local Governments if VRA provides to the Trustee a revised Projected Coverage Certificate reflecting the addition or substitution.

2010B Acquisition Fund. (a) The Trustee shall establish the 2010B Acquisition Fund with respect to the 2010B Bonds. The balance in the 2010B Acquisition Fund shall be used to purchase or acquire 2010B Local Bonds upon the terms and conditions set forth in the Fifth Supplement.

(b) In the event that certain maturities of the 2010B Bonds are redeemed pursuant to the section of the Fifth Supplement entitled "Extraordinary Mandatory Redemption," amounts in the 2010B Acquisition Fund shall be used to effect such redemption.

(c) Not less frequently than semiannually, a VRA Representative shall provide written directions for the transfer, and the Trustee shall transfer, (i) to the Revenue Fund all investment earnings up to the 2010B Bond Yield on the 2010B Acquisition Fund and (ii) to the 2010B Rebate Fund all investment earnings in excess of the 2010B Bond Yield on such Fund. The VRA Representative shall provide such written directions in accordance with the 2010B Tax Regulatory Agreement.

(d) Upon the Trustee's receipt of a certificate signed by a VRA Representative stating that no further disbursements from the 2010B Acquisition Fund will be made to acquire 2010B Local Bonds, the Trustee shall apply the balance remaining in the 2010B Acquisition Fund at the direction of a VRA Representative by transferring the balance to any other Fund or Account established under the Master Indenture or the Fifth Supplement; provided that, before any such transfer, VRA will cause to be delivered to the Trustee an opinion of Bond Counsel to the effect that the transfer will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on the 2010B Bonds.

Reserve Fund. (a) For so long as any of the 2010B Bonds remain Outstanding, the Minimum Balance to be maintained in the Reserve Fund will be the sum of (i) the aggregate of the Minimum Balances established with respect to the Outstanding Bonds and the 2010A Bonds and (ii) \$22,250,000 or such higher amount as may be specified in a Supplemental Indenture. Upon the issuance of the 2010B Bonds, the Reserve Fund will be funded in the amount of \$191,094,267, consisting of \$168,844,267 previously on deposit therein and \$22,250,000 to be transferred thereto from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund.

(b) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Revenue Fund investment earnings up to the 2010B Bond Yield on the Allocable Share of the amounts in the Reserve Fund and (ii) to the 2010B Rebate Account investment earnings in excess of the 2010B Bond Yield on the Allocable Share of the amounts in the Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the 2010B Tax Regulatory Agreement.

2010B Costs of Issuance Account. The Trustee shall establish the 2010B Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2010B Bonds. Any of the amount deposited in the 2010B Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the 2010B Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2010B Bonds before any other amounts therein are so used.

2010B Rebate Account. The Trustee shall establish the 2010B Rebate Account in the Rebate Fund with respect to the 2010B Bonds. VRA shall invest and apply amounts on deposit in the 2010B Rebate Account as provided in the 2010B Tax Regulatory Agreement.

2010B Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Revenue Fund on October 1 Payment Dates for the 2010B Bonds.

Third Supplemental Series Trust Indenture

The Third Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA pledges, assigns and grants to the Trustee a security interest in the 2011 Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2011B Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the 2011B Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2011B Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and the Fifth Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2011B Local Bonds.

Pledge of 2011B Acquisition Fund. The 2011B Acquisition Fund and all amounts, money and investments held by the Trustee in the 2011B Acquisition Fund, and all investment earnings thereon, are pledged to provide for the payment of the principal of and the premium, if any, and interest on the 2011B Bonds, and to secure the performance of all of the obligations of VRA with respect to the 2011B Bonds, the Master Indenture and the Fifth Supplement. The 2011B Costs of Issuance Account and the 2011B Rebate Account are not subject to this pledge.

Deposit to Reserve Fund. The Trustee shall deposit into the Reserve Fund the \$10,000,000 to be transferred to it on the 2011 Closing Date from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund. The receipt by the Trustee of such \$10,000,000 transfer shall be an additional condition to the issuance and authentication of the 2011B Bonds as provided in the Master Indenture.

2011B Local Bonds. Nothing shall prohibit or limit VRA in agreeing to a different 2011B Local Bond principal amount for any of the listed Local Governments. In addition, VRA may purchase the Local Bonds of additional Local Governments or substitute the Local Bonds of other Local Governments if VRA provides to the Trustee a revised Projected Coverage Certificate reflecting the addition or substitution.

2011B Acquisition Fund. (a) The Trustee shall establish the 2011B Acquisition Fund with respect to the 2011B Bonds. The balance in the 2011B Acquisition Fund shall be used to purchase or acquire 2011B Local Bonds upon the terms and conditions set forth in the Fifth Supplement.

(b) In the event that certain maturities of the 2011B Bonds are redeemed pursuant to the section of the Third Supplement entitled "Extraordinary Mandatory Redemption," amounts in the 2011B Acquisition Fund shall be used to effect such redemption.

(c) Not less frequently than semiannually, a VRA Representative shall provide written directions for the transfer, and the Trustee shall transfer, (i) to the Revenue Fund all investment earnings up to the 2011B Bond Yield on the 2011B Acquisition Fund and (ii) to the 2011B Rebate Fund all investment earnings in excess of the 2011B Bond Yield on such Fund. The VRA Representative shall provide such written directions in accordance with the 2011B Tax Regulatory Agreement.

(d) Upon the Trustee's receipt of a certificate signed by a VRA Representative stating that no further disbursements from the 2011B Acquisition Fund will be made to acquire 2011B Local Bonds, the Trustee shall apply the balance remaining in the 2011B Acquisition Fund at the direction of a VRA Representative by transferring the balance to any other Fund or Account established under the Master Indenture or the Fifth Supplement; provided that, before any such transfer, VRA will cause to be delivered to the Trustee an opinion of Bond Counsel to the effect that the transfer will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on the 2011B Bonds.

Reserve Fund. (a) For so long as any of the 2011B Bonds remain Outstanding, the Minimum Balance to be maintained in the Reserve Fund will be the sum of (i) the aggregate of the Minimum Balances established with respect to the Outstanding Bonds and (ii) \$10,000,000 or such higher amount as may be specified in a Supplemental Indenture. Upon the issuance of the 2011B Bonds, the Reserve Fund was funded in the amount of \$199,610,076, consisting of \$189,610,076 previously on deposit therein and \$10,000,000 to be transferred thereto from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund.

(b) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Revenue Fund investment earnings up to the 2011B Bond Yield on the Allocable Share of the amounts in the Reserve Fund and (ii) to the 2011B Rebate Account investment earnings in excess of the 2011B Bond Yield on the Allocable Share of the amounts in the Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the 2011B Tax Regulatory Agreement.

2011B Costs of Issuance Account. The Trustee shall establish the 2011B Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2011B Bonds. Any of the amount deposited in the 2011B Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the 2011B Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2011B Bonds before any other amounts therein are so used.

2011B Rebate Account. The Trustee shall establish the 2011B Rebate Account in the Rebate Fund with respect to the 2011B Bonds. VRA shall invest and apply amounts on deposit in the 2011B Rebate Account as provided in the 2011B Tax Regulatory Agreement.

2011B Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Revenue Fund on October 1 Payment Dates for the 2011B Bonds.

First Amendatory Supplemental Trust Indenture

The First Amendatory Supplemental Trust Indenture amends the Master Indenture in the following ways.

Amendment to Definition of Revenue. The definition of the term "Revenues" set forth in the Master Indenture is amended to expressly include moneys released from the Local Bond Prepayment Fund on a given Payment Date pursuant to a Local Bond Prepayment Coverage Certificate.

Establishment of Local Bond Prepayment Fund. The Local Bond Prepayment Fund was established under the Master Indenture into which all Local Bond Prepayments shall be made.

Local Bond Prepayments. The First Amendatory Supplemental Trust Indenture permits VRA to accept prepayments of Local Bonds subject to certain requirements described below.

VRA covenants that if any Local Government desires to prepay or redeem all or any portion of a Local Bond prior to the maturity of such Local Bond and VRA provides its written consent thereto, prior to the prepayment, VRA shall:

- (a) direct the Local Government to make its Local Bond Prepayment to the Trustee and not to VRA;

(b) deliver to the Trustee a written notice of the intended Local Bond Prepayment at least seven days prior to the intended prepayment, which notice shall:

- (i) contain the amount of the Local Bond Prepayment to be received by the Trustee;
- (ii) instruct the Trustee as to the deposit of the Local Bond Prepayment; and
- (iii) state whether VRA reasonably expects to recycle such funds in accordance with the requirements of the Code.

(c) provide the Trustee with a Local Bond Prepayment Coverage Certificate that demonstrates that for each Bond Year required to be included in the certificate, VRA expects to maintain Revenue Coverage equal to at least the Required Revenue Coverage Percentage.

Holding and Release of Funds in the Local Bond Prepayment Fund. (a) The funds on deposit in the Local Bond Prepayment Fund shall not be transferred to any other Fund or Account established under the Master Indenture on any Payment Date or any other date, except as set forth in the Local Bond Prepayment Coverage Certificate; provided however, that the Trustee may use such funds (on a first-in-first-out basis) to pay VRA or DEQ, as applicable, the amount of any Clean Water Administrative Expenses due and payable, to the extent that there are insufficient funds available in the Revenue Fund to make such payments.

(b) Funds on deposit in the Local Bond Prepayment Fund shall be invested or reinvested by the Trustee at the request of and as directed by a VRA Representative or by VRA, as the case may be in accordance with Article XII of the Master Indenture.

(c) The Trustee shall hold funds in the Local Bond Prepayment Fund until the Trustee releases them pursuant to (i) the schedule for release of such funds set forth in the Local Bond Prepayment Coverage Certificate provided with the establishment of such Local Bond Prepayment Account, (ii) a Recycling Notice but only if the conditions precedent to the release of such funds set forth in Section 4.4 of this First Amending Supplemental Indenture are satisfied, or (iii) to pay the costs specified in Section 3.3(a) of this First Amending Supplemental Indenture.

Conditions to the Release of Moneys from the Local Bond Prepayment Fund. As conditions precedent prior to the release of funds from the Local Bond Prepayment Fund, VRA shall deliver or cause to be delivered to the Trustee:

- (a) written notice at least seven days prior to the intended release;
- (b) a Recycling Coverage Certificate, dated the date of the acquisition of the New Local Bond and demonstrating that for each Bond Year required to be included, VRA expects to maintain Revenue Coverage equal to at least the Required Revenue Coverage Percentage; and
- (c) an opinion of Bond Counsel addressed and acceptable to VRA and the Trustee to the effect that the recycling of the funds for the acquisition of the New Local Bond as set forth in the Recycling Notice and the Recycling Coverage Certificate will not negatively affect the excludability from gross income of interest on the Bonds under Section 103 of the Code.

Fourth Supplemental Series Trust Indenture

The Fourth Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

Fifth Supplemental Series Trust Indenture

The Fifth Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA reaffirms its pledge, assignment and grant to the Trustee of its security interest in the 2007 Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2007 Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the 2013 Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2007 Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and the Fifth Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2007 Local Bonds.

Reserve Fund. VRA reaffirms the requirements of the prior Supplemental Indentures regarding the Minimum Balance and provides that Minimum Balance with respect to the 2007 Bonds shall remain a function of the original principal amount of the 2007 Local Bonds as described in the Second Subordinate Series Supplement and in accordance with the 2007 Investment Agreement.

2013 Costs of Issuance Account. The Trustee shall establish the 2013 Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2013 Bonds. Any of the amount deposited in the 2013 Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the 2013 Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2013 Bonds before any other amounts therein are so used.

2013 Rebate Account. The Trustee shall establish the 2013 Rebate Account in the Rebate Fund with respect to the 2013 Bonds. VRA shall invest and apply amounts on deposit in the 2013 Rebate Account as provided in the 2013 Tax Regulatory Agreement.

2013 Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Revenue Fund on October 1 Payment Dates for the 2013 Bonds.

Sixth Supplemental Series Trust Indenture

The Sixth Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA reaffirms its pledge, assignment and grant to the Trustee of its security interest in the 2014B Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2014B Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the 2014B Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2014B Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and the Sixth Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2014B Local Bonds.

Reserve Fund. VRA reaffirms the requirements of the prior Supplemental Indentures regarding the Minimum Balance and provides that Minimum Balance with respect to (i) the 2007 Bonds shall remain as provided

in the Fifth Supplemental and (i) the 2008 Bonds shall remain the greater of (A) the previously established Minimum Balance and (B) \$5,000,000, as described in the Third Subordinate Series Supplement.

2014 Costs of Issuance Account. The Trustee shall establish the 2014 Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2014 Bonds. Any of the amount deposited in the 2014 Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the 2014 Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2014 Bonds before any other amounts therein are so used.

2014 Rebate Account. The Trustee shall establish the 2014 Rebate Account in the Rebate Fund with respect to the 2014 Bonds. VRA shall invest and apply amounts on deposit in the 2014 Rebate Account as provided in the 2014 Tax Regulatory Agreement.

2014B Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Revenue Fund on October 1 Payment Dates for the 2014B Bonds.

Seventh Supplemental Series Trust Indenture

The Seventh Supplemental Series Trust Indenture supplements the Master Indenture in the following ways.

Reconfirmation and Amplification of Pledge; Additional Revenues. (a) VRA reconfirms the pledges, assignments and grants of security interests set forth in the Master Indenture.

(b) Pursuant to the Master Indenture, VRA reaffirms its pledge, assignment and grant to the Trustee of its security interest in the Local Bonds and the Related Local Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the Local Bonds and the Related Local Agreements so long as no Event of Default with respect to the 2015 Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and the Seventh Supplement.

(c) VRA identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the Local Bonds.

Reserve Fund. VRA reaffirms the requirements of the prior Supplemental Indentures regarding the Minimum Balance and provides that Minimum Balance with respect to the 2009 Bonds shall remain as provided in the Fourth Subordinate Supplemental Series Trust Indenture.

2015 Costs of Issuance Account. The Trustee shall establish the 2015 Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2015 Bonds. Any of the amount deposited in the 2015 Costs of Issuance Fund that is not applied in accordance with the Master Indenture to pay the Costs of Issuance of the 2015 Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2015 Bonds before any other amounts therein are so used.

2015 Rebate Account. The Trustee shall establish the 2015 Rebate Account in the Rebate Fund with respect to the 2015 Bonds. VRA shall invest and apply amounts on deposit in the 2015 Rebate Account as provided in the 2015 Tax Regulatory Agreement.

2015 Revenue Fund Retainages. The Trustee shall make the transfer described in the Master Indenture with respect to the Revenue Fund on October 1 Payment Dates for the 2015 Bonds.

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel. It is preliminary and subject to change prior to the delivery of the 2015 Bonds.

[Letterhead of McGuireWoods LLP]

April 14, 2015

Virginia Resources Authority
Richmond, Virginia

\$115,225,000
Virginia Resources Authority
Clean Water State Revolving Fund Revenue
Bonds, Refunding Series 2015

Ladies and Gentlemen:

We have served as Bond Counsel to the Virginia Resources Authority ("VRA") in connection with VRA's issuance of the above-referenced bonds (the "2015 Bonds") in the aggregate principal amount of \$115,225,000. The 2015 Bonds have been issued under (i) the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"), and the act creating the Virginia Water Facilities Revolving Fund, which is set forth in Chapter 22, Title 62.1, Code of Virginia of 1950, as amended (collectively with the VRA Act, the "Act"), and (ii) an Amended and Restated Master Trust Indenture, dated as of April 1, 2010, between VRA and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented and amended (the "Master Indenture") and as further supplemented by a Seventh Supplemental Series Trust Indenture dated as of April 1, 2015 (the "Seventh Supplement," and together with the Master Indenture, the "Indenture"), between VRA and the Trustee. The issuance of the 2015 Bonds was authorized pursuant to a resolution adopted by the Board of Directors of VRA on June 10, 2014. We refer you to the 2015 Bonds and the Indenture for a description of the purposes for which the 2015 Bonds are issued, their terms and the security for them.

Unless otherwise defined, each capitalized term used in this opinion has the meaning given it in the Indenture.

In connection with our opinion, we have examined (i) the Constitution of Virginia (the "Constitution"), (ii) the applicable laws of both (A) the United States, including without limitation, the Internal Revenue Code of 1986, as amended (the "Code"), and (B) the Commonwealth of Virginia (the "Commonwealth"), including without limitation, the Act, and (iii) copies of proceedings and other documents relating to the issuance and sale of the 2015 Bonds as we deem necessary to render the opinions contained herein.

As to questions of fact material to these opinions, we have relied upon (i) representations of VRA contained in the Indenture and related documents; including without limitation representations as to the use of the proceeds of the 2015 Bonds, (ii) certifications and representations of VRA contained in certificates and other documents furnished to us, and (iii) certifications of public officials furnished to us, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine, all documents, certificates, and instruments submitted to us as originals are authentic, and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorized, executed, and delivered by all parties to them other than VRA, and we have further assumed the due organization, existence, and powers of all parties other than VRA.

Based on the foregoing, we are of the opinion that, under current law:

1. VRA is a public body corporate and a political subdivision of the Commonwealth of Virginia duly created by the VRA Act and vested with all of the rights and powers conferred by the VRA Act.

2. VRA has the requisite authority and power under the VRA Act to enter into the Indenture, to issue and sell the 2015 Bonds, and to apply the proceeds from the issuance and sale of the 2015 Bonds as set forth in the Indenture.

3. The 2015 Bonds have been duly authorized, executed, and delivered in accordance with the VRA Act and the Indenture and constitute valid and binding limited obligations of VRA, payable solely from the Net Revenues and the other money and property of VRA specifically pledged for such purpose under the Indenture. All conditions precedent to the issuance of the 2015 Bonds as set forth in the VRA Act and the Indenture have been fulfilled. The principal of and premium, if any, and interest on the 2015 Bonds do not constitute a debt of the Commonwealth of Virginia or any of its political subdivisions other than VRA. Neither the Commonwealth of Virginia nor any of its political subdivisions, including VRA, is legally obligated to pay the principal of or premium, if any, or interest on the 2015 Bonds or other costs incident to them except from the revenues, money or property of VRA pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including VRA, is pledged to the payment of the principal of or premium, if any, or interest on the 2015 Bonds.

4. The Indenture has been duly authorized, executed and delivered by VRA; constitutes the valid and binding obligation of VRA; pledges the Net Revenues to the Trustee as security for the 2015 Bonds, on parity with VRA's Clean Water State Revolving Fund Refunding Revenue Bonds, Subordinate Series 2005 (the "2005 Bonds"), Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2007 (the "2007 Bonds"), Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2008 (the "2008 Bonds"), Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2009 (the "2009 Bonds"), Clean Water State Revolving Fund Revenue Bonds, Refunding Series 2010A (the "2010A Bonds"), Clean Water State Revolving Fund Revenue Bonds, Series 2010B (the "2010B Bonds"), Clean Water State Revolving Fund Revenue Bonds, Series 2011B (the "2011B Bonds"), Clean Water State Revolving Fund Revenue Bonds, Refunding Series 2013 (the "2013 Bonds"), and Clean Water State Revolving Fund Revenue Bonds, Refunding Series 2014B (the "2014B Bonds" and together with the 2005 Bonds, the 2007 Bonds, the 2008 Bonds, the 2009 Bonds, the 2010A Bonds, the 2010B Bonds, the 2011 Bonds, and the 2013 Bonds, the "Outstanding Bonds"); and is enforceable against VRA in accordance with its terms.

5. Additional Bonds (other than State Match Bonds) may be issued from time to time under the conditions, limitations, and restrictions set forth in the Indenture, and will be secured equally and ratably as to the pledge of the Net Revenues with the Outstanding Bonds; provided, however, that the Outstanding Bonds, the 2015 Bonds, and any Additional Bonds (other than State Match Bonds) are secured by a subordinate pledge of the Direct Loan Interest Payments, which payments have been pledged on a senior basis to secure the State Match Bonds. State Match Bonds may be issued from time to time under the conditions, limitations, and restrictions set forth in the Indenture, and will be secured equally and ratably as to the pledge of the applicable portion of Net Revenues with the Outstanding Bonds, the 2015 Bonds and any Additional Bonds (other than State Match Bonds), except for the senior pledge of Direct Loan Interest Payments.

6. Interest on the 2015 Bonds, including any accrued "original issue discount" properly allocable to the holders of the 2015 Bonds, (i) is excludable from gross income for federal income tax purposes under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item"). However, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Code), interest on the 2015 Bonds must be included in computing adjusted current earnings. The "original issue discount" on any 2015 Bond is the excess of its stated redemption price at maturity over the initial offering price to the public at which price a substantial amount of the 2015 Bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. We express no opinion regarding other federal tax consequences arising with respect to the 2015 Bonds.

In delivering this opinion, we are assuming (i) VRA's continuing compliance with the requirement set forth in the Indenture that VRA will obtain opinions from this and other bond counsel firms to the effect that the Local Bonds benefiting from the issuance of the 2015 Bonds (the "2009 Local Bonds") will not be "private activity bonds" within the meaning of Section 141 of the Code as a condition to the reduction in the interest rate on each 2009 Local Bond and (ii) continuing compliance by VRA and each of the Local Governments that issued the 2009 Local Bonds (the "2009 Local Governments") with the Covenants, as hereinafter defined, so that interest on the 2015 Bonds will remain excludable from gross income for federal income tax purposes and not become a Specific Tax Preference Item. VRA and each 2009 Local Government, as applicable, have agreed or will be required to agree in their respective tax agreements to comply with the provisions of the Code applicable to the 2015 Bonds and the 2009 Local Bonds including, among other things, requirements as to the use, expenditure and investment of the proceeds thereof, the use of the property financed or refinanced thereby, the source of the payment thereof and the security therefor, the arbitrage yield restrictions and rebate payment obligations imposed by the Code and certain other actions that could cause interest on the 2015 Bonds to be includable in gross income of their owners (the "Covenants"). Failure by VRA or any of the 2009 Local Governments, as applicable, to comply with the Covenants could cause interest on the 2015 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and,

therefore, may not be adequate to prevent interest on the 2015 Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the 2015 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the above-referenced tax agreements, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion concerning any effect on the excludability of interest on the 2015 Bonds from gross income for federal income tax purposes of any subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

7. In accordance with Section 62.1-219 of the VRA Act, the 2015 Bonds and the income from them, including any profit made on their sale, are exempt from taxation by the Commonwealth of Virginia and any of its political subdivisions. We express no opinion regarding (i) other Virginia tax consequences arising with respect to the 2015 Bonds or (ii) any consequences arising with respect to the 2015 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth of Virginia and its political subdivisions.

The rights of the registered owners of the 2015 Bonds and the enforceability of the 2015 Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws now or hereafter in effect affecting creditors' rights. The enforceability of those rights is also subject to the exercise of judicial discretion in accordance with general principles of equity.

Our services as Bond Counsel have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary to approve the validity of the 2015 Bonds and the income tax status of the interest on them. We express no opinion as to the accuracy or completeness of any information that may have been relied upon by any owner of the 2015 Bonds in making a decision to purchase the 2015 Bonds, including without limitation the Preliminary Official Statement of VRA dated March 20, 2015, and the Official Statement of the VRA dated March 31, 2015. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

[To be signed: MCGUIREWOODS LLP]

APPENDIX D

**SUMMARY OF
CONTINUING DISCLOSURE UNDERTAKINGS
BY VIRGINIA RESOURCES AUTHORITY**

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**SUMMARY OF CONTINUING DISCLOSURE UNDERTAKINGS
BY VIRGINIA RESOURCES AUTHORITY**

The following is a summary of the continuing disclosure undertakings made by VRA pursuant to the Seventh Supplemental Series Trust Indenture for the benefit of the holders of the 2015 Bonds. Unless otherwise defined, each capitalized term used herein will have the meaning given it above in this Official Statement.

Definitions

"Continuing Disclosure" means the certain annual financial information and material event notices required by the Rule.

"Material Local Government" means any Local Government meeting the objective criteria set forth below.

Annual Disclosure

(a) VRA shall provide or cause to be provided annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) its audited financial statements, prepared in accordance with generally accepted accounting principles;

(ii) operating data consisting of (i) the data found in the chart under the heading "**Participation in the Revolving Fund Program**" in **Appendix A** to this Official Statement (for Local Bonds or Direct Loans still in disbursement the data shall include amount of principal advances authorized but undrawn under the Related Local Bond or Direct Loan) and (ii) the current information describing the investments of the Related Funds and Accounts, if any; and

(iii) a list of all Local Governments constituting "Material Local Governments" as of the end of the VRA's immediately preceding fiscal year.

If the financial statements filed are not audited, VRA shall file such statements as audited when available.

(b) VRA shall provide or cause to be provided annually the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") on or before March 31 after the end of VRA's fiscal year, commencing with the information for VRA's fiscal year ending June 30, 2015, to the Municipal Securities Rulemaking Board (the "MSRB").

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) VRA shall provide or cause to be provided in a timely manner to the MSRB notice specifying any failure of VRA to provide the Annual Disclosure by the date specified.

Event Disclosure

VRA shall provide or cause to be provided in a timely manner not in excess of ten business days to the MSRB notice of the occurrence of any of the following events with respect to the 2015 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 - TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the 2015 Bonds;
- (g) modifications to rights of the bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasance of all or any portion of the bonds;
- (j) release, substitution, or sale of property securing repayment of the 2015 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of VRA;
- (m) the consummation of a merger, consolidation, or acquisition involving VRA or the sale of all or substantially all of the assets of VRA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Objective Criteria

(a) The objective criteria for identifying a Material Local Government with respect to the 2015 Bonds shall be based upon a determination by VRA at the time of sale of each Series of Bonds of the level of participation of each Local Government in the aggregate outstanding principal amount of all Direct Loans and Local Bonds. In connection with the issuance and sale of the 2015 Bonds, any Local Government whose aggregate outstanding principal amount of Direct Loans and Local Bonds represent 20% or more of the aggregate outstanding principal amount of all Direct Loans and all Local Bonds, shall be a Material Local Government with respect to the 2015 Bonds as long as such Local Government satisfies such objective criteria.

(b) VRA covenants to require that each Local Agreement with a Local Government contain a continuing disclosure undertaking substantially in the form summarized in **Appendix E** to this Official Statement.

(c) VRA shall, within 45 days of the end of each fiscal year of VRA, notify every Local Government satisfying the objective criteria set forth above for a "Material Local Government" as of the end of such fiscal year.

Termination

The obligations of VRA will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the 2015 Bonds.

Amendment

VRA may modify its continuing disclosure obligations without the consent of Bondholders, provided that the undertaking as so modified complies with the Rule as it exists at the time of modification. VRA shall within a reasonable time thereafter send to the MSRB a description of such modification(s).

MSRB and EMMA

The MSRB is the central repository for continuing disclosure by state and local government debt issuers, including VRA. The MSRB has designated its Electronic Municipal Market Access ("EMMA") system as the system to

be used for submission of continuing disclosure to investors. Bondholders will be able to access continuing disclosure information filed by VRA with the MSRB on the internet at <http://www.emma.msrb.org>.

Defaults

(a) If VRA fails to comply with any covenant or obligation regarding Continuing Disclosure specified in any Supplemental Series Indenture, any holder (within the meaning of the Rule) of Bonds then Outstanding may, by notice to VRA, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of VRA's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything in any Supplemental Series Indenture to the contrary, any failure of VRA to comply with any obligation regarding Continuing Disclosure (i) shall not be deemed to constitute an event of default under the Bonds or the Indenture providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described above.

Additional Disclosure

VRA may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything in the Indenture to the contrary, VRA shall not incur any obligation to continue to provide, or to update, such additional information or data.

Dissemination Agent

VRA may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist VRA in providing its Continuing Disclosure under the Seventh Supplement.

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APPENDIX E

**SUMMARY OF CONTINUING DISCLOSURE
UNDERTAKINGS BY LOCAL GOVERNMENTS**

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SUMMARY OF CONTINUING DISCLOSURE UNDERTAKINGS BY LOCAL GOVERNMENTS

Upon notification by VRA that as of June 30 of any year, a Local Government constituted a "Material Local Government," the following summarizes the continuing disclosure undertakings that such Local Government will be required to make under its respective Local Agreement for the benefit of the holders of the 2015 Bonds. Unless otherwise defined, each capitalized term used herein will have the meaning given it above in this Official Statement.

As of this date, no Local Government is expected to constitute a Material Local Government with respect to the 2015 Bonds.

Definitions

The following capitalized terms shall have the following meanings:

"Direct Loan(s)" means the loan(s) to a Local Government made by VRA from amounts in the Virginia Water Facilities Revolving Fund.

"Double Barrel Bond Local Government" means a Local Government who has pledged both the revenues from the ownership or operation of its wastewater system, certain other funds, if any, and its full faith and credit to secure its Local Bonds and Direct Loans.

"General Obligation Bond Local Government" means a Local Government who has pledged its full faith and credit to secure the payment of its Local Bonds and Direct Loans and has agreed to levy an annual tax upon all property subject to local taxation sufficient to pay its Local Bonds and Direct Loans.

"Local Bond(s)" means the bond(s) issued by the Local Government and acquired by VRA with proceeds of Bonds issued under the Indenture.

"Indenture" means the Amended and Restated Master Trust Indenture dated as of April 1, 2010, between VRA and U.S. Bank National Association, as Trustee, as supplemented and amended.

"Material Local Government" means any Local Government whose aggregate outstanding principal amount of Local Bonds and Direct Loans represents twenty percent (20%) or more of the aggregate outstanding principal amount of all Local Bonds and Direct Loans.

"Revenue Bond Local Government" means a Local Government who has pledged the revenues from the ownership or operation of its wastewater system and certain other funds, if any, to pay its Local Bonds and Direct Loans.

Annual Disclosure

(a) The Local Government shall provide or cause to be provided annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the Local Government, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data of the type set forth in Exhibit A hereto for a General Obligation Bond Local Government, a Revenue Bond Local Government or a Double Barrel Local Government, as appropriate.

If the financial statements filed pursuant to Section 3(a) are not audited, the Local Government shall file such statements as audited when available.

(b) The Local Government shall provide or cause to be provided annually the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") within 270 days after the end of the Local Government's fiscal year as of the end of which such Local Government is notified by VRA that it constitutes a "Material Local Government," to the Municipal Securities Rulemaking Board (the "MSRB").

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Local Government shall provide or cause to be provided in a timely manner to the MSRB notice specifying any failure of the Local Government to provide the Annual Disclosure by the date specified.

Termination

The obligations of the Local Government will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Amendment

The Local Government may modify its continuing disclosure obligations in the Local Agreement without the consent of Bondholders, provided that the Local Agreement as so modified complies with the Rule as it exists at the time of modification. The Local Government shall within a reasonable time thereafter send to VRA and the MSRB a description of such modification(s).

MSRB and EMMA

The MSRB is the central repository for continuing disclosure by state and local government debt issuers, including Local Governments. The MSRB has designated its Electronic Municipal Market Access ("EMMA") system as the system to be used for submission of continuing disclosure to investors. Bondholders will be able to access continuing disclosure information filed by Local Governments with the MSRB on the internet at <http://www.emma.msrb.org>.

Defaults

(a) If the Local Government fails to comply with any covenant or obligation regarding Annual Disclosure specified in the Local Agreement, any holder (within the meaning of the Rule) of Bonds then Outstanding may, by notice to the Local Government, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Local Government's covenant to provide the Annual Disclosure.

(b) Any failure of the Local Government to comply with any obligation regarding Annual Disclosure specified in the Local Agreement (i) shall not be deemed to constitute an event of default under the Local Bonds, the Direct Loans, the Bonds, or the Indenture and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Additional Disclosure

The Local Government may from time to time disclose certain information and data in addition to the Annual Disclosure. The Local Government shall not incur any obligation to continue to provide, or to update, such additional information or data.

Dissemination Agent

The Local Government may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist the Local Government in providing its Annual Disclosure under its Local Agreement.

CONTENT OF ANNUAL DISCLOSURE

Operating Data for General Obligation Bond Local Government

Description of Local Government. A description of the Local Government including a summary of its form of government, budgetary processes and its management and officers.

Debt. A description of the terms of the Local Government's outstanding tax-supported and other debt including a historical summary of outstanding tax-supported debt; a summary of authorized but unissued tax-supported debt; a summary of legal debt margin; a summary of overlapping debt; and a summary of annual debt service on outstanding tax-supported debt as of the end of the preceding fiscal year. The Annual Disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

Financial Information and Operating Data. Financial information and operating data respecting the Local Government including a description of revenues and expenditures for its major funds and a summary of its tax policy, structure and collections as of the end of the preceding fiscal year.

Operating Data for Revenue Bond Local Government

Description of Local Government. A description of the Local Government including a summary description of the revenue-producing system (the "System"), and its management and officers.

Debt. A description of the terms of the Local Government's outstanding debt including a historical summary of outstanding debt and a summary of annual debt service on outstanding debt as of the end of the preceding fiscal year. The Annual Disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

Financial Information and Operating Data. Financial information for the System as of the end of the preceding fiscal year, including a description of revenues and expenditures, largest users, a summary of rates, fees and other charges of the System, and a historical summary of debt service coverage.

Double Barrel Bond Local Government

Description of Local Government. A description of the Local Government including a summary of its form of government, budgetary processes, its management and officers and a summary description of the System.

Debt. A description of the terms of the Local Government's outstanding tax-supported and revenue debt including a historical summary of such outstanding debt; a summary of authorized but unissued debt; a summary of legal debt margin; a summary of overlapping debt; and a summary of annual debt service on outstanding debt as of the end of the preceding fiscal year. The Annual Disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

Financial Information and Operating Data. Financial information and operating data respecting the Local Government including a description of revenues and expenditures for its major funds and a summary of its tax policy, structure and collections as of the end of the preceding fiscal year. Financial information for the System as of the end of the preceding fiscal year, including a description of revenues and expenditures, largest users, a summary of rates, fees and other charges of the System, and a historical summary of debt service coverage.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the 2015 Bonds, payments of principal of and interest on the bonds to DTC, its nominee, Direct Participants, as hereinafter defined, or Beneficial Owners, as hereinafter defined, confirmation and transfer of beneficial ownership interests in the bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC. Neither VRA nor the Underwriters assume any responsibility for the accuracy or adequacy of the information included in such description.

DTC will act as securities depository for the 2015 Bonds. The 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2015 Bonds in the aggregate principal amount of such issue and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2015 Bonds (the "Beneficial Owner") is in turn to be recorded on the records of Direct Participants and Indirect Participants, as applicable. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, the 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2015 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2015 Bonds may wish to ascertain that the nominee holding the 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the bond registrar (which is the Trustee) and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to VRA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2015 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the bond registrar or paying agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC (or its nominee), VRA or the bond registrar and paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the bond registrar and paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Bonds at any time by giving reasonable notice to VRA and the bond registrar and paying agent. Under such circumstances, in the event that a successor depository is not obtained, the 2015 Bonds are required to be printed and delivered.

VRA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the 2015 Bonds will be printed and delivered to DTC.

Neither VRA nor the bond registrar and paying agent has any responsibility or obligation to the Direct Participants or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (b) the payment by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the 2015 Bonds; (c) the delivery or timeliness of delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted to be given to Holders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Holder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the 2015 Bonds, as nominee of DTC, references in this Official Statement to the Holders of the 2015 Bonds mean Cede & Co. and not the Beneficial Owners, and Cede & Co. will be treated as the only holders of the 2015 Bonds.

VRA may enter into amendments to the agreement with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2015 Bonds without the consent of Beneficial Owners or Owners.

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