

VIRGINIA RESOURCES AUTHORITY
BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING

The Board of Directors of the Virginia Resources Authority met on September 10, 2013, in the 18th Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

Members Present

James H. Spencer, III, Vice Chair
John J. Aulbach II, P.E. on behalf of Dr. Cynthia C. Romero, M.D., FAAFP
David Branscome
Randall P Burdette
Manju Ganeriwala
Dena Frith Moore
John H. Rust, Jr.
Richard Weeks on behalf of David Paylor

Members Absent

William G. O'Brien, Chair
Barbara McCarthy Donnellan
Thomas L. Hasty, III

Staff Present

Suzanne S. Long, Executive Director, Secretary to the Board
Jean Bass, Director of Policy & Intergovernmental Relations
Shawn Crumlish, Director of Debt Management
Peter D'Alema, Director of Program Management
Michael Cooper, Director of Administration
Jon McCubbin, Controller
George Panos, Deputy Controller
Kimberly S. Adams, Program Manager
Stephanie Jones, Fiscal Analyst/Compliance Officer
Richard Rhodemyre, Financial Analyst
Rachael Logan, Administrative Manager
Patrick O'Reilly, Project Manager

Others Present

Carrie Roth, Deputy Secretary of Commerce and Trade
Arthur Anderson, McGuireWoods LLP, Bond Counsel
Steve Pellei, Department of Environmental Quality
Walter Gills, Department of Environmental Quality
James Traudt, Davenport & Company LLC
Ty Wellford, Davenport & Company LLC
Jon Kirm, Seibert Brandford Shank & Co., L.L.C.
Jon White, Seibert Brandford Shank & Co., L.L.C.

Call to Order

Mr. James H. Spencer, III, Vice Chair, called the meeting to order on behalf of William G. O'Brien, Chair, at 10:02 a.m.

Approval of Agenda

Mr. Spencer requested that the agenda be amended to consider the report by the Portfolio Risk Management Committee (PRMC) prior to the report by the Strategic Planning Committee.

There being no further amendments the following motion was made.

Motion by Ms. Manju Ganeriwala, seconded by Ms. Dena Moore, that the agenda be approved as amended.

Motion carries unanimously.

Approval of Meeting Minutes

There were no corrections to the minutes for the Portfolio Risk Management Committee meeting held May 13, 2013.

Motion by Mr. John Rust, seconded by Ms. Manju Ganeriwala, to approve the minutes for the Portfolio Risk Management Committee meeting held May 13, 2013, as presented.

Motion carries unanimously.

There were no corrections to the minutes for the Personnel Committee meeting held May 13, 2013.

Motion by Mr. David Branscome, seconded by Mr. Rick Weeks, to approve the minutes for the Personnel Committee meeting held May 13, 2013, as presented.

Motion carries unanimously.

There were no corrections to the minutes for the Budget Committee meeting held June 10, 2013.

Motion by Ms. Manju Ganeriwala, seconded by Mr. John Rust, to approve the minutes for the Budget Committee meeting held June 10, 2013, as presented.

Motion carries unanimously.

There were no corrections to the minutes for the Audit Committee meeting, held June 10, 2013.

Motion by Mr. John Rust, seconded by Mr. John Aulbach, to approve the minutes for the Audit Committee meeting held June 10, 2013, as presented.

Motion carries unanimously.

There were no corrections to the minutes for the Board of Directors meeting held June 11, 2013.

Motion by Mr. John Rust, seconded by Ms. Manju Ganeriwala, to approve the minutes for the Board of Directors meeting held June 11, 2013, as presented.

Motion carries unanimously.

Executive Director's Report

Ms. Suzanne S. Long, Executive Director, began her report stating that VRA's education and outreach efforts have been successful. She stated that a Community Outreach Workshop will be held in Middletown, Virginia, on Thursday, October 3, 2013, and that Board Member, John J. Aulbach II, P.E., has agreed to present at the workshop. In addition, the Keysville workshop held in July was very well attended. Overall, she stated that the series has been very well received.

Ms. Long noted that she and staff attended the 2013 Virginia Aviation Conference in August. She stated VRA's presence was well received. Mr. Randall P Burdette thanked VRA staff for attending the conference, noting that he received positive feedback relative to VRA's participation.

Ms. Long continued stating that VRA submitted the Virginia Transportation Infrastructure Bank (VTIB) Biannual Report to select members of the General Assembly. The report dealt primarily with the Industrial Development Authority of Loudoun County for the extension and expansion of a road. She stated that the loan should be completed within the next month and staff will report to the Board at its December 10, 2013 meeting.

Ms. Long introduced Mr. Patrick O'Reilly, Program Manager, to provide an update on the Loan Servicing/Enable system. She stated that in order to take the Loan Servicing program to the next level, it was necessary to obtain the assistance of Mr. O'Reilly who was selected with assistance from VITA. Ms. Long proceeded to provide the history of VRA's previous relationship with Technology Partnership Group, noting that VRA will be working to solicit companies to help determine the best approach for accomplishing the most effective, secure and user-friendly loan servicing system.

Mr. O'Reilly stated that he reviewed the source code from Technology Partnership Group and concluded that the program is very unstable. A Request for Proposal (RFP) statement is being prepared to solicit interested companies to help determine the best approach to proceed with the loan servicing system. Mr. O'Reilly concluded that there are issues with the Technology Partnership Group source code, such as an error in the amortization schedule. However, Mr. Jon

McCubbin, Controller, stated that the issues should be resolved in a reasonable timeframe. In response to the Board, Mr. O'Reilly stated that the RFP is in draft and will be forwarded to partners, Computer Aid, Inc., for distribution.

In response to the Board, Ms. Long explained VRA's position relative to reimbursement of funds from Technology Partnership Group.

Ms. Long highlighted personnel changes introducing Ms. Kimberly Adams as VRA's new Program Manager. She will be supporting Mr. Peter D'Alema, Director of Program Management, with the Virginia Pooled Financing Program (VPFP) and the Aviation and Dam Safety Programs.

Ms. Long introduced Mr. Richard Rhodemyre as VRA's new Financial Analyst. Mr. Rhodemyre served as an intern with VRA during the prior year. He will be working with Mr. Shawn Crumlish, Director of Debt Management, with the Clean Water and Drinking Water analysis and assisting Mr. D'Alema with the VPFP.

Ms. Long concluded by encouraging the Board to provide feedback to her or Mr. Michael Cooper, Director of Administration, relative to the Board Docs implementation. She stated staff will continue to provide written materials if the Board is not comfortable with Board Docs at this time. She thanked the Board members for their patience while the implementation was in process.

Committee Reports

Audit Committee

Ms. Manju Ganeriwala, Chair, stated that the Audit Committee met at 8:00 a.m. and received the annual audit from Mr. Norman Yoder, Partner, with the new VRA auditing firm, Brown, Edwards & Company, L.L.P. VRA has received a clean, unmodified audit opinion on financial statements, there were no deficiencies identified in internal controls, and there were no instances of non-compliance or other matters that were noticed or found. She continued that the Auditor's report on major programs and internal controls or compliance in accordance with OMB Circular A-133 received an unqualified opinion, as well.

Ms. Ganeriwala commended staff, noting that it is a small group led by Mr. Jon McCubbin, Controller. The clean audit is the result of a collaborative effort of staff and leadership.

Mr. McCubbin referenced the FY2013 Comprehensive Annual Financial Report (CAFR), noting that the majority of the financial information is contained in the document. He continued that the financial drivers for VRA for FY2013 included five new bond issuances, three in the Virginia Pooled Financing Program (VPFP). In addition, a low interest rate environment continues to provide numerous refunding opportunities and drive the loans funded in VRA's VPFP program. Another driver, he stated is the EPA Cap Grant Awards for the Clean Water and Drinking Water Loan Programs, noting that net assets increased based on revenues coming into those programs

and used to create new loans. Mr. McCubbin continued that overall VRA net assets increased over liabilities. The main driver is the issuance of new bonds and new loans and funding of new loans through the CAP grants. Overall, operating revenues increased, driven by new interest costs on higher outstanding receivable balance. There was an operating loss, driven by grants to local governments and principal forgiveness loans. Mr. McCubbin stated that the Committee asked staff to explore a means to report increased grants in the State Revolving Fund (SRF) program so that it does not appear as an operating loss on the balance sheet.

Mr. McCubbin referenced information included in the CAFR such as notes to financial statements, financial statements of VRA as a whole, financial activity of the various programs, and a breakout of the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF). He referenced statistical data showing VRA's net position by component and a schedule of outstanding debt over the last ten fiscal years. He further referenced a graph showing a comparison of total outstanding revenue bonds and bonds secured by Commonwealth Moral Obligation.

Ms. Ganeriwala stated that the Audit Committee recommends approval of the FY2013 Comprehensive Annual Financial Report (CAFR) as presented by VRA staff.

Motion by Ms. Manju Ganeriwala, seconded by Mr. John Rust, that the FY2013 Comprehensive Annual Financial Report (CAFR) be approved as presented by VRA staff.

Motion carries unanimously.

Prior to the vote to approve the CAFR, Vice Chair Spencer thanked the staff for a job well done. He noted that the Audit Committee met earlier in closed session with the Auditor as required, and a closed session is not needed at the Board meeting.

Quality Management Analysis

Ms. Ganeriwala continued that the Quality Management Analysis is a project that Mr. Burdette suggested and supported. The project provided an introspection of VRA's core processes, business lines and best practices. Job descriptions were reviewed and updated and Desk Books were developed. She stated an executive summary has been provided in the Board Docs relative to the analysis. Ms. Ganeriwala continued that staff worked with the Virginia Commonwealth University Performance Management Group to accomplish this process. It is now completed and the challenge is to maintain up-to-date information. She concluded that it was a very time consuming project and the Committee is pleased to see it completed considering other pressing staff responsibilities.

Audit Committee Charter

Ms. Ganeriwala stated that staff provided an update on the Audit Committee Charter based on recommendations from the Audit Committee. This work is ongoing and staff will give a presentation at the meeting of the Committee to be held December 10, 2013.

ARMICS

The Agency Risk Management and Internal Control Standards (ARMICS) assessment was completed by Cherry Bekaert LLP and there were no findings in controls. As requested by the Committee, she stated that surveys were submitted to staff relative to VRA's internal controls as part of the ARMICS review. A report on the results will be presented at the meeting to be held on December 10, 2013.

Ms. Ganeriwala concluded the Executive Director reported that the Investment Policy is being rewritten and updated. Ms. Long is working with staff and the Investment Director of the Virginia Department of Treasury to complete the policy. Staff will give a presentation at the Committee meeting to be held on December 10, 2013.

Portfolio Risk Management Committee (PRMC)

2013B VPFP

Ms. Dena Frith Moore, Chair, stated that PRMC met on Monday, September 9, 2013. She stated staff provided details to the Summer Pool Transaction that closed on August 14, 2013. She introduced Mr. Jon White and Mr. Jon Kirn from Seibert Brandford Shank.

Mr. White stated the transaction went very well, noting that the pricing was stable despite an unfavorable market. He explained the strategy of the underwriters, adding that the transaction received participation from retail and trading accounts. Mr. White thanked the Board for the opportunity to participate in the transaction and for being patient as underwriters secured investments.

Ms. Moore thanked Mr. White and Mr. Kirn for their assistance and presence.

Mr. Peter D'Alema, Director of Program Management, continued that VRA sold \$66.49 million in the 2013B Virginia Pooled Financing Program bonds (Summer Pool) on July 31, 2013 on behalf of five borrowers. The transaction included tax-exempt Infrastructure Revenue Bonds and State Moral Obligation Bonds. He provided a transaction overview stating that the True Interest Cost (TIC) and the All-In TIC were very competitive. Mr. D'Alema explained that two of the borrowers realized substantial savings by refunding prior VPFP debt. He concluded by thanking Seibert Brandford Shank.

2013C VPFP

Mr. D'Alema provided an update on the 2013C VPFP (Fall Pool) noting that VRA received eight applications from potential borrowers covering ten of VRA's project areas, with two subsequently withdrawing. He stated that due diligence calls were conducted and VRA staff contacted eligible VRA refunding candidates relative to savings that would result from refunding debt. Two borrowers will refund debt.

Mr. Randall P Burdette thanked the staff for VRA's assistance on behalf of the Virginia Airports for their continuous assistance in making the airports aware when it is the most advantageous to refund loans.

Mr. D'Alema stated there are two loans that require Board approval; however, staff is only bringing one forward based on discussion at the PRMC meeting.

Underwriting Guidelines

Prior to discussion on the Fairfax County loan request, Ms. Moore asked that copies of the Moral Obligation/Appropriation-Only-Backed Transaction Guidelines be distributed to the Board. She explained that VRA does not have guidelines associated with appropriation-only backed transactions. Therefore, the PRMC came to the conclusion that for certain extremely high credit-quality communities, VRA should permit a slightly different type of security. It is beneficial to VRA and all other communities to have these borrowers in the pool given their high ratings. PRMC is recommending approval of the guidelines.

Mr. D'Alema reiterated that the guidelines will apply in limited circumstances where borrowers will be making subject-to-appropriation pledges. He stated that the proposed guidelines provide the framework under which staff can approve these types of loans going forward without Full Board approval. He provided an extensive overview of the guidelines, stating that the guidelines pertain to any loan request of \$25 million or less for the pool and are specific to cities, counties and towns. Mr. D'Alema continued applicants must have AAA ratings from Moody's and S&P on their General Obligation pledges.

Ms. Moore stated that the proposed guidelines include an exception whereby real estate collateral will not be provided as is common for borrowers with lower rated credit. Ms. Moore noted that these types of borrowers have the flexibility of going to the private market. Therefore, she explained that in order for VRA to be competitive, it is necessary to offer loans to borrowers with unique profiles. In addition, having high rated borrowers in the pool will offset lower rated borrowers resulting in lower interest rates for all borrowers.

Mr. Burdette questioned how VRA will balance the need to support borrowers who cannot normally get loans and those that do not need VRA, but VRA needs to support the pools. Ms. Moore responded that the guidelines will enhance the quality of the pool, reiterating that a pool with only high risk borrowers will jeopardize all borrowers.

Following the motion to approve the proposed guidelines, Mr. D'Alema stated that the proposed guideline will make it administratively easier for localities to come through VRA to borrow; however, the request for funds must be approved by the localities.

Motion by Ms. Dena Moore, seconded by Mr. John Rust, to approve the Moral Obligation/Appropriation-Only-Backed Transaction Guidelines as drafted.

Motion carries unanimously.

Fairfax County

Mr. D'Alema stated that Fairfax County requested \$13 million to finance renovations to a County-owned senior center as it is out of compliance with the Virginia Department of Social Services. The facility will be owned by Fairfax County and falls within VRA's Local Government Building authorization. He stated that Fairfax County has offered a subject-to-appropriation (moral obligation) pledge as security for the loan with no security interest in the facility.

Mr. D'Alema concluded that staff recommends approval of the Fairfax County loan request based on strong historic financial performance, strong liquidity, state-aid coverage, and strong existing credit ratings.

Ms. Moore continued that Fairfax County complies with every aspect of the newly approved guidelines except the technical calculation for unreserved fund balance because they have other fund balances that have been created with special purposes. Because Fairfax does not comply with the adequate reserve requirement, the PRMC is asking for approval of the request for funding by Fairfax County with the stipulation that the request be granted in the form of a direct loan to the County.

Motion by Ms. Dena Moore, seconded by Mr. Randall Burdette, to approve the Fairfax County loan request of \$13 million as described by staff, requiring that the request be in the form of a direct loan.

Motion approved unanimously.

Town of Purcellville

Ms. Moore noted under new business, that the PRMC discussed the request by the Town of Purcellville to refinance and restructure prior debt issues. However, the Committee has requested additional information from staff and will report to the Board at the December 10, 2013 meeting.

Town Borrowers

Ms. Moore continued that staff provided PRMC with extensive information relative to town borrowers. She stated that towns by their nature do not have the benefits of other localities in terms of economics; and therefore, staff has placed certain towns on a watch list. She continued that the Committee reviewed the number of towns that receive loans from VRA, the programs the loans fall into, and how many of these towns are in the red risk category. She stated that even the towns that are on the watch list continue to pay their loans on time.

Ms. Moore explained that VRA was informed that the Towns of Pocahontas and Pound would have difficulty making current loan payments. However, Pound has refinanced out of the Clean Water Program through a bank, and Pocahontas has received 0% financing from the Virginia Department of Health Drinking Water Program.

Ms. Moore stated that the Committee asked staff to think about developing guidelines for towns relative to underwriting and tracking. Additional information will be provided at the December 9, 2013 meeting of the Committee.

Ms. Moore commended staff on the update relative to the VRA Unrestricted Net Assets Reserve which is a little over \$1 million short of being fully funded. She stated that the General Reserve requires 270 days of FY14 Budgeted Operating Expenses; the Technology Repair and Replacement and Efficiency Reserve is established by management; and the PRM Reserve is based on risk methodology.

Strategic Planning Committee

Mr. John H. Rust, Jr., Chair of the Strategic Planning Committee, stated that the Committee met on Monday, September 9, 2013 and decided that a Strategic Plan be developed to express the role of VRA in a way to guide the actions of staff and loans as VRA moves forward. The 2007 Strategic Plan was reviewed and even though it is a great annual report, it is not very strategic. The Committee further discussed the mission based on the current and future role of VRA and statutory requirements.

Mr. Rust continued that a Virginia Commonwealth University Performance Management Group (VCU PMG) representative was at the meeting and discussion transpired relative to how VRA can differentiate itself from other entities in the municipal bond business. There was discussion relative to finding a balance between providing financing to healthy municipalities and those who cannot finance without VRA. As a result, discussion focused on how to begin the process to develop a strategic plan. The Committee concluded that in order to identify the gaps and the proper role of VRA, it is necessary to receive input from constituents, that include customers that borrow from VRA, partners for whom VRA manages funds, financial advisors, engineers and consultants.

Mr. Rust stated by early October, VCU will provide the Committee an outline including steps to obtain input from constituents. It is the intent of the Committee to provide the Board with an outline with a group of questions for constituents to determine how they perceive the role of VRA. In addition, the Committee anticipates holding detailed focus groups and interviews with principal borrowers. Mr. Rust concluded that the input phase is only one step in developing the Strategic Plan. The actual Strategic Plan will take approximately two-years to develop, with bi-annual reviews anticipated thereafter. Discussion will continue at the Committee's December 9, 2013 meeting with a report to the Board on December 10, 2013.

Mr. Spencer stated that VRA has two strengths and they are staff and work by the Committees. These strengths should be considered during the development of the Strategic Plan.

Mr. Burdette noted that representatives from VCU PMG informed the Committee that input from staff and other initiatives undertaken will make this strategic planning process much easier than the undertaking for the 2007 Plan.

Old Business

There was no old business.

New Business

Board members shared technological issues pertaining to Board Docs. Staff will address the concerns.

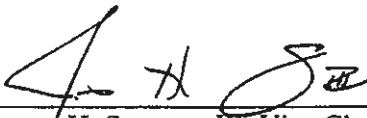
Public Comment Period

There was no public comment.

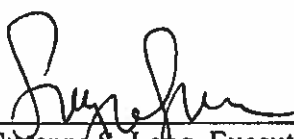
Adjournment

There being no further business to come before the Board, the meeting was adjourned at 11:20 a.m.

The next meeting of the Board will be held on December 10, 2013.



James H. Spencer, III, Vice Chair
Board of Directors



Suzanne S. Long, Executive Director
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY
AUDIT COMMITTEE
MINUTES OF THE REGULAR MEETING

The Audit Committee of the Virginia Resources Authority met on September 10, 2013, in the 18th Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

Members Present

Manju Ganeriwala, Chair
John J. Aulbach, II on behalf of Cynthia C. Romero, M.D., FAAFP
David Branscome (arrived at 8:10 a.m.)
Dena Frith Moore
John H. Rust, Jr.
James H. Spencer, III

Members Absent

William G. O'Brien, ex officio

Staff Present

Suzanne S. Long, Executive Director, Secretary to the Board
Jean Bass, Director of Policy & Intergovernmental Relations
Peter D'Alema, Director of Program Management
Michael Cooper, Director of Administration
Jon McCubbin, Controller
George Panos, Deputy Controller
Rachael Logan, Administrative Manager

Others Present

Norman Yoder, Partner, Brown, Edwards & Company, L.L.P.

Call to Order

Ms. Manju Ganeriwala, Chair, called the meeting to order at 8:06 a.m.

Approval of Agenda

Motion by Dena Moore, seconded by James Spencer, to approve the agenda as presented.

Motion carries unanimously.

Presentation of the Fiscal Year 2013 Audit

Ms. Ganeriwala introduced Mr. Norman Yoder, partner with Brown, Edwards & Company. She explained that Mr. Yoder will present the Audit process and opinion letters, and Mr. Jon McCubbin, VRA Controller, will follow with financial highlights.

Mr. Yoder stated that the auditor's report expresses an unmodified opinion on the financial statements. There were no significant deficiencies and no instances of material noncompliance relating to the audit of the financial statement on Internal Control. There were no significant deficiencies and an unmodified opinion relating to audit of the major federal award program and on Internal Control over Compliance in accordance with OMB Circular A-133.

Mr. Yoder proceeded to provide the Audit approach, noting that this is the first year his company has performed an audit for VRA. He continued that last year's auditor's work papers were found to be useful in the audit process. Compliance testing was conducted and questions asked of management. Tests were performed based on those responses. There were no findings which allowed for a clean opinion on the report. Because of the excellent attention from the management team and the finance staff, the audit went smoothly, and the auditors felt good about the process.

Mr. Yoder stated that a required letter will be forthcoming from him providing information relative to the audit that is significant only to VRA and the Audit Committee.

Mr. Branscome arrived at 8:10 a.m.

In response to the Committee's inquiry regarding the sampling of loans for confirmation, Mr. Yoder explained items were selected using a combined approach of statistical sampling and a dollar threshold of loans outstanding that was determined to be significant by the auditor. Mr. Yoder further stated that there were no adjustments that resulted from the loan confirmation process or any other area in the audit.

Ms. Ganeriwala thanked Mr. Yoder for his presentation, noting it is rewarding to know that VRA has received a clean audit. She stated that it is a reflection of excellent financial controls and she commended staff.

Mr. McCubbin stated that the audit process was a collaborative effort. He commended George Panos, Deputy Controller, Elizabeth Sakr, Fiscal and Administrative Specialist, Rachael Logan, Administrative Manager, the summer intern, directors and high level management for working diligently to make sure processes and policies are followed.

Mr. McCubbin reviewed the 2013 Comprehensive Annual Financial Report (CAFR) referencing the letter from the Executive Director that includes VRA 2013 accomplishments. He stated that the year was highlighted by five new bond issuances and a low interest rate environment that continues to provide numerous refunding opportunities and drive the loans funded in VRA's VPFP program. He noted that the U. S. Environmental Protection Agency (EPA) Cap Grant Awards in FY2013 included current and prior year Cap Grant Awards. VRA provided 121 loans and grants across all programs, and VRA's AAA (Senior) and AA (Subordinate) credit ratings were maintained thereby continuing to provide cost-effective financing to localities for critical infrastructure projects.

Mr. McCubbin proceeded to highlight VRA's Statements of Net Position, which is equivalent to a balance sheet showing year-to-year and percentage changes. He further referenced the Schedules of Revenues, Expenses and Changes in Net Position. He continued that total assets exceed liabilities, and total assets, liabilities, operating revenues and operating expenses increased. There was an operating loss, and driving that loss is grants to local governments in the Drinking Water program, where the goal is to assist economically disadvantaged water systems.

In response to Mr. Rust's inquiry, Mr. McCubbin noted that VRA is the financial manager of the Revolving Loan Funds and holds those financial assets.

There was discussion relative to the operating loss and the main drivers associated with the loss. There was further discussion regarding federal awards. It was suggested that staff explore a possible means of reporting increased grant activity in the State Revolving Funds (SRF) programs so that it does not appear as an operating loss on the balance sheet. There was discussion relative to the differential costs and revenue for Build America Bonds between the local loans and VRA bonds for Build America Bonds. It was noted that VRA's portion included bonds used to fund a Capital Reserve Fund resulting in a higher subsidy at the VRA level.

Mr. McCubbin provided an overview of the CAFR referencing financial statements of VRA as a whole, financial activity of the various programs, and a breakout of the Clean Water State Revolving Fund and Drinking Water State Revolving Fund to aid in EPA reporting. Mr. McCubbin shared a statistical table for trend information highlighting growing net assets and outstanding debt. He concluded that VRA's net position has grown and reserves have increased.

Closed Session

Ms. Long indicated that authorization is needed to go into closed meeting to discuss the Audit.

Mr. James Spencer moved, and Mr. John Aulbach seconded, that the Audit Committee go into closed meeting for the purpose of discussion, including discussion with Norman Yoder, Brown, Edwards & Company, L.L.P., of the performance of specific public officers and/or employees and evaluation of specific departments that necessitates the discussion of the performance of specific public officers and/or employees, as permitted by Section 2.2-3711A.1 of the Virginia Freedom of Information Act.

A roll call vote on the motion resulted as follows:

Ayes: John Aulbach, David Branscome, Manju Ganeriwala, Dena Moore, John Rust, James Spencer

Nays: None

Absent during vote: William O'Brien

Absent during closed meeting: William O'Brien

The closed meeting commenced at 8:53 a.m.

Open Meeting

The meeting reconvened at 9:05 a.m.

Motion by Dena Moore, seconded by James Spencer, to approve the following resolution:

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Audit Committee of the Board of the Virginia Resources Authority (the "Authority") convened a closed meeting on September 10, 2013, pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

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

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

A roll call vote on the motion resulted as follows:

Ayes: John Aulbach, David Branscome, Manju Ganeriwala, Dena Moore, John Rust, James Spencer

Nays: None

Absent during vote: William O'Brien

Absent during closed meeting: William O'Brien

Motion carries unanimously.

Old Business

Quality Management Analysis

Mr. Michael Cooper, Director of Administration, provided an update on the Quality Management Analysis. The analysis, he said, is designed to ensure that policies, procedures and practices are up-to-date, current and efficient, a cohesive and consistent records management system is developed, and that accurate job descriptions are in place. This information will not

only benefit VRA currently, but will be essential going forward for future transitions and leadership.

Mr. Cooper stated that staff selected Virginia Commonwealth University's Performance Management Group (VCU PMG) to assist with this project. He noted that the project was accomplished within the established deadline. He shared strategies and graphics demonstrating the mapping and narrative processes of VRA's workflow of core processes. Mr. Cooper noted that there are additional actions staff must take to complete the process relating to records management, including creating a master roster of files. Therefore, the new records management and nomenclature processes are not intended to go live until January 1, 2014.

As part of this analysis, Mr. Cooper stated that Employee Desk Books, individualized for each VRA job position, have been created. These books will include an organizational chart, relevant job description, applicable process maps and narratives, and job aid for saving files.

Mr. Cooper concluded by expressing appreciation to the Audit Committee, Board of Directors, Virginia Commonwealth University's Performance Management Group (PMG) and staff for their support during the Management Analysis process.

In response to Ms. Ganeriwala, Mr. Cooper explained that PMG did all the process mapping; however, staff provided input relative to job descriptions.

Audit Committee Charter Update

Mr. Jon McCubbin, Controller, stated that in June 2013 the Committee recommended that staff review the Audit Committee Charter and try to define the roles of Internal and External Audits, ARMICS and Risk Management. In addition, staff was asked to distinguish between items in the Charter that pertain to policies and procedures and remove those that are procedural in nature so as to eliminate the need to amend the Charter frequently. Mr. McCubbin concluded that the revisions are ongoing and staff will have a revised draft of the Charter for Committee review at the December 2013 meeting of the Committee.

ARMICS

Mr. McCubbin stated that VRA is required to comply with Agency Risk Management and Internal Control Standards (ARMICS) under the Comptroller Initiative. Staff, he said, is required to file a report annually stating that VRA has evaluated its internal controls. He continued noting that if any issues are detected, staff must provide a recommendation for a corrective action plan and submit it to the Auditor of Public Accounts by September 30 of each year. He stated that VRA completed the process in August and there were no findings. He explained that VRA's consultants, Cherry Bekaert LLP performed the work. He explained that agencies have the option of contracting for the review or conducting it in house. VRA chose the former because of its limited staff capacity.

Mr. McCubbin continued that last year the Committee asked staff to distribute surveys to staff relating to VRA's internal controls as part of the ARMICS report. The surveys have been

circulated and are now coming to conclusion. Once all of the results have been received, staff will provide a report to the Committee in December 2013.

New Business

Ms. Suzanne Long, Executive Director, stated staff has been reviewing the VRA Investment Policy which has not been updated since 2010. She explained that VRA contracts with PFM for management of long-term investment of funds. Conversations have been held with representatives from PFM regarding ways to improve the policy. Based on the review, Ms. Long, along with staff, has decided that the policy should be changed in its entirety. She explained that VRA's policy was compared with GFOA samples and other policies across the country. Staff has also been receiving input from the Investment Director of the Virginia Department of Treasury. Ms. Long concluded that staff is in the process of refining the revised Policy and will present it to the Committee at its meeting in December 2013.

Public Comment Period

There was no public comment.

Adjournment

Motion by John Rust, seconded by Dena Moore, to adjourn.

Motion carries unanimously.

The meeting adjourned at 9:35 a.m.

The next meeting of the Committee will be held December 9 or 10, 2013.


Manju Ganeriwala, Chair


Suzanne Long, Executive Director/Secretary

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

The Portfolio Risk Management Committee of the Virginia Resources Authority met on September 9, 2013, in the 18th Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

Members Present

Dena Frith Moore, Chair
David Branscome
Evelyn Whitley, on behalf of Manju Ganeriwala
John H. Rust, Jr.

Members Absent

Thomas L. Hasty, III
William G. O'Brien, ex officio

Staff Present

Suzanne S. Long, Executive Director, Secretary to the Board
Jean Bass, Director of Policy & Intergovernmental Relations
Shawn Crumlish, Director of Debt Management
Peter D'Alema, Director of Program Management
Michael Cooper, Director of Administration
Jon McCubbin, Controller
Kimberly S. Adams, Program Manager
Stephanie Jones, Fiscal Analyst/Compliance Officer
Rachael Logan, Administrative Manager

Others Present

Steve Pellei, Office of Drinking Water, Department of Health
Arthur Anderson, McGuireWoods LLP, Bond Counsel
James Traudt, Davenport & Company LLC
Ty Wellford, Davenport & Company LLC

Call to Order

The meeting was called to order by Ms. Dena Frith Moore, Chair, at 3:34 p.m.

Approval of Agenda

Motion by John Rust, seconded by David Branscome, to approve the agenda as presented.

The motion was approved unanimously.

Portfolio Risk Management Staff Update

Prior to his presentation, Mr. Peter D'Alema, Director of Program Management, introduced Ms. Kimberly Adams, Program Manager, who has recently joined VRA. The Committee welcomed Ms. Adams.

2013B VPFP

Mr. D'Alema stated that VRA sold \$66.49 million in the 2013B Virginia Pooled Financing Program bonds (Summer Pool) on July 31, 2013 on behalf of five borrowers. The transaction included tax-exempt Infrastructure Revenue Bonds and State Moral Obligation Bonds. The loans financed or refinanced projects in six of VRA's 18 authorized project areas. He continued by providing a transaction overview stating that the True Interest Cost (TIC) and the All-In TIC were very competitive. Mr. D'Alema explained that two of the borrowers realized substantial savings by refunding prior Virginia Pooled Financing Program (VPFP) debt. He reviewed the borrower summary, stating that four of the loans have new money elements and two have refunding elements. Mr. D'Alema further highlighted the VPFP portfolio summary post Series 2013B that shows continuous growth and diversity. Mr. D'Alema concluded by referencing the VPFP Issuance Activity for Fiscal Year 2011 through Fiscal Year-To-Date 2014. The Summer Pool closed on August 14, 2013.

2013C VPFP

Mr. D'Alema provided an update on the 2013C VPFP (Fall Pool) noting that VRA received eight applications from potential borrowers covering ten of VRA's project areas, with two subsequently withdrawing. He stated that due diligence calls were conducted and VRA staff contacted eligible VRA refunding candidates. Mr. D'Alema continued that Greenville County Water and Sewer Authority and the Rapidan Service Authority are anticipated to join the pool as refunding borrowers in order to realize savings on prior VRA debt.

In response to Ms. Moore and Mr. Rust who asked how future VRA refunding volume would impact overall VPFP issuance, Mr. James Traudt of Davenport & Company LLC stated that an analysis can be done, with rates at the current level, showing how many bonds in the VRA pool will be eligible for refunding over the coming years and at what savings levels these bonds should be considered for refunding.

There was discussion relative to drivers for new issuance of debt.

Mr. D'Alema continued his presentation highlighting the borrowers in the 2013C VPFP, noting that two of the proposed borrowers are on the Committee's agenda for further discussion.

Fairfax County

Fairfax County requested \$13 million from the 2013C VPFP to finance renovations to a County-owned senior center offering senior housing, assisted living, and adult day health center facilities. The facility will be owned by Fairfax County and falls within VRA's Local Government Building authorization. Mr. D'Alema shared the proposed renovations, noting that Fairfax County has offered a subject-to-appropriation special fund revenue pledge as security for

the loan with no security interest in the facility. He explained the proposed debt structure, stating that PRMC and Board approval is required to issue the loan as the underwriting guidelines do not currently contemplate subject-to-appropriation-only pledges of local government borrowers as loan security. He shared points that the Committee should consider relative to approval of the debt structure, the County's liquidity and historic financial performance. Mr. D'Alema noted that Fairfax has strong liquidity, with a AAA general obligation bond rating. He concluded that staff recommends approval of the Fairfax County loan request based on strong historic financial performance, liquidity, state-aid coverage, and existing credit ratings. Mr. D'Alema continued that three of the four VRA tax-supported guideline ratios are strong; however, staff is further recommending that the Committee adopt underwriting guidelines to provide a framework for the approval of similar loan requests in the future.

There was discussion relative to the function of state-aid intercept. In response to the Committee, Mr. Traudt stated that the Fairfax request is a commonly accepted credit in the public debt markets. He noted that the credit provides reasonable protection for VRA and should give sufficient comfort to rating agencies.

Mr. D'Alema reviewed the proposed Appropriation Only Backed Transaction Guidelines for consideration. There was extensive discussion resulting in recommendations by Mr. Rust included in the motion to approve the guidelines. It was further suggested by Mr. Arthur Anderson, McGuireWoods LLP, Bond Counsel, that the guidelines be specific to towns, counties and cities.

There was a motion by John Rust, seconded by Evelyn Whitley, to recommend to the Full Board adoption of the Appropriation Only Backed Transaction Guidelines as drafted with the following three changes: 1) opening sentence: "The guidelines herein are intended to apply to direct transactions of \$25 million or less for cities, counties or towns only backed by appropriations where no real estate collateral is offered as part of the loan security."; 2) add, "the project being financed will remain unencumbered"; and 3) add, "the unassigned fund balance to total revenues ratio be at a minimum adequate according to VRA Tax Supported Debt Underwriting Guidelines".

Motion carries unanimously.

Motion by John Rust, seconded by Evelyn Whitley, to recommend to the Board approval of the Fairfax Transaction to finance renovations to a County-owned senior center and adult day health center facilities with a specific exception to the Appropriation-Only Backed Transaction Guidelines with respect to the unassigned fund balance to total revenues ratio based upon the unique reserve structure of Fairfax County.

Motion carries unanimously.

Town of Purcellville

Mr. D'Alema stated that the second applicant in the 2013C VPFP in need of PRMC consideration is the Town of Purcellville, which would require a special exception under the

restructuring guidelines. He stated that Purcellville has requested approximately \$38.6 million to refinance and restructure prior debt issues. He explained that the purpose of refinancing is to term out balloon payments on two loans and provide cash flow relief from debt service associated with debt incurred prior to the recession and decline in population and construction growth. He further explained that the restructuring will minimize water and sewer rate increases and real estate tax increases over the next six years, matching cash flow to expected growth.

Mr. D'Alema reviewed Purcellville's security, noting that the Town has requested to refinance and restructure the proposed debt under a single general obligation bond with a general obligation pledge. The prior bonds were secured by the Town's general obligation pledge and the Town's water and sewer system revenues. He stated that Purcellville's liquidity is relatively strong, general property taxes are improving, the tax supported guideline metrics based on FY12 are mixed, and the Town's state-aid coverage is weak. He reviewed the Enterprise Fund credit profile, noting despite a declining trend, the Enterprise Fund liquidity remains strong.

Mr. D'Alema stated that staff is recommending approval of the loan based on strong demographics, general fund strength, and management's history of raising water and sewer rates to support Enterprise Fund operations. Staff further recommends that VRA keep the same existing security on the debt to be restructured or refunded which would result in two separate bonds: one General Obligation bond and one double barrel bond. In addition, VRA is asking for a negative pledge of the Enterprise Fund to ensure a minimum level of liquidity.

Mr. D'Alema explained that the proposed restructure is before the Committee because of the loan size. He continued that Purcellville did receive solid ratings on the general obligation debt which allows them to do the transaction on their own potentially under more favorable terms.

There was extensive discussion relative to the rationale for approving the loan, loan structure, potential use of a debt service reserve fund, and the potential advantages of Purcellville seeking financing in the public market as a stand-alone issue.

Following discussion, PRMC determined that additional information is needed to provide an informed decision relative to the Purcellville request to refinance and restructure prior debt. Therefore, it was the consensus of the Committee to table the request by Purcellville until the December 9, 2013 meeting of the Committee.

Portfolio Risk Management Committee Staff Update

Ms. Suzanne S. Long, Executive Director, introduced the discussion relative to the status of towns, specifically, Pocahontas and Pound, in VRA's portfolio. She stated that she will provide statistical data on town borrowers after Mr. Peter D'Alema, Director of Program Management, provides an update on the Town of Pocahontas, and Mr. Shawn Crumlish, Director of Debt Management, provides an update on the Town of Pound.

Town Borrower Updates

Mr. D'Alema stated water loss and stagnant water rates impaired the Town of Pocahontas' ability to pay debt service on a 2005B VPFP loan. Though no loan payments were missed, the Town borrowed funds from Tazewell County to make its April 2013 payment. Pocahontas has developed a plan to set aside funds monthly to meet the October 1, 2013 VPFP loan payment. In June 2013, the Virginia Department of Health (VDH) extended an initial loan offer to the Town to refinance the VPFP 2005B loan at 0% interest through its Drinking Water Program, subject to VRA credit review. Based on the arrangement with VDH, VRA will have the ability to increase the security on the loan, adding a revenue pledge and debt service reserve fund requirement to the existing general obligation pledge.

Mr. Crumlish stated that due to a greater-than-expected decline in coal severance tax revenues, the Town of Pound contacted VRA in May 2013 to discuss the Town's inability to make its August payment and the possibility of extending payment terms for two loans in the Clean Water program. Extension of payment terms is typically not offered in the Clean Water program. Based on the Town's hardship, in July 2013, VRA agreed to a request to make a payment after the due date to allow the Town to authorize and execute a refunding with a bank. He explained that the arrangement with the bank was very successful and a prepayment was received for two Clean Water loans in August. Mr. Crumlish concluded that the request by the Town of Pound to extend payment terms has prompted VRA's Compliance Officer to review other localities and authorities in similar situations to determine the overall impact on the portfolio.

Town Borrowers Statistical Data

Ms. Long proceeded to highlight statistical data pertaining to VRA's portfolio. She noted that the red risk category does not mean a default in the future; rather, there is some financial or circumstantial reason that a borrower is not as strong as others. She explained that greater loan monitoring is applied to these borrowers, and the large majority of red borrowers have always made timely payments.

Ms. Long continued that of the 83 town borrowers, 28 are red and specific concerns have been raised about seven specific loans. The towns that are at risk are making timely payments; however, these towns continue to be on the watch list and are monitored closely, particularly around payment dates.

Ms. Long suggested that the Committee review the provided Town Loan Activity and Requests charts showing VPFP applicants from 2011B to 2013A and the Revolving Loan Fund Town applicants from FY2011 to FY2013. She shared pie charts showing the portfolios for the Drinking Water State Revolving Fund, Clean Water Revolving Loan Fund and VPFP. She explained that Drinking Water has not leveraged, has no exposure to public debt and has the highest number of town participants. Certain Clean Water loans are leveraged and the program includes the second largest number of towns. The VPFP includes the smallest number of towns in its portfolio, but has the most exposure to public debt.

Ms. Long showed a chart representing VRA's entire portfolio, 8% of which are towns. She explained that towns tend to be more financially stressed communities because they have a

smaller user base and population to share the burden of the loans issued for necessary capital projects. Ms. Long continued that towns often use both general obligations and revenue pledges to secure debt. However, she stated that the concern is whether there should be underwriting guidelines specific to towns in order to improve the consistency of town loan security across the portfolio.

Ms. Long concluded that staff will provide information to the PRMC at its December 2013 meeting relative to possible guidelines for town borrowers in the portfolio.

Old Business

There was no old business.

New Business

There was no new business.

Public Comment Period

There was no public comment.

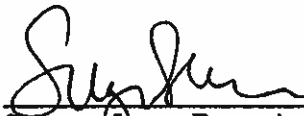
Adjournment

There being no further business to come before the Committee, the meeting adjourned at 6:23 p.m.

The next meeting of the Committee will be held on December 9, 2013.



Dena Frith Moore, Chair



Suzanne Long, Executive Director/Secretary

VIRGINIA RESOURCES AUTHORITY
STRATEGIC PLANNING COMMITTEE
MINUTES OF THE REGULAR MEETING

The Strategic Planning Committee of the Virginia Resources Authority met on September 9, 2013, in the 18th Floor Meeting Room, 1111 E. Main Street, Richmond, Virginia.

Members present

John H. Rust, Jr., Chair
David Branscome
Randall Burdette
Dena Frith Moore
James H. Spencer, III (arrived at 1:49 p.m.)

Members Absent

William G. O'Brien, Ex Officio

Staff

Suzanne S. Long, Executive Director, Secretary to the Board
Jean Bass, Director of Policy & Intergovernmental Relations
Shawn Crumlish, Director of Debt Management
Michael Cooper, Director of Administration
Peter D'Alama, Director of Program Management
Jon McCubbin, Controller
Stephanie Jones, Fiscal Analyst/Compliance Officer
Rachael Logan, Administrative Manager

Others

Steve Pellei, Virginia Department of Health, (arrived at 3:05 p.m.)
Greg Brittingham, Virginia Commonwealth University Performance Management Group

Call to Order

The meeting was called to order by Mr. John H. Rust, Jr., Chair, at 1:39 p.m.

Approval of Agenda

Motion made by Mr. Burdette, seconded by Mr. Branscome, to approve the agenda as it stands.

Motion carries unanimously.

Committee Purpose

Mr. Rust stated that as a result of the expanded role of VRA in a variety of distinct project areas, the current Strategic Plan is in need of review and update. He asked Committee members to think about the role that VRA has played, the role they see VRA playing, and the role VRA will play in the future.

Ms. Suzanne Long, Executive Director, stated that the Strategic Planning Committee had been reactivated to determine the current position of VRA and to focus on where VRA should be in the next five years. In May, she said, the ground work was laid for a strategic planning process that provided discussions of where the Authority is and the opportunities and challenges it faces now and in the future. She also noted that past efforts of the Board and staff have already laid a sound foundation for future planning initiatives. Ms. Long thanked the Committee members for agreeing to serve and to perform this process.

Strategic Planning Overview

Ms. Jean Bass, Director of Policy & Intergovernmental Relations, began discussion with an overview of the current Strategic Plan. She stated VRA is not a state agency, but a self-financed, political subdivision of the Commonwealth. However, she noted, VRA has generally adhered to direction given state agencies, particularly those in the Commerce and Trade Secretariat. So, when Executive Branch agencies were directed to develop a Strategic Plan, VRA also did so.

Ms. Bass stated that since VRA's inception there has been some form of self-assessment or strategic planning initiative. Strategic Plans of the Authority date back to the 1990s. In 2003, the Virginia Legislature approved a bill establishing the Council on Virginia's Future which provided strategic planning guidance to state entities that tied the performance objectives of each agency to the State Budget. Though not in the State Budget, VRA chose to follow these directives. The result was a plan that could not be measured in the same manner as other Commerce and Trade entities because VRA was not in the State Budget.

Ms. Bass stated that VRA's current Strategic Plan was developed in 2006, and amended in 2008 and 2009, following the addition of new project areas and the collapse of the credit market. The amended language reflected project areas approved by the General Assembly for VRA financing, partnerships created as a result of newly authorized project types, and a reflection of VRA's goal to provide financing solutions that could be supported and maintained by localities. As a result of this goal, the word "sustainable" was added to the mission statement. The strategic planning process, now under consideration, provides an opportunity to define what VRA can do and whether or not the statutory provisions defining VRA's role mean what they did in 1984.

Ms. Bass noted that the 2007 Strategic Plan was developed by the VRA Board and staff and was facilitated by the Performance Management Group of Virginia Commonwealth University. That review lasted well over a year.

Mr. James H. Spencer, III arrived during comments by Ms. Bass.

In discussions of the existing Strategic Plan, Mr. Burdette stated that at the beginning of the document are the mission statement, vision and values. He suggested that going forward the goals and objectives be placed directly behind the values. In addition, there should be measurements of the objectives to hold staff and the Board accountable. All supporting documentation should be at the end of the document. The Executive Director concurred with Mr. Burdette.

Ms. Bass explained that in 2007, the VRA Board approved a resolution to participate in the performance measuring criteria established by the Council on Virginia's Future and directed by the Department of Planning and Budget. Performance measures were tied to the State Budget and progress for each agency was measured through the Commonwealth Accounting and Reporting System (CARS), which tracks the financial activities of Executive Branch agencies. However, because VRA is not in the State Budget nor its expenditures reported in CARS, the exercise was unsuccessful.

Noting that much of the information was dated in the Strategic Plan, Mr. Rust asked how long it would take staff to revise some of the information included in the current Plan. Ms. Bass noted that an executive summary including 2009 and 2010 amendments to the plan is on the website but is not included in the current plan presented to the Committee. Ms. Bass also noted that the information in the Strategic Plan can be updated to reflect more current data.

Ms. Moore, in examining the current Strategic Plan, questioned the need to include assessment of historical progress in the Strategic Plan, noting that this information is provided monthly and included annually in the CAFR. Ms. Moore suggested that a strategic planning report-out session be held for Board members annually to evaluate the success of meeting goals. The result of these meetings can be made an addendum to the Strategic Plan until it is time to do a comprehensive review of the Plan.

Mr. Burdette noted that the stated goals need substance. He stated that the objectives should be measurable and short-term, 12 to 18 months. If the Committee agrees to update the objectives annually, he said, there would be an up-to-date Strategic Plan that the Executive Director and staff can work with and know what is expected. The Executive Director concurred with a yearly report to the Board. Mr. Rust stated it will be difficult for staff to conduct a comprehensive report annually and suggested a bi-annual review instead with regular reviews relative to VRA's performance in meeting the goals established. Mr. Branscome supported a bi-annual review of the Strategic Plan.

In further discussions, Mr. Burdette suggested that a two to three page document will be more beneficial. Mr. Spencer concurred stating that Strategic Plans are merely shelf documents public entities are required to produce.

Mr. Rust noted the need for the Strategic Plan to include matters identified by the Committee as important. Mr. Spencer suggested that the Strategic Plan address the possibility of small

localities defaulting on loans and a means to identify the possibility of such defaults. Mr. Burdette stated that objectives should be included that will address the vision and goals relating to growth of VRA. Ms. Long added that a decision should be made relative to what growth means to VRA, the measurement of the growth, and the parameters, if any, in terms of competing with private markets.

There was extensive discussion regarding growth including funding, relevant input from borrowers, Committee involvement in managing growth including the addition of new project areas dictated by General Assembly; missions of partner agencies; and any other statutory requirements placed on VRA by the General Assembly.

Additional discussion transpired relative to identifying VRA's potential borrowers and stakeholders; defining the market that VRA serves; and determining whether VRA wants competition.

It was noted that VRA is a lender of first result for communities that are struggling. VRA is further regarded as financing experts and has been called upon to provide financial management support to other state initiatives.

Strategic Planning Process

Mr. Rust introduced Mr. Greg Brittingham with the Virginia Commonwealth University (VCU) Performance Management Group. Mr. Brittingham provided an update on his and the school's experience relative to VRA's earlier strategic planning exercise.

Mr. Brittingham stated that he agrees with the Committee that a Strategic Plan is needed. He stated that once VRA decides what it wants to be, it should start building upon its strengths. He stated that his approach to the planning process is to offer recommendations after the Committee has responded to several questions. Afterwards, he will work with staff to put together a plan.

Mr. Brittingham stated that he likes to start with the end in mind. He then asked the Committee what would make the plan a tremendous success. The Committee members responded that the plan should be short, succinct, tell the story, give a clear picture and provide clear direction, and be simple. The Committee further responded that the Strategic Plan should identify VRA's strengths, weaknesses, opportunities, and threats. Further, it should define VRA's market, identify the needs of VRA's borrowers, and show how VRA's mission is driven by the communities it serves.

There was extensive discussion relative to the process to be used to obtain feedback from partners, stakeholders and borrowers. It was suggested that a survey of customers be conducted identifying needs, and focus groups be conducted at conferences. Mr. Brittingham stated that the biggest task in the strategic planning process is the survey and the development of key questions.

Mr. Steve Pellei arrived at 3:05 p.m. for the Portfolio Risk Management Committee.

In response to Mr. Brittingham's inquiry regarding how much involvement the Committee/Board would have in the strategic planning process, the Committee agreed that the Board should be charged with developing the vision, mission and goals of VRA and the staff would have the responsibility of identifying strategies and setting specific objectives.

Because of the changes in VRA since the 2006-2007 adoption of the existing plan, Mr. Brittingham agreed with Mr. Burdette's observation that the Committee and staff revisit the goals noted in the existing plan and make whatever revisions may be necessary. There was extensive discussion relative to metrics for goals and objectives.

Mr. Brittingham concluded that he can prepare an outline of the strategic planning process by October 1, 2013. In addition between October 1 and the December 2013 meeting, he can meet with focus groups and conduct strategic interviews to develop broader questions for presentation to the December 2013 Board meeting.

It was determined that discussion relative to the outline will be conducted in groups of twos by telephone.

Closing Remarks

Mr. Rust thanked everyone for their interest and participation.

Old Business

There was no old business.

New Business

There was no new business.

Public Comment Period

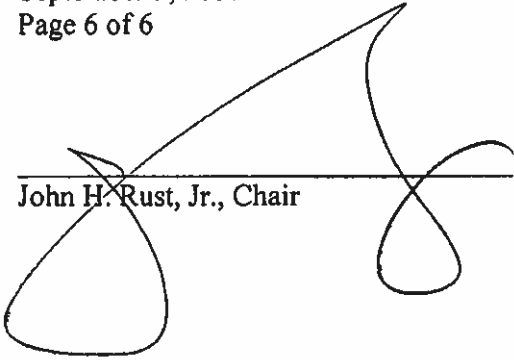
There was no public comment.

Adjournment

There being no further business, the meeting adjourned at 3:24 p.m.

The next meeting of the Committee is December 9, 2013.

Strategic Planning Committee Meeting – Approved
September 9, 2013
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John H. Rust, Jr., Chair



Suzanne S. Long, Executive Director/Secretary