

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

The Portfolio Risk Management Committee of the Virginia Resources Authority met on Monday, June 12, 2017, in the Virginia Resources Authority Boardroom, Bank of America Building, Suite 1920, 1111 E. Main Street Richmond, Virginia.

Committee Members Present

Barbara McCarthy Donnellan, Chair
Manju Ganeriwala
Thomas Hasty
Valerie Thomson on behalf of David K. Paylor

Committee Members Absent

David Branscome

Other Board Members Present

Cecil R. Harris

Staff

Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Deputy Executive Director
Peter D'Alema, Director of Program Management
Shawn Crumlish, Director of Financial Services
Curtis Doughtie, Director of Administration and Finance
Kimberly Adams, Senior Program Manager
Joseph Bergeron, Financial Services Manager
Stephanie Jones, Senior Program Manager/Compliance Officer
Catherine O'Brien, Accounting Manager
Andrea Pearson, Financial Services Manager
Stephanie O'Neill, Receptionist

Others

Howard Eckstein, Virginia Department of Health, Office of Drinking Water
Arthur Anderson, McGuireWoods, LLP
Ty Wellford, Davenport and Company, LLC
Reid Schwartz, Davenport and Company, LLC

Call to Order

The meeting was called to order by Ms. Barbara McCarthy Donnellan, Chair, at 2:05 p.m.

Approval of Agenda

There were no modifications to the agenda.

Motion by Ms. Ganeriwala, seconded by Ms. Thomson, that the agenda be approved.

Motion carried.

Portfolio Risk Management Committee

2017A Virginia Pooled Financing Program (VPFP): Mr. Peter D'Alema, Director of Program Management, presented the 2017A VPFP transaction overview stating that VRA sold \$62.095 million in VPFP bonds in May 2017 on behalf of six local government borrowers, covering seven of VRA's 18 authorized project areas. The sale included tax-exempt Infrastructure (Aaa/AAA rated) and State Moral Obligation (Aa2/AA rated) Revenue Bonds. The True Interest Cost (TIC) was 3.06% and the All-in TIC was 3.25%. Mr. D'Alema continued that the underwriters participating in the negotiated portion of the transaction were JP Morgan, Senior Manager, Loop Capital Markets, Co-Manager and Robert W. Baird & Co., Co-Manager. The Bank of America Merrill Lynch was the lowest bidder for the competitively-bid subordinate bonds which were sold on a competitive basis with a 3.11% TIC.

Mr. Ty Wellford, Davenport and Company, LLC, stated that the negotiated portion of the sale was approximately \$43 million, while the competitive portion of the sale was approximately \$19 million. Many of the bonds, he said, were concentrated in a narrow maturity range. He concluded that J.P. Morgan's efforts with a pre-marketing period allowed the team to take advantage of the momentum in the market. There were 33 different buyers that participated.

Mr. D'Alema highlighted each borrower sharing the final local loan par amounts, related VRA project areas, project descriptions, security for each local loan. Approximately 73% of the spring pool par amount was issued for new money purposes, and 27% of the spring pool par was issued for refunding purposes. He concluded that two local borrowers refunded prior debt obligations for a Net Present Value (NPV) savings in excess of \$1.12 million.

Virginia Portfolio Financing Program (VPFP) Portfolio: Mr. D'Alema, Director of Program Management, stated that the VPFP Portfolio, after the issuance of the Series 2017A bonds, includes \$2.42 billion in total local borrower loans outstanding. The top ten borrowers represent 36.05% of the portfolio, with the largest borrower, City of Suffolk, at 7.49% of the overall portfolio. He noted that the overall credit quality of the top ten borrowers is strong. Mr. D'Alema shared the five-year (FY13-FY17) issuance trend, noting that issuance volume declined in FY2016 and FY2017 from a recent high of \$465 million in FY2015, primarily as a result of a decline in overall refunding volume.

Commonwealth Moral Obligation (MO) Capacity: Mr. D'Alema highlighted the Commonwealth MO Capacity, stating that after the VPPF 2017A issuance MO backed debt totals approximately \$932 million with approximately \$568 million in MO debt capacity remaining. He continued noting that over \$56 million in MO backed debt matures between June 30 and November 1, 2017, leaving approximately \$624 million in estimated remaining MO debt capacity by the fall of 2017, excluding the effects of the summer 2017 VPPF issuance.

Bristol Virginia Utilities Authority (BVUA): Mr. D'Alema provided an update on the BVUA, noting that it continues to work with Sunset Digital Communications (Sunset) on the pending sale of the BVUA Optinet system for approximately \$50 million. He explained that Cumberland Plateau Company (CPC) jointly owns certain Optinet assets with BVUA, which BVUA operates under an operator agreement contract with CPC. He stated that in April 2017 CPC conditionally approved a new operator agreement with Sunset, subject to necessary approvals from federal and state entities related to the sale, and final approval from the Virginia Coalfield Coalition (VCC). VRA is cautiously optimistic that the sale will occur but not by June 30, 2017. Mr. D'Alema explained that VRA's Credit Committee approved the request by BVUA to sell the Optinet system based on an analysis showing the ability of BVUA to service the remaining 2010C debt service after the defeasance of the Optinet portion. BVUA is current on all payments to VRA. Mr. D'Alema concluded that there is a backup plan to raise cable rates significantly over the next two years if the sale is not successful.

Ms. Stephanie L. Hamlett, Executive Director, added that VRA became aware through BVUA of a reporting discrepancy between VRA and the Auditor of Public Accounts (APA) to JLARC indicating that the cable and internet system is in financial trouble. However, the discrepancy has been clarified and findings updated.

City of Petersburg: Mr. D'Alema provided an update on the City of Petersburg, stating that the Robert Bobb Group remains active in the day-to-day operations of Petersburg as it continues to improve the financial condition of the City. VRA received payments for the Virginia Pooled Financing Program (VPPF) and Clean Water Revolving Loan Fund (CWRLF) loans prior to the due date of April 1, 2017. The City's contract with the Robert Bobb Group expires in September 2017. It is anticipated that a city manager and finance director will be hired prior to the end of the Robert Bobb Group's contract to allow for a transition to a new management team. Mr. D'Alema explained that Petersburg continues to explore possible options regarding the future of the water and sewer systems. The options being reviewed by the Robert Bobb Group include the sale of the water and sewer system to a private operator which has received citizen opposition but appears to be favored by the Robert Bobb Group; franchising the operation of the water and sewer system for a term of up to 40 years; creation of a regional water and sewer authority; or outsourcing water and sewer operations of the City. Mr. D'Alema said that a significant capital improvement program is needed to rehabilitate the City's water and sewer system as well as their share of the water and wastewater treatment assets of the regional authorities in which Petersburg participates. Lastly, he stated that Petersburg is considering the restructure of a portion of its long-term existing debt through an issuance by Petersburg rather than through VRA to increase cash flow and build a fund balance.

There was extensive discussion regarding Petersburg's difficulty in collecting delinquent taxes and water/sewer user fees. Ms. Hamlett added that Petersburg has not had discussions with VRA relative to the restructuring of its financial obligations.

2017B Virginia Pooled Financing Program (VPFP): Mr. D'Alema stated that eight application requests were received for consideration in the 2017B Summer Pool, with approximately \$46.83 million in requested proceeds. He shared the list of the applications noting that only three of the eight will likely move forward in the summer transaction. Two of the projects will be deferred to the fall due to a timing issue and three projects are seeking bank financing. He provided additional detail on the three borrowers moving forward, noting the requested proceeds, project areas, project descriptions and anticipated security for each loan request. In addition, two other localities are considering refunding existing VPFP debt for debt service savings. At this time, the volume of the summer transaction is expected to be in the \$50 million range. Mr. D'Alema continued that due diligence calls were conducted with all applicants and preliminary local loan underwriting efforts indicate that the loan requests fall within VRA's existing underwriting guidelines. Borrowers that are seeking new debt exposure with VRA will adopt local authorizing resolutions by June 23rd. Transaction details will be provided at the September 2017 meetings of the PRMC and Board. The proposed pre-closing and closing dates are August 15-16, 2017.

Distressed Communities Program (VirginiaHELPS)

Ms. Stephanie L. Hamlett, Executive Director, stated that the VirginiaHELPS program was developed based on concerns with Petersburg and its financial crisis. The program as envisioned is a straight conduit program with no moral obligation support from the Commonwealth and is not a pooled program. The program will be considered for local governments that are fiscally distressed and do not qualify for participation in other existing VRA financial programs. The terms of loans would be designed to assist the locality in improving its financial condition through covenants that may include building reserves, limiting additional borrowing, and requiring certain local officers or constitutional officials to be parties to the transaction with specific covenants. She said, the program will assist borrowers through public bond issues or direct bank placement financing. VRA fees for the program will reflect the credit risk of the borrower and address the cost of additional monitoring by VRA. She stated that VRA will not actively market the program; rather, it will serve as a potential tool for VRA to assist localities that are experiencing significant fiscal distress. In addition, she stated that staff is recommending that the program be in place by September 2017 in the event that Petersburg requests assistance from VRA if the City is unable to issue bonds on its own to complete the planned long-term debt restructuring.

There was extensive discussion relative to conduit issuance, the benefits of the VirginiaHELPS program, distressed communities and debt obligations, debt service coverage, security, enhanced state aid, and the role of VRA as a conduit issuer.

Ms. Hamlett recommended approval of a resolution establishing the VirginiaHELPS Program. Discussion continued relative to the possibility of Petersburg seeking VRA assistance with its financial needs, limitations for using the funding, and the use of State Aid for schools and

infrastructure. In addition, Ms. Hamlett stated that the program is not expected to impact staff's workload.

Motion by Ms. Donnellan, seconded by Ms. Ganeriwala, to recommend to the full Board approval of a Resolution authorizing the Executive Director to establish the VirginiaHELPS Program and to make loans in the program not to exceed \$50 million and to provide prior written notice of any loan to the Chair and Vice-Chair of the Virginia Resources Authority Board of Directors and the Chair of the Portfolio Risk Management Committee.

Motion carried.

The resolution is attached hereto and made a part herein.

Virginia Tobacco Region Revolving Fund (TRRF)

Mr. Shawn Crumlish, Director of Financial Services, provided background on the Tobacco Region Revitalization Commission. The mission of the Commission, he said, is to promote the economic revitalization of tobacco growing localities. The Commission serves 41 tobacco growing localities in Southside and Southwest Virginia.

To date over 1,900 grants have been made totaling \$1 billion and the grant objectives have been enhancing economic development capacity through broadband, industrial sites, workforce education development initiatives and health care. After years of funding projects with grants, the Virginia Tobacco Region Revolving Loan Fund was established with the intent of making loans and recycling loan payments for additional project funding. In 2015, the General Assembly allowed the Commission, at its discretion, to allocate up to \$50 million into the Virginia Tobacco Region Revolving Fund (TRRF).

The loans are available to local government entities; however, conduit loans through Industrial or Economic Development Authorities, to non-profit or business enterprise, are permissible. The Commission determines who gets the loan, for what projects and what amounts. VRA's role is to underwrite the loan and determine adequate security. A legislative change will go into effect on July 1, 2017 stating that VRA designated projects are eligible projects, as well as any "other proposal" recommended by the Commission. These are required to have 25% of funding sources other than debt. Mr. Crumlish shared an application list highlighting the amount and project description of some of the requests to the Commission. He said that VRA is working in an environment where VRA's underwriting guidelines have not been established for the types of loan under consideration. He noted that there is a lot more risk associated with the projects seeking TRRF loan funds, which often include risks more commonly associated with commercial bank loans.

The first loan approved for the TRRF was to the Town of St. Paul as a general obligation pledge using Tax Supported Debt Guidelines for a hotel project that includes the purchase of furniture and equipment for the Willis Building and Dye Property Redevelopment project. The second loan request is from Bluefield College, a non-profit educational institution, that may be made to the

Town of Bluefield Industrial Development Authority or through another conduit. No VRA guidelines apply to private higher education obligors. The staff is therefore recommending that VRA's Executive Director and staff, along with the Tobacco Commission and staff, work towards finalizing the loan security for this interim period until staff comes back with more permanent underwriting Guidelines for the TRRF.

Ms. Hamlett recommended that the Bluefield College loan be approved subject to VRA Executive Director and staff and the Tobacco Commission Executive Director and staff being comfortable with the security provided.

Mr. Crumlish called on Ms. Andrea Pearson, Financial Services Manager, to provide an update to the Committee on the Bluefield College loan request. Ms. Pearson stated that the loan request is in the amount of \$1.1 million to finance construction of a third floor addition to an existing two-story science building that will house a new master's program for nurse practitioners. Anticipated security is still to be determined; however, one strong possibility is a senior lien on some portion of the college's property. However, the USDA Rural Development Program currently has loans outstanding to the College that have first deed of trust; and therefore, will require consent of the USDA. There are no VRA guidelines that apply to private higher education obligors. To evaluate this loan application, VRA is using Moody's rating methodology for non-profits and higher education. The scorecard displays the college's strengths and weaknesses in terms of its market position, operating performance and balance sheet. The College has \$10.4 million of USDA Rural Development Community Facilities Loans outstanding secured by Deeds of Trust on virtually all College property. Ms. Pearson explained that a senior lien on College property for the TRRF loan would require USDA parity consent. Based on Moody's scorecard, Ms. Pearson stated that the Board is being asked to allow the project loan to go forward.

In response to the Board, Mr. Crumlish stated that the term of a USDA loan is 40 years, bearing 3.5% to 4% interest. He explained that the Federal regulation states that USDA can refinance other debt as long as its 50% of the total loan. Ms. Hamlett stated that the Tobacco Commission agreed to grant Bluefield up to \$275,000 to offset the \$2 million loan. In addition, Bluefield has a \$500,000 donation from a foundation, as well as donations from various families.

Ms. Hamlett recommended authorization up to \$1.1 million to Bluefield Industrial Development Authority for Bluefield College provided that the VRA and Tobacco Commission staff are comfortable with security for the loan. Additional security may include a USDA loan guarantee.

Motion by Ms. Donnellan, seconded by Mr. Hasty, to recommend to the Full Board authorizing VRA Executive Director and staff in conjunction with Tobacco Commission staff to finalize terms for a \$1.1 million loan to Bluefield College from the Tobacco Region Revolving Fund.

Motion carried.

FY2018 Shelf Resolutions

Mr. Peter D'Alema, Director of Program Management, stated that staff is seeking approval of the FY2018 Shelf Resolutions for the Virginia Pooled Financing Program (VPFP), Virginia Airport Revolving Fund (VARF), Green Community Program, Clean Water State Revolving Fund state match, and VRA refundings where minimum debt service savings of 3% of refunded par can be achieved on a net present value basis. The VPFP shelf resolution requests authorization for issuance of up to \$400,000,000 in FY2018, which represents a decline from the maximum authorized par amount in FY2017 due to an expected decrease in refunding volume in FY2018. The VARF shelf resolution maximum authorized par issuance for FY2018 was increased by \$10 million from FY2017 in the event that VRA needs to leverage the VARF program in FY2018 to meet potential airport loan demand. All of the other shelf resolutions are very similar to those adopted in FY2017 related to the Green Community Program and the Clean Water State Revolving Fund.

Motion by Ms. Donnellan, seconded by Ms. Ganeriwala, that the PRMC recommend to the Full Board approval of the following shelf resolutions:

Resolution authorizing the issuance and sale of up to \$5,850,000 in Clean Water State Match Revenue Bonds for the Fiscal Year Ending June 30, 2018;

Resolution authorizing the issuance and sale of bonds to refund outstanding bonds as long as a minimum of 3% NPV savings can be achieved;

Resolution authorizing the issuance and sale of up to \$20,000,000 in Airports Revolving Fund Bonds for the Fiscal Year Ending June 30, 2018, the lending of the proceeds thereof to finance or refinance airport projects, and the making of direct loans from the Virginia Airports Revolving Fund for Airport Projects;

Resolution authorizing participation by the Virginia Resources Authority in the Virginia SAVES Green Community Program established by the Virginia Department of Mines, Minerals and Energy and the issuance of Qualified Energy Conservation Tax Credit Revenue Bonds during the Fiscal Year Ending June 30, 2018;

Resolution authorizing the issuance of up to \$400,000,000 in Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) for the Fiscal Year Ending June 30, 2018; and

Resolution authorizing the establishment of the VirginiaHELPS Conduit Borrower Program and the issuance of up to \$50,000,000 in bonds to fund the program in Fiscal Year 2018.

Motion carries.

Loan Monitoring and Compliance

Ms. Stephanie Jones stated that in an effort to deliver more timely data to the Board, a slight modification is being made to the relative categories portion of the Database. The Database has four relative categories to include unemployment, fiscal stress ranking, debt per capita, and real estate per capita. Since the risk rating of borrowers is contingent on other borrower's data, this has essentially required all fiscal year data to be received and reviewed by VRA before compiling a fiscal year report. Rather than using the relative category ranges for the fiscal year reviewed, the modification would use the ranges from the prior fiscal year. With this modification, a draft Database may be delivered to the PRMC at its September 2017 meeting six months ahead of the normal reporting that has occurred annually in March.

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 Portfolio Risk Management Committee, the meeting adjourned at 4:00 p.m.

The next meeting of the Committee will be held on Monday, September 11, 2017.


Barbara McCarthy Donnellan, Chair


Stephanie L. Hamlett, Executive Director/
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY
PERSONNEL COMMITTEE
MINUTES OF THE REGULAR MEETING

The Personnel Committee of the Virginia Resources Authority met on Monday, June 12, 2017, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Committee Members Present

Thomas L. Hasty, III, Chair
Cecil R. Harris, Jr.
Valerie Thomson on behalf of David K. Paylor

Committee Members Absent

Randall P Burdette
Reginald E. Gordon

Other Board Members Present

Barbara McCarthy Donnellan
Manju Ganeriwala

Staff Present

Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Deputy Executive Director
Peter D'Alema, Director of Program Management
Shawn Crumlish, Director of Financial Services
Curtis Doughtie, Director of Administration and Finance
Kimberly Adams, Senior Program Manager
Stephanie Jones, Program Manager/Compliance Officer
Catherine O'Brien, Accounting Manager
Stephanie O'Neill, Receptionist

Others Present

None.

Call to Order

Mr. Thomas L. Hasty, III, Chair called the meeting to order at 4:10 p.m.

Approval of Agenda

There being no amendments to the agenda, the agenda was accepted as presented.

FY2018 Personnel Budget

Mr. Curtis Doughtie, Director of Administration and Finance, presented the proposed FY2018 Personnel Budget in the amount of \$2,110,000. He stated that the budget represents an increase over the FY2017 budget of \$110,000 or 5.5%. Mr. Doughtie explained that the increase is due in part to a proposed 2.5% merit increase for employees based upon satisfactory employee performance evaluations. The proposed merit increase is consistent with that being proposed by other local governments and the Commonwealth of Virginia. There was no change to the Authority's staffing level and no change to Virginia Retirement System rates. The proposed personnel budget includes a renewal premium increase for The Local Choice health insurance. VRA is required to pay at least 80% of premiums; however, Mr. Doughtie said, the current split is 88% VRA and 12% employee, which is in line with the State's health insurance split. The full premium increase will be paid using the savings realized from the elimination of VRA's gym membership reimbursement program.

Personnel Policies Manual

Mr. Curtis Doughtie, Director of Administration and Finance, continued with proposed changes to the Personnel Policies Manual. He stated that there are four items under consideration in the Personnel Policies Manual. The first is an amendment to part-time benefits to now include Paid Time Off (PTO) and holiday pay that aligns with the State's policy. The PTO hours vary and are based on years of service; a work week of 25 hours or more; and hours earned based on the number of hours worked. Part-time employees who work less than 25 hours per week or temporary employees are not eligible for benefits. The second update to the Employees Policies Manual adds school assistance and volunteer services leave which is consistent with the State policy in allowing up to 16 hours of paid leave per year for volunteer services or school functions for children. The gym membership reimbursement program was removed. Originally approved by the Board in 2016, the language relating to employee consent of access for personal telecommunication devices/wiping of data for employees who access VRA data on personal devices was added to the Employee Policies Manual.

There was extensive discussion relative to the pros and cons of Paid Time Off (PTO) and voluntary time off including annual cost for both. Afterwards, Ms. Hamlett recommended that the Committee approve all changes to the Personnel Policies Manual, except the volunteer leave portion.

Motion by Ms. Thomson, seconded by Mr. Harris, that the Committee recommend to the Full Board approval of the recommended revisions to the Personnel Policies Manual, except volunteer leave.

Motion carried.

Closed Session

Motion by Mrs. Donnellan, seconded by Mr. Harris, to enter into Closed Session pursuant to VA Code Section 2.2-3711(A)(1) of the Code of Virginia, as amended, for the purpose of discussion and consideration of performance, compensation, and evaluation of specific public officers, employees or appointees of the Authority.

Motion carries. The Closed Session convened at 4:30 p.m.

Open Session

The Committee returned to Open Session at 5:00 p.m.; and Mr. Doughtie read the following resolution:

Resolution Certifying Closed Session

Whereas, the Personnel Committee of the Board of the Virginia Resources Authority has on June 12, 2017, convened a Closed Session pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act;

Whereas, Section 2.2-3712 of the Code of Virginia requires a certification by the Committee that such closure was conducted in accordance with Virginia law;

Now, therefore, be it resolved that the Committee does hereby certify that to the best of each members' knowledge (i) only the public business matters that were identified in the motion by which the Closed Session was convened and that are lawfully exempted by the Virginia Freedom of Information Act were discussed in the Closed Session to which this certification resolution applies; and (ii) only such public business matters as were identified in the motion to convene the Closed Session heard, discussed or considered.

Motion by Mr. Harris, seconded by Mrs. Donnellan, that the above-stated resolution certifying closed session be approved.

A roll call vote on the motion resulted as follows:

Ayes: Mr. Harris, Ms. Thomson, and Mr. Hasty.

Nays: None.

Absent for Vote: Mr. Burdette and Mr. Gordon.

Absent for Meeting: Mr. Burdette and Mr. Gordon.

Motion carries.

Motion by Ms. Thomson, seconded by Mr. Harris, that the Committee recommend to the Full Board acceptance of the proposal agreed upon in Closed Session providing Stephanie Hamlett, Executive Director, a 2.5 percent merit pay increase and in recognition of her service as general

counsel, an additional \$10,000, made payable in a cash payment of \$5,000 and \$5,000 in deferred compensation.

Motion carries.

Old Business

There was no old business.

New Business

There was no new business.

Public Comment Period

There was no public comment.

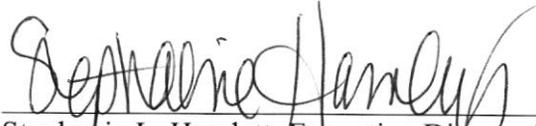
Adjournment

There being no further business to come before the Committee, the meeting adjourned at 5:05 p.m.

The next meeting of the Committee to be determined.



Thomas L. Hasty, III, Chair



Stephanie L. Hamlett, Executive Director/
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY
BUDGET COMMITTEE
MINUTES OF THE REGULAR MEETING

The Budget Committee met on Tuesday, June 13, 2017, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Members Present

Mary Bunting
Barbara McCarthy Donnellan
Manju Ganeriwala
Cecil R. Harris, Jr.
James W. Moore, III on behalf of Marissa Levine

Members Absent

David Branscome, Chair

Other Board Members Present

Reginald E. Gordon
Thomas L. Hasty, III

Staff

Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Deputy Executive Director
Peter D'Alema, Director of Program Management
Shawn Crumlsh, Director of Financial Services
Chris Doughtie, Director of Administration and Finance
Joseph Bergeron, Financial Services Manager
Stephanie Jones, Program Manager/Compliance Officer
Catherine O'Brien, Accounting Manager
George Panos, Loan Servicing Manager
Stephanie O'Neill, Receptionist

Others Present

Arthur Anderson, McGuire Wood, LLP
Howard Eckstein, Office of Drinking Water, Virginia Department of Health
Steve Pelli, Office of Drinking Water, Virginia Department of Health

Call to Order

On behalf of Mr. David Branscome, Chair, Mr. Thomas L. Hasty, III, called the meeting to order at 9:05 a.m.

Approval of Agenda

There being no amendments to the agenda, the agenda was accepted as presented.

FY2017 Budget

Mr. Curtis Doughtie, Director of Administration and Finance, noted that Mr. David Branscome, Chairman of the Budget Committee, was unable to attend and sent his regrets. Mr. Doughtie met with Mr. Branscome to review the budget presentation prior to the Budget Committee meeting. Mr. Doughtie shared a chart of the FY2017 Budget showing major revenue and operating expenses, and Portfolio Risk Management Reserve. He stated that the FY2017 budget projections show revenue 6% ahead of budget and operating expenses 15% under budget. He noted VRA has been very conservative with the budget, particularly on the operating expense side, noting that last year VRA was about 18% under budget. As a result, Mr. Doughtie explained that rather than the \$900,000 budgeted for transfer to the Portfolio Risk Management Reserve balance, the projected amount to be transferred is \$1.8 million to the reserve.

FY2018 Budget

Mr. Curtis Doughtie, Director of Administration and Finance shared a chart of the FY2018 Budget showing major revenue and operating expenses along with the budgeted contribution to the Portfolio Risk Management Reserve. He noted a 5.2% increase to revenues and a 3.2% increase to operating expenses, with approximately \$1.1 million as a transfer to the Portfolio Risk Management Reserve. With VRA's conservative budgeting, the transfer to reserves could be higher based on actual results.

Mr. Doughtie discussed the major revenue line items, including \$3.3 million for the Bond Program, reflecting an increase of 1.7%. Mr. Doughtie showed a chart displaying the local par amounts going back to FY2004, noting some fluctuation and VRA's projections using the low-end of the historical trends. Mr. Doughtie outlined the program revenues at \$1.4 million or a 6.8% increase over last year's budget, which is based on VRA's direct and indirect expenses as charged to VRA's various program partners. There were no changes in the allocation methodology for FY2018 budget and no significant changes in the individual program budgets.

Mr. Doughtie shared detail of the Personnel budget totaling \$2.1 million an increase of \$110,000 or 5.5% over FY2017. This includes funding for a 2.5% merit increase for employees and continuing participation in the Local Choice health insurance. There was no change in staffing level and no change in benefits offered. Mr. Doughtie continued the discussion of other operating expense line items, noting a very small total increase to other operating expenses of \$3,300 or 0.2%. The increase includes increases to financial advisory expenses for additional program capacity modeling for Clean Water and additional trustee fees for new issues, offset by decreases in accounting services as a result of full staffing in accounting department and office lease expense as a result of the new lease extension. The FY2018 Budget includes funds for VRA to continue to pay trustee fees and arbitrage rebate services fees on behalf of VRA's pooled loan borrowers.

Mr. Doughtie concluded the FY2018 budget presentation by discussing how the Budget is aligned with the Strategic Plan goals. He highlighted the five goals: enhance outreach, quality underwriting and monitoring, optimize technology and information systems, assure financial stability, and maintain qualified staff.

Five-Year Projection

Mr. Doughtie showed a chart projecting revenues and expenses for VRA over the next five years, using the FY2018 budget as the base for the five-year projection. Bond program revenues were grown using conservative estimates and expenses were grown at a flat 3%. Despite conservative projections, a projected net positive revenue for all five years indicate a contribution to reserves. An overview of VRA's various reserves was also shown with a comparison between projected reserves and reserve targets.

A discussion was held regarding the Technology Reserve included in the budget. In response to questions from the Committee, Mr. Doughtie stated that all of VRA's server data is backed up daily and a copy is kept at VRA and off-site. In addition, files are compiled into weekly, monthly, and annual snapshot backups. In the event of a system failure, VRA would revert back to the previous day's backup. He noted the intent of the Technology Reserve was to ensure funds were on hand in case of an emergency where VRA had to act quickly to replace equipment that impacted daily operations. There is currently one major IT project needed, an update to VRA's Loan Servicing Software. Initial exploration of options was currently underway with a planned inclusion in the FY2019 budget.

There was discussion relative to financial modeling for VRA programs and the validation of those models. Peter D'Alema, Director of Program Management noted that models for the pool program are validated for each transaction taken to the market. However, other program models have not been validated. In addition, there was discussion relative to conservative budgeting for the bond program.

Motion by Mr. Harris, seconded by Ms. Ganeriwala that the Committee recommend to the Full Board approval of the VRA FY2018 budget as presented.

Motion carries.

Old Business

There was no old business.

New Business

There was no new business.

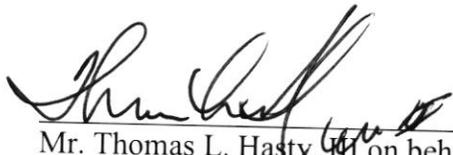
Public Comment Period

There was no public comment.

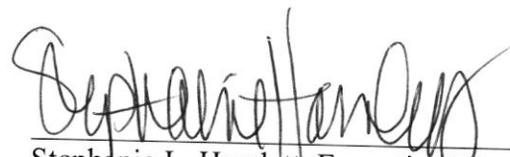
Adjournment

There being no further business to come before the Committee, the meeting adjourned at 9:25 a.m.

The next meeting of the Committee to be determined.



Mr. Thomas L. Hasty, on behalf of
David Branscome, Chair



Stephanie L. Hamlett, Executive Director/
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY

BOARD OF DIRECTORS MINUTES OF A REGULAR MEETING

The Board of Directors of the Virginia Resources Authority met on Tuesday, June 13, 2017, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Members present

Thomas L. Hasty, III, Vice Chair
Mary Bunting
Clifford Burnette on behalf of Randall P Burdette
Barbara McCarthy Donnellan
Manju Ganeriwala
Reginald E. Gordon
Cecil R. Harris, Jr.
James W. Moore, III on behalf of Marissa Levine
Valerie Thomson on behalf of David K. Paylor

Members Absent

David Branscome

Staff Present

Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Deputy Executive Director
Peter D. Alema, Director of Program Management
Shawn Crumlish, Director of Financial Services
Curtis Doughtie, Director of Administration and Finance
Kimberly Adams, Senior Program Manager
Stephanie Jones, Senior Program Manager/Compliance Officer
Catherine O'Brien, Accounting Manager
George Panos, Loan Servicing Manager
Stephanie O'Neill, Receptionist

Others Present

Howard Eckstein, Office of Drinking Water, Virginia Department of Health
Steve Pellei, Office of Drinking Water, Virginia Department of Health
Arthur Anderson, McGuireWoods, LLP
Ty Wellford, Davenport and Company, LLC
Leah Schubel, Davenport and Company, LLC
Reid Schwartz, Davenport and Company, LLC
Jeanie O'Brien (Mrs. William G. O'Brien) and Family

Call to Order

Mr. Thomas L. Hasty, III, Vice Chair, called the meeting to order at 9:45 a.m.

Approval of Agenda

There were no amendments to the agenda.

Motion by Ms. Thomson, seconded by Ms. Ganeriwala, that the agenda be approved.

Motion carries.

Resolution – William G. “Bill” O’Brien

Mr. Thomas L. Hasty, III, Vice Chair, deviated from the agenda to introduce a memorial resolution for Mr. William G. “Bill” O’Brien, who served as a member of the Board of Directors of the Virginia Resources Authority for 30 years, the last several of which as Board Chairman. He stated that not only did the O’Brien family suffer a loss, but VRA suffered a loss as well. He presented the resolution to Mrs. Jeanie O’Brien and her family on behalf of VRA. As an additional token of the Board and staff’s esteem, Mr. Hasty read a plaque naming the VRA Board Room in Mr. O’Brien’s honor.

The resolution is attached hereto and made a part herein.

Motion by Ms. Donnellan to approve the memorial resolution for former Board Chairman William G. O’Brien, seconded by Mr. Harris.

Motion carries.

Ms. O’Brien thanked everyone for their kindness and expressed Mr. O’Brien’s love for VRA and her appreciation and the appreciation of her family for the kindness shown them.

Approval of Meeting Minutes

Mr. Hasty called for a motion to approve the minutes of the Portfolio Risk Management Committee meeting held on March 13, 2017; and the minutes of the Board of Directors meeting held on March 14, 2017.

Motion by Ms. Ganeriwala, seconded by Mr. Harris, that the minutes of the Portfolio Risk Management Committee meeting held on March 13, 2017; and the minutes of the Board of Directors meeting held on March 14, 2017, be approved as presented.

Motion carried.

Committee Reports

Portfolio Risk Management Committee

2017A Virginia Pooled Financing Program (VPFP): Mr. Peter D’Alema, Director of Program Management, presented the 2017A VPFP stating that it was a good, solid transaction, selling \$62.095 million in VPFP bonds in May 2017 on behalf of six local government borrowers, covering seven of VRA’s 18 authorized project areas. The sale included tax-exempt Infrastructure (Aaa/AAA rated) and State Moral Obligation (Aa2/AA rated) Revenue Bonds. The rates were very strong - the True Interest Cost (TIC) was 3.06% and the All-in TIC was 3.25%. He stated that the senior lien bonds were sold on a negotiated basis and a three-member syndicate sold the bonds, namely, JP Morgan, Sr. Manager, Loop Capital Markets and Robert W. Baird & Co., Co-Managers. The subordinate bonds were sold on a competitive basis with the Bank of America Merrill Lynch winning the bid with a 3.11% TIC.

Mr. D’Alema highlighted the borrower lists, noting that 73% of the par amount is new money, and 27% is refunding, a big shift from previous years. He stated that rates have gone down since the bonds were issued and that additional savings may be generated. He stated that two local government borrowers in the Series 2017A transaction refunded \$16.065 million prior debt obligations for total Net Present Value (NPV) savings in excess of \$1.12 million. Lower refunding volume was anticipated for Calendar Year 2017 with the increase in interest rates in late 2016. VRA FY2017 and FY2018 budgets incorporate expectations for lower Virginia Pooled Financing Program (VPFP) issuance due to an anticipated reduction in funding activity.

Virginia Pooled Financing Program (VPFP) Portfolio: Mr. D’Alema stated that the VPFP Portfolio after the issuance of the Series 2017A bonds is \$2.42 billion in total borrower loans outstanding. The top ten borrowers represent 36.05% and the largest borrower is 7.49% of the overall portfolio and the overall credit quality of the top ten borrowers is strong. He shared the five-year (FY13-FY17) issuance trend, noting that during the last three years there has been a declining trend in terms of volume.

Commonwealth Moral Obligation (MO) Debt Capacity: Mr. D’Alema highlighted the Commonwealth MO Capacity, stating that after the VPFP 2017A issuance MO-backed debt totals approximately \$932 million and there is approximately \$568 million remaining in debt capacity. Over \$56 million in MO backed debt matures between June 30, and November 1, 2017, leaving approximately \$624 million in estimated remaining MO debt capacity by the fall of 2017, excluding the effects of the summer 2017 VPFP issuance.

Bristol Virginia Utilities Authority (BVUA): Mr. D’Alema stated that the BVUA continues to work with Sunset Digital Communications (Sunset) on the pending sale of the BVUA Optinet system. He explained that Cumberland Plateau Company (CPC) was one on the last approvals needed for the sale. He stated BVUA has obtained all federal and state approvals necessary for the sale to take place. However, he explained that one of the conditions of CPC’s new operator agreement with Sunset was that approval be received from the Virginia Coalfield Coalition (VCC). This approval is still pending. VRA is cautiously optimistic that the sale will occur but not before

June 30, 2017. Mr. D’Alema noted that BVUA is current on all payments to the VFPF and expects to end the FY2017 year with a very strong liquidity position in its electric fund. If the sale of the Optinet System goes through not only will the Optinet debt be defeased, but possibly the electric fund and the water system debt, as well, thereby eliminating VRA exposure by the end of the calendar year.

City of Petersburg: Mr. D’Alema provided an update on the City of Petersburg, stating that the Robert Bobb Group (RBG) remains active in the day-to-day operations of Petersburg as it continues to improve the financial condition of the City. The contract was extended to the end of September 2017. RBG is working to bring in a city manager who will hire a finance director. Petersburg is current on all its loans to VRA. Mr. D’Alema explained that Petersburg continues to explore possible options regarding the future of its water and sewer systems. The options being reviewed by RBG include the sale of the water and sewer system to a private operator which has received citizen opposition; franchising the operation of the water and sewer system for a term up to 40 years; creation of a regional water and sewer authority; and outsourcing water and sewer. He stated that Petersburg is looking at restructuring its long-term existing debt on its own rather than through VRA, effectively taking out \$5 million of VRA existing debt and reducing exposure.

2017B Virginia Pooled Financing Program (VFPF): Mr. D’Alema stated that eight application requests were received for consideration in the 2017B Summer Pool, with approximately \$46.83 million in requested proceeds. He shared the list of the applications noting that only three of the eight will move forward in the pool. Two of the projects will be deferred to the fall due to a timing issue and three projects are seeking bank financing. He reviewed the three borrowers, requested proceeds, project area, project description and security. In addition, two other localities are considering refunding existing VRA debt. At this time, the volume of the transaction is in the \$50 million range. All loans moving forward have received due diligence calls and fall within VRA’s existing underwriting guidelines. Borrowers seeking new debt exposure with VRA will adopt local authorizing resolutions by June 23 and transaction details will be provided at the September 2017 meetings of the PRMC and Board. The proposed pre-closing and closing dates are August 15-16, 2017.

Distressed Communities Program (VirginiaHELPS): Ms. Stephanie L. Hamlett, Executive Director, stated that the VirginiaHELPS program was developed because of Petersburg and its financial crisis. During the process of working with Petersburg and the Office of the Secretary of Finance, it became clear that there are other distressed communities in Virginia who are not necessarily VRA borrowers that may need access to the capital market.

Ms. Hamlett said through the VirginiaHELPS program, VRA would act as a conduit; there would be no moral obligation support and the program would not be a pooled program. The program will be considered when a borrower does not qualify for any of VRA’s funding programs and is regarded as a distressed borrower. Each transaction would be a different payment structure; the borrower would be VRA; and there would be a 90-day lag before bondholders would receive their payments. Terms would be designed to assist the locality with its deficit by building reserves, limiting additional borrowing, requiring certain local officers or constitutional officials to be parties to the transaction with specific covenants. In addition, the program will assist borrowers through public bond issues or direct bank placement financing. VRA fees for the program will

reflect the credit risk of the borrower and address the cost of additional monitoring by VRA. The program will not be advertised but would rather be in place should the need arise.

Ms. Hamlett recommended approval of a resolution establishing the VirginiaHELPS Program should it be needed by Petersburg. The Secretary of Finance's Office has been very encouraging about the proposed program.

Continuing, Ms. Hamlett noted that if a request is made and action taken, VRA will provide written notice of any loan to the Chair and Vice-Chair of the Virginia Resources Authority Board of Directors and Chair of the Portfolio Risk Management Committee.

Ms. Donnellan stated that the PRMC recommends approval.

It was explained that if no one comes forward to utilize the program in FY2018, the resolution will be revisited in the following year.

Motion by Ms. Donnellan, seconded by Ms. Ganeriwala, to approve a resolution authorizing the Executive Director to establish the VirginiaHELPS Program and to make loans in the program through issuance of bonds not to exceed \$50 million in FY2018.

Motion carried.

The resolution is attached hereto and made a part herein.

Tobacco Region Revolving Fund: Mr. Shawn Crumlish, Director of Financial Services, stated that the mission of the Tobacco Region Revitalization Commission is the economic vitality of Virginia's tobacco growing regions which include 41 localities in Southside and Southwest Virginia. The Commission has historically been a grant making organization that has funded projects like broadband, industrial sites, workforce education development initiatives and health care. In 2015 the General Assembly allowed the Commission to allocate up to \$50 million for the Virginia Tobacco Region Revolving Fund, a revolving loan fund established to create a long-term mechanism to fund revenue-generating economic revitalization projects in the tobacco region, and to recycle loan repayments to assist future projects. The fund can make loans to local governments, and through a conduit issuer, can make loans to non-profits or commercial projects. In the program, the Commission designates the loan recipient, for what projects, and at what amounts. VRA's role in this program is to underwrite the loan, make a recommendation to the Commission for sufficient security, close the loan and service the loan for life. Mr. Crumlish continued that action of the 2017 General Assembly extends projects eligible for loans beyond VRA's 18 designated project areas but any other project recommended by the Commission so long as those projects have at least 25% funding other than debt.

Mr. Crumlish shared the Commission's loan application list highlighting the amount and project description that the Commission is recommending. The list includes projects for hotels, health clinics, and a higher education loan to Bluefield College. The first loan approved was to the Town of St. Paul. A general obligation pledge falling under VRA's Tax Supported Debt

Guidelines was used allowing VRA to underwrite the loan to the Town under VRA's current guidelines.

The second loan is a request from Bluefield College, a non-profit, in the amount of \$1.1 million to finance construction of a third-floor addition to an existing science building that will house a new master's program for nurse practitioners. To evaluate this loan application, VRA used Moody's rating methodology for non-profits and higher education. Based on Moody's scorecard, Mr. Crumlish stated that the Board is being asked to allow the project loan to go forward subject to VRA's Executive Director's approval.

Motion by Ms. Donnellan, seconded by Mr. Gordon, for authorization to make a pending Bluefield College loan up to \$1.1 million to a conduit issuer from the Tobacco Region Revolving Fund, subject to terms accepted by Executive Director of the Virginia Resources Authority and the Executive Director of the Tobacco Region Revitalization Commission.

Motion carried.

FY2018 Shelf Resolutions: Mrs. Donnellan explained that shelf resolutions are approved annually to set parameters for funding programs. Mr. D'Alema added that the Virginia Pooled Financing Funding Program shelf resolution was decreased from a ceiling of \$475million to \$400 million because of the expectation that the volume will be less than FY2017. The Virginia Airports Revolving Fund shelf resolution was increased from \$10 million to \$20 million because there are pending projects that may need additional funding. All other resolutions remain the same as the FY2017 resolutions.

Motion by Ms. Donnellan, seconded by Ms. Ganeriwala, to approve the following FY2018 Shelf Resolutions:

Resolution authorizing the issuance and sale of up to \$5,850,000 in Clean Water State Match Revenue Bonds for the Fiscal Year Ending June 30, 2018;

Resolution authorizing the issuance and sale of bonds to refund outstanding bonds as long as a minimum of 3% NPV savings can be achieved;

Resolution authorizing the issuance and sale of up to \$20,000,000 in Airports Revolving Fund Bonds for the Fiscal Year Ending June 30, 2018, the lending of the proceeds thereof to finance or refinance airport projects, and the making of direct loans from the Virginia Airports Revolving Fund for Airport Projects;

Resolution authorizing participation by the Virginia Resources Authority in the Virginia SAVES Green Community Program established by the Virginia Department of Mines, Minerals and Energy and the issuance of Qualified Energy Conservation Tax Credit Revenue Bonds during the Fiscal Year Ending June 30, 2018;

Resolution authorizing the issuance of up to \$400,000,000 in Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) for the Fiscal Year Ending June 30, 2018; and

Resolution authorizing the establishment of the VirginiaHELPS Conduit Borrower Program and the issuance of up to \$50,000,000 in bonds to fund the program in Fiscal Year 2018.

Motion carried.

The resolutions are attached hereto and made a part herein.

Loan Monitoring and Compliance Update: Ms. Stephanie Jones, Senior Program Manager/Compliance Officer, provided an update on the Loan Monitoring and Compliance Database. She noted that in an effort to deliver more timely data to the Board, a slight modification will be made to the relative categories portion of the Database. She explained that the Database has four relative categories that include unemployment, fiscal stress ranking, debt per capita, and real estate per capita. Since the risk rating of borrowers is contingent on other borrower's data, essentially all fiscal year data is required to be received and reviewed by VRA before compiling a fiscal year report. Rather than using the relative category ranges for the fiscal year reviewed, the modification uses the ranges from the prior fiscal year. With this modification, a draft Database may be developed and delivered to the PRMC at its September 2017 meeting six months ahead of the normal reporting that has occurred annually in March.

In noting the amount of work associated with the Database Report, Ms. Bunting asked how the nine indicators included in the Database were selected. Many like debt service to expenditures, she was told, were based on industry standards. Ms. Bunting suggested it may be useful to consider a review and reassessment of the indicators to ensure that they continue to meet staff needs and that they adequately reflect the financial condition of a borrower. Ms. Jones commented that the modification presented at this meeting will provide timelier data to the Board.

Personnel Committee

Mr. Curtis Doughtie, Director of Administration and Finance, stated that the personnel budget includes two significant items, a performance based merit increase of 2.5% consistent with other proposed state and local governments and a 12% increase in insurance premium renewals. In lieu of passing the health insurance costs to employees, the gym membership reimbursement program will be eliminated and VRA will absorb the increase.

Mr. Doughtie continued that updates to Personnel Policies Manual include part-time benefits for Paid Time Off (PTO), holiday pay and participation in the deferred compensation plan for employees working at least 25 hours a week. The second item is offered under the state's policy that grants up to 16 hours of leave for volunteer services and school functions. The Committee decided that since VRA is on the PTO policy program, VRA does not need the volunteer program. The change was recommended to be removed from the policy. The third change is to remove gym membership reimbursement from the Policies Manual. The fourth, consent to wipe VRA data

from employees' personal electronic devices was approved last year but it was not included in the manual.

Motion by Ms. Donnellan, seconded by Mr. Harris, to approve the FY2018 Personnel Budget in the amount of \$2,110,000.

Motion carried.

Motion by Mr. Harris, seconded by Ms. Donnellan, to approve revisions to the Personnel Policies Manual, as presented.

Motion carried.

Closed Session:

Motion by Ms. Donnellan, seconded by Ms. Ganeriwala, to enter into Closed Session in accordance with Virginia Code Section 2.2-3711(A)(1) of the Code of Virginia, as amended, for the purpose of discussion and consideration of the performance, compensation, promotion, and resignation of specific public officers, employees or appointees of the Authority.

Motion carried. The Closed Session convened at 10:41 a.m.

The Board returned to Open Session at 10:54 a.m.; and Mr. Curtis Doughtie, Director of Administration and Finance, read the following resolution:

Resolution Certifying Closed Session

Whereas, the Board of Directors of the Virginia Resources Authority has on June 13, 2017, convened a Closed Session pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act;

Whereas, Section 2.2-3712 of the Code of Virginia requires a certification by the Board that such closure was conducted in accordance with Virginia law;

Now, therefore, be it resolved that the Board of Directors of the Virginia Resources Authority does hereby certify that to the best of each members' knowledge (i) only the public business matters that were identified in the motion by which the Closed Session was convened and that are lawfully exempted by the Virginia Freedom of Information Act were discussed in the Closed Session to which this certification resolution applies; and (ii) only such public business matters as were identified in the motion to convene the Close Session heard, discussed or considered by the Board.

Motion by Ms. Ganeriwala, seconded by Mr. Gordon, that the above-stated resolution certifying closed session be approved.

A roll call vote on the motion resulted as follows:

Ayes: Ms. Bunting, Mr. Burnette, Mrs. Donnellan, Ms. Ganeriwala, Mr. Gordon, Mr. Hammond, Mr. Harris, Ms. Thomson and Mr. Hasty.

Nays: None.

Absent for Vote: Mr. Branscome

Absent for Meeting: Mr. Branscome

Motion carried.

Motion by Mrs. Donnellan, seconded by Ms. Ganeriwala, that the Executive Director's salary be approved as discussed in Closed Session which provides Stephanie Hamlett, Executive Director, a 2.5 percent merit pay increase based and also provides, in recognition of Ms. Hamlett's service as general counsel, an additional \$10,000 be awarded her, made payable in a cash payment of \$5,000 and \$5,000 in deferred compensation.

Motion carried.

Budget Committee

Mr. Curtis Doughtie, Director of Administration and Finance, stated that the FY2017 budget revenues are being projected at 6% ahead of budget, expenses 15% under budget, and projected a transfer to reserves of \$1.8 million. He continued that projecting revenue increased by 5%, expense increased by 3%, and projection to reserves is over \$1 million for the FY2018 Budget. In addition, he stated that discussion took place relative to the budget aligning with VRA's Strategic Plan. The last item discussed was an update to the five-year projection for revenues and expenses.

Motion by Ms. Ganeriwala, seconded by Mr. Gordon that the FY2018 Budget be approved as presented.

Motion carried.

Executive Director's Report

Ms. Stephanie L. Hamlett, Executive Director, stated that the Executive Director's Report was forwarded earlier to the Board so she would not take up any more time in going over it. However, she noted, effective July 1, 2017, VRA will be reporting to the Secretary of Finance rather than the Secretary of Commerce and Trade. VRA has developed a great relationship with the Secretary of Finance's office and will enjoy that support as VRA works with borrowers.

Old Business

There was no old business.

New Business

There was no new business.

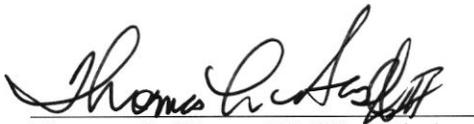
Public Comment Period

There was no public comment.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 10:58 a.m.

The next meeting of the Board will be held on September 12, 2017.


Thomas L. Hasty, III, Vice Chair


Stephanie L. Hamlett, Executive Director/
Secretary to the Board

Board of Directors' Memorial Resolution

William G. "Bill" O'Brien

June 13, 2017

WHEREAS, William G. "Bill" O'Brien, Chairman of the Board of Directors of the Virginia Resources Authority, a respected member of the Rockingham County community, a consummate public servant, and a distinguished Virginia gentleman; died on February 7, 2017; and

WHEREAS, throughout the early 1980's, Rockingham County Administrator Bill O'Brien and other local government representatives worked closely with Virginia's Executive and Legislative branches in addressing the water supply and allocation needs of Virginia localities; and

WHEREAS, in response to these concerns, the Legislature in 1984 determined that there was a need for additional sources of funding to finance the present and future needs of the Commonwealth for water supply and wastewater treatment facilities and so recommended the establishment of the Virginia Water and Sewer Authority, operating since 1989 as the Virginia Resources Authority; and

WHEREAS, in 1987, Bill O'Brien, was appointed by Governor Gerald L. Baliles to the Authority's Board of Directors where he with other Board members and the Authority's staff worked hard to support local communities with cost effective and innovative financing; and

WHEREAS, over the next three decades, Bill O'Brien distinguished himself as the Board's chief advocate for meeting the needs of localities with financing solutions at the least possible costs to Virginia ratepayers and taxpayers and for his role in affirming the independent nature of the Authority to govern its own affairs; and

WHEREAS, the success of Bill O'Brien's individual and combined efforts in making the Virginia Resources Authority a valuable and critical resource for localities resulted in his continued reappointment to the Board of Directors by Governors L. Douglas Wilder, George Allen, Jim Gilmore, Mark Warner, Tim Kaine, Robert McDonnell, and Terry McAuliffe; and

WHEREAS, his leadership and commitment to the Virginia Resources Authority were also recognized in his designation as Chairman of the Authority's Board by Governors Warner, Kaine, McDonnell and McAuliffe; and

WHEREAS, under the leadership of Bill O'Brien, the Authority extended its financing support beyond water and sewer projects to several other distinct project areas and in so doing greatly improved the Commonwealth's infrastructure by providing more than \$8 billion in investments for more than 1,600 local government projects; and

WHEREAS, over the course of his 30-year service to the Virginia Resources Authority, Bill O'Brien gave generously of his time, wisdom, and expertise in establishing the Authority as a premier municipal bond bank supporting Virginia localities with access to cost-effective, sustainable, and innovative financial solutions for projects that support vibrant and healthy communities; and

WHEREAS, a man of strong character and integrity, Bill O'Brien served the Virginia Resources Authority, Virginia's counties, cities, and towns, and the Commonwealth with professionalism, dedication and distinction; and

WHEREAS, Bill O'Brien will be fondly remembered and greatly missed by the Board and staff of the Virginia Resources Authority, as well as numerous other local government friends and colleagues and the public finance community; now, therefore, be it

RESOLVED, that the Board of Directors and staff of the Virginia Resources Authority hereby note with great sadness the loss of its Chairman William G. "Bill" O'Brien; and, be it

RESOLVED FURTHER, that this resolution be presented to the family of Chairman O'Brien as an expression of the Board's and staff's respect for his memory.

Stephanie Hamlett
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY

-RESOLUTION-

**AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$5,850,000
IN CLEAN WATER STATE MATCH REVENUE BONDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

June 13, 2017

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"), and governed by a Board of Directors (the "Board") constituted as provided in Section 62.1-201 of the VRA Act; and

WHEREAS, the VRA Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution and laws of the Commonwealth of Virginia or any combination of any two or more of the foregoing ("Obligors") to finance or refinance, among other things, sewage and wastewater (including surface and ground water) collection, treatment and disposal facilities, drainage facilities and projects, and certain other related facilities and assets ("Sewer Projects"); and

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

WHEREAS, the Federal Water Quality Act of 1987 established a State Revolving Fund Capitalization Grant Program (the "Program") under which federal capitalization grants are awarded to states for deposit in revolving loan funds, which provide the states and their local governments a continuing source of financing for solving water pollution control problems; and

WHEREAS, the federal capitalization grants made under the Program require a 20 percent match from each recipient state (the "State Match"); and

WHEREAS, for FFY 2017 the federal capitalization grant is expected to be approximately \$29,000,000; and

WHEREAS, the Commonwealth has not appropriated sufficient funds to cover the State Match required in FFY 2017; and

WHEREAS, given the state budget challenges, VRA and the Virginia Department of Environmental Quality ("DEQ") have been planning for the issuance of bonds to fund the State Match for FFY 2017; and

WHEREAS, the 1986 Virginia General Assembly created the Virginia Water Facilities Revolving Fund (the "RLF") pursuant to Chapter 22, Title 62.1, Code of Virginia of 1950, as amended (the "VWFRF Act"), to facilitate self-sufficiency for wastewater financing at the state and local levels and to provide a long-term renewing source of funding for wastewater treatment improvements in the Commonwealth; and

WHEREAS, Section 62.1-225 of the VWFRF Act provides that the RLF is a separate, permanent, and perpetual fund, which is dedicated with limited exceptions to the making of loans to local governments at rates at or below current market rates to finance wastewater treatment improvements at publicly-owned facilities; and

WHEREAS, pursuant to Section 62.1-231 of the VWFRF Act, VRA may, among other things, at any time or from time to time transfer from the RLF to banks or trust companies designated by VRA any or all of the assets of the RLF to be held in trust as security for the payment of the principal of and premium, if any, and interest on any or all of the bonds of VRA; and

WHEREAS, VRA has entered into an Amended and Restated Master Indenture of Trust dated as of April 1, 2010 as supplemented (the "Master Indenture"), between VRA and U.S. Bank National Association, as trustee (the "Trustee"), under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of funding the State Match, and for such other purposes as may be authorized under and pursuant to the VRA Act; and

WHEREAS, to further the purposes of the VRA Act, VRA has determined to issue one or more Series of Bonds as "State Match Bonds" under the Master Indenture in an aggregate principal amount of up to \$5,850,000 (the "Bonds") at one time or from time to time during the Authority's fiscal year ending June 30, 2018 and to use the proceeds of such Bonds to provide for the funding of the Commonwealth's State Match for FFY 2017 and to pay the cost of issuance of the Bonds; and

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

WHEREAS, the Master Indenture provides for the funding of the State Match Reserve Fund as described therein; and

WHEREAS, the funding for the State Match Reserve Fund may be derived in whole or in part from amounts transferred from the RLF; and

WHEREAS, debt service payments on the Bonds are expected to be made from revenues derived from certain pledged Direct Loans (as defined in the Master Indenture) and the investment earnings on the State Match Reserve Fund and certain other funds and accounts

established under the Master Indenture and any Supplemental Series Indenture as provided therein; and

WHEREAS, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to and approved by this Board and are on file with VRA: (i) the Master Indenture; and (ii) a model Supplemental Series Indenture; and

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

After careful consideration and to further the public purposes for which VRA was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF VRA AS FOLLOWS:

1. Authorization of Bonds. The Board determines that it is in the best interest of VRA to authorize the issuance of at one time or from time to time one or more series of Bonds under the Master Indenture to provide for the funding of the Commonwealth's State Match for FFY 2017 and to pay the cost of issuance of the Bonds. The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (i) the original aggregate principal amount of the Bonds shall not exceed \$5,850,000; (ii) no Series of the Bonds shall have a true interest cost in excess of 3%; and (iii) the final maturity any of the Bonds of any Series shall be no later than December 31, 2019. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth of Virginia within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

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

3. Approval of Supplemental Series Indentures. Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture previously presented to and approved by this Board. With respect to each Series of Bonds authorized under this Resolution, the Chairman, Vice Chairman, or Executive Director, any of whom may act, are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture, with such changes, insertions or omissions, including the establishment of additional reserve funds for all or any portion of the Bonds, as may be approved by the Chairman, Vice Chairman, or Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

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

5. Sale of Bonds. The Executive Director is authorized and directed to request proposals for the purchase of the Bonds from banks or other financial institutions qualified to purchase the Bonds and to accept the proposal that, in the judgment of the Executive Director, is in the best interest of VRA; provided, however, that the terms of each Series of the Bonds fall within the parameters set forth in paragraph 1 hereof. The approval of the final terms and conditions of the Bonds of each Series subject to the foregoing parameters shall be evidenced conclusively by the execution and delivery of the respective Series of Bonds.

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

7. Tax Matters. The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of the Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes or any Bonds of a Series for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's bond counsel. The calculation of "true interest cost" of any Bonds for purposes of paragraph 1 hereof may take into account the net benefit expected to be received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

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

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

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

10. Effective Date; Termination. This Resolution shall be effective immediately. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2018.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ISSUANCE AND SALE OF BONDS TO REFUND OUTSTANDING BONDS

June 13, 2017

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

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

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

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

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

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

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

3. Sale of Bonds. VRA's Chairman, Vice Chairman, or Executive Director, any of whom may act, are authorized to offer any Bonds in a public competitive sale and to solicit and consider, if determined to be desirable, proposals for a negotiated sale of any Bonds (including through a private placement with a bank or other financial institution) and to negotiate the terms of such sale. The Chairman, Vice Chairman, or Executive Director, any of whom may act, are authorized to execute and deliver a purchase contract or agreement reflecting such proposal.

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

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

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

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

8. Execution and Delivery of Bonds. The Chairman, Vice Chairman, or the Executive Director, any of whom may act, are authorized and directed to have the Bonds

prepared and to execute the Bonds in accordance with the respective supplemental indenture or other authorizing document executed in connection with the Bonds and/or the Refunded Bonds, to deliver them to the trustee for authentication if required and to cause the Bonds so executed and authenticated to be delivered to or for the account of the underwriters, private placement purchasers, or winning bidders upon payment of the purchase price therefor, all in accordance with the executed purchase contract or notice of sale, as appropriate.

9. Tax Matters. The Executive Director is authorized and directed to execute and deliver on VRA's behalf simultaneously with the issuance of the Bonds a Tax Regulatory Agreement and supplemental or similar agreements or certificates. The Tax Regulatory Agreement and such other agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of the Bonds for exemption from gross income for federal income tax purposes or any Bonds for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor. The calculation of debt service savings for purposes of paragraph 1 hereof may take into account the net benefit expected to be received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

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

11. Effective Date. Termination. This Resolution shall be effective on July 1, 2017. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2018.

VIRGINIA RESOURCES AUTHORITY

-RESOLUTION-

**AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$20,000,000
IN AIRPORTS REVOLVING FUND BONDS FOR THE FISCAL YEAR ENDING
JUNE 30, 2018, THE LENDING OF THE PROCEEDS THEREOF TO FINANCE OR
REFINANCE AIRPORT PROJECTS, AND THE MAKING OF DIRECT LOANS FROM
THE VIRGINIA AIRPORTS REVOLVING FUND FOR AIRPORT PROJECTS**

June 13, 2017

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

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

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

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

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

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

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

WHEREAS, to further the purposes of the VRA Act, VRA has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$20,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 13, 2017 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2018, and to use the proceeds of such Bonds to make Leveraged Loans to Obligors to finance or refinance Airport Projects and to pay the cost of issuance related to such Bonds; and

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

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

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

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

WHEREAS, the foregoing arrangements will be reflected in the following documents, the forms of which are on file with VRA : (i) the Master Indenture; (ii) a model supplemental series indenture ("Supplemental Series Indenture"); and (iii) a model financing agreement ("Financing Agreement") to be used in making the Leveraged Loans and the Direct Loans; and

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

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

1. Authorization of Bonds. The Board determines that it is in the best interest of VRA to authorize the issuance at one time or from time to time of one or more series

of Bonds under the Master Indenture to make Leveraged Loans to Obligor to finance or refinance Airport Projects and to pay the cost of issuance related to such Bonds. The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (i) the original aggregate principal amount of the Bonds shall not exceed \$20,000,000, net of refundings authorized under the VRA refunding shelf resolution dated June 13, 2017; (ii) no Series of the Bonds shall have a true interest cost in excess of 7%; and (iii) the final maturity any of the Bonds of any Series shall be no later than December 31, 2044. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth of Virginia within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

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

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

4. Preparation, Execution, Authentication and Delivery of Bonds. The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms on file with VRA with such changes, insertions, or omissions as may be approved by VRA's Executive Director, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

5. Sale of Bonds. At the election of the Executive Director, each Series of Bonds may be sold (i) in a negotiated sale to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures, (ii) in a private placement to a bank or other institutional investor, or (iii) at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds,

the Executive Director is authorized to execute and deliver a bond purchase agreement or similar document with the Underwriter or private placement purchaser, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the Chairman, Vice Chairman, and Executive Director within the parameters set forth in paragraph 1 above.

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

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

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

9. Tax Matters. The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of the Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes or any Bonds of a Series for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's bond counsel and financial advisor. The calculation of "true interest cost" of any Bonds for the purpose of paragraph 1 hereof may take into account the net benefit expected to be

received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

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

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

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

13. Interim Financing. Prior to the offering of any series of Bonds, if market or other conditions are such that the Chairman or Vice Chairman, in consultation with the

Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Airport Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$20,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

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

15. Effective Date; Termination. This Resolution shall be effective on July 1, 2017. The authority to issue Bonds, Notes and make Direct Loans pursuant to this Resolution shall terminate on June 30, 2018.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

**AUTHORIZING PARTICIPATION BY THE VIRGINIA RESOURCES
AUTHORITY IN THE VIRGINIA SAVES GREEN COMMUNITY PROGRAM
ESTABLISHED BY THE VIRGINIA DEPARTMENT OF MINES, MINERALS AND
ENERGY AND THE ISSUANCE OF QUALIFIED ENERGY CONSERVATION TAX
CREDIT REVENUE BONDS DURING THE FISCAL YEAR ENDING JUNE 30, 2018**

June 13, 2017

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

WHEREAS, the Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act, including without limitation energy conservation measures and facility technology infrastructure as defined in Section 11-34.2 of the Code of Virginia of 1950, as amended (the "Virginia Code"), and other energy objectives as defined in Section 67-101 of the Virginia Code (each a "Project" and, as a group, the "Projects"); and

WHEREAS, under the Act VRA is authorized and empowered, among other things,

1. to borrow money and issue its bonds in amounts VRA determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of bonds;

2. to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, whenever VRA deems refunding expedient;

3. to secure bonds issued by VRA by a pledge of any local obligation owned by VRA;

4. to purchase and acquire local obligations to finance or refinance the cost of any Project, using any funds of VRA available for such purpose; and

5. to make and execute contracts and all other instruments and agreements necessary or convenient for the performance of VRA's duties and the exercise of VRA's powers and functions under the Act and to enter into agreements with any department, agency or instrumentality of the Commonwealth for the purpose of planning, regulating and providing for the financing of any Projects; and

WHEREAS, acting pursuant to the directive of the Governor of Virginia set forth in Executive Order 36 (2014) ("EO 36"), the Virginia Department of Mines, Minerals and Energy ("DMME") has created the Virginia SAVES Green Community Program (the "Program") to provide subsidized financing to private commercial and industrial, non-profit institutional and local government borrowers for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes across the Commonwealth; and

WHEREAS, the Program is further described in the documents entitled "Virginia SAVES Program Guidelines and Policies" and "Virginia SAVES Program Technical Guide" (the "Program Documents"), which Program Documents have been presented to this meeting and may be updated from time to time by DMME; and

WHEREAS, it is anticipated that most of qualified conservation purposes will, if undertaken by local governments, constitute Projects qualified for VRA financing under the Act; and

WHEREAS, the subsidized financing is expected to be provided through the use of Qualified Energy Conservation Bonds ("QECBs") issued on a conduit basis by the Virginia Small Business Finance Authority for private borrowers and VRA for local governments; and

WHEREAS, QECBs are qualified tax credit bonds authorized by and described in Sections 54A and 54D of the Internal Revenue Code of 1986, as amended (the "Tax Code"), the issuer of which is eligible under Section 6431 of the Tax Code to receive a refundable tax credit subsidy equal to lesser of (i) the amount of interest payable under the QECBs on each interest payment date, or (ii) seventy percent (70%) of the amount of interest which would have been payable under such QECBs on such date if such interest were determined at the applicable credit rate determined by the Secretary of the Treasury of the United States; and

WHEREAS, the Program works with third-party funding sources to provide financing for the Projects and VRA will sell its QECBs to such funding sources; and

WHEREAS, the Program will be administered by CleanSource Capital, LLC. (the "Administrator"), which was selected for such purpose by DMME and VRA has entered into an Administrative Services Agreement (the "Administrative Services Agreement") to provide for both the Administrator's and VRA's duties and obligations with respect to VRA's participation in the Program; and

WHEREAS, a form of the Administrative Services Agreement been previously presented to the Board of Directors of VRA; and

WHEREAS, to further the purposes of the Act and the Program, VRA has determined to issue its revenue bonds in the form of QECBs (the "FY 2018 QECBs") in an aggregate principal amount not to exceed the QECB allocation provided to the Program by the Commonwealth; and

WHEREAS, VRA will use the proceeds of the FY 2018 QECBs to (i) acquire and purchase the local obligations (the "Local Obligations") of any or all of the local governments (collectively, the "Local Governments") to which the Director of DMME has offered to allocate portions of Virginia's QECB allocation under Section 54D of the Tax Code to finance the cost of

Projects selected to be financed under the Program (the "Selected Projects") and to pay the issuance costs of the FY 2018 Bonds; and

WHEREAS, EO 36 provides that no QECBs issued under the Program will constitute "state-supported debt" without the prior approval of the General Assembly; and

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

1. Findings and Determinations. It is hereby found and determined that (i) there continues to exist in the Commonwealth of Virginia a critical need for additional sources of funding to finance the Commonwealth's present and future needs for the Selected Projects, (ii) the Program, the provisions of the Administrative Services Agreement and the issuance of the FY 2018 QECBs will alleviate in part this need by encouraging the investment of both public and private funds in a manner that is cost-effective, promotes the efficient use of VRA's capacity to issue bonds; provided that none of the FY 2018 QECBs will be secured by a "capital reserve fund" as described in Section 62.1-215 of the Act or otherwise constitute "state-supported debt" within the meaning of EO 36 without the General Assembly's prior approval, and (iii) VRA's participation in the Program, the prior approval of the Administrative Services Agreement and the issuance of the FY 2018 QECBs to finance the Selected Projects are in the public interest, serve a public purpose and will promote the health, safety, welfare, convenience or prosperity of the people of the Commonwealth.

2. Authorization of the FY 2018 QECBs; Basic Terms. There is hereby authorized the issuance at one time or from time to time of one or more series of the FY 2018 QECBs. VRA shall use the proceeds of the issuance and sale of each series of the FY 2018 QECBs as described in the Recitals above. Each series of the FY 2018 QECBs shall be (i) payable primarily from payments of the principal of and interest, if any, on the local obligations and the investment earnings on the local obligation principal payments and (ii) secured primarily by a pledge of such payments and earnings, as well as the "state-aid intercept" provided in Section 62.1-216.1 of the Act to the extent available. None of the FY 2018 QECBs will be secured by a "capital reserve fund" as described in Section 62.1-215 of the Act or otherwise constitute "state-supported debt" within the meaning of EO 36 without the General Assembly's prior approval. It is hereby found and determined that the debt service payments on the FY 2018 QECBs are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Virginia Code.

3. Specific Details of the FY 2018 QECBs. VRA's Chairman, Vice Chairman, or Executive Director are authorized to determine and approve the final details of each series of the FY 2018 QECBs, including without limitation, the title, series designation, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the FY 2018 QECBs shall not exceed the maximum QECB allocation provided to the Program by the Commonwealth; (ii) no series of the FY 2018 QECBs shall have a true interest cost in excess of 7.50%; and (iii) the final maturity any of the FY 2018 QECBs of any series shall be no later than the maximum term permitted under Section 54A of the Tax Code. The approval

of the Chairman, Vice Chairman, or Executive Director of such details with respect to any series of FY 2018 QECBs shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

4. Preparation, Execution, Authentication and Delivery of FY 2018 QECBs.

The Executive Director is authorized and directed to have the FY 2018 QECBs of each series prepared in industry standard or typical forms as she may determine in consultation with the Administrator and VRA's bond counsel, to have such FY 2018 QECBs executed, and to cause the executed FY 2018 QECBs to be delivered to or for the account of the initial purchaser or purchasers thereof upon payment of the agreed-upon purchase price thereof as provided in the related bond purchase agreement.

5. Sale of FY 2018 QECBs. Each series of FY 2018 QECBs may be sold to purchasers identified and selected by the Administrator in accordance with the Program. With respect to each series of FY 2018 QECBs, the Executive Director is authorized to execute and deliver a bond purchase agreement with the purchaser providing for the sale and delivery of the FY 2018 QECBs upon terms and conditions to be approved by the Chairman, Vice Chairman, or Executive Director within the parameters set forth in paragraphs 3 and 4 above.

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

7. Tax Matters. The Executive Director is authorized to execute and deliver on VRA's behalf simultaneously with the issuance of each series of FY 2018 QECBs a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each series of the FY 2018 QECBs and include such elections to be made on VRA's behalf, representations, certifications, provisions and covenants as the Executive Director may be necessary to qualify each series of the FY 2018 QECBs as "qualified tax credit bonds" and QECBs under Section 54A *et. seq.* of the Tax Code. The calculation of "true interest cost" of any series of the FY 2018 QECBs for purposes of paragraph 4 hereof may take into account the net benefit expected to be received by VRA from the issuance of FY 2018 QECBs as QECBs as determined by the Executive Director.

8. Investment of FY 2018 QECB Proceeds and Related Amounts. The investment of the proceeds of any series of FY 2018 QECBs and other amounts credited to any of the funds or accounts related to such FY 2018 QECBs will be governed according to VRA's Investment Policy and by the sections of the bond purchase agreement and financing documents related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the FY 2018 QECBs.

9. Authorization of Further Actions. The Executive Director and any VRA employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized or contemplated by this Resolution. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

10. Effective Date; Termination. This Resolution shall take effect immediately. The authority to issue FY 2018 QECBs pursuant to this Resolution shall terminate on June 30, 2018.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

**AUTHORIZING THE ISSUANCE OF UP TO \$400,000,000 IN
INFRASTRUCTURE AND STATE MORAL OBLIGATION REVENUE BONDS
(VIRGINIA POOLED FINANCING PROGRAM)
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

June 13, 2017

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

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

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

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

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

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

WHEREAS, to further the purposes of the Act and the Program, the Board has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$400,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 13, 2017 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2018; and

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

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

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

WHEREAS, the foregoing arrangements will be reflected in the following documents, forms of which are on file with VRA: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreement and Financing Agreements and Local Lease Acquisition and Financing Lease Agreements to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations, special fund revenue Local Obligations, and lease Local Obligations (collectively, the "Local Obligation Documents"); and

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

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

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

2. Details of the Bonds. VRA's Chairman, Vice Chairman, or Executive Director are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$400,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 13, 2017; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund and proceeds related to the refunding of existing State Moral Obligation Revenue Bonds, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2048. The approval of the Chairman, Vice Chairman, or Executive Director of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

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

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

5. Sale of Bonds. At the election of the Executive Director, each Series of Bonds may be sold (i) in a negotiated sale to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures, (ii) in a private placement to a bank or other institutional investor, or (iii) at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement or similar agreement with the Underwriter or private placement purchaser, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale

and delivery of the Bonds upon terms and conditions to be approved by the Chairman, Vice Chairman, or Executive Director within the parameters set forth in paragraph 2 above.

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

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

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

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

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

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

and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes or the Bonds of any Series for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor. The calculation of true interest cost for purposes of paragraph 2 hereof may take into account the net benefit expected to be received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

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

13. Interim Financing. Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman or Vice Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$400,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

14. Authorization of Further Actions. The Executive Director and any VRA employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any

Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

15. Effective Date; Termination. This Resolution shall be effective immediately. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2018.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ESTABLISHMENT OF THE VIRGINIAHELPS CONDUIT BORROWER PROGRAM AND THE ISSUANCE OF UP TO \$50,000,000 IN BONDS TO FUND THE PROGRAM IN FISCAL YEAR 2018

June 13, 2017

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

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

WHEREAS, under the Act the Authority is authorized and empowered, among other things,

1. to borrow money and issue its bonds, notes, debentures, interim certificates, grants or revenue anticipation notes or any other evidences of indebtedness (collectively referred to hereinafter as the "Bonds") in amounts the Authority determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of Bonds,

2. to refund any Bonds by the issuance of new Bonds, whether the Bonds to be refunded have or have not matured, whenever the Authority deems refunding expedient,

3. to secure Bonds issued by the Authority by a pledge of any local obligation owned by the Authority, any grant, contribution or guaranty from the United States of America, the Commonwealth or any corporation, association, institution or person, any other property or assets of or under the control of the Authority, or a pledge of any money, income or revenue of the Authority from any source,

4. to enter into a trust indenture pursuant to which the Authority may issue Bonds, and the trust indenture may contain provisions, which shall be part of the contract or contracts with the holders of such Bonds as to, among other things, the establishment of reserve funds, sinking funds and other funds and accounts and the regulation and disposition thereof, and

5. to purchase and acquire local obligations to finance or refinance the cost of any Project, using any funds of the Authority available for such a purpose; and

6. to require, as a condition to the purchase or acquisition of any local obligation, that the local government issuing the local obligation covenant to perform any of the acts enumerated in Section 62.1-216 of the Act, including producing sufficient revenue to pay the debt service on its local obligation and to create and maintain any required reserve, including any rate stabilization fund deemed necessary or appropriate by the Authority; and

WHEREAS, the Authority staff has structured a new program to be called the "VirginiaHELPS Conduit Borrower Program" (the "Program") to aid local governments (including authorities with appropriate local government support) to gain access to financing in situations where other Authority programs are not an option due to credit concerns, pending litigation, or similar problems as determined by Authority staff, including the Credit Committee and the Executive Director; and

WHEREAS, under the Program the Authority will provide for the issuance from time to time of Bonds in a single-borrower conduit format to purchase and acquire local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act, and have the other features described in the term sheet attached hereto; and

WHEREAS, the Bonds issued under the Program will be secured primarily by (i) revenues derived from the local obligations, and (ii) to the extent available, the "state-aid intercept" provision of Section 62.1-216.1 of the Act; provided, however, Bonds issued to fund the Program will not be secured by a "capital reserve fund" as described in Section 62.1-215 of the Act or otherwise be supported by the "moral obligation" of the Commonwealth; and

WHEREAS, to further the purposes of the Act and the Program, the Board has determined to authorize the Authority during the Authority's fiscal year ending June 30, 2018, to issue Bonds at one time or from time to time in an aggregate principal amount of up to \$50,000,000 to fund the Program and to make loans in the Program not to exceed \$50,000,000 provided prior written notice of any loan is delivered to the Authority's Chairman or Vice Chairman and the Chair of the Portfolio Risk Management Committee of the Board of Directors of the Authority (the "PRMC Chair"); and

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

1. It is hereby found and determined that (i) there continues to exist in the Commonwealth a critical need for additional sources of funding to finance the present and future needs of the Commonwealth for the Projects, particularly to enable local governments (including authorities with appropriate local government support) to gain access to financing in situations where other Authority programs are not an option as described in the Recitals, (ii) the Program will alleviate in part this need by encouraging the investment of both public and private funds in a manner that is cost-effective, promotes the efficient use of the Authority's capacity to issue Bonds and does not increase the risk of any adverse effect to the credit rating of either the Authority or the

Commonwealth, principally because none of the Bonds issued under the Program will be secured by a "capital reserve fund" as described in Section 2.1-215 of the Act or otherwise have the "moral obligation" support of the Commonwealth, and (iii) the establishment of the Program is in the public interest, will serve a public purpose and will promote the health, safety, welfare, convenience or prosperity of the people of the Commonwealth.

2. Authorization of the Bonds. There is hereby authorized the issuance at one time or from time to time of one or more series of conduit revenue bonds of the Authority to further the purposes of the Act and the Program. The Authority shall apply the proceeds of the issuance and sale of each series of the Bonds as described in the Recitals above. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

3. Details of the Bonds. VRA's Chairman, Vice Chairman, and Executive Director (collectively, the "VRA Officers," but any of whom may act) are authorized to determine and approve the final details of each series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$50,000,000; (ii) no series of the Bonds shall have a true interest cost in excess of 10%; and (iv) the final maturity any of the Bonds of any series shall be no later than December 31, 2048. The approval of the VRA Officers of such details with respect to any series of Bonds shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

4. Authorization of Bond Documents. Each series of Bonds authorized under this Resolution shall be issued and secured pursuant to an indenture or similar instrument containing the provisions authorized under Section 62.1-209 of the Act and approved by the VRA Officers (a "Bond Document"); provided that such Bond Document (i) shall provide for each series of Bonds to be issued in a single-borrower conduit format and (ii) shall not establish any "capital reserve fund" for such Bonds within the meaning of Section 62.1-215 of the Act or otherwise pledge or provide for any "moral obligation" or other credit support from the Commonwealth. The approval of any Bond Document shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

5. Preparation, Execution, Authentication and Delivery of Bonds. The Executive Director is authorized and directed to have the Bonds of each series prepared in appropriate form, to have such Bonds executed pursuant to the terms of the related Bond Document, to deliver such Bonds to the appropriate trustee or other fiduciary for authentication if required, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Bond Document.

6. Sale of Bonds. At the election of the Executive Director, each series of Bonds may be sold (i) in a negotiated sale to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with the Authority's previously adopted underwriter selection procedures, (ii) in a private placement to a bank or other institutional investor, or (iii) at public bid to the bidder with the lowest true interest cost to the Authority. With respect to the sale of a series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement or similar agreement with the Underwriter or private placement purchaser, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the VRA Officers within the parameters set forth in paragraph 3 above.

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

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

9. Credit Enhancement. The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of any reserve fund or account established pursuant to the related Bond Document, if the Executive Director determines such procurement to be in the best interests of the Authority.

10. Participating Local Governments. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of the Authority to accept and approve applications from local governments to be participants in the Program; provided that during the Authority's fiscal year ending June 30, 2018, (i) the aggregate principal amount of loans in the Program shall not exceed \$50,000,000 and (ii) prior written notice of any loan shall be delivered to the Authority's Chairman or Vice

Chairman and the PRMC Chair. The criteria for approving an application shall include security and enhancements to ensure loan repayment including but not limited to rate and revenue coverage covenants, full faith and credit pledges where allowable, state-aid intercept, leasehold interests in collateral, commercial bank letters of credit and bond insurance.

11. Local Obligation Documents. Each local obligation purchased or acquired with the proceeds of series of Bonds authorized under this Resolution shall be purchased or acquired and secured pursuant to a loan or financing agreement, financing lease documents or a similar instrument containing the provisions authorized under Section 62.1-216 of the Act and approved by the VRA Officers. The approval of any such document shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

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

13. Investment of Proceeds. The investment of all monies deposited in any of the funds or accounts related to a series of Bonds will be governed by the sections of the related Bond Document regarding permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

14. Interim Financing. Prior to the offering of any series of Bonds, if market or other conditions are such that the VRA Officers determine that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of local obligations in the Program, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of the Authority ("Notes") at public or private sale in anticipation of the issuance of any or all series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$50,000,000 (less the aggregate principal amount of any previously issued series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 10% and the Notes shall be

subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 14. Any of the Notes may be extended or refinanced from time to time by or at the direction of the VRA Officers, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The VRA Officers are authorized to affix the seal of the Authority to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding series of Bonds and may be retired, in the discretion of the VRA Officers, from the proceeds of the corresponding series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

15. Authorization of Further Actions. The Executive Director and any Authority employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on the Authority's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

16. Effective Date; Termination. This Resolution shall be effective immediately. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2018.