VIRGINIA RESOURCES AUTHORITY
PERSONNEL COMMITTEE
MINUTES OF THE REGULAR MEETING

The Personnel Committee of the Virginia Resources Authority met on Monday, June 6, 2016, in the Virginia Resources Authority Board Room, Bank of America Building, 19th Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Members Present
Thomas L. Hasty, III, Chair
Randall P Burdette
Barbara McCarthy Donnellan
Valerie Thomson on behalf of David K. Paylor
William G. O'Brien, ex officio

Members Absent
None.

Other Board Members Present
Janet Aylor on behalf of Manju Ganeriwala (arrived at 12:35 p.m.)
David Branscome (arrived at 1:45 p.m.)
Dena Frith Moore (arrived at 12:52 p.m.)
John H. Rust, Jr.

Staff Present
Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Director of Policy
Peter D'Alema, Director of Program Management
Michael Cooper, Director of Administration & Operations
George Panos, Deputy Controller
Catherine O'Brien, Accounting Manager
Rachael Panos, Fiscal & Administrative Specialist

Others Present
None.

Call to order

The meeting was called to order by Mr. Thomas L. Hasty, Jr., Chair, at 12:32 p.m.

Approval of Agenda

There were no additions or deletions to the minutes.

Motion by Mr. O'Brien, seconded by Mr. Burdette, to approve the agenda as presented.

Motion carried.

Old Business

There was no old business.

New Business

The Chair asked Mr. Michael Cooper, Director of Administration & Operations, to present the updates to the Personnel Policies Manual and employee health insurance.

Personnel Policies Manual: Mr. Cooper welcomed Ms. Catherine O'Brien. Ms. O'Brien is a new member to the VRA staff and is serving as Accounting Manager. She is a Certified Public Accountant, has worked in the private and public sectors, and has a strong background in auditing. The Committee welcomed Ms. O'Brien to VRA.

Mr. Cooper proceeded to provide an update on the Personnel Policies Manual. He explained that there are no substantial changes, but there is the addition of minor language that will bring the Manual current with state and federal Equal Employment Opportunity (EEO) laws, specifically gender identity, genetics and other categories that have been added to areas protected. The second change refers to Persons with Disabilities and the Americans with Disabilities Act (ADA). He stated that a sentence was added identifying the VRA employee to be contacted when an employee with a disability has a request for accommodation. Mr. Cooper continued that three additional classifications were added to the Harassment section of the policy consistent with other classifications previously covered in the Manual. In regard to the Retaliation section, Mr. Cooper explained that two components were added. The first provision was extended to protect any employee who may have been involved in an investigation of a retaliation claim. The second provision is a disclaimer that VRA cannot promise confidentiality for employees who may have or were involved in a retaliation complaint.

Mr. Cooper noted that VRA is not a Family and Medical Leave Act (FMLA) eligible organization because of its size. However, VRA has adopted a Medical and Parental Leave policy that essentially mirrors the FMLA in terms of what it covers and what it provides. Therefore, additional language has been added to the Manual to bring it in line with recent state policies and procedures.

Mr. Cooper continued that new language was added to the Information Technology (IT) component of the Personnel Policies. The language will provide for the storing of VRA equipment used by employees, as well as the initiation of proper shutdown of stolen, lost or compromised equipment to prevent any access to information relating to VRA. Mr. Cooper explained that many of VRA employees utilize their own devices for work. However, upon separation from employment with VRA, the employees' acess to email will be shut down. The proposed language will allow VRA, "with the employee's consent, to wipe VRA data from a personal computer".

In response to Mr. Rust relative to language "with the employee's consent", Mr. Cooper stated that VRA is following language that was used elsewhere. After extensive discussion, Ms. Hamlett

suggested that VRA work towards obtaining consent from employees that are allowed to use their own devices and eliminate the consent language from the Manual unless a legal reason is determined that requires that the language be included. Ms. Hamlett suggested that staff prepare language for recommendation to the Full Board for consideration.

Mr. Cooper concluded that there may be some adjustments to VRA's organizational chart based on a reclassification study currently in process.

Fiscal Year 2017 Health Insurance: Mr. Michael Cooper, Director of Administration & Operations, explained that VRA realized a 13% overall increase in employee health insurance premiums for FY2017. The increase will be shared 88% for VRA and 12% for employees. He continued that VRA offers the Key Advantage Expanded with Preventative Dental and Comprehensive Dental. He shared a chart showing the premiums for the two levels of insurance under the Key Advantage Expanded policy for single, dual and family plans. Mr. Cooper noted that all VRA employees have elected coverage under the Comprehensive Dental plan. Mr. Cooper shared illustrations of total employee compensation, one with single healthcare coverage and the other with family healthcare coverage, along with the dollar amount and percentage of non-salary items for each illustration. He further stated that the gym membership reimbursement program implemented in FY2016 was a huge success and will continue in FY2017. The program pays a reimbursement amount up to $30.00 a month on membership for VRA employees only.

In response to Mr. Rust, Mr. Cooper stated that VRA is above the 80% threshold requirement for coverage of employee healthcare premiums.

There was no further discussion.

Motion by Mr. Rust, seconded by Mrs. Donnellan, to recommend to the Full Board approval of the Personnel Policies Manual changes as discussed, the ability to modify the organizational chart as necessary, and to approve health insurance premium rates as presented.

Motion carried.

Classification and Compensation Study: Mr. Michael Cooper, Director of Administration & Operations, stated that the Classification and Compensation Study is underway by Springsted, Inc. and implementation is anticipated for late fall. He continued that staff will provide the Board an update of the Study's findings at the September 2016 meeting. The study includes the evaluation of the current pay grade structure and the development of career ladders. The recommendation is to institute the results, as appropriate, at the conclusion of the study

Closed Session

Mr. Hasty called for a motion to convene in closed session to discuss a personnel matter.

Motion by Mr. O'Brien, seconded by Ms. Thomson, to go into closed session in accordance with 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 VRA.

Motion carried.

The closed session convened at 12:58 p.m.

Open Session

The open session reconvened at 1:45 p.m. Mr. Michael Cooper, Director of Administration & Operations, read the following Resolution certifying closed session.

RESOLUTION

Whereas, the Personnel Committee of the Virginia Resources Authority (the "Authority") has on June 6, 2016, received this resolution 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 Personnel Committee that such closed session was conducted in accordance with Virginia law;

Now, therefore be it resolved that the Personnel Committee of the Board of the Virginia Resources Authority does hereby certify that, to the best of each member's knowledge, (i) only the public business matters that were identified in the motion by which the closed session was convened and were 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 convening the closed session were heard, discussed or considered by the Committee.

Motion by Mr. O'Brien, 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. Burdette, Mrs. Donnellan, Mr. O'Brien, Mr. Rust, Ms. Thomson, and Mr. Hasty, Chair.

Nays: None.

Absent for Vote: None.

Absent for Meeting: None.

Motion Carried.

Public Comment Period

There was no one present to be heard.

Adjournment

Motion by Mr. Rust, seconded by Mr. Burdette, that the meeting be adjourned.

Motion carried, and the meeting adjourned at 1:49 p.m.

The next meeting of the Committee will be held on September 12, 2016.

Thomas L. Hasty,III, Chair

Stephanie L. Hamlett, Executive Director
Board Secretary

VIRGINIA RESOURCES AUTHORITY
BUDGET COMMITTEE
MINUTES OF THE REGULAR MEETING

The Budget Committee of the Virginia Resources Authority met on Monday, June 6, 2016, in the Virginia Resources Authority Board Room, Bank of America Building, 19th Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Members Present
Barbara McCarthy Donnellan, Chair
Janet Aylor on behalf of Manju Ganeriwala
John J. Aulbach, II
Thomas L. Hasty, III
Dena Frith Moore
Valerie Thomson on behalf of David K. Paylor
William G. O'Brien, ex officio

Members Absent
None

Other Board Members Present
David Branscome
John H. Rust, Jr.

Staff Present
Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Director of Policy
Michael Cooper, Director of Administration & Operations
Shawn Crumlish, Director of Financial Services
Peter D'Alema, Director of Program Management
Catherine O'Brien, Accounting Manager
Stephanie Jones, Program/Compliance Officer
Joseph Bergeron, Financial Services Manager
Rachael Panos, Fiscal & Administrative Specialist

Others Present
Ty Wellford, Davenport & Company LLC
Leah Schubel, Davenport & Company LLC

Call to Order

The meeting was called to order by Mrs. Barbara McCarthy Donnellan, Chair, at 1:53 p.m.

Approval of Agenda

There being no additions or deletions, the agenda stands approved as presented.

Old Business

There was no old business.

New Business

Fiscal Year 2017 Budget Presentation

The Chair asked Mr. Michael Cooper, Director of Administration & Operations, to present the proposed FY2017 budget.

Mr. Cooper began by first introducing Ms. Catherine O'Brien. Ms. O'Brien is a new member of the VRA Administration and Finance Division and is the Accounting Manager. She is a Certified Public Accountant, has worked in the private and public sectors, and has a strong background in auditing. The Committee welcomed Ms. O'Brien to VRA.

Fiscal Year 2016 Budget: Prior to presenting the proposed FY2017 budget, Mr. Cooper reviewed the FY2016 projected budget versus the actual budget for the period ending June 30, 2016. He explained that total revenues tracked above total expenses due in part to investments. Mr. Cooper continued that expenses are down primarily in the personnel line item because the Controller position remained vacant over half of the fiscal year and an authorized budgeted position was not filled. Mr. Cooper shared the FY2016 Unrestricted Net Assets Reserves as of March 31, 2016. The reserves will be adjusted at year end. In response to an inquiry by Mr. Rust, Mr. Cooper explained that VRA policy requires 75% of VRA operating costs be held in a reserve.

Fiscal Year 2017 Budget: Mr. Cooper proceeded with the FY2017 budget, explaining that the key drivers are in line with VRA's strategic goals. He began by stating the Board's strategic goals. The first is to enhance outreach. This goal pertains to visibility of VRA through membership in relevant organizations and professional boards, conference registrations, sponsorships and exhibits. In addition, he stated that the biennial statewide conference will be held in December 2016 in Williamsburg. The conference will be funded in part by sponsorships and registrations. In continuing discussions of the goal to enhance outreach, Mr. Cooper noted that the multimedia outreach efforts are continuing and the VRA website was updated to be more user friendly.

Mr. Cooper proceeded with Goal 2 which is to continue quality underwriting and monitoring which, he said, is reflected in the training budget. The training budget will provide staff members the opportunity to attend professional training courses and conferences, including those provided by rating agencies, to provide them with the best tools to assist VRA borrowers, and stay apprised of rating agencies trends. Goal 3, Mr. Cooper said, is to optimize technology and information systems and the FY2017 proposed budget includes resources for the loan servicing system project. Procurement for the project will begin in the winter of 2016. In addition, Authority-wide phone system replacement will take place as the current system will reach end of life cycle in December 2016. Goal 4, he stated, is to assure financial sustainability. In FY2017 approximately $2 million will be transferred to the Portfolio Risk Management reserve. In addition, staff will perform an analytical study relative to the manner in which reserves are projected.

Mr. Cooper concluded that Goal 5 is to maintain qualified staff. In this regard, the FY2017 budget includes a 3% merit increase for eligible employees based on annual performance evaluation. This increase, he said, is consistent with state and local governments. The benefits package for employees remains the same, except for a slight adjustment for a 13% premium increase in health insurance. Insurance premiums for FY2017 will be shared at a ratio of 88% VRA cost and 12% employee cost. The proposed budget further includes the gym membership reimbursement program; and it incorporates any proposed recommendations relating to classification and compensation adjustments that may be recommended from Springsted, Inc. and implemented by the Executive Director. Springsted is conducting a review of VRA employee career development opportunities and compensation. Its review will be completed in the fall of 2016. In response to Ms. Moore, Mr. Cooper stated that the study was competitively procured.

Mr. Cooper provided the FY2017 General Fund Summary, noting the funding to be transferred to the Portfolio Risk Management Reserve, support of one additional staff position, and payment of Trustee and Arbitrage Rebate fees. He continued that the revenues were estimated less than the FY2016 budget and expenses are in line with the FY2016 budget. Mr. Cooper called attention to a chart in his presentation showing a conservative estimate of revenues for the FY2017 Virginia Pooled Financing Program in the amount of $195 million in new issuances. He noted that the 20 loans projected for the Clean Water Revolving Loan Fund and 22 loans for the Drinking Water State Revolving Fund for FY2017 are consistent with FY2016 estimates. Two loans are projected to close and there is one new application for the Virginia Transportation Infrastructure Bank. Mr. Cooper shared the FY2017 Budgeted Allocable Expenses; a chart showing general fund revenue comparisons over a five-year period; and allocation of FY2017 budgeted expenses in the amount of $3.6 million.

Mr. Cooper referenced the Five-Year Projection with Reserve Analysis, noting that the professional and contractual line item is a little higher primarily because of a third party audit firm, Cherry Bekaert, Holland, which was hired in the absence of a controller. The firm has been informally auditing VRA every quarter and will continue for another year. Another potentially costly item included in the budget is rating surveillance work, which is used to evaluate options for the RLF funds.

Mr. Cooper proceeded to share the Five-Year Projection with Reserve Analysis based on current and proposed methodology numbers. The current methodology includes calculations and a formula derived from the Loan Monitoring Compliance Database (LMCD) using FY2014 data, the most comprehensive data available to date. There was an adjustment in the number of green borrowers causing a reduction in risk from FY2013 to FY2014, as well as a drop in the loan volume amount outstanding, and thereby reducing the overall risk level and related PRM Reserve requirement.

In response to Mr. Rust, Mr. Cooper explained that reserve is going down every year because it is a function of the number of borrowers in the various risk categories as well as conservatively estimating the volume in the VPFP. After discussion, Mr. Cooper shared the Five-Year Projection with Reserve Analysis using the proposed new methodology. He noted that the proposed new methodology results in the PRM reserve remaining stable as opposed to the decline in PRM reserve

under the current methodology. In response to Mr. O'Brien, Mr. Peter D'Alema, Director of Program Management, stated that there will be a slight decline in the reserve with the new methodology, but it will not occur as quickly as in the current methodology.

Mrs. Donnellan expressed concern relative to the size of the reserve asking if this is a proper use of the fund, particularly since the reserve has never been used.

The Executive Director explained that if funds are needed when a borrower cannot meet its obligations to the Pool Program, VRA will have reserves to rely upon before calling on the State's Moral Obligation (MO) pledge. Currently, there are two borrowers struggling with economic challenges, one of which is an authority and State-aid is not available.

There was discussion relative to possible at-risk borrowers.

Portfolio Risk Management Reserve Methodology: Mr. Peter D'Alema, Director of Program Management, explained that the Portfolio Risk Management Reserve (PRM) was established as part of the Net Assets Guidelines that were approved in 2013. The purpose of the PRM Reserve is to cure potential local borrower payment defaults in programs backed by the State's MO pledge. He continued that the current PRM Reserve methodology applies long-term municipal default rates to existing borrower loans and historic Moody's municipal default rates backed by a Capital Reserve Fund based on VRA Loan Monitoring and Compliance Database (LMCD) risk classification (red, yellow, and green). Mr. D'Alema shared a sample of the PRM Reserve calculation noting that under the current methodology the target PRM Reserve amount is $11,584 million based on FY2014 data. He stated that the PRM Reserve target can fluctuate widely from year to year under the current methodology because of reclassifications of certain large borrowers in the LMCD. Reserves may not always increase even with an increase in portfolio size under the current methodology due to the reclassification of a borrower.

The new methodology for calculating the PRM reserve, Mr. D'Alema stated, seeks to stabilize the long-term default loss target over time. It uses Standard & Poors (S&P) bond insurer credit criteria as the basis of determining capital charges associated with loans issued by VRA on behalf of local government borrowers. It further uses average annual debt service for each applicable loan which is the key difference in the two methodologies. The average annual debt service is a better indicator of the amount of funds that would be needed in an actual payment default scenario. Lastly, S&P borrower ratings or assigned ratings are used as the basis for determining the related loan capital charge. He highlighted the capital charge assessments under the new methodology. To identify the loans that may have a real chance for default, the new methodology relies on the LMCD "watch list" borrowers and sets aside 100% of average annual debt service as a default reserve for these "watch list" loans. Based on the FY2015 loan portfolio, PRM Reserve target would be $14.88 million, excluding reserves for "AAA" and "AA" rated borrowers. While this methodology results in a higher target than the current methodology, it is expected to be more stable over time in that borrowers will be tied to S&P ratings, which tend to change less over time.

In response to Mr. Hasty, it was explained that should the reserve go over the target, the surplus will go back to borrowers through the trustees as a credit.

Mr. D'Alema provided a snapshot of the new methodology database for FY2015 that includes borrowers, Bond Series, average annual debt service, rating, capital charge and reserve amount.

Mrs. Donnellan suggested that a policy be developed as to how a surplus of the targeted reserve for the PRM can be used.

Mrs. Moore stated that she favors the proposed methodology because it utilizes more up to date information for calculations. Mrs. Donnellan stated that she likes the proposed methodology because it is more substantially validated.

Approval of the Fiscal Year 2017 Budget

Motion by Mr. Hasty, seconded by Ms. Moore, that the Committee recommend approval to the Full Board approval of the Fiscal Year 2017 budget as presented.

Motion carried.

Public Comment Period

There was no one to be heard.

Adjournment

Motion by Mr. Hasty, seconded by Ms. Moore, that the meeting be adjourned.

Motion carried and the meeting adjourned at 3:11 p.m.

The next meeting of the Committee will be held on September 12, 2016.

Barbara M. Donnellan

Mrs. Barbara McCarthy Donnellan, Chair

Stephanie L. Hamlett

Stephanie L. Hamlett, Executive Director
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY

PORTFOLIO RISK MANAGEMENT COMMITTEE
MINUTES OF THE REGULAR MEETING

The Portfolio Risk Management Committee met on Monday, June 6, 2016, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Committee Members Present
Dena Frith Moore, Chair
Janet Aylor on behalf of Manju Ganeriwala
David Branscome
Thomas L. Hasty, III
John H. Rust, Jr.
William G. O'Brien, ex officio

Committee Members Absent
None

Other Board Members Present
Barbara McCarthy Donnellan

Staff
Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Director of Policy
Peter D'Alema, Director of Program Management
Michael Cooper, Director of Administration & Operation
Shawn Crumlish, Director of Financial Services
Kimberly Adams, Senior Program Manager
Stephanie Jones, Program Manager/Compliance Officer
Catherine O'Brien, Accounting Manager
Joseph Bergeron, Financial Services Manager
Rachael Panos, Fiscal & Administrative Specialist

Others
Ty Wellford, Davenport and Company LLC
Leah Schubel, Davenport and Company LLC
Howard Eckstein, Virginia Department of Health

Call to Order

Ms. Dena Frith Moore, Chair, called the meeting to order at 3:18 p.m.

Approval of Agenda

There were no additions or deletions to the agenda.

Motion by Mr. O'Brien, seconded by Mr. Rust, that the agenda be approved as presented.

Motion carried.

Portfolio Risk Management

The Chair asked Mr. Peter D'Alema, Director of Program Management, to provide the Portfolio Risk Management (PRM) update.

2016A Virginia Pooled Financing Program (VPFP): Mr. D'Alema stated that VRA sold $136.62 million, in VPFP Series 2016A bonds in May 2016 to fund 15 loans on behalf of 14 local government borrowers. The bonds cover 7 of VRA's 18 authorized project areas. The sale included both tax-exempt Infrastructure Revenue Bonds with confirmed ratings of Aaa/AAA and State Moral Obligation Revenue Bonds with confirmed ratings of Aa2/AA. Mr. D'Alema highlighted the bond transaction summary noting that the True Interest Cost (TIC) was 2.56% and the All-In TIC was 2.72%. He stated that the 2016A Infrastructure Revenue Bonds were issued on a negotiated basis, and the underwriter's included Citi, Senior Manager; JP Morgan, Co-Senior Manager; and Co-Managers Fidelity and Morgan Stanley. Bank of America Merrill Lynch submitted the lowest competitive true interest cost (TIC) bid on the 2016A State Moral Obligation Bonds, which were offered on a competitive basis.

Mr. D'Alema reviewed the 2016A VPFP Borrower Summary, noting that the 8 local government borrowers in the transaction refunded $59.4 million in prior debt obligations for a net present value savings in excess of $7.5 million. The 2016A transaction as a whole added four new local government borrowers to the VPFP portfolio, including: Chesterfield County, James River Water Authority, Louisa County, and Smyth County. Mr. D'Alema continued that with the inclusion of the 2016A transaction, there is $2.37 billion in total borrower principal outstanding in the VPFP Portfolio with the top 10 borrowers representing 34.5% of overall VPFP portfolio. The largest borrower, Stafford County, was 6.04% of the overall VPFP portfolio immediately after the closing of the 2016A bond issue.

Mr. D'Alema mentioned the VPFP Five-Year Issuance Trend, noting that the issuance of loans to finance new project construction increased to approximately $220 million in fiscal year 2016 as compared to approximately $90 million in fiscal year 2015.

Commonwealth's Moral Obligation: Mr. D'Alema provided an update on VRA's debt outstanding that is backed by the Commonwealth's Moral Obligation (MO) pledge. After the VPFP 2016A issuance, MO debt outstanding totals approximate $916 million with approximately $584 million in remaining MO debt capacity. Mr. D'Alema explained that over $41 million in MO backed debt matures between June 30, 2016 and November 1, 2016, leaving approximately $625 million in

estimated remaining MO debt capacity by fall 2016. This capacity excludes the impacts of the summer 2016B VPFP issuance.

VPFP Guaranteed Investment Contracts (GIC) Terminations: Mr. D'Alema stated that as part of the 2016A VPFP, VRA was able to eliminate two guaranteed investment contracts (GICs) from the VPFP portfolio, noting that many GIC providers have been downgraded. VRA has been successful in collateralizing several of these investment contracts in other VRA programs. Due to favorable market conditions, as part of the spring VPFP VRA was able to successfully terminate the 2003 and 2006C GIC contracts. He explained that the GIC terminations included a substantial premium based on the current market interest rate environment. While a portion of the 2006C premium will likely need to be rebated to the IRS, the 2003 premium can be retained and used to replace the VPFP Capital Reserve Fund cash flow with the use of state and local government series bonds (SLGS). He noted that the termination of these GIC agreements is viewed positively by the rating agencies as there is less risk associated with the treasury investments that replaced the GIC investments.

He commended Ms. Leah Schubel and Ty Wellford of Davenport and Company LLC, for their efforts in this process.

2016B VPFP Summer Pool: Mr. D'Alema stated that the summer pool is moving forward. Eleven application requests have been received for consideration with approximately $81 million in requested proceeds. Mr. D'Alema explained that there are multiple VPFP loans with net present value savings of 3% that are potential VRA refunding candidates. Three existing VPFP borrowers have expressed interest and plan to move forward in the summer transaction. He highlighted the 2016B VPFP Summer Pool applicants, noting that two of the loan applications were subsequently withdrawn. There were two summer pool loan requests seeking proceeds in excess of $10 million, including Dinwiddie County and the City of Manassas Park. Dinwiddie County is seeking up to $25.15 million to finance the construction of two new buildings and the renovation of two existing local government buildings. The Dinwiddie County loan would be secured by a lease revenue pledge with the County's government complex serving as collateral and the City of Manassas Park is seeking $20.67 million to refund a Series 2008 public bond issue that originally financed a parks and recreation facility. Both of the loan requests fall within VRA's lease revenue and tax supported debt underwriting guidelines.

Mr. D'Alema stated that due diligence calls were conducted, local authorizing resolutions will be adopted by localities no later than June 20, 2016; and transaction details will be provided at the September 2016 PRMC and VRA Board meetings. He concluded with the financing schedule, noting that the bond sale is scheduled for July 27, 2016, and pre-closing and closing will take place on August 9, 2016 and August 10, 2016, respectively.

Green Community Program (GCP): Mr. D'Alema highlighted the Green Community Program. He stated that in September 2015 the Board approved a resolution to participate in the program in partnership with the Department of Mines, Minerals, and Energy (DMME). The program was established under Executive Order 36 which authorized DMME to deploy a portion of the Commonwealth Qualified Energy Conservation Bond (QECB) allocation. The program is for use

by local governments, private businesses, and non-profits through the GCP. He explained that CleanSource Capital administers the program, and VRA serves as the conduit issuer for local government QECB issuance. The Virginia Small Business Financing Authority serves as a conduit for business and non-profit related projects. Mr. D'Alema continued that the loans are up to $10 million for energy efficiency or energy conservation projects. VRA Board approval will be sought for any GCP loans not meeting existing underwriting guidelines. He stated that the program started in September 2015 and since that time two loans were funded. Pittsylvania County was issued a 15-year loan for $3.3 million. The other was an 18-year loan in the amount of $8.691 million issued to Warren County. Both of the loans will fund energy performance contracts for multiple school facility energy efficiency upgrades. The loans will follow VRA underwriting guidelines.

Virginia Airport Revolving Fund (VARF) and Dam Safety Fund: Mr. D'Alema provided an update on the VARF noting that there are no pending loan applications. In addition, staff, along with Davenport and Company LLC, is reviewing a possible refunding of the VARF Series 2007 bonds for debt service savings. This will potentially be done through a bank private placement. He stated further that an updated Memorandum of Agreement (MOA) was provided to the Department of Aviation (DOAV) for its consideration in order to replace existing MOA's dating back to 1999 and 2000.

Mr. D'Alema complimented Ms. Kimberly Adams, Senior Program Manager, on managing the Dam Safety Fund. He stated that VRA has dispersed $312,416 of dam safety grant funds relating to 67 grants from the 2011-2015 funding cycle. Grant awards for the 2016 funding cycle are anticipated to be finalized by the Soil and Water Conservation Board in fall 2016, and VRA staff will complete and distribute grant agreements shortly thereafter. He concluded that up to $436,978.00 is anticipated to be awarded in dam safety reimbursement grants to private and public dam owners as part of the 2016 funding cycle.

Clean Water Revolving Loan Fund (CWRLF) Refunding: Mr. Shawn Crumlish, Director of Financial Services, stated that at the March 2016 meeting, there was discussion relative to a potential refunding of CWRLF Revenue Bonds, Series 2010B. However, the refunding did not occur. He continued that VRA did reach out to all the underlying borrows that have loans from those bond proceeds to see if they had any debt management plans that would be impacted by moving VRA's call date out effectively 6 years. He continued that Hampton Roads Sanitation District (HRSD) is the largest borrower in the 2010B issuance. HSRD recently completed their own refunding that resulted in a sizable savings and did not want to participate in a refunding of the 2010B bonds if it would ultimately extend the existing 2020 call date. Without the inclusion of the bonds related to the HRSD 2010 loan, the refunding would be much smaller. Mr. Crumlish said VRA considered the concept of bank placement for direct purchase, noting that with an $80 million bid there is a possibility for a refunding for savings and favorable repayment terms that include maintaining the original 2020 call date of the 2010B bonds. Mr. Crumlish concluded that VRA received 5 responses to its RFP, and it does look like the bank transaction will be feasible. VRA will ensure that the bank transaction will not adversely impact other borrowers.

Hampton Roads Sanitation District (HRSD): Mr. Crumlish explained that HRSD amended its subordinate trust indenture and was able to refund a substantial portion of its senior lien debt

because of favorable rates. The refunding allowed HRSD to move about 24% of their senior lien down to subordinate. VRA and the Department of Environmental Quality (DEQ) met with HRSD to review projects in the HRSD Capital Improvement Plan. As a result, HRSD may be submitting a new money application in July.

Virginia Conservation Legacy Fund (VCLF): Mr. Crumlish explained that all of the Virginia Conservation Legacy Fund's Clean Water payments are current. There is $267,952 in escrow that can be used for expenses at Natural Bridge, such as electric meter installation or other items necessary for the transition to state park operations. VCLF is current on its property taxes, as well. Mr. Crumlish stated that state legislation was adopted and funds were included in the recently adopted state budget that allows VCLF and the Department of Conservation and Recreation (DCR) to enter into a management agreement. The Office of the Attorney General is drafting a management agreement. Mr. Crumlish mentioned that VRA reviewed the business plan for VCLF in February 2016, and Mr. Warren Whitney will be working with VCLF to finalize the plan. The final business plan and appropriate loan restructuring will be presented in September 2016.

There was extensive discussion relative to VRA's ability to sell portions of the property to cover VCLF debt. In response to the Committee, it was stated that the hotel is doing well under the new management; attendance is up at Natural Bridge; and VCLF controls ticket revenues for the Natural Bridge. In addition, VRA and VCFL entered into a Forbearance Agreement. An escrow account was established and is controlled by VRA.

Drinking Water State Revolving Fund (DWSRF): Mr. Crumlish stated that the Town of Nickelsville is currently late paying its semi-annual debt service on an existing DWSRF loan. He noted that the debt is not tied to any bond issuances and all loans are issued from program equity. Declining connections and increased cost of a licensed water operator for the water system contributes to financial difficulties. Mr. Crumlish explained that the Virginia Department of Health (VDH) Office of Drinking Water is leading discussions with the Town for long-term operational solutions. In addition, discussions are being held with surrounding water systems to determine if Nickelsville's water system can be acquired.

Shelf Resolutions: Mr. D'Alema continued the presentation noting that there are five shelf-resolutions for various VRA programs. The resolutions are adopted annually and provide authorization for debt issuance in several VRA financing programs.

Motion by Mr. Rust, seconded by Mr. O'Brien, that the Committee recommend to the Full Board approval of the following shelf resolutions:

Resolution authorizing the issuance of up to $475,000,000 in Infrastructure Revenue Bonds (Virginia Pooled Financing Program) for the Fiscal Year ending June 30, 2017.

Resolution authorizing the issuance and sale of up to $10,000,000 in Virginia Airports Revolving Fund Bonds for the Fiscal Year Ending June 30, 2017, 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 the issuance and sale of bonds to refund outstanding bonds.

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, 2017.

Resolution authorizing the issuance and sale of up to $6,000,000.00 in Clean Water State Match Revenue Bond for the Fiscal Year ending June 30, 2017.

Motion carried.

Portfolio Risk Management (PRM) Reserve: Mr. D'Alema explained that the PRM Reserve was established as part of the Net Assets Guidelines that were approved in 2013. The purpose of the PRM Reserve is to protect against a draw on a Capital Reserve Fund resulting from one or more local borrower payment defaults in programs backed by the Commonwealth's Moral Obligation (MO) pledge. He explained that approximately two years ago the current methodology was established. It applies historic municipal default rates to existing borrower loans in programs backed by a Capital Reserve Fund based on VRA Loan Monitoring and Compliance Database (LMCD) risk classification (red, yellow, and green). The proposed new methodology, however, seeks to stabilize the long-term default loss target over time. It uses Standard & Poors (S&P) bond insurer credit criteria as the basis of determining capital charges associated with loans issued by VRA on behalf of local government borrowers. It further uses average annual debt service for each applicable loan which is the key difference of the two methodologies. The average annual debt service is a better indicator of the amount of funds that would be needed in an actual payment default scenario. Lastly, S&P borrower ratings or assigned ratings are used as the basis for determining the related loan capital charge. To identify the loans that may have a higher risk for default, the new methodology relies on the LMCD "watch list" borrowers and sets aside 100% of average annual debt service as a default reserve for these "watch list" loans. Based on the FY2015 loan portfolio, PRM Reserve target would be $14.88 million excluding reserves for "AAA" and "AA" rated borrowers. While this methodology results in a higher target than the current methodology, it is expected to be more stable over time in that borrowers will be tied to S&P ratings, which tend to change less over time.

Mr. D'Alema concluded that during the Budget Meeting, it was suggested that instead of excluding the "AAA" and "AA" rated borrowers in determining the PRM Reserve, that all rated borrowers be considered and that a percentage of the total borrowers be used to determine a reserve. Staff will explore the possibility and should have a recommendation by the September 2016 meeting of the Committee.

Old Business

There was no old business.

New Business

There was no new business.

Public Comment Period

There was no one from the public to be heard.

Adjournment

Motion by Mr. Hasty, seconded by Mr. Rust, that the meeting be adjourned.

Motion carried, and the meeting adjourned at 4:06 p.m.

The next meeting of the Committee will be held on September 12, 2016.

Dena Frith Moore, Chair

Stephanie L. Hamlett, Executive Director
Secretary to the Board

VIRGINIA RESOURCES AUTHORITY

BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING

The Board of Directors of the Virginia Resources Authority met on June 7, 2016, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

Members Present
William G. O'Brien, Chair
James H. Spencer, III, Vice Chair
Janet Aylor on behalf of Manju Ganeriwala
John J. Aulbach, P.E. on behalf of Marissa Levine
David Branscome
Barbara McCarthy Donnellan
Cherry Evans on behalf of Randall P Burdette
Thomas L. Hasty, III
Dena Frith Moore
John H. Rust, III
Valerie Thomson on behalf of David K. Paylor
(arrived at 9:07 a.m.)

Members Absent
None

Staff Present
Stephanie L. Hamlett, Executive Director/Secretary to the Board
Jean Bass, Director of Policy
Michael Cooper, Director of Administration & Operations
Shawn Crumlish, Director of Financial Services
Peter D'Alema, Director of Program Management
Kimberly S. Adams, Senior Program Manager
Stephanie Jones, Program Manager/Compliance Officer
Catherine O'Neill, Accounting Manager
George Panos, Deputy Controller
Elizabeth Sakr, Fiscal & Administrative Specialist
Rachael Panos, Fiscal & Administrative Specialist
Stephanie O'Neill, Receptionist

Others Present
Howard Eckstein, Virginia Department of Health
Steve Pellei, Virginia Department of Health
Ty Wellford, Davenport & Company, LLC
Leah Schubel, Davenport & Company, LLC

Call to Order

The meeting was called to order by Mr. William G. O'Brien, Chair, at 9:00 a.m.

Mr. O'Brien welcomed to the Board meeting Ms. Cherry Evans representing Mr. Randall Burdette and Ms. Janet Aylor representing Ms. Manju Ganeriwala. He also welcomed to the VRA family Ms. Catherine O'Brien, an Accounting Manager assigned to the Accounting Division.

Approval of Agenda

There were no additions or deletions to the agenda.

Motion by Mr. Rust, seconded by Mr. Spencer, to approve the agenda as presented.

Motion carried.

Approval of Meeting Minutes

There were no corrections to the minutes of the Municipalities Continuing Disclosure Cooperation Initiative Subcommittee and the Portfolio Risk Management Committee meetings held February 29, 2016 and the Board of Directors meeting held March 1, 2016.

Motion by Ms. Moore, seconded by Mr. Rust, that the minutes of the Municipalities Continuing Disclosure Cooperation Initiative Subcommittee and the Portfolio Risk Management Committee meetings held February 29, 2016 and the Board of Directors meeting held March 1, 2016, be approved.

Motion carried.

Executive Director's Report

Ms. Stephanie L. Hamlett, Executive Director, highlighted segments of the Executive Director's Report. She said in December 2013, the Virginia Transportation Infrastructure Program (VTIP) closed a loan with the Economic Development Authority of Loudon County totaling $36 million for the extension of roadways. She stated that Loudon County is moving forward very well and the projects are expected to be completed by the end of the calendar year.

Ms. Hamlett commended Ms. Stephanie Jones, Program Manager/Compliance Officer, for her efforts in monitoring the Loan Monitoring and Compliance Program. She stated that VRA maintains a "watch list" that includes borrowers that may not be delinquent in payments but that are experiencing some challenges. One of particular concern, the City of Petersburg, has almost $26 million outstanding in loans and the City is facing economic and political challenges. Ms. Hamlett continued that the Governor's Office is aware of these matters and is working with the city and state officials to address immediate concerns. There is concern, she said, regarding the City's impact on the water authority of which it is a member. Chesterfield County is also a member

of at least one of those authorities, and has offered the assistance of a former Chesterfield Deputy County Administrator to work with Petersburg. A meeting is scheduled with the City of Petersburg, Governor's Office, Chesterfield County and VRA on Tuesday, June 7, 2016 to further discuss matters and to determine the level and extent of state support.

Ms. Hamlett also noted that the Bristol Virginia Utilities Authority (BVUA) is also on the "watch list" for VRA loan monitoring purposes. BVUA has historically been a "green borrower" in VRA's Loan Monitoring and Compliance Database with strong revenues and debt service coverage based on audited financial statements received by VRA. BVUA is considering a sale of its Opti-Net system that provides telephone, internet, and cable services; however, she continued that the sale may be complicated due to federal grants and Tobacco Commission grants issued to the City of Bristol when the Opti-Net system was established. VRA has tracked press reports regarding the possible Opti-Net system sale, and Ms. Hamlett noted that she has discussed the implications of the Opti-Net system sale as it relates to VRA's loan with BVUA to clarify the prepayment and redemption provisions of the underlying VRA bonds that funded the local loan. VRA will continue to closely monitor this matter and provide updates to the VRA Board as new information becomes available.

Ms. Valerie Thomson arrived at 9:07 a.m.

Ms. Hamlett stated that the Virginia Conservation Legacy Fund (VCLF) is aware that VRA requires the submission of a comprehensive and feasible business plan for Natural Bridge by September 2016, at which time it is expected to make a presentation with a request to the VRA Board to restructure the loan to VCLF.

Continuing to highlight areas from the Executive Director's Report, Ms. Hamlett congratulated Mr. Peter D'Alema, Director of Program Management, who recently completed the Virginia Executive Institute, the Commonwealth's premier leadership and professional development program. All of the directors have completed the program.

Ms. Hamlett made the Board aware that the Governor's Office has asked her to sign a performance agreement on behalf of VRA to follow the Governor's policies. This request is being made of all state agencies. In addition, she is to highlight some of VRA's activities that are in line with state policy. Ms. Hamlett stated that she will sign the agreement, but will point out that the VRA Board sets the policies for the Authority.

Ms. Moore commended the staff on the website redesign, noting that it is very user friendly. Ms. Hamlett stated all of staff had input; however, Ms. Jean Bass, Director of Policy, Ms. Stephanie Jones, Program Manager/Compliance Officer, and Ms. Rachael Panos, Fiscal & Administrative Specialist, took the lead.

Committee Reports

Personnel Committee: Mr. Thomas L. Hasty, III, Chair, stated that the Committee received

updates relative to the Personnel Policies Manual. He asked Mr. Michael Cooper, Director of Administration & Operations, to review material changes.

Mr. Cooper noted that there are minor changes to the policy itself. One change regards protected classes and is based on recent changes in federal and state laws. The second change pertains to retaliation and who is covered in a retaliation or anti-retaliation complaint. The section also addressed confidentiality. Lastly, Mr. Cooper explained changes to the Information Technology (IT) section of the policy relating to VRA items that are stolen or lost and how to properly secure VRA data on the devices. He stated that there was considerable discussion at the Committee meeting regarding employee use of their own devices to access VRA data and the potential liability associated with such use. Language, he said, was added to the Personnel Policy requiring the consent of employees allowing VRA to search personal devices and wipe clean any information pertaining to VRA. Mr. Cooper said, following discussions with Committee members, VRA will require that all employees sign a consent form for the use of a personal device to access VRA data. This will provide VRA the ability to retrieve and wipe VRA data from devices when the need arises. If an employee refuses to sign a consent form, they will be unable to access VRA data from their personal devices.

Mr. Cooper proceeded to discuss changes in Employee health insurance premiums. He stated that there was a 13% increase in insurance premiums resulting in VRA adjusting its current split to an 88% ratio for VRA and a 12% ratio for employees. He continued that two health insurance plans are offered, the difference being preventive dental insurance and comprehensive dental insurance. All VRA employees, he said, are enrolled in the comprehensive dental insurance. Mr. Cooper reminded Board members that VRA is a part of the Local Choice Program under the Virginia Department of Human Resource Management and is required to cover 80% of a single member plan premium costs. However, as stated above, VRA is well above that ratio. Mr. Cooper concluded that the insurance plans were presented to staff during open enrollment last month.

There was no further discussion.

Motion by Mr. Hasty, seconded by Mrs. Donnellan, to approve the changes to the Personnel Policies Manual and Employee Health Insurance premiums, as presented.

Motion carried.

Closed Session: Mr. Hasty stated that a motion is needed to go into closed session to discuss a personnel matter.

Motion by Mr. Hasty, seconded by Ms. Moore, allowing the Board to enter into a closed session in accordance with 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 to VRA.

Motion carried.

The closed session convened at 9:17 a.m.

Open Session: The open session reconvened at 9:33 p.m. Mr. Cooper read the following resolution certifying closed session.

RESOLUTION

Whereas, the Board of the Virginia Resources Authority (the "Authority") has on June 7, 2016 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 of Directors that such closed meeting was conducted in accordance with Virginia law;

Now, therefore, be it resolved that the Board 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 were 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 convening the closed session were heard, discussed or considered by the Board.

A roll call vote on the motion resulted as follows:

Ayes: Ms. Aylor, Mr. Aulbach, Mr. Branscome, Mrs. Donnellan, Ms. Evans, Mr. Hasty, Ms. Moore, Mr. Rust, Mr. Spencer, Mrs. Thomson, O'Brien, Chair.

Nays: None.

Absent for Vote: None.

Absent for Meeting: None.

Compensation – Executive Director: Mr. Hasty stated that the Personnel Committee in recognition of the Executive Director's 2016 performance is recommending that she receive a 3% merit increase in addition to other compensation that will be provided through the Chairman to the Executive Director which is on file and available upon request.

Motion by Mr. Hasty, seconded by Mr. Spencer, that Executive Director Stephanie L. Hamlett receive a 3% merit increase in addition to other compensation that will be provided through the Chairman in recognition of her 2016 performance.

Motion carried.

Budget Committee: Mrs. Barbara McCarthy Donnellan, Chair, stated that Mr. Michael Cooper, Director of Administration & Operations, will provide highlights relative to the FY2016 budget and the FY2017 proposed budget.

Fiscal Year 2016 Budget: Mr. Cooper stated that VRA is in a strong financial position as it concludes the FY2016 budget year. Projections at year end will be above budgeted revenues and well below expected expenditures for year end June 30, 2016. The primary driver on the revenue side is the Virginia Pooled Financing Program (VPFP) due to loan volume that was not anticipated. The other driver, he said, is investments. Mr. Joseph Bergeron, Financial Services Manager, and Mr. George Panos, Deputy Controller, are reviewing data to make sure VRA is maximizing investment thereby realizing a better return. Mr. Cooper continued that the key driver in keeping down expenses is the fact that the Controller position was vacant for over half of the year and the authorized financial analyst position was not filled. As a result, he stated that approximately $2 million will be placed in reserve which is twice as much as anticipated.

Fiscal Year 2017 Budget: Mr. Cooper explained that the budget is developed around the Strategic Plan where it is used as a planning tool with VRA goals as the key driver. He summarized goals 1 through 3, stating that one of the key items is the Loan Servicing System. It is the expected that a new statement of needs will be developed in late fall or winter. In addition, the phone system will be replaced as it will be at the end of its useful life in December.

Mr. Cooper continued that VRA is expecting sponsorship for the biennial Statewide Infrastructure Conference which will be held in December 2016. He stated that VRA pays certain staff aspects relating to the conference regardless of the level of sponsorship. Goal 4 is straight forward and it is to assure financial sustainability. Goal 5, he concluded, is to maintain qualified staff by continuing to ensure that staff have opportunities for training, education, and technology needs. VRA prides itself in having a lean staff. A 3% merit increase based on performance evaluation is recommended in the budget, and will be effective July 1.

Mr. Cooper provided a snapshot of the total FY2017 Budget, noting that it is very conservative in regard to revenues and expenditures, with little under $1 million anticipated for the Portfolio Risk Management (PRM) Reserve. Mr. Cooper stated that staff met with partnering agencies to review the allocation of the proposed budget for indirect costs. He then shared a graph of revenues and expenses, noting that expenses are a little higher in professional & contractual services for the next year due in part to the use of a third party CPA firm that was utilized in the absence of a controller. Staff determined that the firm will be needed in the new year to provide technical assistance as the restructure of the accounting division occurs.

Portfolio Risk Management Reserve (PRM): As a point of information, Mr. Cooper stated that the Budget Committee had extensive discussion relative to a new methodology for determining the PRM reserve target. He provided a comparison between the current and proposed new methodology, noting that the new methodology will result in a higher target. The new methodology will use Standard & Poors (S&P) locality ratings as the basis for calculating reserve amounts for each loan that is funded with VRA bonds backed by a Capital Reserve Fund. The new methodology is expected to result in a more stable PRM reserve over time.

Mrs. Donnellan stated that the Committee had an extensive conversation regarding the proposed new methodology for the Portfolio Risk Management reserve. She noted that the proposed new methodology for calculating reserves has more substance than the current methodology. The Board will have the opportunity for discussion at its September 2016 Board meeting.

Mrs. Donnellan stated that the Budget Committee recommends approval of the FY2017 budget as presented.

Motion by Mrs. Donnellan, seconded by Mr. Aulbach, that the Fiscal Year 2017 budget be approved, as presented.

Motion carried.

Portfolio Risk Management Committee (PRMC): Ms. Dena Frith Moore, Chair, stated that she and Mr. Peter D'Alema, Director of Program Management, will provide an update from the PRMC; and that action will be required to approve the Fiscal Year 2017 Shelf Resolutions.

2016A Virginia Pooled Financing Program (VPFP): Mr. D'Alema stated that VRA sold $136.62 million in VPFP bonds to fund 15 loans in May 2016 on behalf of 14 local government borrowers. The bonds cover 7 of VRA's 18 authorized project areas. The sale included tax-exempt Infrastructure Revenue Bonds with confirmed ratings of Aaa/AAA and State Moral Obligation Revenue Bonds with confirmed ratings of Aa2/AA. Mr. D'Alema highlighted the bond transaction summary noting that the True Interest Cost (TIC) was 2.56% and the All-In TIC was 2.72%. He stated that the 2016A Infrastructure Revenue Bonds were issued on a negotiated basis and the underwriters included Citi, Senior Manager; JP Morgan, Co-Senior Manager; and Co-Managers Fidelity and Morgan Stanley. Bank of America Merrill Lynch submitted the lowest true interest cost bid on the 2016A State Moral Obligation Bonds which were issued on a competitive basis.

Mr. D'Alema reviewed the 2016A VPFP Borrower Summary, noting that the 8 local government borrowers in the transaction refunded $59.4 million in prior debt obligations for net present value savings in excess of $7.5 million. Mr. D'Alema continued that there is $2.37 billion in total borrower loans outstanding in the VPFP Portfolio, with the top 10 borrowers representing 34.5% of the overall VPFP portfolio. The largest borrower, Stafford County, was 6.04% of the overall VPFP local loan portfolio after the closing of the spring pool.

Mr. D'Alema mentioned the VPFP Five-Year Issuance Trend, noting that approximately $220 million of the VPFP bonds issued by VRA in fiscal year 2016 were related to new construction projects.

Commonwealth's Moral Obligation: Mr. D'Alema provided an update on the status of VRA's use of the Commonwealth's Moral Obligation (MO). After the VPFP 2016A, approximate $916 million in VRA bonds outstanding carried the Commonwealth's MO pledge, with approximately $584 million in remaining MO debt capacity. Mr. D'Alema explained that over $41 million in MO backed debt matures between June 30, 2016 and November 1, 2016, leaving approximately $625

million in estimated remaining MO debt capacity by fall 2016. This capacity excludes the effects of the summer 2016B VPFP issuance.

VPFP Guaranteed Investment Contracts (GIC) Terminations: Mr. D'Alema stated that as part of the 2016A VPFP, VRA was able to eliminate two guaranteed investment contracts (GICs) from the VPFP portfolio, noting that many GIC providers have been downgraded. VRA has been successful in collateralizing several of these investment contracts in other VRA programs. Due to favorable market conditions, as part of the spring VPFP, VRA was able to successfully terminate the 2003 and 2006C GIC contracts. He explained that the GIC terminations included a substantial premium based on the current market interest rate environment. While a portion of the 2006C premium will likely need to be rebated to the IRS, the 2003 premium can be retained and used to replace the VPFP Capital Reserve Fund cash flow with the use of state and local government series bonds (SLGS). He noted that the termination of these GIC agreements is viewed positively by the rating agencies as there is less risk associated with the treasury investments that replaced the GIC investments. Mr. D'Alema commended Ms. Leah Schubel and Mr. Ty Wellford of Davenport and Company LLC, for their efforts in this process.

2016B VPFP Summer Pool: Mr. D'Alema stated that the summer pool is moving forward. Eleven application requests have been received for consideration with approximately $81 million in requested proceeds. Mr. D'Alema explained that there are multiple VPFP loans with net present value savings of 3% that are potential VRA refunding candidates. Three existing VPFP borrowers have expressed interest and plan to move forward in the summer transaction. He highlighted the 2016B VPFP Summer Pool Applicants, noting that two of the loan applications were subsequently withdrawn. There were two summer pool loan requests seeking proceeds in excess of $10 million, including Dinwiddie County and the City of Manassas Park. Dinwiddie County is seeking up to $25.15 million to finance the construction of two new buildings and the renovation of two existing local government buildings. The Dinwiddie County loan would be secured by a lease revenue pledge with the County's government complex serving as collateral and the City of Manassas Park is seeking $20.67 million to refund a Series 2008 public bond issue that originally financed a parks and recreation facility. Both of the loan requests fall within VRA's lease revenue and tax supported debt underwriting guidelines.

Mr. D'Alema stated that due diligence calls were conducted, local authorizing resolutions will be adopted by localities no later than June 20, 2016; and transaction details will be provided at the September 2016 PRMC and VRA Board meetings. He concluded with the financing schedule, noting that the bond sale is scheduled for July 27, 2016, and pre-closing and closing will take place on August 9, 2016 and August 10, 2016, respectively.

Green Community Program (GCP): Ms. Moore highlighted the Green Community Program. She stated that the program was established under Executive Order 36 so that the Virginia Department of Mines, Minerals, and Energy (DMME) can deploy a portion of the Commonwealth's Qualified Energy Conservation Bonds allocation. The program is for use by local governments, private businesses, and non-profits through the GCP. She stated that the program started in September 2015 and since that time two loans were funded with VRA serving as the conduit issuer.

Pittsylvania County was issued a 15-year loan for $3.3 million. The other was an 18-year loan in the amount of $8.691 million issued to Warren County. Both of the loans will fund energy performance contracts for multiple school facility energy efficiency upgrades.

Virginia Airport Revolving Fund (VARF) and Dam Safety Fund: Ms. Moore stated that there is a possible refunding for the VARF Series 2007 bonds for debt service savings, potentially through a bank private placement.

Ms. Moore continued that VRA is continuing to manage the Dam Safety Fund on behalf of the Department of Conservation and Recreation. There will be another round of grants awarded by the Water and Soil Conservation Board in the fall.

Clean Water Revolving Loan Fund (CWRLF) Refunding: Ms. Moore stated that there may be an opportunity to do some refunding for the CWRLF through a bank direct loan placement. There was discussion relative to the Virginia Conservation Legacy Fund (VCLF) and Natural Bridge. VRA has set aside funds from the default interest rates that are available for use of loan restructuring costs and other things that need to be done to transition Natural Bridge to a state park.

Ms. Moore continued that the Hampton Roads Sanitation District (HRSD) is moving forward in raising subordinate debt in lieu of senior debt, as they indicated they would do.

Drinking Water State Revolving Fund (DWSRF): Ms. Moore stated that the Town of Nickelsville was discussed. The Town is having challenges making its semi-annual debt service payments. The Virginia Department of Health (VDH) Office of Drinking Water is leading discussions with the Town for long-term operational solutions for the water system.

Fiscal Year 2017 Shelf Resolutions: Ms. Moore stated that action is needed to approve the FY2017 Shelf Resolution. At the request of Ms. Moore, Mr. D'Alema reviewed the resolutions, noting that they are adopted annually and provide authorization for debt issuance in several VRA financing programs.

Motion by Ms. Moore, second by Mr. Rust, that the following Fiscal Year 2017 Shelf Resolutions be approved.

Resolution authorizing the issuance of up to $475,000,000 in Infrastructure Revenue Bonds (Virginia Pooled Financing Program) for the Fiscal Year ending June 30, 2017.

Resolution authorizing the issuance and sale of up to $10,000,000 in Airports Revolving Fund Bonds for the Fiscal Year Ending June 30, 2017, 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 the issuance and sale of bonds to refund outstanding bonds.

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, 2017.

Resolution authorizing the issuance and sale of up to $6,000,000 in Clean Water State Match Revenue Bond for the Fiscal Year ending June 30, 2017.

Motion carried.

Portfolio Risk Management (PRM) Reserve: Ms. Moore explained that VRA maintains a PRM reserve to protect against a draw on the State's Moral Obligation (MO) pledge. Staff has been working diligently to build up this reserve to a level with which the VRA Board is comfortable. She explained that staff developed a wonderful methodology for calculating the reserve using the existing Loan Monitoring and Compliance risk categorizations. However, the fluctuation with borrowers moving from one risk category to another significantly affected the size of the reserve from year to year. At the Committee's request, staff returned to the Committee with a different methodology that is more effective, but still needs refinement. She concluded that staff will return in September 2016 at which time the Board will have the opportunity to receive and discuss the proposed methodology.

Municipalities Continuing Disclosure Cooperation (MCDC) Initiative Subcommittee

Mr. John H. Rust, Jr. stated that the Subcommittee is awaiting word from the Securities and Exchange Commission. Until that time, there is nothing to report.

Old Business

There was no old business.

New Business

Mr. William G. O'Brien, Chair, stated that Mr. James H. Spencer, III, is currently the Vice Chair of the Virginia Resources Authority Board of Directors. Regretfully and sadly, the Board will be losing Mr. Spencer and Ms. Dena Frith Moore as they both chose not to seek reappointment. The Board will sincerely miss the contributions that have come from both. He stated that their strengths, backgrounds and intelligence truly benefitted the Board. On behalf of the Board, he thanked them for their service and all they have done, stating that they will be sorely missed. He concluded that the Governor is responsible for making appointments to fill the two vacancies.

Ms. Moore stated that she truly enjoyed being a part the board, adding that she has learned so much. She continued that this Board gets things done, and it has been such a privilege and pleasure to have served as a member. She expressed her appreciation for the opportunity.

Mr. Spencer stated that the 12 years he has served on the Board have been very enjoyable, he has made a lot of good friends, and it has been one of the highlights of his career. However, his career path has changed.

Election of Board Vice Chairman

Mr. O'Brien stated that in view of the fact that Mr. Spencer is not eligible for reappointment, he called for nominations for the position of Vice Chairman of the Virginia Resources Authority Board of Directors.

Mr. John H. Rust, Jr. nominated Mr. Thomas L. Hasty, III for the position of Vice Chair of the Virginia Resources Board of Directors.

There being no further nominations, the nominations were closed.

Motion by Mr. Rust, seconded by Ms. Moore, that Mr. Thomas L. Hasty, III, be elected Vice Chair of the Virginia Resources Authority Board of Directors, effective July 1, 2016.

Motion carried.

Appointment to Board Committees

Mr. William G. O'Brien, Chair, stated that appointments to Board Committees will not be made until after the Governor has made his appointments to fill vacancies on the Board. However, he stated, there is one exception. Ms. Valerie Thomson will serve on the Portfolio Risk Management Committee.

Reconsideration of December 2016 Board Meeting

Mr. William G. O'Brien, Chair, stated that the Governor's Infrastructure Conference will conflict with the scheduled Board and Committee meetings set for December 5-6, 2016. The conference is December 14-16, 2016. The meetings will be held in Williamsburg just prior to the Conference. The suggested date for the Committee meetings is December 13, 2016, and the suggested date for the Board meeting is the morning of December 14, 2016.

The Board concurred with the proposed dates of December 13, 2016 for Committee meetings, and the morning of December 14, 2016 for the Board meeting, both to be held in Williamsburg just prior to the opening session of the 2016 Governor's Infrastructure Financing Conference.

Public Comment Period

There is no public comment.

Adjournment

There was no further business to come before the Board.

Motion by Mr. Spencer, seconded by Ms. Moore, that the meeting be adjourned.

The motion carried, and the meeting adjourned at10:18 a.m.

William G. O'Brien, Chair

Stephanie L. Hamlett, Executive Director
Secretary to the Board

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, 2017

June 7, 2016

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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 QECBs. VRA shall use the proceeds of the issuance and sale of each series of the FY 2017 QECBs as described in the Recitals above. Each series of the FY 2017 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 2017 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 2017 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 2016 QECBs. VRA's Chairman and Executive Director are authorized to determine and approve the final details of each series of the FY 2017 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 2017 QECBs shall not exceed the maximum QECB allocation provided to the Program by the Commonwealth; (ii) no series of the FY 2017 QECBs shall have a true interest cost in excess of 7.50%; and (iii) the final maturity any of the FY 2017 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 and Executive Director of such details with respect to any series of FY 2017 QECBs shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

4. Preparation, Execution, Authentication and Delivery of FY 2017 QECBs. The Executive Director is authorized and directed to have the FY 2017 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 2017 QECBs executed, and to cause the executed FY 2017 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 2017 QECBs. Each series of FY 2017 QECBs may be sold to purchasers identified and selected by the Administrator in accordance with the Program. With respect to each series of FY 2017 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 2017 QECBs upon terms and conditions to be approved by the Chairman and 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 2017 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 2017 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 2017 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 2017 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 2017 QECBs as QECBs as determined by the Executive Director.

8. Investment of FY 2017 QECB Proceeds and Related Amounts. The investment of the proceeds of any series of FY 2017 QECBs and other amounts credited to any of the funds or accounts related to such FY 2017 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 2017 QECBs.

9. Authorization of Further Actions. Each officer of VRA 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 officer of VRA is in all respects approved, ratified and confirmed.

10. Effective Date; Termination. This Resolution shall take effect immediately. The authority to issue FY 2017 QECBs pursuant to this Resolution shall terminate on June 30, 2017.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ISSUANCE AND SALE OF BONDS TO REFUND OUTSTANDING BONDS

June 7, 2016

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 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 and Executive Director, either 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 and Executive Director, either of whom may act.

3. **Sale of Bonds**. VRA's Chairman and Executive Director, either of whom may act, are authorized 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) authorized hereunder and to negotiate the terms of such sale. The Chairman and Executive Director, either 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 offering of each 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") 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 or Vice-Chairman is 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 or the Executive Director is 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 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 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.

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. Each officer of VRA 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, the Bonds or the Refunded Bonds (and associated financing documents). Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

11. Effective Date. Termination. This Resolution shall be effective on July 1, 2016. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2017.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ISSUANCE OF UP TO $475,000,000 IN INFRASTRUCTURE REVENUE BONDS (VIRGINIA POOLED FINANCING PROGRAM) FOR THE FISCAL YEAR ENDING JUNE 30, 2017

June 7, 2016

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 $475,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 7, 2016 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2017; 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 Agreements, Local Lease Acquisition Agreements, Financing Agreements and Financing Leases to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" 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 and 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 $475,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 7, 2016; (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, 2047. The approval of the Chairman and 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 presented to this Board. With respect to each Series of bonds authorized under this Resolution, the Chairman and 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 and 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 and 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 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 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.

12. 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.

13. Interim Financing. Prior to the offering of any Series of Bonds, if market or other conditions are such that the 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 $475,000,000 (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. Each officer of VRA 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 officer of VRA is in all respects approved, ratified and confirmed.

15. Effective Date; Termination. This Resolution shall be effective on July 1, 2016. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2017.

VIRGINIA RESOURCES AUTHORITY

-RESOLUTION-

AUTHORIZING THE ISSUANCE AND SALE OF UP TO $6,000,000 IN CLEAN WATER STATE MATCH REVENUE BONDS FOR THE FISCAL YEAR ENDING JUNE 30, 2017

June 7, 2016

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 $30,000,000; 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 (the "Master Indenture"), as supplemented 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 $6,000,000 (the "Bonds") at one time or from time to time during the Authority's fiscal year ending June 30, 2017 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 or presented to this meeting: (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 $6,000,000; (ii) no Series of the Bonds shall have a true interest cost in excess of 2.5%; and (iii) the final maturity any of the Bonds of any Series shall be no later than December 31, 2018. 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 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 and whether the Bonds are sold as senior or subordinate bonds or a combination thereof. The approval of the Chairman and Executive Director of such details shall be evidenced conclusively by their 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 Supplemental Series Indentures presented to this meeting, the forms of which are hereby approved. With respect to each Series of Bonds authorized under this Resolution, the Chairman and 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 model Supplemental Series Indenture submitted to this meeting, 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 and 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 Supplemental Series Indentures submitted to this meeting, 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 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 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. Such authorization includes any election required to issue Bonds of any Series as "qualified tax credit bonds" under Section 54A et seq. of the Tax Code. 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 Bonds as qualified tax credit bonds 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. Each officer of VRA 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 officer of the Authority 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, 2017.

VIRGINIA RESOURCES AUTHORITY

-RESOLUTION-

AUTHORIZING THE ISSUANCE AND SALE OF UP TO $10,000,000 IN AIRPORTS REVOLVING FUND BONDS FOR THE FISCAL YEAR ENDING JUNE 30, 2017, 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 7, 2016

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 $10,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 7, 2016 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2017, 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 Obligors 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 $10,000,000, net of refundings authorized under the VRA refunding shelf resolution dated June 7, 2016; (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, 2043. 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 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 and Executive Director of such details shall be evidenced conclusively by their 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 and 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 and 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 saleto 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 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 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 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.

10. **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.

11. Authorization of Loans. The Board determines that it is in the best interest of VRA to authorize Leveraged Loans and Direct Loans to Obligors 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 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, 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 $10,000,000 (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. Each officer of VRA 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 officer of VRA is in all respects approved, ratified and confirmed.

15. Effective Date; Termination. This Resolution shall be effective on July 1, 2016. The authority to issue Bonds, Notes and make Direct Loans pursuant to this Resolution shall terminate on June 30, 2017.