

**VIRGINIA COLLEGE BUILDING AUTHORITY  
BOARD OF COMMISSIONERS MEETING**

**August 8, 2013 10:30 a.m.**

Treasury Board Conference Room  
James Monroe Building  
101 North 14<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Richmond, Virginia

Members Present: Anne C.H. Conner, Chairman  
Peter A. Blake  
Jefferson “Jeff” S. Cooper  
Manju S. Ganeriwala  
Daniel S. Timberlake  
William “Bill” J. Vakos, III  
John R. Vogt  
David A. Von Moll

Members Absent: Sylvia Le Torrente  
Joseph S. Testa

Others Present: Donald Ferguson, Esq. Attorney General’s Office  
Charles P. Shimer, Esq. Kutak Rock LLP  
Russell Carmichael State Council of Higher Education  
Caitlin King Towne Bank  
Evelyn R. Whitley Secretary, VCBA, Department of the Treasury  
Janet A. Aylor Assistant Secretary, VCBA, Department of the Treasury  
Jeanine Black Department of the Treasury

**Call to Order and Approval of Minutes**

Ms. Conner called the meeting to order at 10:33 a.m. After welcoming visitors, she asked if there were any members of the public present that wished to comment on Board activities. There were no public comments. Ms. Conner welcomed the new board member, Mr. William Vakos, III.

Ms. Conner then asked if there were any comments on or corrections to the minutes of the October 12, 2012 Virginia College Building Authority meeting. Hearing none, she requested a motion for approval of the minutes. Mr. Blake made the motion; Ms. Ganeriwala seconded the motion, Mr. Vakos abstained and the motion was unanimously adopted by all members present and voting.

**Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2013A**

Ms. Aylor reviewed the Preliminary Financing Summary for the proposed issuance of approximately \$362,220,000 of Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2013A. Mr. Cooper asked about the anticipated interest rate for the bonds. Ms. Aylor indicated that currently the 30 year, AAA munis are at 4.28% and she would assume the bonds to be estimated around 3.5% to 3.75%. A discussion ensued. Mr. Cooper then asked if institutions were still spending from the 2002 appropriation list in Exhibit B of the Supplemental Indenture. Ms. Aylor explained that institutions are still spending but there may also be other sources of funding for the various projects that may affect the timing of request for the authorized funds. Ms. Ganeriwala asked if there are any spending consequences from the IRS. Ms. Aylor indicated that although the projects listed in Exhibit B are open, the bond proceeds have been spent and there are no IRS issues. A discussion ensued.

Mr. Shimer from Kutak Rock LLP, bond counsel to the Authority, reviewed the Resolution before the Board. A discussion ensued. Mr. Vogt asked if it was customary for the State Treasurer to have the flexibility to switch between negotiated and competitive sales. Ms. Whitley indicated that after the market downturn in 2008, modifications to the resolutions were put in place to create more flexibility. A discussion ensued.

Mr. Vogt moved the approval of the Resolution (contained in Attachment A) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2013A; Mr. Cooper seconded, and the motion was unanimously adopted by all members present.

**Approval of Motion to Extend Financial Advisory Contracts**

Ms. Aylor presented background information and indicated that the current contract for the Virginia College Building Authority's financial advisors expired July 31, 2013. Ms. Aylor also indicated in June proposals were solicited from firms desiring to serve as financial advisors to the Virginia College Board Authority and responses were received in mid July. A discussion ensued.

Mr. Von Moll moved the approval of the motion (Attachment B) of the Virginia College Building Authority authorizing extension for financial advisory services through October 31, 2013; Ms. Ganeriwala seconded, and the motion was unanimously adopted by all members present.

**Approval of Motion to Delegate Selection of Financial Advisor(s) to Staff of the Virginia College Building Authority**

Ms. Aylor handed out the motion and briefly discussed the selection process to date. Ms. Conner indicated that she wished to be involved in the selection process and other board members were interested in being involved. A discussion ensued. Mr. Cooper, Ms. Ganeriwala, and Mr. Vogt indicated their interest. It was also decided that Financial Interviews would occur on the date of the next board meeting.

Mr. Von Moll moved the approval of the motion (Attachment C) of the Virginia College Building Authority authorizing delegation selection of financial advisor(s) to staff of the Virginia College Building Authority; Ms. Ganeriwala seconded, and the motion was unanimously adopted by all members present.

### **Other Business**

Ms. Aylor reviewed the Final Financing Summaries for the Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 20012B, and the Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2012BC.

The board discussed scheduling of the next meeting for early October. It was unanimously decided that October 1, 2013 will be the date of the next Virginia College Building Authority board meeting. Ms. Aylor informed the board members that the principal purposes of the meeting will be to approve issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2013A and conduct Financial Advisor interviews.

### **Adjournment**

Having no other business to be brought before the Board, the meeting was adjourned at 11:22 a.m.

Respectfully submitted,  
Janet A. Aylor  
Assistant Secretary

/s/ Janet A. Aylor

Exhibits may be obtained by contacting the Department of the Treasury at (804) 225-2142.

**VIRGINIA COLLEGE BUILDING AUTHORITY RESOLUTION  
AUTHORIZING EDUCATIONAL FACILITIES REVENUE BONDS (21<sup>ST</sup>  
CENTURY COLLEGE AND EQUIPMENT PROGRAMS)**

**WHEREAS**, the Virginia College Building Authority (the “Authority”) is a body corporate and politic, constituting a public corporation and governmental instrumentality of the Commonwealth of Virginia (the “Commonwealth”) created by the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Code of Virginia of 1950, as amended (the “Act”), for the purposes, among others, of financing capital improvements and equipment acquisition for the Commonwealth’s public higher educational institutions (“Institutions”);

**WHEREAS**, in 1996 the General Assembly of Virginia (the “General Assembly”) initially created a 21<sup>st</sup> Century College Program in accordance with which or subsequent similar legislation (collectively, the “21st Century College Program”), the Authority is authorized to issue revenue bonds under the Act to finance the cost of certain capital improvements at Institutions not in excess of amounts authorized by the General Assembly (the “21<sup>st</sup> Century College Projects”);

**WHEREAS**, in 1998 the General Assembly modified the Authority’s prior equipment leasing program to create the current equipment program (the “Equipment Program,” together with the 21<sup>st</sup> Century College Program, the “21<sup>st</sup> Century College and Equipment Programs”), in accordance with which and subsequent legislation the Authority is authorized to issue revenue bonds under the Act to finance the purchase of certain scientific, technical and other equipment for teaching, research and related activities at Institutions not in excess of amounts authorized by the General Assembly (the “Equipment Projects”);

**WHEREAS**, the source of payment of bonds issued in accordance with both the 21<sup>st</sup> Century College Program and the Equipment Program is the same, appropriations made at the discretion of the General Assembly to the Treasury Board of the Commonwealth (the “Treasury Board”), and accordingly the Authority combines financings for the Equipment Projects and the 21<sup>st</sup> Century College Projects (collectively, the “Projects”);

**WHEREAS**, in furtherance of purposes of the Act and the 21<sup>st</sup> Century College and Equipment Programs, the Authority has determined to issue, under the Master Indenture of Trust dated as of December 1, 1996 (as previously amended and supplemented, the “Master Indenture”), between the Authority and The Bank of New York Mellon Trust Company, National Association, as successor trustee (the “Trustee”), as further supplemented by one or more Supplemental Indentures of Trust, each expected to be dated as of the first day of the month it is executed (each a “Supplemental Indenture”), between the Authority and the Trustee, and sell Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), in one or more series with appropriate year and series designations (the “Bonds”) to finance Projects at certain Institutions (the “Participating Institutions”), which series may be issued, and as applicable designated, as federally tax-exempt or taxable bonds depending on the qualification of Projects financed therewith for federal tax-exempt treatment of the interest thereon, and to pay costs related to such issuance;

**WHEREAS**, as of the date hereof it is anticipated the Participating Institutions

and Projects eligible to be financed by the Bonds are listed in Exhibit B to the form of Supplemental Indenture presented to this meeting; **provided, however**, the State Treasurer may determine on behalf of the Authority as provided herein, before or after such Bonds are issued, to finance (a) one or more of such Projects in another way, or (b) other Projects qualifying under the 21<sup>st</sup> Century College Program or the Equipment Program;

**WHEREAS**, the Amended and Restated Payment Agreement dated as of June 1, 1999 (the “Payment Agreement”), between the Authority and the Treasury Board provides for amounts appropriated by the General Assembly under the 21<sup>st</sup> Century College and Equipment Programs to be applied to debt service on bonds issued under the Master Indenture;

**WHEREAS**, certain matters regarding the use of 21<sup>st</sup> Century College Projects are governed by existing Facilities Agreements (the “Existing 21<sup>st</sup> Century Facilities Agreements”), between the Authority and each Participating Institution that has a 21<sup>st</sup> Century College Project, and the Authority may enter into one or more new Facilities Agreements with Participating Institutions to govern the use of any 21<sup>st</sup> Century Facilities not covered by an Existing 21<sup>st</sup> Century Facilities Agreement (the “New 21<sup>st</sup> Century Facilities Agreements”);

**WHEREAS**, certain matters regarding the use of Equipment Projects are governed by existing Facilities Agreements (the “Existing Equipment Facilities Agreements”), between the Authority and each Participating Institution that has an Equipment Project;

**WHEREAS**, from time to time it is necessary to amend Existing 21<sup>st</sup> Century Facilities Agreements or Existing Equipment Facilities Agreements to add Projects authorized by the General Assembly for financing under the 21<sup>st</sup> Century College Program or Equipment Program, as applicable, not currently governed by an existing Facilities Agreement, or otherwise amend provisions regarding use of financed projects in accordance with applicable rules and regulations governing the use of projects financed with bonds the interest on which is excluded from gross income for federal income tax purposes;

**WHEREAS**, a determination will be made closer to the time or times the Authority enters the market whether to offer and sell some or all of the Bonds pursuant to competitive bidding, negotiated sale or private placement, based on then-existing capital market or other economic and financial conditions and considering advice of the financial advisor to the Authority (the “Financial Advisor”), and, accordingly, whether to: (a) offer Bonds for sale pursuant to a Preliminary Official Statement, to be dated the date of its release (the “Preliminary Official Statement”), and (i) award one or more series of Bonds through a competitive bidding process using a Notice of Sale to be dated the date of the related Preliminary Official Statement (the “Notice of Sale”) which states the structure and terms of the sale of the proposed Bonds, or (ii) sell one or more series of Bonds in a negotiated sale pursuant to a Bond Purchase Agreement, to be dated the date of sale of such Bonds (each a “Bond Purchase Agreement”), between the Authority and one or more underwriters to be selected as described below (collectively, the “Underwriter”); or (b) solicit proposals to privately place one or more series of Bonds and sell such Bonds to the respondent that offers to purchase such Bonds at the lowest true interest cost to the Authority determined in accordance with the procedure described to award Bonds in the draft Notice of Sale presented to this meeting;

**WHEREAS**, the Authority will enter into a Continuing Disclosure Agreement in connection with each issuance of Bonds (each a “Continuing Disclosure Agreement”) for the purpose of providing certain information for the benefit of holders of such Bonds; and

**WHEREAS**, drafts of a Supplemental Indenture, including the form of Bonds as an exhibit, a Preliminary Official Statement, a Notice of Sale and a Continuing Disclosure Agreement, have been presented to this meeting and filed with the Authority's records.

**NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA COLLEGE BUILDING AUTHORITY THAT:**

**1. Preliminary Official Statement; Notice of Sale.** The Preliminary Official Statement, in substantially the form presented to this meeting with such completions, omissions, additions and changes as shall be approved by the State Treasurer (the Treasurer of the Authority) or the State Treasurer's staff in connection with each offering of Bonds, including without limitation issuance of a series of Bonds as federally taxable the interest on which will be includable in gross income for federal income tax purposes, is approved and distribution thereof is authorized. The Authority authorizes the State Treasurer, or such officer of the Authority as the State Treasurer may designate, to deem each Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Distribution of a Preliminary Official Statement shall constitute conclusive evidence it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted by the Rule. The Notice of Sale, in substantially the form presented to this meeting, with such completions, omissions, additions and changes as shall be approved by the State Treasurer or the State Treasurer's staff in connection with the offering of Bonds, is approved and, if Bonds are sold through competitive bidding as determined by the State Treasurer in accordance herewith, distribution and advertisement thereof is authorized.

**2. Documentation; Advertising or Solicitation; Credit Ratings.** The Authority authorizes and directs its staff, the Financial Advisor and its bond counsel Kutak Rock LLP, to (a) prepare documentation and take all action necessary or desirable to bring one or more series of Bonds to market through either competitive electronic bidding, negotiated sale or private placement, as applicable, as soon as reasonably practicable; (b) advertise Bonds for sale or solicit proposals to purchase Bonds if Bonds are to be sold through competitive bidding or privately placed, respectively; and (c) take all actions necessary or desirable to obtain a rating or ratings for each series of Bonds from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Fitch Ratings and/or Moody's Investors Service, Inc.

**3. Authorization of Issuance and Sale.** Pursuant to the Act, the Authority authorizes the issuance of one or more series of Bonds pursuant to a related Supplemental Indenture and the sale thereof in accordance with (a) a Notice of Sale if Bonds are sold through competitive bid, including the receipt of bids electronically, (b) a Bond Purchase Agreement if Bonds are sold in a negotiated sale, including the selection of the Underwriter, or (c) the response to a solicitation for proposals if Bonds are privately placed; *provided, however*, (i) the aggregate principal amount of the Bonds shall not exceed \$400,000,000, (ii) the final maturity of the Bonds shall not be later than February 1, 2035, and (iii) the true interest cost of any series of Bonds, determined in accordance with the terms of the related Notice of Sale or

Bond Purchase Agreement, as applicable, shall not exceed 4.25%, taking into account any original issue discount or premium.

**4. Bond Documents.** The Authority ratifies and confirms the Master Indenture, the Payment Agreement, the Existing 21<sup>st</sup> Century Facilities Agreements and the Existing Equipment Facilities Agreements. The Chairman or Vice Chairman of the Authority are each authorized to execute and deliver one or more New 21<sup>st</sup> Century Facilities Agreements in substantially the same form as the Existing 21<sup>st</sup> Century Facilities Agreements (modified as appropriate with respect to Projects financed with federally taxable Bonds), and any amendments to the Existing 21<sup>st</sup> Century Facilities Agreements and the Existing Equipment Facilities Agreements, in such form as bond counsel shall provide as necessary or desirable in connection with the issuance of Bonds, the expenditure of proceeds thereof, and the use of financed facilities. The form of Supplemental Indenture, including the form of Bonds, presented to this meeting is approved, with such changes, insertions, additions, deletions and amendments as the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, shall approve. Approval of any such changes, insertions, additions, deletions and amendments shall be evidenced conclusively by execution and delivery of the related Bonds by the Authority. The Authority authorizes and directs the Chairman or the Vice Chairman to execute and deliver each such Supplemental Indenture and the related Bonds.

**5. Delegation; Manner of Sale of Bonds.** (a) The Authority delegates to the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, the power, subject to the limitations set forth in paragraph 3, to: (i) determine the final list of Participating Institutions and Projects to be financed, as of the date of issuance of the related Bonds, and to expand such list from time to time to allow proceeds of such Bonds to finance other Projects qualifying for financing as 21<sup>st</sup> Century College Projects or Equipment Projects; (ii) approve the details of Bonds, including, without limitation, the maturity schedule, the interest rates and any redemption provisions; (iii) approve the form of all documents appropriate to carry out the contemplated financings; (iv) deem each Preliminary Official Statement final as of its date as contemplated in paragraph 1 and complete each Preliminary Official Statement as an Official Statement in final form as contemplated in paragraph 6; (v) postpone or cancel the sale of Bonds, if in such person's sole discretion conditions so warrant; (vi) determine, in consultation with bond counsel, whether a series of Bonds will be issued as federally taxable, the interest on which will be includable in gross income for federal income tax purposes; and (vii) take all such further action as may be necessary or desirable for the issuance, sale and delivery of Bonds.

(b) The Authority delegates to the State Treasurer the power to determine, in the State Treasurer's sole discretion based on then-existing capital market or other economic and financial conditions and considering advice of the Financial Advisor, whether one or more series of Bonds are to be sold, subject to the limitations set forth in paragraph 3: (i) in a public offering through competitive bidding, in which case the State Treasurer shall award such series of Bonds to the responsive bidder offering to purchase Bonds at the lowest true interest cost to the Authority (the "Winning Bidder") as determined in accordance with the terms of the related Notice of Sale; (ii) in a public offering through a negotiated sale, in which case the State Treasurer is authorized to negotiate provisions of the related Bond Purchase Agreement, determine the Underwriter, including any syndicate members and members of any selling group for such Bonds, and determine prices at which such Bonds will be offered by the Underwriter to

the public, and the Chairman, Vice Chairman and State Treasurer each is authorized, without joinder of the others, to execute and deliver such Bond Purchase Agreement; or (iii) in a private placement, in which case the State Treasurer shall award such series of Bonds to the respondent to the solicitation for proposals offering to purchase Bonds at the lowest true interest cost to the Authority as determined in accordance with the procedure described to award Bonds in the draft Notice of Sale presented to this meeting.

(c) The Authority authorizes and directs the State Treasurer to execute a certificate evidencing any determination or other action taken pursuant to the authority delegated in this Resolution, and such certificate shall be included as part of the closing transcript for the related Bonds or otherwise filed with the records of the Authority. Any such certificate shall be conclusive evidence of the action or determination of the State Treasurer or such person as the State Treasurer may have designated as stated therein.

**6. Official Statement.** The Authority authorizes and directs the State Treasurer and its staff to complete each Preliminary Official Statement as an official statement in final form (each an “Official Statement”) reflecting the terms of Bonds to be publicly offered by the Winning Bidder or Underwriter, as applicable. The Chairman or Vice Chairman of the Authority, either of whom may act, is authorized and directed to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement and that the Authority has deemed it final within the meaning of the Rule. The Authority authorizes and directs its staff to arrange for the delivery to the Winning Bidder or Underwriter, as applicable, in connection with any public offering of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the related Bonds, for distribution to each potential investor requesting a copy thereof and to each person to whom such Bonds are initially sold. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder or Underwriter, as applicable.

**7. Continuing Disclosure.** The Authority covenants to undertake ongoing disclosure and provide “annual financial information” and “material event notices” in accordance with the Continuing Disclosure Agreement for the benefit of holders of Bonds to assist the Winning Bidder or Underwriter, as applicable, in complying with the Rule. The Authority authorizes and directs the Chairman, Vice Chairman, State Treasurer or such other officer of the Authority as the State Treasurer may designate to execute each Continuing Disclosure Agreement in substantially the form presented to this meeting, which is approved with such completions, omissions, insertions and changes as the Chairman, State Treasurer or such designee may approve. Execution by the Chairman, Vice Chairman, State Treasurer or such designee of the Continuing Disclosure Agreement shall constitute conclusive evidence of approval of any such completions, omissions, insertions and changes.

**8. Other Documents; Federal Tax Covenants and Post-Issuance Compliance.** The Authority authorizes and directs its officers to execute and deliver certificates, instruments and documents they may consider necessary or desirable in connection with issuance and sale of Bonds. Such documents may, among other things: (a) set forth the expected use and investment of proceeds of Bonds to evidence compliance with provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations thereunder applicable to tax-exempt obligations; (b) implement monitoring post-issuance compliance with requirements of the Code

and regulations thereunder applicable to tax-exempt obligations, in accordance with the Post-Issuance Compliance Policy for Tax-Exempt Qualified Obligations adopted by the Authority on October 7, 2009; (c) make elections regarding provisions requiring rebate to the United States of America of arbitrage profits earned on investment of proceeds of Bonds; and (d) provide for payment of any such rebate amount.

**9. Other Actions.** The Authority approves and confirms all other actions of its officers and staff which are in conformity with the purpose or intent of this Resolution and in furtherance of (a) the issuance and sale of Bonds and the use of proceeds thereof and (b) implementation of the 21<sup>st</sup> Century College and Equipment Programs.

**10. Effective Date.** This Resolution shall take effect immediately upon adoption.

*Adopted: August 8, 2013*

**MOTION TO DELEGATE SELECTION OF FINANCIAL ADVISOR(S) TO  
STAFF OF THE VIRGINIA COLLEGE BUILDING AUTHORITY**

I move that Virginia College Building Authority Board staff, with any board members desiring to assist, be authorized to conduct interviews and select one or more firms to serve as financial advisor(s) to the Virginia College Building Authority Board, and further that the State Treasurer and Authority staff be authorized to negotiate final terms and award contract(s) with the candidate(s).

**VIRGINIA COLLEGE BUILDING AUTHORITY  
MOTION TO EXTEND FINANCIAL ADVISORY CONTRACTS**

I move that the State Treasurer be authorized to extend the existing agreement for financial advisory services with Public Resources Advisory Group as primary vendor and FirstSouthwest Company as secondary vendor, if and as needed to complete any work in progress.