

VIRGINIA COLLEGE BUILDING AUTHORITY BOARD MEETING

August 17, 2009 10:30 a.m.

Treasury Board Conference Room

James Monroe Building

101 North 14th Street, 3rd Floor

Richmond, Virginia

Members Present: William L. Nusbaum, Chairman
John "Jack" F. Carter, Vice-Chairman
Vinod B. Agarwal
Jefferson "Jeff" S. Cooper
Manju Ganeriwala
Daniel J. LaVista
Joseph S. Testa
Edward Villanueva

Members Absent: Daniel S. Timberlake
David A. Von Moll
Elaine R. Wilde

Others Present: Stephanie Hamlett, Esq. Attorney General's Office
Charles P. Shimer, Esq. Troutman Sanders LLP
Robert Gordon, Esq. Troutman Sanders LLP
Evelyn R. Whitley Secretary, VCBA, Department of the Treasury
Janet A. Aylor Assistant Secretary, VCBA, Department of the Treasury
Treasury
Connie Vaughan Department of the Treasury
Robert Dean Pope, Esq. Hunton & Williams
David Richardson, Esq. McGuire Woods, LLP
Hossein Sadid University of Richmond
Louie Love University of Richmond
Treasury Staff attended

Call to Order and Approval of Minutes

Mr. Nusbaum called the meeting to order at 10:30 a.m. He congratulated Ms. Ganeriwala on an article that featured her in the University of Texas Alumni magazine. Mr. Nusbaum noted an article recently posted in the Bond Buyer highlighting the Virginia College Building Authority as the largest municipal issuer in Virginia for the first half of the calendar year.

After welcoming any visitors, he asked if there were any members of the public present that wished to comment on Board activities. There were no public comments.

Mr. Nusbaum then asked if there were any comments on or corrections to the minutes of the March 9, 2009 Virginia College Building Authority meeting. Mr. Carter stated that, in the title of the minutes, "Board of Commissioners" did not apply to the Virginia College Building Authority according to Code of Virginia definitions and requested the phrase be removed from the minutes. Mr. Nusbaum then asked if there were any additional comments on or corrections to the minutes. Hearing none, he requested a motion for approval of the minutes as amended. Ms. Ganeriwala made the motion; Mr. Carter seconded, and all members present unanimously adopted the motion.

Consideration of a Resolution Approving Amended Documents for the VCBA/University of Richmond Series 2004 and Series 2006 Bond Issue

Ms. Aylor introduced Mr. Dean Pope from Hunton & Williams, bond counsel to the University of Richmond. Mr. Pope stated the Board's approval was being requested to restructure the credit enhancement for the VCBA/University of Richmond Series 2004 and Series 2006 bond issues in order to reduce costs to the University that resulted from the downgrade of SunTrust Bank's credit rating. He summarized the changes being made to the bond documents and the substitution of Bank of America and Wachovia Bank for SunTrust Bank as the credit support for the two issues. Mr. Villanueva asked if the Authority's credit was the basis for the transaction and Mr. Pope stated no, that the University was the sole underlying credit.

Mr. Carter asked when the downgrade occurred and Mr. Pope stated in April of 2009 Moody's Investor Service and Standard and Poor's downgraded SunTrust Bank. Mr. Nusbaum stated that the University had requested his consent as Chairman to the University's underwriters commencing distribution of remarketing supplements to the previously issued limited offering memoranda prior to, and in anticipation of, Board approval at today's meeting. He stated that, in an effort to reduce the interest costs to the University as soon as possible, he authorized the University's underwriters to distribute the remarketing supplements for the transaction with the understanding that, should the Board not approve it, the Board would have no liability and all expenses would be borne by the University. The University supplied the Authority with a letter to that effect, at his request.

Mr. Pope then finished his review of the Resolution. Mr. Nusbaum asked if there were any questions concerning the Resolution, and hearing none, he asked for a motion to adopt the Resolution. Ms. Ganeriwala moved to adopt the Resolution approving amended documents for the VCBA/University of Richmond Series 2004 and Series 2006 Bond Issues (Attachment A); Dr. Agarwal seconded and the motion carried unanimously.

Consideration of Issuance of VCBA Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2009D (new money) and Series 2009E (refunding)

Ms. Aylor reviewed the Preliminary Financing Summary for the proposed issuance of up to \$192,845,000 of Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2009D (new money) and 2009E (refunding). Mr. Cooper asked why the refunding portion of the financing was for a longer term than the new money portion and Ms. Aylor responded that it was because the new money portion was financing equipment, while the refunding portion was refinancing buildings.

Ms. Aylor noted that the savings percentage threshold for the refunding was set at 2.5% versus the Authority's normal refunding threshold of 3%. She stated that would allow for the inclusion of maturities that could still provide savings even if the market were to move unfavorably. Mr. Villanueva asked if the refunding bonds could ever be refunded and Ms. Aylor replied that they would be callable after 10 years, but could not be advance refunded.

Mr. Nusbaum referred to the Resolution and stated that "Financial Advisor" was not defined. Mr. Charles Shimer from Troutman Sanders LLP, bond counsel to the Authority, stated he would amend the Resolution to include the definition. Mr. Shimer reviewed the Resolution before the Board, which was then discussed.

Mr. Villanueva moved the approval of the Resolution as amended (Attachment B) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2009D (new money) and 2009E (refunding) for Equipment Projects and refunding bonds and Mr. Testa seconded the motion.

Mr. Testa departed the meeting at 11:43 a.m.

Discussion ensued regarding the savings percentage threshold set for the refunding bonds. Ms. Aylor stated that 2.5% was a conservative threshold and would be consistent with similar financings coming before the Treasury Board for approval.

Mr. Nusbaum asked for a vote on the motion that was made to adopt the Resolution and all members present voted to approve the motion.

Other Business

Final Financing Summaries

Ms. Aylor reviewed the Final Financing Summary for the following issues:

- VCBA Educational Facilities Revenue Bonds (Marymount University Project), Series 2009
- VCBA Educational Facilities Revenue and Refunding Bonds (University of Richmond Project), Series 2009A and 2009B
- VCBA Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2009A (new money), Series 2009B (Taxable), and Series 2009C (Refunding)

Post-Issuance Compliance Policy for Tax-Exempt Obligations

Ms. Aylor distributed a draft copy of a Post-Issuance Compliance Policy for Tax-Exempt Obligations of the Authority (Attachment C). Mr. Shimer explained that the Internal Revenue Service (IRS) had recently increased its audit efforts regarding tax-exempt compliance of municipal financings.

He stated that questionnaires had been distributed by the IRS to states in order to compare what

procedures were in place to ensure continued tax-exempt status of municipal issues. Mr. Shimer stated that, specifically, the IRS was interested in knowing when issuers had adopted policies concerning continued examination of their financings. He stated that, although the Authority was prudent in its compliance reviews, a formal policy should be adopted. He stated the draft policy distributed to members not only reflected current practice but also incorporated recommendations issued by the IRS. Mr. Shimer asked that the Board review the policy for consideration of adoption at its next meeting. Ms. Aylor stated she would email the draft policy to Board members so they could make changes prior to the meeting. Mr. Nusbaum asked that Board members submit their comments to him by Tuesday, September 8.

Schedule Next Board Meeting

Discussion ensued regarding scheduling of the next meeting of the Board and it was determined that the next meeting would be held on Wednesday, October 7, 2009 at 10:30 a.m.

Adjournment

Having no other business to be brought before the Board, the meeting was adjourned at 12:46 p.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.

**RESOLUTION OF
VIRGINIA COLLEGE BUILDING AUTHORITY**

WHEREAS, the Virginia College Building Authority (the “Authority”) previously issued its (a) \$46,000,000 Variable Rate Educational Facilities Revenue Bonds (University of Richmond Project), Series 2004 (the “Series 2004 Bonds”), and (b) \$55,900,000 Variable Rate Educational Facilities Revenue Bonds (University of Richmond Project), Series 2006 (the “Series 2006 Bonds” and, together with the Series 2004 Bonds, the “Combined Bonds”) for the benefit of the University of Richmond, a nonprofit institution of higher education within the Commonwealth of Virginia (the “University”); and

WHEREAS, the Series 2004 Bonds were issued pursuant to the Educational Facilities Authority Act (Title 23, Chapter 3.3, Code of Virginia of 1950, as amended) (the “Act”) and an Indenture of Trust dated as of August 1, 2004 (the “2004 Indenture”), between the Authority and U.S. Bank National Association, as successor trustee (the “Trustee”), and the proceeds thereof were loaned to the University pursuant to a Loan Agreement dated as of August 1, 2004 (the “2004 Loan Agreement”), between the Authority and the University; and

WHEREAS, the Series 2006 Bonds were issued pursuant to the Act and an Indenture of Trust dated as of November 1, 2006 (the “2006 Indenture”), between the Authority and the Trustee, and the proceeds thereof were loaned to the University pursuant to a Loan Agreement dated as of November 1, 2006 (the “2006 Loan Agreement” and, together with the 2004 Indenture, the 2006 Indenture and the 2004 Loan Agreement, the “Original Financing Documents”), between the Authority and the University; and

WHEREAS, the downgrading of the credit rating of SunTrust Bank, the provider of the original liquidity facilities for the Combined Bonds, has increased the costs of debt service on the Combined Bonds; and

WHEREAS, on or about August 18, 2009 (the “Closing Date”), the University expects (a) to deliver to the Trustee an Alternate Liquidity Facility (as defined in the 2004 Indenture) for the Series 2004 Bonds, to be provided by Bank of America, N.A. (“BOA”), and to appoint Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”), as the replacement Remarketing Agent (as defined in the 2004 Indenture) for the Series 2004 Bonds and (b) to deliver to the Trustee an Alternate Liquidity Facility (as defined in the 2006 Indenture) for the Series 2006 Bonds, to be provided by Wachovia Bank, National Association (“Wachovia”), and to appoint Wachovia as the replacement Remarketing Agent (as defined in the 2006 Indenture) for the Series 2006 Bonds (with the transactions contemplated in (a) and (b) being referred to collectively as the “Transactions”); and

WHEREAS, as a result of the delivery by the University of the Alternate Liquidity Facilities described above (the “Alternate Liquidity Facilities”), the Combined Bonds will be remarketed on the Closing Date, in accordance with the terms of the Original Financing Documents; and

WHEREAS, in connection with the consummation of the Transactions, the Trustee, the Authority, the University, and the providers of the Alternate Liquidity Facilities desire that

certain clarifying amendments to the Original Financing Documents, the Series 2004 Bonds and the Series 2006 Bonds be made; and

WHEREAS, there have been presented to this meeting drafts of the following instruments, which the Authority proposes to execute or approve to facilitate the Transactions and the remarketing of the Combined Bonds and to amend the Original Financing Documents, copies of which instruments shall be filed with the records of the Authority:

(a) Supplemental Indenture between the Authority and the Trustee, supplementing and amending the 2004 Indenture, together with form of replacement Series 2004 Bond;

(b) Supplemental Indenture between the Authority and the Trustee, supplementing and amending the 2006 Indenture, together with form of replacement Series 2006 Bond;

(c) Amendment to Loan Agreement between the Authority and the University, supplementing and amending the 2004 Loan Agreement;

(d) Amendment to Loan Agreement between the Authority and the University, supplementing and amending the 2006 Loan Agreement;

(e) Remarketing Supplement, relating to the remarketing of the Series 2004 Bonds dated August 14, 2009; and

(f) Remarketing Supplement, relating to the remarketing of the Series 2006 Bonds dated August 14, 2009.

Items (a) through (d) above are referred to, collectively, as the “Amending Documents.” Items (e) and (f) above are referred to, together, as the “Remarketing Supplements.”

BE IT RESOLVED BY THE VIRGINIA COLLEGE BUILDING AUTHORITY:

1. The Authority finds and determines that the Transactions and the execution of the Amending Documents will be consistent with the purposes of the Act.

2. The Authority hereby approves the Amending Documents, the Remarketing Supplements and the Transactions. At the request of the University, the Authority hereby approves the selection of BOA and Merrill Lynch as the provider of the Alternate Liquidity Facility and the replacement Remarketing Agent, respectively, for the Series 2004 Bonds. At the request of the University, the Authority hereby approves the selection of Wachovia as the provider of the Alternate Liquidity Facility and the replacement Remarketing Agent for the Series 2006 Bonds.

3. The Remarketing Supplements and their use and distribution by the Remarketing Agents is hereby authorized and ratified. The Remarketing Supplements shall be in substantially the form presented to this meeting, with such completions, omissions, insertions and changes as

the Chairman, the Vice-Chairman or the Treasurer of the Authority, any of whom may act, may approve.

4. The Authority authorizes and directs the Chairman, the Vice-Chairman, the Treasurer and the Secretary, any of whom may act, to execute and deliver the Amending Documents, which shall be in substantially the forms presented to this meeting, which are approved, with such completions, omissions, insertions and changes not inconsistent with this resolution as may be approved by the officer executing such Amending Documents, his or her execution thereof to constitute conclusive evidence of such officer's approval of any such completions, omissions, insertions and changes.

5. The Chairman and Vice Chairman of the Authority (the "Authorized Officers"), either of whom may act, are authorized and directed to execute the replacement Series 2004 Bond and the replacement Series 2006 Bond by manual or facsimile signature, and the Secretary and any Assistant Secretary of the Authority, any of whom may act, are authorized to have the seal of the Authority affixed or printed thereon and to attest such seal by his or her manual or facsimile signature. The Chairman and Vice Chairman of the Authority, either of whom may act, are authorized and directed to deliver the replacement Series 2004 Bond and the replacement Series 2006 Bond to the Trustee for authentication.

6. The Authority authorizes and directs its officers to execute and deliver all certificates, instruments and documents and to take all such further action as they may consider necessary or desirable in connection with the consummation of the Transactions and the execution of the Amending Documents.

7. At the request of the University, the Authority hereby appoints Hunton & Williams LLP as bond counsel to supervise the Transactions.

8. The Authorized Officers, either of whom may act, are authorized to approve any future amendments to the Original Financing Documents that do not adversely affect the Authority's interests after consultation with counsel to the Authority and upon receipt of an approving opinion of bond counsel. This authorization shall continue indefinitely unless and until repealed or otherwise altered by the Authority.

9. The Authority authorizes, ratifies, approves and confirms all other actions of the officers and staff of the Authority that are in conformity with the purpose or intent of this resolution and in furtherance of the Transactions and the execution of the Amending Documents.

10. The Resolution of the Authority adopted on June 30, 2004, relating to the Series 2004 Bonds, and the Resolution of the Authority adopted on October 13, 2006, relating to the Series 2006 Bonds, are ratified and confirmed in all respects except to the extent specifically modified hereby or by the Amending Documents.

11. This resolution shall take effect immediately upon its adoption.

CERTIFICATE

The undersigned Assistant Secretary of the Virginia College Building Authority (the "Authority") hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and held on August 17, 2009, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS the following signature this 17th day of August, 2009.

[SEAL]

/s/ Janet A. Aylor
Assistant Secretary, Virginia College Building
Authority

**VIRGINIA COLLEGE BUILDING AUTHORITY RESOLUTION
AUTHORIZING THE ISSUANCE OF EDUCATIONAL FACILITIES
REVENUE BONDS (21ST CENTURY COLLEGE AND EQUIPMENT
PROGRAMS) IN 2009 FOR EQUIPMENT PROJECTS**

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 purpose of, among others, financing the construction of capital improvements at, and the acquisition of equipment for, public higher educational institutions in the Commonwealth;

WHEREAS, during the 1996 Session of the General Assembly of Virginia (the “General Assembly”), the General Assembly created the 21st Century College Program (the “21st Century College Program”), pursuant to which and the Act, the Authority is authorized, among other things, to borrow money and issue its revenue bonds to finance the cost of certain capital improvements at public higher educational institutions in amounts not in excess of amounts authorized from time to time by the General Assembly (the “21st Century College Projects”);

WHEREAS, during the 1998 Special Session of the General Assembly, the General Assembly modified its equipment leasing program to create the Equipment Program (the “Equipment Program,” and together with the 21st Century College Program, the “21st Century College and Equipment Programs”), pursuant to which and the Act, the Authority is authorized, among other things, to borrow money and issue its revenue bonds to finance the cost of certain scientific, technical and other equipment for teaching, research and related activities at public higher educational institutions in amounts not in excess of the amounts authorized from time to time by the General Assembly (the “Equipment Projects”), and pursuant to the Act, the Authority is authorized to issue its revenue refunding bonds for the purpose of refunding any such bonds;

WHEREAS, the source of payment of bonds issued under the 21st Century College Program and the Equipment Program is appropriations, if any, made at the discretion of the General Assembly to the Treasury Board of the Commonwealth (the “Treasury Board”), and because the source of payment is the same, the Authority has combined the financing for the Equipment Projects with the financing for the 21st Century College Projects;

WHEREAS, in furtherance of the purposes of the Act and the 21st 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 expected to be dated as of October 1, 2009 (each a “Supplemental Indenture,” and collectively, the “Supplemental Indentures”), between the Authority and the Trustee, and to sell its (a) Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) Series 2009D (the “2009D Bonds”), the proceeds of which will be used to provide funds to finance the costs of certain Equipment Projects at certain public higher educational institutions (the “Participating Institutions”) and pay the costs related to such issuance, and (b) Educational Facilities Revenue Refunding Bonds (21st Century College and

Equipment Programs), Series 2009E (the “2009E Bonds,” and together with the 2009D Bonds, the “Bonds”), the proceeds of which will be used to refund certain maturities of bonds previously issued by the Authority to finance costs of the 21st Century College and Equipment Programs (the “Refunded Bonds”) and pay the costs related to any such refunding;

WHEREAS, as of the date of the adoption of this Resolution, it is anticipated that the Participating Institutions and the related Equipment Projects eligible to be financed with proceeds of the 2009D Bonds are as 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 (a) before the 2009D Bonds are issued to finance one or more of such projects in another way or (b) before or after the 2009D Bonds are issued to finance other projects qualifying for financing under the Equipment Program with proceeds of the 2009D Bonds;

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 certain payments appropriated by the General Assembly under the 21st Century College and Equipment Programs to be paid to the Authority to support the debt service on the bonds issued under the Master Indenture;

WHEREAS, certain matters regarding the use of the Equipment Projects are governed by a number of Facilities Agreements (the “Existing Equipment Facilities Agreements”), each between the Authority and a Participating Institution that has an Equipment Project, and the Authority desires to enter into one or more new Equipment Facilities Agreements to govern the use of Equipment Projects with one or more Participating Institutions not bound by an Existing Equipment Facilities Agreement (the “New Equipment Facilities Agreements”);

WHEREAS, as a result of current conditions in the capital markets, First Southwest Company, in its capacity as financial advisor to the Authority (the “Financial Advisor”), has recommended that a determination be made closer to the time the Authority enters the market with the Bonds whether to offer and sell the Bonds pursuant to a competitive bidding process or a negotiated underwriting;

WHEREAS, the Bonds will be offered for sale pursuant to one or more Preliminary Official Statements to be dated the date of their respective release (each the “Preliminary Official Statement”) and, depending on market and other economic and financial conditions, one or more series of the Bonds will be (a) awarded by the Authority 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 (b) sold pursuant to one or more Bond Purchase Agreements, to be dated as of the date of sale of the related Bonds (each the “Bond Purchase Agreement”), between the Authority and one or more underwriters to be selected as described below (collectively, the “Underwriters”);

WHEREAS, the Authority will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) for the purpose of providing certain information for the benefit of holders of the Bonds; and

WHEREAS, drafts of the form of Supplemental Indenture, including a draft of the Bonds as Exhibit A thereto, the Preliminary Official Statement, the Notice of Sale and the 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 at 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 the offering and sale of the Bonds, is approved and the distribution thereof is authorized. The Authority authorizes the State Treasurer or such officer of the Authority as the State Treasurer may designate to deem the Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and 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 by the Rule. The Notice of Sale, in substantially the form presented at 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 and sale of the Bonds, is approved and the distribution and advertisement thereof, in the event the Bonds are being sold through a competitive bidding process as determined by the State Treasurer, is authorized.

2. Competitive Bidding or Negotiated Sale; Credit Ratings. The Authority authorizes and directs its staff, its Financial Advisor and its bond counsel, Troutman Sanders LLP: (a) to prepare all documentation and take all action necessary or desirable to bring the Bonds to market through either a competitive electronic bidding process or a negotiated sale, which may include the execution and delivery of the Bond Purchase Agreement, as soon as practicable, (b) to advertise the Bonds for sale in the event the Bonds are being sold through a competitive bidding process and (c) to take such actions as shall be necessary or appropriate to obtain a rating or ratings for the 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. Issuance and Sale of Bonds. Pursuant to the Act, the Authority authorizes the issuance of the Bonds in accordance with the Supplemental Indentures and the sale thereof in accordance with the Notice of Sale in the event the Bonds are being sold through a competitive bidding process or the Bond Purchase Agreement in the event the Bonds are sold in a negotiated sale, including the receipt of bids electronically or the selection of the Underwriters, as applicable; ***provided, however,*** that (a)(i) the aggregate principal amount of the 2009D Bonds shall not exceed \$60,000,000; (ii) the final maturity of the 2009D Bonds shall not exceed February 1, 2017; and (iii) the true interest cost of the 2009D Bonds, determined in accordance with the terms of the Notice of Sale or the Bond Purchase Agreements, as applicable, shall not exceed 3.50%, taking into account original issue discount or premium, if any; and (b)(i) the aggregate principal amount of the 2009E Bonds shall not exceed \$250,000,000; (ii) the final maturity of the 2009E Bonds shall not exceed February 1, 2024; (iii) the true interest cost of the 2009E Bonds, determined in accordance with the terms of the Notice of Sale or the Bond Purchase Agreements, as applicable, shall not exceed 4.00%, taking into account original issue discount or premium, if any; and (iv) the issuance

of the 2009E Bonds shall result in present value savings equal to at least 2.50% of the aggregate principal amount of the Refunded Bonds.

4. Bond Documents. The Authority ratifies and confirms the Master Indenture, the Payment Agreement and the Existing Equipment Facilities Agreements. The officers of the Authority are each hereby authorized to execute and deliver one or more New Equipment Facilities Agreements in substantially the same form as the Existing Equipment Facilities Agreements, and any amendments to such Existing Equipment Facilities Agreements in such form as bond counsel may provide, as shall be necessary or desirable in connection with the issuance of the Bonds and the structure and amortization thereof. The form of Supplemental Indenture, including the form of the Bonds, is approved, with such changes, insertions, additions, deletions and amendments as the State Treasurer or such officer of the Authority as the State Treasurer may designate shall approve. The approval of any such changes, insertions, additions and deletions shall be evidenced conclusively by the execution and delivery of the Bonds by the officers of the Authority. The Authority hereby authorizes and directs its officers to execute and deliver the Supplemental Indentures and the Bonds.

5. Delegation to State Treasurer; Sale or Award of Bonds. The Authority hereby delegates to the State Treasurer or such officer of the Authority as the State Treasurer may designate the power with respect to the Bonds, subject to the limitations set forth in Paragraph 3: (a) to determine the final list of the Participating Institutions and the related Equipment Projects, as of the date of issuance of the Bonds, and to expand such list from time to time to allow proceeds of the Bonds to finance other projects qualifying for financing as Equipment Projects; (b) to determine which, if any, outstanding bonds previously issued under the Master Indenture are to be Refunded Bonds and the related redemption dates; (c) to approve the details of the Bonds, including, without limitation, the maturity schedules, the interest rates, the redemption provisions; (d) to approve the form of all documents that are appropriate to carry out the contemplated financing; (e) to deem the Preliminary Official Statement final as of its date as contemplated in paragraph 1 and to complete each Preliminary Official Statement as an official statement in final form as contemplated in paragraph 6; (f) to postpone or cancel the sale of the Bonds, if in such person's sole discretion conditions so warrant; (g) upon the recommendation of the Financial Advisor, to determine the manner of sale of one or more series of Bonds either through a competitive bidding process or a negotiated sale; and (h) to take all such further action as may be necessary or desirable for the issuance, sale and delivery of the Bonds and the refunding of any Refunded Bonds.

If in the State Treasurer's sole determination the then-current market or other conditions warrant a sale of one or more series of Bonds through a competitive bidding process, the State Treasurer shall award such series of Bonds to the responsive bidder whose bid offers to purchase such Bonds at the lowest true interest cost to the Authority as determined by the Financial Advisor (the "Winning Bidder" and the "Winning Bid"), all in accordance with the terms of the Notice of Sale.

If in the State Treasurer's sole determination the then-current market or other conditions warrant a negotiated sale of one or more series of Bonds, the State Treasurer is hereby authorized, subject to the limitations set forth in paragraph 3, to negotiate the provisions of the Bond Purchase Agreement, determine the Underwriters for such series of Bonds, including any syndicate members and members of the selling group for such Bonds, and determine the prices at which such

Bonds will be offered by the Underwriters to the public, and the Chairman, the Vice Chairman and the State Treasurer are each authorized, without the joinder of the others, to execute and deliver such Bond Purchase Agreement.

The State Treasurer shall execute a certificate evidencing determinations or other actions taken pursuant to the authority delegated in this Resolution, and any such certificate shall be conclusive evidence of the action or determination of the State Treasurer as stated therein.

6. Official Statement. The Authority authorizes and directs the State Treasurer and the State Treasurer's staff to complete each Preliminary Official Statement as an official statement in final form (each the "Official Statement"). The Chairman or Vice Chairman of the Authority, either of whom may act, is authorized and directed to execute the 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 the Underwriters, as applicable, of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the related Bonds, for distribution by the Winning Bidder or the Underwriters, as applicable, to each potential investor requesting a copy thereof and to each person to whom the Winning Bidder or the Underwriters, as applicable, initially sells Bonds. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder or the Underwriters, as applicable.

7. Continuing Disclosure. The Authority covenants to undertake ongoing disclosure and to provide "annual financial information" and "material event notices" in accordance with the Continuing Disclosure Agreement for the benefit of holders of the Bonds to assist the Winning Bidder or the Underwriters, as applicable, in complying with the Rule. The Authority authorizes and directs the Chairman, the State Treasurer or such other officer of the Authority as the State Treasurer may designate to execute the Continuing Disclosure Agreement in substantially the form attached as an appendix to the Preliminary Official Statement presented at this meeting, which is approved with such completions, omissions, insertions and changes as the Chairman, the State Treasurer or such designee may approve. The execution by the Chairman, the 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. Redemption of Refunded Bonds; Escrow Deposit Provisions. If in accordance with paragraphs 3 and 5 the determination is made to refund any Refunded Bonds, the Authority authorizes and directs (a) the redemption and payment of the Refunded Bonds on the applicable redemption dates, all as determined in accordance with paragraph 5, and (b) the giving of notice of such redemptions in accordance with the provisions of the Master Indenture and any applicable supplemental indenture of trust entered into in connection with the Refunded Bonds. The Authority also authorizes the preparation, execution and delivery by the officers of the Authority of any escrow deposit provisions, either as part of the related Supplemental Indenture or in such separate agreement, as shall be appropriate to effect the refunding and redemption as determined in accordance with paragraph 5 and as shall be approved by the State Treasurer, with the execution and delivery thereof to constitute conclusive evidence of such approval.

9. Other Documents. The Authority authorizes and directs its officers and staff to execute and deliver all certificates, instruments and documents and to take all such

further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds. Such certificates may include a certificate (a) setting forth the expected use and investment of proceeds of the Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder, (b) making any elections that such officers deem desirable regarding any provisions requiring rebate to the United States of arbitrage profits earned on investments of proceeds of the borrowing, and (c) providing for payment of any such rebate amount.

10. 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 the Bonds and the use of the proceeds thereof and (b) the implementation of the 21st Century College and Equipment Programs.

11. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted: August 17, 2009

The undersigned Assistant Secretary of the Virginia College Building Authority certifies that the foregoing is a true and correct copy of a Resolution adopted by the Authority, upon the vote as noted below, at a duly called meeting of the Authority held on August 17, 2009.

<u>Member</u>	<u>Present/Absent</u>	<u>Vote</u>
<u>Manju S. Ganeriwala</u>	<u>Present</u>	<u>Aye</u>
<u>David A. Von Moll</u>	<u>Absent</u>	
<u>Daniel S. Timberlake</u>	<u>Absent</u>	
<u>Daniel J. LaVista</u>	<u>Present</u>	<u>Aye</u>
<u>William L. Nusbaum</u>	<u>Present</u>	<u>Aye</u>
<u>John F. "Jack" Carter II</u>	<u>Present</u>	<u>Aye</u>
<u>Jefferson S. Cooper</u>	<u>Present</u>	<u>Aye</u>
<u>Vinod B. Agarwal</u>	<u>Present</u>	<u>Aye</u>
<u>Joseph S. Testa</u>	<u>Present</u>	<u>Aye</u>
<u>Elaine R. Wilde</u>	<u>Absent</u>	
<u>Edward Villanueva</u>	<u>Present</u>	<u>Aye</u>

/s/ Janet A. Aylor
Assistant Secretary, Virginia College Building
Authority

[SEAL]

Date: August 17, 2009

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VIRGINIA COLLEGE BUILDING AUTHORITY

Post-Issuance Compliance Policy for Tax-Exempt Obligations

Statement of Purpose

This Post-Issuance Compliance Policy (the “Policy”) sets forth specific policies of the Virginia College Building Authority (“VCBA”) designed to monitor post-issuance compliance of VCBA tax-exempt obligations with applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder (the “Treasury Regulations”).

The Policy documents existing practices and describes various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of obligations in order that the interest on such obligations be, or continue to be, excludable from gross income for federal income tax purposes. The VCBA recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of tax-exempt obligations, and an integral component of VCBA’s debt management. Accordingly, the analysis of those facts and implementation of the Policy will require on-going monitoring and, likely, consultation with bond counsel beyond the scope of its initial engagement with respect to the issuance of particular obligations.

VCBA Programs

The VCBA administers three programs involving the issuance of tax-exempt obligations: (1) the 21st Century College and Equipment Program (the “21st Century College and Equipment Program”); (2) the Public Higher Education Financing Program (the “Pooled Bond Program,” and together with the 21st Century College and Equipment Program, the “Public College Programs”); and (3) private college financings (the “Private College Program”). Each of these programs is distinct in terms of authorization, the sources and security for the repayment of the obligations and on-going administration. Each program involves issuing tax-exempt obligations on behalf of colleges and universities. In the case of a public institution in the Commonwealth of Virginia (the “Commonwealth”) participating in the 21st Century College and Equipment Program or the Pooled Bond Program (each, a “Participating Institution”), such Participating Institution may participate in one or both of such programs.

21st Century College and Equipment Program. The General Assembly of the Commonwealth (the “General Assembly”) created the 21st Century College Program in 1996 and has authorized designated capital projects for Participating Institutions to be financed with bonds issued by the VCBA. Additionally, the VCBA has operated a program since 1986 to provide financing for the purchase of instructional and research equipment to public institutions of higher education. Since 1999, the VCBA has been authorized annually to finance the Participating Institutions’ purchase of such equipment (the “Equipment Program”) and has issued bonds on a composite basis for the 21st Century College Program and the Equipment Program. Payments of principal and interest on bonds issued under the 21st Century College and Equipment Program are payable from appropriations made by the General Assembly.

Pooled Bond Program. The Pooled Bond Program began in 1996 and authorizes the VCBA to issue bonds to finance the purchase of obligations of Participating Institutions (the “Notes”). Participating Institutions use proceeds of the Notes to finance or refinance capital projects approved by the General Assembly. A Participating Institution pledges its general revenues as security for its Notes. As additional security in the event a Participating Institution fails to pay the VCBA in accordance with its Notes, the VCBA can intercept General Assembly appropriations to the Participating Institution.

Private College Program. Under the Educational Facilities Authority Act (Chapter 3.3, Title 23, Code of Virginia of 1950, as amended), the VCBA issues bonds and notes to finance educational facilities projects on a conduit basis through loans to private, nonprofit institutions of higher education within the Commonwealth whose primary purpose is to provide collegiate or graduate education and not to provide religious training or theological education. These obligations are revenue bonds payable primarily from loan repayments made by the respective private, nonprofit institution of higher education.

Policy Components

The monitoring of certain post-issuance compliance issues arising under the Public College Programs necessarily will involve the Participating Institutions. The monitoring of post-issuance compliance under the Private College Program largely will be delegated to the respective private, nonprofit institutions of higher education obtaining financing through the Private College Program. Due to differences in the three programs, including the reliance upon the Participating Institutions in the Public College Programs and the private, nonprofit institutions in the Private College Program to provide information critical to post-issuance compliance, specific variations of the procedures outlined below will be implemented in consultation with bond counsel, the Participating Institutions, the participating private, nonprofit institutions and representatives of the Attorney General’s office.

Specific post-issuance compliance procedures address the relevant areas described below. The following list is not intended to be exhaustive and further areas may need to be identified from time to time by VCBA staff in consultation with bond counsel and appropriate representatives of the Attorney General’s office.

- I. Policies and Procedures Generally – the following policies relate to procedures and systems for monitoring post-issuance compliance generally.
 - A. The Director of Debt Management (the “Director”) shall identify an appropriate Treasury staff member (currently the Assistant Director of Debt Management responsible for VCBA) to be responsible for monitoring VCBA post-issuance compliance issues (the “Staff Designee”). The Director shall be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.
 - B. The Staff Designee should coordinate procedures for record retention and review of such records.

- C. The Staff Designee should review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.
- D. Electronic media will be the preferred method for storage of all documents and other records maintained by Treasury and the VCBA. In maintaining such electronic storage, the Staff Designee should comply with the applicable requirements of Revenue Procedure 97-22.

II. Policies and Procedures under the Public College Programs – the following policies relate to procedures and systems for monitoring post-issuance compliance under the Public College Programs.

- A. Issuance of Obligations – the following policies relate to the issuance of a specific issue of tax-exempt obligations under the Public College Programs:

The Staff Designee will:

- 1. Obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents.
- 2. Confirm that bond counsel has filed with the Internal Revenue Service (the “IRS”) the applicable information report (e.g., Form 8038-G) for such issue.
- 3. Coordinate receipt and retention of relevant books and records with respect to the investment and expenditure of the proceeds of such tax-exempt obligations with other applicable Treasury staff.

- B. Arbitrage – the following policies relate to the monitoring and calculating of arbitrage and compliance with specific arbitrage rules and regulations:

The Staff Designee will:

- 1. Coordinate the tracking of expenditures and any investment earnings with other applicable Treasury Staff.
- 2. Obtain a computation of the yield on such issue from the VCBA’s financial advisor for such issuance or other relevant third party (e.g. the underwriter for such issuance, the State Non Arbitrage Program (“SNAP”), or other outside arbitrage rebate specialist) and maintain a system for tracking investment earnings, whether internal to Treasury or external via SNAP.
- 3. Maintain a procedure for the allocation of proceeds of the issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.

4. Coordinate with SNAP and/or other applicable Treasury staff to monitor compliance by the Participating Institutions with the applicable “temporary period” (as defined in the Code and Treasury Regulations) exceptions for the expenditure of proceeds of the issue, and provide for yield restriction on investments if such exceptions are not satisfied.
5. Coordinate with SNAP and/or other applicable Treasury staff and the bond trustee to ensure that investments acquired with proceeds of such issue are purchased at fair market value. In determining whether an investment is purchased at fair market value, any applicable Treasury Regulation safe harbor may be used.
6. Coordinate with SNAP and/or other applicable Treasury staff and the bond trustee to avoid formal or informal creation of funds reasonably expected to be used to pay debt service on such issue without determining in advance whether such funds must be invested at a restricted yield.
7. Coordinate with SNAP and/or other applicable Treasury staff and the bond trustee to consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions (e.g., bond insurance, letter of credit) or hedging transactions (e.g., interest rate swaps, caps).
8. Coordinate with SNAP and/or other applicable Treasury staff and the bond trustee to identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.
9. Coordinate with SNAP and/or other applicable Treasury staff and the bond trustee to monitor compliance by the Participating Institutions with six-month, 18-month or 2-year spending exceptions to the rebate requirement, as applicable.
10. Coordinate with SNAP and/or other applicable Treasury staff and the bond trustee to arrange, as applicable for timely computation of rebate liability and, if rebate is due, for timely filing of Form 8038-T and with the applicable Participating Institution, to arrange payment of such rebate liability.
11. Coordinate with SNAP and/or other applicable Treasury staff to arrange for timely computation and payment of “yield reduction payments” (as such term is defined in the Code and Treasury Regulations), if applicable.
12. In the case of any issue of refunding obligations, coordinate with VCBA’s financial advisor, the bond trustee and any escrow agent to arrange for the purchase of the refunding escrow securities, should obtain a computation of the yield on such escrow securities from the Treasury’s outside arbitrage rebate specialist and should monitor compliance with applicable yield restrictions.

- C. Private Activity Concerns – the following polices relate to the monitoring and tracking of private uses and payments with respect to facilities financed under the Public College Programs:

The Staff Designee will:

1. Coordinate with Treasury or other applicable staff to maintain records determining and tracking which specific issues of tax-exempt obligations financed which facilities in what amounts.
2. Coordinate with Treasury or other applicable staff to maintain records, which should be consistent with those used for arbitrage purposes, to allocation of proceeds of such issue to expenditures, including the reimbursement of pre-issuance expenditures.
3. Coordinate with Treasury or other applicable staff to maintain records allocating of proceeds of an issue of tax-exempt obligations and funds from other sources within a financed project to demonstrate use of proceeds of such issue for qualifying costs.
4. Coordinate with SNAP and/or Treasury or other applicable staff to monitor the expenditure of proceeds of such issue for qualifying costs.
5. Coordinate with applicable Participating Institution staff to monitor private use of financed facilities to ensure compliance with applicable percentage limitations. Such monitoring should include the following:
 - a. Procedures, through the use of Participating Institution questionnaires, follow-up due diligence calls or otherwise, for the review of the amount of existing private use on a periodic basis; and
 - b. Procedures for identifying in advance any new sale, lease or license, management contract, sponsored research arrangement, or other arrangement involving private use of financed facilities and for obtaining copies of any sale agreement, lease, license, management contract, research arrangement or other arrangement for review by bond counsel.
6. Promptly consult with bond counsel as to any possible private use of financed facilities.

- D. Reissuance – the following policies relate to compliance with rules and regulations regarding reissuance of tax-exempt obligations issued under the Public College Programs:

The Staff Designee will:

1. Identify and consult with bond counsel regarding any post-issuance change to any terms of an issue of obligation which could potentially cause the issue to be treated a reissuance for tax purposes.
 2. Confirm with bond counsel whether any “remedial action” in connection with a “change in use” (as such terms are defined in the Code and Treasury Regulations) must be treated as a reissuance for tax purposes.
- E. Record Retention – the following polices relate to retention of records relating to tax-exempt obligations issued under the Public College Programs:

The Staff Designee will:

1. Coordinate with applicable Treasury or other staff and the Participating Institutions to maintain sufficient records to be maintained by VCBA and each Participating Institution to ensure that the issue remains in compliance with federal tax-exemptions requirements for the life of such issue.
2. Coordinate with applicable Treasury or other staff and the Participating Institutions to comply with provisions imposing specific recordkeeping requirements and cause the Participating Institutions to comply with such provisions, where applicable.
3. Coordinate with applicable Treasury or other staff and the Participating Institutions, or cause the Participating Institutions,¹ to generally maintain the following:
 - a. Basic records relating to the transaction (e.g., supplemental indenture, loan agreement, any non-arbitrage certificate, participating institution certificates and the bond counsel opinion);
 - b. Documentation evidencing expenditure of proceeds of the issue;
 - c. Documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation.
 - c. Documentation evidencing use of financed property by public and private sources (e.g., copies of management contracts and research agreements);

¹ For example, the Participating Institutions will maintain records relating to expenditures of proceeds, including requisitions, invoices, bill or other documentations, asset lists of financed facilities and equipment, and depreciation schedules.

- d. Documentation evidencing all sources of payment or security for the issue; and
 - e. Documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations).
4. Coordinate the retention of all records in a manner that ensures their complete access to the IRS. While this is typically accomplished through the maintenance of hard copies, records may be kept in electronic format so long as the applicable requirements of Revenue Procedure 97-22 are satisfied.
 5. Keep all material records for so long as the issue is outstanding, plus three years after the final maturity or redemption of such issue.

III. Policies and Procedures under the Private College Program – the following policies relate to procedures and systems for monitoring post-issuance compliance under the Private College Program.

- A. Following the issuance of a specific issue of tax-exempt obligations, the Staff Designee should obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents.
- B. For each issuance of tax-exempt obligations under the Private College Program, the Staff Designee should confirm that bond counsel has filed with the Internal Revenue Service (the “IRS”) the applicable information report (e.g., Form 8038) for such issue.
- C. For each issuance of tax-exempt obligations under the Private College Program, the Staff Designee should confirm that the private, nonprofit institution participating as the conduit borrower in such transaction has covenanted in the bond documents to comply with all applicable requirements of the Code and Treasury Regulations that must be satisfied subsequent to the issuance of the tax-exempt obligations in order to maintain the tax-exempt status of such obligations, including, but not limited to, requirements relating to arbitrage and rebate, private activity and record keeping.²

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² As previously noted, the VCBA issues tax-exempt obligations under Private College Program on a conduit basis for the benefit of private, nonprofit institutions of higher education in the Commonwealth. In accordance with such conduit structure, the responsibility for post-issuance compliance under the Private College Program largely will be delegated to the respective private, nonprofit institutions of higher education benefiting from such financing.