

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

September 16, 2011, 9:00 a.m.
Treasury Board Conference Room
James Monroe Building
101 North 14th Street, 3rd Floor
Richmond, Virginia

Members Present: Anne C.H. Conner, Chairman
Jefferson “Jeff” S. Cooper, Vice-Chairman
Vinod B. Agarwal
Manju S. Ganeriwala
Bryce E. Reeves
Daniel S. Timberlake
John R. Vogt
David A. Von Moll

Members Absent: Peter A. Blake
Allison Cryor DiNardo
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
Janet Lee Public Resources Advisor Group
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
Tracy Clemons Department of the Treasury
Richard Davis Department of the Treasury

Call to Order and Approval of Minutes

Ms. Conner called the meeting to order at 9:07 a.m. After welcoming any 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 then asked if there were any comments on or corrections to the minutes of the July 13, 2011 Virginia College Building Authority meeting. Hearing none, she requested a motion for approval of the minutes. Dr. Agarwal made the motion; Mr. Von Moll seconded, and the motion carried unanimously by all members present.

Mr. Timberlake arrived at 9:10 a.m.

Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2011A

Ms. Black reviewed the Preliminary Financing Summary for the proposed issuance of up to \$185,000,000 in Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2011A. She introduced Ms. Janet Lee from Public Resources Advisory Group, financial advisor to the Authority who then briefed the board on the monitoring of a refunding, as well as the current market conditions. Ms. Lee indicated that although some maturities meet the net present value savings criteria of 3% or greater, the negative arbitrage in the required escrow is greater than the savings so there could be a benefit to waiting to do the refunding closer to the call date, which will reduce the negative arbitrage, and increase savings. She also indicated that staff and financial advisors will continue to monitor the market. There is no expiration date for the refunding authorization. A discussion ensued.

Mr. Charles Shimer from Kutak Rock LLP, bond counsel to the Authority, reviewed the Resolution before the Board. A discussion ensued.

Dr. Agarwal asked if the 3% savings criteria were based on the net present value savings and Ms. Lee responded that it is based on the net present value savings. He then requested modification to paragraph 3 of the resolution to reflect “net present value” instead of “present value”. Mr. Shimer, Ms. Lee, and staff concurred with that change on the resolution. Mr. Vogt indicated that the banks are imposing fees on deposits so he asked in what bank are the bond proceeds being deposited. Ms. Aylor indicated that the funds are invested with the State Non-Arbitrage Program in mutual funds. A discussion ensued.

Ms. Conner asked for a motion to adopt the modified Resolution. Mr. Vogt moved the approval of the modified Resolution (Attachment A) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2011A; Ms. Ganeriwala seconded, and the motion carried unanimously by all members present.

Other Business

Ms. Lee reviewed the report analyzing the performance of the Virginia College Building Authority Variable Rate Educational Facilities Revenue Bonds, Series 2006B and Series 2006C, prepared by Public Resources Advisory Group (Exhibit A). A discussion ensued.

Ms. Aylor reviewed the Final Financing Summary for the Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2011A.

Ms. Evelyn Whitley, Debt Director, mentioned that Moody’s Investors Service (Moody’s) announced that it has placed the Commonwealth of Virginia’s Aaa on negative outlook. She indicated that this announcement has not had an impact on the buyers’ perception of the Commonwealth of Virginia’s bonds.

Ms. Aylor informed the board that the Virginia College Building Authority's Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2006A has been selected by the Internal Revenue Service for examination as part of a project initiated by the IRS to measure compliance with the pooled financing requirements under section 149 of the Internal Revenue Code. The Authority staff is assembling the requested information and will respond by the end of September.

Adjournment

Having no other business to be brought before the Board, the meeting was adjourned at 10:23 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 THE ISSUANCE OF EDUCATIONAL FACILITIES
REVENUE BONDS (PUBLIC HIGHER EDUCATION FINANCING
PROGRAM)**

WHEREAS, the Virginia College Building Authority (the “Authority”), 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 (the “Act”), Chapter 3.2, Title 23, Code of Virginia of 1950, as amended (the “Virginia Code”), is empowered, among other things, to undertake to finance construction of projects of capital improvement (the “Projects”) at Commonwealth public higher educational institutions (the “Institutions”) by issuing revenue bonds and using proceeds thereof to purchase or refinance debt obligations issued by Institutions pursuant to Chapter 3 of Title 23 of the Virginia Code, which undertaking is referred to as the “Public Higher Education Financing Program” (the “Program”);

WHEREAS, in furtherance of purposes of the Act and the Program, the Authority has determined to issue under the Master Indenture of Trust dated as of September 1, 1997 (as previously 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, to be dated as of the first day of the month in which the related bonds are issued, between the Authority and the Trustee (each a “Supplemental Indenture,” and together the “Supplemental Indentures”), and sell Educational Facilities Revenue Bonds (Public Higher Education Financing Program), in one or more series with appropriate year and series designations (the “New Money Bonds”);

WHEREAS, proceeds of the New Money Bonds will be used to purchase debt obligations issued by participating Institutions pursuant to the Loan Agreements described below to finance the construction of certain Projects (the “New Money Projects”) described in the list attached as Exhibit A hereto; *provided*, that one or more of such Institutions may determine before the New Money Bonds are issued to finance one or more of such Projects in another way or at another time and, accordingly, the final list of participating Institutions and New Money Projects may include fewer Institutions and Projects than listed in Exhibit A hereto, as shall be determined by the State Treasurer as provided herein;

WHEREAS, in furtherance of purposes of the Act and the Program, to effect debt service savings the Authority may determine, in consultation with Public Resources Advisory Group in its capacity as financial advisor to the Authority (the “Financial Advisor”), to issue under the Master Indenture, as further supplemented by one or more Supplemental Indentures, and sell Educational Facilities Revenue Refunding Bonds (Public Higher Education Financing Program), in one or more series with appropriate year and series designations (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”);

WHEREAS, proceeds of any Refunding Bonds will be used to refund certain maturities (the “Refunded Bonds”) of bonds previously issued under the Master Indenture

(“Prior Bonds”), proceeds of which were used to purchase Notes (the “Existing Notes”) issued by participating Institutions pursuant to prior Loan Agreements (the “Existing Loan Agreements”) to finance certain Projects, thereby refinancing such Projects in exchange for amendments to the Existing Notes (the “Amendments to Existing Notes”) and to the Existing Loan Agreements (the “Amendments to Existing Loan Agreements”); **provided**, that before any Refunding Bonds are issued, the State Treasurer may determine, on behalf of the Authority as provided herein, which, if any, of the Prior Bonds are to be refunded and the related redemption dates;

WHEREAS, 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 some or all of the Bonds pursuant to competitive bidding or a negotiated sale, based on then-existing capital market or other economic and financial conditions;

WHEREAS, the Bonds will be offered for sale pursuant to a Preliminary Official Statement, to be dated the date of its release (the “Preliminary Official Statement”) and, based on then-existing capital market or other economic and financial conditions and in consultation with the Financial Advisor, the Authority will determine to (a) award one or more series of the Bonds through a competitive electronic bidding process using a Notice of Sale, to be dated the date of the Preliminary Official Statement (the “Notice of Sale”), which states the structure and terms of the sale of the proposed Bonds, or (b) sell one or more series of Bonds pursuant to one or more Bond Purchase Agreements, to be dated as of the date of sale of the related Bonds (each and collectively referred to herein as the “Bond Purchase Agreement”), between the Authority and one or more underwriters selected as described below (collectively, the “Underwriter”);

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;

WHEREAS, the foregoing arrangements will be reflected in the following documents, drafts of which have been presented to the Authority and filed with its records:

- (a) the form Supplemental Indenture, together with the form of the Bonds attached as Exhibit A thereto;
- (b) the form Loan Agreement to be dated as of the first day of the month in which the New Money Bonds are issued between the Authority and each participating Institution (the “Loan Agreements”), providing for certain matters regarding issuance and purchase of the Notes (as described below) and development and operation of the New Money Projects;
- (c) the form Promissory Note to be issued by each participating Institution to the Authority, attached to the form of the related Loan Agreement as Exhibit B (the “Notes”), and the form Assignment appended thereto (the “Assignments”) pursuant to which the Authority assigns the Notes to the Trustee, without

- (d) the Preliminary Official Statement with respect to the Bonds;
- (e) the Notice of Sale with respect to the Bonds, if sold through a competitive bidding process;
- (f) the form Amendment to Loan Agreement, and the form of the related Amendment to Promissory Note, to be executed by the Institutions whose Projects were financed by any Refunded Bonds; and
- (g) the form Continuing Disclosure Agreement of the Authority, in the form attached as an appendix to the Preliminary Official Statement;

WHEREAS, in addition to the use of proceeds of the New Money Bonds to finance New Money Projects, certain Institutions (the “Transferring Institutions”) whose Projects were financed with proceeds of Prior Bonds may desire, in accordance with certain provisions of the Master Indenture, to use remaining proceeds of Prior Bonds previously allocated to Projects which have been completed or abandoned (“Excess Proceeds” of “Prior Projects”) on other qualifying Projects, including the New Money Projects (each, a “Project Transfer,” and collectively, the “Project Transfers”);

WHEREAS, the Master Indenture provides that a Transferring Institution submit a completion or abandonment certificate for each Prior Project, and the Authority may maintain Excess Proceeds in the Construction Account created under the supplemental indenture for the Prior Projects to the extent needed to pay the Costs of any other Projects, such as a New Money Project; *provided* that (a) there is reserved in such Construction Account an amount for remaining Costs of the Prior Projects and any Rebate Amount owing by the Transferring Institution in connection with the Prior Bonds, (b) the Transferring Institution has caused to be delivered to the Trustee an Opinion of Counsel to the Authority to the effect that the Project Transfer is authorized or permitted, and (c) the applicable supplemental indenture permits the exhibit thereto listing certain amounts relating to the Prior Projects to be amended or supplemented, by the Authority and the Trustee from time to time without the consent of the Holders, to provide for such Excess Proceeds to be expended on such other Projects; and

WHEREAS, the form Amendment to Supplemental Indenture, to be entered into by the Authority and the Trustee, and to be agreed to by the Transferring Institutions, authorizing the transfer of Excess Proceeds from Prior Projects which have been completed or abandoned to pay costs of other qualifying Projects, including the New Money Projects, has been presented to the Authority and filed with the Authority’s records.

NOW, THEREFORE, BE IT RESOLVED BY THE AUTHORITY:

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 member of the State Treasurer's staff as the State Treasurer may designate, is approved and the distribution thereof is authorized. The Authority authorizes the State Treasurer or such other 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 member of the State Treasurer's staff as the State Treasurer may designate, is approved and the distribution and advertisement thereof, in the event the Bonds are being sold through competitive bidding, as determined by the State Treasurer, is authorized.

2. Competitive Bidding or Negotiated Sale; Credit Ratings. The Authority authorizes and directs its staff, the Financial Advisor and its bond counsel, Kutak Rock LLP, to: (a) prepare all documentation and take all action necessary or desirable to bring the Bonds to market through either competitive electronic bidding or a negotiated sale, as applicable, as soon as practicable; (b) advertise the Bonds for sale in the event Bonds are being sold through competitive bidding; and (c) take such actions as shall be necessary or appropriate to obtain a rating or ratings for the Bonds from Standard & Poor's Ratings Group, Fitch Ratings and/or Moody's Investors Service.

3. Authorization of Issuance and Sale. Pursuant to the Act, the Authority authorizes the issuance of one or more series of Bonds in accordance with the Supplemental Indentures and the sale thereof in accordance with the Notice of Sale in the event Bonds are being sold through competitive bidding or the Bond Purchase Agreement in the event Bonds are being sold in a negotiated sale, including the receipt of bids electronically or the selection of the Underwriter, as applicable; *provided, however*, that (a)(i) the aggregate principal amount of the New Money Bonds shall not exceed \$185,000,000; (ii) the true interest cost of the New Money Bonds, determined in accordance with the terms of the Bond Purchase Agreement or the Notice of Sale, as applicable, shall not exceed 4.75%, taking into account original issue discount or premium, if any; (iii) the final maturity of the New Money Bonds does not exceed September 1, 2036; and (iv) the New Money Bonds shall have regularly scheduled payments of principal and interest that do not exceed the sum of Basic Payments due under, and as described in, the Notes; and (b)(i) the aggregate principal amount of any Refunding Bonds shall not exceed \$165,000,000; (ii) the true interest cost of any Refunding Bonds, determined in accordance with the terms of the Notice of Sale or the Bond Purchase Agreements, as applicable, shall not exceed 4.50%, taking into account original issue discount or premium, if any; (iii) the final maturity of any Refunding Bonds shall not exceed the final maturity of the Refunded Bonds; (iv) any Refunding Bonds shall have regularly scheduled payments of principal and interest that do not exceed the sum of Basic Payments due under, and as described in, the portion of the Existing Notes, as amended by the Amendments to Existing Notes, relating to any Refunding Bonds; and (v) the issuance of any Refunding Bonds shall result in net present value savings equal to at least 3.00% of the aggregate principal amount of the Refunded Bonds.

4. Bond Documents. The Authority ratifies and confirms the Master Indenture. The forms of the Supplemental Indenture, including the form of the Bonds, the Loan Agreements, including the form of the Notes and the Assignments, the Amendment to Supplemental Indenture, and the Amendment to Loan Agreement and the Amendment to Promissory Note, as presented to the Authority are 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, deletions and amendments shall be evidenced conclusively by the execution and delivery of the Bonds by the Authority. The Authority authorizes and directs the Chairman or Vice Chairman of the Authority, any one of whom may act, to execute and deliver the Supplemental Indentures, the Bonds, the Loan Agreements, the Assignments, the Amendments to Loan Agreements and any Amendment to Supplemental Indenture.

5. Delegation; Competitive Award or Negotiated Sale of Bonds. (a) The Authority delegates to the State Treasurer, or such officer of the Authority as the State Treasurer may designate, the power, subject to any applicable limitations set forth in paragraph 3: (i) to determine the final list of the participating Institutions, the New Money Projects, and the Transferring Institutions; (ii) to determine which, if any, of the Prior Bonds are to be refunded and the related redemption dates; (iii) to determine the details of the Bonds and the Notes, including, without limitation, the series designations, the maturity schedules, the interest rates and the redemption provisions; (iv) to approve the form of all documents that are appropriate to carry out the contemplated financing; (v) to deem the Preliminary Official Statement final as of its date as contemplated in paragraph 1 and to complete the Preliminary Official Statement as an official statement in final form as contemplated in paragraph 6; (vi) to postpone or cancel the sale of the Bonds, if in such person's sole discretion conditions so warrant; and (vii) to take all such further action as may be necessary or desirable for the issuance, sale and delivery of the Bonds and to effect the refunding of any Refunded Bonds and any Project Transfers.

(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 in consultation with the Financial Advisor, whether one or more series of Bonds are to be sold either (i) through competitive bidding, in which case the State Treasurer shall award such series of Bonds to the responsive bidder whose bid offers to purchase such series of 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, or (ii) by a negotiated sale, in which case the State Treasurer is authorized, subject to the limitations set forth in paragraph 3, to negotiate the provisions of the Bond Purchase Agreement, determine the Underwriter for one or more series of Bonds, including any syndicate members and members of the selling group for such series of Bonds, and determine the prices at which such Bonds will be offered by the Underwriter 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.

(c) The Authority directs the State Treasurer to execute a certificate evidencing any determinations or other actions taken pursuant to the authority delegated in this Resolution, and to include such certificate as part of the closing transcript for the Bonds or

otherwise file it within 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 the State Treasurer's staff to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement"). The Chairman or Vice-Chairman of the Authority, any one 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 Underwriter, 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 Underwriter, as applicable, to each potential investor requesting a copy thereof and to each person to whom the Bonds are initially sold. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder or the Underwriter, as applicable.

7. Continuing Disclosure. The Authority covenants to undertake ongoing disclosure and to provide "annual financial information" and "event notices" in accordance with the Continuing Disclosure Agreement for the benefit of holders of Bonds to assist the Underwriter or the Winning Bidder, 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 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, Vice Chairman, State Treasurer or such designee may approve. The execution 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 Prior 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 indentures of trust entered into in connection with the Refunded Bonds. The Authority also authorizes the preparation, execution and delivery by the Chairman or Vice Chairman of the Authority, any one of whom may act, of any escrow deposit provisions, either as part of the Supplemental Indenture pursuant to which the Refunding Bonds are issued or in such separate escrow deposit 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 or member of the State Treasurer's staff as the State Treasurer may designate, with the execution and delivery thereof to constitute conclusive evidence of such approval.

9. Other Documents. The Authority authorizes and directs its officers to execute and deliver all certificates, instruments and other 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, any Project Transfers and the refunding of any Prior Bonds. Such documents may, among other things, (a) set 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) make 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 Bonds, and (c) provide 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) issuance and sale of the Bonds, use of the proceeds thereof, refunding of any Prior Bonds, and effecting any Project Transfer, and (b) implementation of the Program.

11. Administrative Fee. The General Assembly of Virginia has authorized the Authority to charge, and the Authority hereby determines to charge, each participating Institution an administrative fee of 10 basis points of the amount financed with respect to each such Institution's New Money Projects. Such fee shall be determined as of and due upon the issuance of the New Money Bonds.

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

Adopted: September 16, 2011

EXHIBIT A

2011 INSTITUTION	PROJECT NUMBER	2011 PROJECT
Christopher Newport University:	17046	Parking Deck II and Surface Parking
	17567	Construct Ratcliffe Hall
	17898	Expand Residential Dining Facility
George Mason University:	17572	Smithsonian CRC-Dining
	17917	Fairfax Campus Dining
Radford University:	17563	Construct Student Fitness and Wellness Center
Virginia Commonwealth University:	16093	Refinance Ackell Residence Center I
	17683	New School of Medicine
	17897	Acquire and Renovate BioTech I
Virginia Community College System:	17853	Renovate Student Life Center, VA Western Community College
	17900	Construct Parking Garage, Fredericksburg Campus, Germanna Community College
Virginia Polytechnic Institute & State University:	16758	Improve Performing Arts Center
	17657	Chiller Plant
	17658	Engineering Signature