

**COMMONWEALTH OF VIRGINIA  
VIRGINIA PUBLIC BUILDING AUTHORITY  
Board of Directors Meeting**

**May 12, 2014**

10:30 a.m.

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

**Members Present:** John A. Mahone, Chair  
Manju S. Ganeriwala  
F. Dudley Fulton  
Robert C. Maddux  
David A. Von Moll  
Sarah B. Williams

**Members Absent:** Kevin O’Neill

<b>Others Present:</b>	Evie Whitley	Department of Treasury
	Bradley L. Jones	Department of Treasury
	Sherwanda Cawthorn	Department of Treasury
	Donald Ferguson	Office of the Attorney General
	Eric Ballou	Christian & Barton, LLP
	Kevin Rotty	Public Financial Management, Inc.
	Janet Aylor	Department of Treasury
	Jeanine Black	Department of Treasury
	Leslie English	Department of Treasury
	Deidre Jett	Department of Treasury
	Melissa Palmer	Department of Treasury

**CALL TO ORDER**

With a quorum present, the Chair, Mr. Mahone, called the meeting to order at 10:35 a.m.

**CHAIRMAN’S REMARKS AND WELCOME**

Mr. Mahone informed the Board that Mr. Kevin O’Neill had recently been appointed to fill the seat previously held by Mr. Jim Flinchum. The Chairman further explained that while Mr. O’Neill had planned to attend, a late change in work schedule was going to prevent him from making it to the meeting.

Mr. Mahone welcomed the Authority’s Financial Advisor, Mr. Kevin Rotty of Public Financial Management, Inc. (“PFM”).

## **APPROVAL OF MINUTES**

The Chair asked for a motion to approve the minutes from the September 30, 2013 meeting of the Board of Directors of the Virginia Public Building Authority. Ms. Ganeriwala made a motion to approve the minutes as presented. The motion was seconded by Ms. Williams and was unanimously approved by the Board Members. (Attachment A)

## **CONSIDERATION OF RESOLUTION FOR MR. JAMES FLINCHUM**

Mr. Mahone directed the Board to the Resolution of Recognition and Appreciation (Attachment B) commending Mr. James Flinchum for his service to the Authority. He asked Ms. Ganeriwala to review the resolution. Ms. Ganeriwala stated that Mr. James Flinchum had served as a Board member from July 1, 2008 until June 30, 2013. She asked members to read the resolution as she provided highlights. Mr. Mahone asked for a motion to approve the Resolution. Ms. Ganeriwala made a motion to adopt the resolution and the motion was seconded by Mr. Fulton with unanimous approval by the Board. (Attachment C)

## **PUBLIC COMMENT**

Realizing that a public group was in attendance of the meeting and that the public comment period had not been held at the beginning of the meeting, the Chairman asked if there were any public comments to be made. There was no public comment; however, the Chairman asked the Treasury staff in attendance to please introduce themselves to the Board.

## **ELECTION OF VICE CHAIRMAN**

The Chair then moved to the next action item, selection of a new Vice-Chairman. Mr. Mahone explained that Mr. Flinchum had recently been elected Vice-Chairman, but since he was not reappointed, a new Vice-Chairman needed to be chosen. Mr. Mahone then asked for nominations for a Vice-Chairman. Ms. Ganeriwala made a motion to nominate Ms. Sarah Williams as Vice-Chair of the VPBA. Mr. Mahone seconded the nomination and stated that he was delighted that Ms. Williams was recently reappointed to the Board. The motion was approved unanimously by the Board. (Attachment D)

## **UPDATE OF VARIABLE RATE DEBT PROGRAM**

Mr. Mahone asked Mr. Kevin Rotty of PFM to present the Authority's variable rate debt program overview to the Board. Mr. Rotty referred the Board to a presentation in their package for the Series 2005D Variable Rate Public Facilities Revenue Bonds. (Exhibit 1) Mr. Rotty stated that the variable rate obligation debt continues to perform very well. His highlights included that while the policy limit for variable rate debt is 20%, the total variable rate debt of the Authority equals 2.2% of total Authority debt. He mentioned that compared to an estimated fixed rate at the time of the Series 2005D Bonds, PFM estimated that the variable rate issue decision has saved approximately \$11 million compared to the fixed rate issue that would have otherwise been done. Mr. Rotty recommended that the Authority leave its Series 2005D Bonds in

variable rate mode. Ms. Ganeriwala asked what is the date of the final maturity of the Series 2005D Bonds. Mr. Rotty responded that the final maturity is 2025 and added that PFM will continue to actively watch the issue, but currently, based on the issue's performance and market conditions, there is no reason to change from variable rate mode. Mr. Maddux asked if VPBA could lock in at a fixed rate at any point if VPBA sees the market moving in a different direction. Mr. Ballou, VPBA's bond counsel, said the Authority's variable rate bonds provide for a reset on a weekly basis and may be called in a short timeframe of approximately 15 to 20 days. He added that while it would take some work to get items prepared before a call, once the call is made the process can move very quickly. Mr. Maddux then inquired about what would happen if the rates change drastically. Mr. Ballou said it would have to be determined what action the Board wants to take and that it would take an Authority Board meeting to authorize staff to pursue an option to lock in at a fixed rate.

A brief conversation regarding Wells Fargo and the liquidity facility ensued. Mr. Jones stated that the Authority's experience with Wells Fargo has been they are very easy to work with and that Wells Fargo is very interested in keeping their relationship with the State. Mr. Rotty again reiterated that the Series 2005D bond issue is performing extremely well and the Authority should maintain it in variable rate mode with PFM continuing to closely monitor this transaction. Mr. Rotty stated that PFM will work with Mr. Jones on extending the existing liquidity facility with Wells Fargo. Mr. Jones reiterated that Wells Fargo wants to continue their relationship with the Commonwealth and stated they are offering very reasonable pricing.

Ms. Ganeriwala had a question concerning the original par amount of the Series 2005D Bonds. Mr. Rotty confirmed that the par amount was \$50,000,000. Ms. Whitley also commented that when this issue was done, it was wrapped around another fixed rate issue which was amortized for 17 years and then the variable rate was amortized for \$50,000,000 in the last four years which packaged the two issues together. Mr. Ballou stated that for tax reasons we generally finance or match up the life of the financing with the life of the assets financed, so short term assets were financed with 2005C fixed rate bonds and longer term assets were financed with 2005D variable rate bonds. Mr. Rotty then commented that besides interest rates there are other reasons to consider additional future variable rate debt. Mr. Ballou agreed that the use of variable rate debt can be beneficial due to the nature of certain assets being financed. It was mentioned that the Authority had recently completed a couple of defeasances of certain obligations that had been issued for an asset that had a change in use. It was also mentioned that for assets that may have a change in use, fixed rate bonds can turn out to be cumbersome and costly from the defeasance standpoint. Mr. Mahone mentioned that he, Mr. Rotty and Mr. Jones met briefly before the meeting and that he had requested that they look at opportunities for expansion of the variable rate debt program.

After Mr. Rotty's review, the Chairman requested Mr. Jones to provide the Board with background on the current Standby Bond Purchase Agreement and to explain the recommended motion before the Board. Mr. Jones said that the current Standby Bond Purchase Agreement with Wells Fargo is set to expire on August 1, 2014. It was explained that Goldman Sachs serves as the remarketing agent and a standby bond purchase agreement or other form of liquidity facility needs to be in place with Wells Fargo or another bank. Given that the current agreement expires soon, he previously reached out to Wells Fargo to see if they were interested in extending the

liquidity facility. Wells Fargo in turn provided the Authority with a very aggressive pricing proposal that is lower than what the VPBA is currently paying and is anticipated to produce annual savings of approximately \$35,000 per year. He added that he is hoping to come to final terms with Wells Fargo and staff is anticipating a three year extension but 1, 2, 3 and 5 year options were offered. Mr. Mahone asked if VPBA could look at a three year extension option and whether this is the last extension to be made. Mr. Jones said the agreement is very broad and it allows for any number of extensions once reaching agreeable terms with Wells Fargo. Mr. Jones explained the motion being proposed is to extend the agreement by delegating staff to start negotiations and delegating to the Treasurer the final approval of terms. Ms. Williams asked if it would make sense for the agreement to be extended longer than 3 years. Mr. Jones said that the pricing proposal VPBA received offered one, two, three and five year term options. The five year term has more expenses due to the risk that the bank takes for the extended length of time. Ms. Ganeriwala commented that it was a good question to determine whether the Authority could lock in a good price for a longer period of time. Mr. Rotty stated that given the uncertainty of what direction rates will trend, PFM's recommendation was to go with the three-year option. He cited there is extra expense in going out any longer. Mr. Rotty continued by stating that PFM has a database that looks at bids from all over the country and provided the Board an assurance that the pricing offered was an aggressive rate and was as good or better than VPBA could do going out with a bid solicitation. Ms. Whitley added that if VPBA did change the liquidity facility VPBA would have to get new ratings by the Ratings Agencies because it would change the underlying credit of the obligation. Mr. Maddux asked whether the terms from Wells Fargo have been set. Mr. Jones said the bank has proposed terms to VPBA; however, staff has not had any negotiations with them. Mr. Fulton wanted to confirm that the three year term is not definite. Mr. Jones affirmed and explained that Wells Fargo provided VPBA with a fee proposal and that he wanted to bring the item to the Board before taking action. Mr. Fulton continued that his question was whether the motion should state the term. However, he and Mr. Maddux then agreed that the action may be premature and they didn't want to take any negotiating power away.

Mr. Mahone asked for a motion to direct staff to begin the negotiation process to extend the Standby Bond Purchase Agreement between the VPBA and Wells Fargo and to delegate to the Treasurer the final approval of terms. Mr. Fulton made the motion and it was seconded by Mr. Maddux. The motion was approved unanimously by the Board. (Attachment E)

### **REVIEW OF CURRENT VPBA PROJECT LIFE CYCLE AND DEVELOPMENT OF BOND ISSUANCE ASSUMPTIONS**

The Chairman asked Mr. Jones to review the evolution of VPBA and the life cycle of a current VPBA project. Starting with the evolution of the VPBA, Mr. Jones explained that for many years the Authority issued debt under the 1988 Master Trust Indenture and that through those issuances the VPBA became the owner of a long list of properties. He explained that the process at that time was that the Authority would obtain a deed before entering into a capital lease type of arrangement with the state agencies. The deed was held by VPBA as additional security for the bonds, although the bonds were secured by appropriations by the General Assembly. He explained that under the 1988 indenture, the General Assembly approved projects in the

Appropriation Act, including a set project number and set project amount. The Authority at that time issued bonds to entirely fund specific projects.

As the financing process evolved, a new Master Trust Indenture was implemented in 1997. A major change was that VPBA was no longer requiring the agencies to transfer their deeds to the Authority as a requirement for financing. Instead the Authority began relying on a Payment Agreement, which is mentioned in all of the VPBA's official statements. Bonds issued then and now are secured by the pledge of appropriation by the General Assembly. However, the payment agreement was explained as a commitment between VPBA and the Treasury Board and it requires the Treasury Board to include in their budget request the amount of debt service needed to pay VPBA Bonds.

Mr. Jones went on to discuss how the authorization of projects by the General Assembly has changed in more recent years whether it be budget bill or other type of legislation. In the past, a specific authorization amount had typically been put in the appropriation act and set out as pool projects. In describing the current process, Ms. Whitley added the project is set out, but the dollar amount is no longer added for each project, rather there is a cap on the dollar amount for the entire pool of projects. Mr. Mahone said he would assume that it effects the debt capacity issue as well. Mr. Jones responded that there can be language added within the Appropriation Act to help the General Assembly try to maintain a reasonable amount of debt. Ms. Ganeriwala added that it makes it easier for the General Assembly to approve a pool appropriation within a certain limit and not to identify a project limit or order in which a project is done. Mr. Mahone also inquired whether or not it is the Governor's planning of the budget that is influencing the approval. Mr. Jones said the Planning and Budget Department is deeply involved in the actual project approval amount. He explained they have been authorized to make those decisions. Ms. Whitley added that Planning and Budget determines the prioritization, as well as deciding which projects move forward today and which ones have to wait. Mr. Jones continued that with the pool projects, when preparing to issue bonds, Debt Management receives a lot of different inputs of draw schedules from the Department of Planning and Budget and from agencies. He explained that all of this information is compiled and used for issuance assumptions and that projects are reimbursed on a cash flow needed basis. (Exhibit 2)

Mr. Jones then walked through the diagram of a project life cycle showing how an agency need goes through the VPBA financing process. (Exhibit 3) After explaining how a project need flows through the budget process and how draw schedules are formulated, Mr. Jones stated that Treasury is constantly monitoring proceeds available from prior bond issues and builds that in to determine when there is a need to go to market again. He continued to go through the issuance process and stated that Treasury is constantly reimbursing projects from either prior bond funds available or the bond funds being issued. Mr. Jones said that Treasury continues to monitor any changes in use of projects, which have tax ramifications. He said this is monitored to determine whether bonds need to be remediated. Mr. Fulton asked in terms of authorized pools from prior years, how far back does the oldest project go, and what is the total amount that is available outside of newly funded pools. Mr. Jones said the total amount of authorizations is approximately \$615,000,000 as of June 30, 2013 and not including the caboose budget recently passed. He added that he was not sure how far the oldest goes back. Mr. Fulton asked if it could possibly go back several years. Mr. Jones confirmed that it is more than just the last two years.

Ms. Whitley confirmed Mr. Jones' statements. Mr. Mahone asked if staff would not be surprised that some projects could date back seven or eight years. Ms. Whitley affirmed that the projects can date back quite a while.

Mr. Mahone asked if the Board had questions. Hearing none, the Chairman moved on to the Summary of the Debt Capacity Advisory Committee Report.

## **SUMMARY OF DEBT CAPACITY ADVISORY COMMITTEE'S DECEMBER 2013 REPORT**

Mr. Mahone asked Mr. Jones to discuss the Debt Capacity Advisory Committee ("DCAC") report. (Exhibit 4) Mr. Jones provided an overview of DCAC and its impact on debt issuers and in particular, the VPBA.

Mr. Jones' presentation to the Board provided an overview of four main questions about the DCAC.

- What is the DCAC?
- What is the Debt Capacity Model?
- How does the DCAC impact VPBA?
- What was the Committee's December 2013 Recommendation?

Mr. Jones said that the overview would be a review for two of the Board members, Ms. Ganeriwala and Mr. Von Moll, who also serve as ex-officio members of the DCAC. He explained that the Committee is made up of 10 members: two citizen members, seven ex-officio members and the Secretary of Finance who serves as Chairman. He explained that the responsibility of the Committee is to annually review the size of the Commonwealth's tax-supported debt and to make a recommendation to the Governor and General Assembly on the maximum amount of new tax-supported debt that prudently may be authorized and issued in the next biennium. Mr. Jones emphasized DCAC's estimate is advisory and in no way binds the General Assembly to the recommended amount. He explained that the debt capacity model is a complex, analytical tool, which utilizes both optimization and scenario programming to determine the recommended debt capacity. He explained that a key decision factor of the model is what percentage of blended revenue should be devoted to tax-supported debt service. He stated that in 1991 the Committee determined the target should be 5% and in each subsequent year, the Committee has reaffirmed this decision. Mr. Mahone asked for contextual purposes, would it be fair to say that back in the late 1980's and early 1990's the Commonwealth collectively wanted to make sure it was not issuing too much debt. Mr. Mahone continued the DCAC determined the five percent was a percentage they would be comfortable with and Wall Street was also comfortable with this number. Mr. Jones confirmed this. Mr. Maddux asked if the percentage had ever been changed. Mr. Mahone said it has changed over time. Mr. Jones explained that the 5% target has been held steady, but over time as tax policies have changed, there have been adjustments to what is included as revenues. Ms. Whitley explained the five percent came from staff at the time looking at other highly rated issuers and seeing what their debt service to total revenues were and how they were viewed by rating agencies. Virginia used this as a benchmark.

She added that as revenues have gone up so has the money available for debt service. Mr. Jones then discussed what revenues go into the model. He stated the blended revenues have changed over the years. The blended revenues now include: 1) General Fund Revenues, 2) General Fund Transfers- ABC, Sales Tax, Recurring Transfers, 3) VA Health Care Funds, and 4) Transportation Trust Fund (TTF).

Mr. Jones then reviewed the actual debt that is included in the model. Mr. Jones said that for modeling purposes, tax-supported debt includes: capital leases and installment purchases; 9 (b) General Obligation (“GO”) voter approved debt (have not had voter approval since 2002) and 9(d) debt such as certain Virginia College Building Authority (“VCBA”) obligations, VPBA, certain Virginia Port Authority (“VPA”) obligations and certain Commonwealth Transportation Board (“CTB”) issuances secured by Transportation Trust Fund (“TTF”). He also said that 9 (c) GO debt is not included nor moral obligation debt of the Virginia Resources Authority (“VRA”) nor sum sufficient debt of the Virginia Public School Authority (“VPSA”). He explained that the only way the 9 (c), VRA, or VPSA debt would be included is if they had a default on their obligations. He stated Transportation’s Grant Anticipation Revenue Vehicles are also excluded. Ms. Whitley added that the Transportation obligations (GARVEEs) are paid from federal revenues rather than state taxes.

Mr. Jones then explained how all the required debt is layered into the model. He first stated that all tax supported debt service payments are included and then he mentioned all authorized and unissued tax-supported debt is modeled and then included. He then addressed a question by Mr. Fulton about VPBA authorized and unissued debt. Mr. Jones commented that last year it was \$614,000,000 and it is included in the model. Once all the required debt is included in the model, then the model is solved for how much new debt can be issued. Mr. Fulton had a question regarding when all of the VPBA debt was authorized considering there was unissued debt of \$614,000,000 as of June 2013. Mr. Jones said there was a large amount of authorizations around 2010. Ms. Whitley explained that around that time projects that may have normally been cash funded were bond funded instead. Mr. Mahone commented that there is absolutely no question that looking at the totality of debt since 2008 compared to the amount it is now, the debt issuance has gone up considerably. Ms. Williams made a comment regarding the level of interest rates used in the model versus the low rates Virginia achieves in the marketplace. Mr. Jones said it is a conservative measure and it is hoped that the Commonwealth will price more favorably than the interest rate used in the model. He explained the DCAC’s interest rate assumption is based on the Bond Buyer 11 Index (which is made up of 11 highly rated GO credits). He explained that for modeling the DCAC takes an average of that rate and adds a 25 basis point cushion to be conservative.

Mr. Jones then discussed how the DCAC’s recommendations impact the VPBA. He explained it helps support bond ratings as debt affordability is a key factor that the rating agencies look at. He informed the Board that the Commonwealth has been rated “AAA” by Moody’s since 1938 and has since also been rated “AAA” by S&P and Fitch. He explained that appropriation-backed credits, such as the VPBA, are rated one notch below the Commonwealth. Therefore, the VPBA bonds are rated “AA+”. He further explained that over the recent years, there has been a flight to true quality bonds, which has helped the VPBA in its recent bond sales.

He explained that the additional impact of the DCAC on VPBA is the impact on authorizations. He explained that the limited capacity of debt must be allocated across all tax-supported issuers, so VPBA authorizations are likely to vary from biennium to biennium.

Mr. Jones reviewed the 2013 recommendation and mentioned that the General Assembly has really paid attention to the recommended amount. Mr. Mahone commented that VPBA has 17% of all debt that is considered in this model. Mr. Mahone emphasized the importance of debt capacity and appreciated the VPBA being given the opportunity to see how it relates to VPBA. Ms. Williams complemented Mr. Jones on his presentation.

### **CONSIDERATION OF RESOLUTION AUTHORIZING SERIES 2014 BONDS**

The Chair asked Ms. Cawthorn to review the documents for the proposed Series 2014 Bonds. Ms. Cawthorn directed the Board to the first document, the Preliminary Financing Summary. Ms. Cawthorn verbally provided the Board with numbers from a more recent sizing estimate than what was included in the Board package. The Series 2014 Bonds were explained to consist of three issuances: \$125,755,000 Public Facilities Revenue Bonds, Series 2014A, \$8,970,000 Public Facilities Revenue Bonds, Series 2014B (Taxable) and \$191,980,000 Public Facilities Revenue Refunding Bonds, Series 2014C. Mr. Jones explained that a large chunk of the \$8.9 million was to repay a treasury loan related to a Department of General Services project. Ms. Whitley further explained that it was initially thought that General Services would have other money to pay off the Treasury Loan. The project was put in service some years ago and under federal tax law, tax-exempt bonds cannot be issued to reimburse this dated project. Mr. Maddux asked of the \$8.9 million how many projects are included. Mr. Jones responded that it consists of two projects and that \$7.3 million was for the particular project mentioned. Mr. Ballou added comments regarding the tax restrictions.

Ms. Cawthorn proceeded to continue her review of the Preliminary Financing Summary and described the method of sale, the tentative sale date, and the proposed bond structure. She stated the estimated combined All-in True-Interest-Cost (including the refunding series) was 2.72% and the estimated refunding savings as of May 7, 2014 were \$13.3 million or 6.92% present value savings. Ms. Cawthorn and Mr. Rotty of PFM collectively reviewed the estimated costs of issuance, with Mr. Rotty discussing the estimated rating agency costs before the Board. He indicated that the rating agency costs listed in the costs of issuance are their published maximum rates. He mentioned the total costs of issuance should be more in the \$300,000 range. Mr. Mahone had a question about the level of savings for the bonds being refunded. Mr. Rotty responded that the Commonwealth has certain guidelines and the savings exceed the requirements within the guidelines. He continued that as Financial Advisor, they are continually refining some of the estimates and there are still some additional strong candidates. He added that they would not expect to include 2009B or 2011A's in the final sizing. Mr. Rotty stated that a lot of analysis of savings candidates is going on and he expects strong savings of around 7% in today's market which would generate approximately \$13 million in present value savings. Mr. Mahone asked if there were any questions. Ms. Ganeriwala asked if the three percent test is applied on every series or is it calculated cumulatively. Mr. Jones said he was considering an aggregate threshold of four percent. Ms. Whitley stated that Treasury Board guidelines state that

there must be three percent present value savings if bonds were issued beyond the last five years and five percent savings must be achieved if the bonds were issued more recently.

Ms. Cawthorn informed the Board of the additional documents included in their package: Preliminary Official Statement, Notice of Sale, Thirty-Second Supplemental Trust Agreement, Bond Indenture, Sample Facilities Agreement and Sample Amendment to Facilities Agreement. (Exhibit E)

Ms. Cawthorn introduced Mr. Ballou of Christian & Barton, LLP, the Authority's Bond Counsel, to review the Board Resolution (Attachment F). After the review, the Chair asked if there were any further questions. With no further questions, Ms. Williams made a motion for the approval of the Authority's Bond Resolution and it was seconded by Ms. Ganeriwala with unanimous approval by the Board members present. (Attachment G).

### **REVIEW OF RECENT BOND DEFEASANCE AND CONSIDERATION OF AMENDED AND RESTATED DELEGATION RESOLUTION**

Mr. Mahone asked Mr. Jones to review the Amended and Restated Delegation Resolution (Attachment H) and to explain its purpose. Mr. Jones stated that the Board previously adopted a delegation resolution in 2002. He brought before the Board today an amendment to and restatement of that earlier resolution. The addition to the earlier resolution was specific language delegating to staff the authority to take any remedial actions necessary to remedy any tax issues created by the changes in use or users of projects financed by VPBA bonds.

Mr. Jones explained the discussion item came about due to a sale of property that occurred in December 2013; the property had been financed with VPBA bonds. Treasury staff reached out to general counsel, Don Ferguson of the Attorney General's office, who said staff was able to take action without coming to the Board in order to preserve the tax-exempt status of the impacted bonds. Staff moved forward and remediated approximately \$1 million of bonds related to that property. Mr. Ferguson previously mentioned to Mr. Jones that the actions were broadly covered in the delegation resolution, but he recommended adding them as specific authorized actions within a delegation resolution at the next Board meeting. Mr. Jones stated he wanted the Board to consider the Amended and Restated Delegation Resolution due to several staff discussions with the Department of General Services and their potential for selling certain properties that had been financed in part by VPBA bonds. The specific timing of the sales isn't known at this point but there's the potential for sales to occur between the coming months through several years. He stated he would like to have this officially in place because the VPBA would remediate any concerns created by the sale of the properties. Mr. Mahone asked if the sale of property in December 2013 was related to the mental health facility in Southwestern Virginia. Mr. Jones responded that the sale was for a portion of the Southeastern Virginia Training Center. Mr. Mahone said recent Behavioral Health decisions by the Commonwealth could change the nature of VPBA bonds; therefore, action should be taken. Mr. Ballou explained that the IRS has set forth regulations regarding remedial actions and changes in use, realizing that while bonds are outstanding over 15 to 20 year terms, there might be a situation like this. He said it sets forth safe harbor conditions that can be utilized. Mr. Ballou reviewed the portion of the changes in the

resolution. Mr. Mahone asked for a motion. A motion was made by Mr. Fulton and seconded by Mr. Maddux. The motion was approved unanimously by the Board. (Attachment I)

### **OTHER BUSINESS**

The Chair asked when staff anticipates the next meeting. Staff indicated that it may be fall 2014 or winter 2015. The Chair said that it might help the Board for staff to send out a quarterly update to include when a meeting may be needed in order to get the meeting on their calendars.

Mr. Jones mentioned he had an additional item to bring before the Board. He mentioned that as he stated earlier in the evolution of VPBA section that VPBA had become the owner of a portfolio of properties and that the properties are still owned by VPBA. He stated that VPBA staff is trying to work with the Commonwealth Agencies to get those properties transferred back to the Commonwealth and the respective agencies. He said the transfers may be covered under our existing resolutions; however, he wanted to let the Board know in advance in case staff needs to bring it before the Board at a later date.

### **ADJOURNMENT**

Motion made by Ms. Williams to adjourn and seconded by Mr. Fulton. (Attachment J)

Respectfully submitted,  
Bradley L. Jones  
Assistant Secretary/Treasurer #2

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

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO APPROVE SEPTEMBER 30, 2013 BOARD MINUTES**

I move to approve the Minutes of the September 30, 2013 Board Meeting as presented.

Motion: Ms. Ganeriwala      Second: Ms. Williams

Approval (Yes/No): Yes

Yeas: Unanimous

Nays:

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**



***VIRGINIA PUBLIC BUILDING AUTHORITY***

**Resolution of Recognition and Appreciation**

**James H. Flinchum**

**May 12, 2014**

**WHEREAS**, James H. Flinchum served as a member of the Virginia Public Building Authority Board of Directors for a term beginning July 1, 2008 and ending June 30, 2013 and served as Vice Chairman from September 14, 2011 through June 30, 2013;

**WHEREAS**, through his dedication to the goals and objectives of the Authority, Mr. Flinchum provided the Board of Directors with a valuable resource on which to draw in providing financing for public facilities for use by state agencies, localities, and regional jail authorities throughout the Commonwealth of Virginia;

**WHEREAS**, Mr. Flinchum's experience and business expertise have proved invaluable to the Board in the development of the Authority's programs to assist the Commonwealth;

**WHEREAS**, during Mr. Flinchum's tenure the Virginia Public Building Authority issued nearly \$1.75 billion in revenue and revenue refunding bonds and generated nearly \$20 million in debt service savings, all for the benefit of Commonwealth agencies;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Virginia Public Building Authority that the Authority does hereby recognize and express its appreciation for the leadership and service of Mr. James H. Flinchum.

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO APPROVE RESOLUTION OF RECOGNITION AND APPRECIATION OF  
MR. JAMES FLINCHUM**

I move to approve the Resolution of Recognition and Appreciation for James H. Flinchum.

Motion: Ms. Ganeriwala      Second: Mr. Fulton

Approval (Yes/No): Yes

Yeas: Unanimous

Nays:

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO ELECT VICE-CHAIR**

**CHAIR:** We will now solicit nominations for the position of Vice-Chair of the Virginia Public Building Authority.

**MS. GANERIWALA:** I nominate Sarah B. Williams-- to serve as Vice-Chair of the Authority, effective immediately.

**CHAIR:** Are there any other nominations for Vice-Chair?

**CHAIR:** Is there a motion to elect the nominee as Vice-Chair, effective immediately?

**MS. GANERIWALA:** I move to elect Sarah B. Williams as Vice-Chair of the Virginia Public Building Authority, effective immediately.

**CHAIR:** I second the motion.

**CHAIR:** All those in favor of the motion signify by saying "Yea". Opposed signify by saying "Nay". Let the record show that Sarah B. Williams has been duly elected as Vice-Chair of the Virginia Public Building Authority, effective immediately.

Motion: Ms. Ganeriwala      Second: Mr. Mahone

Approval (Yes/No): Yes

Yeas: Unanimous

Nays:

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO EXTEND STANDBY BOND PURCHASE AGREEMENT**

I move to direct staff to extend the Standby Bond Purchase Agreement between the Virginia Public Building Authority and Wells Fargo, including negotiating the terms of the extension, and delegate to the State Treasurer the final approval of the terms and the execution of the extension.

Motion: Mr. Fulton Second: Mr. Maddux

Approval (Yes/No): Yes

Yeas: Unanimous

Nays:

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND  
AWARD OF PUBLIC FACILITIES REVENUE [AND REFUNDING]  
BONDS BY THE VIRGINIA PUBLIC BUILDING AUTHORITY**

**WHEREAS**, the Virginia Public Building Authority Act of 1981, Article 6, Chapter 22, Title 2.2, Code of Virginia of 1950, as amended (the “Act”), among other things, empowers the Virginia Public Building Authority (the “Authority”) to issue revenue bonds and refunding bonds to finance and refinance, respectively, the acquisition, construction, improvement, furnishing and equipping of various public facilities for use by the Commonwealth of Virginia (the “Commonwealth”) and its agencies and to finance the Commonwealth’s payment of the costs of certain capital projects made pursuant to applicable Virginia law (together, the “Projects”) and to pay the costs of issuance of such bonds;

**WHEREAS**, the Authority has entered into (a) a Master Indenture of Trust, dated as of April 15, 1997 (as amended and supplemented from time to time, the “Master Indenture”), with Signet Trust Company (predecessor in interest to The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.) as trustee (the “Trustee”), providing for the issuance from time to time of the Authority’s Public Facilities Revenue Bonds, and (b) a Payment Agreement, dated as of April 15, 1997, with the Treasury Board of the Commonwealth (the “Treasury Board”) providing for certain amounts appropriated by the General Assembly in its discretion to be paid to the Authority to make payments of debt service on all bonds issued under the Master Indenture;

**WHEREAS**, to effect present value debt service savings by taking advantage of market and other economic and financial conditions the Authority may determine, in consultation with Public Financial Management, Inc., as financial advisor to the Authority (the “Financial Advisor”), to refund certain maturities of bonds previously issued by the Authority (any or all of such previously issued bonds are “Prior Bonds”), which (a) financed or refinanced the acquisition, construction, improvement, rehabilitation, furnishing and equipping of public facilities for use by the Commonwealth and its agencies, and (b) financed all or a portion of the Commonwealth’s payments of the costs of certain grants and of regional and local jail and juvenile detention facility projects in accordance with the applicable provisions of the documents setting forth the terms of such payments;

**WHEREAS**, in furtherance of the purposes of the Act, the Authority has determined to issue under the Master Indenture its Public Facilities Revenue [and Refunding] Bonds, Series 2014[A][B][C] in one or more series or sub-series as provided herein (the “Bonds”), to (a) finance the acquisition, construction, improvement, rehabilitation, furnishing and equipping of various public facilities for use by the Commonwealth and its agencies, both on a tax-exempt and taxable basis, (b) finance the Commonwealth’s payment of the costs of certain grants and of regional and local jail and juvenile detention facility projects, (c) refund various Prior Bonds or maturities thereof if market and other conditions so warrant, and (d) pay costs of issuance of the Bonds, or any

combination of the foregoing (Bonds issued to fund the purposes in clauses (a), (b) and (d) are referred to in this Resolution as “New Money Bonds” and Bonds issued for the purposes in clauses (c) and (d) are referred to in this Resolution as “Refunding Bonds”); provided, however, that before any Refunding Bonds are issued, the State Treasurer shall determine, on behalf of the Authority and as provided below, which Prior Bonds are to be refunded and the related redemption dates;

**WHEREAS**, a determination will be made closer to the time or times the Authority enters the market with the Bonds whether to offer and sell such bonds pursuant to a competitive bidding process or a negotiated underwriting or a combination of both, based on then-existing capital market or other economic and financial conditions and considering the advice of the Financial Advisor; and

**WHEREAS**, there have been presented to the Authority at this meeting and filed with its records drafts of the following documents:

(a) Preliminary Official Statement, to be dated the date of its distribution (the “Preliminary Official Statement” and which may include one or more Preliminary Official Statements if the Authority determines to offer Bonds at different times in different offerings), with respect to the offering of the Bonds, describing, among other things, the Bonds, the security therefor, the Authority and the Projects anticipated to initially be financed with the Bonds;

(b) Notices of Sale for the Bonds, to be dated the date of the Preliminary Official Statement (the “Notices of Sale”), to be used for a competitive sale of all or any portion of the Bonds, setting forth the structure and terms of the sale of the Bonds and of the award by the Authority through a competitive bidding process;

(c) Bond Purchase Agreement, to be dated the date of its execution and delivery (the “Bond Purchase Agreement”), between the Authority and the Underwriters (as defined below), to be used for a negotiated sale of all or any portion of the Bonds as provided in this Resolution, setting forth the structure and terms of a negotiated sale of the Bonds;

(d) Thirty-Second Supplemental Indenture of Trust, to be dated the date determined by the State Treasurer (the “Thirty-Second Supplemental Indenture”), between the Authority and the Trustee, including the form of each series of the Bonds, authorizing the issuance of the Bonds and providing for the security therefor, pursuant to the terms of the Master Indenture, and containing the Authority’s undertaking to provide for continuing disclosure with respect to the Bonds, and the Projects anticipated to be financed with the proceeds of the Bonds; and

(e) The forms of Facilities Agreement and Amendment to Facilities Agreement with respect to the Projects or managing agents already the subject of prior facilities agreements (together, such facilities agreements and amendments, as applicable, the “Facilities Agreements”), providing for certain matters regarding the operation and use of such projects; provided, however, that the departments, agencies and institutions of

the Commonwealth amending a Facilities Agreement will be those acting as managing agents with respect to applicable Projects or prior Authority projects.

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

**1. Preliminary Official Statement.** 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 Secretary/Treasurer of the Authority) or her staff in connection with each offering and sale of the Bonds, the financing of the Projects and the refunding of Prior Bonds, is approved and the distribution thereof is authorized, including any such completions, omissions, additions and changes as shall be necessary or appropriate in connection with either a negotiated or competitive sale(s) of the Bonds and in one or more series or sub-series and from time to time, all as further described below. 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 or dates 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 as permitted by the Rule.

**2. Determination of Manner of Sale.** Depending on market and other economic and financial conditions, the Authority may sell all or any portion of the Bonds through a negotiated sale, a competitive sale or a combination of both. The Authority hereby delegates to the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, with respect to the Bonds, the power to determine the manner of sale, as will best effect the provisions of the Act and this Resolution, and to select any underwriters, including syndicate members, for such Bonds (the "Underwriters") through a competitive process of her choosing. In connection therewith, the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, may provide for the sale of the Bonds in one or more series or sub-series from time to time with differing senior book-running Underwriters or by competitive sale for each such series or sub-series and different or multiple offering or purchase documents if necessary, desirable or in connection with the issuance of the Bonds, if in her sole discretion market conditions and other conditions so warrant.

**3. Notices of Sale.** If all or any portion of the Bonds are to be sold through a competitive sale, the Notices 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 her staff in connection with the offering and sale of the Bonds, including the receipt of bids electronically, is approved and the distribution and advertisement thereof is authorized.

**4. Issuance and Sale of the Bonds.** Pursuant to the Act, the Authority authorizes the issuance of the Bonds in accordance with the Master Indenture and the Thirty-Second Supplemental Indenture and the sale thereof through either a competitive or negotiated sale in order to finance Projects and refund Prior Bonds if market and other economic and financial conditions so warrant; *provided, however*, that (a) (i) the aggregate stated principal amount of the New Money Bonds shall not exceed \$165,000,000; (ii) the final stated maturity of the New Money Bonds is not later than

August 1, 2034; (iii) the “true” interest cost of the New Money Bonds shall not exceed (A) 5.0% for New Money Bonds issued on a taxable basis, or (B) 4.5% for New Money Bonds issued on a tax-exempt basis, taking into account original issue discount or premium, if any; (iv) if sold through a competitive sale, the New Money Bonds shall be sold at a price not less than (X) 96% of the aggregate principal amount thereof for the New Money Bonds issued on a taxable basis, or (Y) 100% of the aggregate principal amount thereof for the New Money Bonds issued on a tax-exempt basis; and (v) if sold through a negotiated sale, the New Money Bonds shall not be sold to the Underwriters with an underwriter’s discount in excess of 1.0% of their aggregate principal amount; and (b) (i) the aggregate stated principal amount of any Refunding Bonds shall not exceed \$375,000,000; (ii) the final stated maturity of any Refunding Bonds shall not be later than the final maturity of the related Prior Bonds; (iii) the “true” interest cost of any Refunding Bonds shall not exceed 4.5%, taking into account original issue discount or premium, if any; (iv) if sold through a competitive sale, any Refunding Bonds shall be sold at a price not less than 100% of the aggregate principal amount thereof; (v) if sold through a negotiated sale, any Refunding Bonds shall not be sold to the Underwriters with an underwriter’s discount in excess of 1.0% of their aggregate principal amount; and (vi) the issuance of any Refunding Bonds shall achieve an overall net present value savings of at least 3% of the aggregate principal amount of the related Prior Bonds.

**5. Delegation to State Treasurer; Award of Bonds.** The Authority hereby delegates to the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, subject to and within the limitations set forth in this Resolution, the power with respect to the Bonds to determine and carry out the following:

(a) to determine the manner of sale as set forth in paragraph 2, which may consist of a combined competitive and negotiated sale, including the selection of the Underwriters, if applicable;

(b) to determine and approve the details of the Bonds, including, without limitation, the application of their proceeds to the differing purposes described above, the determination to sell the Bonds in one or more series or sub-series, their appropriate designation, tax-status, aggregate principal amount, maturity or maturities (including which Bonds, if any, are term bonds and the sinking fund installments therefore), price or prices, interest rate or rates, redemption provisions and the price(s) at which the Bonds are to be sold to the Winning Bidders (as defined below) or the Underwriters, as applicable, as will best effect the purposes and provisions of the Act and this Resolution;

(c) to approve the form of all documents that are appropriate to carry out the contemplated financing;

(d) to deem the Preliminary Official Statement final as of its date or dates as contemplated in paragraph 1 hereof and to complete the Preliminary Official Statement as an Official Statement in final form as contemplated in paragraph 7 hereof;

(e) to postpone or cancel the sale of all or any portion of the Bonds or change the dated date of the Bonds (including their name or series or sub-series designation) and the documents herein approved, if in her sole discretion market and other conditions so warrant;

(f) if any portion of the Bonds is sold through a competitive sale, to award such Bonds to the respective and responsive bidder(s) whose bids offer to purchase the Bonds at the lowest true interest cost to the Authority as determined by the Financial Advisor (the “Winning Bidders” and the “Winning Bids”), all in accordance with the terms of the Notices of Sale, including the receipt of bids electronically;

(g) to determine based on market, financial and economic conditions whether to proceed with the refunding of any Prior Bonds and in furtherance thereof, to determine which outstanding series of bonds or maturities thereof previously issued under the Master Indenture are to be Prior Bonds, the related redemption dates and the specific maturities of Prior Bonds to be refunded, if any, provided that any refunding of Prior Bonds achieves the overall debt service savings set forth in the preceding paragraph; and

(h) to take all such further action as may be necessary or desirable for the issuance, sale and delivery of the Bonds.

**6. Thirty-Second Supplemental Indenture, Bond Purchase Agreement and Facilities Agreements.** The Thirty-Second Supplemental Indenture, the Bond Purchase Agreement and the Facilities Agreements shall be in substantially the forms presented at this meeting, which are approved, with such completions, omissions, additions and changes, including those necessary to reflect the Projects and the refunding of Prior Bonds, as applicable, and the specifics determined in accordance with paragraphs 2, 3, 4 and 5 hereof, and the Winning Bids or the Bond Purchase Agreement, as applicable, as shall be approved by the Chairman, Vice-Chairman or Secretary/Treasurer of the Authority. The Chairman, the Vice-Chairman or the Secretary/Treasurer, any of whom may act, is authorized and directed to execute the Thirty-Second Supplemental Indenture, the Bond Purchase Agreement, if applicable, and the Facilities Agreements, which execution shall constitute conclusive evidence of approval of any such completions, omissions, additions and changes, and to determine the Projects from time to time to be financed with proceeds of the Bonds and the respective managing agents, including the addition of new projects and managing agents for financing with proceeds of the New Money Bonds, provided that any such project must be authorized for Authority financing. The Thirty-Second Supplemental Indenture may have a different and additional numbered supplemental designation if necessary, desirable or in connection with the issuance of Bonds such that separate supplemental indentures may be used and are hereby authorized for separate series or sub-series of bonds. The executed Supplemental Indenture shall be delivered to the Trustee.

**7. Official Statement.** The Authority authorizes and directs the State Treasurer and her 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, 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 Bidders 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 Bidders or the Underwriters, as applicable, to each potential investor

requesting a copy thereof and to each person to whom the Winning Bidders or the Underwriters, as applicable, initially sells Bonds. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidders or the Underwriters, as applicable.

**8. Continuing Disclosure.** The Authority covenants to undertake ongoing disclosure and to provide “annual financial information” and “material event notices,” all as described in the Thirty-Second Supplemental Indenture, for the benefit of holders of the Bonds to assist the Winning Bidders or the Underwriters, as applicable, in complying with the Rule. The Authority authorizes and directs its officers to execute any documents or agreements on behalf of the Authority necessary or desirable to provide for such continuing disclosure.

**9. Preparation of Bonds.** The Chairman or the Vice-Chairman of the Authority, either of whom may act, and the Secretary/Treasurer or Assistant Secretary/Treasurer of the Authority, either of whom may act, are authorized and directed (a) to have the Bonds prepared and executed pursuant to the Master Indenture and the Thirty-Second Supplemental Indenture, (b) to deliver them to the Trustee for authentication, and (c) to cause the Bonds so executed and authenticated to be delivered to, or for the account of, the Winning Bidders or the Underwriters, as applicable, upon payment therefor.

**10. Redemption of Prior Bonds; Escrow Provisions.** If any refunding of Prior Bonds is undertaken, the Authority authorizes and directs (a) the redemption and payment of Prior Bonds on the applicable redemption date, as determined in accordance with paragraph 5, and (b) the giving of notice of such redemption(s) in accordance with the provisions of the Master Indenture and any applicable supplemental indenture entered into in connection with Prior Bonds. The Authority authorizes the preparation, execution and delivery by the officers of the Authority of any escrow deposit provisions, either as part of the Thirty-Second Supplemental Indenture or in such separate agreement, as shall be appropriate to effect such 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.

**11. Other Undertakings.** The Authority authorizes and directs its staff, the Financial Advisor, and its bond counsel, Christian & Barton, L.L.P.: (a) to prepare all documentation and take all action necessary or desirable to bring the Bonds to market through a competitive or negotiated sale as soon as practicable, (b) to advertise the Bonds for sale, and (c) to take such actions as shall be necessary or appropriate to obtain a rating or ratings for the Bonds from Fitch Ratings Inc., Moody’s Investors Service and/or Standard & Poor’s Rating Services.

**12. Other Documents.** The Authority further authorizes and directs its officers to execute and deliver all certificates, instruments and documents and to take such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds, including, without limitation, execution and delivery of any applicable non-arbitrage certificate and tax compliance agreement 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 (the “Code”), and the regulations issued pursuant thereto, applicable to “arbitrage bonds,” making any elections that such officers deem desirable

regarding any provision requiring rebate to the United States of arbitrage profits earned on the investment of proceeds of the Bonds, providing for payment of any such rebate amount and providing for ongoing compliance to maintain the tax-exempt status of the Bonds, in particular setting forth written procedures for monitoring post-issuance compliance with requirements of the Code and the regulations issued pursuant thereto applicable to tax-exempt obligations, including necessary or desirable remedial actions, in accordance with the Authority's Post-Issuance Compliance Policy for Tax-Exempt Qualified Obligations (adopted by the Authority on January 19, 2010).

**13. Other Actions.** The Authority approves and confirms all other actions of its officers and staff that are in conformance with the purpose or intent of this Resolution and in furtherance of the issuance and sale of the Bonds.

**14. Official Intent.** In adopting this resolution authorizing the issuance of the Bonds, the Authority declares and reaffirms its official intent and that of the Virginia General Assembly to issue the Bonds and provide moneys to reimburse the Authority and/or the Commonwealth for expenditures with respect to the various Projects, as contemplated by the specific authorizing legislation and by Treasury Regulations 1.150-2 promulgated pursuant to the Code.

**15. Conflicting Resolutions.** All resolutions or parts of resolutions in conflict herewith are repealed.

**16. Effective Date.** This Resolution shall take effect immediately upon its adoption and shall continue in full force and effect for a period of one year, unless specifically extended or all of the Bonds are issued for the specific purposes set forth herein, and further it being the intent of this Resolution that the issuance of Bonds solely to finance Projects does not preclude one or more subsequent and separate issuance(s) of Bonds to refund Prior Bonds as authorized above.

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO APPROVE RESOLUTION AUTHORIZING ISSUANCE OF SERIES 2014  
BONDS**

I move to approve the Resolution Authorizing the Issuance, Sale and Award of Public Facilities Revenue and Refunding Bonds by the Virginia Public Building Authority.

Motion: Ms. Williams Second: Ms. Ganeriwala

Approval (Yes/No): Yes

Yeas: Unanimous

Nays:

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

AN AMENDED AND RESTATED RESOLUTION OF THE BOARD OF DIRECTORS OF THE VIRGINIA PUBLIC BUILDING AUTHORITY DELEGATING CERTAIN DUTIES OF THE AUTHORITY TO THE CHAIRMAN, THE VICE-CHAIRMAN, THE SECRETARY/TREASURER AND THE ASSISTANT SECRETARY/TREASURERS

**WHEREAS**, the Virginia Public Building Authority (the “Authority”) is a political subdivision of the Commonwealth of Virginia, created pursuant to and existing under Article 6, Chapter 22, Title 2.2, Code of Virginia, as amended (the “Act”);

**WHEREAS**, Section 2.2-2262 of the Act provides that the Authority’s powers are exercised by its governing body acting as a board, which “shall have full authority to manage the properties and business of the Authority, and to prescribe, amend, and repeal bylaws, rules, and regulations governing the manner in which the business of the Authority may be conducted, and the powers granted to it may be exercised. The Board may assign to the Treasury Board or the State Treasurer such powers and duties as it deems proper.”

**WHEREAS**, pursuant to the authority granted unto it and pursuant to the provisions of its bylaws whereby the Authority may designate from time to time the powers, duties and responsibilities of its several officers and authorized representatives, the Authority desires to make the designations and delegations of authority hereinafter set forth.

**NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA PUBLIC BUILDING AUTHORITY AS FOLLOWS:**

1. Each of the Chairman, the Vice Chairman, the Secretary/Treasurer and any Assistant Secretary/Treasurer (the "Officers") is hereby designated as Authorized or Authority Officers or Representatives (or the equivalent thereof) within the meaning of and to the extent permitted by the terms and conditions of any bond resolution or trust agreement or indenture, now or hereinafter in effect pursuant to which the Authority has heretofore issued or may hereafter issue bonds or other debt obligations of the Authority.

2. Each of the Chairman, the Vice Chairman and the Secretary/Treasurer, any of whom may act, is hereby authorized to consent to and to approve, execute and deliver any and all such documents, instruments, consents, certificates and agreements, including, without limitation, deeds, lease amendments, sublease agreements, consents, facilities agreements and amendments thereto and payment agreements and amendments thereto as may have been or may be within the contemplation of bond resolutions or trust agreements or indentures heretofore or hereafter adopted or entered into by the Authority in connection with the issuance of bonds or other debt obligations of the Authority; *provided, however*, that any of such items materially affecting the security for or the source of payment of such bonds or other debt obligations shall first have been approved by the Board of Directors of the Authority. The foregoing authorization shall include any deeds, bills of sale or similar instruments necessary or desirable to convey or reconvey property to the Commonwealth in connection with the payment or refunding of Authority bonds related to such instruments of conveyance or reconveyance.

3. Each of the Officers is hereby authorized to sign and execute vouchers for the disbursement of funds belonging to the Authority.

4. In furtherance of the Authority's post-issuance compliance policy dated January 19, 2010 as in effect from time to time and the associated tax compliance agreements for its various bond issues, the Authority provides for the monitoring of any sale, transfer, change in use or change in user(s) of property or project(s) financed with proceeds of the Authority tax-advantaged bonds, in the event that "remedial action" is required under applicable tax law to provide for and/or maintain the tax-advantaged status of such bonds. As and to the extent that it is necessary or desirable that the Authority implement "remedial action" in connection with such post-issuance compliance policy, tax compliance agreement or applicable law, the Officers are authorized to approve and implement all such remedial action(s) as may be appropriate to provide for and/or maintain the tax-advantaged status of the Authority's bonds, including but not limited to the payment, prepayment or defeasance of outstanding Authority bonds, the use or application of disposition proceeds for authorized Authority purposes, or resolution or closing agreement under the VCAP program of the Internal Revenue Service or related or successor program.

5. Nothing herein shall be deemed to modify, amend or repeal delegations of authority to specific Officers of the Authority to execute and deliver specific instruments or documents contained in any bond resolution or trust agreement or indenture adopted or entered into by the Authority and now or hereafter in effect providing for the issuance of bonds or other debt obligations of the Authority.

6. The delegation of authority to the Treasurer of the Commonwealth, dated the 29<sup>th</sup> day of July, 1992, to declare on behalf of the Authority its intent to reimburse an original expenditure with proceeds of an obligation, within the meaning and contemplation of the Internal Revenue Act of 1986, as amended, and the regulations promulgated thereunder (at the time of the July 29, 1992 resolution, Treas. Reg. Section 1.103-18 but effective since June 14, 1993 Treas. Reg. Section 1.150-2), is hereby ratified and confirmed and continued in full force and effect.

7. This amended and restated resolution shall supercede the previous delegation resolution of the Authority dated March 19, 2002. All actions of the Officers previously taken in connection with the approval, consent, execution and delivery of any of the items referred to above or pursuant to the March 19, 2002 delegation resolution are hereby ratified and confirmed in all respects.

8. This amended and restated resolution shall become effective immediately.

Dated: May 12, 2014.

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO APPROVE AMENDED AND RESTATED DELEGATION RESOLUTION  
OF THE BOARD OF DIRECTORS**

I move to approve An Amended and Restated Delegation Resolution of the Board of Directors of the Virginia Public Building Authority delegating certain duties of the Authority to the Chairman, the Vice-Chairman, the Secretary/Treasurer and the Assistant Secretary/Treasurers.

Motion: Mr. Fulton    Second: Mr. Maddux

Approval (Yes/No): Yes

Yeas: Unanimous

Nays:

**VIRGINIA PUBLIC BUILDING AUTHORITY  
BOARD MEETING – MAY 12, 2014**

**MOTION TO ADJOURN THE MEETING**

I move that the meeting be adjourned.

Motion: Ms. Williams

Second: Mr. Fulton

Approval (Yes/No): Yes

Yeas: Unanimous

Nays: