

**COMMONWEALTH OF VIRGINIA**  
**VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)**  
Board of Commissioners Meeting  
Spring Board Meeting – March 28, 2013, 2:00 p.m.  
Treasury Board Conference Room, Third Floor  
James Monroe Building  
101 North 14<sup>th</sup> Street, Richmond Virginia

Members Present: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

Members Absent: Kanchana Thamodaran

Others Attending:	Matt Hughey	Sidley Austin LLP
	Jay Conrad	BB&T Capital Markets
	Matt Palumbo	BB&T Capital Markets
	Don Ferguson	Office of the Attorney General
	Melissa Palmer	Department of the Treasury
	Evelyn Whitley	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury

**Call to Order and Public Comment**

Ms. Skidmore called the meeting to order at 2:05 P.M. She stated the first order of business was to provide an opportunity for any public comment. There was no public comment.

**Approval of Minutes**

Ms. Skidmore asked for a motion for approval of the minutes of the September 20, 2012 Board meeting. Mr. Dickey moved to adopt the minutes of the September 20, 2012 meeting as presented; Ms. Ganeriwala seconded, and the motion carried unanimously.

**Consideration of the Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2013 Spring Bonds**

Ms. Palmer reviewed the Preliminary Financing Summary and presented the Participant List for the proposed issuance of approximately \$169,710,000 School Financing Bonds (1997 Resolution) Series 2013 A. She stated the bonds are expected to be sold competitively on April 25, 2013.

Mr. Von Moll moved approval of the list of applications for the participants in the VPSA 2013 Spring Bonds sale as presented by staff and the submission of all items necessary to complete their respective VPSA pooled bond applications; Mr. Dickey seconded and the motion carried unanimously.

Mr. Hughey from Sidley Austin LLP, VPSA's Bond Counsel for the transaction, presented Series Resolution No. 13-01 authorizing the issuance of the VPSA Spring Bonds for Board consideration. Amended pages to the Resolution were distributed that deleted language referring to the refunding of Other Indebtedness, and provided a provision in Section 15(a) to authorize the Delegate, if United States Treasury Securities – State and Local Government Series are not available, to purchase Defeasance Securities for periods when the moneys credited to the Escrow Fund would otherwise be uninvested (Attachment A).

Mr. Loyola moved the adoption of Series Resolution No. 13-01 as amended; Mr. Von Moll seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

### **Issuance of VPSA School Educational Technology Notes Series XIII**

Ms. Whitley stated that the School Educational Technology Notes program, conducted annually as directed by the Appropriation Act, will provide grants to Virginia localities to establish a computer-based instructional and testing system for the Standards of Learning and to develop the capability for high speed internet connectivity. She stated that the total fiscal year 2013 School Educational Technology Notes Series XIII authorization in the enrolled Budget Bill is \$59,846,000. Ms. Whitley stated a new Item 139(C)(13) of the Appropriation Act directs the Authority to issue Notes to provide funds for the purpose of making grants to Virginia localities to help offset the related costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in Virginia. She stated that the total authorized School Security Equipment Notes is \$6,000,000 each fiscal year, beginning in fiscal year 2013, not to exceed an aggregate principal amount of \$30,000,000 outstanding at any time. Ms. Whitley reviewed the Preliminary Financing Summary for the School Technology and Security Notes Series I in the combined projected amount of \$65,846,000. She stated that the anticipated sale date is May 7, 2013.

Mr. Hughey provided an overview of Resolution No. 13-02, an Educational Technology Note Resolution authorizing the issuance of the Series XIII Notes. Ms. Ganeriwala moved the adoption of Resolution No. 13-02; Mr. Dickey seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

**Issuance of VPSA School Security Equipment Notes Series I**

Mr. Hughey provided an overview of Resolution No. 13-03, a Security Equipment Note Resolution authorizing the issuance of the Series I Notes. Amended pages to the Resolution that corrected the Resolution title were distributed (Attachment B). Mr. Von Moll moved the adoption of Resolution No. 13-03 as amended; Mr. Loyola seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

**Consideration of the Issuance of VPSA Special Obligation School Financing Bonds, Prince William County Series 2013**

Ms. Whitley reviewed the Preliminary Financing Summary for the \$67,260,000 Special Obligation School Financing Bonds Prince William County Series 2013. She explained that under the stand-alone structure, the County would pay all costs of issuance, making the transaction cost neutral for the Authority.

Mr. Hughey from Sidley Austin LLP, Prince William County's Bond Counsel, reviewed the Bond Resolution 13-04 authorizing not to exceed \$70,000,000 Special Obligation School Financing Bonds Prince William County Series 2013. Ms. Ganeriwala moved the adoption of Resolution 13-04; Mr. Dickey seconded and the motion carried unanimously as shown below:

YEAS: Brenda Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Patricia Wright

NAYS: None

## **Other Business**

### **Election of Officers Effective March 28, 2013**

Ms. Whitley explained in light of Mr. Davis' retirement, the Authority's action was needed to designate officers.

Mr. Hughey suggested an amendment to the motion to include the remainder of fiscal year 2013 (Attachment C).

Mr. Loyola moved, as amended, the nomination of the following slate of officers to the Virginia Public School Authority effective March 28, 2013: the State Treasurer of Virginia as Secretary and Treasurer; the Treasury Assistant Director of Debt Management (#TRS171) as Assistant Secretary and Assistant Treasurer #1; and, the Director of Debt Management as Assistant Secretary and Assistant Treasurer #2 and that nominations be closed; Mr. Von Moll seconded, and the motion carried unanimously.

### **Reimbursement to the Department of Treasury**

Ms. Whitley stated the Board's approval was being requested to provide the annual reimbursement to the Department of the Treasury for expenses incurred to provide staff to the Authority. Mr. Von Moll moved to approve a transfer in the amount of up to \$85,220 to reimburse the budget of the Department of Treasury for administrative costs associated with personnel required to assist in meeting the needs of the Authority; Mr. Dickey seconded, and the motion carried unanimously.

### **Resolution in Recognition and Appreciation of Service by Richard A. Davis**

Ms. Skidmore presented the Resolution in Recognition and Appreciation of Mr. Davis. Mr. Dickey moved the adoption of the Resolution; Mr. Von Moll seconded, and the motion carried unanimously.

### **Results of Sale and Final Financing Summary**

**Series 2012 C School Financing Bonds** – Ms. Palmer reviewed the Final Financing Summary for the \$65,950,000 School Financing Bonds (1997 Resolution) Series 2012 C. She stated the bonds sold competitively on October 24, 2012 at a true interest cost of 2.700007%.

**Series 2012-1 QSCB Financing** – Ms. Whitley reviewed the Final Financing Summary for the \$23,265,000 School Tax Credit Bonds (Direct Payment) Series 2012-1. She stated the bonds sold competitively on October 11, 2012 at a true interest cost of 0.059805%.

**Series 2012 D School Financing Bonds** – Ms. Palmer reviewed the amended Final Financing Summary for the \$66,120,000 School Financing Bonds (1997 Resolution) Series 2012 D (Attachment D). She stated that the proceeds of the Bonds will be used to purchase \$66,120,000 general obligation school Bonds issued by the County of Fluvanna, Virginia, which will use the

proceeds to refinance obligations previously issued to the Authority to finance capital projects for the County's public schools and pay a portion of the costs of issuance. She stated the bonds sold by negotiated sale on December 7, 2012 and the true interest cost was 2.732828%. She stated that Series 2012 D resulted in \$7,680,361.87 in present value savings or 13.858466% of the refunded bonds.

### **Discussion of Bond Counsel and Financial Advisor Procurements**

Ms. Whitley stated that another Board meeting will be scheduled to conduct interviews and select bond counsel and financial advisor since the current contracts expire on June 30. Ms. Skidmore suggested the short list for interviews include no more than three firms.

### **Adjournment**

There being no further business to be brought before the Board, Ms. Ganeriwala moved that the meeting be adjourned; Mr. Von Moll seconded and the motion carried unanimously at 3:03 P.M.

Respectfully submitted,

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Janet A. Aylor  
Assistant Secretary

## **ATTACHMENT A**

**VIRGINIA PUBLIC SCHOOL AUTHORITY**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE, PURSUANT TO A BOND RESOLUTION ADOPTED OCTOBER 23, 1997, AS AMENDED AND RESTATED, BY THE VIRGINIA PUBLIC SCHOOL AUTHORITY, OF VIRGINIA PUBLIC SCHOOL AUTHORITY SCHOOL FINANCING BONDS (1997 RESOLUTION), FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PURCHASE OF LOCAL SCHOOL BONDS AND FOR REFUNDING FOR DEBT SERVICE SAVINGS A PORTION OF THE AUTHORITY’S OUTSTANDING BONDS—~~AND OTHER INDEBTEDNESS~~; AND AUTHORIZING THE OFFICERS OF THE AUTHORITY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION.**

**BE IT RESOLVED** by the Board of Commissioners of the Virginia Public School Authority:

**Section 1. Findings.**

(a) **Bond Resolution.** The Virginia Public School Authority (the “Authority”) adopted, on October 23, 1997, a resolution entitled:

**A RESOLUTION AUTHORIZING THE ISSUANCE FROM TIME TO TIME OF BONDS AND OTHER INDEBTEDNESS OF THE VIRGINIA PUBLIC SCHOOL AUTHORITY, INCLUDING BONDS TO REFUND SUCH BONDS AND OTHER INDEBTEDNESS, FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PURCHASE OF LOCAL SCHOOL BONDS AND, THEREBY, FOR THE MAKING OF LOANS TO COUNTIES, CITIES AND TOWNS FOR PUBLIC SCHOOL PROJECTS; AND SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS AND OTHER INDEBTEDNESS.**

(as last amended and restated on September 20, 2012, the “Bond Resolution” and, together with this Series Resolution, the “Resolution”).

(b) **Outstanding Bonds.** The Authority has heretofore issued under the Bond Resolution forty-four (44) series of Bonds dated, designated and in the principal amount, as follows:

<u>Dated</u>	<u>Designation</u>	<u>Principal Amount</u>
November 1, 1997	School Financing and Refunding Bonds (1997 Resolution) Series 1997-I	\$224,285,000

May 1, 2010	School Financing Bonds (1997 Resolution) Series 2010 B (Federally Taxable)	\$63,840,000
October 19, 2010	School Financing Bonds (1997 Resolution) Refunding Series 2010 C	\$85,510,000
November 1, 2010	School Financing Bonds (1997 Resolution) Series 2010 D	\$9,975,000
May 1, 2011	School Financing Bonds (1997 Resolution) Series 2011 A	\$26,375,000
November 1, 2011	School Financing Bonds (1997 Resolution) Series 2011 B	\$85,730,000
March 8, 2012	School Financing Bonds (1997 Resolution) Refunding Series 2012 A	\$282,230,000
May 10, 2012	School Financing Bonds (1997 Resolution) Series 2012 B	\$63,945,000
November 15, 2012	School Financing Bonds (1997 Resolution) Series 2012 C	\$65,950,000
December 20, 2012	School Financing Bonds (1997 Resolution) Series 2012 D	\$66,120,000

(c) **Bonds to Purchase Local School Bonds.** The Board of Commissioners of the Authority (the “Board”) has determined to authorize the issuance of one or more Series of additional Bonds pursuant to the Bond Resolution to provide funds for the purpose of purchasing Local School Bonds.

(d) **Bonds to Refund Bonds.** The Board has also determined to authorize the issuance of one or more Series of refunding Bonds pursuant to the Bond Resolution to provide funds for the purpose of refunding a portion of its outstanding Bonds ~~and Other Indebtedness~~, provided that significant debt service savings (within the meaning of Section 5(b) hereof) are achieved. The Board has determined, based on the advice of its Financial Advisor, that under foreseeable market conditions, a portion of the Bonds heretofore issued by the Authority and outstanding under the Resolution which may be refunded to achieve significant debt service savings. Bonds that may be candidates for refunding for significant debt service savings are further described in Exhibit B and are referred to herein collectively as the “Refunding Candidates”.

(e) **Authority for Series Resolution.** This Series Resolution is adopted pursuant to the provisions of Sections 208 and 209 of the Bond Resolution.

**Section 2. Definitions.**

otherwise deemed by the Treasurer of the Authority to be in the best interests of the Authority and not inconsistent with the Rule, and Section 12 shall be deemed amended to the extent of any such amendments without further action by the Board of Commissioners of the Authority, anything in this Section 13 or in the Bond Resolution to the contrary notwithstanding.

Section 14. **Appointments.** The Board hereby makes the following appointments under the Resolution in connection with the custody and investment of the proceeds and the registration of the Bonds:

(a) **Bond Registrar.** The State Treasurer is hereby appointed Bond Registrar for each Series of the Bonds, provided that the Board may appoint a substitute therefor.

(b) **Depository.** The Depository, at the time being, currently Wells Fargo Bank, National Association, of the State Non-Arbitrage Program under the Depository Agreement with the Treasury Board, and its successors and assigns, is hereby appointed Depository under the Proceeds Agreement (hereinafter mentioned) for any Individual Portfolio (as therein defined). The State Treasurer is hereby appointed the Depository of the General Pledge Fund and the 1997 Resolution Pledge Account.

(c) **Paying Agent.** The State Treasurer is hereby appointed Paying Agent for each Series of New Bonds, provided that the Board may appoint a substitute therefor.

(d) **Investment Manager.** The Investment Manager, at the time being, currently PFM Asset Management LLC, of the State Non-Arbitrage Program, and its successors and assigns, is hereby appointed Investment Manager under the Proceeds Agreement defined below.

(e) **Proceeds Agreement.** The form of the Proceeds Agreement, to be dated the date of delivery of the related Series of 2013 Spring New Money Bonds (the "Proceeds Agreement"), by and among the Authority, the Depository, the Investment Manager, and the localities therein named, providing for the custody, investment in the State Non-Arbitrage Program and disbursement of the proceeds credited to the 1997 Purchase Fund, is hereby approved, and the execution and delivery of the Proceeds Agreement by and on behalf of the Authority by the Treasurer or an Assistant Treasurer of the Authority is hereby authorized.

#### Section 15. **Miscellaneous.**

(a) A Delegate is hereby authorized to execute and deliver an Escrow Deposit Agreement. Defeasance Obligations and any cash in the amounts required are to be credited to the Escrow Fund created under such Agreement and applied to the payment and redemption of the Refunded Bonds in accordance with its terms. The Board hereby authorizes the Escrow Agent to submit a subscription for purchase and issue of United States Treasury Securities – State and Local Government Series or, alternatively, the Delegate, with the advice of the Financial Advisor to obtain bids for a portfolio of Defeasance Securities. If the Delegate shall determine that the same shall improve the efficiency of the Escrow Fund created under the Escrow Agreement, [or if United States Treasury Securities – State and Local Government Series shall not be available for subscription.](#) the Delegate is further authorized to enter into agreements

## **ATTACHMENT B**

VIRGINIA PUBLIC SCHOOL AUTHORITY

SCHOOL ~~EDUCATIONAL TECHNOLOGY~~ SECURITY EQUIPMENT NOTE  
RESOLUTION

ADOPTED ON MARCH 28, 2013

AUTHORIZING AND SECURING  
SCHOOL SECURITY EQUIPMENT NOTES  
SERIES I

**WHEREAS**, Chapter 3 of the 2012 Virginia Acts of Assembly, Special Session I (the “2012 Appropriation Act”) directs the Authority to conduct an educational technology grant program to provide funds for the purpose of making grants to school divisions of various cities, counties and towns in the Commonwealth;

**WHEREAS**, the 2013 Amendments to the 2012 Appropriation Act (the “Budget Bill”) approved by the General Assembly would, pursuant to a new Item 139(C)(13)-~~would~~, direct the Authority to issue notes to provide funds for the purpose of making grants to school divisions of various cities, counties and towns in the Commonwealth and other eligible schools for the purpose of helping to offset the related costs associated with the purchase of appropriate security equipment that will improve and help insure the safety of students attending public schools in the Commonwealth;

**WHEREAS**, the Board has determined that it is in the best interests of the Authority and of the Commonwealth to adopt this resolution to provide for, upon the approval of the reenrolled Budget Bill (the 2012 Appropriation Act as the same would be amended by the reenrolled Budget Bill, the “Appropriation Act”), the issuance of notes of the Authority, designated School Security Equipment Notes, Series I, to provide funds for the purpose of making grants to school divisions of various cities, counties and towns in the Commonwealth and other eligible schools as contemplated by Item 139(C)(13) of the Appropriation Act, for the purpose of helping to offset the related costs associated with the purchase of appropriate security equipment that will improve and help insure the safety of students attending public schools in the Commonwealth and otherwise carrying out the purposes contemplated by Item 139(C)(13) of the Appropriation Act, as amended, and such other security equipment grant purposes that the General Assembly may subsequently identify in an appropriation act; now, therefore,

**BE IT RESOLVED** by the Board of Commissioners of the Virginia Public School Authority:

## **ARTICLE I**

### **DEFINITIONS AND RULES OF CONSTRUCTION.**

#### **SECTION 101. Definitions.**

In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

The term “**amortized cost**”, when used with respect to an obligation purchased at a premium above or at a discount below par, shall mean, as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of days remaining to maturity on any such obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of purchase and (i) in the case of an obligation purchased at a premium, by deducting the product thus obtained from the purchase

**ATTACHMENT C**

**Virginia Public School Authority**  
**Spring Board Meeting – March 28, 2013**

I move the nomination ~~and election~~ of the following slate of officers to the Virginia Public School Authority effective March 28, 2013~~for the fiscal year 2014~~: the State Treasurer of Virginia as Secretary and Treasurer; the Treasury Assistant Director of Debt Management (#TRS171) as Assistant Secretary and Assistant Treasurer #1; and, the Director of Debt Management as Assistant Secretary and Assistant Treasurer #2 and that nominations be closed.

Motion: \_\_\_\_\_ Second: \_\_\_\_\_

**ATTACHMENT D**

## FINAL FINANCING SUMMARY

### Virginia Public School Authority \$66,120,000 School Financing Bonds (1997 Resolution) Series 2012 D March 28, 2013

- Title:** \$66,120,000 School Financing Bonds (1997 Resolution) Series 2012 D (the “Bonds”).
- Issuer:** Virginia Public School Authority (the “Authority”).
- Constitutional Reference:** Article X, Section 9(d).
- Legislative Reference:** Chapter 11 Title 22.1 of the *Code of Virginia*, as amended.
- Purpose:** The proceeds of the Bonds will be used to (i) purchase \$66,120,000 general obligation school Bonds issued by the County of Fluvanna, Virginia, which will use the proceeds to refinance obligations previously issued to the Authority to finance capital projects for the County’s public schools and (ii) pay a portion of the issuance cost of the bonds.
- Security:** The Bonds will be secured by (i) principal and interest payments on the general obligation school bonds held by the Authority and pledged to the payment of the Bonds, (ii) the State Aid Intercept Provision and (iii) a state general fund sum sufficient appropriation. The Bonds do not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia.
- Method of Sale:** Negotiated.
- Sale Date:** December 7, 2012
- Dated Date:** December 20, 2012
- Delivery Date:** December 20, 2012
- Bond Structure:** Serial bonds maturing annually in years 2013 through 2035 , paying current semiannual interest and annual principal and structured on a blended amortization basis to accommodate the schedule requested by the County .
- Payment Dates:** *Principal:* Annually on August 1, beginning August 1, 2013; with a final maturity of August 1, 2035.
- Interest:* Semi-annually on February 1 and August 1; beginning August 1, 2013.

## FINAL FINANCING SUMMARY

**Virginia Public School Authority**  
**\$66,120,000 School Financing Bonds (1997 Resolution) Series 2012 D**  
**March 28, 2013**

**Optional  
Redemption  
Provision:**

The Bonds due after August 1, 2022 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part at any time on any date beginning August 1, 2022, at the redemption price of par, together with interest accrued to the date fixed for redemption.

**Denomination:** \$5,000 or multiples thereof.

**Registration  
Provisions:**

Book-entry only bonds.

**True Interest Cost:** 2.732828%

**Ratings:**

Fitch Ratings:	AA+
Moody's Investors Service:	Aa1
Standard & Poor's Rating Service:	AA+

**Present Value**

**Savings:** \$7,680,361.87 in present value savings or 13.858466% of the refunded bonds.

**Underwriters:** Siebert Brandford Shank & Co., L.L.C., J.P. Morgan Securities, L.L.C., William Blair & Company, L.L.C.

**Bond Counsel:** Sidley Austin LLP, New York, New York.

**Underwriters'  
Counsel:** Christian & Barton, L.L.P., Richmond, Virginia.

**Financial Advisor:** BB&T Capital Markets, Richmond, Virginia.

**Registrar/  
Paying Agent:** State Treasurer

**Costs  
of Issuance:** \$179,711 excluding underwriters' discount.