

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

March 26, 2012, 10:30 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
Peter A. Blake
Allison Cryor DiNardo
Joseph S. Testa
Daniel S. Timberlake
David A. Von Moll

Members Absent: Manju S. Ganeriwala
John R. Vogt

Others Present: Donald Ferguson, Esq. Attorney General’s Office
Charles P. Shimer, Esq. Kutak Rock, LLP
Russell Carmichael State Council of Higher Education
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
Sherwanda Cawthorn Department of the Treasury
Robert Young Department of the Treasury

Call to Order and Approval of Minutes

Ms. Conner called the meeting to order at 10:38 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 November 21, 2011 Virginia College Building Authority meeting. Hearing none, she requested a motion for approval of the minutes. Ms. DiNardo made the motion; Mr. Von Moll seconded, and the motion carried unanimously by all members present.

Consideration of Extension of Financial Advisor Contracts

Ms. Aylor informed the board that the current term of the Financial Advisor Contracts will be ending on July 31, 2012. Staff recommends the Authority extend the current contracts with Public

Resources Advisory Group (primary) and First Southwest (secondary) for the second allowable one year renewal period to July 31, 2013. A discussion ensued. Ms. Aylor informed the Board that new financial advisory contracts will be sought in early 2013 via a Request for Proposals for Financial Advisory Services.

Dr. Agarwal moved the approval of the Extension of the Current Financial Advisor Contracts (Attachment A); Mr. Cooper seconded, and the motion was unanimously adopted by all members present.

Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2012A

Ms. Black reviewed the Preliminary Financing Summary for the proposed issuance of up to \$306,335,000 in Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2012A. Mr. Shimer from Kutak Rock LLP, bond counsel to the Authority, reviewed the Resolution before the Board.

Dr. Agarwal asked if when the Commonwealth's biennial budget is passed, the projected issuance amount will increase since there is a \$375,000,000 cap in the resolution. Mr. Shimer indicated that the difference between the projected issuance amount of \$306,335,000 and the "not to exceed amount" in the resolution is a factor of current market conditions. It is currently anticipated that bids on the bonds will incorporate a premium structure. He said that if the market conditions change, the premium could decrease which would require the VCBA to issue a par amount greater than the \$306,335,000. The parameters set in the resolution would not allow the issue to exceed the \$375,000,000.

Mr. Cooper asked if there were any bonds that are candidates for refunding at this time. Ms. Aylor indicated that there are no refunding opportunities available at this time but staff and the financial advisors will continue to monitor the market. She also indicated that the VCBA just issued refunding bonds for the Pool financing, the Commonwealth issued General Obligation Refunding Bonds, the Virginia Public Building Authority, and the Virginia Public School Authority also issued refunding bonds and the market was saturated with Virginia paper. A discussion ensued.

Mr. Timberlake moved the approval of the Resolution (contained in Attachment B) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2012A; Dr. Agarwal seconded, and the motion was unanimously adopted by all members present.

Other Business

Ms. Aylor reviewed the Final Financing Summaries for the Virginia College Building Authority Educational Facilities Revenue Refunding Bonds (Shenandoah University), Series 2011, and Virginia College Building Authority Educational Facilities Revenue Refunding Bonds (Public Higher Education Financing Programs), Series 2012A.

Ms. DiNardo asked what is the Roanoke Higher Education Authority and Mr. Blake responded

that it is a consortium of Commonwealth public and private institutions of higher education partnering to make higher education and workforce training accessible in the Roanoke Region. A discussion ensued.

Adjournment

Having no other business to be brought before the Board, the meeting was adjourned at 11:16 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.

**MOTION TO EXTEND THE CURRENT CONTRACTS FOR FINANCIAL
ADVISOR**

Under the terms of the Contract for Financial Advisory Services dated August 1, 2008, I move to direct staff of the Virginia College Building Authority to extend the current Financial Advisory contracts with Public Resources Advisory Group (primary) and First Southwest (secondary) for one year to July 31, 2013.

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

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

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

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

WHEREAS, the source of payment of bonds issued in accordance with the 21st Century College and Equipment Programs is appropriations made at the discretion of the General Assembly to the Treasury Board of the Commonwealth (the “Treasury Board”), and the Authority has combined financings for the Equipment Projects and the 21st Century College Projects;

WHEREAS, in furtherance of purposes of the Act and the 21st Century College and Equipment Programs, the Authority has determined to issue, under the Master Indenture of Trust dated as of December 1, 1996 (as previously amended and supplemented, the “Master Indenture”), between the Authority and The Bank of New York Mellon Trust Company, National Association, as successor trustee (the “Trustee”), as further supplemented by the Twenty-Sixth Supplemental Indenture of Trust, expected to be dated as of the first day of the month it is executed (the “Supplemental Indenture”), between the Authority and the Trustee, and sell Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) (the “Bonds”), to finance certain 21st Century College Projects and Equipment Projects at certain Institutions (the “Participating Institutions”) and pay costs related to such issuance;

WHEREAS, as of the date hereof it is anticipated the Participating Institutions and related 21st Century College Projects and Equipment Projects eligible to be financed by the Bonds are listed in Exhibit B to the form of Supplemental Indenture presented to this meeting;

provided, however, the State Treasurer may determine on behalf of the Authority as provided herein, before or after the Bonds are issued, to finance (a) one or more of such projects in another way, or (b) other projects qualifying under the 21st Century College and Equipment Programs;

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

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

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

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

WHEREAS, First Southwest Company, as financial advisor to the Authority (the “Financial Advisor”), has recommended a determination be made closer to the time the Authority enters the market 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 Bonds through a competitive 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 Bonds pursuant to a Bond Purchase Agreement, to be dated as of the date of sale of the Bonds (the “Bond Purchase Agreement”), between the Authority and one or more underwriters to be selected as described below (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; and

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

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

1. Preliminary Official Statement; Notice of Sale. The Preliminary Official Statement, in substantially the form presented at this meeting with such completions, omissions, additions and changes as shall be approved by the State Treasurer (the Treasurer of the Authority) or the State Treasurer's staff in connection with the offering of the Bonds, is approved and the distribution thereof is authorized. The Authority authorizes the State Treasurer or such officer of the Authority as the State Treasurer may designate to deem the Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Distribution of the Preliminary Official Statement shall constitute conclusive evidence it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted by the Rule. The Notice of Sale, in substantially the form presented at this meeting, with such completions, omissions, additions and changes as shall be approved by the State Treasurer or the State Treasurer's staff in connection with the offering of the Bonds, is approved and, in the event Bonds are sold through competitive bidding as determined by the State Treasurer in accordance herewith, the distribution and advertisement thereof 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 Bonds for sale in the event Bonds are 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 Services, a division of The McGraw-Hill Companies, Inc., Fitch Ratings and/or Moody's Investors Service, Inc.

3. Authorization of Issuance and Sale. Pursuant to the Act, the Authority authorizes the issuance of one or more series of Bonds in accordance with the Supplemental Indenture and the sale thereof in accordance with the Notice of Sale in the event Bonds are sold through competitive bidding or the Bond Purchase Agreement in the event Bonds are sold in a negotiated sale, including the receipt of bids electronically or the selection of the Underwriter, as applicable; *provided, however*, that (a) the aggregate principal amount of the Bonds shall not exceed \$375,000,000; (b) the final maturity of the Bonds shall not exceed February 1, 2033; and (c) the true interest cost of the Bonds, determined in accordance with the terms of the Notice of Sale or the Bond Purchase Agreement, as applicable, shall not exceed 3.75%, taking into account any original issue discount or premium.

4. Bond Documents. The Authority ratifies and confirms the Master Indenture, the Payment Agreement, the Existing 21st Century Facilities Agreements and the Existing Equipment Facilities Agreements. The Chairman or Vice Chairman of the Authority are

each authorized to execute and deliver one or more New 21st Century Facilities Agreements in substantially the same form as the Existing 21st Century Facilities Agreements, and any amendments to the Existing 21st Century Facilities Agreements and the Existing Equipment Facilities Agreements, in such form as bond counsel shall provide as necessary or desirable in connection with issuance of the Bonds, the structure, amortization or expenditure of proceeds thereof, and use of financed facilities. The form of the Supplemental Indenture, including the form of Bonds, is approved, with such changes, insertions, additions, deletions and amendments as the State Treasurer or such other officer of the Authority as the State Treasurer may designate shall approve. Approval of any such changes, insertions, additions, deletions and amendments shall be evidenced conclusively by execution and delivery of the Bonds by the Authority. The Authority authorizes and directs the Chairman or the Vice Chairman to execute and deliver the Supplemental Indenture and the Bonds.

5. Delegation; Competitive Award or Negotiated Sale of Bonds. (a) The Authority delegates to the State Treasurer or such other officer of the Authority as the State Treasurer may designate the power, subject to the limitations set forth in paragraph 3, to: (i) determine the final list of Participating Institutions and related 21st Century College Projects and Equipment Projects, as of the date of issuance of the Bonds, and to expand such list from time to time to allow proceeds of the Bonds to finance other projects qualifying for financing as 21st Century College Projects and Equipment Projects; (ii) approve the details of the Bonds, including, without limitation, the maturity schedule, the interest rates and the redemption provisions; (iii) approve the form of all documents appropriate to carry out the contemplated financing; (iv) deem the Preliminary Official Statement final as of its date as contemplated in paragraph 1 and complete the Preliminary Official Statement as an Official Statement in final form as contemplated in paragraph 6; (v) postpone or cancel the sale of the Bonds, if in such person's sole discretion conditions so warrant; and (vi) take all such further action as may be necessary or desirable for the issuance, sale and delivery of the Bonds.

(b) The Authority delegates to the State Treasurer the power to determine, in the State Treasurer's sole discretion based on then-existing capital market or other economic and financial conditions and in consultation with the Financial Advisor, whether Bonds are to be sold (i) through competitive bidding, in which case the State Treasurer shall award Bonds to the responsive bidder whose bid offers to purchase Bonds at the lowest true interest cost to the Authority as determined by the Financial Advisor (the "Winning Bidder"), 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 provisions of the Bond Purchase Agreement, determine the Underwriter, including any syndicate members and members of any selling group for such Bonds, and determine prices at which such Bonds will be offered by the Underwriter to the public, and the Chairman, Vice Chairman and State Treasurer are each authorized, without joinder of the others, to execute and deliver the Bond Purchase Agreement.

(c) The Authority directs the State Treasurer to execute a certificate evidencing any determinations or other action 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 with the records of the Authority. Any such certificate shall be conclusive evidence of the action or determination of the State Treasurer or such person as the State Treasurer may have designated as stated therein.

6. Official Statement. The Authority authorizes and directs the State Treasurer and its staff to complete 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 Bidder or Underwriter, as applicable, of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the Bonds, for distribution to each potential investor requesting a copy thereof and to each person to whom Bonds are initially sold. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder or Underwriter, as applicable.

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

8. Other Documents; Federal Tax Covenants and Post-Issuance Compliance. The Authority authorizes and directs its officers to execute and deliver certificates, instruments and documents they may consider necessary or desirable in connection with issuance and sale of the Bonds. Such documents may, among other things: (a) set forth the expected use and investment of proceeds of the Bonds to evidence compliance with provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations thereunder applicable to tax-exempt obligations; (b) set forth written procedures for monitoring post-issuance compliance with requirements of the Code and regulations thereunder applicable to tax-exempt obligations, in accordance with the Post-Issuance Compliance Policy for Tax-Exempt Qualified Obligations adopted by the Authority on October 7, 2009; (c) make elections regarding provisions requiring rebate to the United States of America of arbitrage profits earned on investment of proceeds of the Bonds; and (d) provide for payment of any such rebate amount.

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

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

Adopted: March 26, 2012