

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

**April 3, 2014 10:30 a.m.**

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

Members Present: Anne C.H. Conner, Chairman  
Peter A. Blake  
John Dane  
Manju S. Ganeriwala  
Alicia Hughes  
Charles Mann  
Daniel S. Timberlake  
John R. Vogt  
David A. Von Moll

Members Absent: Sylvia Le Torrente  
William "Bill" J. Vakos, III

Others Present: Donald R. Ferguson, Esq. Attorney General's Office  
Charles P. Shimer, Esq. Kutak Rock LLP  
Janet A. Aylor Assistant Secretary, VCBA, Department of the  
Treasury  
Jeanine Black Department of the Treasury  
Russell Carmichael State Council of Higher Education

**Call to Order**

Ms. Conner called the meeting to order at 10:42 a.m. After welcoming 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 welcomed the new board members, the Honorable Alicia Hughes, and Mr. John Dane. She also congratulated Ms. Manju Ganeriwala, Treasurer, Mr. Daniel Timberlake, Director of Planning and Budget and Mr. David A. Von Moll, State Comptroller on their reappointments.

Ms. Conner then asked if there were any comments on or corrections to the minutes of the October 1, 2013 Virginia College Building Authority meeting. Hearing none, she requested a motion for approval of the minutes. Mr. Vogt made the motion; Ms. Hughes seconded the motion, and the motion was unanimously adopted by all members present and voting.

**Election of Vice-Chairman**

Ms. Aylor briefly discussed the election of a Vice-Chairman for the Virginia College Building

Authority Board. Ms. Conner solicited nominations for the position of Vice-Chairman. Ms. Ganeriwala nominated Mr. John Vogt and Ms. Conner requested a motion to elect Mr. Vogt as Vice-Chairman, effectively immediately. Ms. Ganeriwala made a motion to elect Mr. Vogt as Vice-Chairman of the Authority; Mr. Timberlake seconded, and all members present unanimously adopted the motion.

Mr. Mann arrived at 10:52. Ms. Conner welcomed him to the board and he gave a brief background to the board. Ms. Conner asked that each board member and staff give a brief introduction.

### **Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2014A and 2014B**

Ms. Black reviewed the Preliminary Financing Summary for the proposed issuance of up to \$353,460,000 in Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2014A (new money) and 2014B (refunding). Mr. Mann asked how the projects and amounts are determined and Mrs. Hughes also inquired about the process of the projects and determination of the authorized amounts. Mr. Timberlake detailed the process of how projects are authorized and funded, from planning to institutions receiving funding letters when the project reaches the construction point. He also indicated that not all project requests are authorized to be funded through the VCBA. Mr. Shimer from Kutak Rock LLP, bond counsel to the Authority, reviewed the Resolution before the Board. Ms. Ganeriwala asked if a penalty is incurred if an institution is not in compliance with Facilities Agreement; Mr. Shimer indicated that there is no direct penalty but that it is a contractual agreement between the Authority and the institution. Mr. Shimer also indicated that he, along with the authority's staff just completed due diligence calls with all of the institutions. A discussion ensued.

Mr. Von Moll moved the approval of the Resolution (contained in Attachment A) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2014A and 2014B; Mr. Timberlake seconded, and the motion was unanimously adopted by all members present.

### **Other Business**

Ms. Aylor reviewed the Final Financing Summary for the Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2013A and 2013B. Ms. Conner asked Ms. Aylor to expand on the bidding process for the Virginia College Building Authority bonds, Series 2013A and 2013B. A discussion ensued.

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

Ms. Aylor mentioned that the Audited Financial Statement were sent to the board members electronically and accepted questions from the board. There were no questions for Ms. Aylor. Mr. Mann and Ms. Hughes said that they did not receive the Financial Statements and Ms. Black indicated that she will forward an electronic copy to Mr. Mann and Ms. Hughes.

Mr. Vogt asked about an update on the Financial Advisors since the interview process has been completed. Janet gave a brief update and indicated that Public Resources Advisor Group was selected as the primary Financial Advisor and Acacia was selected as the secondary Advisor.

Mr. Mann indicated his desire for staff to include a glossary of Virginia College Building Authority acronyms in the next package.

**Adjournment**

Having no other business to be brought before the Board, the meeting was adjourned at 12:07 p.m.

Respectfully submitted,  
Janet A. Aylor  
Assistant Secretary

/s/ Janet A. Aylor

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

**VIRGINIA COLLEGE BUILDING AUTHORITY  
RESOLUTION AUTHORIZING EDUCATIONAL FACILITIES REVENUE BONDS  
(21<sup>ST</sup> CENTURY COLLEGE AND EQUIPMENT PROGRAMS)**

**WHEREAS**, the Virginia College Building Authority (the “Authority”) is a public body corporate and a political subdivision and an agency and instrumentality of the Commonwealth of Virginia (the “Commonwealth”) created by the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Code of Virginia of 1950, as amended (the “Act”), for the purpose, among others, of financing capital improvements and equipment for the Commonwealth’s public higher educational institutions (“Institutions”);

**WHEREAS**, in 1996 the General Assembly of Virginia (the “General Assembly”) initially created a 21<sup>st</sup> 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 “21<sup>st</sup> 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 21<sup>st</sup> Century College Program, the “21<sup>st</sup> 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 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 both the 21<sup>st</sup> Century College Program and the Equipment Program is the same, appropriations made at the discretion of the General Assembly to the Treasury Board of the Commonwealth (the “Treasury Board”), and accordingly the Authority combines financings for the Equipment Projects and the 21<sup>st</sup> Century College Projects (collectively, the “Projects”);

**WHEREAS**, in furtherance of purposes of the Act and the 21<sup>st</sup> Century College and Equipment Programs, the Authority has determined to issue, under the Master Indenture of Trust dated as of December 1, 1996 (as previously amended and supplemented, the “Master Indenture”), between the Authority and The Bank of New York Mellon Trust Company, National Association, as successor trustee (the “Trustee”), as further supplemented by one or more Supplemental Indentures of Trust, each expected to be dated as of the first day of the month it is executed (each a “Supplemental Indenture”), between the Authority and the Trustee, and sell Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), in one or more series with appropriate year and series designations (the “New Money Bonds”), which series may be issued, and as applicable designated, as federally tax-exempt or taxable bonds, as applicable, to finance Projects for various Institutions (the “Participating Institutions”) and pay related costs, and to pay costs in connection with such issuance;

**WHEREAS**, as of the date hereof it is anticipated the Participating Institutions and Projects eligible to be financed by the New Money 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 such Bonds are issued, to finance (a) one or more of such Projects in another way, or (b) other Projects qualifying under the 21<sup>st</sup> Century College Program or the Equipment Program;

**WHEREAS**, to effect debt service savings the Authority may determine, in consultation with Public Resources Advisory Group, Inc., in its capacity as financial advisor to the Authority (the “Financial Advisor”), to issue under the Master Indenture, as further supplemented by one or more Supplemental Indentures, and sell Educational Facilities Revenue Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), in one or more series with appropriate year and series designations (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”), the proceeds of which would be used to refund certain maturities (the “Refunded Bonds”) of bonds previously issued under the Master Indenture (“Prior Bonds”), proceeds of which were used to finance Projects, and to pay costs in connection with such issuance and refunding;

**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 21<sup>st</sup> 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 21<sup>st</sup> Century College Projects and Equipment Projects are governed by existing Facilities Agreements (the “Existing 21<sup>st</sup> Century Facilities Agreements” or “Existing Equipment Facilities Agreements”, as applicable), between the Authority and each Participating Institution that has a 21<sup>st</sup> Century College Project or Equipment Project;

**WHEREAS**, from time to time it is necessary to amend Existing 21<sup>st</sup> Century Facilities Agreements or Existing Equipment Facilities Agreements, or enter into new Facilities Agreements, to add Projects authorized by the General Assembly for financing under the 21<sup>st</sup> 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**, a determination will be made closer to the time or times the Authority enters the market whether to offer and sell some or all of the Bonds pursuant to competitive bidding, negotiated sale or private placement, based on then-existing capital market or other economic and financial conditions and considering the advice of the Financial Advisor, and, accordingly, whether to: (a) offer Bonds for sale pursuant to one or more Preliminary Official Statements, each to be dated the date of its release (each a “Preliminary Official Statement”), and (i) award one or more series of Bonds through a competitive bidding process using a Notice of Sale to be dated the date of the related Preliminary Official Statement (each a “Notice of Sale”) which states the structure and terms of the sale, or (ii) sell one or more series of Bonds in a negotiated sale pursuant to a Bond Purchase Agreement, to be dated the date of sale (each a “Bond Purchase Agreement”), between the Authority and one or more underwriters

to be selected as described below (collectively, the “Underwriter”); or (b) solicit proposals to privately place one or more series of Bonds and sell such Bonds to the respondent that offers the lowest true interest cost to the Authority, determined in accordance with the procedure described in the draft Notice of Sale presented to this meeting;

**WHEREAS**, the Authority will enter into a Continuing Disclosure Agreement in connection with each issuance of Bonds (each a “Continuing Disclosure Agreement”) for the purpose of providing certain information for the benefit of holders of such Bonds; and

**WHEREAS**, drafts of a form of Supplemental Indenture, including the form of Bonds as an exhibit, a Preliminary Official Statement, a Notice of Sale and a 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 to 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 each offering of Bonds, including without limitation issuance of a series of Bonds as federally taxable the interest on which will be includable in gross income of the holders thereof for federal income tax purposes, is approved and distribution thereof is authorized. The Authority authorizes the State Treasurer, or such officer of the Authority as the State Treasurer may designate, to deem each Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Distribution of a 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 to 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 Bonds, is approved and, if Bonds are sold through competitive bidding as determined by the State Treasurer in accordance herewith, distribution and advertisement thereof is authorized.

**2. Documentation; Advertising or Solicitation; Credit Ratings.** The Authority authorizes and directs its staff, the Financial Advisor and its bond counsel, Kutak Rock LLP, to (a) prepare documentation and take all action necessary or desirable to bring one or more series of Bonds to market through either competitive electronic bidding, negotiated sale or private placement, as applicable, as soon as reasonably practicable; (b) advertise Bonds to be sold through competitive bidding, or solicit proposals to purchase Bonds to be privately placed; and (c) take all actions necessary or desirable to obtain a rating or ratings for each series of Bonds from Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc., Fitch Ratings Inc. and/or Moody's Investors Service, Inc.

**3. Authorization of Issuance and Sale.** The Authority authorizes the issuance of one or more series of Bonds pursuant to a related Supplemental Indenture and the sale thereof in accordance with (a) a Notice of Sale if Bonds are sold through competitive bid, including the receipt of bids electronically, (b) a Bond Purchase Agreement if Bonds are sold in

a negotiated sale, or (c) the response to a solicitation for proposals if Bonds are privately placed; **provided, however,** (i) (A) the aggregate principal amount of New Money Bonds shall not exceed \$360,000,000, (B) the final maturity of New Money Bonds shall not be later than February 1, 2035, and (C) the true interest cost of any series of New Money Bonds, determined in accordance with the terms of the related Notice of Sale, Bond Purchase Agreement or private placement proposal, as applicable, shall not exceed 3.75%, taking into account any original issue discount or premium, and (ii)(A) the aggregate principal amount of any Refunding Bonds shall not exceed \$35,000,000, (B) the final maturity of any Refunding Bonds shall not be later than the final maturity of the related Refunded Bonds, (C) the true interest cost of any series of Refunding Bonds, determined in accordance with the terms of the Notice of Sale, Bond Purchase Agreement or private placement proposal, as applicable, shall not exceed 3.00%, taking into account any original issue discount or premium, and (D) the issuance of any Refunding Bonds shall result in net present value savings of at least 3.0% of the aggregate principal amount of the related Refunded Bonds.

**4. Bond Documents.** The Authority ratifies and confirms the Master Indenture, the Payment Agreement, the Existing 21<sup>st</sup> Century Facilities Agreements and the Existing Equipment Facilities Agreements. The form of Supplemental Indenture, including the form of Bonds, presented to this meeting is approved, with such changes, insertions, additions, deletions and amendments (including, without limitation, those appropriate with respect to any Bonds issued as federally taxable, the interest on which will be includable in gross income for federal income tax purposes) 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 related Bonds by the Authority. The Authority authorizes and directs the Chairman or the Vice Chairman of the Authority, either of whom may act, to execute and deliver each such Supplemental Indenture and the related Bonds. The Authority authorizes the Chairman or Vice Chairman of the Authority, either of whom may act, to execute and deliver one or more new Facilities Agreements in substantially the same form as the Existing 21<sup>st</sup> Century Facilities Agreements or Existing Equipment Facilities Agreements, as applicable (modified as appropriate with respect to Projects financed with federally taxable Bonds), and any amendments to Existing 21<sup>st</sup> Century Facilities Agreements and Existing Equipment Facilities Agreements, in such form as bond counsel shall provide as necessary or desirable in connection with the issuance of Bonds, the expenditure of proceeds thereof, and the use of financed facilities.

**5. Delegation; Manner of 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 Projects to be financed, as of the date of issuance of the related New Money Bonds, and to expand such list from time to time to allow proceeds of such Bonds to finance other Projects qualifying for financing as 21<sup>st</sup> Century College Projects or Equipment Projects; (ii) approve the details of Bonds, including, without limitation, the maturity schedule, the interest rates and any redemption provisions; (iii) approve the form of all documents appropriate to carry out the contemplated financings; (iv) deem each Preliminary Official Statement final as of its date as contemplated in paragraph 1 and complete each Preliminary Official Statement as an Official Statement in final form as contemplated in paragraph 6; (v) postpone or cancel the sale of Bonds, if in such person's sole discretion conditions so warrant; (vi) determine, in consultation with bond counsel, whether a series of Bonds will be issued as

federally taxable, the interest on which will be includable in gross income of the holders thereof for federal income tax purposes; and (vii) determine whether to refund any Prior Bonds, which Prior Bonds are to be refunded and the related redemption dates, and to take all such further action as may be necessary or desirable for the issuance, sale and delivery of Bonds and to effect any refunding of Refunded 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 considering the advice of the Financial Advisor, whether one or more series of Bonds are to be sold, subject to the limitations set forth in paragraph 3: (i) in a public offering through competitive bidding, in which case the State Treasurer shall award such Bonds to the responsive bidder offering the lowest true interest cost to the Authority (the "Winning Bidder"), as determined by the Financial Advisor in accordance with the terms of the related Notice of Sale; (ii) in a public offering through a negotiated sale, in which case the State Treasurer is authorized to negotiate provisions of the related 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 or State Treasurer, any one of whom may act, is authorized to execute and deliver such Bond Purchase Agreement; or (iii) in a private placement, in which case the State Treasurer shall award such Bonds to the respondent to the solicitation for proposals offering the lowest true interest cost to the Authority, as determined by the Financial Advisor in accordance with the procedure described to award Bonds in the draft Notice of Sale presented to this meeting.

(c) The Authority authorizes and directs the State Treasurer to execute a certificate evidencing any determination or other action taken pursuant to the authority delegated in this Resolution, and such certificate shall be included as part of the closing transcript for the related Bonds or otherwise filed 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 its officers and staff to complete each Preliminary Official Statement as an official statement in final form (each an "Official Statement") reflecting the terms of Bonds to be publicly offered by the Winning Bidder or Underwriter, as applicable. The Authority authorizes and directs the Chairman or Vice Chairman of the Authority, either of whom may act, to execute each 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 delivery to the Winning Bidder or Underwriter, as applicable, in connection with any public offering of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the related Bonds, for distribution to each potential investor requesting a copy thereof and to each person to whom such Bonds are initially sold. The Authority authorizes and approves 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, any one of whom may act, to execute each Continuing Disclosure Agreement in substantially the form presented to 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. Redemption of Refunded Bonds; Escrow Deposit Provisions.** If in accordance with paragraph 5 the determination is made to refund any Prior Bonds, the Authority authorizes and directs (a) the redemption and payment of such Refunded Bonds on the applicable redemption dates, determined in accordance with paragraph 5, and (b) the giving of notice of such redemption in accordance with provisions of the Master Indenture and any applicable supplemental indentures of trust entered into in connection with the Refunded Bonds. The Authority also authorizes the preparation, execution and delivery by the Chairman or Vice Chairman of the Authority, either of whom may act, of any escrow deposit provisions, either as part of the Supplemental Indenture pursuant to which the Refunding Bonds are issued or in a separate escrow deposit agreement, as may be appropriate to effect such refunding and redemption and as shall be approved by the State Treasurer or member of the State Treasurer's staff as the State Treasurer may designate, with the execution and delivery thereof to constitute conclusive evidence of such approval.

**9. Other Documents; Federal Tax Covenants and Post-Issuance Compliance.** The Authority authorizes and directs its officers to execute and deliver such certificates and other documents as bond counsel may provide as necessary or desirable in connection with issuance and sale of Bonds. In the case of Bonds issued as federally tax-exempt, the interest on which is excludable from gross income for federal income tax purposes, such documents may, among other things: (a) set forth the expected use and investment of proceeds of 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) implement 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 Bonds; and (d) provide for payment of any such rebate amount.

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

**11. Effective Date.** This Resolution shall take effect upon adoption.

*Adopted: \_\_\_\_\_, 2014*