

**COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)**

Board of Commissioners Meeting
Fall Board Meeting – September 20, 2012, 3:30 p.m.
Treasury Conference Room, Fifth Floor
James Monroe Building
101 North 14th 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
Woodrow Mullins, Jr.

Others Attending:	Matt Hughey	Sidley Austin LLP
	Arthur Anderson	McGuireWoods LLP
	Jay Conrad	BB&T Capital Markets
	Don Ferguson	Office of the Attorney General
	Evie Whitley	Department of the Treasury
	Richard Davis	Department of the Treasury
	Melissa Palmer	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Tracy Clemons	Department of the Treasury
	Janet Aylor	Department of the Treasury

Call to Order and Public Comment

Ms. Skidmore called the meeting to order at 3:31 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 March 29, 2012 Board meeting. Mr. Von Moll moved to adopt the minutes of the March 29, 2012 meeting as presented; Mr. Dickey seconded, and the motion carried unanimously.

Consideration of an Amendment to the 1997 Bond Resolution

Mr. Hughey from Sidley Austin LLP, VPSA's Bond Counsel, presented Series Resolution No. 12-05 amending and restating a bond resolution adopted on October 23, 1997, as amended and restated on October 5, 1998 authorizing and securing school financing bonds. He stated that Resolution 12-05 revises the definition of the term "local school bond" to expressly permit the

purchase of local school bonds issued to refinance indebtedness incurred by counties, cities and towns of the Commonwealth for the purpose of financing capital projects for public schools.

Mr. Dickey moved the adoption of Series Resolution No. 12-05; Mr. Von Moll 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 Dr. Patricia Wright

NAYS: None

Consideration of the Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2012 Fall Bonds

Ms. Palmer reviewed the Preliminary Financing Summary and presented the Participant List for the proposed issuance of not to exceed \$101,555,000 School Financing Bonds (1997 Resolution), Series 2012 C. She distributed amended pages to the Preliminary Financing Summary, Cost of Issuance Budget and Participant List, that included an increase in the par amount due to additional local proceeds requested (Attachment A).

Ms. Ganeriwala moved that the Authority approve the list of applications for the participants in the VPSA 2012 Fall Bonds sale as presented by staff contingent upon 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. 12-06, as amended (the revised page is included as Attachment B), authorizing the issuance of the VPSA Fall Bonds for Board consideration. He noted that the Series Resolution authorizes Refunding Bonds, in addition to the Fall pooled bonds, and referred the Board to Exhibit B of Resolution No.12-06 and stated that refunding candidates shall achieve the aggregate present value debt service savings equal to at least 3.00% of the par amount of the callable Refunded Bonds.

Ms. Ganeriwala asked if the Resolution included a true interest cost rate cap. Mr. Hughey referred the Board to Section 5 of the Resolution No. 12-06 and noted the true interest cost cap of 5.50%. Ms. Whitley asked if the true interest cost rate could be lowered to 4.00% or 4.50%. Mr. Conrad stated that the true interest cost rate parameter could be amended to 4.50%.

Mr. Von Moll moved the adoption of Series Resolution No. 12-06, as amended to lower the true interest cost cap (Attachment C); Ms. Ganeriwala 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 Dr. Patricia Wright

NAYS: None

Consideration of the Issuance of VPSA School Tax Credit Bonds (Direct Payment) Series 2012-1

Mr. Davis reviewed the Preliminary Financing Summary and presented the Participant List for the School Tax Credit Bonds Series 2012-1 in the projected amount of \$23,266,225. He stated that the School Tax Credit Bonds Series 2012-1 can be structured to include \$21,252,015 of Qualified School Construction Bonds (QSCBs) as well as up to \$2,014,210 Qualified Zone Academy Bonds (QZABs).

Mr. Von Moll moved that the Authority approve the participant list for the School Tax Credit Bonds as presented by staff; Ms. Ganeriwala seconded and the motion carried unanimously.

Arthur Anderson from McGuire Woods LLP, Bond Counsel for the transaction, reviewed Resolution No. 12-07 authorizing the issuance of the School Tax Credit Bonds (Direct Payment) Series 2012-1.

Ms. Ganeriwala asked Mr. Anderson to state the true interest cost rate cap. Mr. Anderson referred the Board to the Section 2(d) of Resolution No. 12-07 and noted the true interest cost cap of 7.50%. Ms. Ganeriwala asked if the true interest cost rate cap could be lowered to 6.50%. Mr. Conrad stated that lowering the true interest cost rate cap to 6.50% is not a problem.

Ms. Ganeriwala moved to adopt the Resolution No. 12-07, as amended to lower the true interest cost cap (Attachment D), Mr. Von Moll 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

Review of Professional Services

Mr. Davis presented a summary of the terms of the Financial Advisory Services contract that expires June 30, 2013. Mr. Loyola moved that staff be directed to develop and issue a Request for Proposals for Financial Advisor to the Virginia Public School Authority; to review the proposals received; to select those firms deemed most qualified and responsive; and, to present recommendations to the Board in order for the Board to make the final selection; Ms. Ganeriwala seconded, and the motion carried unanimously.

Mr. Davis presented a summary of the terms of the Bond Counsel Advisory contract that expires June 30, 2013. Mr. Loyola moved that staff be directed to develop and issue a Request for Proposals for Bond Counsel to the Virginia Public School Authority; to review the proposals received; to select those firms deemed most qualified and responsive; and, to present recommendations to the Board in order for the Board to make the final selection; Mr. Dickey seconded, and the motion carried unanimously.

Discussion of Request for Private Letter Ruling for a Participant in OSCB Series 2009-1 Bond Issue

Mr. Anderson explained that the letter to the Internal Revenue Service was for a pre-submission conference to discuss the Virginia Public School Authority's intention to submit a ruling request for an extension of the three year expenditure period for available project proceeds of a qualified tax credit bond.

Results of Sale and Final Financing Summary

Series 2012B School Financing Bonds – Ms. Palmer reviewed the Final Financing Summary for the \$63,945,000 School Financing Bonds (1997 Resolution) Series 2012 B. She stated the bonds sold by competitive sale on April 26, 2012 and the true interest cost was 2.853805%.

Educational Technology Notes Series XII – Ms. Palmer reviewed the Final Financing Summary for the \$52,025,000 School Educational Technology Notes Series XII. She stated the bonds sold competitively on May 22, 2012 at a true interest cost of 0.697292%.

2012 Stand-Alone Bond Sale – Prince William County – Mr. Davis reviewed the Final Financing Summary for the \$65,675,000 Special Obligation School Financing Bonds Prince William County Series 2012. He stated the true interest cost for the issuance was 2.646524%.

County of Chesterfield, Virginia, General Obligation Public Improvement Refunding Bonds, Series B of 2012 – Mr. Davis stated that the true interest cost for the issuance was 2.05%

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 4:40 P.M.

Respectfully submitted,

Richard A. Davis
Assistant Secretary

ATTACHMENT A

PRELIMINARY FINANCING SUMMARY

Virginia Public School Authority

~~\$101,140,000~~101,555,000* School Financing Bonds (1997 Resolution) Series 2012 C
September 20, 2012

Title: ~~\$101,140,000~~101,555,000* School Financing Bonds (1997 Resolution) Series 2012 C (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 ~~\$101,140,000~~101,555,000* general obligation school Bonds issued by certain Virginia localities that are to use the proceeds for capital projects for their 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: Competitive, using electronic bidding.

Sale Date: October 24, 2012*

Dated Date: November 1, 2012*

Delivery Date: November 15, 2012*

Bond Structure: Serial bonds maturing annually in years 2013 through 2041*, paying current semiannual interest and annual principal and structured on a blended amortization basis to accommodate the schedules requested by the participants.

Payment Dates: *Principal:* Annually on August 1, beginning August 1, 2013; with a final maturity of August 1, 2041*.

Interest: Semi-annually on February 1 and August 1; beginning August 1, 2013.

*Preliminary, subject to change

PRELIMINARY FINANCING SUMMARY

Virginia Public School Authority

~~\$101,140,000~~101,555,000* School Financing Bonds (1997 Resolution) Series 2012 C
September 20, 2012

**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: TBD

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

Underwriter: TBD

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

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

**Registrar/
Paying Agent:** State Treasurer

**Estimated Costs
of Issuance:** \$251,139~~251,035~~* excluding underwriters' discount.

*Preliminary, subject to change.

VIRGINIA PUBLIC SCHOOL AUTHORITY
School Financing Bonds (1997 Resolution)
\$101,555,000 Series 2012 C

\$101,555,000

Cost of Issuance Budget

	Budget
Bond Counsel	\$ 91,500
Bond Counsel Expenses	10,000
Financial Advisor	45,389
Financial Advisor Expenses	1,000
Official Statement Printer	5,000
Ratings*	95,750
Other Expenses**	2,500
Total	\$ 251,139

	Budget
* Ratings: <i>Fitch</i>	\$32,000
<i>Moody's</i>	\$30,000
<i>S&P</i>	\$33,750
	\$95,750

** Other Expenses: Source Media Inc. Bond Buyer Legal Ad, i-Deal Electronic Distribution of PO's

VPSA (97 RESOLUTION) SERIES 2012 C
 Schedule of participants and related information (NON-SUBSIDIZED)
 As of 9/19/12

County/City	Proceeds Requested	Maximum Authorized Par Amt.	Project	Bond Counsel	Resolutions Received	BSA Appendix D
Caroline County 20 years level debt service	\$1,550,000	\$1,630,000	Bowling Green Primary addition (approximately 39,700 SF) and minor renovations project	Daniel M. Siegel Sands Anderson, PC	School Bd - Y Board of Sp - N	N - BSAs N - App D
Dickenson County 20 years level principal	\$31,500,000	\$33,075,000	New consolidated high school/middle school/vocational school facility, new elementary school, and the demolition of existing schools that are to be replaced	Lisa Williams McGuire Woods, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
Fluvanna County 20 years level debt service Completed Refund Interim Financing	\$2,800,000	\$2,800,000	Refunding of \$2,704,077 Public Facility Revenue Note (Fluvanna County School Project), Series 2010	Richard Huribert, Jr. Kaufman & Canoles, P.C.	School Bd - N Board of Sp - N	N - BSAs N - App D
Fluvanna County 10 years level debt service Completed Refund Interim Financing	\$1,600,000	\$1,600,000	Refunding of \$1,900,000 Public Facility Revenue Bond (Fluvanna County School Project), Series 2007	Richard Huribert, Jr. Kaufman & Canoles, P.C.	School Bd - N Board of Sp - N	N - BSAs N - App D
Frederick County 20 years level principal Reimburse	\$4,800,000	\$4,800,000	Renovations at James Wood High School, additions at various elementary schools, architectural and engineering associated with the construction of a new high school and the replacement of a middle school	Lisa Williams McGuire Woods, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
Northampton County 16 years level debt service Completed Refund Interim Financing Reimburse	\$1,430,000	\$1,500,000	Renovating a portion of the main Northampton High School building	Lisa Williams McGuire Woods, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
City of Norton Years 1-2 interest only Year 3 \$50,000 principal and interest Years 4-19 principal and interest The above preferred amortization is for the Refunding. Refunding Project Complete Refund Interim Financing	\$7,730,000	\$10,500,000	Refunding of a term out of the City's 2012 General Obligation Refunding Bond which was issued as an anticipatory note for this financing, a future financing, or a Literary Loan/Subsidy financing; the original project associated with the 2012 Bond funded certain capital improvements to Norton Elementary in December 2007	Daniel M. Siegel Sands Anderson, PC	School Bd - Y Board of Sp - N	N - BSAs N - App D

VPSA ('97 RESOLUTION) SERIES 2012 C
 Schedule of participants and related information (NON-SUBSIDIZED)
 As of 9/19/12

REVISED 09/19/12

County/City	Proceeds Requested	Maximum Authorized Par Amt.	Project	Bond Counsel	Resolutions Received	BSA Appendix D
City of Norton The New Money preferred amortization is forthcoming	\$2,485,000	\$10,500,000	John I. Burton High School new HVAC upgrade, replacement of all exterior and some interior door, addition of swipe card security locks to all exterior doors, installation of a new security window for the main office at Burton, replacement of all floor tile and rubber baseboard, replacement of carpet in band room, library, and auditorium aisles, repair of several sections of kitchen floor tile, asbestos removal of tile and air monitoring, update and modernize one science lab, electrical/plumbing upgrades and installation of new fire alarm and intercom system, replacement of visitor side football bleachers, new lighting in Burton gym and auditorium and repair foundation at the east end of Burton band room	Daniel M. Siegel Sands Anderson, PC	School Bd - Y Board of Sp - N	N - BSAs N - App D
Richmond County 23 years structured to yearly revenues available for debt service	\$9,200,000	\$9,200,000	To facilitate the closure of Richmond County Intermediate School and consolidation of grades Pre K-7 to Richmond County Elementary and grades 8-12 to Rappahannock High School for the education of approximately 1200 students	Daniel M. Siegel Sands Anderson, PC	School Bd - Y Board of Sp - N	N - BSAs N - App D
Rockbridge County 29 years level debt service Years 1-2 interest only Reimburse	\$21,000,000	\$21,000,000	Expanding, updating, constructing, reconstructing, rehabilitating, and equipping Maury River Middle School	Carolyn Perry BotkinsRose, PLC	School Bd - Y Board of Sp - Y	N - BSAs N - App D
Stafford County 20 years level debt service for \$14,960,000 renovation projects 15 years level debt service for \$2,500,000 infrastructure upgrades	\$17,460,000	\$17,460,000	Grafton Village and Stafford Elementary School renovations, Stafford High School rebuild, fiber optics installation and infrastructure upgrades	Lisa Williams McGuire Woods, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
TOTAL NON-SUBSIDY	\$101,555,000					
TOTAL SUBSIDY	\$0					
GRAND TOTAL	\$101,555,000					

ATTACHMENT B

EXHIBIT A

THE 2012 FALL LOCAL ISSUERS AND 2012 FALL LOCAL SCHOOL BONDS

2012 Fall Local Issuers	Proceeds Requested/Principal Amount of 2012 Fall Local School Bonds Being Purchased ¹
Caroline County	\$ 1,550,000
Dickenson County	31,500,000
Fluvanna County	4,400,000
Frederick County	4,800,000
Northampton County	1,430,000
City of Norton	10,000,000 <u>10,130,000</u>
Richmond County	9,000,000 <u>9,200,000</u>
Rockbridge County	21,000,000
Stafford County	17,460,000

¹ Subject to adjustment of application amount prior to execution of Bond Sale Agreements. The principal amount of the 2012 Fall Local School Bonds is subject to adjustment on the date of sale of the 2012 Fall New Money Bonds to generate an amount of proceeds for the respective 2012 Fall Local Issuers substantially equal to the application amount of proceeds requested by such 2012 Fall Local Issuers.

ATTACHMENT C

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 amended and restated on October 5, 1998 and 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-two (42) 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

April 1, 1998	School Financing and Refunding Bonds (1997 Resolution) Series 1998 A	\$130,715,000
November 1, 1998	School Financing Bonds (1997 Resolution) Series 1998 B	\$105,025,000
May 1, 1999	School Financing Bonds (1997 Resolution) Series 1999 A	\$153,040,000
November 1, 1999	School Financing Bonds (1997 Resolution) Series 1999 B	\$91,770,000
May 1, 2000	School Financing Bonds (1997 Resolution) Series 2000 A	\$100,175,000
November 1, 2000	School Financing Bonds (1997 Resolution) Series 2000 B	\$106,200,000
May 1, 2001	School Financing Bonds (1997 Resolution) Series 2001 A	\$153,940,000
November 1, 2001	School Financing Bonds (1997 Resolution) Series 2001 B	\$142,400,000
November 1, 2001	School Financing Bonds (1997 Resolution) Series 2001 C	\$41,500,000
May 1, 2002	School Financing Bonds (1997 Resolution) Series 2002 A	\$111,510,000
November 1, 2002	School Financing Bonds (1997 Resolution) Series 2002 B	\$155,545,000
May 1, 2003	School Financing Bonds (1997 Resolution) Series 2003 A	\$113,155,000
May 1, 2003	School Refunding Bonds (1997 Resolution) Series 2003 B	\$74,850,000
November 1, 2003	School Financing Bonds (1997 Resolution) Series 2003 C	\$190,645,000
December 11, 2003	School Financing Bonds (1997 Resolution) Refunding Series 2003 D	\$286,670,000
May 1, 2004	School Financing Bonds (1997 Resolution) Series 2004 A	\$123,585,000
November 1, 2004	School Financing Bonds (1997 Resolution) Series 2004 B	\$145,340,000
December 8, 2004	School Financing Bonds (1997 Resolution) Refunding Series 2004 C	\$156,125,000

December 8, 2004	School Financing Bonds (1997 Resolution) Refunding Series 2004 D (Federally Taxable)	\$3,460,000
March 15, 2005	School Financing Bonds (1997 Resolution) Refunding Series 2005 A	\$55,200,000
April 20, 2005	School Financing Bonds (1997 Resolution) Refunding Series 2005 B	\$230,580,000
May 1, 2005	School Financing Bonds (1997 Resolution) Series 2005 C	\$134,360,000
November 1, 2005	School Financing Bonds (1997 Resolution) Series 2005 D	\$199,315,000
May 1, 2006	School Financing Bonds (1997 Resolution) Series 2006 A	\$202,175,000
November 1, 2006	School Financing Bonds (1997 Resolution) Series 2006 B	\$240,955,000
May 1, 2007	School Financing Bonds (1997 Resolution) Series 2007 A	\$112,235,000
November 1, 2007	School Financing Bonds (1997 Resolution) Series 2007 B	\$223,080,000
May 1, 2008	School Financing Bonds (1997 Resolution) Series 2008 A	\$134,950,000
December 1, 2008	School Financing Bonds (1997 Resolution) Series 2008 B	\$118,930,000
March 12, 2009	School Financing Bonds (1997 Resolution) Refunding Series 2009 A	\$114,180,000
May 1, 2009	School Financing Bonds (1997 Resolution) Series 2009 B	\$200,435,000
October 27, 2009	School Financing Bonds (1997 Resolution) Refunding Series 2009 C	\$481,285,000
December 1, 2009	School Financing Bonds (1997 Resolution) Series 2009 D	\$11,645,000
May 1, 2010	School Financing Bonds (1997 Resolution) Series 2010 A	\$45,805,000

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

(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 and Other Indebtedness of the Authority 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.**

(a) **Record Date.** The term “Regular Record Date” shall mean with respect to the New Bonds (hereinafter defined) authorized by this Series Resolution the 15th day of the month (whether or not a business day) next preceding each Interest Payment Date.

(b) **Other Terms.** All capitalized terms used but not defined in this Series Resolution shall have the meanings given by the Bond Resolution.

Section 3. **Authorization of Bonds.**

(a) **Bond Sale Agreements.** The agreement that the Authority will purchase, and that the cities and counties listed in Exhibit A (“2012 Fall Local Issuers”) that are borrowing money from the Authority will sell and issue, their Local School Bonds described in Exhibit A (“2012 Fall Local School Bonds”) will be evidenced by Bond Sale Agreements. The form of the Bond Sale Agreement between the Authority and each of the 2012 Fall Local Issuers is hereby approved, and the execution and delivery by an Assistant Treasurer of the Authority, by and on behalf of the Authority, of each Bond Sale Agreement is hereby authorized. By the terms of the Bond Sale Agreements, the Authority will agree, subject to certain conditions, to purchase the 2012 Fall Local School Bonds.

(b) **Continuing Disclosure.** As a condition to the Authority’s purchase commitment under the Bond Sale Agreements, each 2012 Fall Local Issuer of 2012 Fall Local School Bonds shall at or prior to closing deliver to the Authority an executed Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) substantially in the form of Appendix F of the Bond Sale Agreement pursuant to which each such 2012 Fall Local Issuer shall undertake primary responsibility for compliance with applicable continuing disclosure requirements as prescribed therein. Notwithstanding any other provision of this Series Resolution, failure of any 2012 Fall Local Issuer to comply with its Continuing Disclosure Agreement shall not be considered an event of default under the Bond Resolution. However, the Authority will, and any holder (as defined in Section 12(b) hereof) of the New Bonds (hereinafter defined) may, consistent with the requirements contained in Section 10 of the Continuing Disclosure Agreement, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause a 2012 Fall Local Issuer to comply with its continuing disclosure obligations under its Continuing Disclosure Agreement.

(c) **Authorization Pursuant to the Bond Resolution.** There are hereby authorized: (i) pursuant to Section 208 of the Bond Resolution, additional Bonds in one or more Series for the purpose of providing funds for the purchase of the 2012 Fall Local School Bonds (the “2012 Fall New Money Bonds”), the aggregate principal amount of which shall be adjusted to provide each 2012 Fall Local Issuer, to the fullest extent practicable taking into account, among other things, principles of fairness and prevailing market conditions, a purchase price and a proceeds amount for its Local School Bonds substantially equal to the proceeds it requested, as provided in the related Bond Sale Agreement, and (ii) pursuant to Section 209 of the Bond Resolution, refunding Bonds in one or more Series (the “Refunding Bonds” and, together with the 2012 Fall New Money Bonds, the “New Bonds”) for the purpose of providing funds for the refunding of all or a portion of the Refunding Candidates.

(d) **Certain Details of the New Bonds.** The 2012 Fall New Money Bonds authorized in subsection (c)(i) pursuant to Section 208 of the Bond Resolution shall be issued as Current Interest Bonds, shall be dated, shall bear interest payable semi-annually on February 1 and August 1 of each year (the first such Interest Payment Date to be August 1, 2013) and shall have the serial and term (if any) maturities with such principal amounts and with such Amortization Requirements (if any), due on August 1, in such years, not later than 2042, all as subsequently provided in this Series Resolution. Such 2012 Fall New Money Bonds shall be

designated “School Financing Bonds (1997 Resolution) Series 2012 _” (the blank to be completed with an appropriate letter to identify the Series). The Refunding Bonds authorized in subsection (c)(ii) pursuant to Section 209 of the Bond Resolution shall be issued as Current Interest Bonds, shall be dated, shall bear interest on such dates and shall have the serial and term (if any) maturities with such principal amounts and with such Amortization Requirements (if any), due annually or semi-annually on such dates all as determined by the Treasurer or an Assistant Treasurer, as such officer, in consultation with the Authority’s Financial Advisor, may deem advisable, all as subsequently provided in this Series Resolution. Such Refunding Bonds shall be designated “School Financing Bonds (1997 Resolution) Refunding Series 201_ _” (the blanks to be completed with the year of issuance and an appropriate letter to identify the Series, respectively).

Interest on any New Bond that is payable on any Interest Payment Date shall be paid by check or draft or by bank wire to the person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(e) **Book Entry.** Initially, one bond certificate for each maturity bearing interest at the same interest rate shall be issued to The Depository Trust Company, New York, New York (“DTC”), which is designated as the securities depository for the New Bonds, or its nominee, and immobilized in its custody. So long as DTC is acting as securities depository for the New Bonds, a book-entry system shall be employed, evidencing ownership of the New Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of, premium, if any, and interest on the New Bonds shall be payable in clearinghouse funds to DTC or its nominee as registered owner of the New Bonds. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America by the Bond Registrar. Transfer of principal, premium, if any, and interest payments to participants of DTC shall be the responsibility of DTC. Transfer of principal, premium, if any, and interest payments to beneficial owners shall be the responsibility of such participants and other nominees of beneficial owners. The Authority shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the New Bonds, (b) the Authority determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interest of the Authority, or (c) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the New Bonds is not in the best interest of the Authority or the beneficial owners of the New Bonds, the Authority shall discontinue the book-entry system with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority shall cause the execution and delivery of replacement bonds in the form of fully registered certificates, substantially in the form as set forth in the Bond Resolution with such variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates, and registration of transfer of the New Bonds shall be permitted. If no qualified securities

depository is the registered owner of New Bonds, registration of transfer of New Bonds and exchange of certificates may be effected at the office of the Bond Registrar.

So long as DTC is the securities depository for the New Bonds, it shall be the registered owner of the New Bonds, and references in this resolution to registered owners or holders of the New Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of the New Bonds.

Section 4. **Redemption Provisions.**

(a) **Optional Redemption.** (i) The 2012 Fall New Money Bonds of each Series maturing after August 1, 2022 may be redeemed prior to their respective maturities, at the option of the Authority, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than August 1, 2022, at the Redemption Price equal to par plus accrued interest to the redemption date. The Board hereby delegates to the Treasurer or an Assistant Treasurer (each a “Delegate”), with respect to each Series of the 2012 Fall New Money Bonds, the power to change such optional redemption provisions as such officer, in consultation with the Authority’s Financial Advisor, may deem advisable; provided, however, that in any event the 2012 Fall New Money Bonds of each Series shall first become subject to redemption at the option of the Authority within ten and one-half years after their date of issuance and at a redemption price not exceeding 102%.

(ii) A Delegate is hereby authorized, with respect to each Series of the Refunding Bonds, to determine the optional redemption provisions, if any, as such Delegate, in consultation with the Authority’s Financial Advisor, may deem advisable, and the Delegate may provide that the Refunding Bonds shall not be subject to optional redemption before their respective maturities.

(iii) Any notice of optional redemption of the New Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the Redemption Price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit with the State Treasurer, the corresponding notice of redemption shall be deemed to have been revoked *nunc pro tunc*.

(iv) If the Authority gives an unconditional notice of redemption, then on the redemption date the New Bonds called for redemption will become due and payable. If the Authority gives a conditional notice of redemption, and money to pay the Redemption Price of the affected New Bonds shall have been set aside in escrow with the State Treasurer or other Depository for the purpose of paying such New Bonds, then on the redemption date the New Bonds will become due and payable. In either case, if on the redemption date the State Treasurer holds money to pay the New Bonds called for redemption, thereafter, no interest will accrue on those New Bonds, and a Bondholder’s right will be to receive payment of the Redemption Price, plus accrued interest, if any, upon surrender of those New Bonds.

(b) **Mandatory Redemption.** The term New Bonds, if any, shall be called for redemption, in part, in the principal amounts equal to the respective Amortization Requirements for such term New Bonds (less the principal amount of any term New Bond retired by purchase and otherwise subject to adjustment as provided in the Bond Resolution) from moneys in the 1997 Sinking Fund at a Redemption Price of par plus accrued interest thereon to the date fixed for redemption on each August 1 preceding their maturity for which there is an Amortization Requirement.

(c) **In General.** Any such redemption, either in whole or in part, shall be made in the manner and under the terms and conditions provided in the Bond Resolution.

Section 5. Delegation and Standards. The Board hereby delegates to the Delegates, each of whom may exercise the power with respect to each Series of New Bonds, to determine and carry out the following:

(a) **Method of Sale.** To determine whether any Series of the New Bonds shall be offered and sold via one or more of the following methods: (i) a competitive sale, or (ii) a negotiated sale. If the method of sale determined to be utilized is a negotiated sale, a Delegate is hereby authorized to negotiate the sale of any Series of New Bonds to one or more of the underwriters to be selected by the Authority from among the firms comprising the Authority's underwriting team, which shall be comprised of underwriters previously selected to provide underwriting services for the Commonwealth and its agencies and instrumentalities (the "Underwriters"), and to execute with the Underwriters a Bond Purchase Agreement in substantially the form approved and executed in connection with the Authority's Refunding Series 2012 A Bonds, a copy of which has been presented at the meeting at which this Series Resolution is adopted (the "Purchase Contract"), the terms of which Purchase Contract shall not conflict with the provisions of the Resolution;

(b) **Refunding Bonds.** (i) To determine the aggregate principal amount of the Refunding Bonds required for the purpose of refunding the Refunding Candidates selected in accordance with the provisions of subparagraph (ii) of this Section 5(b) to be refunded (the "Refunded Bonds"), such amount to be the amount required to provide for the payment and redemption of the Refunded Bonds and to pay costs of issuance;

(ii) To determine which, if any, of the Refunding Candidates, shall be refunded by Refunding Bonds and thus become Refunded Bonds using the following criteria: based on a determination of the Authority's Financial Advisor in writing, any Bonds the refunding of which shall achieve an aggregate present value debt service savings equal to at least three percent (3%) of the par amount of the callable Refunded Bonds;

(iii) To select an Escrow Agent or Agents (hereinafter defined) and a firm of independent accountants or other qualified financial consultants (a "Verification Agent") to verify the mathematical sufficiency of the proceeds of the Refunding Bonds and other moneys to redeem and pay the Refunded Bonds; and

(iv) To determine any other provisions deemed advisable by a Delegate and not in conflict with the provisions of the Resolution.

(c) **2012 Fall New Money Bonds.** To determine whether the 2012 Fall New Money Bonds shall be issued in one or more Series, such determination to be made with the advice of the Authority's Financial Advisor, and to take into account, among other things, principles of fairness in establishing the prices to be paid to the 2012 Fall Local Issuers for their 2012 Fall Local School Bonds;

(d) **Principal Amount of the 2012 Fall New Money Bonds.** To determine the aggregate principal amount of each Series of the 2012 Fall New Money Bonds, such amount, together with other available moneys, to be equal to a sum sufficient (i) to purchase the 2012 Fall Local School Bonds related to such Series, and (ii) to pay costs of issuance allocable to such Series;

(e) **Interest Rates.** To determine the interest rate or rates on each Series of New Bonds, no such rate to exceed 5.50% per annum;

(f) **Maturities.** To determine the maturities and maturity amounts of each Series of the New Bonds, no maturity to extend beyond August 1, 2042;

(g) **Serial and Term Bonds.** To determine which New Bonds, if any and of which Series, are serial Bonds and which are term Bonds, and the Amortization Requirements therefor;

(h) **Changes in Redemption Provisions.** To determine any changes (permitted by Section 4(a) of this Series Resolution) in the optional redemption provisions for the 2012 Fall New Money Bonds and to fix the optional redemption provisions, if any, of the Refunding Bonds;

(i) **Dated Date.** To determine the dated date or dates of each Series of New Bonds;

(j) **Date of Sale.** To determine the date or dates of sale of each Series of New Bonds; provided that if the Refunding Bonds are sold simultaneously with a Series of 2012 Fall New Money Bonds, a Delegate shall make a finding that the arbitrage yield on such Series of 2012 Fall New Money Bonds is not materially lower than the arbitrage yield that would otherwise have been produced on such 2012 Fall New Money Bonds if such yields were to be calculated separately; and

(k) **Other Provisions.** To determine any other provisions deemed advisable by a Delegate and not in conflict with the provisions of the Resolution.

The delegation set forth above and in Section 6(c), for any Series of New Bonds to be sold by competitive sale, is further subject to (i) the Financial Advisor's having recommended that the lowest conforming bid or bids to purchase the New Bonds be accepted, (ii) the Delegate to whom the authority to accept the lowest conforming bid has been delegated shall have determined that the bid conforms in all material respects to the requirements of the related Notice of Sale, (iii) the Financial Advisor and such Delegate shall have determined that the bid to be accepted is the lowest bid conforming to the terms of the related Notice of Sale, (iv) the true interest cost rate of such bid shall not exceed four and one-half percent (4.50%) per annum and

(v) the Board's not meeting on the date of the sale of New Bonds for the purpose of receiving the bids to purchase the New Bonds.

Delegates exercising authority granted by this Series Resolution shall execute a Certificate or Certificates evidencing determinations or other actions taken pursuant to the authority granted in the Resolution, and any such Certificate shall be conclusive evidence of the action or determination of such Delegate as stated therein.

Section 6. **Sale of the New Bonds.**

(a) **Summary Notice of Sale.** The publication of a Summary Notice of Sale, one in connection with the proposed issuance of each Series or multiple Series of New Bonds to be sold by competitive sale on the same date, in *The Bond Buyer*, a financial journal published in New York, New York, and devoted primarily to municipal bonds, in substantially the form presented at the meeting at which this Series Resolution is adopted, is hereby approved and authorized.

(b) **Official Notice of Sale and Electronic Bidding Process.** The distribution of Official Notices of Sale, one in connection with the proposed issuance of each Series or multiple Series of the New Bonds to be sold by competitive sale on the same date, in substantially the form presented at the meeting at which this Series Resolution is adopted as modified to address then-current market conditions and the particular circumstances supporting the use of different Series, and the steps to be taken by the Treasurer or an Assistant Treasurer of the Authority to receive bids for each Series of the New Bonds through Parity are hereby approved and authorized.

(c) **Sale and Award of the Bonds.** (i) A Delegate is hereby authorized to sell the 2012 Fall New Money Bonds of each Series by negotiated sale or at public sale, by electronic competitive bidding, or any other method deemed advisable in consultation with the Financial Advisor to the Authority, on a date or dates determined in consultation with the Financial Advisor to the Authority, but in no event later than December 31, 2012;

(ii) A Delegate is hereby authorized to sell the Refunding Bonds of each Series at a public sale, by electronic competitive bidding or other method deemed advisable in consultation with the Financial Advisor to the Authority on a date determined in consultation with the Financial Advisor when the objectives of the issuance of such Bonds and the criteria set hereby with respect to debt service savings can be met, but in no event later than the date of the next succeeding Board meeting;

(iii) If the 2012 Fall New Money Bonds and the Refunding Bonds shall be sold on the same day, a Delegate shall divide them into separate Series;

(iv) The New Bonds of each Series shall be awarded at an aggregate price not less than 99.50% of the par amount of such Series. The New Bonds of each Series to be sold at competitive bidding shall be sold to the bidder whose bid for the New Bonds of such Series provides the lowest "true" interest cost rate to the Authority (each a "Purchaser"). Each Purchaser shall be required to submit its good faith deposit in the form of a wire transfer not later than 12:00 Noon Richmond, Virginia Time on the next Business Day following the award;

(v) If the New Bonds of any Series are determined to be sold via a negotiated sale, there is hereby authorized the execution and delivery, pursuant to the provisions of Section 5(a)(ii) hereof, of the Purchase Contract, relating to the sale such Series of New Bonds to the Underwriters; and

(vi) A Delegate is hereby authorized to accept an offer of the Underwriters, in the form of the Purchase Contract, pursuant to the provisions of Section 5(a)(ii) hereof, to purchase all of the New Bonds of any Series at a purchase price reflecting an underwriting discount, not to exceed 1.00% of the par amount of such New Bonds less any original issue discount.

(d) **Official Statement.** The form of the Preliminary Official Statement (the “Preliminary Official Statement”) is hereby approved and the distribution of the Preliminary Official Statement, in substantially the form presented at the meeting at which this Series Resolution is adopted, is hereby authorized; except that with respect to the Refunding Bonds, such form of Preliminary Official Statement is hereby approved with such modifications to reflect the issuance of the Refunding Bonds and the refunding of the Refunding Candidates. The use by each Purchaser and/or the Underwriters, as the case may be, for the purpose of making a bona fide public offering of the related Series of New Bonds, of the final Official Statement, dated the date of the sale and award (the “Official Statement”), in substantially the form of the Preliminary Official Statement, is hereby authorized, and the Chairman or Vice Chairman and the Treasurer or an Assistant Treasurer are hereby authorized by and on behalf of the Authority to deem final the Preliminary Official Statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, approve the terms of and publish an Official Statement describing each Series of the New Bonds and sign and deliver an Official Statement to each Purchaser and/or the Underwriters, as the case may be.

(e) **2012 Spring Local School Bond Rates.** The interest rates on each of the 2012 Fall Local School Bonds to be purchased by the Authority shall be 5 basis points (0.05%) above the interest rates on the corresponding maturities of the serial 2012 Fall New Money Bonds and the term 2012 Fall New Money Bonds, if any, of the related Series.

Section 7. Execution, Authentication and Delivery of New Bonds. The New Bonds of each Series shall be executed as authorized by the Bond Resolution and delivered to the Bond Registrar. The Authority hereby authorizes and directs the Bond Registrar to authenticate and deliver the New Bonds of each Series to the related Purchaser and/or Underwriters, as the case may be, in accordance with the provisions of the Resolution but only upon payment to the Treasurer of the Authority of the purchase price of the New Bonds of such Series and the accrued interest thereon, if any.

Section 8. Application of Bond Proceeds and Other Funds.

(a) **Accrued Interest.** The Treasurer of the Authority shall deposit to separate accounts in the 1997 Sinking Fund so much of the proceeds of the New Bonds of each Series, if any, as represents accrued interest on the related Series of the New Bonds.

(b) **Deposit to 1997 Purchase Fund.** The Treasurer of the Authority shall deposit to separate accounts in the 1997 Purchase Fund so much of the proceeds of the related Series of the

2012 Fall New Money Bonds as is required to purchase the 2012 Fall Local School Bonds in accordance with the applicable Bond Sale Agreements approved in Section 3(a) of this Series Resolution.

(c) **Deposit to the Escrow Fund.** The Treasurer of the Authority shall deposit to the Escrow Fund created under the Escrow Deposit Agreement authorized by Section 15(a) so much of the proceeds of each Series of the Refunding Bonds as is required to acquire Defeasance Obligations and make a cash deposit, if any, sufficient to defease the Refunded Bonds.

(d) **Deposit to the General Fund.** For application to the payment of the costs and expenses of the issuance of each Series of New Bonds, the Treasurer of the Authority shall deposit to the General Fund any remaining balance of the proceeds of such Series of New Bonds.

(e) **Transfers from the General Fund.** For application to the payment of a portion of the interest due on August 1, 2013 on each Series of the 2012 Fall New Money Bonds, the Treasurer of the Authority shall transfer from the General Fund of the Authority and deposit to a related account in the 1997 Sinking Fund an amount up to the amount of the interest to accrue on the 2012 Fall New Money Bonds during the period commencing July 15, 2013 and ending July 31, 2013 plus \$5,000.

(f) **2012 Fall Local School Bonds to be Held in General Pledge Fund.** The 2012 Fall Local School Bonds purchased with the proceeds of the 2012 Fall New Money Bonds shall be delivered to the Depository of the General Pledge Fund and held in accordance with the provisions of Article IV of the Bond Resolution.

Section 9. Pledge of 2012 Fall Local School Bonds; Disposition of Local School Bonds. The principal, interest and redemption premium components of all the 2012 Fall Local School Bonds, which are to be held in the General Pledge Fund pursuant to Section 8(f), shall be credited to the 1997 Resolution Pledge Account of the General Pledge Fund. The Authority hereby grants to the holders from time to time of the New Bonds, the outstanding Bonds and any additional Bonds issued and outstanding under the Bond Resolution a security interest in all the principal, interest and redemption premium components credited to the 1997 Resolution Pledge Account.

To the extent that the Refunding Bonds shall refund Other Indebtedness issued pursuant to that certain Bond Resolution adopted by the Board of the Authority on October 23, 2008, Authorizing and Securing Not to Exceed \$75,000,000 Special Obligation School Financing Bonds Fluvanna County Series 2008 (the "Fluvanna Bond Resolution") that are Refunding Candidates, the Board hereby, in accordance with Section 404 of the Fluvanna Bond Resolution, determines that it is in the best interests of the Authority without consideration to dispose of the local school bonds, or principal, interest, or redemption premium components thereof which correlate to the outstanding bonds issued pursuant to the Fluvanna Bond Resolution (the "Fluvanna Transferred Local School Bonds"), held in the Fluvanna County Purchase Fund (as such term is defined in the Fluvanna Bond Resolution). Such disposition shall be made only with the effect that the Fluvanna Transferred Local School Bonds, or principal, interest, or redemption premium components thereof disposed, become security for the Authority's Bonds issued under the 1997 Resolution. The Board hereby authorizes and directs the State Treasurer

to effect such disposition. The Board further authorizes a Delegate to execute a certificate stating that all the applicable conditions specified in Section 404 of the Fluvanna Bond Resolution for such disposition have been met. The execution of such certificate shall be a condition to the delivery of the Refunding Bonds if any bonds issued pursuant to the Fluvanna Bond Resolution are refunded by the Fluvanna Bond Resolution.

Simultaneously with the transfer of the of the Fluvanna Transferred Local School Bonds to the General Pledge Fund, a Delegate is authorized to execute a Bond Sale Agreement, substantially in the form approved in Section 3(a) hereof, with an authorized officer of the County to evidence any modifications to the Fluvanna Transferred Local School Bonds necessary to reflect any changes necessary to reflect the effect of the refunding of such Local School Bonds and to make such Local School Bonds correspond to the general characteristics of the other local school bonds held to the credit of the General Pledge Fund.

Section 10. Redemption or Defeasance of 2012 Fall New Money Bonds for 2012 Fall Local Issuers' Failure to Close. Unless otherwise directed by the Board, the Authority hereby authorizes and directs the State Treasurer, in accordance with Section 406 of the Bond Resolution, (i) to transfer from the 1997 Purchase Fund, to a special subaccount in the 1997 Sinking Fund, an amount of moneys equal to the aggregate purchase price of any 2012 Fall Local School Bonds, and, if so directed by the Treasurer or an Assistant Treasurer of the Authority, the investment income allocable thereto, that shall not have been delivered to the Authority within 60 days of the delivery date of the 2012 Fall New Money Bonds and to take the necessary steps to redeem in accordance with Section 4(a) or defease not less than a principal amount of the 2012 Fall New Money Bonds, of the related Series and with maturities corresponding to the maturities of such 2012 Fall Local School Bonds, that corresponds to the aggregate amount of such undelivered 2012 Fall Local School Bonds, and (ii) to withdraw from the General Fund of the Authority, if and to the extent necessary, such additional funds as may be required to effect the redemption or defeasance of such principal amount of the 2012 Fall New Money Bonds.

Section 11. Tax Covenant. The Authority covenants to take all action, and to refrain from taking any action, necessary under the Internal Revenue Code of 1986, as amended, to ensure that interest on each Series of New Bonds will remain excludable from gross income for federal income tax purposes to the same extent as it is excludable on the date of closing on the New Bonds.

Section 12. Continuing Disclosure Undertakings.

(a) **Purpose.** This continuing disclosure undertaking is being made by the Authority with respect to each Series of New Bonds for the benefit of the holders and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Authority acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Section 12.

(b) **Definitions.** In addition to the definitions elsewhere set forth in this Series Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, subsections (c) and (d) of this Section 12.

“Dissemination Agent” shall mean the Authority, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by such Authority and which has filed with such Authority a written acceptance of such designation.

“Fiscal Year” shall mean the twelve-month period, at the end of which the Authority’s financial position and the results of its operations for the preceding twelve months are determined. Currently the Authority’s Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

“[H]older” shall mean, for purposes of this Section 12, any person who is a record owner or beneficial owner of a Bond.

“Listed Events” shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule which are as follows:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in

the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

“**MOP**” shall mean (i) a Local Issuer that has outstanding Local School Bonds held to the credit of the General Pledge Fund and the principal, interest and redemption premium components on which are credited to the 1997 Resolution Pledge Account in an aggregate principal amount that exceeds 10% of the aggregate principal amount of the Authority’s outstanding Bonds and (ii) the Commonwealth.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, or any successor thereto or to the functions of the MSRB contemplated by this Undertaking.

“**Participating Underwriter**” shall mean any of the original underwriters of the Authority’s New Bonds required to comply with the Rule in connection with the offering of such Bonds.

“**Rule**” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Undertaking**” shall mean the continuing disclosure undertaking assumed by the Authority in this Section 12.

(c) **Provision of Annual Reports; Audited Financial Statements.**

(i) Not later than 10 months after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2012, the Authority shall, or shall cause the Dissemination Agent (if different from the Authority) to, provide to the MSRB, in the electronic format prescribed by the MSRB, an Annual Report which is consistent with the requirements of subsection (d) of this Section 12. Not later than 10 days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if applicable). In each case, the Annual Report (A) may be submitted as a single document or as separate documents comprising a package, (B) may cross-reference other information as provided in subsection (d) of this Section 12, and (C) shall include such financial statements as may be required by the Rule.

(ii) The annual financial statements of the Authority shall be prepared on the basis of generally accepted accounting principles and will be audited by either the Auditor of Public Accounts or a firm of independent certified public accountants. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with the Repositories when they become publicly available.

(iii) If the Authority fails to provide an Annual Report to the MSRB by the date required in clause (i), or to file its audited annual financial statements when available as

described in clause (ii), the Authority shall send an appropriate notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit C.

(d) **Content of Annual Reports.** Each Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following information, all with a view toward assisting Participating Underwriters in complying with the Rule:

(i) Updated information showing the expected “Income Available to Pay Debt Service” as of the date of issuance of the most recent Series of Bonds issued during the period beginning July 1 and ending on the date of the Annual Report. In the event no Bonds were issued during the aforementioned time period, the updated information shall be as of the end of the preceding Fiscal Year.

(ii) Updated information showing the names of the Local Issuers and the principal amount of their Local School Bonds held in the General Pledge Fund and an updated list showing the names of the Local Issuers who are MOPs as of the end of the preceding Fiscal Year, who have ceased to be MOPs during the preceding Fiscal Year and who were MOPs as of the date of issuance of the most recent Series of Bonds issued during the period beginning July 1 and ending on the date of the Annual Report. In the event no Bonds were issued during the aforementioned time period, the updated information shall be as of the end of the preceding Fiscal Year.

(iii) A summary of receipts and disbursements for the Literary Fund for the preceding Fiscal Year.

(iv) A summary of information respecting appropriations made by the Virginia General Assembly from the Literary Fund for the current biennium.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority, which have been filed with the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

(e) **Reporting of Listed Events.** The Authority will provide in a timely manner, not in excess of ten business days after the occurrence of the event, to the MSRB notice of any of the Listed Events with respect to the New Bonds. The Authority does not undertake to provide the above-described notice in the event of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Official Statement, (ii) the only open issue is which New Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the Bond Resolution, and (iv) public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the Securities and Exchange Commission, even if the originally scheduled amounts may be reduced by prior optional redemptions or Bond purchases.

(f) **Dissemination Agent.** The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its Undertaking and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent.

(g) **Amendment.** Notwithstanding any other provision of the Bond Resolution, the Authority may amend its Undertaking as set forth in this Section 12 if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

(h) **Additional Information.** Nothing in this Section 12 shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Section 12 or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Section 12. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Section 12, the Authority shall have no obligation under this Section 12 to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

(i) **Default.** Any of the persons referred to in subsection (j) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to file its Annual Report or to give notice of a Listed Event. In addition, holders of not less than a majority in aggregate principal amount of any Series of the New Bonds outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Continuing Disclosure Undertaking, or to enforce any other obligation of the Authority hereunder. A default under this Section 12 shall not be deemed an event of default under the Bond Resolution or the New Bonds, and the sole remedy under this Section 12 in the event of any failure of the Authority to comply with its Undertaking shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

(j) **Beneficiaries.** This Undertaking shall inure solely to the benefit of the Authority, the Participating Underwriters, and holders from time to time of the Authority's New Bonds, and shall create no rights in any other person or entity.

(k) **Format of Filings.** Unless otherwise required by the MSRB, all notice, documents and information provided to the MSRB pursuant to this Undertaking shall be provided to the MSRB's Electronic Municipal Market Access (EMMA) system, the current Internet address of which is www.emma.msrb.org. All notices, documents and information provided to the MSRB shall be provided in an electronic format prescribed by the MSRB (currently, portable document format (pdf) which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

(l) **Obligated Persons.** The Authority has determined that the Commonwealth is an "obligated person", within the meaning of the Rule, that is or may be material to the New Bonds,

as evidenced by its inclusion in the definition of MOP. In addition, the Authority has established in the definition of a MOP the objective criteria that it will apply consistently, on a continuing basis, in determining whether a particular Local Issuer is an “obligated person,” within the meaning of the Rule, that is or may be material to the New Bonds. The Authority covenants that it will require each Local Issuer that is or may become a MOP to execute and deliver to the Authority an undertaking by which the Local Issuer will agree that if it becomes a MOP, it will, so long as it remains a MOP, file annually the financial information, operating data, and financial statements, and provide notices of Listed Events with respect to its bonds held in the General Pledge Fund and credited to the 1997 Resolution Pledge Account if material, as required by the Rule.

(m) **Termination.** The obligations of the Authority pursuant to its Undertaking with respect to each Series of New Bonds shall terminate upon the earlier to occur of the legal defeasance or final retirement of the New Bonds of such Series.

Section 13. **Other Amendments.** In addition to the amendments authorized by Section 12(g) above, the Authority may, prior to the delivery of each Series of New Bonds, amend its Undertaking to reflect any changes thereto requested by the Participating Underwriters or 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 2012 Fall 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 not less than three 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, the Delegate is further authorized to enter into agreements and give instructions for the purchase of Defeasance Securities for periods when the moneys credited to the Escrow Fund would otherwise be uninvested.

(b) **Form of Instruments.** The approval by the Board of the forms of the Preliminary Official Statement, the Official Notice of Sale, the Summary Notice of Sale, the Purchase Contract, the Proceeds Agreement and the Bond Sale Agreements shall be deemed to be of the forms of such instruments presented to the Board and to extend to such minor changes and additions to and omissions from such forms as the officers of the Authority executing the same shall approve as not being inconsistent with the purposes and intent of the Resolution, their execution and delivery of such instruments being conclusive evidence of their approval of such changes, additions and omissions. Copies of the forms of the Preliminary Official Statement, the Official Notice of Sale, the Summary Notice of Sale, the Purchase Contract, the Proceeds Agreement and the Bond Sale Agreements shall be deposited in the official records of the Authority with the minutes of the meeting at which they were approved.

(c) **Further Actions.** The officers and staff of the Authority, the Bond Registrar, the Depository, the Investment Manager, the Paying Agent and the State Treasurer are hereby requested and authorized to take such further actions as may be required to implement the purposes and intent of the Resolution. In particular, a Delegate is authorized to take such action as shall be necessary or appropriate to obtain a rating or ratings for the New Bonds from any nationally recognized rating service or services. The Delegate is further authorized to obtain the services of a qualified bank or trust company to serve as escrow agent under the Escrow Deposit Agreement and of a Verification Agent to provide verification and yield computations with respect to the sufficiency of the Escrow Fund and the yield on the Refunding Bonds and the Defeasance Obligations in the Escrow Fund.

Section 16. **Effective Date.** This Series Resolution shall take effect immediately upon its adoption.

Section 17. **Inconsistent Provisions.** In the event of a conflict or inconsistency between this Series Resolution and any other document, the provisions of this Series Resolution shall control.

Adopted: September 20, 2012.

A Copy - Teste:

Assistant Secretary,
Virginia Public School Authority

EXHIBIT A

THE 2012 FALL LOCAL ISSUERS AND 2012 FALL LOCAL SCHOOL BONDS

2012 Fall Local Issuers	Proceeds Requested/Principal Amount of 2012 Fall Local School Bonds Being Purchased ¹
Caroline County	\$ 1,550,000
Dickenson County	31,500,000
Fluvanna County	4,400,000
Frederick County	4,800,000
Northampton County	1,430,000
City of Norton	10,215,000
Richmond County	9,200,000
Rockbridge County	21,000,000
Stafford County	17,460,000

¹ Subject to adjustment of application amount prior to execution of Bond Sale Agreements. The principal amount of the 2012 Fall Local School Bonds is subject to adjustment on the date of sale of the 2012 Fall New Money Bonds to generate an amount of proceeds for the respective 2012 Fall Local Issuers substantially equal to the application amount of proceeds requested by such 2012 Fall Local Issuers.

EXHIBIT B

Refunding Candidates:

- (a) Any portion of the Bonds heretofore issued by the Authority and outstanding under the Bond Resolution the refunding of which shall achieve the aggregate present value debt service savings equal to at least 3.00% of the par amount of the callable Refunded Bonds.

- (b) Any portion of the Other Indebtedness issued pursuant to the Fluvanna Bond Resolution and outstanding thereunder the refunding of which shall achieve the aggregate present value debt service savings equal to at least 3.00% of the par amount of the callable bonds issued under the Fluvanna Bond Resolution.

EXHIBIT C

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]**

VIRGINIA PUBLIC SCHOOL AUTHORITY
School Financing Bonds (1997 Resolution)
[Refunding] Series 20__ _

CUSIP NO. _____

Dated: [November] [_], 2012

NOTICE IS HEREBY GIVEN that the Virginia Public School Authority has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 12 of the Series Resolution which was adopted on September 20, 2012, by the Board of Commissioners of the Virginia Public School Authority and which authorized the bonds described above. [The Authority anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Dated: _____

VIRGINIA PUBLIC SCHOOL AUTHORITY

By: _____

ATTACHMENT D

VIRGINIA PUBLIC SCHOOL AUTHORITY
- RESOLUTION -
AUTHORIZING THE ISSUANCE OF
UP TO \$23,266,225 IN SCHOOL TAX CREDIT BONDS
(DIRECT PAYMENT), SERIES 2012-1

September 20, 2012

WHEREAS, the Virginia Public School Authority ("VPSA") was duly created under and pursuant to Chapter 194 of the Acts of Assembly of Virginia of 1962 (as presently codified and amended, being Sections 22.1-162 through 22.1-175, inclusive, of Chapter 11, Title 22.1, Code of Virginia, 1950 (the "Enabling Act")), as a public body corporate and an agency and instrumentality of the Commonwealth of Virginia (the "Commonwealth"), and the Board of Commissioners of VPSA (the "Board"), also created by the Enabling Act, is the governing body of VPSA; and

WHEREAS, by a resolution adopted by the Board on September 11, 2009 (the "Program Resolution"), VPSA established the School Tax Credit Bond Program (the "Program") and authorized the execution and delivery of the Master Indenture, under which VPSA has provided for the issuance from time to time of VPSA Tax Credit Bonds for the purpose of providing funds for the purchase of Local School Bonds to finance the cost of Projects; and

WHEREAS, the Program Resolution and the Master Indenture contemplate that the VPSA Tax Credit Bonds will be (i) payable primarily from payments of the principal of the Local School Bonds and the investment earnings on the Local School Bond principal payments and (ii) secured primarily by a pledge of such payments and earnings, as well as the "state-aid intercept," funds in the Literary Fund available and appropriated for such purpose, and any funds in the general fund of the Commonwealth appropriated for such purpose as provided in Section 22.1-167.2 of the Enabling Act; and

WHEREAS, to further the purposes of the Enabling Act and the Program, VPSA has determined to issue the fifth Series of VPSA Tax Credit Bonds under the Master Indenture in an aggregate principal amount of up to \$23,266,225 (as more particularly described below, the "2012-1 Bonds"); and

WHEREAS, VPSA will use the proceeds of the 2012-1 Bonds to (i) purchase the Local School Bonds (the "2012-1 QSCB Local School Bonds") of all or a portion of the Localities (the "2012-1 QSCB Localities") to be listed in one or more Executive Orders issued by the Governor of the Commonwealth related to the distribution of the remainder of the Virginia QSCB allocation under Section 54F(c) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), to finance the cost of projects specified in such Executive Order (the "2012-1 QSCB Projects"), (ii) purchase the Local School Bond (the "2012-1 QZAB Local School Bonds" and,

together with the 2012-1 QSCB Local School Bonds, the "2012-1 Local School Bonds") of the City of Roanoke, Virginia (the "2012-1 QZAB Localities" and, together with the 2012-1 QSCB Localities, the "2012-1 Localities") to which the Virginia Secretary of Education has allocated portions of Virginia's QZAB allocation under Section 54E(c) of the Tax Code to finance the cost of qualified projects (the "2012-1 QZAB Projects" and, together with the 2012-1 QSCB Projects, the "2012-1 Projects"), and (iii) pay the issuance costs of the 2012-1 Bonds; and

WHEREAS, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of VPSA Tax Credit Bonds, VPSA shall deliver to the Trustee a Supplemental Indenture and in connection therewith, VPSA has prepared a Fifth Supplemental Trust Indenture (the "Fifth Supplemental Indenture"), between VPSA and the Trustee; and

WHEREAS, the Fifth Supplemental Indenture will set forth, among other things, (i) the specific payment and redemption provisions for the 2012-1 Bonds and (ii) provisions enabling VPSA and the 2012-1 Localities to benefit from the changes to the QSCB- and QZAB-related sections of the Tax Code set forth in Section 1501 of the Hiring Incentives to Restore Employment Act (the "HIRE Act") enacted on March 18, 2010 by the U.S. Congress; and

WHEREAS, the principal change made by Section 1501 of the HIRE Act is to allow an issuer of QSCBs and certain QZABs to elect to receive a direct payment of a refundable credit in lieu of providing a federal tax credit to the purchasers or holders of the QSCBs or QZABs; and

WHEREAS, the refundable credit payable with respect to each interest payment date will be equal to the lesser of (i) the amount of interest payable under the QSCB or QZAB on such date or (ii) the amount of interest which would have been payable under the QSCB or QZAB on such date if such interest was determined on the applicable credit rate determined under Section 54A(b)(3) of the Tax Code (that is, the amount of tax credit that could be claimed by the QSCB or QZAB holder absent the refundable credit election); and

WHEREAS, the foregoing arrangements will be reflected in the following documents, forms of which have been presented to this Board at this meeting: (i) the Fifth Supplemental Indenture, to which the form of the 2012-1 Bonds is attached as Exhibit A; (ii) VPSA's Preliminary Official Statement prepared in connection with the offering and sale of the 2012-1 Bonds, to be dated the date of its mailing (the "POS"); and (iii) a model Bond Sale Agreement (a "Bond Sale Agreement") to be entered into between VPSA and each of the 2012-1 Localities; and

WHEREAS, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Program Resolution, the Master Indenture or the Fifth Supplemental Indenture;

After careful consideration and to further the public purposes for which VPSA was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VPSA THAT:

1. There is hereby authorized the issuance of VPSA Tax Credit Bonds of VPSA to be known as the School Tax Credit Bonds (Direct Payment), Series 2012-1. The 2012-1 Bonds will be issued as a single Series for purposes of the Master Indenture, but for purposes of the Fifth Supplemental Indenture and the Tax Code portions of the 2012-1 Bonds may be issued

under two or more series designations. The 2012-1 Bonds shall be in substantially the form attached as Exhibit A to the Fifth Supplemental Indenture. VPSA shall use the proceeds of the issuance and sale of the 2012-1 Bonds in accordance with the Master Indenture and the Fifth Supplemental Indenture to purchase the 2012-1 Local School Bonds from the 2012-1 Localities to finance the cost of the 2012-1 Projects, and pay the issuance costs of the 2012-1 Bonds.

2. The Board hereby delegates to the Secretary/Treasurer and any Assistant Secretary/Treasurer, any of whom may act (each a "Delegate" and, collectively, the "Delegates"), the power with respect to the 2012-1 Bonds to determine and carry out the following:

(a) Method of Sale. To determine whether any or all of the 2012-1 Bonds shall be offered or sold via one or more of the following methods: (i) a competitive sale or (ii) a negotiated sale. If the chosen method of sale is negotiated, a Delegate is hereby authorized to negotiate the sale of the pertinent 2012-1 Bonds to be selected by the Delegate from among the firms comprising VPSA's underwriting team, which is composed of underwriters selected by the Virginia Department of Treasury in connection with its DM 11-001 2011 Request for Proposals for Underwriting Services (the "Underwriters"), and to execute on VPSA's behalf with the Underwriters a Bond Purchase Agreement in substantially the form approved and executed in connection with VPSA's School Tax Credit Bonds (Qualified School Construction Bonds), Series 2009-1 (the "Bond Purchase Agreement"), the terms of which Bond Purchase Agreement shall not conflict with the provisions of this Resolution;

(b) 2012-1 Bonds. To determine whether the 2012-1 Bonds shall be issued in one or more series, such determination to be made with the advice of VPSA's Financial Advisor, and to take into account, among other things, principles of fairness in establishing the prices to be paid to the 2012-1 Localities for their 2012-1 Local School Bonds;

(c) Principal Amount of the 2012-1 Bonds. To determine the aggregate principal amount of the 2012-1 Bonds, such amount, together with other available moneys, to be equal to a sum sufficient (i) to purchase the 2012-1 Local School Bonds, and (ii) to pay the issuance costs of the 2012-1 Bonds, but to be not in excess of \$23,266,225;

(d) Interest Rates. To determine the interest rate or rates on the 2012-1 Bonds or any series thereof, with no such rate to exceed 6.50% per annum;

(e) Maturities. To determine the maturities and maturity amounts of the 2012-1 Bonds, no maturity to extend beyond December 31, 2035, although it is noted that the 2012-1 Bonds or each series thereof is likely to be issued with a single maturity with a term not in excess of the maximum term established by the U.S. Secretary of Treasury in accordance with Section 54A of the Tax Code;

(f) Changes in Redemption Provisions. To determine any changes in the redemption provisions for the 2012-1 Bonds set forth in Article IV of the Fifth Supplemental Indenture;

(g) Dated Date. To determine the dated date or dates of the 2012-1 Bonds or any series thereof;

(h) Date of Sale. To determine the date or dates of sale of the 2012-1 Bonds or any series thereof; and

(i) Other Provisions. To determine any other provisions deemed advisable by a Delegate and not in conflict with the provisions of this Resolution.

To the extent all or any portion of the 2012-1 Bonds are to be sold competitively, the delegations set forth above are further subject to (i) the Financial Advisor's having recommended that the lowest conforming bid or bids to purchase the 2012-1 Bonds be accepted, (ii) the Delegate to whom the authority to accept the lowest conforming bid has been delegated having determined that the bid conforms in all material respects to the requirements of the related Official Notice of Sale, (iii) the Financial Advisor and such Delegate having determined that the bid to be accepted is the lowest bid conforming to the terms of the related Official Notice of Sale, (iv) the true interest cost of such bid not exceeding seven and one-half percent (7.50%) per annum (taking into account the refundable credit payments from the Secretary of the Treasury of the United States), and (v) the Board's not meeting on the date of the sale of 2012-1 Bonds for the purpose of receiving the bids to purchase the 2012-1 Bonds.

Delegates exercising authority granted by this Resolution shall execute a Certificate or Certificates evidencing determinations or other actions taken pursuant to the authority granted in this Resolution, and any such Certificate shall be conclusive evidence of the action or determination of such Delegate as stated therein.

3. A Delegate is hereby authorized to cause:

(a) Summary Notice of Sale. The preparation and publication in connection with the issuance of each series of 2012-1 Bonds to be sold by competitive sale of a Summary Notice of Sale in *The Bond Buyer*, a financial journal published in New York, New York, and devoted primarily to municipal bonds; and

(b) Official Notice of Sale and Bidding Process. The preparation and distribution of an Official Notice of Sale for each series of the 2012-1 Bonds to be sold by competitive sale to address the particular circumstances supporting the use of different series, and the steps to be taken by any Delegate to receive bids for each series of the 2012-1 Bonds either electronically through Parity or a comparable electronic bidding platform or through the delivery of sealed bids to VPSA.

4. The forms of the Fifth Supplemental Indenture, the 2012-1 Bonds, the Bond Purchase Agreement and the model Bond Sale Agreement are approved. The Chairman and any Delegate are authorized to execute and deliver on VPSA's behalf, and, if required, to affix and attest VPSA's seal on, the Fifth Supplemental Indenture, the 2012-1 Bonds, the Bond Purchase Agreement and the Bond Sale Agreements in substantially the forms submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman or the Delegate. Such approval shall be evidenced conclusively by the execution and delivery of such documents on VPSA's behalf. Each officer of VPSA is authorized to execute and deliver on VPSA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this

Resolution or contemplated by the Program Resolution, the Master Indenture, the Fifth Supplemental Indenture, the Bond Purchase Agreement, the Bond Sale Agreements or the 2012-1 Bonds. Any of the foregoing previously done or performed by any officer of VPSA is in all respects approved, ratified and confirmed.

5. A Delegate is authorized and directed to have the 2012-1 Bonds prepared, to have the 2012-1 Bonds executed pursuant to the terms of the Master Indenture and the Fifth Supplemental Indenture, to deliver the 2012-1 Bonds to the Trustee for authentication, and to cause the 2012-1 Bonds so executed and authenticated to be delivered to or for the account of the Underwriters or winning bidders upon payment of the purchase price thereof.

6. The POS is approved in substantially the form submitted to the Board at this meeting, with such changes, insertions or omissions as may be approved by any Delegate in consultation with VPSA's General Counsel, Bond Counsel and Financial Advisor. The Delegates, any of whom may act, in consultation with VPSA's General Counsel, Bond Counsel and Financial Advisor, are further authorized to deem the POS final on VPSA's behalf in accordance with Rule 15c2-12 of the U.S. Securities and Exchange Commission, to make such changes to the POS after the competitive sale of the 2012-1 Bonds to constitute such document as the final Official Statement for the 2012-1 Bonds, to execute such final Official Statement and to prepare, execute, publish and distribute any other disclosure or sale documents as may be deemed necessary or appropriate to effect the negotiated sale of the 2012-1 Bonds.

7. A Delegate is authorized to provide that the interest rates on each of the 2012-1 Local School Bonds to be purchased by VPSA shall be five basis points (0.05%) above the interest rates on the corresponding 2012-1 Bonds or that the related 2012-1 Locality will pay an upfront flat fee to compensate VPSA for the on-going costs related to administering the 2012-1 Bonds.

8. A Delegate is authorized and directed to execute and deliver on VPSA's behalf simultaneously with the issuance of the 2012-1 Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of the 2012-1 Bonds and include such covenants as may be necessary to establish and maintain the status of the 2012-1 Bonds as QSCBs and/or QZABs under the Tax Code. A Delegate is further authorized to (i) make on behalf of VPSA such elections under the Tax Code with respect to the 2012-1 Bonds as he or she may deem to be in the best interests of VPSA after consultation with VPSA's Bond Counsel and Financial Advisor, (ii) file or provide for the filing of the tax forms with the Internal Revenue Service to receive the refundable credit payments and (iii) provide for the transfer to the 2012-1 Localities of such portions of the refundable credit payments as may be provided in the Bond Sale Agreements and related documents.

9. The investment of all monies deposited in any of the funds or accounts established by the Master Indenture and the Fifth Supplemental Indenture will be governed by the sections of the Master Indenture and the Fifth Supplemental Indenture related to permitted investments. In addition, a Delegate authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the 2012-1 Bonds.

10. Each officer of VPSA is authorized to execute and deliver on VPSA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Program Resolution, the Master Indenture, the Fifth Supplemental Indenture, the Bond Purchase Agreement, the Bond Sale Agreements or the 2012-1 Bonds. Any of the foregoing previously done or performed by any officer of VPSA is in all respects approved, ratified and confirmed. Each of the authorizations provided to the Chairman in this Resolution may be carried out by the Vice-Chairman in the absence of the Chairman.

11. This Resolution shall take effect immediately.

Adopted: September 20, 2012

A Copy - Teste:

Assistant Secretary/Treasurer,
Virginia Public School Authority