

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

February 13, 2020

2:00 p.m.

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

Members Present: Suzanne S. Long, Chairman
Carolyn L. Bishop
Manju S. Ganeriwala
John A. Mahone
Ann H. Shawver
David A. Von Moll

Members Absent: Sarah B. Williams

**Financial Advisors
Participating via**

Teleconference:	Dianne Klaiss	Frasca & Associates, LLC
	Sonia Toledo	Frasca & Associates, LLC
	Allen Chan	Frasca & Associates, LLC
	Yulin Chen	Frasca & Associates, LLC

Others Present:	Janet Aylor	Department of Treasury
	Bradley L. Jones	Department of Treasury
	Sherwanda Cawthorn	Department of Treasury
	Richard Rhodemyre	Department of Treasury
	David Swynford	Department of Treasury
	David Back	Department of Treasury
	Eric Ballou	Kaufman & Canoles
	Benjamin Wills	Kaufman & Canoles
	Don Ferguson	Office of the Attorney General

CALL TO ORDER

With a quorum present, Ms. Long, the Chairman, called the meeting to order at 2:11 p.m. Ms. Long commented that Ms. Shawver was delayed but was expected to attend.

APPROVAL OF AGENDA

Chairman Long asked if there were any changes to the planned Agenda. Hearing none, she asked for a motion to approve the Agenda as presented. Ms. Bishop made a motion to approve the Agenda as presented. Mr. Mahone seconded the motion with unanimous approval by the Board. (Attachment A)

PUBLIC COMMENT

The Chairman invited the members of the public to address the Board with any public comment. There were no public comments.

APPROVAL OF MINUTES

Chairman Long asked if there were any changes or revisions to the February 14, 2019 meeting minutes. Hearing none, she asked for a motion to approve the February 14, 2019 meeting minutes. Ms. Bishop made the motion to approve the minutes as presented. Ms. Ganeriwala seconded the motion with unanimous approval by the Board. (Attachment B)

PRESENTATION OF SUMMARY OF THE DEBT CAPACITY ADVISORY COMMITTEE'S DECEMBER 2019 REPORT TO THE GOVERNOR AND GENERAL ASSEMBLY

Chairman Long commented that for several years, at the request of Mr. Mahone, staff has provided an overview of the annual Debt Capacity Advisory Committee (“DCAC”) Report. Mr. Jones noted a complete copy of the December 2019 Report (Exhibit 1) was included in the Board package. In his summary, Mr. Jones said up to \$765 million in additional debt can be authorized and issued in fiscal years 2020 and 2021. Mr. Jones highlighted several reasons for the increase over last year, which included: minimal change in the model interest rate used in the calculation; a similar level of 2019 authorizations to 2019 issuances, but with the issuances achieving lower actual interest rates than the rate applied in the model; and an increase in the revenue forecast. After Mr. Jones’ presentation, Mr. Mahone asked what amount of new debt was included in the Governor’s proposed budget. Mr. Jones responded that the introduced budget contained approximately \$2.6 billion of proposed debt. Mr. Mahone directed the Board’s attention to Virginia’s rankings for net tax-supported debt per capita and as a percentage of personal income and noted the growth in recent years. He then directed the Board’s attention to the summary section of the report and noted the discussion on maintaining strong financial budgeting practices. Mr. Mahone thanked Mr. Jones for his presentation and requested that Mr. Jones apprise the Board members of the final budget outcome.

Ms. Shawver arrived at 2:16 p.m.

Ms. Shawver posed a question regarding the new GASB 87 accounting standard related to operating leases and its impact on debt capacity. She commented the new rule implementation

will result in operating leases and vendor payments being scrutinized very closely beginning in fiscal year 2021. Mr. Jones responded that Mr. Von Moll and his section are working towards implementation of the new rule for fiscal year-end 2021. Mr. Jones added, in regards to debt capacity, staff has not analyzed the magnitude of the inclusion of operating leases. He noted the DCAC discussed the topic in December and plans to have a policy meeting to further discuss the item and a comprehensive review of what items are included and excluded from the model.

UPDATE ON VARIABLE RATE DEBT PROGRAM

Chairman Long asked Ms. Dianne Klaiss of Frasca & Associates, LLC (“Frasca”) to update the Board on the Authority’s Variable Rate Debt Bond (“VRDB”). Ms. Klaiss referred the Board to a handout in the package. (Exhibit 2) Ms. Klaiss said that a more critical review of the economics of the 2005D bonds is warranted given the Series 2005D’s current liquidity facility with Wells Fargo will expire in the fall of 2020. Ms. Klaiss reviewed the status of the bonds and recent and historical financial performance.

She noted Frasca’s recommendation for the Authority’s VRDB is to move the bonds out of the variable rate mode and into a fixed rate mode. Refinancing to fixed rate bonds would have the same 5-year final maturity and result in an estimated true interest cost of 0.98% compared to the current variable rate cost of 1.36%, which includes the variable rate as of late January plus the liquidity facility and remarketing fees. The estimated total net present value savings as of January 29, 2020 was \$727,955 or 1.46%. The Board, staff and Frasca engaged in a lengthy discussion of the particulars of moving the 2005D bonds into fixed rate bonds.

Chairman Long asked if the savings included the costs of issuance. Ms. Klaiss confirmed that the costs of issuance are included. Mr. Von Moll questioned if at some point the VPBA should consider a new variable rate issuance. Ms. Klaiss said that while there is no way to predict whether an increase in rates will happen or not, Frasca will monitor the bond market and variable to fixed rate spreads and look at opportunities to go to a variable rate structure again if worthwhile to the Authority.

In regards to the savings ratio, Ms. Shawver asked if there is a policy statement about the level of savings that should be attained. Mr. Jones said that typically it would be a 3% threshold. He added that VPBA is refunding the 2005D bonds not just for savings, but also to remove the variable rate risk and the risk of future negotiation of a liquidity facility. Ms. Aylor added that the while bonds have a five year maturity, Wells Fargo was unable to give the Authority a five-year term for the liquidity facility. Ms. Shawver requested that Staff continue to look at opportunities to utilize variable rate instruments.

Ms. Bishop asked if staff would need to come back to the Board with a resolution to issue fixed-rate refunding bonds, or has the Board provided the authority to staff to refund the bonds. Mr. Jones said staff has not had that broad authority, but the refunding resolution takes into consideration the ability to refund this series as part of a larger refunding issue. Mr. Ballou noted that the proposed resolution carves out the 2005D Bonds from the savings parameter. Mr. Ballou also added that the minutes should reflect that the Board understands that the refunding transaction brought before the Board today contemplates the fixing out of the 2005D variable rate bonds.

Mr. Mahone stated that the variable rate program has saved the Commonwealth millions of dollars and Ms. Klaiss agreed. He added that it has been a successful investment of approximately 2% of the debt outstanding for 15 years. Ms. Ganeriwala agreed that the variable rate program has been successful, but given the current market inflection, by refunding the bonds the Authority will be saving the Commonwealth even more money. Chairman Long asked if staff, working with Frasca, sees an opportunity to diversify in the future, would the Board need to reconvene. Mr. Jones responded that a meeting of the Board would need to be convened.

Mr. Von Moll noted he had another meeting at 3:00 pm. Staff moved forward with the presentation and review of the 2020 Bonds so that Mr. Von Moll would be able to vote on the resolution.

CONSIDERATION OF RESOLUTION AUTHORIZING VPBA SERIES 2020 BONDS

Chairman Long asked Mr. Jones to review the information for the proposed Series 2020 Bonds that includes the refunding of the variable rate debt. Mr. Jones reviewed the Preliminary Financing Summary for the proposed issuance. (Exhibit 3) He noted that VPBA is planning to issue four series of bonds consisting of tax-exempt and taxable new money bonds and tax-exempt and taxable refunding bonds. He noted the new money bonds are being issued to fund \$350 million of projects, of which \$250 million is planned to be tax-exempt and \$100 million is planned to be taxable. He noted the estimated par amounts as of January 29, which were as follows: \$195 million of tax-exempt new money bonds (Series 2020A); \$199 million of tax-exempt refunding bonds (Series 2020B); \$100 million of taxable new money bonds (Series 2020C); and \$9.8 million of taxable refunding bonds (Series 2020D). Mr. Jones stated the Series 2020 Bonds are scheduled to price competitively on March 10, 2020 and to close on or about April 14, 2020. He noted that as of January 29, the estimated all-in-true-interest costs were as follows: 2.32% for 2020A; 1.14% for 2020B; 2.58% for 2020C; 2.16% for 2020D; and 2.07% for the combined Series 2020 Bonds. He noted the costs of issuance are estimated to be \$390,000, but negotiations are underway in an effort to reduce costs. Ms. Ganeriwala asked Mr. Jones about the 10-year par call provision of the Series 2020A and 2020B Bonds noted in the Preliminary Financing Summary and how long the refunding bonds are expected to be outstanding. Mr. Jones clarified the call provision and noted that the Series 2020B Bonds don't extend beyond 10 years; therefore, the Series 2020A Bonds will be subject to the 10-year par call and the Series 2020B Bonds will be non-callable. He also noted the Series 2020D taxable refunding bonds are expected to extend 11 years, since that is an advanced refunding. He then reviewed the Preliminary Official Statement, Continuing Disclosure Agreements, Notices of Sale, 38th Supplemental Indenture, Bond Purchase Agreement, the Facilities Agreement and Amendment to Facilities Agreement documents.

Eric Ballou, the Authority's bond counsel, representing Kaufman & Canoles, reviewed the Resolution. (Attachment C) After Mr. Ballou's review of the Resolution, Chairman Long asked for a motion to approve the Resolution authorizing the issuance, sale and award of VPBA's Series 2020 Bonds. Mr. Von Moll made the motion to approve the Resolution. Ms. Bishop seconded the motion with unanimous approval from the Board. (Attachment D)

OTHER BUSINESS

Mr. Von Moll left at approximately 2:50 pm.

Ms. Cawthorn presented the Final Financing Summary (Exhibit 4) of the VPBA's Series 2019 A, B and C Bonds. The total par amount of the three series totaled \$336,950,000.

The Series 2019A Bonds had a final par amount of \$178,105,000, and the Series 2019B AMT Bonds totaled \$133,805,000. The Series 2019C Bonds were issued on a taxable basis and had a final par amount of \$25,040,000. All three series of bonds priced competitively at separate times on March 13, 2019 and had a closing date of April 2, 2019.

The 2019A Bonds had an All-in TIC of 2.932%. The 2019B Bonds had an All-in TIC of 3.104%. The 2019C Bonds All-in TIC totaled 2.63%. The Authority received ratings of AA+, Aa1, and AA+ from Fitch Ratings, Moody's Investors Service, and S&P Global Ratings.

The Senior Managing Underwriter for the Series 2019A Bonds was Barclays Capital. The Senior Managing Underwriter for the Series 2019B AMT Bonds was Morgan Stanley & Co. LLC. The Senior Managing Underwriter for the Series 2019C Taxable Bonds was Wells Fargo.

The total costs of issuance were \$272,809, a decrease from the estimated \$292,000 in the Preliminary Financing Summary presented in February 2019.

Chairman Long asked if there was any other business to come before the Board. No other business was brought before the Board.

ADJOURNMENT

The Chairman adjourned the meeting at 3:00 p.m.

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

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

**VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – FEBRUARY 13, 2020**

MOTION TO APPROVE FEBRUARY 13, 2020 MEETING AGENDA

I move to approve the Agenda as presented.

Motion: Ms. Bishop

Second: Mr. Mahone

Approval (Yes/No): Yes

Yeas: Unanimous*

Nays:

*Ms. Shawver was not present for vote.

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**VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – FEBRUARY 13, 2020**

MOTION TO APPROVE FEBRUARY 14, 2019 BOARD MEETING MINUTES

I move to approve the Minutes of the February 14, 2019 Board Meeting as presented.

Motion: Ms. Bishop

Second: Ms. Ganeriwala

Approval (Yes/No): Yes

Yeas: Unanimous*

Nays:

*Ms. Shawver was not present for vote.

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

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

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

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

WHEREAS, in furtherance of the purposes of the Act, the Authority has determined to issue under the Master Indenture its Public Facilities Revenue [and Refunding] Bonds, in one or more series or sub-series with appropriate year and series designations as provided herein, which series may be issued, as federally tax-exempt or taxable bonds, as applicable (the “Bonds”), to (a) finance the acquisition, construction, improvement, rehabilitation, furnishing and equipping of various public facilities for use by the Commonwealth and its agencies, (b) finance the Commonwealth’s payment of the costs of certain grants and of regional and local jail and juvenile detention facility projects (clauses (a) and (b) are collectively referred to in this Resolution as the “Projects”), (c) refund various Prior Bonds or maturities thereof if market and other conditions so warrant, and (d) pay costs of issuance of the Bonds, or any combination of the foregoing (Bonds issued to fund the purposes in clauses (a), (b) and (d) are referred to in this Resolution as “New Money Bonds” and Bonds issued for the purposes in clauses (c) and (d) are referred to in this Resolution as “Refunding Bonds”); provided, however, that before any Refunding Bonds are issued,

the State Treasurer shall determine, on behalf of the Authority and as provided below, which Prior Bonds are to be refunded and the related redemption dates;

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

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

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

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

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

(d) Thirty-Eighth Supplemental Indenture of Trust, to be dated the date determined by the State Treasurer (the "Thirty-Eighth Supplemental Indenture"), between the Authority and the Trustee, including the form of Bonds as an exhibit, authorizing the issuance of the Bonds in one or more series and providing for the security therefor, pursuant to the terms of the Master Indenture, and containing the Projects anticipated to be financed and refinanced with the proceeds of the Bonds;

(e) Continuing Disclosure Agreement in connection with the issuance of the Bonds (the "Continuing Disclosure Agreement") for the purpose of providing certain information for the benefit of holders of such Bonds; and

(f) The forms of Facilities Agreement and Amendment to Facilities Agreement with respect to the Projects or managing agents already parties to prior facilities agreements (together, such facilities agreements and amendments, as applicable, the "Facilities Agreements"), providing for certain matters regarding the operation and use of such projects; provided, however, that the departments, agencies and institutions of the Commonwealth amending a Facilities Agreement will be those acting as managing

agents with respect to applicable Projects or prior Authority projects.

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

1. Preliminary Official Statement. The Preliminary Official Statement, in substantially the form presented at this meeting with such completions, omissions, additions and changes as shall be approved by the State Treasurer (the Secretary/Treasurer of the Authority) or her staff in connection with each offering and sale of the Bonds, including without limitation issuance of one or more series of Bonds as federally taxable, the interest on which will be includable in gross income of the holders thereof for federal income tax purposes, and the financing of the Projects and refunding of Prior Bonds, is approved and the distribution thereof is authorized, including any such completions, omissions, additions and changes as shall be necessary or appropriate in connection with either a negotiated or competitive sale(s) of the Bonds and in one or more series or sub-series and from time to time, all as further described below. The Authority authorizes the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, to deem the Preliminary Official Statement final as of its date or dates for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and distribution of the Preliminary Official Statement shall constitute conclusive evidence that it has been deemed final as of its date, except for the omission of such pricing and other information as permitted by the Rule.

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

3. Notices of Sale. If all or any portion of the Bonds are to be sold through a competitive sale, the Notices of Sale in substantially the form presented at this meeting, with such completions, omissions, additions and changes as shall be approved by the State Treasurer or her staff in connection with the offering and sale of the Bonds, including the receipt of bids electronically, is approved and the distribution and advertisement thereof is authorized.

4. Issuance and Sale of the Bonds. Pursuant to the Act, the Authority authorizes the issuance of the Bonds in one or more series in accordance with the Master Indenture and the Thirty-Eighth Supplemental Indenture and the sale thereof through either a competitive or negotiated sale in order to finance Projects and refund Prior Bonds if market and other economic and financial conditions so warrant; *provided, however*, that:

- (a) (i) the aggregate stated principal amount of the New Money Bonds shall not exceed

\$380,000,000, whether issued as federally tax-exempt bonds, taxable bonds or a combination of both;

(ii) the final stated maturity of the New Money Bonds is not later than August 1, 2040;

(iii) the “true” interest cost of any series of the New Money Bonds shall not exceed (A) 3.75% for New Money Bonds issued on a taxable basis, or (B) 3.00% for New Money Bonds issued on a tax-exempt basis, taking into account original issue discount or premium, if any;

(iv) if sold through a competitive sale, the New Money Bonds shall be sold at a price not less than (A) 99.00% of the aggregate principal amount thereof for the New Money Bonds issued on a taxable basis, or (B) 98.00% of the aggregate principal amount thereof for the New Money Bonds issued on a tax-exempt basis; and

(v) if sold through a negotiated sale, the New Money Bonds shall not be sold to the Underwriters with an underwriter’s discount in excess of 1.0% of their aggregate principal amount; and

(b) (i) the aggregate stated principal amount of any Refunding Bonds shall not exceed \$250,000,000, whether issued as federally tax-exempt bonds, taxable bonds or a combination of both;

(ii) the final stated maturity of any Refunding Bonds shall not be later than the final maturity of the related Prior Bonds;

(iii) the “true” interest cost of any series of Refunding Bonds shall not exceed (A) 3.25% for the Refunding Bonds issued on a taxable basis, or (B) 2.25% for Refunding Bonds issued on a tax-exempt basis, taking into account original issue discount or premium, if any;

(iv) if sold through a competitive sale, any Refunding Bonds shall be sold at a price not less than (A) 99.00% of the aggregate principal amount thereof for the Refunding Bonds issued on a taxable basis, or (B) 98.00% of the aggregate principal amount thereof for the Refunding Bonds issued on a tax-exempt basis;

(v) if sold through a negotiated sale, any Refunding Bonds shall not be sold to the Underwriters with an underwriter’s discount in excess of 1.0% of their aggregate principal amount; and

(vi) the issuance of the Refunding Bonds shall achieve an overall net present value savings of at least 3% of the aggregate principal amount of the related Prior Bonds; provided, however, that for purposes of this parameter, the Refunded Bonds shall not include the Authority’s \$50,000,000 Variable Rate Public Facilities Revenue Bonds, Series 2005D.

5 Delegation to State Treasurer; Award of Bonds. The Authority hereby delegates

to the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, subject to and within the limitations set forth in this Resolution, the power with respect to the Bonds to determine and carry out the following:

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

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

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

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

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

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

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

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

6. Thirty-Eighth Supplemental Indenture, Bond Purchase Agreement and Facilities Agreements. The Thirty-Eighth Supplemental Indenture, the Bond Purchase Agreement

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

7. Official Statement. The Authority authorizes and directs the State Treasurer and her staff to complete the Preliminary Official Statement as an official statement in final form (the “Official Statement”). The Chairman or Vice-Chairman of the Authority, either of whom may act, is authorized and directed to execute the Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement and that the Authority has deemed it final within the meaning of the Rule. The Authority authorizes and directs its staff to arrange for the delivery to the Winning Bidders or the Underwriters, as applicable, of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the related Bonds, for distribution by the Winning Bidders or the Underwriters, as applicable, to each potential investor requesting a copy thereof and to each person to whom the Winning Bidders or the Underwriters, as applicable, initially sells Bonds. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidders or the Underwriters, as applicable.

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

9. Preparation of Bonds. The Chairman or the Vice-Chairman of the Authority, either of whom may act, and the Secretary/Treasurer or Assistant Secretary/Treasurer of the Authority, either of whom may act, are authorized and directed (a) to have the Bonds prepared and executed pursuant to the Master Indenture and the Thirty-Eighth Supplemental Indenture, (b) to

deliver them to the Trustee for authentication, and (c) to cause the Bonds so executed and authenticated to be delivered to, or for the account of, the Winning Bidders or the Underwriters, as applicable, upon payment therefor.

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

11. Other Undertakings. The Authority authorizes and directs its staff, the Financial Advisor, and its bond counsel, Kaufman & Canoles, a Professional Corporation: (a) to prepare all documentation and take all action necessary or desirable to bring the Bonds to market through a competitive or negotiated sale as soon as practicable, (b) to advertise the Bonds for sale, and (c) to take such actions as shall be necessary or appropriate to obtain a rating or ratings for the Bonds from Fitch Ratings Inc., Moody's Investors Service and/or S&P Global Ratings.

12. Other Documents. The Authority further authorizes and directs its officers to execute and deliver all certificates, instruments and documents and to take such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds, including, without limitation, execution and delivery of any applicable non-arbitrage certificate and tax compliance agreement setting forth the expected use and investment of proceeds of the Bonds issued as federally tax-exempt to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and the regulations issued pursuant thereto, applicable to "arbitrage bonds," making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of arbitrage profits earned on the investment of proceeds of the Bonds, providing for payment of any such rebate amount and providing for ongoing compliance to maintain the tax-exempt status of the Bonds, in particular setting forth written procedures for monitoring post-issuance compliance with requirements of the Code and the regulations issued pursuant thereto applicable to tax-exempt obligations, including necessary or desirable remedial actions, in accordance with the Authority's Post-Issuance Compliance Policy for Tax-Exempt Qualified Obligations (adopted by the Authority on January 19, 2010).

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

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

legislation and by Treasury Regulations 1.150-2 promulgated pursuant to the Code.

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

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

DRAFT

**VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – FEBRUARY 13, 2020**

MOTION TO APPROVE THE RESOLUTION AUTHORIZING VPBA BONDS

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

Motion: Mr. Von Moll

Second: Ms. Bishop

Approval (Yes/No): Yes

Yeas: Unanimous

Nays: