

FINAL

VIRGINIA COLLEGE BUILDING AUTHORITY BOARD OF COMMISSIONERS MEETING

June 1, 2018, 10:30 a.m.

Treasury Board Conference Room

James Monroe Building

101 North 14th Street, 3rd Floor

Richmond, Virginia

Members Present: John G. Dane, Vice-Chairman
McLain T. O’Ferrall, Jr.
Dennis C. LaGanza
Charles Evans Poston, Jr.
Daniel S. Timberlake
Manju S. Ganeriwala
David A. Von Moll

Members Absent: Lane B. Ramsey, Chairman
Peter A. Blake
Charles Mann

Others Present:	Donald R. Ferguson, Esq.	Attorney General’s Office
	George Scruggs, Jr., Esq.	Kutak Rock LLP
	Janet A. Aylor	Department of the Treasury
	James D. Mahone	Department of the Treasury
	Debora Greene	Department of the Treasury
	David Swynford	Department of the Treasury
	Caleb Harris	Raymond James
	Sean Ekiert	Raymond James
	Caroline C. Busch	Randolph Macon College
	Kevin A. White, Esq.	Kaufmam & Canoles, P.C.

Call to Order

Mr. Dane called the meeting to order at 10:38 a.m. After welcoming visitors, he asked if there were any members of the public present that wished to express comments to the Board. There were no public comments.

Mr. Dane asked if there were any comments or questions about the minutes of the April 11, 2018 Virginia College Building Authority meeting. Hearing none, he requested a motion for approval of the minutes. Mr. Von Moll made the motion; Ms. Ganeriwala seconded the motion, and all members present and voting unanimously adopted the motion.

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Consideration of Application from Randolph-Macon College for financing under the Virginia College Building Authority Private College Program.

Mr. Mahone introduced Ms. Busch from Randolph-Macon, Mr. White from Kaufman & Canoles-Bond Counsel to Randolph-Macon and Messrs. Ekiert and Harris of Raymond James – Financial Advisors to Randolph Macon. Mr. Mahone reviewed the Preliminary Financing Summary for the proposed issuance of Not to exceed \$30,000,000 of Virginia College Building Authority Educational Facilities Revenue Bonds (Randolph-Macon College), Series 2018

Mr. Mahone informed the Board that the Virginia College Building Authority is the issuer of the bonds but the obligor on the bonds is Randolph Macon College. The Bonds will be sold on a negotiated basis the week of June 18 and close on July 11, 2018. The rating, which will provided by Standard & Poor's is in process.

Mr. O'Ferrall asked what rate the college expect to receive on the bonds. Sean Ekiert with Raymond James stated they expect to receive an A rating. Mr. O'Ferrall then asked a question in reference to the Method of Sale. Mr. Ekiert stated that for this transaction, rather than having a competitive sale because this is a private college and a small transaction, the college has hired underwriters in advance and the selected underwriters will sell the bonds.

Mr. Mahone continued with his review of Preliminary Financing Summary. He noted that the True Interest Cost (TIC) is not to exceed 4.50%. Mr. Mahone completed his review of the Preliminary Financing Summary.

Mr. Mahone then reviewed the Randolph Macon Profile. He informed the Board that the State Council of Higher Education for Virginia provides this information when they receive notification that an application has been received from a private college to participate in the VCBA Private College Bond issuance program. The profile provides data on enrollment, admission, tuition and fees for the previous 5 years. Mr. Mahone completed his review and asked if there were any questions.

Mr. Dane asked a question regarding the Trustee for the issuance. Mr. Mahone stated the VCBA has a Master Indenture and explained when the VCBA is both the issuer and the obligor Bank of New York Mellon is the Trustee. Because this is Randolph Macon's obligation, they issued a request for bids from various trustee and awarded the business to Wilmington Trust N.A. Mr. Ekiert confirmed this was the case. Mr. Mahone then asked the Randolph-Macon Team to address the Board and review the Resolution.

Mr. Kevin White with Kaufman & Canoles, bond counsel to Randolph Macon introduced himself and Ms. Caroline C. Busch, Director of Budget and Finance to the Board.

Public Hearing

The public hearing was opened at 10:51 a.m. and closed at 10:52 a.m., after no members of the public asked to speak regarding the financing. The minutes of the public hearing are attached hereto as Attachment A. Mr. Kevin White reviewed the Resolution and bond documents.

Ms. Ganeriwala left the meeting at 11:00 am.

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Mr. Von Moll stated that he did not see the maturity dates for the refunding bonds and asked if this financing extending the final maturity. Mr. White stated that the current refunding is not extending the final maturity date of the existing debt. A discussion ensued.

Mr. LaGanza asked how much interest rate savings are they anticipating. Mr. White explained that since they are going from shorter-term interest rates to longer-term interest rates, they are not actually achieving interest rate savings, what they are achieving is a reduction of risk and a reduction of exposure to future changes with interest rates. Ms. Busch stated that this is based on today's rates. They do not know the impact of changing rates. A discussion ensued.

Mr. O'Ferrall asked why the college is issuing the bonds through the VCBA and not on their own. Mr. White responded in order for a 501(c)(3) to have a tax exempt financing, the borrower must use a governmental issuer. The college cannot issue on their own and receive a tax-exempt rate.

Mr. Dane asked if there were any other questions or comments on the Resolution. Hearing none, he asked if any member wanted to make a motion to approve the resolution authorizing the issuance of the bonds. Mr. O'Ferrall moved approval of the Resolution (Attachment B) of the Virginia College Building Authority authorizing the issuance of and sale of its Educational Facilities Revenue Bonds (Randolph-Macon College), Series 2018. Mr. Von Moll seconded, and all members present and voting unanimously adopted the motion.

Other Business and Adjournment

Ms. Greene reviewed the final financing summary for the Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2018A. She informed the Board that the bond issue priced competitively on May 16, 2018 and is schedule to close on June 6, 2018 The True Interest Cost of the financing is 2.2192%, Ms. Aylor informed the Board that bonds have a 7 year maturity.

Mr. Dane then asked if there were any additional comments or question from Board members. Hearing none. Mr. Dane requested a motion from Board members for dismissal. Mr. La Ganza made a motion for dismissal of the meeting. Mr. Poston seconded the motion, and the motion was unanimously adopted.

Having no other business to be brought before the Board, the meeting was adjourned at 11.13 a.m.

Adjournment

Respectfully submitted,
/s/Janet A. Aylor
Secretary

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

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ATTACHMENT A

VIRGINIA COLLEGE BUILDING AUTHORITY

Minutes of the Public Hearing
in Connection with the Issuance of Bonds for the Benefit of
Randolph Macon College
June 1, 2018, 10:30 a.m.
3rd Floor Conference Room, James Monroe Building
Richmond, Virginia

Members Present: John G. Dane, Vice-Chairman
McLain T. O’Ferrall, Jr.
Dennis C. LaGanza
Charles Evans Poston, Jr.
Daniel S. Timberlake
Manju S. Ganeriwala
David A. Von Moll

Members Absent: Lane B. Ramsey, Chairman
Peter A. Blake
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Others Present:	Donald R. Ferguson, Esq.	Attorney General’s Office
	George Scruggs, Jr. Esq.	Kutak Rock LLP
	Janet A. Aylor	Treasury
	James D. Mahone	Treasury
	Debora Greene	Treasury
	David Swynford	Treasury
	Caleb Harris	Raymond James
	Sean Ekiert	Raymond James
	Caroline C. Busch	Randolph Macon College
	Kevin White	Kaufmann & Canoles, P.C.

Mr. Dane opened the public hearing at 10:51 a.m.

Mr. Dane asked if anyone wished to address the Board.

No members of the public addressed the board at the hearing.

Mr. Dane closed the public hearing at 10:52 a.m.

Respectfully submitted,

/s/Janet A. Aylor

ATTACHMENT B

RESOLUTION OF THE VIRGINIA COLLEGE BUILDING AUTHORITY REGARDING THE ISSUANCE OF ITS EDUCATIONAL FACILITIES REVENUE BONDS THE PROCEEDS OF WHICH WOULD BE LOANED TO RANDOLPH-MACON COLLEGE

WHEREAS, Randolph-Macon College (the “Borrower”), a Virginia nonstock corporation that is exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has filed with the Virginia College Building Authority (the “Authority”), a public body corporate and a political subdivision, agency and instrumentality of the Commonwealth of Virginia (the “Commonwealth”), an application requesting the issuance by the Authority, pursuant to Title 23.1, Chapter 12, Article 2, Code of Virginia of 1950, as amended (the “Act”), of the Authority’s tax-exempt and/or taxable educational facilities revenue bonds, in one or more series, in an aggregate principal amount not to exceed \$30,000,000 (the “Bonds”);

WHEREAS, the Borrower has selected Merrill Lynch, Pierce, Fenner & Smith Incorporated (or, following its corporate entity transition expected in August 2018, BofAML Securities, Inc.) and Davenport & Company LLC as the underwriters for the Bonds (together, the “Underwriter”);

WHEREAS, the Borrower’s application contemplates that the proceeds of the Bonds would be loaned to the Borrower to be used in (a) refunding the Economic Development Authority of the Town of Ashland, Virginia (i) Educational Facilities Revenue Note (Randolph-Macon College Project), Series 2012, (ii) Educational Facilities Revenue Refunding Note (Randolph-Macon College Project), Series 2013, and (iii) Educational Facilities Revenue Refunding Note (Randolph-Macon College Project), Series 2017, each of which financed or refinanced various college facilities and capital improvements owned by the Borrower and located on its campus, (b) refinancing a commercial loan evidenced by the Borrower’s Promissory Note dated June 24, 2014, which financed certain student housing facilities owned by the Borrower and located on its campus, (c) financing all or a portion of the costs of issuance of the Bonds, and (d) to the extent permitted by the Act, and if elected by the Borrower, financing all or a portion of the costs of terminating certain interest rate swaps to which the Borrower is a party (collectively, the “Plan of Finance”);

WHEREAS, the Borrower is a non-profit institution of higher education in the Commonwealth with a primary purpose to provide collegiate education and not to provide religious training or theological education, and therefore constitutes a “participating institution” as defined in the Act;

WHEREAS, a public hearing with respect to the Plan of Finance was properly noticed pursuant to the Act and Section 147(f) of the Code, and held by the Authority on the date of adoption of this Resolution;

WHEREAS, the Borrower has informed the Authority that it desires to proceed immediately with implementing the Plan of Finance and has requested that the Authority authorize the execution

and delivery of the Bonds by the Authority's Chairman or Vice Chairman and its Secretary or Assistant Secretary, and the execution and delivery by the Chairman or Vice Chairman of the following documents (collectively, the "Bond Documents"), all subject to the conditions set forth in this Resolution:

(a) A Trust Indenture (the "Indenture") expected to be dated as of July 1, 2018, between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"), including as an exhibit the form of the Bonds;

(b) A Loan Agreement (the "Loan Agreement") expected to be dated as of July 1, 2018, between the Authority and the Borrower, including as an exhibit the form of the Borrower's promissory note (the "Note") evidencing the Borrower's obligations under the Loan Agreement;

(c) A Bond Purchase Agreement (the "Purchase Agreement") expected to be dated on or about June 20, 2018, among the Authority, the Borrower, and the Underwriter; and

(d) A Preliminary Official Statement (the "Preliminary Official Statement") furnishing to prospective purchasers of the Bonds certain information regarding the Bonds, the security therefor, the Borrower and the Authority; and

WHEREAS, as a result of an interpretive notice issued by the Municipal Securities Rulemaking Board, underwriters of bonds issued by the Authority are required (a) to provide to the Authority certain disclosures regarding the role of each Underwriter, its responsibilities, possible conflicts of interest and other matters, and (b) seek acknowledgement from the Authority of receipt of such disclosure.

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

1. The Authority determines that the Borrower is a participating institution (as defined in the Act) and that the proposed issuance and sale of the Bonds and the loan of the proceeds thereof to the Borrower are consistent with the purposes of the Act. The Authority approves the application of the Borrower and agrees to undertake the transactions required of it to assist the Borrower in implementing the Plan of Finance.

2. The Authority authorizes the issuance and sale of the Bonds subject to approval of the terms thereof by the State Treasurer of the Commonwealth (the "Treasurer") within the parameters set forth below.

3. The Authority recommends that the Governor of the Commonwealth (the "Governor") approve the issuance of the Bonds in his capacity as the "applicable elected representative" within the meaning of Section 147(f) of the Code.

4. The Chairman or Vice Chairman, either of whom may act, is authorized to execute and deliver the Bonds and the Bond Documents in such forms as may be approved by the Authority's counsel, and the Secretary or Assistant Secretary, either of whom may act, are authorized to affix and attest the seal of the Authority on the Bonds and such Bond Documents as may be necessary or appropriate. Such approval shall be evidenced conclusively by the execution and delivery of the Bonds and such Bond Documents.

5. Subject to the approval by the Governor of the issuance of the Bonds generally, the Treasurer is authorized to approve the specific final terms of the Bonds, including whether the Bonds are issued as serial bonds, term bonds or both, the date of the Bonds, their maturity dates, their interest rates, their denominations, their form and registration terms, their redemption terms, and their prices, which approval shall be evidenced conclusively by the execution and delivery of the Purchase Agreement, which the Treasurer is authorized to execute and deliver on behalf of the Authority, and the execution and delivery by the Chairman or Vice Chairman of the Indenture; provided, however, the Bonds shall (i) be payable solely out of revenues, property or other security derived from or provided by the Borrower, (ii) have a final maturity date not later than June 30, 2043, (iii) have an aggregate original principal amount (without regard to original issue premium or discount) not exceeding \$30,000,000, and (iv) have an all-inclusive true interest cost not to exceed 4.50%. The actions of the Treasurer shall be conclusive, and no further action to approve such details shall be necessary on the part of the Authority.

6. The Chairman or Vice Chairman, either of whom may act, is authorized and directed to accept the Note from the Borrower and to assign the Note, without recourse, to the Trustee as required by the Indenture.

7. The Authority approves and consents to the distribution by the Underwriter of the Preliminary Official Statement. The Chairman, Vice Chairman or Treasurer, any of whom may act, is authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission except for information the omission of which is permitted by Rule 15c2-12. The Authority authorizes the Chairman, Vice Chairman or Treasurer, any of whom may act, to execute and deliver to the Underwriter for distribution a final Official Statement reflecting the final terms of the Bonds, with such completions, omissions, insertions and changes as the Authority's counsel or the executing officer of the Authority may approve, and such officer's execution shall constitute conclusive evidence of the approval of any such completions, omissions, insertions and changes. Execution of the final Official Statement shall constitute conclusive evidence that the Official Statement has been deemed final within the meaning of Rule 15c2-12.

8. Each officer of the Authority is authorized to execute and deliver on behalf of the Authority such other instruments, documents or certificates, including, without limitation, a Non-Arbitrage and Tax Compliance Certificate and an IRS Form 8038 with respect to the Bonds, in the forms prepared by the Borrower's bond counsel and approved by the Authority's counsel (such approval to be evidenced conclusively by the execution and delivery of the same), and to take all such further action as they may be advised is necessary or desirable in connection with the issuance and sale of the Bonds and the implementing of the Plan of Finance.

9. All costs and expenses incurred in connection with the Plan of Finance, including, without limitation, the fees and expenses of the Authority and the fees and expenses of counsel to the Authority, bond counsel, counsel to the Borrower, counsel to the Trustee and counsel to the Underwriter, shall be paid promptly from the proceeds of the Bonds to the extent permitted by law or from funds of the Borrower, and the Authority shall have no liability therefor. If for any reason the Bonds are not issued, it is understood that all such fees and expenses shall be paid promptly by the Borrower and that the Authority shall have no responsibility therefor. The Authority's one-time fee equal to 1/10th of 1% of the initial principal amount of the Bonds shall be incurred and payable to the Authority upon issuance of the Bonds.

10. The Bonds shall not constitute a debt, liability or pledge of the faith and credit of the Commonwealth or any political subdivision of the Commonwealth. The Bonds shall be payable solely from the funds provided from revenues derived by the Borrower. Each of the Bonds shall state on its face that (a) neither the Commonwealth nor the Authority is obligated to pay such Bonds or the interest thereon except from revenues of the project or the portion of the project for which they are issued and (b) neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision of the Commonwealth is pledged to the payment of the principal of or the interest on such Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Commonwealth or any political subdivision of the Commonwealth to levy or pledge any form of taxation for the Bonds or make any appropriation for their payment.

11. At the request of the Borrower, the Authority hereby appoints Kaufman & Canoles, P.C. (or, following the transition of Kevin A. White, Esquire, expected in July 2018, Butler Snow LLP) as bond counsel to supervise the proceedings and approve the legality of the issuance of the Bonds and approves Merrill Lynch, Pierce, Fenner & Smith Incorporated and Davenport & Company LLC (or, following its corporate entity transition expected in August 2018, BofAML Securities, Inc.) as the underwriters for the Bonds.

12. It is understood and required that the financing documents shall provide that the Borrower shall indemnify and hold harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Bonds.

13. All other acts of the officers and agents of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the Plan of Finance are approved, ratified and confirmed.

14. This Resolution shall take effect immediately upon its adoption.

CERTIFICATE

The undersigned Secretary or Assistant Secretary of the Virginia College Building Authority hereby certifies that the foregoing is a true, correct and complete copy of a Resolution of the Authority, adopted at a meeting held on June 1, 2018, at which a quorum was present and acting, by a majority of the directors of the Authority present and voting at such meeting, and that such Resolution has not been repealed, revoked or rescinded, but is in full force and effect on the date hereof.

WITNESS the following signature and seal of the Authority, this ____ day of June, 2018.

[SEAL]

[Secretary] [Assistant Secretary]
Virginia College Building Authority