

**VIRGINIA RESOURCES AUTHORITY
BUDGET COMMITTEE MEETING
MINUTES OF THE REGULAR MEETING
HELD JUNE 11, 2018**

The Budget Committee of the Virginia Resources Authority met on Monday, June 11, 2018, in the Virginia Resources Authority Board Room, Bank of America Building, 19th Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Directors were present and acting throughout the meeting: Ms. Barbara McCarthy Donnellan, Ms. Janet A. Aylor as designee for Ms. Manju S. Ganeriwala, Mr. Cecil R. Harris, and Mr. Thomas L. Hasty, III. Mr. David Branscome and Ms. Mary Bunting were absent. Also present was Mr. Steve Pellei on behalf of Mr. Dwayne Roadcap, Ms. Valerie Thomson on behalf of Mr. David K. Paylor, and Mr. Reginald E. Gordon who joined the meeting at 1:54 p.m. Staff present were Ms. Hamlett, Mr. D'Alema, Mr. Doughtie, Mr. Farmer and Ms. Jones.

Mr. Hasty led the meeting, and Ms. Hamlett served as Secretary.

Mr. Hasty called the meeting to order at 1:32 p.m., and upon motion duly made by Mr. Harris and seconded by Ms. Donnellan, the agenda as presented was approved.

Budget Presentation

Fiscal Year 2018 Budget Update

Mr. Doughtie, Director of Administration and Finance, updated the Committee on the Fiscal Year 2018 budget. According to Mr. Doughtie, VRA projects revenues to be 2.5% over budget expectations with expenses under budget expectations, and \$1.8 million is projected to be transferred to reserves. Overall, VRA's revenues and expenses are similarly situated to Fiscal Year 2017. Ms. Donnellan asked why there was a difference in budget to actual expenses to which Mr. Doughtie replied that there are two reasons why expenses were below budget (1) personnel positions being vacant during the year and (2) the operations budget covers items like legal fees and provides a small cushion for unknown expenses. For fiscal year 2019, staff reviewed each line-item of the budget item in an effort to better align the budget with recent actual expenses. Ms. Hamlett commended Mr. Doughtie for his thorough review of the budget. Ms. Donnellan inquired whether the reduction in operating expenses was due to the reduction in number of loans, to which Mr. Doughtie replied no.

Fiscal Year 2019 Budget

Mr. Doughtie next provided the Committee with an overview of the Fiscal Year 2019 budget. VRA is looking at revenues of \$5 million, which is slightly ahead of this year's projections. He noted that there is a small reduction in operation costs and a small increase in personnel budget. Under the Fiscal Year 2019 budget, transferred reserves is estimated to be around \$1.3 million. In terms of bond program revenues, Mr. Doughtie stated that bond program

revenues for Fiscal Year 2019 are expected to be about \$3.2 million, a 1.4% decrease over the prior year. He noted that VRA has seen some volatility here but has taken a conservative approach regarding budget revenue for the bond programs because VRA does not know what demand will be in the future. Staff will continue to monitor this on a year-by-year basis. In terms of program revenues, Mr. Doughtie stated that program revenues are expected to be about \$1.5 million, a 12% increase over the prior year. These program revenues are based on both direct (i.e. Staff time charged to program activities and costs associated with programs) and indirect expenses (general administrative time and overhead). Fees paid by the Virginia Department of Health and the Department of Environmental Quality account for approximately \$1.1 million of the \$1.5 million in all non-VPFP program revenues. VRA has reviewed the budget with both agencies in advance of the Board meeting, and both agencies are comfortable with the Fiscal Year 2019 draft budget. Mr. Doughtie added that there has been no change in allocation methodology for the Fiscal Year 2019 budget.

Mr. Doughtie next discussed the expense side of the budget providing that the total proposed personnel budget is \$2.1 million, which is higher than the prior fiscal year. This increase is due to the merit increase of 2.57% for employees and the increase in health plan premiums. Ms. Aylor asked whether there was any change in the number of personnel positions to which Mr. Doughtie responded there has been no change in staffing level and no change in benefits offered. Mr. Hasty then asked where continuing education costs for Staff were in the budget. Mr. Doughtie answered that VRA has budgeted \$70,000 for continuing education to be used to attend conferences, classes, seminars, tuition requests (although there have been no tuition requests for Fiscal Year 2019). Ms. Thomson asked when the merit increase is effective to which Mr. Doughtie responded July 1. Mr. Doughtie highlighted that the operations budget for Fiscal Year 2019 is \$1.5 million, a decrease of 2.8% over the prior year. He noted that VRA reduced its budgeted expenses by \$61,000 based on thorough review of the account activity, while continuing to maintain flexibility for unexpected costs. Further, VRA continues to budget for Arbitrage and Trustees fees for borrowers. Mr. Hasty added that VRA should market this significant benefit to its borrowers.

Mr. Doughtie informed the Committee that VRA is looking to implement a new loan servicing software as VRA's current software was custom-developed over 15 years ago and needs to be updated. VRA put out a Request for Proposal (RFP) in March 2018 for such services and received five responses, two of which were selected for negotiations. VRA is expected to award the contract by June 30. Staff expects the costs of new IT software to be about \$150,000 with funding coming from both Fiscal Year 2018 and 2019 contributions. Mr. Hasty asked whether VRA had done a RFP for this in the past, to which Ms. Hamlett responded yes but the contract was terminated due to nonperformance. Ms. Thomson asked whether this was customized software made for VRA. Mr. Doughtie responded that this was off-the-shelf software that would be customized to VRA after implementation.


Mr. Doughtie concluded his Fiscal Year 2019 presentation by stating that the Fiscal Year 2019 budget continues to support all of VRA's objectives in its strategic plan, including enhanced outreach, continued quality underwriting and monitoring, optimizing technology and information systems, assuring financial stability, and maintaining a qualified staff.

Five-Year Projection

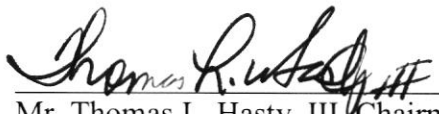
Mr. Doughtie next provided an update to the Committee on VRA's five-year projection. Even with conservative budgeting, projections show stable net revenues over the next five years. Furthermore, total targeted reserves are expected to be about \$22 million for Fiscal Year 2019. He noted that in Fiscal Year 2021 VRA projects that it will have its PRM reserve fully funded. Mr. Hasty asked whether a future recession would affect these numbers. Ms. Hamlett responded that the current administration is comfortable with VRA having this level of reserve as it protects the moral obligation of the Commonwealth of Virginia. She added that if VRA's reserve continues to grow and goes beyond what is needed, VRA will explore options to take pressure off the Commonwealth for the moral obligation.

Mr. Doughtie asked the Committee to consider a motion to recommend to the Board the adoption of the Fiscal Year 2019 budget as presented. Motion by Ms. Donnellan, seconded by Ms. Aylor. Motion carried.

As there were no matters of business or any further business to come before the meeting, the meeting was adjourned at 2:04 p.m.


Stephanie L. Hamlett, Executive Director
Board Secretary

APPROVED:


Mr. Thomas L. Hasty, III, Chairman of the Board

2331922

**VIRGINIA RESOURCES AUTHORITY
PERSONNEL COMMITTEE
MINUTES OF THE REGULAR MEETING
HELD JUNE 11, 2018**

The Personnel Committee of the Virginia Resources Authority met on Monday, June 11, 2018, in the Virginia Resources Authority Board Room, Bank of America Building, 19th Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Committee members were present and acting throughout the meeting: Mr. Reginald E. Gordon, Mr. Cecil R. Harris, Jr., Mr. Thomas L. Hasty, III, and Ms. Valerie Thomson on behalf of Mr. David K. Paylor. Ms. Jennifer Bowles was absent from the meeting. Other Board members present included: Ms. Barbara McCarthy Donnellan and Ms. Janet A. Aylor on behalf of Ms. Manju S. Ganeriwala. Staff present were Ms. Stephanie L. Hamlett, Ms. Stephanie Jones, Mr. Curtis Doughtie, and Ms. Catherine O'Brien.

Mr. Gordon served as Chairman of the meeting, and Ms. Hamlett as Secretary.

The meeting was called to order by Mr. Gordon at 2:08 p.m.

Approval of Agenda

The Committee meeting began with the approval of the agenda. There were no additions or deletions to the agenda. Upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Committee members noted above as being present, the agenda was approved.

Open Session

Fiscal Year 2019 Personnel Budget

Mr. Doughtie, Director of Administration and Finance, updated the Committee on the Fiscal Year 2019 personnel budget. VRA has budgeted a little over \$2.1 million for the personnel budget for Fiscal Year 2019, a 3% increase over Fiscal Year 2018. Mr. Doughtie stated that the reason for this increase in personnel budget over the prior year was primarily due to the one-step merit increase of 2.57% for employees, an increase in health care premiums, and a minor VRS rate increase from 4.62-4.67%. In terms of VRA's health insurance for Fiscal Year 2019, VRA continues to participate in the Local Choice program. Mr. Doughtie noted VRA currently pays 89% of health care premiums, above the 80% requirement under the health care plan and in line with the Commonwealth's estimated 87% contribution in the State plan. There have been no changes to the plan program or offering. He added that there will be a renewal premium increase of 4.8% with VRA and the employee to share in the increase. Employees would notice an increase of \$7.00 per month as a single and \$15.00 per month for family coverage.

Motion by Ms. Thomson, seconded by Mr. Hasty, to recommend approval of the Fiscal Year 2019 Personnel Services & Benefits budget to the Board. Motion carried.

Personnel Policies Manual Update

Mr. Doughtie next provided an update on the Personnel Policies Manual. VRA updated the Manual to add retiree health care benefits, as approved by the VRA Board in March 2018. VRA also added other items to the Manual including: age and eligibility requirements, noting the premium is the responsibility of the retiree, billing and payment procedures (i.e. bills sent prior to coverage, coverage being cancelled for non-payment), and updated COBRA billing language to mirror the retiree plan language.

Motion by Mr. Gordon, seconded by Mr. Hasty, to recommend approval of the Personnel Policies Manual as revised to the Board. Motion carried.

Cafeteria Plan Update

Mr. Doughtie discussed with the Committee updates made to VRA's Cafeteria Plan Document. The IRS requires a "Cafeteria Plan" document for any pre-tax benefit withholdings. According to Mr. Doughtie, VRA currently offers two FSA options: medical and dependent care. Recently, VRA switched to a new provider, who recommended VRA review the plan documents. In response, VRA updated its plan and such revisions were largely technical in nature, but there were two substantive updates to bring to the Committee's attention. First, VRA revised the plan year to match its fiscal year. Second, VRA will allow for a \$500 carryover in medical FSA instead of the grace period. Mr. Doughtie noted that Staff were informed and comfortable with these changes. He added that the other changes to the plan amounted to technical changes including updating definitions and allowing for debit/credit cards for plan participants. Mr. Harris asked who the new provider is to which Mr. Doughtie responded that Discovery Benefits is the provider.

Motion by Mr. Hasty, seconded by Mr. Harris, to recommend approval of the Cafeteria Plan Document as revised to the Board. Motion carried.

Closed Session

Mr. Gordon called for a motion to convene in closed session to discuss a personnel matter. Motion by Mr. Harris, seconded by Mr. Hasty, to enter into a closed meeting in accordance with Section 2.2-3711(A)(1) of the Code of Virginia, as amended, for the purpose of discussion and consideration of the performance, compensation and/or promotion of specific public officers, employees or appointees of VRA. Motion carried. The closed session convened at 2:19 p.m.

Open Session

The open session convened at 2:25 p.m. Mr. Doughtie read the following resolution certifying closed session.

RESOLUTION

WHEREAS, the Personnel Committee of the Board of the Virginia Resources Authority (the "Committee") has on June 11, 2018 convened a closed session pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act;

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Committee that such closed meeting was conducted in accordance with Virginia law;


NOW, THEREFORE, BE IT RESOLVED that the Committee does hereby certify that, to the best of each member's knowledge, (i) only the public business matters that were identified in the motion by which the closed session was convened and that were lawfully exempted by the Virginia Freedom of Information Act were discussed in the closed session to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed, or considered by the Committee.

Motion by Mr. Hasty, seconded by Mr. Harris, that the above-stated resolution certifying closed session be approved. A roll call vote on the motion resulted as follows. Ayes: Mr. Harris, Mr. Hasty, Ms. Thomson, and Mr. Gordon, Chair. Nays: None. Motion carried.

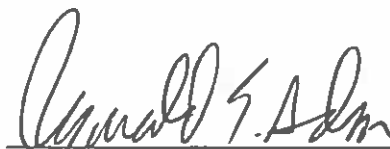
Mr. Gordon stated that based on the discussion in closed session, the Personnel Committee recommends a deferred compensation contribution for the Executive Director and a memorandum will be attached to the Personnel Committee meeting minutes. Motion by Mr. Hasty, seconded by Ms. Thomson. Motion carried.

There were no items of new business or any further business to come before the meeting.

The meeting adjourned at 2:27 p.m.


Stephanie L. Hamlett, Executive Director
Board Secretary

APPROVED:


Reginald E. Gordon, Chairman

2337900

June 12, 2018

Ms. Stephanie Hamlett
Executive Director
Virginia Resources Authority
1111 E. Main Street, Suite 1920
Richmond, VA 23219

RE: FY18 Performance Evaluation – Compensation Adjustment

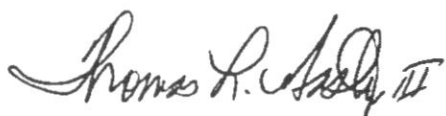
Dear Ms. Hamlett,

On behalf of the Board of Directors of the Virginia Resources Authority, I applaud and thank you for the accomplishments of the past year. VRA continues to serve its borrowers and the Commonwealth as a whole in an exemplary manner.

In recognition of your performance this year and in appreciation for the work performed as VRA General Counsel, the Board of Directors authorizes a one-time 2.57% bonus as a contribution to your 457 Deferred Compensation Plan.

Thank you for dedication and contributions to VRA.

Sincerely,



Thomas L. Hasty, III
Chairman

Cc: Personnel File

**VIRGINIA RESOURCES AUTHORITY
PORTFOLIO RISK MANAGEMENT COMMITTEE MEETING
MINUTES OF THE REGULAR MEETING
HELD JUNE 11, 2018**

The Portfolio Risk Management Committee of the Virginia Resources Authority met on Monday, June 11, 2018, in the Virginia Resources Authority Board Room, Bank of America Building, 19th Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Committee members were present and acting throughout the meeting: Ms. Barbara McCarthy Donnellan, Ms. Janet A. Aylor on behalf of Ms. Manju S. Ganeriwala, Ms. Valerie Thomson on behalf of Mr. David K. Paylor, and Mr. Thomas L. Hasty, III. Mr. Branscome was absent during the meeting. Other Board members present included: Mr. Cecil R. Harris, Jr., Mr. Reginald E. Gordon, and Mr. Steve Pellei on behalf of Mr. Dwayne Roadcap. Also present was Mr. Howard Eckstein of the Virginia Department of Health, Mr. Arthur Anderson of McGuireWoods, Mr. Ty Wellford of Davenport & Company LLC, Mr. Jay Bernas from the Hampton Roads Sanitation District, and Ms. Sarah Frey from PFM Financial Advisors, LLC. Staff present included: Ms. Kimberly S. Adams, Mr. Joe Bergeron, Mr. Shawn B. Crumlish, Mr. Peter D'Alema, Mr. Curtis Doughtie, Mr. Jonathan Farmer, Ms. Stephanie L. Hamlett, Ms. Stephanie Jones, Ms. Catherine O'Brien, Ms. Andrea Pearson, and Mr. Richard Rhodemyre.

Ms. Donnellan served as Chair of the meeting, and Ms. Hamlett as Secretary.

The Chair called the meeting to order at 2:31p.m. and asked if there were any additions or deletions to the agenda to which there were none. Motion by Ms. Aylor to approve the agenda, seconded by Ms. Thomson. Motion carried.

Mr. Crumlish, Director of Financial Services, provided an update to the Committee on the Hampton Roads Sanitation District ("HRSD"). According to Mr. Crumlish, in late 2017 the Board approved subordinate loans to HRSD, and Staff agreed to keep the Board updated. He introduced Mr. Jay Bernas, Chief Financial Officer/Director of Finance of HRSD, to give a presentation to the Committee regarding HRSD.

Mr. Bernas began his presentation to the Committee with some general background on HRSD. According to Mr. Bernas, HRSD provides wastewater treatment services to 18 localities totaling 20% of Virginia's population and is governed by a Commission with its own rate-setting authority. HRSD implemented its Adaptive Management Integrated Plan focusing on two capital initiatives – the SWIFT Project and the Regional Wet Weather Plan. Under the SWIFT Program, HRSD intends to treat wastewater to drinking water standards and inject this treated water into the aquifer instead of discharging into Virginia's waterways. This process has the benefit of reducing nutrients disposed of in the Chesapeake Bay by 90%, helping slow the sea level rise in the Hampton Roads area, providing sustainable ground water supply, and protecting the groundwater from saltwater contamination. HRSD plans to implement a Research and Demonstration Facility located at the Nansemond treatment plant, which will be used to monitor HRSD projects. Additionally, HRSD submitted its Integrated Plan in September 2017 to the Environmental

Protection Agency for \$1.8 billion in wet weather projects to prevent sanitary overflow (\$1 billion in locality projects and \$0.8 billion in HRSD projects). HRSD is continuing to negotiate with the EPA regarding this. Mr. Bernas stated that the concept of the Adaptive Management Integrated Plan places the SWIFT Project as a priority because the environmental benefits are greater. Between 2019 and 2030, HRSD plans to spend \$1 billion in SWIFT projects at five large plants and \$200 million towards wet weather projects. Between 2028-2030, HRSD plans to perform an optimization assessment to determine the best means of using available monies.

Mr. Bernas next presented to the Committee HRSD's financial forecast. HRSD's projected annual capital spending for the next twenty years is \$5.2 billion, with \$2.1 billion debt funded. He added that HRSD recently increased its debt service coverage from 1.40x to 2.0x in 2017. Mr. Bernas presented the Committee with a spreadsheet representing its twenty-year planning model, which he noted is included in HRSD's budget. He then discussed with the Committee the financial forecast metrics compared to the 2018 Fitch medians.

Mr. Bernas discussed with the Committee HRSD's Plan of Finance. He noted that HRSD needs to borrow \$2 billion to fund its projects and hopes to borrow from the CWRLF but is also looking at other funding sources. HRSD plans to undertake new money debt issuances, including both interim financing and debt issuance in alternating years. The next possible CWRLF request is July 2019 for calendar year 2020. Mr. Bernas discussed with the Committee HRSD's plan to close the senior lien with VRA between 2020-2024 tentatively. He added that Moody's upgraded HRSD's senior lien ratings in March in line with S&P and Fitch.

Mr. Bernas concluded his presentation with a summary of HRSD's pension and OPEB statistics. Mr. Bernas stated that HRSD's funded ratio was 82.5% for pensions as of June 30, 2016 and 86.1% for OPEBs as of June 30, 2017. Given these numbers, HRSD has a healthy funded ratio compared to most other localities. HRSD is looking at 100% funded OPEBs in 2025. Discussions ensued regarding Mr. Bernas' presentation.

Mr. Crumlish thanked Mr. Bernas for his presentation and discussed with the Committee increasing HRSD's concentration in VRA's portfolio to 30%. VRA's current policy defines a "material local government" as any local government whose aggregate outstanding principal balance represents more than 20% of the CWRLF loan portfolio. Under this policy, VRA is required to obtain approval from this Committee and the Board before authorizing any new debt exposure above 20% of the portfolio. He stated that under VRA's current portfolio, HRSD is the largest obligor holding 15% of the portfolio with the inclusion of pending CWRLF debt. However, HRSD's capital needs exceed the 20% threshold. He added that material local governments must comply with continuing disclosure requirements. He suggested loans can be excluded from the portfolio pledged to repay bondholders as an approach to avoid reaching the threshold of material local government. He noted that VRA has had borrowers in the past that held more than 30% of the portfolio, namely Alexandria Renew and Arlington County in 2004. VRA has robust debt service coverage for the Clean Water Program with \$1.58 billion in loan repayments (from both direct and leveraged loans) available for \$838 million in debt service. Mr. Crumlish highlighted to the Committee that there are potential rating agency concerns for VRA's clean water ratings. In terms of rating agency considerations, the primary factor for ratings is the default tolerance (i.e. a portfolio stress test). Under Moody's Investor Services criteria, the CWRLF has a portfolio

default tolerance of 57% compared to Aaa threshold of 25%, S&P Global Ratings has a CWRLF portfolio default tolerance of 100% versus AAA threshold of 40.61%, and Fitch Ratings has a CWRLF portfolio tolerance of 75.49% versus AAA threshold of 39.70%. Mr. Crumlish noted that portfolio concentration is a factor but it can be mitigated with high-quality borrowers and over-collateralization. Staff is recommending 30% concentration for HRSD which is still within limits of other AAA portfolios. Mr. Crumlish concluded his presentation highlighting the financial strengths of HRSD stating that HRSD provides services to 1.7 million people, processes 150 million gallons of wastewater per day, has strong management with comprehensive financial policies, and has credit ratings of AA+/AA for senior/subordinate debt. Given this, Staff recommend increasing HRSD's concentration in VRA's portfolio, which will provide HRSD with 3-5 years of visibility. He added that the SWIFT Project is a high priority among agencies. Discussions ensued amongst the Committee regarding borrower concentration. Ms. Hamlett noted that given the size of the population that HRSD services and the geographic scope of its services (i.e. the port and military base operations), HRSD provides a great service to the Commonwealth. Mr. Ty Wellford of Davenport & Company LLC added that in terms of the rating agency considerations, the Clean Water Program and its direct loan cash flows allow for VRA to increase to 30%.

Mr. Crumlish proposed one action item to the Committee, a motion to recommend approval to the Board of additional CWRLF debt exposure as presented by Staff. Motion by Ms. Donnellan, seconded by Mr. Hasty. Motion carried.

Mr. D'Alema, Director of Program Management, next provided the Committee with a brief overview of the results of the 2018A VPFP spring issuance of \$106 million in both tax-exempt and taxable VPFP bonds. He stated that the spring pool funded five of VRA's 18 authorized project areas including: Water, Wastewater, Local Government Building, Public Safety, and Transportation. Ratings of 'Aaa/AAA' on the Infrastructure Revenue Bonds and 'Aa2/AA' ratings on the State Moral Obligations Bonds were confirmed. According to Mr. D'Alema, VRA was able to keep cost of funds low with a 3.065% true interest cost and an all-in true interest cost of 3.241%. VRA sold senior lien tax-exempt bonds on a negotiated basis to four underwriters and sold subordinate bonds on a competitive sale basis. The biggest borrowers of the sale included the City of Winchester and the Northern Virginia Transportation Commission on behalf of the Virginia Railway Express, which refunded \$51.7 million in prior debt. Mr. D'Alema noted that there was a lower funding volume in this issuance, which was expected due to the elimination of advance refundings in Tax Cuts and Jobs Act of 2017. He added that VRA's Fiscal Year 2018 and 2019 budgets incorporate expectations for lower VPFP issuance due to reduced advance refunding activity.

Mr. D'Alema next provided the Committee with an update on the VPFP portfolio summary post-2018A spring pool issuance. Mr. D'Alema noted that there is \$2.47 billion in total borrower loans outstanding and the portfolio has shown stable growth. He noted that the top 10 borrowers represent 36.92% of the overall VPFP portfolio, with the largest borrower representing 7.89%. Furthermore, the City of Winchester became a top 10 borrower with the 2018A issuance.

Mr. D'Alema discussed with the Committee the VPFP five-year issuance trend for Fiscal Years 2014-2018 and the moral obligation debt capacity. He noted that there was a decline in

issuance since Fiscal Year 2015, which is primarily due to the change in refunding volume. VRA expects the demand to settle to between \$100-200 million annually. In terms of the moral obligation debt capacity, Mr. D'Alema noted that the Commonwealth moral obligation debt totals about \$927 million after the VPFP 2018A issuance, with approximately \$573 million remaining in moral obligation debt capacity post-2018A issuance. He noted that VRA expects to remain somewhere in the \$600 million range for moral obligation issuance capacity by fall 2018, which should last for the next 10-20 years.

Mr. D'Alema provided the Committee updates on the City of Petersburg and BVUA loans. He noted that VRA continues to monitor the financial condition of the City of Petersburg, and Petersburg remains current on its debt service payments due to VRA on its 3 VPFP loans and one CWRLF loan. He added that there are currently two CWRLF loan requests still under consideration. Mr. D'Alema noted that the only new item to bring to the Committee's attention since the March meeting is the release of the Robert Bobb Group report regarding Petersburg operations. The report made recommendations to Petersburg, some of which have been implemented and some of which have not been implemented. Recent turnover in upper level management has been an issue for Petersburg. VRA is expected to meet with Petersburg over the summer primarily to discuss the findings of the recent Robert Bobb Group report. In terms of BVUA, the financial performance appears to be stronger than budgeted. Mr. D'Alema added that Sunset Digital Communications (the anticipated purchaser of Optinet) is working with a new funding partner for the sale of its Optinet system. Negotiations are still in the works but the sale is still anticipated for calendar year 2018. If the sale fails, BVUA plans to increase cable rates to ensure a balanced Optinet budget in FY2019. Mr. D'Alema added that BVUA plans to pay off its debt before September 2020 even if the Optinet system is not sold as anticipated.

Mr. D'Alema discussed with the Committee the 2018B VPFP summer pool issuance. He noted that VRA received three applications, but none of them are moving forward. However, VRA expects two of these three applications to be a part of the fall pool. According to Mr. D'Alema, there will be a summer sale for an existing VPFP borrower that is looking to refund around \$30 million of prior VPFP exposure for approximately \$5.3 million in debt service savings. Because there is only one borrower, the costs of issuance are expected to be higher; however, the borrower wants to move forward due to the possibility of higher market interest rates in the fall of 2018. Mr. D'Alema discussed the schedule of the 2018B VPFP summer pool.

Mr. D'Alema next provided updates on the VARF and Dam Safety Fund. In terms of the VARF, Mr. D'Alema noted that discussions are ongoing with both the Chesapeake Airport Authority regarding a potential \$3.5 million loan to finance new hangar facilities and the Charlottesville-Albemarle Airport regarding a potential \$8.5 million for parking and other improvements. Staff will keep the Committee and Board updated as these progress. In terms of the Dam Safety Fund, \$1.26 million of dam safety grants have been disbursed by VRA year to date in FY2018 related to 37 grants from the 2011-2017 funding cycles. He added that approximately \$562,000 is anticipated to be awarded in dam safety reimbursement grants to private and public dam owners as part of the 2018 funding cycles.

Mr. D'Alema next presented to the Committee an overview of the VirginiaHELPS program. He stated that the program was established last year by the Board to help distressed

localities that may not qualify for financing under other existing VRA programs. The VirginiaHELPS program has authorization for \$50 million but has not issued a loan yet and does not expect to in the near future. Staff is requesting Board approval for VirginiaHELPS as part of the Fiscal Year 2019 shelf resolutions in the event there is unexpected demand for the program.

Mr. D'Alema offered the following six shelf resolutions to the Committee: (1) VPFP shelf resolution authorizing up to \$400 million in Fiscal Year 2019 issuance, (2) VARF shelf resolution authorizing up to \$20 million in Fiscal Year 2019 issuance, (3) Refunding shelf resolution authorizing the refunding of any VRA bonds as long as a there is a minimum of 3% NPV savings as a percentage of refunded par can be achieved, (4) VirginiaHELPS shelf resolution authorizing issuance by VRA on behalf of local government borrowers up to \$50 million in Fiscal Year 2019, (5) VASAVES Green Community Program shelf resolution authorizing the issuance of any remaining Qualified Energy Conservation bond allocation in Fiscal Year 2019, to the extent permitted by law, and (6) Clean water declaration of intent to reimburse certain expenditures with the proceeds of bonds.

Motion by Ms. Donnellan, seconded by Ms. Aylor, recommending approval by the Board of the Fiscal Year 2019 shelf resolutions and reimbursement resolution as presented by Staff. Motion carried.

Ms. Donnellan thanked Mr. Crumlish and Mr. D'Alema for their presentations to the Committee and asked if there were any other items to discuss.

As there were no new items of business or any further business to come before the meeting, the meeting was adjourned at 3:44 p.m.



Stephanie L. Hamlett, Executive Director
Board Secretary

APPROVED:



Barbara McCarthy Donnellan, Chairman

**VIRGINIA RESOURCES AUTHORITY
BOARD MEETING
MINUTES OF THE REGULAR MEETING
HELD JUNE 12, 2018**

The Board of Directors of the Virginia Resources Authority met on Tuesday, June 12, 2018, in the Virginia Resources Authority Board Room, Bank of America Building, 19th Floor, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

The following Directors were present and acting throughout the meeting: Directors Thomas L. Hasty, III, Barbara McCarthy Donnellan, Cecil R. Harris, Jr., Mark K. Flynn, Valerie Thomson on behalf of David K. Paylor, Manju S. Ganeriwala, and Steve Pellei on behalf of Dwayne Roadcap. Directors Branscome, Bunting, Bowles, and Gordon were absent. Also present were Ty Wellford and Mitchell Crowder of Davenport & Company LLC, Arthur Anderson and David Gustin from McGuireWoods LLP, Ronald L. Tillett and his associate from Raymond James & Associates, Inc., and Howard Eckstein from the Virginia Department of Health. Staff present were Ms. Adams, Mr. Bergeron, Mr. Crumlish, Mr. D'Alema, Mr. Doughtie, Mr. Farmer, Ms. Hamlett, Ms. Jones, Ms. McKinney, Ms. O'Brien, Mr. Panos, Ms. Pearson, and Mr. Sayles.

Mr. Hasty served as Chairman of the meeting, and Ms. Hamlett as Secretary.

The Chairman called the meeting to order at 9:03 a.m., and upon motion duly made by Ms. Donnellan and seconded by Ms. Ganeriwala, the agenda as presented was approved.

The Board considered the first item on the agenda, which was approval of minutes. Upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as present, the minutes of the Personnel Committee meeting on March 12, 2018, the Portfolio Risk Management Committee meeting on March 12, 2018, and a regular meeting of the Board of Directors held on March 13, 2018, were approved as previously distributed.

Presentation

Mr. Ronald L. Tillett, on behalf of Raymond James & Associates, Inc., presented the Board with the Virginia flag that was flown in Memphis, Tennessee to commemorate the 2009 bond issuance with VRA and Raymond James representing the largest transaction to date in both VRA and Raymond James' history.

Mr. Hasty thanked Mr. Tillett for his presentation. Ms. Hamlett added that former Director Mr. O'Brien would have been very excited to have the Virginia flag flown in Memphis, Tennessee and thanked Mr. Tillett for his hard work and his services.

Executive Director Report

Ms. Hamlett, Executive Director, presented the Executive Director's Report to the Board, and she encouraged the Board to review the report. Ms. Hamlett provided brief introductory

remarks and stated that Mr. Hasty has been reappointed for another term as Chairman. She noted that the one item to bring to the Board's attention was that dredging was approved as an eligible VRA project. VRA will draft a letter to local governments who may be interested in the program. She also updated the Board on the Tobacco Region Revitalization Commission (TRRC) and their requests for loans relating to the CCAM. Initially, CCAM was created as part of an incentive package to bring Rolls Royce to the Commonwealth but currently that project runs at a deficit for operating costs and wants a TRRC loan from VRA. The credit has come over to VRA; however, VRA learned that the amount of money CCAM was asking for was not going to save them. VRA brought this to the attention of the Governor's office. She added that Mr. Crumlish will meet with the Governor, the Department of Planning and Budget, and the money committees' staff to explain why this loan is not feasible.

Committee Reports

Budget Committee Report

Mr. Hasty, on behalf of the Budget Committee, asked Mr. Doughtie, Director of Administration and Finance, to update the Board on the matters discussed at the Budget Committee meeting yesterday. Mr. Doughtie introduced the Fiscal Year 2018 budget stating that VRA's overall revenues and expenses are similar to Fiscal Year 2017 with \$1.8 million projected to be transferred to reserves. Mr. Doughtie next introduced the Fiscal Year 2019 budget stating that there are no significant changes to the Fiscal Year 2018 budget with \$1.3 million projected to be transferred to reserves. In terms of the operations budget for Fiscal Year 2019, Staff has spent time going through the budget line-by-line and has found ways to reduce VRA's operating budget while maintaining some cushion in case of any legal issues. VRA has used a conservative approach on the budget in terms of the pooled programs as VRA does not know where demand will lie in the future. VRA has reviewed the budget with both the Virginia Department of Health and the Department of Environmental Quality in advance of the Board meeting, and both agencies are comfortable with the Fiscal Year 2019 draft budget. In terms of the personnel budget for Fiscal Year 2019, VRA is looking at a budget of \$2.1 million for personnel costs, a small increase over the prior fiscal year. Such increase is due primarily to merit adjustments and an increase in health care premiums. There is no change in staffing levels or benefits offered. VRA continues to budget for trustees fees and arbitrage services fees for its borrowers. Finally, Mr. Doughtie informed the Board that VRA is looking for a new IT software system. It has received bids on its Request for Proposal for a new loan servicing system and is expected to award the contract in late June. VRA estimates the software to cost about \$150,000 to pay for purchase, customization and training, with funding coming from both Fiscal Year 2018 and 2019 contributions. Mr. Doughtie concluded that the Fiscal Year 2019 budget continues to align with the Board's Strategic Plan goals.

Mr. Doughtie next provided the Board with an update on the five-year projection stating that, even with conservative estimates on the bond program, VRA is still showing positive net revenue between \$900k and \$1.3 million. As a result of this, VRA does not plan to increase fees in the short term. Mr. Doughtie added that Fiscal Year 2019 reserves are expected to land at \$20 million versus targeted reserves of \$22 million. Mr. Doughtie noted that projections show that VRA will meet its reserves target in Fiscal Year 2021; however, this can change year to year based

on borrower composition. He concluded that the Committee gave good feedback for next steps if VRA does meet its PRM reserve target. The Board did not have any questions.

Motion by Mr. Hasty, seconded by Ms. Donnellan, to approve the Fiscal Year 2019 budget as presented. Motion carried.

Personnel Committee Report

Mr. Harris thanked those Committee members in attendance at the Personnel Committee meeting and asked Mr. Doughtie to present to the Board what was discussed at the Committee meeting.

Mr. Doughtie introduced the Personnel Budget for Fiscal Year 2019 and highlighted that increases in the personnel budget were due primarily to the one-time merit increase of 2.57%, an increase in health care premiums, and a minor VRS rate increase to 4.67%. He added that VRA continues to participate in the Local Choice program and pays 89% of premiums for its employees, even though only 80% is required under the plan. There have been no changes in plan offerings.

Motion by Mr. Harris, seconded by Ms. Ganeriwala, to approve the Fiscal Year 2019 Personnel Services & Benefits budget as presented. Motion carried.

Mr. Doughtie next provided to the Board an update on the Personnel Policies Manual. VRA updated the Manual to add retiree health care benefits, as approved by the Board in March 2018. VRA also added other items to the Manual including: age and eligibility requirements, noting the premium is the responsibility of the retiree, billing and payment procedures (i.e. bills sent prior to coverage, coverage being cancelled for non-payment), and updated COBRA billing language to mirror the retiree plan language.

Motion by Mr. Hasty, seconded by Ms. Ganeriwala, to approve Personnel Policies Manual update as presented. Motion carried.

Mr. Doughtie next presented to the Board an update on the Cafeteria Plan Document. According to Mr. Doughtie, the IRS requires a "Cafeteria Plan" document for any pre-tax benefit withholdings. Recently, VRA switched to a new provider, who recommended some changes to VRA's plan. In response, VRA updated its plan and such revisions were largely technical in nature, but there were two substantive updates to bring to the Board's attention. First, VRA revised the plan year to match its fiscal year. Second, VRA will allow for a \$500 carryover in medical FSA instead of the grace period. Mr. Doughtie noted that Staff were informed and comfortable with these changes. He added that the other changes to the plan amounted to technical changes including allowing for debit/credit cards for plan participants.

Motion by Mr. Harris, seconded by Ms. Ganeriwala, to approve the Cafeteria Plan Document as presented. Motion carried.

Ms. Ganeriwala asked one follow up question regarding whether the \$500 carryover is required by the IRS. Mr. Doughtie responded that the IRS allows for this but does not require it. The employer has to adjust its plan to allow for this.

Mr. Doughtie concluded his presentation by stating that the Committee entered into Executive Session regarding the compensation of the Executive Director. Mr. Harris stated that the Personnel Committee met and recommended the Board approve a deferred compensation contribution of 2.57%. Mr. Harris read a motion to approve the deferred compensation contribution for the Executive Director. Motion by Mr. Harris, seconded by Ms. Donnellan to approve. Motion carried.

Portfolio Risk Management Committee (PRMC) Report

Ms. Donnellan, Chair of the Portfolio Risk Management Committee, asked Mr. Crumlish, Director of Financial Services, to begin the presentation on behalf of the PRMC.

Mr. Crumlish began his presentation by providing an update to the Board on the status of the Hampton Roads Sanitation District ("HRSD"). Mr. Crumlish noted that Jay Bernas, Chief Financial Officer/Director of Finance of HRSD, presented to the Committee an update on HRSD's Adaptive Implementation Plan focusing on the SWIFT Program and the Regional Wet Weather Plan. Mr. Bernas informed the Committee that under the SWIFT Program, HRSD treats wastewater to drinking water standards and injects it into the aquifer. This has the benefit of reducing nutrients disposed in the Bay by 90%, helping slow the sea level rise in the Hampton Roads area, providing sustainable ground water supply, and protecting the groundwater from saltwater contamination. Additionally, HRSD submitted its Integrated Plan in September 2017 to the EPA for \$1.8 billion in wet weather projects to prevent sanitary overflow (\$1 billion in locality projects and \$0.8 billion in HRSD projects). Mr. Crumlish added that HRSD has increased its debt service coverage from 1.4x to 2.0x, which is in line with Fitch's criteria. He continued that in the next 20 years HRSD is planning \$5 billion in capital projects. Therefore, every dollar HRSD can borrow from VRA's CWRLF Program is helpful. Mr. Crumlish noted that currently all loans with HRSD are within revenue credit guidelines, which requires approval from the Board when borrower concentration increases to the level of a material obligor (15% in VPFP program and 20% in CWRLF program). Currently, HRSD represents 15% of the portfolio and is asking the Board to increase that concentration to 30%. Mr. Crumlish noted that in the past VRA has had other borrowers at this level, namely Alexandria Renew and Arlington. He stated that the question becomes how does borrower concentration affect VRA's CWRLF rating. However, Mr. Crumlish stated that VRA's plan is to exclude the loans that we just closed and are about to close with HRSD from VRA's portfolio so there should be no effect on VRA's ratings. Mr. Crumlish stated that due to the fact that HRSD is a highly rated entity with strong management practices, staff recommends that the Board allow its concentration in the portfolio to increase up to 30%. He added that there is a dual board approval process with the State Water Control Board.

Ms. Ganeriwala asked a follow up question of whether this is a change to the policy or a one-time adjustment. Ms. Hamlett responded this is a one-time increase.

Motion by Ms. Donnellan to approve additional CWRLF debt exposure as presented, seconded by Mr. Flynn. Motion carried.

Mr. D'Alema, Director of Program Management, next provided the Board with a brief overview of the results of the 2018A VPFP spring issuance, which sold \$106 million in both tax-exempt and taxable VPFP bonds. He stated that the spring pool funded five of VRA's 18 authorized project areas including: Water, Wastewater, Local Government Building, Public Safety, and Transportation. Ratings of 'Aaa/AAA' on the Infrastructure Revenue Bonds and 'Aa2/AA' ratings on the State Moral Obligations Bonds were confirmed. According to Mr. D'Alema, VRA was able to keep cost of funds low with a 3.065% true interest cost and an all-in true interest cost of 3.241%. VRA sold senior lien tax-exempt bonds on a negotiated basis and sold subordinate bonds on a competitive sale basis. The biggest borrowers of the sale included the City of Winchester and the Northern Virginia Transportation Commission on behalf of the Virginia Railway Express, which refunded \$51.7 million in prior debt. Mr. D'Alema noted that there was a lower funding volume in this issuance, which was expected due to the elimination of advance refundings in Tax Cuts and Jobs Act of 2017. He noted that VRA's Fiscal Year 2018 and 2019 budgets incorporate expectations for lower VPFP issuance due to reduced advance refunding activity.

Mr. D'Alema next updated the Board on the VPFP portfolio summary post-2018A spring pool issuance. Mr. D'Alema noted that there is \$2.47 billion in total borrower loans outstanding and the portfolio has shown stable growth. He noted that the top 10 borrowers represent 36.92% of the overall VPFP portfolio, with the largest borrower representing 7.89%. The City of Winchester became a top 10 borrower with the 2018A issuance, which is a good credit to have in the top 10 list due to its strong general obligation ratings and revenue pledge.

Mr. D'Alema discussed with the Board the VPFP five-year issuance trend for Fiscal Years 2014-2018 and the moral obligation debt capacity. He noted that there was a decline in issuance since Fiscal Year 2015, which is primarily due to the change in refunding volume. VRA expects the demand to settle to between \$100-200 million annually. In terms of the moral obligation debt capacity, Mr. D'Alema noted that the Commonwealth moral obligation debt totals about \$927 million after the VPFP 2018A issuance, with approximately \$573 million remaining in moral obligation debt capacity post-2018A issuance. He noted that VRA expects to remain somewhere in the \$600 million range for moral obligation issuance capacity, which should last for the next 10-20 years.

Mr. D'Alema provided the Board updates on the City of Petersburg and BVUA loans. He noted that VRA continues to monitor the financial condition of the City of Petersburg, and Petersburg remains current on its debt service payments due to VRA on its 3 VPFP loans and one CWRLF loan. There are currently two CWRLF loan requests still under consideration. Mr. D'Alema noted that the only new item to bring to the Board's attention since the March meeting is the release of the Robert Bobb Group report regarding Petersburg operations. The report made recommendations to Petersburg, some of which have been implemented and some of which have not been implemented. Recent turnover in upper level management has been an issue for Petersburg. VRA is expected to meet with Petersburg over the summer to discuss the feasibility of Petersburg going forward and issues remaining. Mr. Hasty asked whether there was anything

in Petersburg agreements with VRA that required Petersburg give notice in change in management turnover. Mr. D'Alema responded that currently there is nothing that would require notice of turnover. Ms. Hamlett added that VRA did have the ability to approve future debt issuances under the terms of its 2014 debt issuance; however, this debt has since been refunded. She noted that VRA will insist on this in the future.

In terms of BVUA, the financial performance appears to be stronger than budgeted. Mr. D'Alema added that BVUA found a new funding partner for the sale of its Optinet system. Negotiations are still in the works but the sale is still anticipated for mid-July 2018. If the sale fails, BVUA plans to increase cable rates. Mr. D'Alema added that BVUA plans to pay off its debt before September 2020.

Mr. D'Alema discussed with the Board the 2018B VPFP summer pool issuance. He noted that VRA received three applications, but none of them are moving forward. However, VRA expects two of these three applications to be a part of the fall pool. VRA has less demand for the summer pool due to the tax reform legislation in 2017. According to Mr. D'Alema, there will be one summer sale to a borrower who is looking to refund around \$30 million. Because there is only one borrower, the costs of issuance are expected to be higher; however, the borrower wants to move forward due to anticipated future rate hikes. Mr. D'Alema discussed the 2018B VPFP summer pool schedule.

Mr. D'Alema next provided updates on the VARF and Dam Safety Fund. In terms of the VARF, Mr. D'Alema noted that discussions are ongoing with both the Chesapeake Airport Authority regarding a potential \$3.5 million loan to finance new hangar facilities and the Charlottesville-Albemarle Airport regarding a potential \$8.5 million for parking and other improvements. Discussions ensued with Mr. Flynn regarding issues with parking facilities at the airports. In terms of the Dam Safety Fund, \$1.26 million of dam safety grants have been disbursed by VRA related to 37 grants from the 2011-2017 funding cycles. He added that approximately \$562,000 is anticipated to be awarded in dam safety reimbursement grants to private and public dam owners as part of the 2018 funding cycles.

Mr. D'Alema presented to the Board an overview of the VirginiaHELPS program. He stated that the program was established last year by the Board to help distressed localities, such as Petersburg, that may not qualify for financing under other existing VRA programs. This program is a conduit only program that offers a state aid enhancement. The VirginiaHELPS program has authorization for \$50 million but has not issued a loan yet. Staff is requesting Board approval for VirginiaHELPS as part of the Fiscal Year 2019 shelf resolutions.

Mr. D'Alema offered the following six shelf resolutions to the Board for approval: (1) VPFP shelf resolution authorizing up to \$400 million in Fiscal Year 2019 issuance, (2) VARF shelf resolution authorizing up to \$20 million in Fiscal Year 2019 issuance, (3) Refunding shelf resolution authorizing the refunding of any VRA bonds as long as there is a minimum of 3% NPV savings as a percentage of refunded par can be achieved, (4) VirginiaHELPS shelf resolution authorizing issuance by VRA on behalf of local government borrowers up to \$50 million in Fiscal Year 2019, (5) VASAVES Green Community Program shelf resolution authorizing the issuance of any remaining Qualified Energy Conservation bond allocation in Fiscal Year 2019, to the extent

permitted by law, and (6) Clean water declaration of intent to reimburse certain expenditures with the proceeds of bonds.

Motion by Ms. Donnellan to adopt the above-referenced six resolutions as presented, seconded by Ms. Ganeriwala. Motion carried.

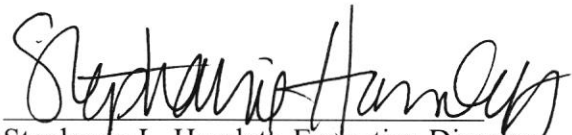
Business

There were no new items of business or any further business to come before the Board.

Adjournment

Motion by Mr. Hasty that the meeting be adjourned, seconded by Ms. Donnellan.

Upon motion duly made, the meeting adjourned at 10:11 a.m.


Stephanie L. Hamlett, Executive Director
Board Secretary

APPROVED:


Mr. Thomas Hasty, III, Chairman

2331917

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ISSUANCE OF UP TO \$400,000,000 IN INFRASTRUCTURE AND STATE MORAL OBLIGATION REVENUE BONDS (VIRGINIA POOLED FINANCING PROGRAM) FOR THE FISCAL YEAR ENDING JUNE 30, 2019

June 12, 2018

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, the Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and making loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

WHEREAS, the Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

WHEREAS, by a resolution adopted by the Board of Directors of VRA (the "Board") on November 13, 2003, VRA established the Virginia Pooled Financing Program (the "Program") and authorized the execution and delivery of a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association (as successor in interest to SunTrust Bank), as trustee (the "Trustee"), under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act; and

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

WHEREAS, the Program and the Master Indenture contemplate and authorize VRA's issuance of Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the use of the proceeds thereof to purchase and acquire Local Obligations, with (i) the Infrastructure Revenue Bonds to be secured primarily by revenues derived from the Local Obligations, and (ii) the State Moral Obligation Revenue Bonds to be secured primarily by (A) revenues derived from the Local Obligations (on a subordinate basis to the Infrastructure Revenue Bonds) and (B) a "capital reserve fund" with "moral obligation" support within the meaning of Section 62.1-215 of the Act to the extent provided under the Master Indenture; and

WHEREAS, to further the purposes of the Act and the Program, the Board has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$400,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 12, 2018 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2019; and

WHEREAS, VRA will use the proceeds of the Bonds (i) to purchase and acquire Local Obligations issued or incurred by Localities to finance or refinance qualified Projects, (ii) to provide for any funding of the Capital Reserve Fund necessary or desirable to provide credit support for the Bonds issued as State Moral Obligation Revenue Bonds and any other State Moral Obligation Revenue Bonds heretofore or hereafter issued under the Master Indenture, and (iii) to pay the costs of issuance related to the Bonds; and

WHEREAS, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture which will contain, among other things, the specific payment and redemption provisions for the Bonds; and

WHEREAS, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on certain funds and accounts established under the Master Indenture and the Supplemental Series Indentures as provided therein; and

WHEREAS, the foregoing arrangements will be reflected in the following documents, forms of which are on file with VRA: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreement and Financing Agreements and Local Lease Acquisition and Financing Lease Agreements to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations, special fund revenue Local Obligations, and lease Local Obligations (collectively, the "Local Obligation Documents"); and

After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:

1. Authorization of the Bonds. There is hereby authorized the issuance at one time or from time to time of one or more series of revenue bonds of VRA to be known as the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program). Each Series of the Bonds shall bear appropriate Series designations and any Bonds to be issued as a single Series for purposes of the Master Indenture may, for purposes of the related Supplemental Series Indenture and federal tax law, be issued under two or more sub-designations. The Bonds shall be in substantially the forms attached as exhibits to the related Supplemental Series Indenture. VRA shall use the proceeds of the issuance and sale of each Series of the Bonds as described in the Recitals above and in accordance with the Master Indenture and the related Supplemental Series Indenture. It is hereby found and determined that the debt service payments on the Bonds are not expected to be

made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

2. Details of the Bonds. VRA's Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$400,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 12, 2018; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund and proceeds related to the refunding of existing State Moral Obligation Revenue Bonds, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2049. The approval of the Chairman, Vice Chairman, and Executive Director, any of whom may act, of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

3. Approval of Supplemental Series Indentures. Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same forms as previous Supplemental Series Indentures on file with VRA. With respect to each Series of bonds authorized under this Resolution, the Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture, with such changes, insertions or omissions as may be approved by the Chairman, Vice Chairman, or Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

4. Preparation, Execution, Authentication and Delivery of Bonds. The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms on file with VRA, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

5. Sale of Bonds. At the election of the Executive Director, each Series of Bonds may be sold (i) in a negotiated sale to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures, (ii) in a private placement to a bank or other institutional investor, or (iii) at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement or similar agreement with the Underwriter or private placement purchaser, or, if sold at public bid, other

appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the Chairman, Vice Chairman, or Executive Director within the parameters set forth in paragraph 2 above.

6. Preliminary Official Statement. VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder and sold in a public sale. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a 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 permitted to be omitted, for purposes of the Rule.

7. Official Statement. After a public sale of a Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

8. Credit Enhancement. The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

9. Participating Localities. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from Local Governments to be participants in the Program through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from participating Localities shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

10. Approval of Local Obligation Documents. The Local Obligation Documents in forms on file with VRA are hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Localities.

11. Tax Matters. The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of any Series of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of 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 each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes or the Bonds of any Series for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor. The calculation of true interest cost for purposes of paragraph 2 hereof may take into account the net benefit expected to be received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

12. Investment of Proceeds. The investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is 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 Bonds.

13. Interim Financing. Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman or Vice Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$400,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

14. Authorization of Further Actions. The Executive Director and any VRA employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on VRA'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 Master Indenture and any Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

15. Effective Date; Termination. This Resolution shall be effective immediately. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2019.

VIRGINIA RESOURCES AUTHORITY

-RESOLUTION-

AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$20,000,000 IN AIRPORTS REVOLVING FUND BONDS FOR THE FISCAL YEAR ENDING JUNE 30, 2019, THE LENDING OF THE PROCEEDS THEREOF TO FINANCE OR REFINANCE AIRPORT PROJECTS, AND THE MAKING OF DIRECT LOANS FROM THE VIRGINIA AIRPORTS REVOLVING FUND FOR AIRPORT PROJECTS

June 12, 2018

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"); and

WHEREAS, the VRA Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution and laws of the Commonwealth of Virginia or any combination of any two or more of the foregoing ("Obligors") to finance or refinance, among other facilities, qualified airport facilities ("Airport Projects"); and

WHEREAS, the VRA Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers, including making loans to Obligors to finance or refinance the cost of any Airport Project from the proceeds of such bonds ("Leveraged Loans"), and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

WHEREAS, pursuant to Chapter 2.1, Title 5.1, Code of Virginia of 1950, as amended (the "VARF Act"), VRA may, among other things, at any time or from time to time transfer from the Virginia Airports Revolving Fund established under the VARF Act to banks or trust companies designated by VRA any or all of the assets of the Virginia Airports Revolving Fund to be held in trust as security for the payment of the principal of and premium, if any, and interest on any or all of the bonds of VRA; and

WHEREAS, VRA has prepared a Master Indenture of Trust dated as of January 1, 2001, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association, as successor trustee, under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring obligations ("Local Obligations") of Obligors to finance and refinance the cost of Airport Projects, and for such other purposes as may be authorized under and pursuant to the VRA Act; and

WHEREAS, pursuant to the VARF Act, VRA may make direct loans ("Direct Loans") from the Virginia Airports Revolving Fund to Obligor to finance or refinance the cost of any Airport Project; and

WHEREAS, to further the purposes of the VARF Act and the VRA Act, the Board of Directors of VRA (the "Board") has determined to authorize VRA to make Direct Loans from the Virginia Airports Revolving Fund to Obligor to finance or refinance the cost of any Airport Project; and

WHEREAS, to further the purposes of the VRA Act, VRA has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$20,000,000 net of refundings authorized under the VRA refunding shelf resolution dated June 12, 2018 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2019, and to use the proceeds of such Bonds to make Leveraged Loans to Obligor to finance or refinance Airport Projects and to pay the cost of issuance related to such Bonds; and

WHEREAS, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a supplemental series indenture; and

WHEREAS, the Master Indenture provides for the establishment of a separate debt service reserve fund (a "Debt Service Reserve Fund") for each Series of Bonds issued thereunder; and

WHEREAS, the funding for the Debt Service Reserve Fund may be derived in whole or in part from amounts transferred from the Virginia Airports Revolving Fund; and

WHEREAS, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on the Debt Service Reserve Fund established for the applicable Bonds and certain other funds and accounts established under the Master Indenture and any Supplemental Series Indenture as provided therein; and

WHEREAS, the foregoing arrangements will be reflected in the following documents, the forms of which are on file with VRA : (i) the Master Indenture; (ii) a model supplemental series indenture ("Supplemental Series Indenture"); and (iii) a model financing agreement ("Financing Agreement") to be used in making the Leveraged Loans and the Direct Loans; and

WHEREAS, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture.

After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY AS FOLLOWS:

1. Authorization of Bonds. The Board determines that it is in the best interest of VRA to authorize the issuance at one time or from time to time of one or more series

of Bonds under the Master Indenture to make Leveraged Loans to Obligors to finance or refinance Airport Projects and to pay the cost of issuance related to such Bonds. The Board authorizes the issuance and sale of the Bonds, pursuant to the following terms and conditions: (i) the original aggregate principal amount of the Bonds shall not exceed \$20,000,000, net of refundings authorized under the VRA refunding shelf resolution dated June 12, 2018; (ii) no Series of the Bonds shall have a true interest cost in excess of 7%; and (iii) the final maturity of any of the Bonds of any Series shall be no later than December 31, 2045. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth of Virginia within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

2. Details of the Bonds. Subject to the limitations outlined in paragraph 1 above, VRA's Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to determine and approve the Bonds' final details, including without limitation, their series designation, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices and the principal amount of each maturity, the sale date, the sale price and the reoffering prices. The approval of the Chairman, Vice Chairman, and Executive Director, any of whom may act, of such details shall be evidenced conclusively by the execution and delivery of the Bonds on VRA's behalf.

3. Approval of Supplemental Series Indentures. Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as those on file with VRA, with such changes, insertions, or omissions as may be approved by VRA's Executive Director. With respect to each Series of Bonds authorized under this Resolution, the Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the Supplemental Series Indenture documents on file with VRA, with such changes, insertions or omissions as may be approved by the Chairman, Vice Chairman, and Executive Director, any of whom may act. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

4. Preparation, Execution, Authentication and Delivery of Bonds. The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms on file with VRA with such changes, insertions, or omissions as may be approved by VRA's Executive Director, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

5. Sale of Bonds. At the election of the Executive Director, each Series of Bonds may be sold (i) in a negotiated sale to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures, (ii) in a private placement to a bank or other institutional investor, or (iii) at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds,

the Executive Director is authorized to execute and deliver a bond purchase agreement or similar document with the Underwriter or private placement purchaser, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the Chairman, Vice Chairman, and Executive Director, any of whom may act, within the parameters set forth in paragraph 1 above.

6. Preliminary Official Statement. VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder and sold in a public sale. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve distribution thereof. Distribution of a 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 permitted to be omitted, for purposes of the Rule.

7. Official Statement. After the public sale of a Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefore as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

8. Credit Enhancement. The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of a Debt Service Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

9. Tax Matters. The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of the 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 each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes or any Bonds of a Series for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's bond counsel and financial advisor. The calculation of "true interest cost" of any

Bonds for the purpose of paragraph 1 hereof may take into account the net benefit expected to be received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

10. Investment of Proceeds. The investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is 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 Bonds.

11. Authorization of Direct Loans. Notwithstanding anything contrary contained in this Resolution, VRA is authorized to issue Direct Loans up to the uncommitted balance of the Virginia Airports Revolving Fund should it be unnecessary to issue Leveraged Loans.

12. Terms and Conditions of Loans. The Board determines that it is in the best interest of VRA to authorize Leveraged Loans and Direct Loans to Obligor to finance or refinance the cost of any Airport Project; provided, however, that such Leveraged Loans and Direct Loans shall be subject to the following terms and conditions: (i) VRA shall have received from the Virginia Aviation Board (the "Aviation Board") written evidence of approval of the Airport Project by the Aviation Board in connection with such Leveraged Loan or Direct Loan, including the purpose and amount of such loan; (ii) the Leveraged Loan or Direct Loan shall be formally authorized and approved by the Obligor's governing body for at least the principal amount of the Leveraged Loan or Direct Loan; (iii) the Leveraged Loan or Direct Loan shall be evidenced and secured by a financing agreement or lease between the Obligor and VRA, containing such terms and conditions as may be authorized or approved by the Executive Director; (iv) the Obligor's Local Obligation evidencing the Leveraged Loan or Direct Loan shall be secured by (a) a pledge of the net revenues of the Obligor's airport facility operations or of any Airport Project, (b) a support agreement containing such terms and conditions as may be authorized or approved by the Executive Director and providing for the moral obligation of the Obligor or the participating jurisdiction of the Obligor to fund any deficiencies in debt service or debt coverage on the Leveraged Loan or Direct Loan arising from insufficiencies in revenues from the Obligor's airport facility operations and/or (c) a lease or such other security, including but not limited to a general obligation pledge or special fund revenue pledge if the Obligor is a county, city, or town, as deemed appropriate by the Executive Director; and (v) a Leveraged Loan or Direct Loan to any Obligor shall not exceed the costs of the related Airport Project. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from local governments within the Commonwealth of Virginia to be potential Obligors through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from Obligors shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

13. Approval of Local Obligation Documents. The model Financing Agreement on file with VRA is hereby approved for use in providing for the purchase or

acquisition of Local Obligations related to the Bonds and the Leveraged Loans or the Direct Loans; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Obligor.

14. Interim Financing. Prior to the offering of any series of Bonds, if market or other conditions are such that the Chairman or Vice Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Airport Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$20,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 14. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

15. Authorization of Further Actions. The Executive Director and any VRA employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on VRA'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 Master Indenture and any Supplemental Series Indenture related to the Bonds, Notes or the Direct Loans. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

16. Effective Date; Termination. This Resolution shall be effective on July 1, 2018. The authority to issue Bonds, Notes and make Direct Loans pursuant to this Resolution shall terminate on June 30, 2019.

VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ISSUANCE AND SALE OF BONDS TO REFUND OUTSTANDING BONDS

June 12, 2018

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, Section 62.1-205 of the Act authorizes VRA to issue refunding bonds to refund any bonds previously issued by VRA; and

WHEREAS, to further the purposes of the Act, the Board of Directors of VRA (the "Board") has determined to authorize VRA to issue bonds from time to time (the "Bonds") to refund, redeem and/or defease outstanding bonds of VRA issued in VRA's Virginia Pooled Financing Program, Pooled Loan Bond Program, Virginia Water Facilities Revolving Loan Fund Program, Virginia Airports Revolving Loan Fund leveraging program, the VirginiaHELPS Conduit Borrower Program, and the VirginiaSAVES Green Community Program (each a "Program") and otherwise by VRA to further the purposes of the Act; and

After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:

1. Authorization of Bonds. The Board determines that it is in the best interest of VRA to authorize the issuance of Bonds to refund, redeem and/or defease all or any of the outstanding bonds of VRA as may be selected by the Executive Director from time to time (the "Refunded Bonds") pursuant to the criteria set forth in this paragraph 1. The outstanding bonds selected by the Executive Director shall be referred to below as the "Refunded Bonds." The Board authorizes the issuance and sale of the Bonds pursuant to the following terms and conditions: (a) the minimum debt service savings threshold for any series of Bonds shall be not less than three percent (3%) of the par amount of the Refunded Bonds on a present value basis and (b) the final maturity for the Bonds shall not exceed the final maturity for the Refunded Bonds. The Executive Director, in collaboration with VRA's financial advisor (the "Financial Advisor"), is authorized from time to time to review the terms of VRA's outstanding bonds and determine which bonds may satisfy the criteria set forth in this paragraph 1. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

2. Determination of Details of Bonds. VRA's Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized, subject to the limitations set forth in paragraph 1, to determine the details of the Bonds issued hereunder, including without limitation the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the reoffering prices. The Bonds may be issued and sold in one or more series from time to time as determined by the Chairman, Vice Chairman or Executive Director, any of whom may act.

3. Sale of Bonds. VRA's Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to offer any Bonds in a public competitive sale and to solicit and consider, if determined to be desirable, proposals for a negotiated sale of any Bonds (including through a private placement with a bank or other financial institution) and to negotiate the terms of such sale. The Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to execute and deliver a purchase contract or similar agreement reflecting such proposal.

4. Preliminary Official Statement. VRA authorizes the preparation of a Preliminary Official Statement, in such form as the Executive Director may approve, in connection with the public offering of any series of Bonds authorized hereunder. The Executive Director is authorized to deem final the Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve distribution thereof. 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 permitted to be omitted, for purposes of the Rule.

5. Official Statement. The Executive Director is authorized and directed in collaboration with the Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") for Bonds offered to the public to reflect the provisions of the executed purchase contract. The Executive Director is authorized to execute the Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as she deems necessary or appropriate to effect the sale of the Bonds.

6. Credit Enhancement. The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established under the Master Indenture, if she determines such procurement to be in the best interests of VRA.

7. Financing Documents. The Chairman, Vice-Chairman, or Executive Director, any of whom may act, are authorized and directed to prepare and execute any indentures, supplemental indentures, escrow agreements and any other documents necessary or desirable to effect the issuance of the particular series of Bonds and the refunding of the Refunded Bonds.

8. Execution and Delivery of Bonds. The Chairman, Vice Chairman, or the Executive Director, any of whom may act, are authorized and directed to have the Bonds prepared and to execute the Bonds in accordance with the respective supplemental indenture or other authorizing document executed in connection with the Bonds and/or the Refunded Bonds, to deliver them to the trustee for authentication if required and to cause the Bonds so executed and authenticated to be delivered to or for the account of the underwriters, private placement purchasers, or winning bidders upon payment of the purchase price therefor, all in accordance with the executed purchase contract or notice of sale, as appropriate.

9. Tax Matters. The Executive Director is authorized and directed to execute and deliver on VRA's behalf simultaneously with the issuance of the Bonds a Tax Regulatory Agreement and supplemental or similar agreements or certificates. The Tax Regulatory Agreement and such other agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of the Bonds for exemption from gross income for federal income tax purposes or any Bonds for tax-advantaged status under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption or status. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor. The calculation of debt service savings for purposes of paragraph 1 hereof may take into account the net benefit expected to be received by VRA from the issuance of the Bonds with tax-advantaged status as determined by the Executive Director.

10. Authorization of Further Action. The Executive Director is authorized to execute and deliver financing agreements, amended financing agreements, bond sale agreements and any other documents or certificates in connection with each locality which previously issued local obligations securing any portion of the Refunded Bonds ("the "Local Obligations"), including any such amendments necessary or advisable in connection with the issuance of the Bonds, the refunding, redemption and defeasance of the Refunded Bonds or the incorporation of such Local Obligations into the applicable Program; provided, however that the provisions of such amendments may not (a) extend the final maturity of any Local Obligations and (b) the security for such Local Obligations may not be reduced unless approved by VRA's credit committee and / or Board of Directors, as applicable based on VRA's underwriting guidelines. The Executive Director and any VRA employee designated by the Executive Director (the "VRA Representative"), any of whom may act, are authorized to execute and deliver on VRA'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 Master Indenture, the Bonds or the Refunded Bonds (and associated financing documents). Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

11. Effective Date. Termination. This Resolution shall be effective on July 1, 2018. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2019.

VIRGINIA RESOURCES AUTHORITY

– RESOLUTION –

AUTHORIZING THE ISSUANCE OF UP TO \$50,000,000 IN BONDS TO FUND THE VIRGINIAHELPS CONDUIT BORROWER PROGRAM IN FISCAL YEAR 2019

June 12, 2018

WHEREAS, the Virginia Resources Authority (the "Authority") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, the Act provides that the Authority was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

WHEREAS, under the Act the Authority is authorized and empowered, among other things,

1. to borrow money and issue its bonds, notes, debentures, interim certificates, grants or revenue anticipation notes or any other evidences of indebtedness (collectively referred to hereinafter as the "Bonds") in amounts the Authority determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of Bonds,
2. to refund any Bonds by the issuance of new Bonds, whether the Bonds to be refunded have or have not matured, whenever the Authority deems refunding expedient,
3. to secure Bonds issued by the Authority by a pledge of any local obligation owned by the Authority, any grant, contribution or guaranty from the United States of America, the Commonwealth or any corporation, association, institution or person, any other property or assets of or under the control of the Authority, or a pledge of any money, income or revenue of the Authority from any source,
4. to enter into a trust indenture pursuant to which the Authority may issue Bonds, and the trust indenture may contain provisions, which shall be part of the contract or contracts with the holders of such Bonds as to, among other things, the establishment of reserve funds, sinking funds and other funds and accounts and the regulation and disposition thereof, and
5. to purchase and acquire local obligations to finance or refinance the cost of any Project, using any funds of the Authority available for such a purpose; and

6. to require, as a condition to the purchase or acquisition of any local obligation, that the local government issuing the local obligation covenant to perform any of the acts enumerated in Section 62.1-216 of the Act, including producing sufficient revenue to pay the debt service on its local obligation and to create and maintain any required reserve, including any rate stabilization fund deemed necessary or appropriate by the Authority; and

WHEREAS, on June 13, 2017, the Authority authorized the establishment of a program called the "VirginiaHELPS Conduit Borrower Program" (the "Program") to aid local governments (including authorities with appropriate local government support) to gain access to financing in situations where other Authority programs are not an option due to credit concerns, pending litigation, or similar problems as determined by Authority staff, including the Credit Committee and the Executive Director; and

WHEREAS, under the Program the Authority will provide for the issuance from time to time of Bonds in a single-borrower conduit format to purchase and acquire local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act, and have the other features described in the term sheet attached hereto; and

WHEREAS, the Bonds issued under the Program will be secured primarily by (i) revenues derived from the local obligations, and (ii) to the extent available, the "state-aid intercept" provision of Section 62.1-216.1 of the Act; provided, however, Bonds issued to fund the Program will not be secured by a "capital reserve fund" as described in Section 62.1-215 of the Act or otherwise be supported by the "moral obligation" of the Commonwealth; and

WHEREAS, to further the purposes of the Act and the Program, the Board has determined to authorize the Authority to issue Bonds at one time or from time to time in an aggregate principal amount of up to \$50,000,000 to fund the Program during the Authority's fiscal year ending June 30, 2019; and

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

1. It is hereby found and determined that (i) there continues to exist in the Commonwealth a critical need for additional sources of funding to finance the present and future needs of the Commonwealth for the Projects, particularly to enable local governments (including authorities with appropriate local government support) to gain access to financing in situations where other Authority programs are not an option as described in the Recitals, (ii) the Program will alleviate in part this need by encouraging the investment of both public and private funds in a manner that is cost-effective, promotes the efficient use of the Authority's capacity to issue Bonds and does not increase the risk of any adverse effect to the credit rating of either the Authority or the Commonwealth, principally because none of the Bonds issued under the Program will be secured by a "capital reserve fund" as described in Section 2.1-215 of the Act or otherwise have the "moral obligation" support of the Commonwealth, and (iii) the

establishment of the Program is in the public interest, will serve a public purpose and will promote the health, safety, welfare, convenience or prosperity of the people of the Commonwealth.

2. Authorization of the Bonds. There is hereby authorized the issuance at one time or from time to time of one or more series of conduit revenue bonds of the Authority to further the purposes of the Act and the Program. The Authority shall apply the proceeds of the issuance and sale of each series of the Bonds as described in the Recitals above. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

3. Details of the Bonds. VRA's Chairman, Vice Chairman, and Executive Director (collectively, the "VRA Officers," but any of whom may act) are authorized to determine and approve the final details of each series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$50,000,000; (ii) no series of the Bonds shall have a true interest cost in excess of 10%; and (iv) the final maturity any of the Bonds of any series shall be no later than December 31, 2049. The approval of the VRA Officers of such details with respect to any series of Bonds shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

4. Authorization of Bond Documents. Each series of Bonds authorized under this Resolution shall be issued and secured pursuant to an indenture or similar instrument containing the provisions authorized under Section 62.1-209 of the Act and approved by the VRA Officers (a "Bond Document"); provided that such Bond Document (i) shall provide for each series of Bonds to be issued in a single-borrower conduit format and (ii) shall not establish any "capital reserve fund" for such Bonds within the meaning of Section 62.1-215 of the Act or otherwise pledge or provide for any "moral obligation" or other credit support from the Commonwealth. The approval of any Bond Document shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

5. Preparation, Execution, Authentication and Delivery of Bonds. The Executive Director is authorized and directed to have the Bonds of each series prepared in appropriate form, to have such Bonds executed pursuant to the terms of the related Bond Document, to deliver such Bonds to the appropriate trustee or other fiduciary for authentication if required, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Bond Document.

6. Sale of Bonds. At the election of the Executive Director, each series of Bonds may be sold (i) in a negotiated sale to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be

selected by the Executive Director in accordance with the Authority's previously adopted underwriter selection procedures, (ii) in a private placement to a bank or other institutional investor, or (iii) at public bid to the bidder with the lowest true interest cost to the Authority. With respect to the sale of a series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement or similar agreement with the Underwriter or private placement purchaser, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the VRA Officers within the parameters set forth in paragraph 3 above.

7. Preliminary Official Statement. The Board authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each series of Bonds authorized hereunder and sold in a public sale. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a 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 permitted to be omitted, for purposes of the Rule.

8. Official Statement. After a public sale of a series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

9. Credit Enhancement. The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of any reserve fund or account established pursuant to the related Bond Document, if the Executive Director determines such procurement to be in the best interests of the Authority.

10. Participating Local Governments. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of the Authority to accept and approve applications from local governments to be participants in the Program. The criteria for approving an application shall include security and enhancements to ensure loan repayment including but not limited to rate and revenue coverage covenants, full faith and credit pledges where allowable, state-aid intercept, leasehold interests in collateral, commercial bank letters of credit and bond insurance.

11. Local Obligation Documents. Each local obligation purchased or acquired with the proceeds of series of Bonds authorized under this Resolution shall be purchased or acquired and secured pursuant to a loan or financing agreement, financing lease documents or a similar instrument containing the provisions authorized under Section 62.1-216 of the Act and approved by the VRA Officers. The approval of any such document shall be evidenced conclusively by the execution and delivery thereof on the Authority's behalf.

12. Tax Matters. The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of any series of Bonds, if applicable, and (iii) execute and deliver on the Authority's behalf simultaneously with the issuance of each series of 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 each series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each series of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of the Authority such elections under the Tax Code with respect to any series of the Bonds as she may deem to be in the best interests of the Authority after consultation with the Authority's Bond Counsel and Financial Advisor.

13. Investment of Proceeds. The investment of all monies deposited in any of the funds or accounts related to a series of Bonds will be governed by the sections of the related Bond Document regarding permitted investments. In addition, the Executive Director is 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 Bonds.

14. Interim Financing. Prior to the offering of any series of Bonds, if market or other conditions are such that the VRA Officers determine that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of local obligations in the Program, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of the Authority ("Notes") at public or private sale in anticipation of the issuance of any or all series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$50,000,000 (less the aggregate principal amount of any previously issued series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 10% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 14. Any of the Notes may be extended or refinanced from time to time by or at the direction of the VRA Officers, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The VRA Officers are authorized to affix the seal of the Authority to such Notes and to attest the seal. The Notes may be secured in the same manner as the

corresponding series of Bonds and may be retired, in the discretion of the VRA Officers, from the proceeds of the corresponding series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

15. Authorization of Further Actions. The Executive Director and any Authority employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on the Authority'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. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

16. Effective Date; Termination. This Resolution shall be effective immediately. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2019.

VIRGINIA RESOURCES AUTHORITY

– RESOLUTION –

AUTHORIZING PARTICIPATION BY THE VIRGINIA RESOURCES AUTHORITY IN THE VIRGINIA SAVES GREEN COMMUNITY PROGRAM ESTABLISHED BY THE VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY AND THE ISSUANCE OF QUALIFIED ENERGY CONSERVATION TAX CREDIT REVENUE BONDS DURING THE FISCAL YEAR ENDING JUNE 30, 2019

June 12, 2018

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, the Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and to make loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act, including without limitation energy conservation measures and facility technology infrastructure as defined in Section 11-34.2 of the Code of Virginia of 1950, as amended (the "Virginia Code"), and other energy objectives as defined in Section 67-101 of the Virginia Code (each a "Project" and, as a group, the "Projects"); and

WHEREAS, under the Act VRA is authorized and empowered, among other things,

1. to borrow money and issue its bonds in amounts VRA determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of bonds;

2. to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, whenever VRA deems refunding expedient;

3. to secure bonds issued by VRA by a pledge of any local obligation owned by VRA;

4. to purchase and acquire local obligations to finance or refinance the cost of any Project, using any funds of VRA available for such purpose; and

5. to make and execute contracts and all other instruments and agreements necessary or convenient for the performance of VRA's duties and the exercise of VRA's powers and functions under the Act and to enter into agreements with any department, agency or instrumentality of the Commonwealth for the purpose of planning, regulating and providing for the financing of any Projects; and

WHEREAS, acting pursuant to the directive of the Governor of Virginia set forth in Executive Order 36 (2014) ("EO 36"), the Virginia Department of Mines, Minerals and Energy ("DMME") has created the Virginia SAVES Green Community Program (the "Program") to provide subsidized financing to private commercial and industrial, non-profit institutional and local government borrowers for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes across the Commonwealth; and

WHEREAS, the Program is further described in the documents entitled "Virginia SAVES Program Guidelines and Policies" and "Virginia SAVES Program Technical Guide" (the "Program Documents"), which Program Documents have been previously presented to the Board of Directors of VRA and may be updated from time to time by DMME; and

WHEREAS, it is anticipated that most of qualified conservation purposes will, if undertaken by local governments, constitute Projects qualified for VRA financing under the Act; and

WHEREAS, the subsidized financing is expected to be provided through the use of Qualified Energy Conservation Bonds ("QECBs") issued on a conduit basis by the Virginia Small Business Finance Authority for private borrowers and VRA for local governments; and

WHEREAS, QECBs are qualified tax credit bonds authorized by and described in Sections 54A and 54D of the Internal Revenue Code of 1986, as amended (the "Tax Code"), the issuer of which is eligible under Section 6431 of the Tax Code to receive a refundable tax credit subsidy equal to lesser of (i) the amount of interest payable under the QECBs on each interest payment date, or (ii) seventy percent (70%) of the amount of interest which would have been payable under such QECBs on such date if such interest were determined at the applicable credit rate determined by the Secretary of the Treasury of the United States; and

WHEREAS, the Program works with third-party funding sources to provide financing for the Projects and VRA will sell its QECBs to such funding sources; and

WHEREAS, the Program is administered by CleanSource Capital, LLC. (the "Administrator"), which was selected for such purpose by DMME and VRA has entered into an Administrative Services Agreement (the "Administrative Services Agreement") to provide for both the Administrator's and VRA's duties and obligations with respect to VRA's participation in the Program; and

WHEREAS, a form of the Administrative Services Agreement been previously presented to the Board of Directors of VRA; and

WHEREAS, to further the purposes of the Act and the Program, VRA has determined to issue its revenue bonds in the form of QECBs (the "FY 2019 QECBs") in an aggregate principal amount not to exceed the QECB allocation provided to the Program by the Commonwealth; and

WHEREAS, VRA will use the proceeds of the FY 2019 QECBs to (i) acquire and purchase the local obligations (the "Local Obligations") of any or all of the local governments (collectively, the "Local Governments") to which the Director of DMME has offered to allocate portions of Virginia's QECB allocation under Section 54D of the Tax Code to finance the cost of

Projects selected to be financed under the Program (the "Selected Projects") and to pay the issuance costs of the FY 2019 QECBs; and

WHEREAS, EO 36 provides that no QECBs issued under the Program will constitute "state-supported debt" without the prior approval of the General Assembly; and

WHEREAS, the Tax Cuts and Jobs Act of 2017 eliminated the use of QECBs beginning January 1, 2018; however, pending federal legislation, if passed, may allow for Virginia's unused QECB allocation to be issued on or before September 30, 2018.

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

1. Findings and Determinations. It is hereby found and determined that (i) there continues to exist in the Commonwealth of Virginia a critical need for additional sources of funding to finance the Commonwealth's present and future needs for the Selected Projects, (ii) the Program, the provisions of the Administrative Services Agreement and the issuance of the FY 2019 QECBs may be used to alleviate in part this need by encouraging the investment of both public and private funds in a manner that is cost-effective, promotes the efficient use of VRA's capacity to issue bonds; provided that none of the FY 2019 QECBs will be secured by a "capital reserve fund" as described in Section 62.1-215 of the Act or otherwise constitute "state-supported debt" within the meaning of EO 36 without the General Assembly's prior approval, and (iii) VRA's participation in the Program, the prior approval of the Administrative Services Agreement and the issuance of the FY 2019 QECBs to finance the Selected Projects are in the public interest, serve a public purpose and will promote the health, safety, welfare, convenience or prosperity of the people of the Commonwealth.

2. Authorization of the FY 2019 QECBs; Basic Terms. There is hereby authorized the issuance at one time or from time to time of one or more series of the FY 2019 QECBs. VRA shall use the proceeds of the issuance and sale of each series of the FY 2019 QECBs as described in the Recitals above. Each series of the FY 2019 QECBs shall be (i) payable primarily from payments of the principal of and interest, if any, on the local obligations and the investment earnings on the local obligation principal payments and (ii) secured primarily by a pledge of such payments and earnings, as well as the "state-aid intercept" provided in Section 62.1-216.1 of the Act to the extent available. None of the FY 2019 QECBs will be secured by a "capital reserve fund" as described in Section 62.1-215 of the Act or otherwise constitute "state-supported debt" within the meaning of EO 36 without the General Assembly's prior approval. It is hereby found and determined that the debt service payments on the FY 2019 QECBs are not expected to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Virginia Code.

3. Specific Details of the FY 2019 QECBs. VRA's Chairman, Vice Chairman, and Executive Director, any of whom may act, are authorized to determine and approve the final details of each series of the FY 2019 QECBs, including without limitation, the title, series designation, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, and the principal amount of each maturity; provided, however,

that (i) the original aggregate principal amount of the FY 2019 QECBs shall not exceed the maximum QECB allocation provided to the Program by the Commonwealth; (ii) no series of the FY 2019 QECBs shall have a true interest cost in excess of 7.50%; and (iii) the final maturity any of the FY 2019 QECBs of any series shall be no later than the maximum term permitted under Section 54A of the Tax Code. The approval of the Chairman, Vice Chairman, and Executive Director, any of whom may act, of such details with respect to any series of FY 2019 QECBs shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

4. Preparation, Execution, Authentication and Delivery of FY 2019 QECBs.

The Executive Director is authorized and directed to have the FY 2019 QECBs of each series prepared in industry standard or typical forms as she may determine in consultation with the Administrator and VRA's bond counsel, to have such FY 2019 QECBs executed, and to cause the executed FY 2019 QECBs to be delivered to or for the account of the initial purchaser or purchasers thereof upon payment of the agreed-upon purchase price thereof as provided in the related bond purchase agreement or similar document.

5. Sale of FY 2019 QECBs. Each series of FY 2019 QECBs may be sold to purchasers identified and selected by the Administrator in accordance with the Program. With respect to each series of FY 2019 QECBs, the Executive Director is authorized to execute and deliver a bond purchase agreement or similar document with the purchaser providing for the sale and delivery of the FY 2019 QECBs upon terms and conditions to be approved by the Chairman, Vice Chairman, and Executive Director, any of whom may act, within the parameters set forth in paragraphs 3 and 4 above.

6. Participating Local Governments. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to accept and approve applications from Local Governments to be participants in the Program through VRA's purchase or acquisition of their Local Obligations and to prepare and execute financing documents with the approved Local Governments. The criteria for approving the purchase or acquisition of Local Obligations from participating Local Governments shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

7. Tax Matters. The Executive Director is authorized to execute and deliver on VRA's behalf simultaneously with the issuance of each series of FY 2019 QECBs 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 each series of the FY 2019 QECBs and include such elections to be made on VRA's behalf, representations, certifications, provisions and covenants as the Executive Director may be necessary to qualify each series of the FY 2019 QECBs as "qualified tax credit bonds" and QECBs under Section 54A et. seq. of the Tax Code. The calculation of "true interest cost" of any series of the FY 2019 QECBs for purposes of paragraph 3 hereof may take into account the net benefit expected to be received by VRA from the issuance of FY 2019 QECBs as QECBs as determined by the Executive Director.

8. Investment of FY 2019 QECB Proceeds and Related Amounts. The investment of the proceeds of any series of FY 2019 QECBs and other amounts credited to any of the funds or accounts related to such FY 2019 QECBs will be governed according to VRA's

Investment Policy and by the sections of the bond purchase agreement and financing documents related to permitted investments. In addition, the Executive Director is 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 FY 2019 QECBs.

9. Authorization of Further Actions. The Executive Director and any VRA employee designated by the Executive Director (the "VRA Representative") is authorized to execute and deliver on VRA'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 or contemplated by this Resolution. Any of the foregoing previously done or performed by any VRA Representative is in all respects approved, ratified and confirmed.

10. Effective Date; Termination. This Resolution shall take effect immediately. The authority to issue FY 2019 QECBs pursuant to this Resolution shall terminate on June 30, 2019.

VIRGINIA RESOURCES AUTHORITY

-RESOLUTION-

DECLARING THE OFFICIAL INTENT OF THE VIRGINIA RESOURCES AUTHORITY TO REIMBURSE CERTAIN EXPENDITURES WITH THE PROCEEDS OF BONDS

June 12, 2018

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"), and governed by a Board of Directors (the "Board") constituted as provided in Section 62.1-201 of the VRA Act; and

WHEREAS, the Federal Water Quality Act of 1987 established a State Revolving Fund Capitalization Grant Program (the "Program") under which federal capitalization grants are awarded to states for deposit in revolving loan funds, which provide the states and their local governments a continuing source of financing for solving water pollution control problems; and

WHEREAS, the 1986 Virginia General Assembly created the Virginia Water Facilities Revolving Fund (the "Fund") pursuant to Chapter 22, Title 62.1, Code of Virginia of 1950, as amended (the "VWFRF Act"), as a permanent and perpetual fund for purposes of receiving sums appropriated and allocated to the Fund by the federal government under the Program and by the Commonwealth to be used to make loans and grants to local governments ("Local Governments") to finance or refinance the cost of qualified sewage and wastewater collection, treatment and disposal facilities, agricultural and stormwater runoff control best management practices facilities and structures, remediation of brownfield sites, land conservation, living shorelines and other projects eligible for financing from the Fund under the VWFRF Act ("Projects"); and

WHEREAS, VRA as administrator and manager of the Fund has been making and expects to continue to make loans to Local Governments to finance Projects from amounts in the Fund that have not been derived from the issuance and sale of tax-exempt bonds, which amounts will be referred to below as "Equity,"; and

WHEREAS, VRA reasonably expects during Fiscal Year 2019 to issue and sell bonds ("Bonds") secured by the above-described loans and other assets of the Fund and to apply all or a portion of the net proceeds of the Bonds to reimburse the Fund for the original expenditures of Equity; and

WHEREAS, bond counsel has advised that Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") requires the Board to adopt a resolution in the form hereof to preserve VRA's ability to use the proceeds of the Bonds to reimburse the Fund as described above.

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

1. Maximum Principal Amount of Bonds. The loans initially funded with Equity are intended to be permanently financed and the original expenditures of Equity to be reimbursed to the Fund through VRA's issuance and sale of Bonds in the maximum principal amount of \$100,000,000.

2. Declaration of Official Intent. This Resolution is intended to represent a declaration of "official intent" pursuant to the Reimbursement Regulations; provided that this Resolution does not represent a binding commitment to issue and sell any Bonds. The Board will authorize the issuance and sale of the Bonds and prescribe the terms and conditions thereof in one or more subsequent resolutions, the adoption of which will be at the Board's sole discretion.

3. Nature of Original Expenditures Eligible for Reimbursement. Bond counsel has advised that, in general, an expenditure of Equity to make a loan to an Local Government prior to the issue date of the Bonds will be reimbursable if the original expenditure (i) will be, on the date it is paid, to pay a capital expenditure of the Local Government under general federal income tax principles (or would be with a proper election), (ii) is paid not earlier than 60 days before the adoption of this Resolution, and (iii) is reimbursed not later than 18 months after the date it is paid.

4. Consistency. The adoption of this Resolution is consistent with the budgetary and financial circumstances of VRA and the Fund.

5. Authorization of Further Actions. Each officer of VRA is authorized to execute and deliver on VRA'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 contemplated by this Resolution. Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

6. Effective Date. This Resolution shall be effective from and after its adoption.