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COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC BUILDING AUTHORITY
Board of Directors Meeting
August 19, 2016
10:30 a.m.
3rd Floor Conference Room (Treasury Board Conference Room)
James Monroe Building
101 North 14th Street,
Richmond, Virginia

Members Present:	John A. Mahone, Chair	
	Carolyn L. Bishop	
	Manju S. Ganeriwala	
	Suzanne S. Long	
	David A. Von Moll	
Members Absent:	Kevin M. O'Neill	
	Sarah B. Williams	
Others Present:	Janet Aylor	Department of Treasury
	Bradley L. Jones	Department of Treasury
	Sherwanda Cawthorn	Department of Treasury
	Elizabeth Myers	Office of the Attorney General
	Eric Ballou	Christian & Barton, LLP
	Megan Gilliland	Christian & Barton, LLP
	Kevin Rotty	Public Financial Management, Inc.

CALL TO ORDER

With a quorum present, the Chair, Mr. Mahone, called the meeting to order at 10:38 am.

PUBLIC HEARING

The Chair opened the Public Hearing portion of the meeting and asked the Virginia Public Building Authority's ("VPBA" or the "Authority") Bond Counsel, Mr. Eric Ballou, to review the provisions of the Public Hearing. Mr. Ballou said that legislation of the 2016 General Assembly authorized a project for funding by the Authority at the Norfolk International Terminals. He continued that a Public Hearing is required for the bonds to be allowed to be issued as Alternative Minimum Tax bonds. A notice was published two times in two successive weeks in Norfolk and Richmond papers and all is in order to conduct a public hearing. The Chair then asked if any members of the public wished to address the Board concerning the proposed issuance. No Public Comments were made. The Chair then stated that the public hearing would be continued until the Board considers adoption of an issuance resolution later in the meeting.

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PUBLIC COMMENT

Following the continuation of the Public Hearing, the Chair invited the public to address the Board with any public comments. There was no public comment.

CHAIRMAN'S REMARKS AND WELCOME

Mr. Mahone welcomed the newest member, Ms. Suzanne S. Long, to the Board and asked her to introduce herself to the Board. Mr. Mahone then introduced the Director of Debt Management, Janet Aylor, who joined Treasury since the last Authority Board meeting.

APPROVAL OF MINUTES

The Chair asked for a motion to approve the minutes from the March 31, 2015 meeting of the Board of Directors of the VPBA. Ms. Bishop made a motion to approve the minutes as presented. The motion was seconded by Mr. Von Moll. The motion was approved unanimously by the Board. (Attachment A)

CONSIDERATION OF RESOLUTION FOR MR. F. DUDLEY FULTON

Mr. Mahone directed the Board to the Resolution of Recognition and Appreciation for Mr. F. Dudley Fulton (Attachment B). Mr. Mahone reviewed the resolution and then asked for a motion. Ms. Ganeriwala made a motion to approve the Resolution for F. Dudley Fulton and the motion was seconded by Ms. Bishop. The motion was approved unanimously by the Board.

ELECTION OF OFFICERS

Mr. Mahone directed the Board to the next item of business, nominations and approval of Assistant Secretary/Treasurer #1. Mr. Mahone solicited nominations for Assistant Secretary/Treasurer #1 of the Authority. Ms. Bishop nominated the Director of Debt Management to serve as Assistant Secretary/Treasurer #1 of the Authority effective immediately. Ms. Ganeriwala seconded the motion, which received unanimous approval by the Board. (Attachment C)

EXTENSION OF FINANCIAL ADVISORY SERVICES CONTRACTS

The Chair asked Mr. Jones to provide a brief explanation of the options regarding Financial Advisory Services Contracts. Mr. Jones stated in 2013 the Board and staff went through a Request for Proposal ("RFP") process for Financial Advisory ("FA") services. He reminded the Board that Public Financial Management ("PFM") was selected to serve as primary FA and Acacia Financial Services ("Acacia") was selected to serve as secondary FA. He noted that VPBA entered into 3-year contracts with both firms and that the contracts are set to end on October 31, 2016. He explained that both contracts provide two one-year renewal options. He stated that based on the level of service PFM has provided VPBA and the level of service Acacia has provided to the Director of Debt Management on a research project, he recommends the

Board consider a motion to extend the contracts, utilizing the first renewal option. The Chair asked for a motion. Ms. Bishop made a motion to approve the one-year extensions of contracts for Financial Advisory Services for PFM as Primary Financial Advisor and Acacia Financial Group as Secondary Financial Advisor. Mr. Von Moll seconded the motion. The motion was approved unanimously by the Board. (Attachment D)

UPDATE OF VARIABLE RATE DEBT PROGRAM

The Chair asked Mr. Rotty of PFM to give the Board an update of the Variable Rate Debt Program and the Authority's $50,000,000 2005D Bonds. Mr. Rotty stated that the final maturity date of the 2005D Bonds is August 1, 2025 and the remarketing agent is Goldman Sachs at a current remarketing fee of 5 basis points. He added that Wells Fargo is the liquidity facility provider and the liquidity fee is 32 basis points. The expiration date of the liquidity facility is August 1, 2017. Over the course of the next year PFM and the Authority will be thinking through financing options regarding the facility. VPBA's policy limit on total variable rate debt is a maximum of 20 percent of total outstanding debt. Currently VPBA's variable rate debt as a percentage of total Authority debt is 2.22 percent. Mr. Rotty stated that the variable rate debt is performing extremely well due to low interest rates. He reviewed a twenty year history of interest rates and stated while interest rates have gone up slightly over the last 6 months, the variable rates remain extremely favorable. He then reviewed the interest rate history for the Series 2005D bonds. Currently all in cost of funds is less than 90 basis points. PFM did examine the bonds and looked at whether now would be a good time to lock the issue in at a fixed rate for the remaining time. PFM ran a hypothetical analysis a few weeks ago and the fixed rate was 1.56 percent. He mentioned that after adding the various fees to that, the current variable rate mode is still showing an 80 basis point advantage. After talking with staff, it is PFM's recommendation to continue in the variable rate mode. Mr. Rotty added that over the next year they will work with staff to evaluate the options as the liquidity facility reaches its contract term. Mr. Rotty concluded his comments by stating that in PFM's calculation the Authority has saved between $14 and $15 million dollars in interest cost by issuing and maintaining the bonds in variable rate mode compared to having issued bonds through a fixed rate mode.

The Chair asked if there was any further discussion of the presentation. Mr. Mahone mentioned that he and Mr. Jones have discussed whether more variable rate debt should be issued. Mr. Jones mentioned that last year the Board directed staff to continue analyzing the potential of additional variable rate debt and if it seemed like something the Authority should pursue to conduct a Request for Proposal. Mr. Jones mentioned that the markets have shifted and the yield curve has flattened significantly with short-term rates having risen approximately 50 basis points while longer term rates have decreased 75 basis points. Ms. Aylor confirmed that the 30 year Municipal Market Data ("MMD") rates have gone down 70 basis points since January 2016. Ms. Ganeriwala added that fixed rates have defied everyone's expectations. Mr. Jones stated with such low fixed rates, it would be difficult to justify issuing variable rate debt at this time. He said last year there was a project the Authority initially thought might be a good candidate for variable rate debt. The Chair asked him to elaborate on this project. Mr. Jones said that Veterans Services was authorized to construct two Veteran Care Centers; one in Northern Virginia and one in Hampton Roads. The timing was that Architectural & Engineering work was scheduled to start in the fall of 2016 with construction beginning in fall 2017. There is potential for federal reimbursement. However, he explained that he learned the likelihood of reimbursement is not as strong as he initially thought and if it occurs the reimbursement will likely be more than several years from now. He initially thought the timing might work well with a 3-year variable rate structure, but is hesitant to pursue variable rate since the uncertainty of the reimbursement. Mr. Mahone asked if the RFP the Board enabled staff to issue in 2015 is still a valid action by the Board. Mr. Jones stated he believes it expired one year from the date it was approved which was March 31, 2015.

Mr. Mahone asked if there were any other comments.

OVERVIEW OF THE DEBT CAPACITY ADVISORY COMMITTEE AND ITS IMPACT ON DEBT ISSUERS

The Chair said he asked Mr. Jones to add an Overview of Debt Capacity (Exhibit 1) to the Agenda because of its importance and relativity to the actions of the Authority's Board. Mr. Jones began his summary of the Debt Capacity Advisory Committee ("DCAC" or "Committee") that covered five main questions: (1) What is the Debt Capacity Advisory Committee?, (2) What is the Debt Capacity Model?, (3) How does the DCAC impact VPBA?, (4) What was the Committee's December 2015 Recommendation?, and (5) How much new tax- supported debt was authorized in 2016?

Mr. Jones began by describing the composition of the DCAC and stated that it includes two citizen members and eight ex-officio members with the Secretary of Finance who serves as the Chairman. He continued about the formation of the Committee created by Executive Order in 1991 and codified under Chapter 43 of the 1994 Virginia Acts of Assembly. Mr. Jones said the Committee's general mandate is to annually review the size and condition of the Commonwealth's tax-supported debt and submit to the Governor and General Assembly before January 1, an estimate of the maximum amount of new tax-supported debt that may prudently be authorized for the next biennium. He added it is important to note that the estimate is advisory and is not a mandate to the Governor or the General Assembly.

Mr. Jones continued that the Debt Capacity Model is a tool used in house at Treasury. Since its formation the Committee has maintained a target of tax-supported debt service not exceeding 5 percent of Blended Revenues. He stated that while the target has remained the same, the Committee decided in 2010 that the recommendation of debt capacity should be based on the average capacity of the Model's 10-year horizon rather than the specific capacity of the next two years.

Mr. Jones reviewed the Blended Revenues that are included in the Model. He then reviewed the tax-supported debt that is included in the Model. He explained tax-supported debt does not include 9 (c) GO debt paid by project revenues, Moral Obligation debt of Virginia Resources Authority, Virginia Public School Authority bonds and GARVEES (Grant Anticipation Revenue Vehicles).

He then explained how the tax-supported debt is incorporated into the model. He stated that actual debt service is included for all debt that has been issued and he mentioned the method for modeling the authorized but unissued debt that must also be included.

Mr. Jones turned the Board's attention to the Authorized and Unissued Debt and stated that there was a large amount of this debt as of June 2015. For VPBA the total was $773 million. He also mentioned the Commonwealth's total was $3.7 billion. He reminded the Board that this doesn't included any 9 (c) GO debt, as that is not considered tax-supported. Ms. Aylor mentioned this debt does not include debt authorized in 2016. Mr. Mahone asked for confirmation the amount authorized in the 2016 General Assembly Session was $2.5 billion. Mr. Jones confirmed the amount.

Mr. Jones then discussed how the DCAC impacts debt issuers, including VPBA. He said there is an overall impact on the Commonwealth's bond ratings. The ratings agencies look at five to six key factors and one of them is debt capacity. Moody's has rated the Commonwealth AAA since 1938, and the Commonwealth is also rated AAA by Fitch and Standard and Poor's. He explained that appropriation-backed debt, such as VPBA, is directly tied to the Commonwealth's credit rating and is typically rated one notch off of the Commonwealth. He stated that Debt Capacity's impact to the Commonwealth's rating is a direct impact to VPBA's rating. He mentioned both the Commonwealth and VPBA has benefited from lower interest rates due to higher bond ratings.

Mr. Jones then mentioned the impact of DCAC on debt authorizations. He explained there are many project needs across general government, higher education and transportation; however, there is a limited debt capacity that must be spread across these areas of government. He stated that as debt capacity changes year-to-year, projects might be fast-tracked or delayed by the Department of Planning and Budget and the Department of General Services. He explained that the General Assembly has also on two occasions developed its own issuance restrictions related to the bond authorization. He mentioned the first restriction which occurred with the $1 billion plus pool authorization of VPBA and VCBA projects. He explained in 2016, the General Assembly again incorporated issuance restrictions on a portion of the debt authorized for VPBA and VCBA. He stated that approximately $1.8 billion of projects contained in the 2016 Bond Bill are subject to an issuance cap of $300 million a year across VPBA/VCBA. He explained that any unused amounts carry forward. He mentioned the issuances will also be monitored in respect to the DCAC's target of debt service to Blended revenues.

He then discussed the Committee's December 2015 recommendation which was that $603 million in debt could be authorized and issued in each of fiscal years 2016 and 2017 per the DCAC Model. He followed the review of the DCAC recommendation with a review of the actual tax-supported debt that was authorized in 2016. He mentioned that in the 2016-2018 Appropriation Act (Chapter 780) approximately $416 million was authorized between VPBA and VCBA for the Higher Education Equipment Trust Fund, maintenance reserve and jail reimbursements. He mentioned the largest authorization came from the Bond Bill (Chapter 759) which authorized $2.1 billion between VPBA and VCBA. He mentioned the pool authorizations subject to the issuance restrictions were contained in this authorization. He also mentioned that within the Bond Bill authorizations there were specific VPBA authorizations that included $79

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million for DEQ projects and $350 million for enhancements to Norfolk International Terminals. He mentioned the final authorization was through a Standalone Authorization (Chapter 366), which authorized a $29 million supplement to VPBA to fully fund two Veterans Care Centers. He stated that across the three authorizations approximately $2.5 billion in new tax-supported debt was authorized and of that amount $963 million was for VPBA.

Mr. Mahone asked if there were any questions. Mr. Mahone then asked if the DCAC Model smoothes out the revenues over a ten-year period. Mr. Jones responded that the revenues come from the Department of Taxation but that the debt capacity is smoothed in the respect that it is determined based on the average capacity across the 10-year Model horizon. The Chair then wanted to confirm that the Debt Capacity Model estimates that the Commonwealth can reasonably authorize and issue $600 million a year over the ten year period equating to $6 billion of capacity across the next ten years, but the General Assembly authorized $2.5 billion. Mr. Jones confirmed the General Assembly did authorize $2.5 billion. He added that while the authorization was for $2.5 billion, that amount is for the 2-year budget. He continued by mentioning the issuance restrictions that were placed on a portion of the authorization and explained that the restrictions will require the debt to be issued across the next six years. He said that while the $2.5 billion is more than the $1.2 billion estimated capacity for the next two years, the issuances will be monitored and issued over time. Mr. Mahone asked is the Commonwealth's revenue forecast going to be readjusted due to the recent news about the revenue shortfall. Mr. Jones responded that the forecast will be readjusted. Mr. Mahone then asked would the readjusted revenues have a material effect on Debt Capacity. Mr. Jones said the revisions will pull capacity down. Mr. Jones mentioned the current low interest rates will hopefully benefit the Commonwealth as current rates are lower than the Model rates. Mr. Mahone thanked Mr. Jones for the presentation and stated he asked for that to be covered prior to the Board's consideration of the proposed issuance.

CLOSING OF THE PUBLIC HEARING

The Chair asked if there was any member of the public that wished to comment through the Public Hearing that been continued from earlier. Hearing none, the Chair closed the Public Hearing.

CONSIDERATION OF RESOLUTION AUTHORIZING SERIES 2016 BONDS

The Chair asked Ms. Cawthorn to present the documents of the proposed Series 2016A, B, and C &D Bonds for the Board's consideration. (Exhibit 2) Ms. Cawthorn asked the Board to turn to the Preliminary Financing Summary for the Series 2016 Bonds. She gave a brief review of how the new money project fund amounts are determined and added that staff works with PFM to develop the bond sizing based on the project fund needs. Ms. Cawthorn said the estimated par amount of the tax-exempt new money Series 2016A bonds is $186,180,000. Ms. Cawthorn said the estimated par amount of the tax-exempt refunding Series 2016B Bonds is $189,305,000, and will refund the Authority's Series 2009B and 2011A bonds. She mentioned the Authority currently anticipates issuing an AMT Series that will finance a portion of the recently authorized Virginia Port Authority project. The estimated AMT par amount is $148,825,000 through Series

2016C. She mentioned the Authority also plans to issue a taxable series with an estimated par amount of $13,925,000 through Series 2016D. The majority of taxable bonds will be issued for a Fort Monroe project. She provided the estimated percentage breakdown of the total new money areas of financing as follows: 10% for Public Safety; 31% for Conservation; 3% Public and Mental Health; 2% for Education; 11% for General Government; and 43% for Port Facilities. Ms. Cawthorn said the 2016 bonds will be secured from funds appropriated by the General Assembly. She further explained that the Bonds are expected to be sold competitively on September 14, 2016 and close on October 5, 2016. The Bond structure is expected to be serial bonds maturing annually from 2017 to 2036. The final stated maturity of the refunding bonds will be no later than the final maturity of the prior bonds.

Ms. Cawthorn then reviewed the estimated All-In True Interest Cost ("TIC") of each issue as of August 11, 2016 market conditions: 2106A at 2.65%, 2016B at 1.73%, 2016C at 2.88%, and 2016D at 2.80%. She pointed out that the TIC for the AMT Series 2016C at 2.88% was slightly higher than the taxable issue at 2.80%. She mentioned that PFM will be monitoring the market and will analyze whether the AMT portion should remain or whether it should be eliminated and added to the taxable portion. Ms. Long asked if the AMT issue was pulled into the taxable would that further help interest rate cost? Mr. Rotty said it might show improvement in the taxable series and added that it might generate more interest and more bidders. He stated this is one of the things PFM and staff are currently evaluating because the taxable market is so much bigger than the AMT market. He explained there are not many AMT deals and not many AMT deals are priced competitively. However, because the VPBA name is know well in the marketplace, PFM felt comfortable recommending selling the AMT issue competitively. PFM stated there are a couple more weeks before pricing and PFM wants to get a few more data points before making a final recommendation on AMT versus Taxable. Mr. Ballou provided the Board with an explanation of AMT bonds and how bonds can be issued as such. Ms. Ganeriwala commented that typically taxable rates would be much higher than tax-exempt and AMT rates. Mr. Rotty agreed and commented on the compressed yields and factors that have contributed to low rates. Ms. Aylor added that changing the port related bonds from AMT to taxable does not negatively impact anything with the Port Authority. Mr. Rotty agreed and Ms. Long added it alleviates some of the post issuance compliance items that you would normally deal with on a tax-exempt issue. Ms. Bishop then asked if there was anything that the Board would need to do should the issue be changed from AMT to taxable. Mr. Jones said the resolution includes parameters that would allow the issue to be changed to taxable.

Mr. Mahone asked if there were any other questions.

Following the AMT discussion, Ms. Cawthorn continued reviewing the Preliminary Financing Summary and stated the estimated costs of issuance is $450,000 excluding the underwriter's discount. She added the estimated net present value savings from the 2016B refunding bonds is $22,253,573 or 11.48%. Mr. Mahone asked Ms. Ganeriwala to confirm if the savings percentage she would like to see is an amount above 4%. Ms. Ganeriwala said the Treasury Board's policy has a minimum of 3%. Ms. Cawthorn then turned the Board's attention to the Preliminary Official Statement and the Notices of Sale. She noted that Authority Staff and the FA will work on finalizing the parameters of the notices of sale closer to the sale date. Ms. Cawthorn then asked the Board to turn to the Thirty-Fourth Supplemental Indenture of Trust followed by the

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Bond Purchase Agreement. She said the Bond Purchase Agreement will be used only if it is determined that a negotiated sale is necessary. Mr. Jones presented the Board with Exhibit B of the Thirty-Fourth Supplemental Indenture that was being incorporated into the package presented to the Board. The Board reviewed the Project List. Mr. Jones said that not all of the projects on the list will be financed in this issue but the list includes all potential projects. Ms. Cawthorn then directed the Board's attention to the Facilities Agreement and Amendment to the Facilities Agreement that the Agencies will enter into with the Authority.

Ms. Cawthorn then introduced Ms. Megan Gilliland of the Authority's Bond Counsel and asked Ms. Gilliland to review the Authority's issuance Resolution. (Attachment E) Ms. Gilliland said the Resolution authorized the issuance, sale and award of the revenue and refunding bonds and delegates to the Treasurer the final approval of the terms and structure. She reviewed the various whereas clauses.

She then reviewed the maximum parameters for the bonds and the delegation of approvals to the State Treasurer. The Treasurer's approvals must be within the Board's parameters contained in the Resolution. Among other parameters, the Resolution set forth the aggregate principal amounts of the new bonds shall not exceed $415 million and the refunding bonds shall not exceed $300 million. The final maturity of the new money bonds shall not extend past August 1, 2036 and the TIC shall not exceed 3.75%. The final maturity of the refunding bonds shall not extend past the final maturity of the prior bonds and the TIC shall not exceed 3%.

The Chair asked for a motion to approve the Resolution Authorizing the Issuance, Sale and Award of Public Facilities Revenue and Refunding Bonds by the Virginia Public Building Authority. Ms. Bishop made the motion and the motion was seconded by Ms. Long with unanimous approval by the Board. (Attachment F)

<u>OTHER BUSINESS</u>

Ms. Cawthorn presented the Final Financing Summary (Exhibit 3) of the VPBA's $232,980,000 Series 2015A Public Facilities Revenue Bonds and $134,730,000 Public Facilities Revenue Refunding Bonds 2015B.The Bonds were sold competitively on May 19, 2015 and closed on June 9, 2015. The new money bonds were serial bonds maturing in years 2016 through 2035. The 2015B Bonds refunded the Authority's 2005A, 2005B, 2006A and 2008B bonds. The TIC for the 2015A Bonds was 3.29% and the Series 2015B Bonds TIC was 2.46% with a combined TIC of 3.07%. The Bonds were rated AA+ by Fitch Ratings, Aa1 by Moody's and AA+ by Standard & Poor's. Wells Fargo was the winning underwriter and there were a total of 6 bids.

Ms. Cawthorn highlighted that through cost negotiation efforts the VPBA was able to reduce costs of issuance approximately $50,000 from what was originally estimated and provided to the Board. The Final Financing Summary also noted approximately $10.2 million of net present value savings achieved through the refunding.

Mr. Mahone commented that even though the Board meets infrequently, he meets with Mr. Jones throughout the year. He stated that it is his goal to increase communication from him and Mr.

Jones to the Board between meetings. He stated if the Board has any suggestions to please share them. He then thanked staff for their work.

Mr. Jones stated he had another item to mention under Other Business. He stated that on occasion Board members ask if they may call-in to the meeting. He stated the Board hasn't adopted an Electronic Meeting Policy, but it is something that should be considered. He mentioned he will work with the Attorney General's office to explore the possibilities and will possibly present a policy for the Board's consideration at its next meeting.

ADJOURNMENT

The Chair asked for motion to adjourn the meeting. Ms. Bishop made the motion to adjourn the meeting. The motion was seconded by Mr. Von Moll. (Attachment G)

The meeting adjourned at 12:03 pm.

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

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

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ATTACHMENT A

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

MOTION TO APPROVE MARCH 31, 2015 BOARD MINUTES

I move to approve the Minutes of the March 31, 2015 Board Meeting as presented.

Motion: Ms. Bishop Second: Mr. Von Moll

Approval (Yes/No): Yes

Yeas: Unanimous
Nays:

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ATTACHMENT B

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

<u>MOTION TO APPROVE RESOLUTION OF RECOGNITION AND APPRECIATION OF F. DUDLEY FULTON</u>

I move to approve the Resolution of Recognition and Appreciation for F. Dudley Fulton

Motion: Ms. Ganeriwala Second: Ms. Bishop

Approval (Yes/No): Yes

Yeas: Unanimous
Nays:

VIRGINIA PUBLIC BUILDING AUTHORITY

Resolution of Recognition and Appreciation

F. Dudley Fulton

August 19, 2016

WHEREAS, F. Dudley Fulton served as a member of the Virginia Public Building Authority Board of Directors for a term beginning July 1, 2010 and ending June 30, 2015;

WHEREAS, through his dedication to the goals and objectives of the Authority, Mr. Fulton provided the Board of Directors with a valuable resource on which to draw in providing financing for public facilities for use by state agencies, localities, and regional jail authorities throughout the Commonwealth of Virginia;

WHEREAS, Mr. Fulton's experience and business expertise have proved invaluable to the Board in the development of the Authority's programs to assist the Commonwealth;

WHEREAS, during Mr. Fulton's tenure the Virginia Public Building Authority issued over $1.75 billion in revenue and refunding bonds, and generated over $46 million in present value debt service savings, all for the benefit of Commonwealth agencies;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Virginia Public Building Authority that the Authority does hereby recognize and express its appreciation for the leadership and service of Mr. F. Dudley Fulton.

John A. Mahone, Chairman

Manju S. Ganeriwala, Secretary/Treasurer

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ATTACHMENT C

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

MOTION TO ELECT ASSISTANT SECRETARY/TREASURER #1

I move to elect the Director of Debt Management to serve as Assistant Secretary /Treasurer #1 of the Virginia Public Building Authority, effective immediately.

Motion: Ms. Bishop Second: Ms. Ganeriwala

Approval (Yes/No): Yes

Yeas: Unanimous
Nays:

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ATTACHMENT D

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

MOTION TO DIRECT STAFF TO EXECUTE ONE-YEAR EXTENSION OF CONTRACTS FOR FINANCIAL ADVISORY SERVICES

I move to approve one-year extensions of contracts for Financial Advisory Services for Public Financial Management, Inc. as Primary Financial Advisor and Acacia Financial Group as Secondary Financial Advisor.

Motion: Ms. Bishop

Second: Mr. Von Moll

Approval (Yes/No): Yes

Yeas: Unanimous
Nays:

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ATTACHMENT E

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

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

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

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

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

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

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

WHEREAS, a public hearing has been held relating to certain of the Projects to the extent required under Section 147 of the Internal Revenue Code of 1986, as amended (the "Code"), following the required public notice, for the financing thereof with the proceeds of qualified tax-exempt private activity bonds;

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

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

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

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

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

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

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

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

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

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

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

(a) (i) the aggregate stated principal amount of the New Money Bonds shall not exceed $415 million, whether issued as federally tax-exempt bonds, taxable bonds or a combination of both;

(ii) the final stated maturity of the New Money Bonds is not later than August 1, 2036;

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

(iv) if sold through a competitive sale, the New Money Bonds shall be sold at a price not less than (X) 98% of the aggregate principal amount thereof for the New Money Bonds issued on a taxable basis, or (Y) 100% of the aggregate principal amount thereof for the New Money Bonds issued on a tax-exempt basis; and

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

(b) (i) the aggregate stated principal amount of any Refunding Bonds shall not exceed $300 million;

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

(iii) the "true" interest cost of any series of Refunding Bonds shall not exceed 3.0%, taking into account original issue discount or premium, if any;

(iv) if sold through a competitive sale, any Refunding Bonds shall be sold at a price not less than 100% of the aggregate principal amount thereof;

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

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(vi) the issuance of any Refunding Bonds shall achieve an overall net present value savings of at least 3% of the aggregate principal amount of the related Prior Bonds.

5. **Delegation to State Treasurer; Award of Bonds**. The Authority hereby delegates to the State Treasurer, or such other officer of the Authority as the State Treasurer may designate, subject to and within the limitations set forth in this Resolution, the power with respect to the Bonds to determine and carry out the following:

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

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

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

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

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

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

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

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

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

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

8. Continuing Disclosure. The Authority covenants to undertake ongoing disclosure and to provide "annual financial information" and "material event notices," all as described in the Thirty-Fourth Supplemental Indenture, for the benefit of holders of the Bonds to assist the Winning Bidders or the Underwriters, as applicable, in complying with the Rule. The Authority authorizes and directs its officers to execute any documents or agreements on behalf of the Authority necessary or desirable to provide for such continuing disclosure.

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9. **Preparation of Bonds**. The Chairman or the Vice-Chairman of the Authority, either of whom may act, and the Secretary/Treasurer or Assistant Secretary/Treasurer of the Authority, either of whom may act, are authorized and directed (a) to have the Bonds prepared and executed pursuant to the Master Indenture and the Thirty-Fourth Supplemental Indenture, (b) to deliver them to the Trustee for authentication, and (c) to cause the Bonds so executed and authenticated to be delivered to, or for the account of, the Winning Bidders or the Underwriters, as applicable, upon payment therefor.

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

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

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

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

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14. **Official Intent**. In adopting this resolution authorizing the issuance of the Bonds, the Authority declares and reaffirms its official intent and that of the Virginia General Assembly to issue the Bonds and provide moneys to reimburse the Authority and/or the Commonwealth for expenditures with respect to the various Projects, as contemplated by the specific authorizing legislation and by Treasury Regulations 1.150-2 promulgated pursuant to the Code.

15. **Recommendation to Governor**. The Authority hereby recommends that the Governor of the Commonwealth of Virginia approve the issuance of Bonds for those Projects to be financed with the proceeds of qualified tax-exempt private activity bonds as required by Section 147(f) of the Code.

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

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

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ATTACHMENT F

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

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

Motion: Ms. Bishop Second: Ms. Long

Approval (Yes/No): Yes

Yeas: Unanimous
Nays:

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ATTACHMENT G

VIRGINIA PUBLIC BUILDING AUTHORITY
BOARD MEETING – AUGUST 19, 2016

<u>MOTION TO ADJOURN</u>

I move that the meeting be adjourned.

Motion: Ms. Bishop   Second: Mr. Von Moll

Approval (Yes/No): Yes

Yeas: Unanimous
Nays: