

**COMMONWEALTH OF VIRGINIA**  
**VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)**  
Board of Commissioners Meeting  
Spring Board Meeting – April 2, 2014, 2:00 p.m.  
Treasury Board Conference Room, Third Floor  
James Monroe Building  
101 North 14<sup>th</sup> Street, Richmond Virginia

Members Present: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Douglas Combs  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

Members Absent: Kanchana Thamodaran

Others Attending:	Arthur Anderson	McGuire Woods LLP
	Lisa Williams	McGuire Woods LLP
	James Traudt	Davenport & Company LLC
	Ty Wellford	Davenport & Company LLC
	Caroline Heggie	Davenport & Company LLC
	Kevin Rotty	PFM
	Don Ferguson	Office of the Attorney General
	Melissa Palmer	Department of the Treasury
	Evelyn Whitley	Department of the Treasury
	Janet Aylor	Department of the Treasury

**Call to Order and Public Comment**

Ms. Skidmore called the meeting to order at 2:03 P.M. She stated the first order of business was to provide an opportunity for any public comment. There was no public comment.

Ms. Skidmore asked staff to make contact with the Secretary of the Commonwealth about the need to fill the Board of Commissioners vacancy.

**Approval of Minutes**

Ms. Skidmore asked for a motion for approval of the minutes of the October 29, 2013 Board meeting. Ms. Ganeriwala moved to adopt the minutes of the October 29, 2013 meeting as presented; Mr. Loyola seconded, Mr. Combs abstained, and the motion carried.

**Introduction of New Board Member Mr. Douglas Combs**

Ms. Skidmore introduced Mr. Douglas Combs as the new Board of Commissioners member.

**Consideration of the Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2014 Spring Bonds**

Ms. Palmer reviewed the amended Preliminary Financing Summary and presented the amended Participant List for the proposed issuance of approximately \$53,635,000 School Financing Bonds (1997 Resolution) Series 2014 A (Attachment A). She stated the bonds are expected to be sold competitively on April 24, 2014 and the anticipated delivery date is on or about May 15, 2014.

Mr. Dickey moved approval of the list of applications for the participants in the VPSA 2014 Spring Bonds sale as presented by staff and the submission of all items necessary to complete their respective VPSA pooled bond applications; Mr. Von Moll seconded and the motion carried unanimously.

Ms. Williams from McGuire Woods LLP, VPSA's Bond Counsel for the transaction, stated that VPSA will be making two changes to the structure of local school bonds to be issued by the localities participating in each VPSA tax-exempt pool commencing with the 2014 spring pool and going forward: (1) VPSA will no longer require that the local school bond be issued as a tax-exempt bond for federal income tax purposes and (2) the dated date of the local school bonds for participating localities will be 15 days prior to the issuance of the VPSA bonds and will begin to accrue interest from such date. Participating localities will continue to be required to complete a tax questionnaire and execute and deliver a Use of Proceeds Certificate and Tax Compliance Agreement in order to insure that the use of the proceeds of the local school bonds and the use of the property financed with such proceeds will not affect the excludability from gross income for federal income tax purposes of the interest on VPSA's related bonds. In addition, each participating locality will be required to provide an opinion of bond counsel to the effect that the current and expected use of the proceeds of local school bond and the property financed with such proceeds will not result in the local school bond being considered a private activity bond. Participating localities will no longer be required to complete an 8038-G when participating in VPSA's tax-exempt pooled program. The change in the dated date will allow VPSA to realize a proper matching of the interest accrual on the local school bonds with the interest accrual on the associated VPSA bonds.

Ms. Williams presented Series Resolution No. 14-01 authorizing the issuance of the VPSA Spring Bonds for Board consideration. Amended pages to the Resolution were distributed that revised the proceeds requested/principal amounts of the 2014 Spring Local School Bonds being purchased (Attachment B).

Mr. Von Moll moved the adoption of Series Resolution No. 14-01 as amended; Mr. Dickey seconded, and the motion carried unanimously as shown below:

YEAS:           Brenda L. Skidmore, Chairman  
                    Ben Loyola, Vice Chairman  
                    Douglas Combs  
                    Manju S. Ganeriwala

David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

Evelyn Whitley stated that the Resolution allows for refunding any portion of the bonds issued by the Authority and outstanding under the 1997 Bond Resolution to achieve the aggregate present value debt service savings equal to at least 3.00% of the par amount of the callable Refunded Bonds.

Ty Wellford from Davenport & Company LLC, VPSA's Financial Advisor for the transaction, stated that VPSA Series 2006 A and 2006 B Bonds have several maturities that are producing significant savings, and would likely be included in the sale.

### **Issuance of VPSA School Educational Technology Notes Series XIV**

Ms. Aylor stated that the School Educational Technology Notes program, conducted annually as directed by the Appropriation Act, will provide grants to Virginia localities to establish a computer-based instructional and testing system for the Standards of Learning and to develop the capability for high speed internet connectivity. She stated that the total fiscal year 2014 School Educational Technology Notes Series XIV authorization in the 2014 Amendments to the 2013 Appropriation Act, Chapter 1, 2014 Special Session 1 Acts of Assembly is \$64,316,100. Ms. Aylor stated the Appropriation Act also directs the Authority to issue Notes to provide funds for the purpose of making grants to Virginia localities to help offset the related costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in Virginia. She stated that the total authorized School Security Equipment Notes is \$6,000,000 in fiscal year 2014. Ms. Aylor reviewed the Preliminary Financing Summary for the School Technology and Security Notes Series II in the combined projected amount of \$70,316,000. She stated that the anticipated sale date is May 6, 2014 and the anticipated delivery date is on or about May 22, 2014. Ms. Aylor stated that PFM will be acting as VPSA's Financial Advisor for this transaction.

Ms. Williams provided an overview of Resolution No. 14-02, an Educational Technology Note Resolution authorizing the issuance of the Series XIV Notes. Amended pages to the Resolution were distributed that lowered the true interest cost rate not to exceed 2.25% per annum to the Authority (Attachment C). Ms. Ganeriwala moved the adoption of Resolution No. 14-02 as amended; Mr. Combs seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Douglas Combs  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

**Issuance of VPSA School Security Equipment Notes Series II**

Ms. Williams provided an overview of Resolution No. 14-03, a Security Equipment Note Resolution authorizing the issuance of the Series II Notes. Amended pages to the Resolution were distributed that lowered the true interest cost rate not to exceed 2.25% per annum to the Authority (Attachment D). Ms. Ganeriwala moved the adoption of Resolution No. 14-03 as amended; Mr. Combs seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Douglas Combs  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

**Consideration of the Issuance of VPSA Special Obligation School Financing Bonds, Prince William County Series 2014**

Ms. Whitley reviewed the Preliminary Financing Summary for the \$89,230,000 Special Obligation School Financing Bonds Prince William County Series 2014. She explained that under the stand-alone structure, the County would pay all costs of issuance, making the transaction cost neutral for the Authority.

Ms. Williams reviewed the Bond Resolution 14-04 authorizing not to exceed \$89,230,000 Special Obligation School Financing Bonds Prince William County Series 2014.

Mr. Combs asked what protections were in place to assure the financial advisor and bond counsel maintained their independence. Ms. Williams stated that PFM and Sidley Austin LLP will represent Prince William County; whereas, Davenport & Company LLC and McGuire Woods LLP will represent VPSA as financial advisor and bond counsel, respectively.

Mr. Combs moved the adoption of Resolution 14-04; Mr. Loyola seconded and the motion carried unanimously as shown below:

YEAS: Brenda Skidmore, Chairman  
Ben Loyola, Vice Chairman  
Douglas Combs  
Manju S. Ganeriwala  
David A. Von Moll  
Kent C. Dickey, designee for Patricia Wright

NAYS: None

## **Other Business**

### **Election of Officers for Fiscal Year 2015**

Ms. Skidmore asked for nominations for the position of Vice Chairman of the Authority, Ms. Ganeriwala moved the nomination and election of Mr. Loyola as Vice Chairman of the Virginia Public School Authority; Mr. Von Moll seconded, and the motion carried unanimously.

Mr. Combs moved the nomination and election of the following officers to the Virginia Public School Authority for the fiscal year 2015: the State Treasurer of Virginia as Secretary and Treasurer; the Treasury Assistant Director of Debt Management (#TRS171) as Assistant Secretary and Assistant Treasurer #1; and, the Director of Debt Management as Assistant Secretary and Assistant Treasurer #2; Mr. Dickey seconded, and the motion carried unanimously.

### **Maintain Current Basis Point Fee Assessment for the General Pooled Bond Policy through the Biennium ending June 30, 2016**

Ms. Whitley stated that staff had reviewed the current 5 basis point (0.05%) fee charged to localities to participate in pool bond financings and determined that maintaining the current 5 basis point (0.05%) surcharge, through the biennium ending June 30, 2016, subject to any periodic adjustment, would allow the program to continue to generate sufficient income for administrative and cost of issuance expenses.

Ms. Ganeriwala moved that the Board maintain a 5 basis point (0.05%) fee assessment for the General Pooled Bond Policy of the Authority through the biennium ending June 30, 2016, subject to any periodic adjustment as market conditions warrant; Mr. Combs seconded, and the motion as amended carried unanimously.

### **Reimbursement to the Department of Treasury**

Ms. Whitley stated the Board's approval was being requested to provide the annual reimbursement to the Department of the Treasury for expenses incurred to provide staff to the Authority. Mr. Von Moll moved to approve a transfer in the amount of up to \$86,024 to reimburse the budget of the Department of Treasury for administrative costs associated with personnel required to assist in meeting the needs of the Authority; Mr. Dickey seconded, and the motion carried unanimously.

### **Results of Sale and Final Financing Summary**

**Series 2013 B School Financing Bonds** – Ms. Palmer reviewed the Final Financing Summary for the \$45,075,000 School Financing Bonds (1997 Resolution) Series 2013 B. She stated the bonds sold competitively on November 5, 2013 at a true interest cost of 3.500106% and the delivery date was on November 21, 2013.

## **Adjournment**

There being no further business to be brought before the Board, Mr. Combs moved that the meeting be adjourned; Mr. Dickey seconded and the motion carried unanimously at 2:50 P.M.

Respectfully submitted,

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Janet A. Aylor  
Assistant Secretary

## **ATTACHMENT A**

## PRELIMINARY FINANCING SUMMARY

### Virginia Public School Authority

~~\$52,435,000~~\$53,635,000\* School Financing Bonds (1997 Resolution) Series 2014 A  
April 2, 2014

**Title:** ~~\$52,435,000~~\$53,635,000\* School Financing Bonds (1997 Resolution) Series 2014 A (the “Bonds”).

**Issuer:** Virginia Public School Authority (the “Authority”).

**Constitutional Reference:** Article X, Section 9(d).

**Legislative Reference:** Chapter 11 Title 22.1 of the *Code of Virginia*, as amended.

**Purpose:** The proceeds of the Bonds will be used to (i) purchase ~~\$52,435,000~~\$53,635,000\* general obligation school Bonds issued by certain Virginia localities that are to use the proceeds for capital projects for their public schools and (ii) pay a portion of the issuance cost of the bonds.

**Security:** The Bonds will be secured by (i) principal and interest payments on the general obligation school bonds held by the Authority and pledged to the payment of the Bonds, (ii) the State Aid Intercept Provision and (iii) a state general fund sum sufficient appropriation. The Bonds do not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia.

**Method of Sale:** Competitive, using electronic bidding.

**Sale Date:** April 24, 2014\*

**Dated Date:** May 15, 2014\*

**Delivery Date:** May 15, 2014\*

**Bond Structure:** Serial bonds maturing annually in years 2015 through 2039\*, paying current semiannual interest and annual principal and structured on a blended amortization basis to accommodate the schedules requested by the participants.

**Payment Dates:** *Principal:* Annually on August 1, beginning August 1, 2015; with a final maturity of August 1, 2039\*.

*Interest:* Semi-annually on February 1 and August 1; beginning February 1, 2015.

\*Preliminary, subject to change

## PRELIMINARY FINANCING SUMMARY

### Virginia Public School Authority

~~\$52,435,000~~ \$53,635,000\* School Financing Bonds (1997 Resolution) Series 2014 A  
April 2, 2014

**Optional  
Redemption  
Provision\*:**

The Bonds due on and after August 1, 2025 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part at any time on any date beginning August 1, 2024, at the redemption price of par, together with interest accrued to the date fixed for redemption.

**Denomination:** \$5,000 or multiples thereof.

**Registration  
Provisions:**

Book-entry only bonds.

**True Interest Cost:** TBD

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

**Underwriter:** TBD

**Bond Counsel:** McGuire Woods LLP, Richmond, Virginia.

**Financial Advisor:** Davenport & Company LLC, Richmond, Virginia.

**Registrar/  
Paying Agent:** State Treasurer

**Estimated Costs  
of Issuance:** ~~\$231,852~~ 232,272\* excluding underwriters' discount.

\*Preliminary, subject to change.

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**School Financing Bonds (1997 Resolution)**  
**Series 2014 A**

**\$53,635,000**

**Cost of Issuance Budget**

	Budget
Bond Counsel	\$ 75,500
Bond Counsel Expenses	10,000
Financial Advisor	66,772
Financial Advisor Expenses	500
Official Statement Printer	5,000
Ratings*	71,000
Other Expenses**	3,500
Total	\$ 232,272

	Budget
* Ratings: <i>Fitch</i>	\$26,000
<i>Moody's</i>	\$25,000
<i>S&amp;P</i>	\$20,000
	\$71,000

\*\* Other Expenses: *i-Deal Electronic Distribution of POS*

**VPSA ('97 RESOLUTION) SERIES 2014 A**  
**Schedule of participants and related information (NON-SUBSIDIZED)**  
**As of 4/2/14**

<b>County/City</b>	<b>Proceeds Requested</b>	<b>Maximum Authorized Par Amt.</b>	<b>Project</b>	<b>Bond Counsel</b>	<b>Resolutions Received</b>	<b>BSA Appendix D</b>
<b>Frederick County</b> 20 years level principal beginning July 15, 2015	\$4,700,000	\$4,700,000	Construction of replacement Frederick County Middle School and architectural and engineering services associated with the construction of a new high school.	Lisa Williams McGuire Woods, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
<b>Hanover County</b> 20 years level principal beginning July 15, 2015 Reimburse Project completed	\$2,000,000	\$2,000,000	Infrastructure improvements to HVAC, roofs, parking lots and tennis courts. Installation of surveillance camera systems, card readers, door access and interior/exterior lighting.	Stephen Johnson Troutman Sanders, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
<b>City of Lexington</b> 25 years level debt service beginning July 15, 2015	\$13,000,000	\$13,260,000	New elementary school to accommodate 400 students including a middle school sized gymnasium, modern kitchen and cafeteria with outdoor dining areas, media center and library, music and art rooms and 22 classrooms.	Carolyn Perry BotkinRose, PLC	School Bd - Y Board of Sp - N	N - BSAs N - App D
<b>City of Manassas Park</b> 8 years level savings with final maturity July 15, 2021 Project completed Interim financing Refunding	\$4,395,000	\$4,790,000	Refund approximately \$1,250,000 of outstanding 1999 Literary Loan for Manassas Park High School and \$3,000,000 of outstanding 2001 Literary Loan for Cougar Elementary School.	Lisa Williams McGuire Woods, LLP	School Bd - N Board of Sp - N	N - BSAs N - App D
<b>Stafford County</b> 20 years level debt service for \$10,420,000 renovation and rebuild projects beginning July 15, 2015  15 years level debt service for \$7,120,000 infrastructure upgrades beginning July 15, 2015	\$17,540,000	\$17,540,000	Grafton Village Elementary School renovation, Stafford High School rebuild, infrastructure upgrades including repairing interior finishes at Widewater Elementary School, repairing pavement at A.G. Wright Middle School and Garrisonville Elementary School, repairing mechanical systems at Hampton Oaks Elementary School, A.G. Wright Middle School and Garrisonville Elementary School and replacing roof at North Stafford High School	Lisa Williams McGuire Woods, LLP	School Bd - Y Board of Sp - N	N - BSAs N - App D
<b>Wise County</b> Graduated debt service structure No extension of final maturity for VPSA 2008A or 2011B Project completed Interim financing Refunding Restructuring	\$12,000,000	\$12,000,000	Refund approximately \$1,295,000 of outstanding 2000 Literary Loan for Wise Primary School, \$1,750,000 of outstanding 2000 Literary Loan for J.W. Adams Elementary School and \$1,028,227 of outstanding Literary Loan for Coeburn Primary School. Restructure approximately \$2,224,925 of 2008A and \$3,765,000 of 2011B VPSA Pool Bond loans.	Dan Siegel Sands Anderson, PC	School Bd - N Board of Sp - N	N - BSAs N - App D
<b>TOTAL NON-SUBSIDY</b>	<b>\$53,635,000</b>					
<b>TOTAL SUBSIDY</b>	<b>\$0</b>					
<b>GRAND TOTAL</b>	<b>\$53,635,000</b>					

## **ATTACHMENT B**

**EXHIBIT A**

**THE 2014 SPRING LOCAL ISSUERS AND 2014 SPRING LOCAL SCHOOL BONDS**

<u>2014 Spring Local Issuers</u>	<u>Proceeds Requested/Principal Amount of 2014 Spring Local School Bonds Being Purchased<sup>1</sup></u>
City of Lexington	\$13,000,000
City of Manassas Park	4,395,000
Frederick County	4,700,000
Hanover County	<del>2,100,000</del> <b>2,000,000</b>
Stafford County	17,540,000
Wise County	<del>10,700,000</del> <b>12,000,000</b>
<b>TOTAL</b>	<del>\$52,435,000</del> <b>53,635,000</b>

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<sup>1</sup> Subject to adjustment of application amount prior to execution of Bond Sale Agreements. The principal amount of the 2014 Spring Local School Bonds is subject to adjustment on the date of sale of the 2014 Spring New Money Bonds to generate an amount of proceeds for the respective 2014 Spring Local Issuers substantially equal to the application amount of proceeds requested by such 2014 Spring Local Issuers.

**ATTACHMENT C**

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**SCHOOL EDUCATIONAL TECHNOLOGY NOTE RESOLUTION**

**ADOPTED ON APRIL 2, 2014**

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**AUTHORIZING AND SECURING**  
**SCHOOL EDUCATIONAL TECHNOLOGY NOTES**  
**SERIES XIV**

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## **VIRGINIA PUBLIC SCHOOL AUTHORITY**

### **A RESOLUTION AUTHORIZING THE ISSUANCE OF SCHOOL EDUCATIONAL TECHNOLOGY NOTES SERIES XIV OF THE VIRGINIA PUBLIC SCHOOL AUTHORITY FOR THE PURPOSE OF PROVIDING FUNDS FOR MAKING GRANTS TO LOCAL SCHOOL BOARDS AND OTHER ELIGIBLE SCHOOLS FOR CAPITAL SCHOOL PROJECTS TO ESTABLISH A COMPUTER-BASED INSTRUCTIONAL AND TESTING SYSTEM FOR THE STANDARDS OF LEARNING (SOL) AND TO DEVELOP THE CAPABILITY FOR HIGH SPEED INTERNET CONNECTIVITY AT HIGH SCHOOLS FOLLOWED BY MIDDLE SCHOOLS FOLLOWED BY ELEMENTARY SCHOOLS AND SUCH OTHER EDUCATIONAL TECHNOLOGY GRANT PURPOSES THAT THE GENERAL ASSEMBLY MAY SUBSEQUENTLY IDENTIFY IN AN APPROPRIATION ACT**

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

**WHEREAS**, by virtue of the Enabling Act, the Authority is authorized and empowered:

(a) to manage and administer as provided in the Enabling Act all moneys or obligations that may be set aside and transferred to the Authority from the principal of the Literary Fund (hereinafter mentioned) by the General Assembly of Virginia for public school purposes pursuant to Article VIII, §8 of the Constitution of Virginia, and

(b) to make grants of money, from any funds of the Authority available for such purpose, to local school boards for the purchase of capital projects for school purposes, including the acquisition and installation of educational technology equipment, pursuant to Section 22.1-166.2 of the Enabling Act, and

(c) to provide by resolution, at one time or from time to time, for the issuance of bonds of the Authority in such amount or amounts as the Board shall determine, payable solely from funds of the Authority, including, but without limitation, (i) any funds authorized by the General Assembly of Virginia from the Literary Fund or otherwise appropriated by the General Assembly to pay debt service on the Notes, and (ii) any moneys appropriated for the purpose to the Authority from the General Fund, and

(d) to issue notes and other obligations for any of its purposes in such form as may be authorized by resolution of the Authority, subject to the same provisions, where applicable, as govern the issuance of bonds of the Authority; and

**WHEREAS**, the Board has determined that it is in the best interests of the Authority and of the Commonwealth to adopt this resolution to provide for the issuance of notes of the Authority, designated School Educational Technology Notes Series XIV, to provide funds for the purpose of making grants to school divisions of various cities, counties and towns in the Commonwealth and other eligible schools as contemplated by Item 139(C)(12)(g) of Chapter 806 of the 2013 Virginia Acts of Assembly, Special Session I, as amended (the "Appropriation Act"), for the purpose of establishing a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools and otherwise carrying out the purposes contemplated by Item 139(C)(12)(g) of the Appropriation Act, as amended, and such other educational technology grant purposes that the General Assembly may subsequently identify in an appropriation act; now, therefore,

**BE IT RESOLVED** by the Board of Commissioners of the Virginia Public School Authority:

## **ARTICLE I**

### **DEFINITIONS AND RULES OF CONSTRUCTION**

**SECTION 101. Definitions.** In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

"**amortized cost**," when used with respect to an obligation purchased at a premium above or at a discount below par, shall mean, as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of days remaining to maturity on any such obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of purchase and (i) in the case of an obligation purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount, by adding the product thus obtained to the purchase price.

"**Authority**" shall mean the Virginia Public School Authority, duly created as a public body corporate and an agency and instrumentality of the Commonwealth, and its successors.

"**Board**" shall mean the Board of Commissioners of the Authority.

"**Business Day**" shall mean any day on which the New York Stock Exchange is open other than a Saturday or Sunday and other than a day on which commercial banks (including the Note Registrar and any Paying Agent) are authorized to close in the Commonwealth or in the City and State of New York or in any other jurisdiction specified in the Resolution.

"**Chairman**" shall mean the Chairman of the Authority, the Vice-Chairman of the Authority, or any chairman designated pro tempore by the Board.

"**Closing**" shall mean the date on which Notes are delivered against payment therefor.

"**Commonwealth**" shall mean the Commonwealth of Virginia.

"**Defaulted Interest**" shall mean Defaulted Interest as defined in Section 203 hereof

"**Defeasance Obligations**" shall mean Government Obligations and the obligations described in clause (a)(ii) of the definition of "**Investment Obligations.**"

"**Depository**" shall mean one or more other banks or trust companies duly authorized to engage in the banking business and meeting the requirements of Section 1202 hereof and designated by resolution of the Authority or by the State Treasurer as a depository of moneys under the provisions of this Resolution.

"**Educational Technology Series XIV Note Fund**" shall mean the Virginia Public School Authority Educational Technology Series XIV Note Fund, a special fund created and designated by Section 501 of this Resolution.

"**Educational Technology Series XIV Grant Fund**" shall mean the Virginia Public School Authority Educational Technology Series XIV Grant Fund, a special fund created and designated by Section 401 of this Resolution.

"**Enabling Act**" shall mean Chapter 194 of the Acts of Assembly of Virginia of 1962, as amended (codified as Sections 22.1-162 through 22.1-175, inclusive, of Chapter 11, Title 22.1, Code of Virginia, 1950, as amended).

"**Government Obligations**" shall mean direct obligations of, or obligations the timely payment of the principal of and the interest on which is unconditionally guaranteed by, the United States of America, Interest Components of Resolution Funding Corporation Notes, and, if permitted by law, evidences of indirect ownership of such obligations.

"**Interest Payment Date**" shall mean each April 15 or October 15, as the case may be specified in the Series Certificate.

"**Investment Obligations**" shall mean, to the extent permitted by law:

(a) (i) Government Obligations, and (ii) obligations of state or local government municipal bond issuers, (A) provision for the payment of the principal of and interest on which shall have been made by deposit with an escrow agent or trustee of non-callable Government Obligations the principal of and interest on which when due will be sufficient to pay the principal of and interest on such state or local government municipal obligations when due and (B) which state or local government municipal obligations by their terms or pursuant to an irrevocable determination by the issuer thereof are not subject to redemption other than on a date determined at the time such provision for payment was made and (iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal Farm Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, United States Postal Service, the Federal Home Loan Mortgage Association, the Federal Housing Administration, the Government National Mortgage Association, or by any other agency controlled by or supervised by and acting as an instrumentality of the United States Government;

(b) any repurchase agreement that is with (i) a bank or trust company (including any Depository, Note Registrar, Paying Agent and their affiliates), or (ii) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, in both cases for obligations described in (a) above having over the term of the repurchase agreement a fair market value equal to at least 100% of the amount of the repurchase obligation of the bank, trust company or dealer, provided, however, that such obligations purchased must be transferred to the Authority, a Depository or a third party agent of the Authority or such Depository by physical delivery or by an entry made on the records of the issuer of such obligations; any investment in a repurchase agreement shall be considered to mature on the date the bank or trust company or dealer providing the repurchase agreement is obligated to repurchase the Investment Obligations;

(c) certificates of deposit issued by, and time deposits in, any bank or savings and loan association organized under the laws of the Commonwealth, any other state of the United States or the United States, including any Depository, any Paying Agent and any Note Registrar; provided that such certificates of deposit or time deposits are (a) insured by the Federal Deposit Insurance Corporation or (ii) to the extent not so insured, collateralized, in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia, 1950, as amended), such collateral to be held by the Authority or a Depository or a third party acting solely as agent for the Authority or a Depository;

(d) banker's acceptances drawn on and accepted by commercial banks (which may include any Note Registrar, any Depository and any Paying Agent) having a combined capital, surplus and undivided profits of at least \$100,000,000;

(e) commercial paper rated in the highest rating category by Moody's and S&P (without regard to numerical or other gradations or refinements such as "plus" or "minus");

(f) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by a bond insurance company the bonds insured by which are rated by Fitch, Moody's and S&P, or any two of them if such obligations are unrated by the third, in one of the two highest rating categories (without regard to numerical or other gradations or refinements such as "plus" and "minus");

(g) obligations of state or local government municipal bond issuers that are rated by Fitch, Moody's and S&P, or any two of them if such obligations are unrated by the third, in one of the two highest rating categories (without regard to numerical or other gradations or refinements such as "plus" and "minus");

(h) investments in the State Non-Arbitrage Program®; and

(i) any other obligations that constitute legal investments, at the time being, for instrumentalities of the Commonwealth such as the Authority.

Any investment in Investment Obligations described above may be made in the form of an entry made on the records of the issuer of such Investment Obligation.

"**newspaper**" shall mean a newspaper regularly published in the English language on at least one Business Day in each calendar week.

"**Noteholder**" shall mean an owner.

"**Note Registrar**" shall mean the State Treasurer unless some other entity shall be designated as such by the Authority and performing the duties set forth in this Resolution.

"**Notes**" shall mean the notes issued under the provisions of Section 208 of this Resolution.

"**outstanding**" shall mean with respect to Notes all Notes that have been authenticated and delivered by a Note Registrar under this Resolution, except:

(i) Notes paid or redeemed or delivered to or acquired by the Note Registrar for cancellation;

(ii) Notes, or principal or interest components thereof, for which a Paying Agent or the Note Registrar or any Depository or the State Treasurer shall hold sufficient moneys or non-callable Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient moneys to pay the principal of, and the interest on, such Notes, or such principal or interest components, as the case may be, to their maturity date or dates or dates fixed for redemption; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered under this Resolution;

provided, however, that in determining whether the owners of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Authority or other obligor on the Notes shall be disregarded and deemed not to be outstanding, except that in determining whether the Note Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Note Registrar knows to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Note Registrar the pledgee's right so to act with respect to such Notes and that the pledgee is not the Authority or other obligor on the Notes.

"**owner**" shall mean a person in whose name a Note (or one or more Predecessor Notes) is registered on the registration books provided for in Section 206 of this Resolution.

"**Paying Agent**" shall mean the State Treasurer and/or any other entity designated as such by the Authority and performing the duties set forth in this Resolution.

"**person**" shall mean and include an association, unincorporated organization, a corporation, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

"**Predecessor Notes**" shall mean with respect to any particular Note every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note. For purposes of this definition, any Note authenticated and delivered under Section 211 of this Resolution in lieu of a mutilated, destroyed, stolen or lost Note shall be deemed to evidence the same debt as the mutilated, destroyed, stolen or lost Note.

"**Principal Payment Date**" shall mean April 15 in each of the years 2015 through 2019.

"**Purchasers**" shall mean the person or persons identified as such by the Series Certificate of the Authority. If the sale of the Notes is to be accomplished via negotiated sale, as permitted by Section 209 of this Resolution, references to Purchasers shall refer to the Underwriters (as such term is defined in Section 209 of this Resolution).

"**Regular Record Date**" shall mean, with respect to the Notes authorized by this Resolution, the last day of the month (whether or not a business day) next preceding each Interest Payment Date.

"**Resolution**" shall mean this Educational Technology Note Resolution, together with all resolutions supplementing or amending this Educational Technology Note Resolution as herein permitted.

"**Secretary**" shall mean the Secretary of the Authority or any Assistant Secretary.

"**Series Certificate**" shall mean a certificate of the Authority, supplemental to this Note Resolution, fixing terms, conditions and other details of the Notes in accordance with the provisions of Sections 208 and 209 hereof.

"**Special Record Date**" shall mean a date fixed by the Note Registrar pursuant to Section 203 of this Resolution for the payment of any Defaulted Interest on Notes.

"**State Treasurer**" shall mean the State Treasurer of the Commonwealth, including any duly appointed administrative assistant of the State Treasurer authorized to act on behalf of the State Treasurer pursuant to Title 2.2, Section 1801 of the Code of Virginia of 1950, as amended.

**SECTION 102. Rules of Construction.** (a) Words of the masculine or feminine gender shall be deemed and construed to include correlative words of the feminine, masculine and neuter genders. Unless the context shall otherwise indicate, the words "note," "owner," "noteholder," "holder" and "person" shall include the plural as well as the singular number; and the word "holder" or "noteholder" or "owner" when used herein with respect to Notes issued hereunder shall mean the registered owner of Notes at the time issued and outstanding hereunder.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Where the character or amount of any asset, liability of term or income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purpose hereof or for the purpose of any document, affidavit or

certificate to be executed and delivered in accordance with or pursuant to this Resolution, the same shall be done in accordance with generally accepted accounting principles; provided, however, that whenever the context makes clear that the requirement is that cash, or its equivalent, be available to pay Notes, computations regarding such requirement shall be computed on a cash, and not on a generally accepted accounting, basis.

## ARTICLE II

### FORM, EXECUTION, AUTHENTICATION, DELIVERY, REGISTRATION AND AUTHORIZATION OF NOTES

**SECTION 201.**     **Limitation on Issuance of Notes.** No Notes may be issued under the provisions of this Resolution except in accordance with the provisions of this Article.

**SECTION 202.**     **Form of Notes.** The definitive Notes are issuable in fully registered form in the denomination of \$5,000 or any whole multiple thereof. The definitive Notes issued under the provisions of this Article shall be designated "School Educational Technology Notes Series XIV," provided, such Notes may be redesignated if, as provided in Section 209 hereof, a Delegate shall determine to sell the Notes on the same date and as part of the same series of another issue of similarly-secured notes, shall be substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as are required or permitted by this Resolution. All Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Notes may be listed or any usage or requirement of law with respect thereto.

**SECTION 203.**     **Details, Execution and Payment of Notes.** Each Note shall bear interest, payable semiannually to the respective maturities of the Notes on April 15 and October 15 in each year, from the Interest Payment Date next preceding the date on which it is authenticated, unless it is authenticated (a) on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or (b) prior to the first Interest Payment Date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication of any Note interest is in default, such Note shall bear interest from the date to which interest shall have been paid.

The Notes shall bear the manual or facsimile signatures of the Chairman and the Secretary, but it shall not be necessary that the same officer execute all of the Notes that may be issued hereunder at any one time, and the official seal shall be impressed, or a facsimile thereof shall be imprinted, on the Notes.

In case any officer whose signature or facsimile shall appear on any Notes shall cease to be such officer before the delivery of such Notes, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if she had remained in office until such delivery, and also any Note may be signed by such persons as at the actual time of the execution of such Note shall be the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

Both the principal of and the interest on the Notes shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of all Notes shall be payable at the principal corporate trust office of the Note Registrar upon the presentation and surrender of such Notes as the same shall become due and payable.

Interest on any Note that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check or draft to the person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such Interest Payment Date.

Any interest on any Note that is payable but is not punctually paid or duly provided for on any Interest Payment Date (hereinafter sometimes called "Defaulted Interest") shall forthwith cease to be payable to the owner as of the relevant Regular Record Date solely by virtue of such owner's having been such owner on such Date; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in subparagraph (a) or (b) below:

(a) The Authority may elect to make payment of any Defaulted Interest on the Notes to the persons in whose names such Notes are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Authority shall notify the Note Registrar and any Paying Agent, in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which date shall be a date that will enable the Note Registrar or Paying Agent to comply with the next sentence hereof), and at the same time the Authority shall deposit or cause to be deposited with the Note Registrar an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Note Registrar for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon, the Note Registrar shall fix a Special Record Date for the payment of such Defaulted Interest that shall be not more than fifteen (15) days nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Note Registrar of the notice of the proposed payment. The Note Registrar shall promptly notify the Authority and the Paying Agent of such Special Record Date, and the Note Registrar, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class mail, postage prepaid, to each owner, at his address as it appears in the registration books maintained under Section 206 of this Resolution, not less than 10 days prior to such Special Record Date. The Note Registrar may, in its discretion, in the name and at the expense of the Authority, cause a similar notice to be published at least once in a financial newspaper distributed in the Borough of Manhattan, City and State of New York, and a newspaper of general circulation in the City of Richmond, Virginia, but neither of such publications shall be a condition precedent to the establishment of such Special Record Date or to the payment of Defaulted Interest. Notice of the proposed payment of such Defaulted Interest and of the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names

the Notes (or their respective Predecessor Notes) are registered on such Special Record Date and shall no longer be payable pursuant to the following subparagraph (b).

(b) The Authority may make payment of any Defaulted Interest on the Notes in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Notes may be listed and upon such notice as may be required by such exchange, if, after notice given by the Authority to the Note Registrar and any Paying Agent of the proposed payment pursuant to this subparagraph, such payment shall be deemed practicable by the Note Registrar.

Subject to the foregoing provisions of this Section 203, each Note delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Note shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Note, and each such Note shall bear interest from a date such that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**SECTION 204. Authentication of Notes.** Only such of the Notes as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Note Registrar shall be entitled to any benefit or security under this Resolution. No Note shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Note Registrar, and such certificate of the Note Registrar upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Resolution. The Note Registrar's certificate of authentication on any Note shall be deemed to have been duly executed if signed by an authorized officer of the Note Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Notes that may be issued hereunder at any one time.

**SECTION 205. Exchange of Notes.** Unless otherwise provided in the Resolution, Notes, upon surrender thereof at the principal corporate trust office of the Note Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Note Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Notes of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Notes surrendered for exchange.

The Authority shall make provision for the exchange of Notes at the principal corporate trust office of the Note Registrar.

**SECTION 206. Registration of Transfer.** Except as otherwise provided, the Note Registrar shall keep books for the registration of and for the registration of transfer of Notes as provided in this Resolution. The transfer of any Note may be registered only upon the books kept for the registration and registration of transfer of Notes upon surrender of such Note to the Note Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Note Registrar.

Upon any exchange or registration of transfer, the Authority shall execute and the Note Registrar shall authenticate and deliver in exchange for such Note a new Note or Notes,

registered in the name of the transferee, of any denomination or denominations authorized by this Resolution in an aggregate principal amount equal to the principal amount of such Note surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Notes shall be exchanged or the transfer of Notes shall be registered hereunder, the Authority shall execute, and the Note Registrar shall authenticate and deliver, Notes within a commercially reasonable time, according to then prevailing industry standards, in accordance with the provisions of this Resolution. All Notes surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Note Registrar. The Authority or the Note Registrar may make a charge for every such exchange or registration of transfer of Notes sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to the owner of any Note for the privilege of exchanging or registering the transfer of Notes under the provisions of this Resolution.

**SECTION 207. Ownership of Notes.** The Authority, the Note Registrar, and any Paying Agents may deem and treat the person in whose name any Note is registered on the books of the Authority kept by the Note Registrar as the absolute owner of such Notes for the purpose of receiving payment of the principal of and premium, if any, and interest on, such Note and for all other purposes whatsoever, whether such Note be overdue and, to the extent permitted by law, neither the Authority, the Note Registrar nor any Paying Agents shall be affected by any notice to the contrary.

**SECTION 208. Authorization of Notes.** Subject to the provisions of the next paragraph, Notes of the Authority, in the aggregate principal amount not to exceed the principal amount authorized by the Appropriation Act, may be issued under and secured by this Resolution, subject to the conditions hereinafter provided in this Section 208, at any time for the purpose of making grants to local school boards and other eligible schools, as contemplated by the Appropriation Act, for the purpose of establishing a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools, and otherwise carrying out the purposes contemplated by Item 139(C)(12)(g) of the Appropriation Act, as amended, and such other educational technology grant purposes that the General Assembly may subsequently identify in an appropriation act.

The maximum aggregate principal amount of Notes that the Authority may issue shall not exceed the amount specified in the Appropriation Act as it may be amended whether such amendment is accomplished directly by changing the Appropriation Act's language or by formula, supplement or any other means.

The Notes shall be dated, bear interest payable semi-annually on each Interest Payment Date of each year and mature on the Principal Payment Dates in the principal amounts, all as set forth in the Series Certificate.

The Notes shall be executed in authorized denominations as provided by this Resolution and delivered to the Note Registrar. The Authority hereby authorizes and directs the Note Registrar to authenticate and deliver the Notes to the Purchasers in accordance with the

provisions of this Resolution but only upon payment to the Treasurer of the Authority of the purchase price of the Notes and the accrued interest thereon, if any.

Before such Notes shall be authenticated and delivered by the Note Registrar there shall be filed with the Treasurer of the Authority the following:

- (a) a signed copy of the Series Certificate;
- (b) a certificate, signed by the Chairman, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution or in the Enabling Act;
- (c) an opinion of the Attorney General, Senior Counsel to the Attorney General or an Assistant Attorney General of the Commonwealth stating that the signer is of the opinion that the issuance of such Notes has been duly authorized and that all conditions precedent to the delivery of such Notes have been fulfilled, and that no legislation has been enacted that amends the provisions of the Enabling Act in a way that would adversely affect the power of the Authority to discharge the covenant in Section 704;
- (d) a copy, certified by the Secretary of the Authority, of the Memorandum of Understanding between the Department of Education and the Authority concerning the appropriations from the Literary Fund and the general fund of the Commonwealth by the General Assembly in respect of debt service on the Notes; and
- (e) a certificate, signed by the Secretary of Finance of the Commonwealth, that (i) the current Appropriation Act Provision contains an authorization to issue the Notes in an estimated maximum principal amount set forth in such certificate and (ii) a future Appropriation Act Provision or a Budget Bill contains (A) an appropriation from available moneys in the Literary Fund for the payment of debt service on the Notes becoming due in such fiscal year(s) covered by such Appropriation Act Provision or Budget Bill and (B) a "sum sufficient appropriation," from the general fund of the Commonwealth, to pay the difference between the appropriations for debt service on the Notes becoming due in such fiscal year(s) covered by such Appropriation Act Provision or Budget Bill and the available moneys in the Literary Fund.

For purpose of the foregoing certificate of the Secretary of Finance,

- (i) "current Appropriation Act Provision" shall mean a provision contained in an appropriation act that has the force of law at the date of the certificate,
- (ii) "future Appropriation Act Provision" shall mean a provision contained in an appropriation act that will have the force of law on a future date,
- (iii) "Budget Bill" shall mean the bill or bills submitted by the Governor to the General Assembly (but not yet enacted into law) that would appropriate the public revenues of the Commonwealth for a biennium, or amend an Appropriation Act, as such bill or bills may exist on the date of the certificate, and

(iv) "sum sufficient appropriation" shall mean in the case of an Appropriation Act Provision or Budget Bill, the appropriation of amounts sufficient, whether the amounts are specified directly or indirectly or by formula or otherwise, that in the judgment of the Secretary of Finance are sufficient to cure any deficiency in the amounts received by the Authority from available moneys in the Literary Fund, when compared to the amounts appropriated for scheduled debt service on the Notes on any Interest Payment Date or Principal Payment Date, in each of the fiscal years covered by the Appropriation Act Provision or Budget Bill.

When the documents mentioned above in this Section 208 shall have been filed with the Treasurer of the Authority and when the Notes shall have been executed and authenticated as required by this Resolution, the Note Registrar shall deliver such Notes at one time to or upon the order of the Purchasers named in the Series Certificate mentioned in clause (a) hereof, but only upon payment to the Treasurer of the Authority of the purchase price of such Notes and the accrued interest, if any, thereon. The Treasurer of the Authority, the State Treasurer, and the Note Registrar shall be entitled to rely upon Series Certificate as to the names of the Purchasers and the interest rate of each of such Notes and the amount of such purchase price.

The Treasurer of the Authority shall deposit to the credit of the Educational Technology Series XIV Grant Fund an amount equal to the proceeds of the Notes (excluding any accrued interest).

The Treasurer of the Authority shall deposit to the credit of the Educational Technology Series XIV Note Fund so much of the proceeds of the Notes as represents accrued interest on such Notes.

Costs and expenses of the issuance of the Notes will be paid directly from the Literary Fund.

**SECTION 209. Series Certificate.** There is hereby delegated to the Treasurer or any Assistant Treasurer of the Authority (each a "Delegate"), subject to the limitations contained herein, the power with respect to the Notes to determine and carry out the following:

(a) Sell the Notes (i) at a public sale (such date of sale not to be later than June 30, 2014), by competitive bidding, at a price of not less than 99.50% of par to the bidder whose bid for the Notes provides the lowest "True" interest cost rate, not to exceed 2.25% per annum, to the Authority or (ii) by negotiated sale to a firm or firms comprising the Authority's underwriting team (the "Underwriters"), which shall be comprised of underwriters from the group of qualified investment banking firms selected to provide underwriting service for the Commonwealth and other agencies and instrumentalities of the Commonwealth;

(b) If the Notes are to be sold by competitive bidding, to publish a Notice of Sale and a summary thereof, in substantially the forms presented to the Board on the date of adoption by the Board of this Resolution;

(c) If the Notes are to be sold by negotiated sale, to execute with the Underwriters a Bond Purchase Agreement (a "Purchase Contract") in substantially the form approved and executed in connection with the Authority's School Financing Bonds (1997 Resolution)

Refunding Series 2012 A, a copy of which has been presented at the Board meeting at which this Resolution was adopted, with such modifications as are necessary to reflect the differences between the two transactions, provided, the terms of such Purchase Contract shall not conflict with the provisions of this Resolution;

(d) Determine the dated date, and fix the Interest Payment Dates and Principal Payment Dates of the Notes as scheduling and marketing circumstances may dictate;

(e) Determine the interest rate or rates on the Notes;

(f) Determine the aggregate principal amount of the Notes;

(g) If the Notes are to be sold by negotiated sale, to accept an offer of the Underwriters, in the form of a Purchase Contract, to purchase the Notes at a purchase price reflecting an underwriters' discount, not to exceed 1.00% of the par amount of the Notes;

(h) Determine the principal amounts per maturity so that (i) the aggregate debt service due, net of accrued interest, if any, in the fiscal year ending June 30, 2014 does not exceed the expected appropriations therefor made by the General Assembly from the Literary Fund and (ii) the debt service due in each fiscal year thereafter is substantially equal or otherwise favorably structured, upon the advice of the Authority's financial advisor;

(i) To sell the Notes on the same date and as part of the same series and pursuant to the same Preliminary Official Statement and Official Statement as any other note program the General Assembly may direct the Authority to conduct pursuant to any other provision of the Appropriation Act, provided that debt service on any such notes sold on the same date as the Notes shall be payable from (x) an appropriation from available moneys in the Literary Fund and (y) a "sum sufficient appropriation," from the general fund of the Commonwealth and, provided, further, that the Series Certificate delivered in connection with such combined sale shall specify that portion of the issue identifiable as the Notes;

(j) If the Notes are to be sold on the same date and the same series as another issue of notes, as provided in paragraph (i) above, to redesignate the Notes to reflect the combined purposes of the issuance; and

(k) Determine any other provisions deemed advisable by the Delegate and not in conflict with the provisions of this Resolution.

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

**SECTION 210. Official Statement.** The distribution of the Preliminary Official Statement (the "Preliminary Official Statement") in substantially the form presented at the meeting at which this Resolution is adopted, is hereby authorized. The use by the Purchasers of the Notes for the purpose of making a bona fide public offering of the Notes, of the final Official Statement, dated the date of the sale and award, in substantially the form of the Preliminary

Official Statement (the "Official Statement"), is hereby authorized, and the Chairman or Vice Chairman and the Treasurer of the Authority or an Assistant Treasurer are hereby authorized by and on behalf of the Authority to deem "final" the Preliminary Official Statement for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, approve the terms of and publish the Official Statement describing the Notes and sign and deliver the Official Statement to the purchaser of the Notes.

**SECTION 211. Mutilated, Destroyed, Stolen or Lost Notes.** In case any Note secured hereby shall become mutilated or be destroyed, stolen or lost, the Authority shall cause to be executed, and the Note Registrar shall authenticate and deliver, a new Note of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Note or in lieu of and in substitution for such Note destroyed, stolen or lost, upon the owner's paying the reasonable expenses and charges of the Authority and the Note Registrar in connection therewith and, in the case of a Note destroyed, stolen or lost, his filing with the Note Registrar evidence satisfactory to it and to the Authority that such Note was destroyed, stolen or lost, and as to his ownership thereof, and furnishing the Authority and the Note Registrar with indemnity satisfactory to each of them. The foregoing notwithstanding, the Authority shall not be required to issue a new Note in exchange or substitution for any Note that has matured, and the Authority's only obligation in respect of such mutilated, destroyed, stolen or lost Note shall be to pay such Note on the maturity date.

Every Note issued pursuant to the provisions of this Section 211 in exchange or substitution for any Note that is mutilated, destroyed, stolen or lost shall constitute an additional contractual obligation of the Authority, whether the destroyed, stolen or lost Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Notes duly issued under this Resolution. All Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, stolen or lost Notes, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

### **ARTICLE III**

#### **REDEMPTION OF NOTES**

**SECTION 301. Redemption of Notes.** The Notes issued under the provisions of this Resolution shall not be subject to redemption prior to their respective maturities.

## ARTICLE IV

### CUSTODY AND APPLICATION OF PROCEEDS OF NOTES.

**SECTION 401. Grant Fund.** A special fund is hereby created and designated "Virginia Public School Authority Educational Technology Series XIV Grant Fund" (hereinafter sometimes called the "Grant Fund"), to the credit of which such deposits shall be made as are required or permitted by the provisions of this Resolution, including Section 208.

The moneys in the Educational Technology Series XIV Grant Fund shall be held by the State Treasurer in trust and, subject to the provisions of this Article, shall be applied for the purpose of making grants to local school boards and other eligible schools as contemplated by the Appropriation Act for the purpose of establishing a computer-based instructional and testing system for the Standards of Learning (SOL) to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools, and otherwise carrying out the purposes contemplated by Item 139(C)(12)(g) of the Appropriation Act, as amended, and such other educational technology grant purposes that the General Assembly may subsequently identify in an appropriation act, and, pending such application, shall be subject to a lien and charge in favor of the owners of the Notes issued and outstanding under this Resolution and for the further security of such owners until paid out or transferred as herein provided. Disbursements from the Grant Fund shall be by submission of a request for reimbursement substantially in the form set forth in Exhibit B.

**SECTION 402. Payments From Grant Fund.** All disbursements from the Grant Fund shall be subject to the provisions and restrictions set forth in this Article, and the Authority covenants that it will not cause or permit to be paid from the Grant Fund any sums except in accordance with such provisions and restrictions.

Disbursements from the Grant Fund shall be made for the purpose of making grants of money to local school boards and other eligible schools as contemplated by the Appropriation Act ("eligible schools") for the purpose of establishing a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools, and otherwise carrying out the purposes contemplated by Item 139(C)(12)(g) of the Appropriation Act, as amended, and such other educational technology grant purposes that the General Assembly may subsequently identify in an appropriation act. The eligible schools entitled to receive grants are those which were determined by the Board of Education as of September 30, 2013, and the State Treasurer is hereby authorized to make grants to the eligible schools as so determined by the Board of Education. Notwithstanding the foregoing, the State Treasurer is hereby further authorized to make grants to other eligible school grantees, as so determined by the Board of Education, to effect such other educational technology grant purposes that the General Assembly may subsequently identify in an appropriation act. All the eligible schools entitled to receive grants from the proceeds of the Notes have contracted with equipment vendors and/or contractors for purchase of equipment or construction of network facilities or expect to contract with such vendors and/or contractors in the near future. Therefore, the State Treasurer shall disburse the moneys to the credit of the Grant Fund to or upon the order of the Department of Education, or its authorized representative, upon requisitions therefor

identifying the eligible school on behalf of which such requisition is submitted, identifying generally and stating the cost of the equipment being purchased and certifying such disbursement is being paid directly to the vendor of the equipment, or to the eligible school as reimbursement to the eligible school for such a payment, for the purchase of equipment or for the payment for construction of network facilities.

**SECTION 403. Transfers from the Grant Fund.** (a) If, immediately prior to any Interest Payment Date, the State Treasurer shall determine that the cash and the value of the Investment Obligations credited to the Grant Fund exceed the amount required to make the grants contemplated by Section 402 and applicable law, the State Treasurer may apply all or any portion of such excess to the payment of interest coming due on such Interest Payment Date and for such purpose transfer such amount to the Note Fund.

(b) If at any time the State Treasurer shall determine that the cash and the value of Investment Obligations credited to the Grant Fund exceed the amount required to make the grants contemplated by Section 402 and that after any transfer(s) the State Treasurer has determined to make pursuant to subsection (a) of this Section 403, cash and Investment Obligations will still remain in the Grant Fund, the State Treasurer shall apply all of such excess, to the extent practicable, to the defeasance of Notes in accordance with Article XI and transfer the balance, if any, to the Note Fund to pay principal and interest coming due on the Notes.

(c) The State Treasurer shall not make any application of cash and Investment Obligations to the credit of the Grant Fund until the State Treasurer shall have first obtained an opinion of bond counsel to the Authority that the proposed application of such cash and Investment Obligations will not adversely affect the tax status of the Notes.

## ARTICLE V

### FUNDS

**SECTION 501. Note Fund.** (a) A special fund is hereby created under this Resolution and designated the "Virginia Public School Authority Educational Technology Series XIV Note Fund" (herein sometimes called the "Educational Technology Series XIV Note Fund").

The moneys in said Fund shall be held by the State Treasurer in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the owners of the Notes issued and outstanding under this Resolution and for the further security of such owners until paid out or transferred as herein provided.

(b) It shall be the duty of the State Treasurer to receive and deposit to the credit of the Educational Technology Series XIV Note Fund, on or before each Interest Payment Date and Principal Payment Date, the amounts, if any, deposited pursuant to Section 208 or 403 of this Resolution, and the amount, if any, appropriated by the General Assembly of the Commonwealth from the Literary Fund, general fund of the Commonwealth or otherwise to pay the principal of and interest on the Notes.

The payments and deposits required pursuant to this Section 501 shall be cumulative, and the amount of any deficiency on any date shall be added to the amount otherwise required to be paid or deposited on each subsequent Interest Payment Date and Principal Payment Date until such time as such deficiency shall have been made up.

(c) If the Treasurer or an Assistant Treasurer of the Authority determines as of 10 days before the next applicable Interest Payment Date or Principal Payment Date for the Notes, that available moneys in the Literary Fund are less than the amount required to pay the debt service due on the Notes on such payment date, then the Treasurer or an Assistant Treasurer of the Authority (i) shall file a warrant with the State Treasurer requesting that an amount equal to such deficiency be made available to the Authority from the moneys appropriated by the General Assembly for such purpose, and (ii) shall deposit such moneys immediately upon receipt thereof into the Educational Technology Series XIV Note Fund.

**SECTION 502. Application of Moneys in the Note Fund.** Except as otherwise provided in this Resolution, moneys in the Educational Technology Series XIV Note Fund shall be used solely for the payment of the principal of and premium, if any, and the interest on the Notes. The State Treasurer shall on each Interest Payment Date withdraw from such moneys and transfer to the Note Registrar or Paying Agent, who shall remit by mail (or by wire transfer if a registered owner is a securities depository) to each registered owner, the amounts required for paying the interest on such Notes on such date, and on each Principal Payment Date, the State Treasurer shall withdraw from such moneys and transfer to the Note Registrar or Paying Agent, who shall set aside in trust (or remit by wire transfer to any securities depository that is a registered owner), the amounts required for paying the principal of the Notes due on such date.

**SECTION 503. Moneys Held in Trust.** All moneys that the State Treasurer shall have withdrawn from the Educational Technology Series XIV Note Fund or shall have received from any other source and set aside or transferred to the Note Registrar or any Paying Agent for the purpose of paying any of the Notes hereby secured, either at the maturity thereof or by purchase or for the purpose of paying interest on the Notes, shall be held in trust for the owners thereof. Any moneys that are so set aside or transferred and that remain unclaimed by the owners of Notes for a period of three (3) years after the date on which such Notes have become payable shall be paid to the Authority, or to such successor as may then be entitled by law to receive the same, and thereafter the owners of such Notes shall look only to the Authority, or to such successor, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the State Treasurer, the Note Registrar, and any Paying Agent shall have no responsibility with respect to such money.

## ARTICLE VI

### DEPOSITORIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**SECTION 601. Security for Deposits.** All money deposited with the State Treasurer or any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured by such Depository, for the benefit of the Authority and holders of the Notes, in the manner required and

to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia, 1950, as amended), or any successor provision of law; provided, however, that it shall not be necessary for the Note Registrar or any Paying Agent to give security for the deposit of any money with it for the payment of the principal or the interest on any Notes issued hereunder, or for any Depository to give security for any money that shall be represented by Government Obligations or by Investment Obligations described in clauses (a)(ii) and (iii) of the definition of "Investment Obligations" in Section 101 of this Resolution purchased under the provisions of this Article as an investment of such money.

**SECTION 602. Investment of Money.** Moneys held for the credit of all funds shall be continuously invested and reinvested by the Depository thereof at the direction of the Authority as specified or confirmed by the State Treasurer.

Moneys held for the credit of the Educational Technology Series XIV Grant Fund and the Educational Technology Series XIV Note Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, not later than the respective dates when the moneys held for the credit of said fund will be required for the purposes intended. Moneys held for the credit of the Educational Technology Series XIV Note Fund shall, unless otherwise specified by the State Treasurer, be invested and reinvested in investments with the State Non-Arbitrage Fund®.

Investment Obligations so purchased shall be deemed at all times to be a part of the fund to which was credited the money with which they were purchased, and the interest accruing thereon and any profit realized or any loss resulting from the investment of money shall be credited to, or charged against, the respective fund. The State Treasurer and the Depositories shall sell at the best price obtainable or present for redemption or for payment any such Investment Obligations whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money from any such fund. The State Treasurer and the Depositories shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of moneys between two or more of the funds established pursuant to Article V of this Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article, provided that the Investment Obligations are those in which moneys of the receiving fund could be invested at the date of such transfer.

For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations in which money in such fund or account shall have been invested shall be valued at the amortized cost.

## ARTICLE VII

### PARTICULAR COVENANTS

**SECTION 701. Payment of Principal and Interest.** The Authority covenants that it will promptly pay the principal of and the interest on every Note issued under the provisions of

this Resolution at the places, on the dates and in the manner provided herein and in said Notes according to the true intent and meaning thereof, but solely from the moneys appropriated to the Authority for the purpose.

**SECTION 702. Covenant to Perform.** The Authority shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Resolution and in any Note executed, authenticated and delivered hereunder. The Authority represents that it is duly authorized under the Constitution and laws of the Commonwealth of Virginia, particularly the Enabling Act, to issue the Notes authorized hereby and to adopt this Resolution and to pledge the appropriations received from the General Assembly in respect of debt service on the Notes, in the manner and to the extent herein set forth as security for the Notes; that all action on its part for the adoption of this Resolution has been duly and effectively taken. The Authority represents that the Notes in the hands of the owners thereof are and will be valid and binding limited obligations of the Authority according to their terms.

**SECTION 703. Covenant as to Records and Accounts.** The Authority covenants that it will keep accurate records and accounts of the funds collected and of the application of such funds. Such records and accounts shall be open at all reasonable times to the inspection of the Noteholders and their agents and representatives.

**SECTION 704. Covenant to Seek Appropriations.** The Authority shall use its best efforts each legislative session to have (i) the Governor include in any biennial or any supplemental budget of the Commonwealth an amount equal to the principal and interest coming due on the Notes in the next biennium or fiscal year, as the case may be, and (ii) the General Assembly of the Commonwealth appropriate such amount from the Literary Fund for such purpose.

(a) In order to provide additional assurance of the timely payment of the debt service on the Notes, the Authority covenants that it will cause its Chairman, annually, on or before November 1, to make and deliver to the Governor and the Secretary of Finance, a certificate (i) setting forth an estimate of the total debt service coming due in each of the next two fiscal years on the Notes and (ii) requesting inclusion in the budget bill(s) to be presented by the Governor to the next regular session of the General Assembly an appropriation from the general fund of the Commonwealth of a sum sufficient to pay the difference between (A) debt service on the Notes becoming due in the fiscal year(s) covered by such bill(s) and (B) the amounts received by the Authority from available moneys in the Literary Fund.

**SECTION 705. Covenant as to Secondary Market Disclosure.**

(a) **Purpose.** The continuing disclosure undertaking by the Authority in this Section 705 is being made for the benefit of the holders (defined below) of the Notes and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Authority acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures respecting the Authority that may be required under this Section 705.

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

"**Annual Report**" shall mean any Annual Report provided by the Authority pursuant to, and as described in, subsections (c) and (d) of this Section 705.

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

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

"**[H]older**" shall mean, for purposes of this Section 705, any person who is a record owner or beneficial owner of a Note.

"**Listed Events**" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule which are, as of the date hereof, as follows:

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

(xii) bankruptcy, insolvency, receivership or similar event of the Authority;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

"**MOP**" shall mean the Commonwealth.

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

"**Participating Underwriter**" shall mean any of the original underwriters of the Authority's Notes required to comply with the Rule in connection with the offering of such Notes.

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

"**Undertaking**" shall mean the continuing disclosure undertaking assumed by the Authority in this Section 705.

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

(i) Not later than 10 months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2014 the Authority shall, or shall cause the Dissemination Agent (if different from the Authority) to, provide to provide to the MSRB an Annual Report which is consistent with the requirements of subsection (d) of this Section 705. Not later than 10 days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if applicable). In each case, the Annual Report (A) may be submitted as a single document or as separate documents comprising a package, (B) may cross-reference other information as provided in subsection (d) of this Section 705, and (C) shall include such financial statements as may be required by the Rule.

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

(iii) If the Authority fails to provide an Annual Report to the Repositories by the date required in clause (1), or to file its audited annual financial statements when

available as described in clause (2), the Authority shall send an appropriate notice to the MSRB in substantially the form attached hereto as Exhibit C.

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

(i) The most current available information respecting appropriations made by the Virginia General Assembly to provide for the payment of debt service on the Notes; and

(ii) The most current available information describing receipts and disbursements for the Literary Fund for the preceding Fiscal Year.

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

(e) **Reporting of Listed Events.** The Authority will provide in a timely manner, not in excess of ten business days after the occurrence of the event, to the MSRB notice of any of the Listed Events with respect to the Notes.

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

(g) **Amendment.** Notwithstanding any other provision of this Resolution, the Authority may amend its Undertaking as set forth in this Section 705 if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

(h) **Additional Information.** Nothing in this Section 705 shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Section 705 or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Section 705. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Section 705, the Authority shall have no obligation under this Section 705 to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

(i) **Default.** Any person referred to in subsection (j) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to file its Annual Report or to give notice of a Listed Event. In addition,

holders of not less than a majority in aggregate principal amount of Notes outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Continuing Disclosure Undertaking, or to enforce any other obligation of the Authority hereunder. A default under this Section 705 shall not be deemed an event of default under this Resolution or the Notes, and the sole remedy under this Section 705 in the event of any failure of the Authority to comply with its Undertaking shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

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

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

(l) **Obligated Person.** The Authority has determined that the Commonwealth is an "obligated person," within the meaning of the Rule, that is or may be material to the Notes, as evidenced by its inclusion in the definition of MOP.

(m) **Termination.** The obligations of the Authority pursuant to its Undertaking shall terminate upon the earlier to occur of the legal defeasance or final retirement of all of the Notes.

**SECTION 706. Amendments to Section 705.** In addition to the amendments authorized by Section 705(g) above and Article X, the Authority may, prior to the delivery of the Notes, amend its Undertaking to reflect any changes thereto requested by the Participating Underwriters or otherwise deemed by the Treasurer of the Authority to be in the best interests of the Authority and not inconsistent with the Rule, and Section 705 shall be deemed amended to the extent of any such amendments without further action by the Board of Commissioners of the Authority, anything in this Resolution to the contrary notwithstanding.

**SECTION 707. Tax Covenant.** The Authority covenants to take all action, and to refrain from taking any action, necessary under the Internal Revenue Code of 1986, as amended, to ensure that interest on the Notes will remain excludable from gross income for federal income tax purposes to the same extent as it is excludable on the date of closing on the Notes.

## ARTICLE VIII

### REMEDIES

**SECTION 801. Events of Default.** Each of the following events is hereby declared an "event of default," that is to say: If

(a) payment of the principal of any of the Notes shall not be made when the same shall become due and payable, at maturity or otherwise; or

(b) payment of any installment of interest on any of the Notes shall not be made when the same shall become due and payable; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the funds of the Authority; or

(e) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Notes or in this Resolution on the part of the Authority to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the owner of any of the Notes then outstanding.

**SECTION 802. Remedies.** Upon the happening and continuance of any event of default specified in Section 801 of this Article, then and in every such case any Noteholder may proceed to protect and enforce its rights and the rights of the Noteholders under the laws of the Commonwealth or under this Resolution by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as such Noteholder, being advised by counsel, shall deem most effectual to protect and enforce such rights.

**SECTION 803. Pro Rata Application of Funds.** Anything in this Resolution to the contrary notwithstanding, if at any time the moneys in the Educational Technology Series XIV Note Fund shall not be sufficient to pay the interest on or the principal of the Notes as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all such Notes shall not have become due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due

on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Notes;

second: to the payment to persons entitled thereto of the unpaid principal of any of such Notes that shall have become due and payable, in the order of their due dates, with interest on the principal amount of such Notes at the respective rates specified therein from the respective dates upon which such Notes became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such Notes due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of such Notes, to the purchase and retirement of such Notes, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all such Notes shall have become due and payable, all such moneys shall be applied

first: to the payment of the persons entitled thereto of all installments of interest due and payable on or prior to maturity, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Notes, and then to the payment of any interest due and payable after maturity on such Notes, ratably, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Notes; and

second: to the payment of the principal of such Notes, ratably, to the persons entitled thereto, without preference or priority of any Note over any other Note.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions of this Section 803, such moneys shall be applied by the State Treasurer at such times, and from time to time, as the State Treasurer in his sole discretion shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available in the future for such application; the deposit of such moneys with the Note Registrar or any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Authority, to any Noteholder or to any other person for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such

provisions of this Resolution as may be applicable at the time of application by the State Treasurer.

**SECTION 804. Effect of Discontinuation of Remedies.** In case any proceeding taken by any Noteholder on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Authority and the Noteholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Noteholders shall continue as though no such proceeding had been taken.

**SECTION 805. Limitation on Enforcement of Remedies.** No owner of any of the Notes hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all owners of such outstanding Notes.

**SECTION 806. Remedies Cumulative and not Exclusive.** No remedy herein conferred upon or reserved to the owners of the Notes is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

**SECTION 807. Delay not a Waiver.** No delay or omission by any owner of the Notes to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Noteholders may be exercised from time to time and as often as may be deemed expedient.

**SECTION 808. Right to Enforce Payment of Notes Unimpaired.** Nothing in this Article shall affect or impair the right of any owner to enforce the payment of the principal of and the interest on its Note or the obligation of the Authority to pay the principal of and the interest on each Note to the owner thereof at the time and place in said Note expressed.

## ARTICLE IX

### EXECUTION OF INSTRUMENTS BY NOTEHOLDERS AND PROOF OF OWNERSHIP OF NOTES

**SECTION 901. Requirements for Instruments.** Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Noteholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Noteholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Notes shall be sufficient for any purpose of this Resolution and shall be conclusive with regard to any action taken by the Authority under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and

sworn to before him, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Notes shall be proved by the registration books kept under the provisions of Section 206 of this Resolution.

**SECTION 902. Other Evidence, Binding Effect on Future Owners.** Nothing contained in this Article shall be construed as limiting the Authority to such proof, it being intended that the Authority may accept any other evidence of the matters herein stated that it may deem sufficient. Any request or consent of the owner of any Note shall bind every future owner of the same Note in respect of anything done by the Authority in pursuance of such request or consent.

## ARTICLE X

### SUPPLEMENTAL RESOLUTIONS.

**SECTION 1001. Supplemental Resolutions without Consent of Noteholders.** The Authority, from time to time and at any time without the consent of Noteholders, may adopt such resolutions supplemental hereto as shall be consistent with the terms and provisions of this Resolution (which supplemental resolutions shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission, or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or

(b) to grant to or confer upon the Noteholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Noteholders or to appoint a trustee for the benefit of the Noteholders, or

(c) to add to the conditions, limitations and restrictions thereafter to be observed by the Authority under the provisions of this Resolution, including, but not limited to, additional requirements imposed by virtue of a change of law, or

(d) to add to the covenants and agreements of the Authority in this Resolution other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, including, but not limited to, additional requirements imposed by virtue of a change of law, or

(e) to provide for registration by book-entry or any other method or to provide for the issuance, registration and exchange of coupon notes, or

(f) to make any other change that, in the opinion of the Authority (expressed in such resolution), would not materially adversely affect the security for the Notes.

**SECTION 1002. Modification of Resolutions with Consent of Noteholders.** Subject to the terms and provisions contained in this Section 1002, and not otherwise, the owners

of not less than a majority in aggregate principal amount of the Notes then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Board of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all of the Noteholders (a) an extension of the maturity of the principal of or the interest on any Note issued hereunder, or (b) a reduction in the principal amount of any Note or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of funds other than the liens and pledges created or permitted by this Resolution, or (d) a preference or priority of any Note or Notes over any other Note or Notes, or (e) a reduction in the aggregate principal amount of the Notes required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Noteholders of the adoption and acceptance of any supplemental resolution as authorized in Section 1001 hereof.

The Secretary of the Authority shall cause notice of the proposed adoption of any such supplemental resolution to be mailed, postage prepaid, to all owners of Notes at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the State Treasurer for inspection by all Noteholders. The Authority shall not, however, be subject to any liability to any Noteholder by reason of its failure to mail the notice required by this Section 1002, and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section 1002.

Whenever there shall be filed with the Secretary of the Authority an instrument or instruments in writing purporting to be executed by the holders of not less than a majority in aggregate principal amount of the Notes then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution substantially in such form, without liability or responsibility to any Noteholder, whether such Noteholder shall have consented thereto.

If the owners of not less than a majority in aggregate principal amount of the Notes outstanding at the time of the adoption of such supplemental resolution shall have consented to and approved the adoption thereof as herein provided, no Noteholder shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section 1002, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Authority and all Noteholders shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**SECTION 1003. Supplemental Resolutions.** Any supplemental resolution adopted and executed in accordance with the provisions of this Article shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption of any supplemental resolution, express reference may be made thereto in the text of any Notes issued thereafter, if deemed necessary or desirable by the Board.

## **ARTICLE XI**

### **DEFEASANCE**

**SECTION 1101. Defeasance.** When (a) the Notes or portions thereof, secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, and (b) the whole amount of the principal and the interest, so due and payable upon the Notes or portions thereof, shall be paid or if the State Treasurer, the Note Registrar or any Depository or Paying Agent shall hold sufficient moneys or non-callable Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient moneys to pay the principal of, and the interest on all Notes or portions thereof then outstanding to the maturity date or dates of such Notes, and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Authority, then and in that case the right, title and interest of the Noteholders of such Notes being defeased in the Funds mentioned in this Resolution shall thereupon cease, determine and become void and, on demand of the Authority and upon being furnished with an opinion, in form and substance satisfactory to the State Treasurer, of counsel approved by the State Treasurer, to the effect that all conditions precedent to the release of this Resolution have been satisfied, the State Treasurer shall release this Resolution and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority, any surplus in any and all balances remaining in all funds, other than moneys held for the payment of Notes or portions thereof. Otherwise, this Resolution shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the State Treasurer, the Note Registrar or any Depository or Paying Agent as hereinabove provided, (i) in addition to the requirements set forth in Article II of this Resolution, the Authority, within thirty (30) days after such moneys or Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Note Registrar to be mailed to all Noteholders of such Notes being defeased setting forth (a) the deposit of such moneys or Defeasance Obligations so held by it and (b) that this Resolution has been released in accordance with the provisions of this Section 1101, and (ii) the Note Registrar shall retain such rights, powers and privileges under this Resolution as may be necessary and convenient for the registration, transfer and exchange of Notes or portions thereof.

All moneys and Defeasance Obligations held by the State Treasurer, any Depository or Paying Agent or the Note Registrar pursuant to this Section 1101 shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

**SECTION 1201. Effect of Dissolution of the Authority.** In the event of the dissolution of the Authority, all of the covenants, stipulations, obligations and agreements contained in this Resolution by or in behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Authority" as used in this Resolution shall include such successor or successors. If for any reason the State Treasurer shall at any time advise the Authority that she as such State Treasurer will no longer perform the duties imposed upon her by the provision of this Resolution, she shall deliver to the Treasurer of the Authority all property, obligations and moneys held by him under the provisions of this Resolution and her duties under the provisions of this Resolution shall thereafter devolve upon and be performed by the Treasurer of the Authority or by any trustee or Depository appointed by the Authority.

**SECTION 1202. Successorship of Depository, Note Registrar and Paying Agent.**  
(a) Any bank or trust company with or into which any Note Registrar, Depository or Paying Agent may be merged or consolidated, or to which the assets and business of such Note Registrar, Depository or Paying Agent may be sold, shall be deemed the successor of such Note Registrar, Depository or Paying Agent for the purposes of this Resolution. If the position of any Note Registrar, Depository or Paying Agent shall become vacant for any reason, the Board, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the Authority in connection therewith, shall appoint a bank or trust company having a combined capital surplus and undivided profits of not less than \$10,000,000 to fill such vacancy within thirty (30) days after the Authority receives notice of such vacancy.

(b) The Note Registrar shall give notice of each appointment of such successor by mailing written notice of such event by first class mail, postage prepaid, to all registered owners of the Notes at their addresses as they appear on the registration books. Neither the Authority nor the Notes Registrar, however, shall be subject to any liability to any Noteholder by reason of its failure to mail any such notice.

**SECTION 1203. Manner of Giving Notice.** Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the Authority shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by overnight delivery or by registered mail, return receipt requested, to Virginia Public School Authority, c/o State Treasurer, Commonwealth of Virginia, 101 North 14th Street, James Monroe Building, 3rd Floor, Richmond, Virginia 23219.

All documents received by the Authority under the provisions of this Resolution, or photographic copies thereof, shall be retained in its possession, subject at all reasonable times to the inspection of any Noteholder and the agents and representatives thereof

**SECTION 1204. Substitute Mailing.** If, because of the temporary or permanent suspension of postal service, the Authority or the Note Registrar shall be unable to mail any notice required to be given by the provisions of this Resolution, the Authority or the Note Registrar shall give notice in such other manner as in the judgment of the Authority or the Note Registrar shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the mailing thereof

**SECTION 1205. Effect of Partial Invalidity.** In case any one or more of the provisions of this Resolution or of the Notes issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of said Notes, but this Resolution and said Notes shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

**SECTION 1206. Effect of Covenants.** All covenants, stipulations, obligations and agreements of the Authority contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized by the Enabling Act and permitted by the Constitution of Virginia. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, employee or agent of the Authority or the Board in his individual capacity, and neither the members of the Board nor any officer of the Authority executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the Authority or the Board shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Resolution and the Enabling Act.

**SECTION 1207. No Recourse Against Members, Officers or Employees of Authority or Board.** No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Resolution; or in any Note hereby secured, or in any other resolution, or in any document or certification whatsoever, or under any judgment obtained against the Authority or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee or agent of the Board or any officer, agent or employee of the Authority, as such, of the Authority either directly or through the Board or otherwise, for the payment for or to, the Authority or any receiver of either of them, or for, or to, any owner or otherwise, of any sum that may be due and unpaid upon any such Note. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Authority or any receiver of either of them, or for, or to, any owner or otherwise, of any sum that may remain due and unpaid upon the Notes hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Resolution and the issuance of the Notes.

**SECTION 1208. Laws of the Commonwealth Shall Govern.** This Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

A Copy - Teste:

---

Evelyn R. Whitley  
Assistant Secretary  
Virginia Public School Authority

**EXHIBIT A**

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**FORM OF NOTE**

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

United States of America  
Commonwealth of Virginia

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**School Educational Technology Note Series XIV**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Dated Date</u>	<u>CUSIP</u>
April 15, _____	_____	_____, 2014	

Registered Owner CEDE & CO.

\_\_\_\_\_  
\_\_\_\_\_

Principal Amount \_\_\_\_\_ DOLLARS

Virginia Public School Authority (the "Authority"), a public body corporate and an agency and instrumentality of the Commonwealth of Virginia, by the Board of Commissioners of the Virginia Public School Authority (the "Board") as the governing body thereof, for value received, hereby promises to pay, from certain funds of the Authority ("Pledged Funds"), to the registered owner named above, or registered assigns or legal representative, on the maturity date set forth above, upon the presentation and surrender hereof at the office of the State Treasurer, in Richmond, Virginia, the principal amount set forth above in any coin or currency of the United States of America that on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, from funds of the Authority, interest on said principal amount from the date hereof or from the April 15 or October 15 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an April 15 or an October 15 to which interest shall have been paid, in which case from such date, at the interest rate per annum set forth above until payment of said principal amount, such interest to the

maturity hereof being payable on October 15, 2014 and semiannually thereafter on the 15th days of April and October in each year in like coin or currency.

The interest so payable on any such interest payment date will be paid to the person in whose name this Note (or the previous Note or Notes evidencing the same debt as that evidenced by this Note) is registered at the close of business on the record date for such interest, which date shall be the last day (whether or not a business day) of the calendar month next preceding such interest payment date, by check or draft mailed or wire transfer to such person at his address as it appears on the registration books of the Authority.

The Notes are payable solely from moneys appropriated to the Authority from the Literary Fund and the general fund of the Commonwealth of Virginia for the purpose. This Note shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the faith and credit of the Commonwealth of Virginia, but shall be payable from the funds pledged by the Authority. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or of any political subdivision thereof is, or shall be, pledged to the payment of the principal of or the interest on this Note.

This Note is one of a duly authorized series of notes (herein called the "Notes"), designated "School Educational Technology Notes Series XIV," dated the Dated Date, and issued for the purpose of providing funds for making grants to local school boards and other eligible schools as contemplated by the Appropriation Act (as defined in the Resolution discussed below) for the purpose of establishing a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools, and otherwise carrying out the purposes contemplated by Item 139(C)(12)(g) of the Appropriation Act, as amended. The Notes aggregate \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in principal amount and mature in five annual installments on April 15 in the years 2015 through 2019, inclusive.

All of the Notes are issued under and pursuant to a note resolution duly adopted by the Board on April 2, 2014 (said resolution, together with all resolutions supplemental thereto as therein permitted, being herein called the "Resolution"). Reference is hereby made to the Resolution for the provisions, among others, with respect to the custody and application of the proceeds of notes issued under the Resolution, the collection and disposition of funds, the funds charged with and pledged to the payment of the interest on and the principal of such notes, the nature and extent of the security, the terms and conditions on which the notes are or may be issued, the rights, duties and obligations of the Authority and the rights of the holders of such notes, and, by the acceptance of this Note, the holder hereof assents to all of the provisions of the Resolution.

This Note is issued and the Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (herein called the "Enabling Act").

All notes issued under the Resolution are payable from the funds pledged by the Authority, including appropriations by the General Assembly of the Commonwealth from the Literary Fund and the general fund of the Commonwealth to pay debt service on the Notes.

The Notes are issuable as registered notes without coupons in denominations of \$5,000 or any whole multiple thereof. At the office of the State Treasurer, in Richmond, Virginia, acting as the Note Registrar, in the manner and subject to the limitations and conditions provided in the Resolution, Notes may be exchanged for an equal aggregate principal amount of Notes of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The holder of this Note shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

Modifications or alterations of the Resolution may be made only to the extent and in the circumstances permitted by the Resolution.

The registration of this Note may be transferred by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Note Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution, and upon surrender and cancellation of this Note. Upon any such registration of transfer the Authority shall execute, and said registrar shall deliver in exchange for this Note, a new registered Note or Notes without coupons, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this Note, of the same series and maturity and bearing interest at the same rate.

This Note is issued with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the bylaws and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the issuance of this Note and the adoption of the Resolution have happened, exist and have been performed as so required.

This Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Note shall have been authenticated by the execution by the Note Registrar of the certificate of authentication endorsed hereon.

**IN WITNESS WHEREOF**, Virginia Public School Authority, by the Board of Commissioners of the Virginia Public School Authority as the governing body thereof, has caused this Note to be executed with the facsimile signatures of the Chairman and the Secretary of said Authority, and a facsimile of the official seal of said Authority to be imprinted hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
[SIGNATURE]  
Secretary of the  
Virginia Public School Authority

\_\_\_\_\_  
[SIGNATURE]  
Chairman of the  
Virginia Public School Authority

**CERTIFICATE OF AUTHENTICATION**

This Note is one of the notes of the series designated herein and described in the within-mentioned Resolution.

STATE TREASURER OF THE  
COMMONWEALTH OF VIRGINIA, as Registrar

By: \_\_\_\_\_  
Authorized Signature

Date of authentication: \_\_\_\_\_, 2014

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto \_\_\_\_\_

[Please Print or Typewrite Name and Address of Transferee]  
the within note, and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to register the transfer of the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed\* by: \_\_\_\_\_

\*Signature[s] must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**EXHIBIT B**  
**FORM OF REQUEST FOR REIMBURSEMENT**

**EXHIBIT C**

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

\$ \_\_\_\_\_

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**School Educational Technology Notes Series XIV**  
**CUSIP Numbers: \_\_\_\_\_**

Dated: \_\_\_\_\_, 2014

NOTICE IS HEREBY GIVEN that the Virginia Public School Authority has not provided an Annual Report [its Annual Audited Financial Statements] as required by Section 705 of the School Educational Technology Note Resolution, which was adopted on April 2, 2014, by the Board of Commissioners of the Virginia Public School Authority and which authorized the Notes described above. [The Authority anticipates that the Annual Report [its Annual Audited Financial Statements] will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

**VIRGINIA PUBLIC SCHOOL AUTHORITY**

By: \_\_\_\_\_

**ATTACHMENT D**

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**SCHOOL SECURITY EQUIPMENT NOTE RESOLUTION**

**ADOPTED ON APRIL 2, 2014**

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**AUTHORIZING AND SECURING  
SCHOOL SECURITY EQUIPMENT NOTES  
SERIES II**

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## **VIRGINIA PUBLIC SCHOOL AUTHORITY**

### **A RESOLUTION AUTHORIZING THE ISSUANCE OF SCHOOL SECURITY EQUIPMENT NOTES SERIES II OF THE VIRGINIA PUBLIC SCHOOL AUTHORITY FOR THE PURPOSE OF PROVIDING FUNDS FOR MAKING GRANTS TO HELP OFFSET THE RELATED COSTS ASSOCIATED WITH THE PURCHASE OF APPROPRIATE SECURITY EQUIPMENT THAT WILL IMPROVE AND HELP ENSURE THE SAFETY OF STUDENTS ATTENDING PUBLIC SCHOOLS IN THE COMMONWEALTH AND SUCH OTHER EDUCATIONAL TECHNOLOGY GRANT PURPOSES THAT THE GENERAL ASSEMBLY MAY SUBSEQUENTLY IDENTIFY IN AN APPROPRIATION ACT**

**WHEREAS**, the Virginia Public School Authority (the "Authority") was duly created under and pursuant to Chapter 194 of the Acts of Assembly of Virginia of 1962 (as presently codified and amended, being Sections 22.14 62 through 22.1-175, inclusive, of Chapter 11, Title 22.1, Code of Virginia of 1950, and hereinafter called the "Enabling Act") as a public body corporate and an agency and instrumentality of the Commonwealth of Virginia (the "Commonwealth"), and the Board of Commissioners of the Authority (the "Board"), created by the Enabling Act, is the governing body of the Authority; and

**WHEREAS**, by virtue of the Enabling Act, the Authority is authorized and empowered:

(a) to manage and administer as provided in the Enabling Act all moneys or obligations that may be set aside and transferred to the Authority from the principal of the Literary Fund (hereinafter mentioned) by the General Assembly of Virginia for public school purposes pursuant to Article VIII, §8 of the Constitution of Virginia, and

(b) to make grants of money, from any funds of the Authority available for such purpose, to local school boards for the purchase of capital projects for school purposes, including the acquisition and installation of educational technology equipment, pursuant to Section 22.1-166.2 of the Enabling Act, and

(c) to provide by resolution, at one time or from time to time, for the issuance of bonds of the Authority in such amount or amounts as the Board shall determine, payable solely from funds of the Authority, including, but without limitation, (i) any funds authorized by the General Assembly of Virginia from the Literary Fund or otherwise appropriated by the General Assembly to pay debt service on the Notes, and (ii) any moneys appropriated for the purpose to the Authority from the General Fund, and

(d) to issue notes and other obligations for any of its purposes in such form as may be authorized by resolution of the Authority, subject to the same provisions, where applicable, as govern the issuance of bonds of the Authority; and

**WHEREAS**, the Board has determined that it is in the best interests of the Authority and of the Commonwealth to adopt this resolution to provide for the issuance of notes of the

Authority, designated School Security Equipment Notes, Series II, to provide funds for the purpose of making grants to school divisions of various cities, counties and towns in the Commonwealth and other eligible schools as contemplated by Item 139(C)(13) of Chapter 806 of the 2013 Virginia Acts of Assembly, Special Session I, as amended (the "Appropriation Act"), for the purpose of helping to offset the related costs associated with the purchase of appropriate security equipment that will improve and help insure the safety of students attending public schools in the Commonwealth and otherwise carrying out the purposes contemplated by Item 139(C)(13) of the Appropriation Act, as amended, and such other security equipment grant purposes that the General Assembly may subsequently identify in an appropriation act; now, therefore,

**BE IT RESOLVED** by the Board of Commissioners of the Virginia Public School Authority:

## **ARTICLE I**

### **DEFINITIONS AND RULES OF CONSTRUCTION**

**SECTION 101. Definitions.** In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

"**amortized cost**", when used with respect to an obligation purchased at a premium above or at a discount below par, shall mean, as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of days remaining to maturity on any such obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of purchase and (i) in the case of an obligation purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount, by adding the product thus obtained to the purchase price.

"**Authority**" shall mean the Virginia Public School Authority, duly created as a public body corporate and an agency and instrumentality of the Commonwealth, and its successors.

"**Board**" shall mean the Board of Commissioners of the Authority.

"**Business Day**" shall mean any day on which the New York Stock Exchange is open other than a Saturday or Sunday and other than a day on which commercial banks (including the Note Registrar and any Paying Agent) are authorized to close in the Commonwealth or in the City and State of New York or in any other jurisdiction specified in this Resolution.

"**Chairman**" shall mean the Chairman of the Authority, the Vice-Chairman of the Authority, or any chairman designated pro tempore by the Board.

"**Closing**" shall mean the date on which Notes are delivered against payment therefor.

"**Commonwealth**" shall mean the Commonwealth of Virginia.

**"Defaulted Interest"** shall mean Defaulted Interest as defined in Section 203 hereof.

**"Defeasance Obligations"** shall mean Government Obligations and the obligations described in clause (a)(ii) of the definition of "Investment Obligations."

**"Depository"** shall mean one or more other banks or trust companies duly authorized to engage in the banking business and meeting the requirements of Section 1202 hereof and designated by resolution of the Authority or by the State Treasurer as a depository of moneys under the provisions of this Resolution.

**"Enabling Act"** shall mean Chapter 194 of the Acts of Assembly of Virginia of 1962, as amended (codified as Sections 22.1-162 through 22.1-175, inclusive, of Chapter 11, Title 22.1, Code of Virginia, 1950, as amended).

**"Government Obligations"** shall mean direct obligations of, or obligations the timely payment of the principal of and the interest on which is unconditionally guaranteed by, the United States of America, Interest Components of Resolution Funding Corporation Notes, and, if permitted by law, evidences of indirect ownership of such obligations.

**"Interest Payment Date"** shall mean each April 15 or October 15, as the case may be specified in the Series Certificate.

**"Investment Obligations"** shall mean, to the extent permitted by law:

(a) (i) Government Obligations, and (ii) obligations of state or local government municipal bond issuers, (A) provision for the payment of the principal of and interest on which shall have been made by deposit with an escrow agent or trustee of non-callable Government Obligations the principal of and interest on which when due will be sufficient to pay the principal of and interest on such state or local government municipal obligations when due and (B) which state or local government municipal obligations by their terms or pursuant to an irrevocable determination by the issuer thereof are not subject to redemption other than on a date determined at the time such provision for payment was made and (iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal Farm Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, United States Postal Service, the Federal Home Loan Mortgage Association, the Federal Housing Administration, the Government National Mortgage Association, or by any other agency controlled by or supervised by and acting as an instrumentality of the United States Government;

(b) any repurchase agreement that is with (i) a bank or trust company (including any Depository, Note Registrar, Paying Agent and their affiliates), or (ii) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, in both cases for obligations described in (a) above having over the term of the repurchase agreement a fair market value equal to at least 100% of the amount of the repurchase obligation of the bank, trust company or dealer, provided, however, that such obligations purchased must be transferred to the Authority, a Depository or a third party agent of the Authority or such Depository by physical delivery or by an entry made on the records of the issuer of such obligations; any investment in a repurchase agreement shall be considered to

mature on the date the bank or trust company or dealer providing the repurchase agreement is obligated to repurchase the Investment Obligations;

(c) certificates of deposit issued by, and time deposits in, any bank or savings and loan association organized under the laws of the Commonwealth, any other state of the United States or the United States, including any Depository, any Paying Agent and any Note Registrar; provided that such certificates of deposit or time deposits are (a) insured by the Federal Deposit Insurance Corporation or (ii) to the extent not so insured, collateralized, in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia, 1950, as amended), such collateral to be held by the Authority or a Depository or a third party acting solely as agent for the Authority or a Depository;

(d) banker's acceptances drawn on and accepted by commercial banks (which may include any Note Registrar, any Depository and any Paying Agent) having a combined capital, surplus and undivided profits of at least \$100,000,000;

(e) commercial paper rated in the highest rating category by Moody's and S&P (without regard to numerical or other gradations or refinements such as "plus" or "minus");

(f) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by a bond insurance company the bonds insured by which are rated by Fitch, Moody's and S&P, or any two of them if such obligations are unrated by the third, in one of the two highest rating categories (without regard to numerical or other gradations or refinements such as "plus" and "minus");

(g) obligations of state or local government municipal bond issuers that are rated by Fitch, Moody's and S&P, or any two of them if such obligations are unrated by the third, in one of the two highest rating categories (without regard to numerical or other gradations or refinements such as "plus" and "minus");

(h) investments in the State Non-Arbitrage Program(); and

(i) any other obligations that constitute legal investments, at the time being, for instrumentalities of the Commonwealth such as the Authority.

Any investment in Investment Obligations described above may be made in the form of an entry made on the records of the issuer of such Investment Obligation.

"**newspaper**" shall mean a newspaper regularly published in the English language on at least one Business Day in each calendar week.

"**Noteholder**" shall mean an owner.

"**Note Registrar**" shall mean the State Treasurer unless some other entity shall be designated as such by the Authority and performing the duties set forth in this Resolution.

"**Notes**" shall mean the notes issued under the provisions of Section 208 of this Resolution.

**"outstanding"** shall mean with respect to Notes all Notes that have been authenticated and delivered by a Note Registrar under this Resolution, except:

(i) Notes paid or redeemed or delivered to or acquired by the Note Registrar for cancellation;

(ii) Notes, or principal or interest components thereof, for which a Paying Agent or the Note Registrar or any Depository or the State Treasurer shall hold sufficient moneys or non-callable Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient moneys to pay the principal of, and the interest on, such Notes, or such principal or interest components, as the case may be, to their maturity date or dates or dates fixed for redemption; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered under this Resolution;

provided, however, that in determining whether the owners of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Authority or other obligor on the Notes shall be disregarded and deemed not to be outstanding, except that in determining whether the Note Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Note Registrar knows to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Note Registrar the pledgee's right so to act with respect to such Notes and that the pledgee is not the Authority or other obligor on the Notes.

**"owner"** shall mean a person in whose name a Note (or one or more Predecessor Notes) is registered on the registration books provided for in Section 206 of this Resolution.

**"Paying Agent"** shall mean the State Treasurer and/or any other entity designated as such by the Authority and performing the duties set forth in this Resolution.

**"person"** shall mean and include an association, unincorporated organization, a corporation, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

**"Predecessor Notes"** shall mean with respect to any particular Note every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note. For purposes of this definition, any Note authenticated and delivered under Section 211 of this Resolution in lieu of a mutilated, destroyed, stolen or lost Note shall be deemed to evidence the same debt as the mutilated, destroyed, stolen or lost Note.

**"Principal Payment Date"** shall mean April 15 in each of the years 2015 through 2019.

**"Purchasers"** shall mean the person or persons identified as such by the Series Certificate of the Authority. If the sale of the Notes is to be accomplished via negotiated sale, as

permitted by Section 209 of this Resolution, references to Purchasers shall refer to the Underwriters (as such term is defined in Section 209 of this Resolution).

**"Regular Record Date"** shall mean, with respect to the Notes authorized by this Resolution, the last day of the month (whether or not a business day) next preceding each Interest Payment Date.

**"Resolution"** shall mean this School Security Equipment Resolution, together with all resolutions supplementing or amending this School Security Equipment Note Resolution as herein permitted.

**"Secretary"** shall mean the Secretary of the Authority or any Assistant Secretary.

**"Security Equipment Series II Note Fund"** shall mean the Virginia Public School Authority School Security Equipment Series II Note Fund, a special fund created and designated by Section 501 of this Resolution.

**"Security Equipment Series II Grant Fund"** shall mean the Virginia Public School Authority School Security Equipment Series II Grant Fund, a special fund created and designated by Section 401 of this Resolution.

**"Series Certificate"** shall mean a certificate of the Authority, supplemental to this Note Resolution, fixing terms, conditions and other details of the Notes in accordance with the provisions of Sections 208 and 209 hereof.

**"Special Record Date"** shall mean a date fixed by the Note Registrar pursuant to Section 203 of this Resolution for the payment of any Defaulted Interest on Notes.

**"State Treasurer"** shall mean the State Treasurer of the Commonwealth, including any duly appointed administrative assistant of the State Treasurer authorized to act on behalf of the State Treasurer pursuant to Title 2.2, Section 1801 of the Code of Virginia of 1950, as amended.

**SECTION 102. Rules of Construction.** (a) Words of the masculine or feminine gender shall be deemed and construed to include correlative words of the feminine, masculine and neuter genders. Unless the context shall otherwise indicate, the words "note", "owner", "noteholder", "holder" and "person" shall include the plural as well as the singular number; and the word "holder" or "noteholder" or "owner" when used herein with respect to Notes issued hereunder shall mean the registered owner of Notes at the time issued and outstanding hereunder.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof

(c) Where the character or amount of any asset, liability of term or income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purpose hereof or for the purpose of any document, affidavit or certificate to be executed and delivered in accordance with or pursuant to this Resolution, the same shall be done in accordance with generally accepted accounting principles; provided,

however, that 'whenever the context makes clear that the requirement is that cash, or its equivalent, be available to pay Notes, computations regarding such requirement shall be computed on a cash, and not on a generally accepted accounting, basis.

## ARTICLE II

### FORM, EXECUTION, AUTHENTICATION, DELIVERY, REGISTRATION AND AUTHORIZATION OF NOTES

**SECTION 201.**     **Limitation on Issuance of Notes.** No Notes may be issued under the provisions of this Resolution except in accordance with the provisions of this Article.

**SECTION 202.**     **Form of Notes.** The definitive Notes are issuable in fully registered form in the denomination of \$5,000 or any whole multiple thereof. The definitive Notes issued under the provisions of this Article shall be designated "School Security Equipment Notes Series II", provided, such Notes may be redesignated if, as provided in Section 209 hereof, a Delegate shall determine to sell the Notes on the same date and as part of the same series of another issue of similarly-secured notes, shall be substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as are required or permitted by this Resolution. All Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Notes may be listed or any usage or requirement of law with respect thereto.

**SECTION 203.**     **Details, Execution and Payment of Notes.** Each Note shall bear interest, payable semiannually to the respective maturities of the Notes on April 15 and October 15 in each year, from the Interest Payment Date next preceding the date on which it is authenticated, unless it is authenticated (a) on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or (b) prior to the first Interest Payment Date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication of any Note interest is in default, such Note shall bear interest from the date to which interest shall have been paid.

The Notes shall bear the manual or facsimile signatures of the Chairman and the Secretary, but it shall not be necessary that the same officer execute all of the Notes that may be issued hereunder at any one time, and the official seal shall be impressed, or a facsimile thereof shall be imprinted, on the Notes.

In case any officer whose signature or facsimile shall appear on any Notes shall cease to be such officer before the delivery of such Notes, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if she had remained in office until such delivery, and also any Note may be signed by such persons as at the actual time of the execution of such Note shall be the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

Both the principal of and the interest on the Notes shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is

legal tender for the payment of public and private debts. The principal of all Notes shall be payable at the principal corporate trust office of the Note Registrar upon the presentation and surrender of such Notes as the same shall become due and payable.

Interest on any Note that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check or draft to the person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such Interest Payment Date.

Any interest on any Note that is payable but is not punctually paid or duly provided for on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the owner as of the relevant Regular Record Date solely by virtue of such owner's having been such owner on such Date; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in subparagraph (a) or (b) below:

(a) The Authority may elect to make payment of any Defaulted Interest on the Notes to the persons in whose names such Notes are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Authority shall notify the Note Registrar and any Paying Agent, in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which date shall be a date that will enable the Note Registrar or Paying Agent to comply with the next sentence hereof), and at the same time the Authority shall deposit or cause to be deposited with the Note Registrar an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Note Registrar for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon, the Note Registrar shall fix a Special Record Date for the payment of such Defaulted Interest that shall be not more than fifteen (15) days nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Note Registrar of the notice of the proposed payment. The Note Registrar shall promptly notify the Authority and the Paying Agent of such Special Record Date, and the Note Registrar, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class mail, postage prepaid, to each owner, at his address as it appears in the registration books maintained under Section 206 of this Resolution, not less than 10 days prior to such Special Record Date. The Note Registrar may, in its discretion, in the name and at the expense of the Authority, cause a similar notice to be published on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, but neither of such publications shall be a condition precedent to the establishment of such Special Record Date or to the payment of Defaulted Interest. Notice of the proposed payment of such Defaulted Interest and of the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Notes (or their respective Predecessor Notes) are registered on such Special Record Date and shall no longer be payable pursuant to the following subparagraph (b).

(b) The Authority may make payment of any Defaulted Interest on the Notes in any other lawful manner not inconsistent with the requirements of any securities exchange on which

such Notes may be listed and upon such notice as may be required by such exchange, if, after notice given by the Authority to the Note Registrar and any Paying Agent of the proposed payment pursuant to this subparagraph, such payment shall be deemed practicable by the Note Registrar.

Subject to the foregoing provisions of this Section 203, each Note delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Note shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Note, and each such Note shall bear interest from a date such that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**SECTION 204. Authentication of Notes.** Only such of the Notes as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Note Registrar shall be entitled to any benefit or security under this Resolution. No Note shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Note Registrar, and such certificate of the Note Registrar upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Resolution. The Note Registrar's certificate of authentication on any Note shall be deemed to have been duly executed if signed by an authorized officer of the Note Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Notes that may be issued hereunder at any one time.

**SECTION 205. Exchange of Notes.** Unless otherwise provided in the Resolution, Notes, upon surrender thereof at the principal corporate trust office of the Note Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Note Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Notes of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Notes surrendered for exchange.

The Authority shall make provision for the exchange of Notes at the principal corporate trust office of the Note Registrar.

**SECTION 206. Registration of Transfer.** Except as otherwise provided, the Note Registrar shall keep books for the registration of and for the registration of transfer of Notes as provided in this Resolution. The transfer of any Note may be registered only upon the books kept for the registration and registration of transfer of Notes upon surrender of such Note to the Note Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Note Registrar.

Upon any exchange or registration of transfer, the Authority shall execute and the Note Registrar shall authenticate and deliver in exchange for such Note a new Note or Notes, registered in the name of the transferee, of any denomination or denominations authorized by this Resolution in an aggregate principal amount equal to the principal amount of such Note surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Notes shall be exchanged or the transfer of Notes shall be registered hereunder, the Authority shall execute, and the Note Registrar shall authenticate and deliver, Notes within a commercially reasonable time, according to then prevailing industry standards, in accordance with the provisions of this Resolution. All Notes surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Note Registrar. The Authority or the Note Registrar may make a charge for every such exchange or registration of transfer of Notes sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to the owner of any Note for the privilege of exchanging or registering the transfer of Notes under the provisions of this Resolution.

**SECTION 207. Ownership of Notes.** The Authority, the Note Registrar, and any Paying Agents may deem and treat the person in whose name any Note is registered on the books of the Authority kept by the Note Registrar as the absolute owner of such Notes for the purpose of receiving payment of the principal of and premium, if any, and interest on, such Note and for all other purposes whatsoever, whether such Note be overdue and, to the extent permitted by law, neither the Authority, the Note Registrar nor any Paying Agents shall be affected by any notice to the contrary.

**SECTION 208. Authorization of Notes.** Subject to the provisions of the next paragraph, Notes of the Authority, in the aggregate principal amount not to exceed the principal amount authorized by the Appropriation Act, may be issued under and secured by this Resolution, subject to the conditions hereinafter provided in this Section 208, at any time for the purpose of making grants to school divisions to help offset the related costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in the Commonwealth, and otherwise carrying out the purposes contemplated by Item 139(C)(13) of the Appropriation Act, as amended, and such other school security equipment grant purposes that the General Assembly may subsequently identify in an appropriation act.

The maximum aggregate principal amount of Notes that the Authority may issue shall not exceed the amount specified in the Appropriation Act as it may be amended whether such amendment is accomplished directly by changing the Appropriation Act's language or by formula, supplement or any other means.

The Notes shall be dated, bear interest payable semi-annually on each Interest Payment Date of each year and mature on the Principal Payment Dates in the principal amounts, all as set forth in the Series Certificate.

The Notes shall be executed in authorized denominations as provided by this Resolution and delivered to the Note Registrar. The Authority hereby authorizes and directs the Note Registrar to authenticate and deliver the Notes to the Purchasers in accordance with the provisions of this Resolution but only upon payment to the Treasurer of the Authority of the purchase price of the Notes and the accrued interest thereon, if any.

Before such Notes shall be authenticated and delivered by the Note Registrar there shall be filed with the Treasurer of the Authority the following:

- (a) a signed copy of the Series Certificate;
- (b) a certificate, signed by the Chairman, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution or in the Enabling Act;
- (c) an opinion of the Attorney General, Senior Counsel to the Attorney General or an Assistant Attorney General of the Commonwealth stating that the signer is of the opinion that the issuance of such Notes has been duly authorized and that all conditions precedent to the delivery of such Notes have been fulfilled, and that no legislation has been enacted that amends the provisions of the Enabling Act in a way that would adversely affect the power of the Authority to discharge the covenant in Section 704;
- (d) a copy, certified by the Secretary of the Authority, of the Memorandum of Understanding between the Department of Education and the Authority concerning the appropriations from the Literary Fund and the general fund of the Commonwealth by the General Assembly in respect of debt service on the Notes; and
- (e) a certificate, signed by the Secretary of Finance of the Commonwealth, that (i) the current Appropriation Act Provision contains an authorization to issue the Notes in an estimated maximum principal amount set forth in such certificate and (ii) a future Appropriation Act Provision or a Budget Bill contains (A) an appropriation from available moneys in the Literary Fund for the payment of debt service on the Notes becoming due in such fiscal year(s) covered by such Appropriation Act Provision or Budget Bill and (B) a "sum sufficient appropriation," from the general fund of the Commonwealth, to pay the difference between the appropriations for debt service on the Notes becoming due in such fiscal year(s) covered by such Appropriation Act Provision or Budget Bill and the available moneys in the Literary Fund.

For purpose of the foregoing certificate of the Secretary of Finance,

(i) "current Appropriation Act Provision" shall mean a provision contained in an appropriation act that has the force of law at the date of the certificate,

(ii) "future Appropriation Act Provision" shall mean a provision contained in an appropriation act that will have the force of law on a future date,

(iii) "Budget Bill" shall mean the bill or bills submitted by the Governor to the General Assembly (but not yet enacted into law) that would appropriate the public revenues of the Commonwealth for a biennium, or amend an Appropriation Act, as such bill or bills may exist on the date of the certificate, and

(iv) "sum sufficient appropriation" shall mean in the case of an Appropriation Act Provision or Budget Bill, the appropriation of amounts sufficient, whether the amounts are specified directly or indirectly or by formula or otherwise, that in the judgment of the Secretary of Finance are sufficient to cure any deficiency in the amounts received by the Authority from available moneys in the Literary Fund, when compared to the amounts appropriated for scheduled debt service on the Notes on any Interest

Payment Date or Principal Payment Date, in each of the fiscal years covered by the Appropriation Act Provision or Budget Bill.

When the documents mentioned above in this Section 208 shall have been filed with the Treasurer of the Authority and when the Notes shall have been executed and authenticated as required by this Resolution, the Note Registrar shall deliver such Notes at one time to or upon the order of the Purchasers named in the Series Certificate mentioned in clause (a) hereof, but only upon payment to the Treasurer of the Authority of the purchase price of such Notes and the accrued interest, if any, thereon. The Treasurer of the Authority, the State Treasurer, and the Note Registrar shall be entitled to rely upon Series Certificate as to the names of the Purchasers and the interest rate of each of such Notes and the amount of such purchase price.

The Treasurer of the Authority shall deposit to the credit of the Security Equipment Series II Grant Fund an amount equal to the proceeds of the Notes (excluding any accrued interest).

The Treasurer of the Authority shall deposit to the credit of the Security Equipment Series II Note Fund so much of the proceeds of the Notes as represents accrued interest on such Notes, if any.

Costs and expenses of the issuance of the Notes will be paid directly from the Literary Fund.

**SECTION 209.**        **Series Certificate.** There is hereby delegated to the Treasurer or any Assistant Treasurer of the Authority (each a "Delegate"), subject to the limitations contained herein, the power with respect to the Notes to determine and carry out the following:

(a)     Sell the Notes (i) at a public sale (such date of sale not to be later than June 30, 2014), by competitive bidding, at a price of not less than 99.50% of par to the bidder whose bid for the Notes provides the lowest "True" interest cost rate, not to exceed 2.25% per annum, to the Authority or (ii) by negotiated sale to a firm or firms comprising the Authority's underwriting team (the "Underwriters"), which shall be comprised of underwriters from the group of qualified investment banking firms selected to provide underwriting service for the Commonwealth and other agencies and instrumentalities of the Commonwealth;

(b)     If the Notes are to be sold by competitive bidding, to publish a Notice of Sale and a summary thereof, in substantially the forms presented to the Board on the date of adoption by the Board of this Resolution;

(c)     If the Notes are to be sold by negotiated sale, to execute with the Underwriters a Bond Purchase Agreement (a "Purchase Contract") in substantially the form approved and executed in connection with the Authority's School Financing Bonds (1997 Resolution) Refunding Series 2012 A, a copy of which has been presented at the Board meeting at which this Resolution was adopted, with such modifications as are necessary to reflect the differences between the two transactions, provided, the terms of such Purchase Contract shall not conflict with the provisions of this Resolution;

- (d) Determine the dated date, and fix the Interest Payment Dates and Principal Payment Dates of the Notes as scheduling and marketing circumstances may dictate;
- (e) Determine the interest rate or rates on the Notes;
- (f) Determine the aggregate principal amount of the Notes;
- (g) If the Notes are to be sold by negotiated sale, to accept an offer of the Underwriters, in the form of a Purchase Contract, to purchase the Notes at a purchase price reflecting an underwriters' discount, not to exceed 1.00% of the par amount of the Notes;
- (h) Determine the principal amounts per maturity so that (i) the aggregate debt service due, net of accrued interest, if any, in the fiscal year ending June 30, 2014 does not exceed the expected appropriations therefor made by the General Assembly from the Literary Fund and (ii) the debt service due in each fiscal year thereafter is substantially equal or otherwise favorably structured, upon the advice of the Authority's financial advisor;
- (i) To sell the Notes on the same date and as part of the same series and pursuant to the same Preliminary Official Statement and Official Statement as any other note program the General Assembly may direct the Authority to conduct pursuant to any other provision of the Appropriation Act, provided that debt service on any such notes sold on the same date as the Notes shall be payable from (x) an appropriation from available moneys in the Literary Fund and (y) a "sum sufficient appropriation," from the general fund of the Commonwealth and, provided, further, that the Series Certificate delivered in connection with such combined sale shall specify that portion of the issue identifiable as the Notes;
- (j) If the Notes are to be sold on the same date and the same series as another issue of notes, as provided in paragraph (i) above, to redesignate the Notes to reflect the combined purposes of the issuance; and
- (k) Determine any other provisions deemed advisable by the Delegate and not in conflict with the provisions of this Resolution.

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

**SECTION 210. Official Statement.** The distribution of the Preliminary Official Statement (the "Preliminary Official Statement") in substantially the form presented at the meeting at which this Resolution is adopted, is hereby authorized. The use by the Purchasers of the Notes for the purpose of making a bona fide public offering of the Notes, of the final Official Statement, dated the date of the sale and award, in substantially the form of the Preliminary Official Statement (the "Official Statement"), is hereby authorized, and the Chairman or Vice Chairman and the Treasurer or an Assistant Treasurer of the Authority are hereby authorized by and on behalf of the Authority to deem "final" the Preliminary Official Statement for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, approve the terms of and

publish the Official Statement describing the Notes and sign and deliver the Official Statement to the purchaser of the Notes.

**SECTION 211. Mutilated, Destroyed, Stolen or Lost Notes.** In case any Note secured hereby shall become mutilated or be destroyed, stolen or lost, the Authority shall cause to be executed, and the Note Registrar shall authenticate and deliver, a new Note of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Note or in lieu of and in substitution for such Note destroyed, stolen or lost, upon the owner's paying the reasonable expenses and charges of the Authority and the Note Registrar in connection therewith and, in the case of a Note destroyed, stolen or lost, his filing with the Note Registrar evidence satisfactory to it and to the Authority that such Note was destroyed, stolen or lost, and as to his ownership thereof, and furnishing the Authority and the Note Registrar with indemnity satisfactory to each of them. The foregoing notwithstanding, the Authority shall not be required to issue a new Note in exchange or substitution for any Note that has matured, and the Authority's only obligation in respect of such mutilated, destroyed, stolen or lost Note shall be to pay such Note on the maturity date.

Every Note issued pursuant to the provisions of this Section 211 in exchange or substitution for any Note that is mutilated, destroyed, stolen or lost shall constitute an additional contractual obligation of the Authority, whether the destroyed, stolen or lost Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Notes duly issued under this Resolution. All Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, stolen or lost Notes, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

### **ARTICLE III**

#### **REDEMPTION OF NOTES**

**SECTION 301. Redemption of Notes.** The Notes issued under the provisions of this Resolution shall not be subject to redemption prior to their respective maturities.

### **ARTICLE IV**

#### **CUSTODY AND APPLICATION OF PROCEEDS OF NOTES**

**SECTION 401. Grant Fund.** A special fund is hereby created and designated "Virginia Public School Authority Security Equipment Series II Grant Fund" (the "Grant Fund"), to the credit of which such deposits shall be made as are required or permitted by the provisions of this Resolution, including Section 208.

The moneys in the Security Equipment Series II Grant Fund shall be held by the State Treasurer in trust and, subject to the provisions of this Article, shall be applied for the purpose of making grants to school divisions for the purpose of helping to offset the related costs associated

with the purchase of appropriate security equipment that will improve and help insure the safety of students attending public schools in the Commonwealth, and otherwise carrying out the purposes contemplated by Item 139(C)(13) of the Appropriation Act, as amended, and such other school security equipment grant purposes that the General Assembly may subsequently identify in an appropriation act, and, pending such application, shall be subject to a lien and charge in favor of the owners of the Notes issued and outstanding under this Resolution and for the further security of such owners until paid out or transferred as herein provided. Disbursements from the Grant Fund shall be by submission of a request for reimbursement substantially in the form set forth in Exhibit B.

**SECTION 402. Payments From Grant Fund.** All disbursements from the Grant Fund shall be subject to the provisions and restrictions set forth in this Article, and the Authority covenants that it will not cause or permit to be paid from the Grant Fund any sums except in accordance with such provisions and restrictions.

Disbursements from the Grant Fund shall be made for the purpose of making grants of money to local school boards and other eligible schools as contemplated by the Appropriation Act ("eligible schools") for the purpose of helping to offset the related costs associated with the purchase of appropriate security equipment that will improve and help insure the safety of students attending public schools in the Commonwealth, and otherwise carrying out the purposes contemplated by Item 139(C)(13) of the Appropriation Act, as amended, and such other school security equipment grant purposes that the General Assembly may subsequently identify in an appropriation act. The school divisions eligible to apply to the Department of Education for grants are those which were determined by the Board of Education as of September 30, 2012, and the State Treasurer is hereby authorized to make grants to the schools awarded such grants by the Department of Education. Notwithstanding the foregoing, the State Treasurer is hereby further authorized to make grants to other eligible school grantees, as so determined by the Board of Education or the Department of Education, to effect such other school security equipment grant purposes that the General Assembly may subsequently identify in an appropriation act. The State Treasurer shall disburse the moneys to the credit of the Grant Fund to or upon the order of the Department of Education, or its authorized representative, upon requisitions therefor identifying the eligible school on behalf of which such requisition is submitted, identifying generally and stating the cost of the equipment being purchased and certifying such disbursement is being paid directly to the vendor of the equipment, or to the eligible school as reimbursement to the eligible school for such a payment, for the purchase of equipment.

**SECTION 403. Transfers from the Grant Fund.** (a) If, immediately prior to any Interest Payment Date, the State Treasurer shall determine that the cash and the value of the Investment Obligations credited to the Grant Fund exceed the amount required to make the grants contemplated by Section 402 and applicable law, the State Treasurer may apply all or any portion of such excess to the payment of interest coming due on such Interest Payment Date and for such purpose transfer such amount to the Note Fund.

(b) If at any time the State Treasurer shall determine that the cash and the value of Investment Obligations credited to the Grant Fund exceed the amount required to make the grants contemplated by Section 402 and that after any transfer(s) the State Treasurer has determined to make pursuant to subsection (a) of this Section 403, cash and Investment

Obligations will still remain in the Grant Fund, the State Treasurer shall apply all of such excess, to the extent practicable, to the defeasance of Notes in accordance with Article XI and transfer the balance, if any, to the Note Fund to pay principal and interest coming due on the Notes.

(c) The State Treasurer shall not make any application of cash and Investment Obligations to the credit of the Grant Fund until the State Treasurer shall have first obtained an opinion of bond counsel to the Authority that the proposed application of such cash and Investment Obligations will not adversely affect the tax status of the Notes.

## **ARTICLE V**

### **FUNDS**

**SECTION 501. Note Fund.** (a) A special fund is hereby created under this Resolution and designated the "Virginia Public School Authority Security Equipment Series II Note Fund" (the "Security Equipment Series II Note Fund").

The moneys in said Fund shall be held by the State Treasurer in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the owners of the Notes issued and outstanding under this Resolution and for the further security of such owners until paid out or transferred as herein provided.

(b) It shall be the duty of the State Treasurer to receive and deposit to the credit of the Security Equipment Series II Note Fund, on or before each Interest Payment Date and Principal Payment Date, the amounts, if any, deposited pursuant to Section 208 or 403 of this Resolution, and the amount, if any, appropriated by the General Assembly of the Commonwealth from the Literary Fund, general fund of the Commonwealth or otherwise to pay the principal of and interest on the Notes.

The payments and deposits required pursuant to this Section 501 shall be cumulative, and the amount of any deficiency on any date shall be added to the amount otherwise required to be paid or deposited on each subsequent Interest Payment Date and Principal Payment Date until such time as such deficiency shall have been made up.

(c) If the Treasurer or an Assistant Treasurer of the Authority determines as of 10 days before the next applicable Interest Payment Date or Principal Payment Date for the Notes, that available moneys in the Literary Fund are less than the amount required to pay the debt service due on the Notes on such payment date, then the Treasurer or an Assistant Treasurer of the Authority (i) shall file a warrant with the State Treasurer requesting that an amount equal to such deficiency be made available to the Authority from the moneys appropriated by the General Assembly for such purpose, and (ii) shall deposit such moneys immediately upon receipt thereof into the Security Equipment Series II Note Fund.

**SECTION 502. Application of Moneys in the Note Fund.** Except as otherwise provided in this Resolution, moneys in the Security Equipment Series II Note Fund shall be used solely for the payment of the principal of and premium, if any, and the interest on the Notes. The State Treasurer shall on each Interest Payment Date withdraw from such moneys and transfer to the Note Registrar or Paying Agent, who shall remit by mail (or by wire transfer if a registered

owner is a securities depository) to each registered owner, the amounts required for paying the interest on such Notes on such date, and on each Principal Payment Date, the State Treasurer shall withdraw from such moneys and transfer to the Note Registrar or Paying Agent, who shall set aside in trust (or remit by wire transfer to any securities depository that is a registered owner), the amounts required for paying the principal of the Notes due on such date.

**SECTION 503. Moneys Held in Trust.** All moneys that the State Treasurer shall have withdrawn from the Security Equipment Series II Note Fund or shall have received from any other source and set aside or transferred to the Note Registrar or any Paying Agent for the purpose of paying any of the Notes hereby secured, either at the maturity thereof or by purchase or for the purpose of paying interest on the Notes, shall be held in trust for the owners thereof. Any moneys that are so set aside or transferred and that remain unclaimed by the owners of Notes for a period of three (3) years after the date on which such Notes have become payable shall be paid to the Authority, or to such successor as may then be entitled by law to receive the same, and thereafter the owners of such Notes shall look only to the Authority, or to such successor, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the State Treasurer, the Note Registrar, and any Paying Agent shall have no responsibility with respect to such money.

## ARTICLE VI

### DEPOSITORIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**SECTION 601. Security for Deposits.** All money deposited with the State Treasurer or any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured by such Depository, for the benefit of the Authority and holders of the Notes, in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia, 1950, as amended), or any successor provision of law; provided, however, that it shall not be necessary for the Note Registrar or any Paying Agent to give security for the deposit of any money with it for the payment of the principal or the interest on any Notes issued hereunder, or for any Depository to give security for any money that shall be represented by Government Obligations or by Investment Obligations described in clauses (a)(ii) and (iii) of the definition of "Investment Obligations" in Section 101 of this Resolution purchased under the provisions of this Article as an investment of such money.

**SECTION 602. Investment of Money.** Moneys held for the credit of all funds shall be continuously invested and reinvested by the Depository thereof at the direction of the Authority as specified or confirmed by the State Treasurer.

Moneys held for the credit of the Security Equipment Series II Grant Fund and the Security Equipment Series II Note Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, not later than the respective dates when the moneys held for the credit of said fund will be required for the purposes intended. Moneys held for the credit of the

Security Equipment Series II Note Fund shall, unless otherwise specified by the State Treasurer, be invested and reinvested in investments with the State Non-Arbitrage Fund®.

Investment Obligations so purchased shall be deemed at all times to be a part of the fund to which was credited the money with which they were purchased, and the interest accruing thereon and any profit realized or any loss resulting from the investment of money shall be credited to, or charged against, the respective fund. The State Treasurer and the Depositories shall sell at the best price obtainable or present for redemption or for payment any such Investment Obligations whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money from any such fund. The State Treasurer and the Depositories shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of moneys between two or more of the funds established pursuant to Article V of this Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article, provided that the Investment Obligations are those in which moneys of the receiving fund could be invested at the date of such transfer.

For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations in which money in such fund or account shall have been invested shall be valued at the amortized cost.

## ARTICLE VII

### PARTICULAR COVENANTS

**SECTION 701.**     **Payment of Principal and Interest.** The Authority covenants that it will promptly pay the principal of and the interest on every Note issued under the provisions of this Resolution at the places, on the dates and in the manner provided herein and in said Notes according to the true intent and meaning thereof, but solely from the moneys appropriated to the Authority for the purpose.

**SECTION 702.**     **Covenant to Perform.** The Authority shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Resolution and in any Note executed, authenticated and delivered hereunder. The Authority represents that it is duly authorized under the Constitution and laws of the Commonwealth of Virginia, particularly the Enabling Act, to issue the Notes authorized hereby and to adopt this Resolution and to pledge the appropriations received from the General Assembly in respect of debt service on the Notes, in the manner and to the extent herein set forth as security for the Notes; that all action on its part for the adoption of this Resolution has been duly and effectively taken. The Authority represents that the Notes in the hands of the owners thereof are and will be valid and binding limited obligations of the Authority according to their terms.

**SECTION 703.**     **Covenant as to Records and Accounts.** The Authority covenants that it will keep accurate records and accounts of the funds collected and of the application of such funds. Such records and accounts shall be open at all reasonable times to the inspection of the Noteholders and their agents and representatives.

**SECTION 704. Covenant to Seek Appropriations.** (a) The Authority shall use its best efforts each legislative session to have (i) the Governor include in any biennial or any supplemental budget of the Commonwealth an amount equal to the principal and interest coming due on the Notes in the next biennium or fiscal year, as the case may be, and (ii) the General Assembly of the Commonwealth appropriate such amount from the Literary Fund for such purpose.

(b) In order to provide additional assurance of the timely payment of the debt service on the Notes, the Authority covenants that it will cause its Chairman, annually, on or before November 1, to make and deliver to the Governor and the Secretary of Finance, a certificate (i) setting forth an estimate of the total debt service coming due in each of the next two fiscal years on the Notes and (ii) requesting inclusion in the budget bill(s) to be presented by the Governor to the next regular session of the General Assembly an appropriation from the general fund of the Commonwealth of a sum sufficient to pay the difference between (A) debt service on the Notes becoming due in the fiscal year(s) covered by such bill(s) and (B) the amounts received by the Authority from available moneys in the Literary Fund.

**SECTION 705. Covenant as to Secondary Market Disclosure.**

(a) **Purpose.** The continuing disclosure undertaking by the Authority in this Section 705 is being made for the benefit of the holders (defined below) of the Notes and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Authority acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures respecting the Authority that may be required under this Section 705.

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

"**Annual Report**" shall mean any Annual Report provided by the Authority pursuant to, and as described in, subsections (c) and (d) of this Section 705.

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

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

"**[H]older**" shall mean, for purposes of this Section 705, any person who is a record owner or beneficial owner of a Note.

"**Listed Events**" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule which are, as of the date hereof, as follows:

- (i) principal and interest payment delinquencies;

- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties; unscheduled draws on credit enhancements reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform;
- (iv) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (v) modifications to rights of security holders, if material;
- (vi) bond calls, if material, and tender offers;
- (vii) defeasances;
- (viii) release, substitution, or sale of property securing repayment of the Notes, if material;
- (ix) rating changes;
- (x) bankruptcy, insolvency, receivership or similar event of the Authority;
- (xi) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xii) appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

"**MOP**" shall mean the Commonwealth.

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

"**Participating Underwriter**" shall mean any of the original underwriters of the Authority's Notes required to comply with the Rule in connection with the offering of such Notes.

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

"Undertaking" shall mean the continuing disclosure undertaking assumed by the Authority in this Section 705.

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

(1) Not later than 10 months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2014 the Authority shall, or shall cause the Dissemination Agent (if different from the Authority) to, provide to provide to the MSRB an Annual Report which is consistent with the requirements of subsection (d) of this Section 705. Not later than 10 days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if applicable). In each case, the Annual Report (A) may be submitted as a single document or as separate documents comprising a package, (B) may cross-reference other information as provided in subsection (d) of this Section 705, and (C) shall include such financial statements as may be required by the Rule.

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

(3) If the Authority fails to provide an Annual Report to the Repositories by the date required in clause (1), or to file its audited annual financial statements when available as described in clause (2), the Authority shall send an appropriate notice to the MSRB in substantially the form attached hereto as Exhibit C.

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

(1) The most current available information respecting appropriations made by the Virginia General Assembly to provide for the payment of debt service on the Notes; and

(2) The most current available information describing receipts and disbursements for the Literary Fund for the preceding Fiscal Year.

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

(e) **Reporting of Listed Events.** The Authority will provide in a timely manner, not in excess of ten business days after the occurrence of the event, to the MSRB notice of any of the Listed Events with respect to the Notes.

(f) **Dissemination Agent.** The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its Undertaking and may discharge any such

Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent.

(g) **Amendment.** Notwithstanding any other provision of this Resolution, the Authority may amend its Undertaking as set forth in this Section 705 if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

(h) **Additional Information.** Nothing in this Section 705 shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Section 705 or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Section 705. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Section 705, the Authority shall have no obligation under this Section 705 to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

(i) **Default.** Any person referred to in subsection (j) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to file its Annual Report or to give notice of a Listed Event. In addition, holders of not less than a majority in aggregate principal amount of Notes outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Continuing Disclosure Undertaking, or to enforce any other obligation of the Authority hereunder. A default under this Section 705 shall not be deemed an event of default under this Resolution or the Notes, and the sole remedy under this Section 705 in the event of any failure of the Authority to comply with its Undertaking shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

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

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

(l) **Obligated Person.** The Authority has determined that the Commonwealth is an "obligated person", within the meaning of the Rule, that is or may be material to the Notes, as evidenced by its inclusion in the definition of MOP.

(m) **Termination.** The obligations of the Authority pursuant to its Undertaking shall terminate upon the earlier to occur of the legal defeasance or final retirement of all of the Notes.

**SECTION 706. Amendments to Section 705.** In addition to the amendments authorized by Section 705(g) above and Article X, the Authority may, prior to the delivery of the Notes, amend its Undertaking to reflect any changes thereto requested by the Participating Underwriters or otherwise deemed by the Treasurer of the Authority to be in the best interests of the Authority and not inconsistent with the Rule, and Section 705 shall be deemed amended to the extent of any such amendments without further action by the Board of the Authority, anything in this Resolution to the contrary notwithstanding.

**SECTION 707. Tax Covenant.** The Authority covenants to take all action, and to refrain from taking any action, necessary under the Internal Revenue Code of 1986, as amended, to ensure that interest on the Notes will remain excludable from gross income for federal income tax purposes to the same extent as it is excludable on the date of closing on the Notes.

## ARTICLE VIII

### EVENTS OF DEFAULT; REMEDIES

**SECTION 801. Events of Default.** Each of the following events is hereby declared an "event of default", that is to say: If

(a) payment of the principal of any of the Notes shall not be made when the same shall become due and payable, at maturity or otherwise; or

(b) payment of any installment of interest on any of the Notes shall not be made when the same shall become due and payable; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the funds of the Authority; or

(e) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Notes or in this Resolution on the part of the Authority to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the owner of any of the Notes then outstanding.

**SECTION 802. Remedies.** Upon the happening and continuance of any event of default specified in Section 801 of this Article, then and in every such case any Noteholder may proceed to protect and enforce its rights and the rights of the Noteholders under the laws of the Commonwealth or under this Resolution by such suits, actions or special proceedings in equity

or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as such Noteholder, being advised by counsel, shall deem most effectual to protect and enforce such rights.

**SECTION 803. Pro Rata Application of Funds.** Anything in this Resolution to the contrary notwithstanding, if at any time the moneys in the Security Equipment Series II Note Fund shall not be sufficient to pay the interest on or the principal of the Notes as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all such Notes shall not have become due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Notes;

second: to the payment to persons entitled thereto of the unpaid principal of any of such Notes that shall have become due and payable, in the order of their due dates, with interest on the principal amount of such Notes at the respective rates specified therein from the respective dates upon which such Notes became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such Notes due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of such Notes, to the purchase and retirement of such Notes, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all such Notes shall have become due and payable, all such moneys shall be applied

first: to the payment of the persons entitled thereto of all installments of interest due and payable on or prior to maturity, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Notes, and then to the payment of any interest due and payable after maturity on such Notes, ratably,

to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Notes; and

second: to the payment of the principal of such Notes, ratably, to the persons entitled thereto, without preference or priority of any Note over any other Note.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions of this Section 803, such moneys shall be applied by the State Treasurer at such times, and from time to time, as the State Treasurer in his sole discretion shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available in the future for such application; the deposit of such moneys with the Note Registrar or any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Authority, to any Noteholder or to any other person for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the State Treasurer.

**SECTION 804. Effect of Discontinuation of Remedies.** In case any proceeding taken by any Noteholder on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Authority and the Noteholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Noteholders shall continue as though no such proceeding had been taken.

**SECTION 805. Limitation on Enforcement of Remedies.** No owner of any of the Notes hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all owners of such outstanding Notes.

**SECTION 806. Remedies Cumulative and not Exclusive.** No remedy herein conferred upon or reserved to the owners of the Notes is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

**SECTION 807. Delay not a Waiver.** No delay or omission by any owner of the Notes to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Noteholders may be exercised from time to time and as often as may be deemed expedient.

**SECTION 808. Right to Enforce Payment of Notes Unimpaired.** Nothing in this Article shall affect or impair the right of any owner to enforce the payment of the principal of and the interest on its Note or the obligation of the Authority to pay the principal of and the interest on each Note to the owner thereof at the time and place in said Note expressed.

## ARTICLE IX

### EXECUTION OF INSTRUMENTS BY NOTEHOLDERS AND PROOF OF OWNERSHIP OF NOTES

**SECTION 901. Requirements for Instruments.** Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Noteholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Noteholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Notes shall be sufficient for any purpose of this Resolution and shall be conclusive with regard to any action taken by the Authority under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Notes shall be proved by the registration books kept under the provisions of Section 206 of this Resolution.

**SECTION 902. Other Evidence, Binding Effect on Future Owners.** Nothing contained in this Article shall be construed as limiting the Authority to such proof, it being intended that the Authority may accept any other evidence of the matters herein stated that it may deem sufficient. Any request or consent of the owner of any Note shall bind every future owner of the same Note in respect of anything done by the Authority in pursuance of such request or consent.

## ARTICLE X

### SUPPLEMENTAL RESOLUTIONS.

**SECTION 1001. Supplemental Resolutions without Consent of Noteholders.** The Authority, from time to time and at any time without the consent of Noteholders, may adopt such resolutions supplemental hereto as shall be consistent with the terms and provisions of this Resolution (which supplemental resolutions shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission, or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or

(b) to grant to or confer upon the Noteholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Noteholders or to appoint a trustee for the benefit of the Noteholders, or

(c) to add to the conditions, limitations and restrictions thereafter to be observed by the Authority under the provisions of this Resolution, including, but not limited to, additional requirements imposed by virtue of a change of law, or

(d) to add to the covenants and agreements of the Authority in this Resolution other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, including, but not limited to, additional requirements imposed by virtue of a change of law, or

(e) to provide for registration by book-entry or any other method or to provide for the issuance, registration and exchange of coupon notes, or

(f) to make any other change that, in the opinion of the Authority (expressed in such resolution), would not materially adversely affect the security for the Notes.

**SECTION 1002. Modification of Resolutions with Consent of Noteholders.**

Subject to the terms and provisions contained in this Section 1002, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Notes then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Board of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all of the Noteholders, (a) an extension of the maturity of the principal of or the interest on any Note issued hereunder, or (b) a reduction in the principal amount of any Note or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of funds other than the liens and pledges created or permitted by this Resolution, or (d) a preference or priority of any Note or Notes over any other Note or Notes, or (e) a reduction in the aggregate principal amount of the Notes required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Noteholders of the adoption and acceptance of any supplemental resolution as authorized in Section 1001 hereof.

The Secretary of the Authority shall cause notice of the proposed adoption of any such supplemental resolution to be mailed, postage prepaid, to all owners of Notes at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the State Treasurer for inspection by all Noteholders. The Authority shall not, however, be subject to any liability to any Noteholder by reason of its failure to mail the notice required by this Section 1002, and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section 1002.

Whenever there shall be filed with the Secretary of the Authority an instrument or instruments in writing purporting to be executed by the holders of not less than a majority in aggregate principal amount of the Notes then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form thereof referred to in such

notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution substantially in such form, without liability or responsibility to any Noteholder, whether such Noteholder shall have consented thereto.

If the owners of not less than a majority in aggregate principal amount of the Notes outstanding at the time of the adoption of such supplemental resolution shall have consented to and approved the adoption thereof as herein provided, no Noteholder shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section 1002, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Authority and all Noteholders shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**SECTION 1003. Supplemental Resolutions.** Any supplemental resolution adopted and executed in accordance with the provisions of this Article shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption of any supplemental resolution, express reference may be made thereto in the text of any Notes issued thereafter, if deemed necessary or desirable by the Board.

## **ARTICLE XI**

### **DEFEASANCE**

**SECTION 1101. Defeasance.** When (a) the Notes or portions thereof, secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, and (b) the whole amount of the principal and the interest, so due and payable upon the Notes or portions thereof, shall be paid or if the State Treasurer, the Note Registrar or any Depository or Paying Agent shall hold sufficient moneys or non-callable Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient moneys to pay the principal of, and the interest on all Notes or portions thereof then outstanding to the maturity date or dates of such Notes, and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Authority, then and in that case the right, title and interest of the Noteholders of such Notes being defeased in the Funds mentioned in this Resolution shall thereupon cease, determine and become void and, on demand of the Authority and upon being furnished with an opinion, in form and substance satisfactory to the State Treasurer, of counsel approved by the State Treasurer, to the effect that all conditions precedent to the release of this Resolution have been satisfied, the State Treasurer shall release this Resolution and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority, any surplus in any and all balances remaining in all funds, other than moneys held for the payment of

Notes or portions thereof. Otherwise, this Resolution shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the State Treasurer, the Note Registrar or any Depository or Paying Agent as hereinabove provided, (i) in addition to the requirements set forth in Article II of this Resolution, the Authority, within thirty (30) days after such moneys or Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Note Registrar to be mailed to all Noteholders of such Notes being defeased setting forth (a) the deposit of such moneys or Defeasance Obligations so held by it and (b) that this Resolution has been released in accordance with the provisions of this Section 1101, and (ii) the Note Registrar shall retain such rights, powers and privileges under this Resolution as may be necessary and convenient for the registration, transfer and exchange of Notes or portions thereof.

All moneys and Defeasance Obligations held by the State Treasurer, any Depository or Paying Agent or the Note Registrar pursuant to this Section 1101 shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS. SECTION

**SECTION 1201. Effect of Dissolution of the Authority.** In the event of the dissolution of the Authority, all of the covenants, stipulations, obligations and agreements contained in this Resolution by or in behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Authority" as used in this Resolution shall include such successor or successors. If for any reason the State Treasurer shall at any time advise the Authority that she as such State Treasurer will no longer perform the duties imposed upon her by the provision of this Resolution, she shall deliver to the Treasurer of the Authority all property, obligations and moneys held by her under the provisions of this Resolution and her duties under the provisions of this Resolution shall thereafter devolve upon and be performed by the Treasurer of the Authority or by any trustee or Depository appointed by the Authority.

**SECTION 1202. Successorship of Depository, Note Registrar and Paying Agent.**  
(a) Any bank or trust company with or into which any Note Registrar, Depository or Paying Agent may be merged or consolidated, or to which the assets and business of such Note Registrar, Depository or Paying Agent may be sold, shall be deemed the successor of such Note Registrar, Depository or Paying Agent for the purposes of this Resolution. If the position of any Note Registrar, Depository or Paying Agent shall become vacant for any reason, the Board, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the Authority in connection therewith, shall appoint a bank or trust company having a combined capital surplus and undivided profits of not less than \$10,000,000 to fill such vacancy within thirty (30) days after the Authority receives notice of such vacancy.

(b) The Note Registrar shall give notice of each appointment of such successor by mailing written notice of such event by first class mail, postage prepaid, to all registered owners

of the Notes at their addresses as they appear on the registration books. Neither the Authority nor the Notes Registrar, however, shall be subject to any liability to any Noteholder by reason of its failure to mail any such notice.

**SECTION 1203. Manner of Giving Notice.** Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the Authority shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by overnight delivery or by registered mail, return receipt requested, to Virginia Public School Authority, c/o State Treasurer, Commonwealth of Virginia, 101 North 14th Street, James Monroe Building, 3rd Floor, Richmond, Virginia 23219.

All documents received by the Authority under the provisions of this Resolution, or photographic copies thereof, shall be retained in its possession, subject at all reasonable times to the inspection of any Noteholder and the agents and representatives thereof.

**SECTION 1204. Substitute Mailing.** If, because of the temporary or permanent suspension of postal service, the Authority or the Note Registrar shall be unable to mail any notice required to be given by the provisions of this Resolution, the Authority or the Note Registrar shall give notice in such other manner as in the judgment of the Authority or the Note Registrar shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the mailing thereof.

**SECTION 1205. Effect of Partial Invalidity.** In case any one or more of the provisions of this Resolution or of the Notes issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of said Notes, but this Resolution and said Notes shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

**SECTION 1206. Effect of Covenants.** All covenants, stipulations, obligations and agreements of the Authority contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized by the Enabling Act and permitted by the Constitution of Virginia. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, employee or agent of the Authority or the Board in his individual capacity, and neither the members of the Board nor any officer of the Authority executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the Authority or the Board shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Resolution and the Enabling Act.

**SECTION 1207. No Recourse Against Members, Officers or Employees of Authority or Board.** No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Resolution; or in any Note hereby secured, or in any other resolution, or in any document or certification whatsoever, or under any judgment obtained against the Authority or by the enforcement of any assessment or by any legal or equitable

proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee or agent of the Board or any officer, agent or employee of the Authority, as such, of the Authority either directly or through the Board or otherwise, for the payment for or to, the Authority or any receiver of either of them, or for, or to, any owner or otherwise, of any sum that may be due and unpaid upon any such Note. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Authority or any receiver of either of them, or for, or to, any owner or otherwise, of any sum that may remain due and unpaid upon the Notes hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Resolution and the issuance of the Notes.

**SECTION 1208. Laws of the Commonwealth Shall Govern.** This Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

A Copy - Teste:

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Evelyn R. Whitley  
Assistant Secretary  
Virginia Public School Authority

**EXHIBIT A**

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**FORM OF NOTE**

No. R-\$\_\_\_\_\_

**United States of America  
Commonwealth of Virginia**

**VIRGINIA PUBLIC SCHOOL AUTHORITY  
School Security Equipment Note Series II**

<b><u>Maturity Date</u></b>	<b><u>Interest Rate</u></b>	<b><u>Dated Date</u></b>	<b><u>CUSIP</u></b>
April 15, _____	_____	_____, 2014	

Registered Owner CEDE & CO.

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Principal Amount \_\_\_\_\_ DOLLARS

Virginia Public School Authority (the "Authority"), a public body corporate and an agency and instrumentality of the Commonwealth of Virginia, by the Board of Commissioners of the Virginia Public School Authority (the "Board") as the governing body thereof, for value received, hereby promises to pay, from certain funds of the Authority ("Pledged Funds"), to the registered owner named above, or registered assigns or legal representative, on the maturity date set forth above, upon the presentation and surrender hereof at the office of the State Treasurer, in Richmond, Virginia, the principal amount set forth above in any coin or currency of the United States of America that on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, from funds of the Authority, interest on said principal amount from the date hereof or from the April 15 or October 15 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an April 15 or an October 15 to which interest shall have been paid, in which case from such date, at the interest

rate per annum set forth above until payment of said principal amount, such interest to the maturity hereof being payable on October 15, 2014 and semiannually thereafter on the 15th days of April and October in each year in like coin or currency.

The interest so payable on any such interest payment date will be paid to the person in whose name this Note (or the previous Note or Notes evidencing the same debt as that evidenced by this Note) is registered at the close of business on the record date for such interest, which date shall be the last day (whether or not a business day) of the calendar month next preceding such interest payment date, by check or draft mailed or wire transfer to such person at his address as it appears on the registration books of the Authority.

The Notes are payable solely from moneys appropriated to the Authority from the Literary Fund and the general fund of the Commonwealth of Virginia for the purpose. This Note shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the faith and credit of the Commonwealth of Virginia, but shall be payable from the funds pledged by the Authority. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or of any political subdivision thereof is, or shall be, pledged to the payment of the principal of or the interest on this Note.

This Note is one of a duly authorized series of notes (herein called the "Notes"), designated "School Security Equipment Notes Series II," dated the Dated Date, and issued for the purpose of providing funds for making grants to local school boards and other eligible schools as contemplated by the Appropriation Act (as defined in the Resolution discussed below) for the purpose of helping to offset the related costs associated with the purchase of appropriate security equipment that will improve and help insure the safety of students attending public schools in the Commonwealth, and otherwise carrying out the purposes contemplated by Item 139(C)(13) of the Appropriation Act, as amended. The Notes aggregate \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in principal amount and mature in five annual installments on April 15 in the years 2015 through 2019, inclusive.

All of the Notes are issued under and pursuant to a note resolution duly adopted by the Board on April 2, 2014 (said resolution, together with all resolutions supplemental thereto as therein permitted, being herein called the "Resolution"). Reference is hereby made to the Resolution for the provisions, among others, with respect to the custody and application of the proceeds of notes issued under the Resolution, the collection and disposition of funds, the funds charged with and pledged to the payment of the interest on and the principal of such notes, the nature and extent of the security, the terms and conditions on which the notes are or may be issued, the rights, duties and obligations of the Authority and the rights of the holders of such notes, and, by the acceptance of this Note, the holder hereof assents to all of the provisions of the Resolution.

This Note is issued and the Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (the "Enabling Act").

All notes issued under the Resolution are payable from the funds pledged by the Authority, including appropriations by the General Assembly of the Commonwealth from the Literary Fund and the general fund of the Commonwealth to pay debt service on the Notes.

The Notes are issuable as registered notes without coupons in denominations of \$5,000 or any whole multiple thereof. At the office of the State Treasurer, in Richmond, Virginia, acting as the Note Registrar, in the manner and subject to the limitations and conditions provided in the Resolution, Notes may be exchanged for an equal aggregate principal amount of Notes of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The holder of this Note shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

Modifications or alterations of the Resolution may be made only to the extent and in the circumstances permitted by the Resolution.

The registration of this Note may be transferred by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Note Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution, and upon surrender and cancellation of this Note. Upon any such registration of transfer the Authority shall execute, and said registrar shall deliver in exchange for this Note, a new registered Note or Notes without coupons, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this Note, of the same series and maturity and bearing interest at the same rate.

This Note is issued with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the bylaws and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the issuance of this Note and the adoption of the Resolution have happened, exist and have been performed as so required.

This Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Note shall have been authenticated by the execution by the Note Registrar of the certificate of authentication endorsed hereon.

**IN WITNESS WHEREOF**, Virginia Public School Authority, by the Board of Commissioners of the Virginia Public School Authority as the governing body thereof, has caused this Note to be executed with the facsimile signatures of the Chairman and the Secretary of said Authority, and a facsimile of the official seal of said Authority to be imprinted hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
[SIGNATURE]

Secretary of the  
Virginia Public School Authority

\_\_\_\_\_  
[SIGNATURE1]

Chairman of the  
Virginia Public School Authority

**CERTIFICATE OF AUTHENTICATION**

This Note is one of the notes of the series designated herein and described in the within-mentioned Resolution.

**STATE TREASURER OF THE  
COMMONWEALTH OF VIRGINIA**, as  
Registrar

By: \_\_\_\_\_  
Authorized Signature

Date of authentication: \_\_\_\_\_, 2014

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto \_\_\_\_\_  
[Please Print or Typewrite Name and Address of Transferee]

the within note, and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to register the transfer of the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears

upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed\* by: \_\_\_\_\_

\*Signature[s] must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**EXHIBIT B**  
**FORM OF REQUEST FOR REIMBURSEMENT**

**EXHIBIT C**

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

\$ \_\_\_\_\_  
**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**School Security Equipment Notes Series II**  
**CUSIP Numbers: \_\_\_\_\_**

Dated: \_\_\_\_\_, 2014

NOTICE IS HEREBY GIVEN that the Virginia Public School Authority has not provided an Annual Report [its Annual Audited Financial Statements] as required by Section 705 of the School Security Equipment Resolution, which was adopted on April 2, 2014, by the Board of Commissioners of the Virginia Public School Authority and which authorized the Notes described above. [The Authority anticipates that the Annual Report [its Annual Audited Financial Statements] will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

**VIRGINIA PUBLIC SCHOOL AUTHORITY**

By: \_\_\_\_\_