



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Shannon Valentine  
Chairperson

1401 East Broad Street  
Richmond, Virginia 23219

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*Agenda item # 11*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**December 8, 2021**

#### **MOTION**

**Made By: Ms. DeTuncq Seconded By: Mr. Johnsen**

**Action: Motion carried, unanimously**

### **AUTHORIZING THE ISSUANCE AND SALE OF COMMONWEALTH OF VIRGINIA TRANSPORTATION CAPITAL PROJECTS REVENUE BONDS, SERIES 2022**

**WHEREAS**, pursuant to the Transportation Development and Revenue Bond Act (the "State Revenue Bond Act"), Sections 33.2-1700 *et seq.* of the Code of Virginia of 1950, as amended (the "Virginia Code"), the Commonwealth Transportation Board (the "Board") has the power to issue revenue bonds to finance the costs of transportation projects authorized by the General Assembly of Virginia (the "General Assembly"), including any financing costs or other financing expenses related to such bonds;

**WHEREAS**, pursuant to the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session, as amended (the "Bond Act"), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act, revenue obligations of the Commonwealth of Virginia (the "Commonwealth") to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series ....." (the "Chapter 896 Bonds") at one or more times in an aggregate principal amount not to exceed \$3,000,000,000, subject to certain annual limitations;

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**WHEREAS**, pursuant to Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended (collectively, the "Appropriation Act" and, together with the Bond Act, as amended, the "Act"), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the State Revenue Bond Act, revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series XXXX" (the "Appropriation Act Bonds") at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs, with the net proceeds of the Appropriation Act Bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of the General Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses;

**WHEREAS**, pursuant to Chapter 854 of the Acts of the General Assembly of the Commonwealth of Virginia, 2018 Regular Session, the Bond Act was amended to authorize the Board, with the consent of the Governor, to issue, pursuant to the State Revenue Bond Act, revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series XXXX" (the "Chapter 854 Bonds" and, together with the Chapter 896 Bonds and the Appropriation Act Bonds, the "Bonds") at one time in an aggregate principal amount not to exceed an additional \$50 million, after all costs, with the net proceeds to be used exclusively to match federal funds provided for capital projects by the Washington Metropolitan Area Transit Authority;

**WHEREAS**, pursuant to the Act, authorization to issue \$3,230,000,000 in aggregate principal amount of Bonds has been granted, consisting of \$3,000,000,000 in aggregate principal amount of Chapter 896 Bonds (having an authorized unissued balance of approximately \$243,233,804, after accounting for previously issued Bonds), \$50,000,000 in aggregate principal amount of Chapter 854 Bonds (none of which has heretofore been issued) and \$180,000,000 in aggregate principal amount of Appropriation Act Bonds (all of which has heretofore been issued);

**WHEREAS**, pursuant to Section 2.2-5002.1 of the Virginia Code, after July 1, 2012, any net original issue premium in excess of a *de minimis* amount received on Bonds must be treated as principal for purposes of determining compliance with the aggregate and annual principal amount limitations to which the Bonds are subject;

**WHEREAS**, Section 33.2-1701 of the Virginia Code provides that the Bonds shall be secured, subject to their appropriation by the General Assembly, (i) by revenues deposited into the Priority Transportation Fund created under Section 33.2-1527 of the Virginia Code (the "Priority

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Transportation Fund"), (ii) to the extent required, by revenues legally available from the Transportation Trust Fund and (iii) to the extent required, by any other legally available funds;

**WHEREAS**, the Board has entered into a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented and amended (the "Master Indenture") with Wells Fargo Bank, National Association, as trustee (the "Trustee");

**WHEREAS**, the Board wishes to authorize the issuance of one or more series of Bonds to be known as the "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds," with one or more series designations, as appropriate (the "2022 Bonds"); and

**WHEREAS**, the following documents that provide for the issuance and sale of the 2022 Bonds have been prepared by Bond Counsel and the staff of the Virginia Department of Transportation (the "Department") at the direction of the Board, and forms of such documents have been presented at this meeting and will be filed with the records of the Board:

(1) a Tenth Supplemental Indenture of Trust (the "Tenth Supplement," together with the Master Indenture, the "Indenture"), between the Board and the Trustee, providing for the terms and structure of the 2022 Bonds;

(2) a Preliminary Official Statement of the Board relating to the offering for sale of the 2022 Bonds (the "Preliminary Official Statement"); and

(3) a Continuing Disclosure Agreement of the Board relating to the obligations of the Board to disclose certain information on an ongoing basis in connection with the 2022 Bonds (the "Continuing Disclosure Agreement").

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMONWEALTH TRANSPORTATION BOARD:**

**1. Authorization of the 2022 Bonds.** The Board hereby determines that it is in the best interest of the Commonwealth and the Board for the Board (i) to enter into the Tenth Supplement to provide for the issuance of the 2022 Bonds, (ii) to issue the 2022 Bonds for the purposes authorized under and in accordance with the provisions of the Act and the Indenture and (iii) to sell the 2022 Bonds. The aggregate principal amount of the 2022 Bonds shall not exceed \$100,000,000, the final maturity date of the 2022 Bonds shall not exceed 25 years from their date of issuance, and the aggregate true interest cost of the 2022 Bonds shall not exceed the maximum aggregate true interest cost approved by the Treasury Board, which is empowered pursuant to Section 2.2-2416(7) of the Virginia Code to approve the terms and structure of all proposed bond issues by state agencies, boards or authorities where debt service payments are expected by such agency, board or authority to be made, in whole or in part, directly or indirectly, from appropriations of the

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Commonwealth. The Board expects the debt service payments to be made from appropriations of the Commonwealth.

**2. Limited Obligations.** The 2022 Bonds shall be limited obligations of the Board and the Commonwealth, payable from and secured by a pledge of the revenues pledged under the Indenture ("Revenues") and amounts in certain funds established pursuant to the Indenture. Nothing in this Resolution or the 2022 Bonds shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof.

**3. Determination of Details of the 2022 Bonds.** The Board authorizes the Chairperson of the Board (the "Chairperson"), subject to the criteria set forth in paragraph 1 of this Resolution, to determine the details of the 2022 Bonds, including, without limitation, the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the reoffering prices. In addition, the Board authorizes the Chairperson to allocate portions of the 2022 Bonds to the authorizations provided by the Bond Act, as amended, and the Appropriations Act, respectively, in accordance with the actual or projected application of the proceeds of the 2022 Bonds as provided by law and as she shall deem to be in the best interests of the Board, the Department and the Commonwealth. The Board authorizes the Chief Financial Officer of the Department and the Director, Financial Planning Division of the Department (either of whom may act) to effect the Chairperson's award of the 2022 Bonds (if the 2022 Bonds are sold by competitive bid) or execute a purchase contract of the 2022 Bonds (if the 2022 Bonds are sold by negotiated sale).

**4. Sale of the 2022 Bonds.** The Chairperson is authorized to sell the 2022 Bonds pursuant to a competitive sale and to prepare, publish and distribute a Notice of Sale in connection therewith (the "Notice of Sale"), provided that the Notice of Sale may not be published or distributed prior to the approval of the 2022 Bonds by resolution of the Treasury Board. Alternatively, if determined by the Chairperson to be in the best interest of the Commonwealth, the Board authorizes the Chairperson to solicit and consider proposals for a negotiated sale of the 2022 Bonds and to negotiate the terms of such sale. The Chairperson is authorized to execute and deliver a purchase contract or an agreement reflecting such proposal, provided that no such purchase contract or agreement may be executed prior to approval of the terms and structure of the 2022 Bonds by resolution of the Treasury Board.

**5. Preliminary Official Statement.** The Board approves the Preliminary Official Statement in substantially the form presented at this meeting. The Board authorizes and directs the Chairperson, in collaboration with the staff of the Department and the Board's financial advisor (the "Financial Advisor") and Bond Counsel, to prepare the final form of the Preliminary Official Statement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the

2022 Bonds, as the Chairperson may approve. The Board authorizes the Chairperson to deem the Preliminary Official Statement to be final for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof, provided that the Preliminary Official Statement may not be distributed prior to approval of the terms and structure of the 2022 Bonds by resolution of the Treasury Board.

**6. Official Statement.** The Board authorizes and directs the Chairperson, in collaboration with Bond Counsel, Department staff and Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") in order to reflect the provisions of the winning bid or the executed purchase contract, as appropriate, for the purchase and sale of the 2022 Bonds. The Board authorizes and directs the Chairperson to execute the Official Statement, which execution shall constitute conclusive evidence of the approval of the Official Statement by the Chairperson on behalf of the Board and that it has been deemed final within the meaning of the Rule. The Board authorizes and directs Department staff to arrange for delivery to the winning bidders or underwriters, as appropriate, within seven business days after the date thereof, a sufficient number of copies of the Official Statement for the winning bidders or underwriters to distribute to each potential investor requesting a copy and to each person to whom the winning bidders or underwriters initially sell the 2022 Bonds. The Board authorizes and approves the distribution by the winning bidders or underwriters of the Official Statement as executed by the Chairperson.

**7. Tenth Supplement.** The Board approves the Tenth Supplement in substantially the form presented at this meeting. The Board authorizes and directs the Chairperson to prepare, execute, and deliver the final form of the Tenth Supplement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2022 Bonds, including without limitation changes to the dated dates thereof, as the Chairperson may approve. Execution and delivery of the Tenth Supplement shall constitute conclusive evidence of the approval of such documents by the Chairperson on behalf of the Board.

**8. Execution and Delivery of the 2022 Bonds.** The Board authorizes and directs the Chairperson and the Secretary of the Board (the "Secretary") to have the 2022 Bonds prepared and to execute the 2022 Bonds in accordance with the Indenture, to deliver the 2022 Bonds to the Trustee for authentication, and to cause the 2022 Bonds so executed and authenticated to be delivered to or for the account of the winning bidders or underwriters upon payment of the purchase price of the 2022 Bonds, all in accordance with the Notice of Sale or executed purchase contract, as appropriate. Execution and delivery by the Chairperson and the Secretary of the 2022 Bonds shall constitute conclusive evidence of the approval of the 2022 Bonds by the Chairperson and the Secretary on behalf of the Board.

**9. Continuing Disclosure.** The Board approves the Continuing Disclosure Agreement in substantially the form presented at this meeting. The Board covenants to undertake ongoing disclosure and to provide "annual financial information" and "event notices" for the benefit of holders of the 2022 Bonds and to assist the winning bidders or the underwriters, as appropriate, in complying with the Rule, all in accordance with the Continuing Disclosure Agreement. The Board authorizes and directs the Chairperson to prepare, execute, and deliver the final form of the Continuing Disclosure Agreement, with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2022 Bonds, as the Chairperson may approve. The Chief Financial Officer of the Department is designated as the Dissemination Agent under the Continuing Disclosure Agreement. Execution and delivery by the Chairperson of the Continuing Disclosure Agreement shall constitute conclusive evidence of the approval of the Continuing Disclosure Agreement by the Chairperson on behalf of the Board.

**10. Authorization of Further Action.** The Board authorizes Department staff (i) to request the Treasury Board to approve the terms and structure of the 2022 Bonds in accordance with Section 2.2-2416(7) of the Virginia Code and the Act, (ii) to request the Governor of the Commonwealth to approve the issuance of the 2022 Bonds in accordance with the Act, (iii) if determined by Department staff to be cost beneficial, to procure and negotiate a contract with a credit facility provider to issue a credit facility with respect to some or all of the 2022 Bonds and to execute such contract, together with any other documents related to such credit facility and (iv) to collaborate with the staff of the Department of the Treasury of the Commonwealth or the State Treasurer to procure and to negotiate investments and investment contracts for any of the proceeds of the 2022 Bonds. The Board further authorizes the Chairperson to execute and deliver all documents and certificates and to take all such further action as he may consider necessary or desirable in connection with the issuance and sale of the 2022 Bonds, including, without limitation, execution and delivery of (a) an amendment to the Payment Agreement dated as of May 1, 2010, between the Board, the Treasury Board, and the Secretary of Finance of the Commonwealth, if necessary, to provide for the issuance and payment of debt service of the 2022 Bonds and (b) a document (i) setting forth the expected application and investment of the proceeds of the 2022 Bonds and the expected use of the property financed or refinanced thereby to show that such expected application, investment and use will not violate the provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the Treasury Regulations promulgated thereunder including the provisions applicable to "arbitrage bonds" (as defined in the Tax Code) and (ii) providing for the rebate of any "arbitrage rebate amounts" (as defined in the Tax Code) earned on the investment of the proceeds of the 2022 Bonds to the United States. The Chairperson is further authorized to make on behalf of the Board such elections under the Tax Code and the applicable Treasury Regulations with respect to the 2022 Bonds as the Chairperson may deem to be in the best interests of the Commonwealth and the Board, in consultation with Bond Counsel and the Financial Advisor.

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**11. Authorizations and Directions to Certain Officers.** Any authorization or direction to the Chairperson or to the Secretary under this Resolution shall also be deemed to be an authorization or a direction to the Vice-Chairperson or to an Assistant Secretary, respectively, the Commissioner of Highways, and any officer or employee of the Board or the Department designated for such purpose by the Chairperson or the Secretary.

**12. Effective Date.** This Resolution shall be effective immediately upon adoption and shall remain in effect until December 31, 2022.

**MEMORANDUM**

**TO:** Members of the Commonwealth Transportation Board  
Members of the Treasury Board

**FROM:** Shannon Valentine  
Chairperson, Commonwealth Transportation Board

**SUBJECT:** Refunding of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds

Public Resources Advisory Group (“PRAG”), financial advisor to the Commonwealth Transportation Board (the “Transportation Board”), has analyzed refunding opportunities for the Transportation Board and has identified the following candidates:

- Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012

The table below summarizes the refunding results for the Series 2012 bonds.

Series	Refunded Maturities	Refunded Par	Refunding Par	Final Maturity	PV Savings (\$)	PV Savings (%)
Series 2012	2032-2034, 2037	\$211,145,000	\$168,815,000	2037	\$45,894,462	21.7%

*\* Based on market conditions as of November 19, 2021.*

Pursuant to a resolution adopted by the Transportation Board on June 17, 2020 (the “Board’s Authorizing Resolution”), the Transportation Board authorizes the issuance and sale of revenue refunding bonds, pursuant to the following terms and conditions: (i) the minimum debt service savings threshold for any series of refunded bonds shall be no less than 3 percent on a present value basis or such other threshold approved by the Treasury Board of the Commonwealth and (ii) the fiscal year in which occurs the final maturity date of the refunding bonds of any series shall be no later than the fiscal year in which occurs the final maturity date of the respective refunded bonds. As the table above shows, the proposed refunded bonds meets the 3 percent savings threshold. Further, the final maturity of the refunding bonds will not be extended beyond the final maturity of the refunded bonds. This memorandum constitutes the memorandum to be prepared by the Chairperson of the Transportation Board pursuant to paragraph 1 of the Board’s Authorizing Resolution.

The final terms and structure of the refunding bonds will be determined at the time of the sale of the refunding bonds. It is anticipated that the refunding bonds will be sold on a competitive basis, but if market conditions warrant, the refunding bonds may be sold on a negotiated basis with the underwriting team selected from the Department of the Treasury’s pool of pre-approved underwriters. The following summarizes the anticipated structure for the refunding bonds but is preliminary and subject to change:

**Bond Structure:** For the 2022 Refunding Bonds, serial bonds paying current interest and maturing semi-annually or a combination of serial and term bonds paying current interest with mandatory sinking fund redemptions.

**Optional Redemption Provisions:** The 2022 Refunding Bonds may be subject to optional redemption prior to maturity.

**Interest Payment Dates:** Interest on the 2022 Refunding Bonds is payable beginning on May 15, 2022, and semiannually thereafter on each May 15 and November 15.



**Principal Payment Dates:** For the 2022 Refunding Bonds, principal is payable beginning on May 15, 2032 and each May 15 thereafter through May 15, 2037.

PRAG recommends proceeding with the refunding of the identified bond series. I concur with their recommendations and have begun the process to refund the identified bonds. Please contact Laura Farmer at (804) 786-3096 if you have any questions or would like to discuss further.

NEW ISSUE  
BOOK-ENTRY ONLY

**Ratings:**  
**Fitch:** \_\_\_\_\_  
**Moody's:** \_\_\_\_\_  
**S&P:** \_\_\_\_\_  
(See "RATINGS" herein)

*In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants and the accuracy of certain representations and certifications made by the Transportation Board and other persons described herein, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed under the Code and (iii) is exempt from income taxation by the Commonwealth of Virginia. See the section "Tax Matters" regarding certain other tax considerations. [To Be Updated As Needed]*

## Commonwealth Transportation Board

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### Commonwealth of Virginia

### Transportation Capital Projects Revenue and Refunding Bonds, Series 2022

**Dated: Date of Delivery**

**Due: May 15 (as shown on the inside front cover)**

This Official Statement has been prepared by the Commonwealth Transportation Board of the Commonwealth of Virginia (the "Transportation Board") to provide information on the above-referenced bonds (the "Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

**Security**

The Bonds are limited obligations of the Commonwealth of Virginia and the Transportation Board, secured by and payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth of Virginia, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly of the Commonwealth of Virginia, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth of Virginia or any of its political subdivisions. See the section "*Sources of Payment and Security for the Bonds.*"

**Issued Pursuant to**

The Bonds will be issued pursuant to a Master Indenture of Trust dated as of May 1, 2010 (as previously supplemented and amended), and a Tenth Supplemental Indenture of Trust dated as of February 1, 2022.

**Purpose**

The Bond proceeds are being used to (i) pay certain costs of certain transportation projects in the Commonwealth of Virginia, (ii) refund all or a portion of certain outstanding maturities of the Transportation Board's Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012, and (iii) pay certain costs related to the issuance of the Bonds. See the sections "*Introduction,*" "*Capital Projects Revenue Bonds Program,*" and "*Application of Proceeds of the Bonds.*"

**Interest Rates/Yields**

See inside front cover.

**Interest Payment Dates**

May 15 and November 15, beginning May 15, 2022.

**Denomination**

\$5,000 or multiples thereof.

**Redemption**

See inside front cover and the section "*The Bonds.*"

**Closing/Delivery Date**

On or about February 15, 2022.\*

**Registration**

Book-entry only. See the section "*The Bonds.*"

**Trustee/Paying Agent**

Wells Fargo Bank, National Association, Philadelphia, Pennsylvania.

**Financial Advisor**

Public Resources Advisory Group, New York, New York.

**Bond Counsel**

McGuireWoods LLP, Richmond, Virginia.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\* Preliminary, subject to change.

The Bonds will be awarded pursuant to electronic competitive bidding to be held via BiDCOMP/*PARITY*® on February [8], 2022,\* unless postponed, as set forth in the Notice of Sale contained in Appendix G to this Official Statement.

Dated: \_\_\_\_\_, 2022

# COMMONWEALTH TRANSPORTATION BOARD

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## Commonwealth of Virginia

### Transportation Capital Projects Revenue and Refunding Bonds, Series 2022

(Base CUSIP<sup>†</sup> Number 927793)

<u>Maturity (May 15)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup> Suffix</u>
2023	\$	%	%	
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				

#### Optional Redemption

The Bonds maturing on or before May 15, 2031,\* will not be subject to optional redemption. The Bonds maturing on or after May 15, 2032\* will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2031,\* in whole or in part (in increments of \$5,000) at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

#### Mandatory Redemption

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine serial maturities into one or more term bonds in the manner set forth in the Notice of Sale. See "Notice of Sale" in Appendix G hereto.

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\* Preliminary, subject to change.

† See the last paragraph on page (i) regarding the use of CUSIP numbers in this Official Statement.

## **COMMONWEALTH TRANSPORTATION BOARD**

Shannon Valentine, *Chairperson of the Transportation Board and Secretary of Transportation*  
Alison DeTuncq, *Vice Chairperson*

Stephen C. Brich	W. Sheppard Miller, III
Carlos M. Brown	Jennifer Mitchell
Bert Dodson, Jr.	Cedric Bernard Rucker
Tom Fowlkes	Raymond D. Smoot, Jr.
Mary H. Hynes	Frederick T. Stant, III
Stephen A. Johnsen	Marty Williams
E. Scott Kasprowicz	Greg Yates
Mark H. Merrill	

## **VIRGINIA DEPARTMENT OF TRANSPORTATION**

Stephen C. Brich, *Commissioner of Highways*  
Laura Farmer, *Chief Financial Officer*

## **VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION**

Jennifer Mitchell, *Director*  
Tanyea Darrisaw, *Chief Financial Officer*

## **OFFICE OF THE ATTORNEY GENERAL**

Mark R. Herring, *Attorney General*  
Julie Whitlock, *Senior Assistant Attorney General/Section Chief*

## **TRUSTEE**

Wells Fargo Bank, National Association  
Philadelphia, Pennsylvania

## **BOND COUNSEL**

McGuireWoods LLP  
Richmond, Virginia

## **FINANCIAL ADVISOR**

Public Resources Advisory Group  
New York, New York

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**The Bonds are exempt from registration under the Securities Act of 1933, as amended. The Bonds are also exempt from registration under the securities laws of the Commonwealth of Virginia.**

**No dealer, broker, salesman or other person has been authorized by the Transportation Board to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Transportation Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Transportation Board and the purchasers or owners of any of the Bonds. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under it will, under any circumstances, create any implication that there has been no change in the affairs of the Transportation Board since the date of this Official Statement.**

**All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the Transportation Board since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date. The information presented in this Official Statement has been obtained from the Transportation Board and other sources that are believed to be reliable, but such information is not guaranteed to be accurate or complete and should not be construed as a representation by a source as to information provided by another source.**

**This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Transportation Board and its financial results could cause actual results to differ materially from those stated in the forward-looking statements.**

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Third parties may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds, including transactions to (i) over allot in arranging the sales of the Bonds and (ii) make purchases in sales of Bonds, for long or short accounts, on a when-issued basis or otherwise, at such prices, in such amounts and in a manner beyond the Transportation Board's control. Such stabilization, if commenced, may be discontinued at any time.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of SEC Rule 15c2-12.

CUSIP is a registered trademark of the American Bankers Association (the "ABA"), used by Standard & Poor's in its operation of the CUSIP Service Bureau for the ABA. The CUSIP (Committee on Uniform Securities Identification Procedures) numbers for the Bonds and the referenced refunded bonds have been assigned by an organization not affiliated with the Transportation Board, and the Transportation Board is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The Transportation Board has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers identified in this Official Statement.

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# OFFICIAL STATEMENT

## Commonwealth Transportation Board

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## Commonwealth of Virginia

## Transportation Capital Projects Revenue and Refunding Bonds, Series 2022

### INTRODUCTION

This Official Statement is provided by the Commonwealth Transportation Board (the "Transportation Board"), a board created and existing pursuant to the laws of the Commonwealth of Virginia (the "Commonwealth"), to furnish information with respect to the offering of \$ \_\_\_\_\_ \* aggregate principal amount of the Commonwealth of Virginia Transportation Capital Projects Revenue and Refunding Bonds, Series 2022 (the "Bonds"). The Bonds are expected to be offered for sale at competitive bidding on February [8], 2022.\* See the section "*Sale at Competitive Bidding*."

***This Introduction contains certain information for summary purposes only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The information contained in this Official Statement is given as of the date stated on the front cover.***

### Commonwealth Transportation Board

The Transportation Board was created by the enactment of Chapter 2, Title 33.2 of the Code of Virginia of 1950, as amended (the "Virginia Code"), and is responsible for general policies for the construction and use of Virginia's highway system and for the efficient and economic development of transportation. The powers and duties of the Transportation Board include, among other things, the allocation of funds in the Transportation Trust Fund to finance transportation needs, including needs for highway and public transportation. See the section "*Commonwealth Transportation Board, Virginia Department of Transportation, and Virginia Department of Rail and Public Transportation*."

### The Bonds

The issuance of the Bonds is authorized by the provisions of (i) the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session (the "2007 Act"); (ii) Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session, and Chapter 732 of the Acts of the General Assembly of the Commonwealth of Virginia, 2016 Regular Session (collectively, the "Appropriation Acts"); (iii) Chapters 830 and 868 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session (the "2011 Amendments") (iv) Chapter 854 of the Acts of the General Assembly of the Commonwealth of Virginia, 2018 Regular Session (the "2018 Amendments" and, together with the 2007 Act, the Appropriations Acts and the 2011 Amendments, the "Capital Projects Revenue Bond Act"); (v) the Transportation Development and Revenue Bond Act, §§ 33.2-1700 *et seq.* of the Virginia Code (the "State Revenue Bond Act"); and (vi) resolutions adopted by the Transportation Board on June 17, 2020 and December 8, 2021 (collectively, the "Resolution"). The Bonds are being issued pursuant to a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented and amended (the "Master Indenture"), and as further supplemented by a Tenth Supplemental Indenture of Trust dated as of February 1, 2022 (the "Tenth Supplemental Indenture" and collectively, with the Master Indenture, the "Indenture"), each between the Transportation Board and Wells Fargo Bank, National Association, Philadelphia, Pennsylvania, as trustee for the Bonds (the "Trustee").

The Bonds are the tenth series of bonds issued by the Transportation Board under the Capital Projects Revenue Bond Act. See the section "*Capital Projects Revenue Bonds Program*." The Bonds, the Prior Capital Projects Revenue Bonds, as hereinafter defined, and any additional bonds issued in the future under the Indenture are referred to collectively as the "Capital Projects Revenue Bonds."

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\* Preliminary, subject to change.



## **Purpose of the Bonds**

The Transportation Board will use the net proceeds of the Bonds to (i) pay the costs (the "Costs") of certain transportation projects in the Commonwealth (the "Projects"), as authorized by the Capital Projects Revenue Bond Act, (ii) refund all or a portion of certain outstanding maturities of the Transportation Board's Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012, as more particularly described in Appendix F (the "Refunded Bonds"), as authorized by the State Revenue Bond Act, and (iii) pay certain costs related to the issuance of the Bonds. See the sections "*Capital Projects Revenue Bonds Program*" and "*Application of Proceeds of the Bonds.*"

Pursuant to the Tenth Supplemental Indenture, the Transportation Board will deposit a portion of the proceeds of the Bonds into an escrow fund under an escrow agreement for the refunding of the Refunded Bonds. Further pursuant to the Tenth Supplemental Indenture, the Transportation Board will deposit a portion of the proceeds of the Bonds into the Project Fund, as hereinafter defined, established pursuant to the Master Indenture. See the section "*Application of Proceeds of the Bonds.*" From time to time, the Transportation Board will requisition funds from the Project Fund pursuant to the terms of the Indenture to pay the Costs of the Projects.

## **Limited Obligations**

The Bonds are limited obligations of the Commonwealth and the Transportation Board, secured by and payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth (the "General Assembly"), or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions. **The General Assembly is not obligated to make any such appropriation.**

Specifically, the Bonds are secured by and payable from revenues, receipts and funds (the "Revenues") as follows: (i) from the revenues deposited into the Priority Transportation Fund established pursuant to § 33.2-1527 of the Virginia Code (the "Priority Transportation Fund"), which is a part of the Transportation Trust Fund, established pursuant to § 33.2-1524.1 of the Virginia Code (the "Transportation Trust Fund"), (ii) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund and (iii) to the extent required, from any other legally available funds. In addition, the Bonds are payable from and secured by moneys held in certain funds established under the Indenture. The Prior Capital Projects Revenue Bonds, as hereinafter defined, are and future series of Capital Projects Revenue Bonds are expected to be payable and secured on a parity basis with the Bonds as provided under the Indenture. See the sections "*Sources of Payment and Security for the Bonds*" and "*Priority Transportation Fund.*"

The Bonds are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, the Trustee and the owners of the Bonds shall have no right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of any transportation facilities.

## **Approval of Issuance of Bonds and Terms and Structure of Bonds**

Under the 2007 Act, the consent of the Governor of the Commonwealth of Virginia (the "Governor") must be obtained prior to the issuance of all Capital Projects Revenue Bonds. In addition, § 2.2-2416(7) of the Virginia Code requires the approval of the Treasury Board of the Commonwealth (the "Treasury Board") to the terms and structure of all proposed bond issues by state agencies, boards or authorities where debt service payments are expected by the issuing agency, board or authority to be made, in whole or in part, from appropriations of the Commonwealth. On December 15, 2021, the Treasury Board adopted a resolution approving the terms and structure of the Bonds within certain parameters and delegated to the State Treasurer of the Commonwealth (the "State Treasurer") the power to approve the final terms and structure of the Bonds within such parameters. The Transportation Board must obtain the consent of the Governor and the approval of the State Treasurer prior to the issuance of the Bonds, and the Transportation Board expects to receive both the consent and the approval in a timely manner.

## **CAPITAL PROJECTS REVENUE BONDS PROGRAM**

The 2007 Act authorizes the Transportation Board to issue Capital Projects Revenue Bonds at one or more times in an aggregate principal amount not to exceed \$3 billion (the "Overall Limitation"); provided that the aggregate principal amount issued in any one fiscal year (which for the Commonwealth and the Transportation Board ends on June 30) (a "Fiscal Year") will not exceed \$300 million (the "Annual Limitation"), except that the 2011 Amendments

increased the Annual Limitation for the Fiscal Years ending June 30, 2012, and June 30, 2013, by \$200 million and \$300 million, respectively. If the aggregate principal amount issued in any Fiscal Year is less than the Annual Limitation, then the amount by which such issuance is less than the Annual Limitation may be issued in any subsequent fiscal year in addition to the Annual Limitation for the subsequent Fiscal Year. In determining compliance with either the Overall Limitation or any Annual Limitation, the Transportation Board may disregard (i) the principal amount of Capital Projects Revenue Bonds issued to pay issuance or financing expenses or costs (including any original issue discount) and (ii) the principal amount of Capital Projects Revenue Bonds issued to refund any outstanding Capital Projects Revenue Bonds.

The proceeds of the Capital Projects Revenue Bonds will be used to pay the Costs of Projects, which may include payments to an authority, locality, commission, or other entity for the purposes of paying for the costs of transportation projects. A minimum of 20% of the proceeds of the Capital Projects Revenue Bonds will be used for transit capital, a minimum of 4.3% of the proceeds of the Capital Projects Revenue Bonds will be used for rail capital, and the remaining amount of proceeds of the Capital Projects Revenue Bonds will be used for paying the costs of transportation projects, with such proceeds used or allocated (i) to match certain federal highway funds to the extent determined by the Transportation Board, (ii) to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds to the extent determined by the Transportation Board and (iii) to pay or fund the costs of statewide or regional projects throughout the Commonwealth. Costs for construction or funding of these transportation projects include, but are not limited to, the costs of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs or other financing expenses related to the Capital Projects Revenue Bonds.

The Appropriation Acts authorize the Transportation Board to issue additional Capital Projects Revenue Bonds above the \$3 billion authorized by the 2007 Act at one or more times in an aggregate principal amount not to exceed \$180,000,000 ("Appropriation Act Bonds"), after all costs, with the net proceeds of the Appropriation Act Bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of the General Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses. The 2018 Amendments authorized the Transportation Board, with the consent of the Governor, to issue at one time an additional aggregate principal amount not to exceed \$50 million of Capital Projects Revenue Bonds, the proceeds of which would be used exclusively to match federal funds provided for capital projects by the Washington Metropolitan Area Transit Authority ("2018 Amendments Bonds"). The Appropriation Acts and the 2018 Amendments together increased the Overall Limitation to \$3.23 billion. All \$180 million of authorized Appropriation Act Bonds have been issued. No 2018 Amendments Bonds have been issued.

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Set forth in the following chart are the issue dates, original principal amounts and outstanding principal amounts of the nine prior series of Capital Projects Revenue Bonds (the "Prior Capital Projects Revenue Bonds"):

<u>Series of Capital Projects Revenue Bonds</u>	<u>Issue Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount as of February 1, 2022</u>
Transportation Capital Projects Revenue Bonds, Series 2010A-1 (Tax-Exempt) and 2010A-2 (Federally Taxable – Build America Bonds)	May 26, 2010	\$492,665,000	\$322,920,000
Transportation Capital Projects Revenue Bonds, Series 2011	May 25, 2011	600,000,000	-
Transportation Capital Projects Revenue Bonds, Series 2012*	June 14, 2012	600,000,000	\$230,875,000
Transportation Capital Projects Revenue Bonds, Series 2014	December 3, 2014	274,980,000	\$228,945,000
Transportation Capital Projects Revenue Bonds, Series 2016	May 17, 2016	273,740,000	\$239,910,000
Transportation Capital Projects Revenue Bonds, Series 2017	July 12, 2017	260,670,000	\$234,105,000
Transportation Capital Projects Revenue Refunding Bonds, Series 2017A	December 14, 2017	629,165,000	\$629,165,000
Transportation Capital Projects Revenue Bonds, Series 2018	June 14, 2018	145,495,000	\$134,810,000
Transportation Capital Projects Revenue Bonds, Series 2019	April 23, 2019	\$235,965,000	\$224,965,000
<b>Total</b>		<b><u>\$3,512,680,000</u></b>	<b><u>\$2,245,695,000</u></b>

\* Includes \$211,145,000 in aggregate principal amount expected to be refunded, defeased and redeemed with a portion of the proceeds of the Bonds. The amount to be refunded, defeased and redeemed is preliminary, subject to change.

Without taking into account the issuance of the Bonds, the unused Overall Limitation is approximately \$243,233,804 million and the available Annual Limitation for the Fiscal Year ending June 30, 2022, is approximately \$243,233,804 million.

## THE BONDS

### Description of the Bonds

The Bonds will be issued as fully registered Bonds in book-entry form. The Bonds will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof, payable semiannually on each May 15 and November 15, beginning May 15, 2022, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to The Depository Trust Company ("DTC") for distribution as described in the subsection "Book-Entry Only System" below. Interest on the Bonds is computed on the basis of a year of 360 days and twelve 30-day months. The record date for payments on May 15 is the preceding May 1 and the record date for payments on November 15 is the preceding November 1.

## **Optional Redemption**

The Bonds maturing on or before May 15, 2031,\* will not be subject to optional redemption. The Bonds maturing on or after May 15, 2032,\* will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2031,\* in whole or in part (in increments of \$5,000), at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

## **Mandatory Sinking Fund Redemption**

Mandatory Sinking Fund Redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine serial maturities into one or more term Bonds in the manner set forth in the Notice of Sale. See "Notice of Sale" in Appendix G hereto.

## **Selection of Bonds for Redemption**

If less than all of the Bonds are called for optional redemption, the maturities of the Bonds to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the Bonds of any maturity are called for optional or mandatory redemption, the Bonds to be redeemed will be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. In either event, each portion of \$5,000 principal amount shall be counted as one Bond for such purpose.

## **Notice of Redemption**

Notice of redemption will be given by the Trustee by registered or certified mail not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Bonds, to the substitute securities depository, or if none, to the registered owners of the Bonds to be redeemed at their addresses shown on the registration books maintained by the Trustee. Such notice of redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices. Such notice may state that the redemption of the Bonds to be redeemed is conditioned upon the occurrence of certain future events, including, without limitation, the deposit of moneys, in an amount sufficient to effect the redemption, with the Trustee on or before the date fixed for redemption. All Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such Bonds in accordance with the Master Indenture are on deposit with the Trustee. If such moneys are not available on the redemption date, such Bonds or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds will be paid and redeemed provided sufficient funds are on deposit with the Trustee. During the period that DTC or its nominee is the registered owner of the Bonds, the Trustee will not be responsible for mailing notices of redemption to the actual beneficial owners of the Bonds (the "Beneficial Owners").

## **Book-Entry Only System**

*The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payments of principal, premium, if any, and interest on the Bonds to DTC, its nominee, Direct Participants, as hereinafter defined, Indirect Participants, as hereinafter defined, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other Bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners is based solely on information furnished by DTC and is not, and should not be construed as, a representation by the Transportation Board as to its accuracy, completeness or otherwise.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Beneficial Owner of each Bond is in turn to be recorded on the Direct Participants and the Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (an "Omnibus Proxy") to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE TRANSPORTATION BOARD, THE COMMONWEALTH OR DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Principal, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Transportation Board or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the Transportation Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Transportation Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants. THE TRANSPORTATION BOARD AND THE COMMONWEALTH CAN GIVE NO ASSURANCES THAT DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENT TO BENEFICIAL OWNERS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Transportation Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Transportation Board may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The foregoing information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Transportation Board, the Commonwealth nor the Trustee makes any representation or warranty regarding the accuracy or completeness thereof.

**So long as Cede & Co., as nominee for DTC, is the sole holder of the Bonds, the Transportation Board and the Trustee shall treat Cede & Co. as the only holder of the Bonds for all purposes under the Indenture, including receipt of all principal of, premium, and interest on the Bonds, receipt of notices, voting and requesting or directing the Transportation Board and the Trustee to take or not to take, or consenting to, certain actions under the Indenture.**

**The Transportation Board and the Trustee have no responsibility or obligation to the Direct Participants or Indirect Participants or the Beneficial Owners with respect to (i) the accuracy or the maintenance of any records maintained by DTC or any Direct Participant or Indirect Participant; (ii) the payment by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner with respect to the principal of, premium, and interest on the Bonds or the sending of any transaction statements; (iii) the delivery or timeliness of delivery by DTC or any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to holders of the Bonds; (iv) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Bonds or (v) other action taken by DTC or Cede & Co. as Bondholder of the Bonds, including the effectiveness of any action taken pursuant to an Omnibus Proxy.**

The Transportation Board or the Trustee may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders of the Bonds.

## APPLICATION OF PROCEEDS OF THE BONDS

Set forth below are the amount and components of the proceeds of the sale of the Bonds and the application of the proceeds on the date of delivery of the Bonds:

<b>Sources:</b>	
Principal Amount of Bonds	\$
[Net] Original Issue [Premium/Discount]	_____
Total	\$ =====
 <b>Uses:</b>	
Deposit to Project Fund	\$
Deposit to Escrow Fund	
Deposit to Cost of Issuance Fund	
Underwriter's Discount	_____
Total	\$ =====

The Transportation Board will use a portion of the proceeds of the Bonds to refund, defease and redeem the Refunded Bonds, in the aggregate principal amount of \$211,145,000\*, as more particularly described in Appendix F.

The proceeds of the Bonds used to defease and redeem the Refunded Bonds will be deposited in an irrevocable escrow fund (the "Escrow Account"), created under an escrow deposit agreement between the Transportation Board and Wells Fargo Bank, National Association, as escrow agent (in such capacity, the "Escrow Agent"). The Escrow Agent will apply the amount so deposited in the Escrow Account to purchase direct, non-callable obligations of the United States Treasury or securities guaranteed by the United States of America (the "Escrow Securities"). The Escrow Securities will mature and bear interest at times and in amounts which, together with cash in the Escrow Account, will be sufficient to pay the interest when due and the principal of the Refunded Bonds through and on their respective redemption dates as set forth in Appendix F. The sufficiency of the Escrow Securities and cash in the Escrow Account to effect the refunding will be verified by the Verification Agent (herein defined). See "*Verification of Mathematical Computations*" herein.

Simultaneously with the issuance of the Bonds, the Trustee will be given irrevocable instructions to optionally redeem the Refunded Bonds on the dates shown in Appendix F. As a result of the deposit of the Escrow Securities to the credit of the Escrow Account and such instructions, the Refunded Bonds will no longer be deemed outstanding under the Master Indenture. Amounts held by the Escrow Agent in the Escrow Account are held as trust funds solely for the benefit of the holders of the Refunded Bonds and will not constitute security for the payment of the Bonds.

## SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

### Limited Obligations

**The Bonds are limited obligations of the Commonwealth and the Transportation Board, secured by and payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly. The Bonds do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions. The General Assembly is under no obligation to make any such appropriation.**

The Bonds are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, the Trustee and the

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\* Preliminary, subject to change.

owners of the Bonds shall have no right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of any transportation facilities.

### **The Bonds and Other Capital Projects Revenue Bonds**

**General.** The Bonds and any other Capital Projects Revenue Bonds issued and outstanding under the Indenture will be equally and ratably payable from and secured by (i) Revenues and (ii) from moneys in certain funds established under the Indenture. See the sections "*Priority Transportation Fund*," "*Transportation Trust Fund*" and "*Summary of the Indenture*."

**Payment Agreement.** The Transportation Board entered into a Payment Agreement dated as of May 1, 2010, with the Treasury Board and the Secretary of Finance (the "Payment Agreement"). The Payment Agreement provides, among other things, the procedures for requesting appropriations of funds sufficient to pay debt service on the Capital Projects Revenue Bonds and for the payment of such debt service. The Payment Agreement requires the Transportation Board and the Treasury Board to use their best efforts to have (i) the Governor include a sufficient appropriation request in each biennial or any supplemental budget of the Commonwealth and (ii) the General Assembly appropriate the amount requested by the Governor. See the section "*Summary of Payment Agreement*."

**Additional Capital Projects Revenue Bonds.** The Transportation Board may issue one or more series of additional Capital Projects Revenue Bonds under the Indenture on parity with the Bonds upon satisfaction of various conditions. The Indenture provides that additional Capital Projects Revenue Bonds may be issued only (i) to pay the Costs of the Projects authorized under the Capital Projects Revenue Bond Act or other costs authorized under the Capital Projects Revenue Bond Act, (ii) to refund any Capital Projects Revenue Bonds issued under the Indenture and (iii) for a combination of such purposes. See the section "*Summary of the Indenture – Conditions of Issuing Additional Bonds*."

The 2007 Act provides that no bonds, obligations, or other evidences of debt that expressly require as a source for debt service payments thereon or for the repayment thereof the revenues of the Priority Transportation Fund, such as the Capital Projects Revenue Bonds, shall be issued or entered into unless at the time of the issuance the revenues then in the Priority Transportation Fund or reasonably anticipated to be deposited into the Priority Transportation Fund pursuant to the law then in effect are by themselves sufficient to make 100% of the contractually required debt service payments on all such bonds, obligations, or other evidence of debt, including any interest related thereto and the retirement thereof. For purposes of the foregoing, contractually required debt service shall not include debt service scheduled to be paid from the Project Fund. See the section "*Priority Transportation Fund*."

As described in the section "*Capital Projects Revenue Bond Program*," the General Assembly has imposed an Overall Limitation and Annual Limitations on the principal amounts of Capital Projects Revenue Bonds the Transportation Board may issue. The Transportation Board does not anticipate issuing additional Capital Projects Revenue Bonds in Fiscal Year 2022.

The limitations on the issuance of the Capital Projects Revenue Bonds described in the preceding two paragraphs could be changed by the General Assembly at any time.

### **Other Bonds**

In addition to the Capital Projects Revenue Bonds, the General Assembly has authorized and may authorize the issuance of other bonds by the Transportation Board under other transportation financing programs to pay the costs of other transportation improvements in the Commonwealth. Such presently outstanding bonds and such possible future bonds could be payable from amounts which may be appropriated by the General Assembly from the Priority Transportation Fund, other legally available funds in the Transportation Trust Fund, and other legally available funds of the Commonwealth. See the section "*Authorized, Issued and Unissued Bonds Payable from Transportation Trust Fund*."

### **Information Pertaining to the Commonwealth**

Appendices B and C contain, respectively, certain financial, demographic and economic information pertaining to the Commonwealth, and Appendix A contains the comprehensive financial statements of the Commonwealth for its Fiscal Year 2021. See also the section "*Transportation Trust Fund – Sources of Revenues – Economic Conditions Affecting the Commonwealth*."



## PRIORITY TRANSPORTATION FUND

### General

The General Assembly first established the Priority Transportation Fund in 2000. The Priority Transportation Fund currently exists under § 33.2-1527 of the Virginia Code as a special non-reverting fund of the Transportation Trust Fund held in the state treasury. Interest earned on moneys in the Priority Transportation Fund remain therein and are credited to it. All funds as may be designated in an appropriation act by the General Assembly for deposit to the Priority Transportation Fund shall be paid into the state treasury and credited to the Priority Transportation Fund. Effective July 1, 2013, and prior to the enactment of Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Regular Session ("Chapter 1230"), such revenues included:

- (1) One-third of the revenues derived from the annual license tax imposed on insurance companies doing business in the Commonwealth under Chapter 25 of Title 58.1 of the Virginia Code, with certain adjustments as described below (the "Insurance Tax Revenues");
- (2) A certain portion of the revenues derived from taxes imposed on motor fuels under the Virginia Fuels Tax Act, Chapter 22 (§ 58.1-2200 et seq.) of Title 58.1 of the Virginia Code (the "Motor Fuels Tax Revenues");
- (3) All revenues that exceed the official forecast, pursuant to § 2.2-1503 of the Virginia Code, for (i) the HMO Fund and (ii) the allocation to highway and mass transit improvement projects as set forth in § 33.2-1526 of the Virginia Code, but not including any amounts that are allocated to the Commonwealth Port Fund and the Commonwealth Airport Fund under such section; and
- (4) Any other such funds as may be transferred, allocated, or appropriated.

Chapter 1230 dedicates the Insurance Tax Revenues and the Motor Fuels Tax Revenues previously dedicated to the Priority Transportation Fund to the Commonwealth Transportation Fund for distribution beginning in fiscal year 2021, and Chapter 1230 provides that the following funds will be credited to the Priority Transportation Fund beginning in fiscal year 2021:

- (1) A transfer from the Transportation Trust Fund equal to 10.5% of certain revenues distributed to the Transportation Trust Fund from the Commonwealth Transportation Fund (the "Transportation Trust Fund Deposit");
- (2) All revenues that exceed the official forecast, pursuant to § 2.2-1503 of the Virginia Code, for (i) the allocation to the Highway Maintenance and Operating Fund established in § 33.2-1530 as set forth in § 33.2-1524 and (ii) the allocation to highway and mass transit improvement projects as set forth in § 33.2-1524.1 of the Virginia Code, but not including any amounts that are allocated to the Commonwealth Port Fund and the Commonwealth Aviation Fund under such section (the "Official Forecast Excess Revenues");
- (3) All revenues from the lease or sale and conveyance by the Commissioner of Highways of the airspace superadjacent or subjacent to any highway in the Commonwealth under § 33.2-226 of the Virginia Code (the "Airspace Revenues"); and
- (4) Any other such funds as may be transferred, allocated, or appropriated.

[Reserved for chart showing flow of revenues to the Priority Transportation Fund]

All moneys in the Priority Transportation Fund will first be used for debt service payments on the Bonds, any other Capital Projects Revenue Bonds or other bonds for which the Priority Transportation Fund is expressly required for making debt service payments to the extent needed. No other such bonds have been issued or are authorized.

Moneys in the Priority Transportation Fund remaining after the payment of the above-described debt service will be used by the Transportation Board to facilitate the financing of priority transportation projects throughout the Commonwealth. The Transportation Board may use the Priority Transportation Fund either (i) by expending amounts therein on such projects directly, (ii) by payment to any authority, locality, commission or other entity for the purpose of paying the costs thereof or (iii) by using such amounts to support, secure, or leverage financing for such projects. The Transportation Board will use the Priority Transportation Fund to facilitate the financing of priority transportation projects as designated by the General Assembly; provided, however, that, at the discretion of the Transportation Board,

funds allocated to projects within a transportation district may be allocated among projects within the same transportation district as needed to meet construction cash-flow needs.

**Transportation Trust Fund Deposit**

As provided in § 33.2-1524, after certain annual distributions are made from the Commonwealth Transportation Fund, 49% of the remaining funds in the Commonwealth Transportation Fund are allocated to the Transportation Trust Fund. Under § 33.2-1524.1, 10.5% of such allocation is then distributed to the Priority Transportation Fund to comprise the Transportation Trust Fund Deposit. In Fiscal Year 2021, the Transportation Trust Fund Deposit was equal to \$\_\_\_\_\_ million. See the section *"Transportation Trust Fund—Chapter 1230 and the Commonwealth Transportation Fund."* For a description of the specific revenues from which the Transportation Trust Fund Deposit is derived, see the section *"Transportation Trust Fund—Sources of Revenues"* herein.

**Official Forecast Excess Revenues**

As provided in § 33.2-1527 of the Virginia Code, any Official Forecast Excess Revenues will be deposited in the Priority Transportation Fund. The Priority Transportation Fund received Official Forecast Excess Revenues in FY 2022 in the amount of \$344.6 million, which were from FY 2021 results.

**Airspace Revenues**

As provided in § 33.2-226, any Airspace Revenues will be deposited in the Priority Transportation Fund. [However, the Priority Transportation Fund is not projected to receive any Airspace Revenues and has not received any Airspace Revenues since such revenues were directed to the Priority Transportation Fund following the enactment of Chapter 1230.]

**Other Funds**

The Priority Transportation Fund is not projected to receive any funds or revenues other than the Transportation Trust Fund Deposits, the Official Forecast Excess Revenues and the Airspace Revenues.

**Historical and Projected Priority Transportation Fund Revenues**

As provided in § 33.2-1527 of the Virginia Code, the funds in the Priority Transportation Fund will consist of Transportation Trust Fund Deposits, Official Forecast Excess Revenues, Airspace Revenues, any other such funds as may be transferred, allocated or appropriated and any investment income received on any of the foregoing. The following table shows the amounts of such revenues deposited or forecasted to be deposited into the Priority Transportation Fund since the enactment of Chapter 1230, effective beginning FY 2021. See the section *"Transportation Trust Fund – Chapter 1230 and the Commonwealth Transportation Fund."*

**Historical and Projected Priority Transportation Fund Allocations  
(in millions)<sup>1</sup>**

Fiscal Year :	2021	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>	2025 <sup>2</sup>	2026 <sup>2</sup>
Transportation Trust Fund Deposit						
Official Forecast Excess Revenues						
Airspace Revenues						
Investment Income						
Total Priority Transportation Fund Revenues						

Sources: Commonwealth of Virginia Department of Accounts and Department of Taxation.

<sup>1</sup> The sum of the revenue amounts may not equal the total amounts due to rounding.

<sup>2</sup> Projections based on Commonwealth Transportation Fund Forecast provided in December 2021. Forecasts are issued several times a year, and the next forecast is expected in \_\_\_\_\_, 2022. Preliminary estimates and actual results may differ materially from such forward-looking statements.

**The Transportation Board makes no representation (i) that the General Assembly will maintain or continue to make transfers to the Priority Transportation Fund or (ii) that the General Assembly will not repeal or materially modify the legislation creating the Priority Transportation Fund or imposing the taxes of which the collections are deposited into the Priority Transportation Fund.**

## DEBT SERVICE REQUIREMENTS

The following table sets forth for each Fiscal Year the amounts needed in each annual period for payment of principal of and interest on the Capital Projects Revenue Bonds, as of the date of the issuance of the Bonds.

Fiscal Year	Outstanding Bond Debt Service <sup>1,2</sup>	2022 Bond Principal	2022 Bond Interest	2022 Bond Debt Service	Total Fiscal Year Debt Service
2022 <sup>3</sup>	\$189,112,198				
2023	188,871,400				
2024	188,602,620				
2025	188,333,725				
2026	187,930,863				
2027	187,539,603				
2028	187,147,073				
2029	186,759,983				
2030	186,365,693				
2031	185,970,460				
2032	185,554,480				
2033	185,140,113				
2034	184,701,235				
2035	184,251,608				
2036	153,911,375				
2037	116,086,975				
2038	75,804,488				
2039	75,804,438				
2040	57,582,013				
2041	57,579,363				
2042	40,785,463				
2043	24,260,163				
2044	-				
2045	-				
2046	-				
<b>Total</b>	<b>\$3,218,095,325</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

- 1 A prior series of Capital Projects Revenue Bonds, the \$407,150,000 Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2010A-2 (Federally Taxable – Build America Bonds) were issued as Build America Bonds. As such, that Series is entitled to a subsidy payment from the United States Treasury under Section 54AA of the Tax Code, but the debt service amounts shown above have not accounted for any such subsidy.
- 2 Includes debt service on the Refunded Bonds.
- 3 Reflects debt service for FY 2022 and includes debt service payment made on November 15, 2021.

## TRANSPORTATION TRUST FUND

### General

The Transportation Trust Fund was established by the General Assembly in Chapters 11, 12, 13 and 15 of the Acts of the Assembly, 1986 Special Session (the "1986 Special Session Acts"), as a special non-reverting fund administered and allocated by the Transportation Board for the purpose of increased funding for construction and other capital needs of state highways, airports, mass transit and ports. Chapter 1230 enacts numerous structural changes to the transportation funding system in the Commonwealth. These changes generally became effective for fiscal year 2021, which commenced July 1, 2020.

Under Chapter 1230, transportation-related revenues are directed to a new, special non-reverting fund known as the Commonwealth Transportation Fund, and the distribution of revenues is streamlined, based on codified formulas, to sub-funds established to meet the varying transportation needs and different modes of transportation in the Commonwealth. The Transportation Trust Fund continues to be funded primarily from the initial base of revenues specified by the 1986 Special Session Acts, as amended, including the retail sales and use tax, motor fuels tax and motor vehicle related taxes and fees. Chapter 1230 makes changes and adds to these revenue sources. See the subsection below "Sources of Revenues."

## Chapter 1230 and the Commonwealth Transportation Fund

Chapter 1230 was enacted in 2020 by the General Assembly in an effort to revise the composition and increase available revenues for transportation funding in the Commonwealth. Under Chapter 1230, the Commonwealth Transportation Fund will serve as the fund to which all transportation revenues are deposited and then distributed to programs and funds.

The transportation revenues allocated to the Commonwealth Transportation Fund and then available for distribution to the Transportation Trust Fund include: (i) motor vehicles fuels taxes and road taxes for diesel fuel; (ii) vehicle registration fees; (iii) highway use fees; (iv) 0.5% statewide sales and use taxes; (v) 0.3% statewide sales and use taxes for transportation; (vi) 4.15% motor vehicles sales and use taxes; (vii) motor vehicle rental taxes (10% of gross proceeds from rentals for most passenger vehicles); (viii) \$0.03 of the \$0.25 per \$100 of assessed value of the statewide recordation taxes; (ix) taxes on liquid alternative fuel, set at the rate for gasoline; (x) International Registration Plan fees; and (xi) one-third of the revenue from insurance premium taxes. See the subsection below "Sources of Revenues."

Chapter 1230 also amends the allocation of funds. Before any funds are distributed between the Transportation Trust Fund and the Highway Maintenance and Operating Fund ("HMO Fund"), (i) \$40 million annually will be deposited into the Route 58 Corridor Development Fund; (ii) \$40 million annually will be deposited into the Northern Virginia Transportation District Fund; and (iii) \$80 million annually (as adjusted annually based on changes in consumer price index for urban consumers) will be deposited into the Special Structure Fund. Enactment Clause 13 of Chapter 1230 provides that the Special Structure Fund shall receive \$10 million in fiscal year 2021 and \$30 million in fiscal year 2022. Enactment Clause 11 of Chapter 1230 allows the Transportation Board to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure funds for modal programs and the HMO Fund are at least equal to the amounts provided for in the six year financial plan for the Commonwealth Transportation Fund as in effect on January 1, 2020.

Toll revenue and concession payments to the Commonwealth under the Public-Private Transportation Act of 1995 also would be deposited to the Commonwealth Transportation Fund and allocated to the Transportation Trust Fund (for defined purposes and not available for further distribution). Interest, dividends, and appreciation accrued to the Transportation Trust Fund or the HMO Fund also would be allocated to the Commonwealth Transportation Fund and distributed two-thirds to the Virginia Transportation Infrastructure Bank and one-third to the Transportation Partnership Opportunity Fund.

Certain of the remaining funds in the Commonwealth Transportation Fund are allocated 51% to the HMO Fund and 49% to the Transportation Trust Fund. Chapter 1230 directs the following distribution of funds from the Transportation Trust Fund: (i) 53% for construction programs; (ii) 23% to the Commonwealth Mass Transit Fund; (iii) 7.5% to the Commonwealth Rail Fund; (iv) 2.5% to the Commonwealth Port Fund; (v) 1.5% to the Commonwealth Aviation Fund; (vi) 1% to the Commonwealth Space Flight Fund; (vii) 10.5% to the Priority Transportation Fund, which is referred to above as the "Transportation Trust Fund Deposit;" and (viii) 1% to a special fund within the Commonwealth Transportation Fund to be used to meet the necessary expenses of the Department of Motor Vehicles. Enactment Clause 11 of Chapter 1230 also allows the Transportation Board to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure appropriate coverage ratios for any outstanding debt backed by the Transportation Trust Fund.

The investment of money in the Transportation Trust Fund is administered by the State Treasurer under guidelines adopted by the Transportation Board. The Transportation Board has adopted the same guidelines as the Treasury Board for the investment of public funds.

**The Transportation Board makes no representation (i) that the General Assembly will maintain the Transportation Trust Fund or (ii) that the General Assembly will not repeal or materially modify Chapter 1230 or any other legislation affecting the Transportation Trust Fund. Without limiting the generality of the foregoing, the provisions of Chapter 1230 that generate additional state revenue for transportation purposes, including revenues for deposit in the Transportation Trust Fund, shall expire on December 31 of any year in which the General Assembly appropriates any of such revenues for any non-transportation-related purpose.**

## Highway Maintenance and Operating Fund

The Highway Maintenance and Operating Fund is established in the Virginia Code to address the highway maintenance and operating needs of VDOT. The HMO Fund was initially created in 1987, separating funding for this

purpose from funds meant for highway construction. Since this time, the revenue sources dedicated to the HMO Fund have been updated to provide for additional funding to meet highway maintenance and operating needs. Chapter 1230 dedicates a significant share of the Commonwealth Transportation Fund to the HMO Fund. Enactment Clause 11 of Chapter 1230 allows the Transportation Board to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure funds for modal programs and the highway maintenance and operating fund are at least equal to the amounts provided for in the six-year financial plan for the Commonwealth Transportation Fund as in effect on January 1, 2020.

The construction funds available for allocation in the Six-Year Improvement Program for Fiscal Years 2022 through 2027 adopted by the Transportation Board in June 2021 (the "Current SYIP") were reduced by \$108.7 million in Fiscal Year 2022 to provide the revenues needed to meet the obligations of the HMO Fund which includes the maintenance and operations of Virginia's highways.

**The Transportation Board makes no representation that the General Assembly will maintain the HMO Fund. Without limiting the generality of the foregoing, the provisions of Chapter 1230 that generate additional revenue for transportation purposes, including revenues for deposit in the HMO Fund, shall expire on December 31 of any year in which the General Assembly appropriates any of such revenues for any non-transportation-related purpose.**

### **Sunset Provision**

The provisions of Chapter 1230 that generate additional state revenue for transportation purposes expire on December 31 of any year in which the General Assembly appropriates any of such revenues for any non-transportation-related purpose (the "Sunset Provision").

The General Assembly has from time to time made appropriations of portions of transportation revenue for non-transportation-related purposes which would have activated similar sunset provisions under other transportation legislation had the General Assembly not also enacted a savings clause to override such sunset provisions (a "Savings Clause").

No assurance can be given that the General Assembly will not activate the Sunset Provision of Chapter 1230 in future appropriation acts, and no assurance can be given that, if the Sunset Provision is activated, the General Assembly will enact a Savings Clause to override it.

### **Highway Allocation Formula**

The Transportation Board is required by the Virginia Code to allocate each year all funds made available for highway purposes in accordance with the priorities established by Section 33.2-358 of the Virginia Code. Highway funds are allocated first for maintenance of interstate, primary, secondary and certain local roads and highways, administrative and general expenses, and other payments. The distribution of funding after this allocation was changed by Chapter 1230.

After the first allocation of funds as described above, the Transportation Board shall allocate all remaining funds, as follows: (i) 30% to the Transportation Board's "State of Good Repair Purposes", (ii) 20% to the Transportation Board's "High Priority Project Program," (iii) 20% to the "Construction District Grant Program," (iv) 20% to the "Interstate Operations and Enhancement Program," and (v) 10% to the "Virginia Highway Safety Improvement Program."

While the Virginia Code establishes the priorities by which the Transportation Board must allocate the funds made available to it, the Transportation Board, VDOT and other transportation agencies are responsible for allocating such funds among transportation projects throughout the Commonwealth. In the normal course of business, the Transportation Board, VDOT and the other agencies procure and enter into contracts with private parties for the rehabilitation, construction and improvement of transportation projects. The procurements are conducted in various ways as permitted under the Virginia Code, including traditional sealed bidding, design build arrangements and procurements under the Public-Private Transportation Act of 1995 (Section 33.2-1800 et. seq.) (the "PPTA"). The PPTA encourages investment in the Commonwealth by private entities to facilitate the development and/or operation of transportation facilities, and PPTA contracts typically involve an allocation of financial, completion and other risks between the private entity and the Commonwealth that differ from the risk allocation in more traditional procurement formats. If any of these contracts were terminated or if the applicable project was delayed or altered, the Transportation Board, VDOT or the other applicable agency could be contractually obligated to pay certain costs associated with the delay or determination of the project incurred by the private party and to pay other related expenses and fees, which

may or may not exceed the funding currently allocated to the applicable project. The payment obligation of the Transportation Board, VDOT or the other applicable agency is generally subject to appropriation by the General Assembly. While no specific funding source is identified, the Transportation Trust Fund is one possible funding source for such payments. If such a payment were to be made from the Transportation Trust Fund, the funds for such payment would be made available by changing the allocation of available funds among the projects in the Six-Year Improvement Plan. A change in the allocation of funds would not impact the revenues appropriated to the Transportation Trust Fund, but the change could impact the planned schedules of other projects. The Transportation Board, VDOT and the other agencies regularly adjust the allocation of the funds among transportation projects to account for a variety of factors. See the section "*Commonwealth Transportation Board, Virginia Department of Transportation and Virginia Department of Rail and Public Transportation.*"

## Sources of Revenues

The following table summarizes the actual Transportation Trust Fund revenues for Fiscal Years 2016 through 2020. Historical receipts of the Transportation Trust Fund may not be indicative of future receipts, especially because of the changes related to Chapter 1230. In addition, the information below includes data for periods prior to the outbreak of COVID-19 and should not be relied upon as representing revenue amounts or trends that may be available in future years. See "*Recent Developments Regarding the COVID-19 Pandemic.*"

### Total Transportation Trust Fund Revenues – All Modes (in millions)<sup>(1)</sup>

<b>Fiscal Year Ending June 30:</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Retail Sales and Use Tax	\$723.7	\$743.3	\$751.3	\$786.4	\$813.9
Motor Vehicle Sales and Use Tax (2)	265.4	275.4	272.8	285.9	269.9
Motor Fuels Taxes(3)	138.9	138.6	136.5	136.5	136.9
Motor Vehicle Registration Fees(4)	21.6	22.2	21.6	22.5	41.3
Recordation Tax(5)	29.5	48.1	47.8	47.1	59.7
Investment Income	2.4	3.9	5.4	9.4	10.9
Priority Transportation Fund(6)	<u>186.0</u>	<u>199.9</u>	<u>205.2</u>	<u>209.2</u>	<u>226.5</u>
<b>Total Transportation Trust Revenues</b>	<b><u>\$1,367.5</u></b>	<b><u>\$1,431.4</u></b>	<b><u>\$1,440.6</u></b>	<b><u>\$1,497.0</u></b>	<b><u>\$1,558.2</u></b>

Sources: Department of Accounts and Department of Motor Vehicles.

<sup>(1)</sup> Net of moneys deposited in the Federal Fund, which is part of the Transportation Trust Fund. Totals may not add due to rounding.

<sup>(2)</sup> Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax. Note these taxes were amended by Chapter 766 (as hereinafter defined).

<sup>(3)</sup> Motor Fuels Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax for Diesel Fuel. Note these taxes were amended by Chapter 766 and Chapter 837 of the Acts of Assembly, 2019 Regular Session ("Chapter 837"). The 2019 increase in road taxes is committed to Interstate Improvements.

<sup>(4)</sup> Motor Vehicle Registration Fees includes the revenue anticipated from an increase in truck registration fees beginning July 1, 2019 in accordance with Chapter 837. These funds are committed to Interstate Improvements in Fiscal Year 2020.

<sup>(5)</sup> Reflects the deposits into the Transportation Trust Fund on and after July 1, 2008, from the revenues collected each Fiscal Year from \$0.02 of the total state recordation taxes imposed pursuant to Sections 58.1-801 and 58.1-803 of the Virginia Code. Beginning in Fiscal Year 2017, the estimate reflects the revenue from \$0.01 of the total state recordation taxes that was previously dedicated to the HMO Fund. It is now dedicated to the Commonwealth Transit Capital Fund.

<sup>(6)</sup> Reflects the deposits into the Priority Transportation Fund on and after July 1, 2008, of one-third of the revenues of the Insurance Tax and incremental motor fuels tax revenues (as described under the heading "*Priority Transportation Fund - General*"). Amounts shown include estimated investment income.

The following table provides the actual revenues for Fiscal Year 2021 and the projected revenues for Fiscal Years 2022 through 2026 received or to be received in the Commonwealth Transportation Fund and allocated to the Transportation Trust Fund and from the Transportation Trust Fund to the Priority Transportation Fund. The projected revenues for Fiscal Years 2022 through 2026 are based on the interim revenue estimate from December 2021, reflecting the changes related to Chapter 1230 and the projected impact of the COVID-19 pandemic as of such date. Historical receipts of the Transportation Trust Fund may not be indicative of future receipts.

**Commonwealth Transportation Fund  
(in millions)**

<b>Fiscal Year Ending June 30:</b>	<b>2021</b>	<b>Forecast 2022<sup>1</sup></b>	<b>Forecast 2023<sup>1</sup></b>	<b>Forecast 2024<sup>1</sup></b>	<b>Forecast 2025<sup>1</sup></b>	<b>Forecast 2026<sup>1</sup></b>
Retail Sales and Use Tax	\$1,264.1					
Motor Vehicles Sales and Use Tax	1,110.6					
Motor Fuels Taxes	972.9					
Road Tax for Diesel Fuel	55.0					
International Registration Plan	121.4					
Motor Vehicle Registration Fees	241.7					
State Insurance Premium Tax	181.4					
Recordation Tax	83.8					
Motor Vehicles Rental Tax	34.3					
Highway Use Fee	42.7					
<b>Total Commonwealth Transportation Fund Revenues</b>	<b><u>\$4,107.9</u></b>					
<b>Distribution of Commonwealth Transportation Fund</b>						
Route 58 Corridor Development Fund	\$40.0					
Northern Virginia Transportation District Fund	40.0					
Special Structures Fund	0.0					
Highway Maintenance and Operating Fund	2,060.0					
<b>Allocation to Transportation Trust Fund</b>	<b><u>\$1,876.7</u></b>					
<b>Distribution to Priority Transportation Fund of Allocation to Transportation Trust Fund</b>	<b><u>\$(197.0)</u></b>					

Sources: Commonwealth of Virginia Department of Accounts, Department of Motor Vehicles, and Department of Taxation.

<sup>1</sup> Projections based on Commonwealth Transportation Fund Forecast provided in December 2021. Forecasts are issued several times a year, and the next forecast is expected in \_\_\_\_\_, 2022. Preliminary estimates and actual results may differ materially from such forward-looking statements.

The following is a brief description of the taxes and fees designated for transfer from the Commonwealth Transportation Fund to the Transportation Trust Fund.

**Retail Sales and Use Tax.** The retail sales tax is imposed on every transaction involving (i) the business of selling at retail or distributing tangible personal property in the Commonwealth; (ii) the leasing or rental of tangible personal property as part of an established business; (iii) the storing for use or consumption in the Commonwealth of any item or article of tangible personal property or leasing or renting such property within the Commonwealth; (iv) the furnishing of transient accommodations or (v) the selling of certain services. The tax on sales is based on the gross sales price of each item or article of tangible personal property. The seller collects the tax from the customer by separately stating the amount of the tax and adding it to the sales price or charge. The tax on accommodations, leases and rentals, which is based upon the lessor's gross proceeds from the leases and rentals, is collected by the lessor by separately stating the amount of tax and adding it to the charge made to the lessee. The tax on items or articles of tangible personal property stored in the Commonwealth for use or consumption in the Commonwealth is based on the cost price of each item or article. The tax on taxable services is based on the gross sales of services.

The use tax is imposed on the use or consumption of tangible personal property in the Commonwealth, or the storage of such property outside the Commonwealth for use or consumption in the Commonwealth. This tax applies to (i) tangible personal property purchased outside the Commonwealth that would have been subject to sales tax if purchased in the Commonwealth and (ii) purchases, leases or rentals made in the Commonwealth if the sales tax was not paid at the time of purchase, lease or rental. In general, the tax is based on the cost price of each item or article of tangible personal property used or consumed in the Commonwealth or the cost price of each item or article of tangible personal property stored outside the Commonwealth for use or consumption in the Commonwealth. The Virginia Code provides various exclusions and exemptions to the retail sales and the use tax.

The state and local retail sales and use taxes were increased from 4.0% to 4.5% by the General Assembly in the 1986 Special Session Acts and increased again in 2004 from 4.5% to 5.0%. The 1986 Special Session Acts designated the tax revenues from a 0.5% sales and use tax to the Transportation Trust Fund. Pursuant to Chapter 766 of the Acts of the General Assembly of the Commonwealth of Virginia 2013 Regular Session ("Chapter 766"), the 2013 General Assembly increased taxes by 0.3% to 5.3% (a portion of which was allocated to the HMO Fund), and pursuant to Chapter 766 the Commonwealth can collect the tax on online sales, if there is a change in federal law. On June 19, 2018, the U.S. Supreme Court in *South Dakota v. Wayfair, Inc.* held that states may require an out-of-state retailer to collect and remit sales tax on purchases by residents within that state. While many states, including the Commonwealth, have enacted legislation similar to the South Dakota statute at issue, which required out-of-state retailers to collect and remit sales taxes if they delivered more than \$100,000 of goods or services into the state or engaged in 200 or more separate transactions for the delivery of goods and services into the state on an annual basis, the U.S. Congress has not yet acted to provide consistent treatment of state tax collections by out-of-state retailers. Chapter 1230 dedicates Retail Sales and Use Taxes committed to transportation to the Commonwealth Transportation Fund.

***Motor Vehicle Sales and Use Tax.*** A tax based on the gross sales price or gross proceeds is levied upon the sale or use of motor vehicles in the Commonwealth, other than a sale to or use by a person for rental as an established business or part of an established business or incidental or germane to such business.

The tax applies to the sale price of motor vehicles, mobile homes and mobile offices sold in the Commonwealth, with the exceptions noted above, and to the sale price of motor vehicles, mobile homes and mobile offices not sold in the Commonwealth but used or stored for use in the Commonwealth. Under Commonwealth law, certain motor vehicles are exempt from the sales and use tax. In general, the minimum tax levied on the sale of any motor vehicle in the Commonwealth is \$75.00.

The tax on the sale or use of a motor vehicle is paid by the purchaser or user of the new motor vehicle and collected by the Commissioner of the Department of Motor Vehicles (the "DMV Commissioner") at the time the owner applies to that Department for, and obtains, a certificate of title. No tax is levied or collected upon the sale or use of a motor vehicle for which no certificate is required by the Commonwealth.

As a result of the 1986 Special Session Acts, this tax increased from 2.0% to 3.0%, effective January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues generated by the increase to the Transportation Trust Fund. As a result of Chapter 766, effective July 1, 2013, this tax increased from 3.0% to 4.0%, and increased by 0.05% on each successive July 1 up to and including July 1, 2016, at which time the rate equaled 4.15%. Chapter 1230 dedicates the Motor Vehicle Sales and Use Tax to the Commonwealth Transportation Fund.

***Motor Fuels Tax and Diesel Tax.*** A tax is levied on motor fuels sold and delivered or used in the Commonwealth. Certain categories of motor fuels, however, are exempt from this tax under Virginia Code Section 58.1-2226, including, but not limited to, fuel for the exclusive use of the governments of the United States, the Commonwealth and the Commonwealth's political subdivisions and diesel fuel used for certain purposes. The motor fuels tax is collected by and paid to the Commonwealth only once with respect to any motor fuels. All aviation fuels that are sold and delivered or used in the Commonwealth are taxed. Synthetic motor fuel produced in the Commonwealth from coal is subject to an incremental tax. Likewise, motor fuels refined in the Commonwealth exclusively from crude oil produced in the Commonwealth in a refinery meeting certain specifications are subject to an incremental tax. Chapter 1230 increased the statewide tax on motor fuels incrementally from \$0.162 to \$0.212 per gallon in Fiscal Year 2021 and from \$0.212 to \$0.262 per gallon in Fiscal Year 2022 and then indexes the tax for inflation thereafter. Chapter 1230 also increased the statewide tax on diesel fuels to \$0.212 per gallon in Fiscal Year 2021 and to \$0.27 per gallon in Fiscal Year 2022 and then indexes the tax for inflation thereafter.



Each dealer or limited dealer in motor fuels must file monthly a report with the DMV Commissioner showing, among other things, the quantity of motor fuels and aviation fuel used, sold, or delivered during the preceding month. The motor fuels tax must be paid at the time the report is rendered to the DMV Commissioner.

**International Registration Plan Fees.** The Governor may enter into reciprocal agreements on behalf of the Commonwealth with the appropriate authorities of any state of the United States or a state or province of a country providing for the assessing and collecting of license fees for motor vehicles, tractor trucks, trucks, trailers, and semitrailers on an apportionment or allocation basis, as outlined in the International Registration Plan. The DMV Commissioner may assess any owner, lessor, or lessee for any license fees due to the Commonwealth. Trip permit registration may be issued for any vehicle or combination of vehicles that could be lawfully operated in the jurisdiction if registration were obtained. The fee for this permit is \$15, and the permit is valid for 10 days.

**Motor Vehicle Annual Registration Fees.** The annual registration fee collected by the DMV Commissioner for all motor vehicles, trailers and semi-trailers was increased \$3 per vehicle by the 1986 Special Session Acts, and the General Assembly has appropriated the net additional revenues from this fee increase to the Transportation Trust Fund. Chapter 1230 captures all registration fees for the Commonwealth Transportation Fund, including those dedicated to the HMO Fund and truck registration fees formerly committed to Interstate Improvements.

**Recordation Taxes.** Recordation taxes are imposed on every deed and deed of trust (mortgage) recorded in the Commonwealth subject to certain exceptions and exemptions. Chapter 896, effective July 1, 2008, provides that, of the state recordation taxes imposed pursuant to Sections 58.1-801 and 58.1-803 of the Virginia Code, the revenues collected each Fiscal Year from \$0.02 of the total tax imposed under each section are appropriated for and deposited into the Transportation Trust Fund for the Commonwealth Mass Transit Fund. Chapter 684 of the Acts of the General Assembly of the Commonwealth of Virginia 2015 Regular Session ("Chapter 684"), effective July 1, 2017, provides that, of the state recordation taxes imposed pursuant to Section 58.1-801 and Section 58.1-803 of the Virginia Code, the revenues collected each Fiscal Year from \$0.01 of the total tax are appropriated for and deposited into the Transportation Trust Fund for use in the Commonwealth Transit Capital Fund through fiscal year 2020. Chapter 1230 dedicates these revenues to the Commonwealth Transportation Fund for distribution.

**Insurance License Tax.** Chapter 25 of Title 58.1 of the Virginia Code imposes an annual license tax on insurance companies doing business in the Commonwealth, which tax is equal to a percentage of the insurance companies' direct gross income from its premiums or subscriber fees collected in the most recently ended fiscal year. Under § 58.1-2531 of the Virginia Code, one-third of the revenues derived from such tax, less one-third of the total amount of such tax refunded in the most recently ended fiscal year will be deposited in the Commonwealth Transportation Fund.

**Motor Vehicle Rental Tax.** A tax upon the rental of motor vehicles in Virginia, without regard to whether such vehicles are required to be licensed by the Commonwealth, is levied at a rate of up to 10% of the gross proceeds from rentals of most passenger vehicles.

**Highway Use Fee.** Chapter 1230 imposes a highway use fee on fuel efficient, alternative fuel, and electric vehicles. The fee, which is paid at the time of registration, is based on 85% of the difference between fuel taxes paid by the average vehicle (based on 23.7 miles per gallon) and the fuel tax paid by the fuel-efficient vehicle. In the alternative, motorists will have the option of participating in a "mileage based user fee" program, effective July 1, 2022. Such user fee is a per-mile fee, capped at the applicable highway use fee, determined by dividing the applicable highway use fee by the average number of miles travelled by passenger vehicles in Virginia. In connection with the new fee structure, Chapter 1230 repeals the \$64 vehicle license tax for electric vehicles previously in place.

### **Economic Conditions Affecting the Commonwealth Transportation Fund**

The availability of funds in the Commonwealth Transportation Fund for transfer to the Transportation Trust Fund is dependent on a number of economic factors. The bulk of such funds dedicated to the Transportation Trust Fund consists of the motor fuels taxes, motor vehicles sales and uses taxes and retail sales and use taxes described herein, which may fluctuate based on, among other things, the condition of the Commonwealth and national economies, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, vehicle fuel efficiency, road conditions, and the availability of alternate modes of transportation. There can be no assurance that downturns in any of the numerous factors affecting these revenues will not significantly affect the availability of funds to make timely payments on Bonds. In particular, the COVID-19 pandemic has impacted the Commonwealth's revenues and transportation revenues and is expected to impact revenues in future years. For a more detailed discussion of the risks and the impact, see "*Recent Developments Regarding the COVID-19 Pandemic.*" See Appendix C, "*Commonwealth of Virginia, Demographic and Economic Information*" for certain information regarding some of

these factors. The availability of funds in the Transportation Trust Fund is also subject to appropriation by the General Assembly.

**There is no assurance that any of these taxes or fees will remain in effect or that they will continue at their current levels. The General Assembly is under no obligation to continue the appropriation of the revenues generated by Chapter 1230 to the Transportation Trust Fund or for other transportation-related purposes. Further unanticipated costs related to delayed, altered or terminated major transportation projects may be paid from the Transportation Trust Fund.**

## **RECENT DEVELOPMENTS REGARDING THE COVID-19 PANDEMIC**

[To Be Updated]

### **Background**

The World Health Organization declared on March 11, 2020, a global pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus that has been negatively impacting most, if not all, areas of the world. Within the United States, the federal government and various state and local governments, as well as private entities and institutions, have implemented a variety of different efforts aimed at mitigating the spread of COVID-19 including, but not limited to, travel restrictions, voluntary and mandatory quarantines, event postponement and cancellations, voluntary and mandatory work from home arrangements, and facility closures. The impact of these various measures, as well as general concerns related to the global and national public health emergency and other contributing factors, have resulted in dislocations in the labor market and stress on the global and national economies.

### **Mitigation Measures Taken in the Commonwealth**

On March 12, 2020, Governor Northam declared a state of emergency in the Commonwealth as a result of the COVID-19 pandemic. Following such declaration, Governor Northam imposed a series of public health restrictions designed to mitigate the spread of COVID-19 in the Commonwealth, including, at various times, statewide mask-wearing and social distancing guidelines, limitations on public and private in-person gatherings, the closure of certain businesses deemed non-essential, a statewide stay-at-home order, and the cancellation of in-person instruction at schools.

On May 14, 2021, Governor Northam lifted the public health restrictions imposed to mitigate the spread of COVID-19, citing the effectiveness and wide availability of the COVID-19 vaccines described below. In addition, the Governor's declaration of a state of emergency expired on June 30, 2021.

Since that date, in response to the rise of COVID-19 variants, the Governor has imposed two requirements. On August 5, 2021, the Governor issued a new executive directive requiring state employees and contractors to disclose vaccination status and, if not vaccinated, to submit to certain testing requirements, beginning September 1, 2021. On August 12, 2021, following Center for Disease Control guidelines, the Governor issued a Public Health Emergency Order requiring universal masking indoors for all K-12 schools.

Under the auspices of the federal government's program called Operation Warp Speed, vaccines have been developed to combat COVID-19. Currently, everyone in Virginia aged 12 and older is eligible to receive a COVID-19 vaccine. As reported by the Virginia Department of Health on October 6, 2021, approximately 5,814,301 people had been vaccinated with at least one dose of a COVID-19 vaccine in the Commonwealth (which represents approximately 68.1% of the Commonwealth's total population and approximately 80.9% of the Commonwealth's population aged 18 and older).

*There is no basis to predict how long the public health crisis caused by COVID-19 or its collateral effects will continue. The Governor will continue to monitor the number of COVID-19 cases, the availability of hospital beds and the rate of vaccinations. Should there be a deterioration in the public health situation, the Governor retains the executive authority to impose new restrictions in one or more localities or regions of the Commonwealth.*

### **Fiscal Impact of the COVID-19 Pandemic on the Commonwealth**

Preliminary, Unaudited Results for Fiscal Year 2021. Based on preliminary, unaudited financial results reported on August 18, 2021 by the Secretary of Finance, the Commonwealth finished the fiscal year on June 30,

2021, with a \$2.6 billion surplus, representing an increase in total revenue collections of 14.2 percent over the fiscal year ended June 30, 2020, and ahead of the Fiscal Year 2021 forecast of 2.6 percent growth.

More specifically, on a Fiscal Year 2021-to-Fiscal Year 2020 comparison, (a) collections of payroll withholding (approximately 54.7 percent of total general fund revenues) increased 4.7 percent over the prior fiscal year, exceeding the annual forecast of 2.7 percent growth; (b) collections of individual income tax non-withholding (approximately 20.3 percent of total general fund revenues) increased 37.1 percent over the prior fiscal year, exceeding the annual forecast of 4.4 percent growth; (c) collections of sales taxes (approximately 16.3 percent of total general fund revenues) increased 12.4 percent over the prior fiscal year, exceeding the annual forecast of 4.7 percent growth; and (d) collections of corporate income taxes (approximately 5.9 percent of total general fund revenues) increased 49.8 percent over the prior fiscal year, exceeding the annual forecast of 27.4 percent growth.

Final, audited results are expected to be available in December 2021. Such final results may differ from the preliminary, unaudited results described above, and such differences may be material.

Interim Revenue Report for First Two Months of Fiscal Year 2022. In the normal course, the Secretary of Finance provides periodic reports during the fiscal year regarding, among other things, the Commonwealth's revenue collections. The most recent report is dated September 13, 2021, and covers the first two months (which ended August 31, 2021) of the current fiscal year ending June 30, 2022 (the "August Revenue Report").

The August Revenue Report indicates that, on a fiscal year-to-date basis, total general fund revenue collections through August 2021 rose 5.2 percent over the same period last year, which is ahead of the annual forecast of an 8.0 percent decline. More specifically, on a fiscal year-to-date basis, (a) collections of individual income tax withholding (estimated to represent 62.2 percent of total general fund revenues for the fiscal year) have increased 9.6 percent over the same period last year, which is ahead of the annual forecast of 1.7 percent growth; (b) collections of individual income tax non-withholding (estimated to represent 16.9 percent of total general fund revenues for the fiscal year) have decreased 50.2 percent over the same period last year, which is behind the annual forecast of a 25.4 percent decline; (c) collections of sales taxes (estimated to represent 17.4 percent of total general fund revenues for the fiscal year) have increased 14.3 percent over the same period last year, which is ahead of the annual forecast of a 4.2 percent decline; and (d) collections of corporate income taxes (estimated to represent 5.5 percent of total general fund revenues for the fiscal year) have increased 22.3 percent over the same period last year, which is ahead of the annual forecast of a 16.1 percent decline.

*The projections described above are based on current revenue trends and are subject to change. Actual revenues collected over the course of the full fiscal year may be different, and such differences may be material.*

Expenses. The Commonwealth has incurred, and anticipates that it will continue to incur, significant additional expenditures to address the COVID-19 pandemic. The potential magnitude of such expenditures cannot be predicted with any certainty; however, in addition to the federal disaster relief funds that the Commonwealth anticipates receiving, the Commonwealth has received approximately \$3.1 billion in funds from the federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020 to help cover costs related to the pandemic. Of that amount, the Governor has allocated approximately \$1.3 billion to the cities and counties in Virginia (excluding Fairfax County, which received approximately \$200 million in CARES Act funding directly from the federal government based on the large size of the county's population) and has retained approximately \$1.8 billion to pay or reimburse costs incurred by the Commonwealth and its related entities to address the pandemic.

The Commonwealth received approximately \$4.3 billion in May 2021 from the State and Local Recovery Fund ("SLRF") established by the federal American Rescue Plan Act of 2021 ("ARPA"), which is in addition to grant funding provided by the CARES Act described above. Virginia cities and counties are expected to receive separately approximately \$2.3 billion in ARPA-SLRF funding directly from the federal government, and the Commonwealth has received approximately \$317 million to be passed through to smaller cities and towns and expects to receive an additional approximately \$317 million for the same purpose next year. In total, the Commonwealth and its cities and counties expect to receive a total of approximately \$7.2 billion in ARPA-SLRF funding. The Virginia General Assembly met in a special session in August 2021 and adopted an amendment to the current 2020-2022 biennial budget to appropriate approximately \$3.2 billion of the ARPA-SLRF funds to Fiscal Year 2022 expenditures. Of the balance in available ARPA-SLRF funds, the Virginia General Assembly authorized the Governor to appropriate additional amounts as necessary to respond to a public health emergency or to prevent the emergence of a new health emergency and to include approximately \$353.8 million in the Governor's introduced budget for the 2022-2024 biennium. The budget amendment was approved by the Governor on August 10, 2021, and effective that same date. The ARPA-SLRF funds appropriated for Fiscal Year 2022 expenditures were allocated primarily to serve five specific

needs: (1) public health (by means of upgrading state and local public health services and helping people with the cost of housing and utilities); (2) small businesses (by means of providing additional funding for the Rebuild Virginia small business recovery plan, augmenting relief dollars for the hardest-hit industries, investing in Virginia Tourism's work to recruit visitors, and helping the Housing and Community Development department invest in Virginia's main streets, small towns and industrial revitalization); (3) workers (by means of providing additional funding for the Unemployment Trust Fund and the Virginia Employment Commission); (4) public schools (by means of modernizing public school buildings across the Commonwealth); and (5) broadband (by means of providing broadband access to all of Virginia's cities and counties).

Available Cash and Investments. Based on the latest available monthly analysis of the Commonwealth's cash and investments, the Office of the Comptroller reported that for the period ended August 31, 2021, the Commonwealth had approximately \$9.99 billion in unrestricted cash available for immediate transfer into the General Fund (compared to approximately \$10.05 billion available as of July 31, 2021), and an additional approximately \$11.36 billion available in non-General Fund sources to support cash flow in other Commonwealth operating funds as necessary (compared to approximately \$11.85 billion available as of July 31, 2021).

## **AUTHORIZED, ISSUED AND UNISSUED BONDS PAYABLE FROM TRANSPORTATION TRUST FUND**

The General Assembly has enacted from time to time legislation providing for the issuance of revenue bonds for transportation facilities which are payable from various sources, including appropriations from the Transportation Trust Fund. Set forth below are descriptions of the financing programs for highway projects, the bonds for which the General Assembly has committed, subject to appropriation, to pay from Transportation Trust Fund revenues. The descriptions include the credit structure of and the authorized, issued and unissued bonds under each such program. **The Transportation Board makes no representation that the General Assembly will maintain the Transportation Trust Fund or that the General Assembly will not repeal or materially modify the statutes governing any of the programs described below, including the amount of bonds authorized thereunder, or the Transportation Trust Fund.** See the subsections "*Transportation Trust Fund – General,*" and "*– Sources of Revenues.*"

### **Transportation Revenue Bonds**

***Northern Virginia Transportation District Program.*** The General Assembly enacted legislation in 1993, which was amended in the 1994, 1998, 1999, 2002, 2005 and the 2020 Regular Sessions ("NVTD Bond Legislation") that authorized the Transportation Board to issue Transportation Revenue Bonds ("NVTD Bonds"), pursuant to the State Revenue Bond Act, as amended, in the amount of \$500,200,000, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses for certain projects in the Northern Virginia Highway Construction District (the "NVTD Program"). Refunding bonds are not included in this limit. It is expected that revenue for payment of the debt service on the NVTD Bonds will be provided from funds appropriated by the General Assembly from (i) the Northern Virginia Transportation District Fund (the "NVTD Fund"), (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or the city or county in which the project or projects to be financed by the NVTD Bonds are located, (iii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iv) such other funds which may be appropriated by the General Assembly. The NVTD Fund consists of (i) transfers of \$40,000,000 annually from the Commonwealth Transportation Fund; (ii) any public rights-of-way use fees appropriated by the General Assembly; (iii) any state or local revenues which may be deposited to the NVTD Fund pursuant to a contract between a jurisdiction participating in the Northern Virginia Transportation District Program and the Transportation Board; and (iv) any other funds as may be appropriated by the General Assembly and designated for the NVTD Fund and all earnings on the NVTD Fund. Since its first issuance in 1993, the Transportation Board has issued \$477,870,000 in NVTD Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of the NVTD Program plus an additional \$505,415,000 to refund NVTD Bonds that had been previously issued. Of the total amount of NVTD Bonds issued, \$71,970,000 is currently outstanding. Chapters 854 and 856 of the 2018 Acts of Assembly and Chapter 1230 amended Section 33.2-2400 of the Virginia Code, requiring \$20 million each year be transferred from the NVTD Fund to the Washington Metropolitan Area Transit Authority Capital Fund established pursuant to Section 33.2-3401, beginning in Fiscal Year 2019 and to the Northern Virginia Transportation Authority Fund established pursuant to Section 33.2-2509, beginning in Fiscal Year 2021.

***U.S. Route 58 Corridor Development Program.*** The General Assembly enacted legislation in 1989, which was amended in the 1999, 2013 and 2020 Regular Sessions ("U.S. Route 58 Bond Legislation"), that authorized the

Transportation Board to issue Transportation Revenue Bonds ("U.S. Route 58 Bonds"), pursuant to the State Revenue Bond Act, in an amount not to exceed \$1,300,000,000, plus an amount for issuance costs, reserve funds and other financing expenses, to finance a portion of the costs of the development of a modern, safe and efficient highway system generally along the U.S. Route 58 Corridor ("U.S. Route 58 Program"). Refunding bonds are not included in this limit. The U.S. Route 58 Bonds are payable from funds appropriated by the General Assembly from (i) the \$40,000,000 of annual collections from the Commonwealth Transportation Fund, (ii) to the extent required, other revenues legally available from the Transportation Trust Fund and (iii) to the extent required, other legally available funds. Since its first inception in 1989, the Transportation Board has issued \$720,110,000 in U.S. Route 58 Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of U.S. Route 58 Program plus an additional \$963,715,000 to refund U.S. Route 58 Bonds that had been previously issued. Of the total amount of U.S. Route 58 Bonds issued, \$58,340,000 is currently outstanding. The Transportation Board expects to issue approximately \$\_\_\_\_\_ in U.S. Route 58 Bonds in Fiscal Year 2022.

***Transportation Improvement Program Set-Aside Fund.*** The 1993 Session of the General Assembly also authorized the creation of the Transportation Improvement Program Set-aside Fund (the "Set-aside Fund") for transportation improvements endorsed by the requesting local jurisdiction or jurisdictions affected and to provide for the issuance of Transportation Program Revenue Bonds pursuant to the State Revenue Bond Act to finance those improvements. The jurisdiction or jurisdictions requesting participation in the Set-aside Fund and the issuance of bonds must agree that certain distributions of state recordation taxes attributable to them be deposited in the Set-aside Fund by the State Treasurer and used to pay debt service on any Transportation Program Revenue Bonds issued by the Transportation Board to finance the cost of the improvements. Before any bonds may be issued, the improvements to be financed must be approved by the General Assembly.

If amounts in the Set-Aside Fund are insufficient to pay debt service on Transportation Program Revenue Bonds, such Transportation Program Revenue Bonds may be paid, subject to appropriation, from Transportation Trust Fund revenues.

The 1994 Session of the General Assembly authorized the issuance of \$32,500,000 Transportation Program Revenue Bonds, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses, to finance the cost of the Oak Grove Connector project. In July 1997, the Transportation Board issued bonds in the amount of \$32,500,000 to finance the Oak Grove Connector, a portion of which was refunded by the Transportation Program Revenue Refunding Bonds Series 2006A, which were refunded by the Transportation Program Revenue Refunding Bonds, Series 2016A (the "Oak Grove Connector Bonds"). Of the total amount of Oak Grove Connector Bonds issued, \$1,895,000 is currently outstanding. These Transportation Program Revenue Bonds are the only bonds authorized to be paid from the Set-aside Fund.

***Transportation Contract Revenue Bonds.*** In the 1988 Regular Session, the General Assembly enacted legislation which authorized the Transportation Board to issue Transportation Contract Revenue Bonds pursuant to the State Revenue Bond Act in an amount not to exceed \$160,700,000 to finance the costs of Phase I of the Route 28 project, plus an amount for issuance costs, reserve funds and other financing expenses. Due to a subsequent reduction in the estimated Phase I cost, the Transportation Board issued \$138,483,372.25 of Transportation Contract Revenue Bonds, Series 1988 (the "Series 1988 Bonds"). The balance of the authorization was not required to complete Phase I of the Route 28 project. In the 1990 Session, the General Assembly amended the legislation to permit any proceeds of the Series 1988 Bonds remaining after the completion of Phase I and any of the unissued Transportation Contract Revenue Bonds authorized under the legislation to be applied to Phase II of the Route 28 project. No other bonds have been authorized for Phase II. In 1992, the Transportation Board refunded all of the outstanding Series 1988 Bonds by issuing \$111,680,000 of Transportation Contract Revenue Bonds, Series 1992 (the "Series 1992 Bonds"). The 1993 Session of the General Assembly provided for the rezoning of commercial and industrial property within the Route 28 Transportation Improvement District to residential property provided the property owner makes a one-time payment equal to the projected tax revenues over the life of the Series 1992 Bonds as if the property had remained zoned for commercial or industrial use. In October 2002, the Transportation Board issued bonds in the amount of \$83,820,000 to refund the outstanding principal balance on the Series 1992 Bonds and issued Transportation Contract Revenue Bonds in the amount of \$36,823,667.45 to finance a portion of the costs of Phase II improvements plus an amount for issuance costs. These Transportation Contract Revenue Bonds were issued under a new Master Indenture of Trust, dated as of October 1, 2002 (the "Route 28 Indenture"), with security features similar to those for the Series 1988 Bonds and Series 1992 Bonds. The Series 2002 Bonds are payable from funds appropriated by the General Assembly for such purpose from the following three sources: (i) special tax revenues collected from a tax levied on commercial and industrial property in the Route 28 Transportation Improvement District, (ii) money appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or to the Counties of Fairfax or Loudoun, and (iii) other legally available money in the Transportation Trust Fund. In the Route 28 Indenture, the Transportation Board agrees that it shall issue no further

notes, bonds or other evidence of indebtedness under the provisions of the Master Indenture of Trust, dated as of September 1, 1988, pursuant to which the Series 1988 Bonds and Series 1992 Bonds were issued. In May 2012, the Transportation Board issued bonds in the amount of \$50,620,000 to refund a portion of the outstanding Series 2002 Bonds. Of the total amount of Transportation Contract Revenue Bonds issued, as of February 1, 2022, \$58,469,541.33 is outstanding (net of unamortized discount on the outstanding Series 2002 capital appreciation bonds).

**Federal Transportation Grant Anticipation Revenue Notes.** In Chapters 830 and 868 of the 2011 Acts of Assembly, which became effective July 1, 2011, the General Assembly authorized the Transportation Board by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act, in one or more series from time to time revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series ....." ("GARVEEs"). The aggregate principal amount of GARVEEs outstanding at any time shall not exceed \$1.2 billion, and exclusive of (i) the amount of any revenue obligations that may be issued to refund GARVEEs, and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount). The net proceeds of GARVEEs shall be used exclusively for the purpose of providing funds, together with any other available funds, for paying the costs incurred or to be incurred for construction or funding of such projects to be designated by the Transportation Board. In connection with the issuance of each series of GARVEEs, the Transportation Board shall establish a fund, which secures and is used for the payment of such series of GARVEEs. In the fund there shall be deposited such amounts, appropriated therefor by the General Assembly, as are required to pay principal or purchase price of, and redemption premium, if any, and interest on such GARVEEs, as and when due and payable, (i) first from the federal highway reimbursements received by the Commonwealth from time to time only with respect to the project or projects to be financed by the series of GARVEEs; (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose. The Transportation Board has issued \$1,380,380,000 in GARVEE Bonds to finance the costs of the GARVEE Program plus an additional \$287,665,000 to refund GARVEE Bonds previously issued. Of the total amount of GARVEE Bonds issued, \$892,025,000 is currently outstanding.

**COMMONWEALTH TRANSPORTATION BOARD,  
VIRGINIA DEPARTMENT OF TRANSPORTATION, AND VIRGINIA DEPARTMENT  
OF RAIL AND PUBLIC TRANSPORTATION**

**Commonwealth Transportation Board**

The Transportation Board consists of 17 members, including the Secretary of Transportation of the Commonwealth, the Commissioner of Highways, the Director of the Department of Rail and Public Transportation, and 14 citizen members from various areas of the Commonwealth appointed by the Governor, subject to confirmation by the General Assembly. One member is chosen from each of the Commonwealth's nine highway construction districts, three members are selected as urban at-large members and two members are selected as rural at-large members. In addition to representing rural and urban transportation needs, the at-large members represent the interests of seaport, airport, railway and mass transit users. The Chairperson of the Transportation Board is the Secretary of Transportation. Only the 14 citizen members of the Transportation Board have voting privileges, except that the Chairperson has voting privileges in the event of a tie.

The current membership of the Transportation Board, the expiration dates of their terms and the constituency represented by each member are as follows:

<u>Member</u>	<u>Term Expires</u>	<u>Constituency</u>
Shannon Valentine	At the Pleasure of the Governor	Chairperson, Transportation Board; Secretary of Transportation
Stephen C. Brich	At the Pleasure of the Governor	Commissioner of Highways
Jennifer Mitchell	At the Pleasure of the Governor	Director, Department of Rail and Public Transportation
Alison DeTuncq	June 30, 2022	Vice Chairperson, Transportation Board, Culpeper District
Carlos M. Brown	June 30, 2023	Richmond District
Cedric Bernard Rucker	June 30, 2022	Fredericksburg District
Raymond D. Smoot, Jr.	June 30, 2025	Salem District
Mary H. Hynes	June 30, 2024	Northern Virginia District
E. Scott Kasprovicz	June 30, 2025	At-Large Urban

<b>Member</b>	<b>Term Expires</b>	<b>Constituency</b>
Frederick T. Stant, III	June 30, 2025	Hampton Roads District
Stephen A. Johnsen	June 30, 2022	At-Large Rural
Tom Fowlkes	June 30, 2025	Bristol District
Bert Dodson Jr.	June 30, 2023	Lynchburg District
Mark H. Merrill	June 30, 2024	Staunton District
W. Sheppard Miller III	June 30, 2022	At-Large Urban
Greg Yates	June 30, 2024	At-Large Rural
Marty Williams	June 30, 2022	At-Large Urban

*Shannon Valentine* was appointed as Secretary of Transportation of the Commonwealth by Governor Ralph Northam and confirmed by the General Assembly in January, 2018. The Transportation Secretariat provides a wide array of products and services including road construction and repairs, rest area maintenance, regulating sea ports, airports and rail, and issuing license plates and driver's licenses. Prior to being named Secretary, Ms. Valentine was a member of the Transportation Board and served in the state House of Delegates from 2006-2010, representing Lynchburg and part of Amherst County. While in the General Assembly, she focused on transportation, housing and economic development issues and led the effort to invest in inner-city passenger rail service. She also previously served as co-director of a transition team focused on transportation issues for Governor Northam's predecessor, Governor Terry McAuliffe. Before being elected to the House of Delegates, Ms. Valentine worked as the neighborhood coordinator with the Lynchburg Neighborhood Development Foundation. She worked in non-profit community development and corporate marketing and public relations in the late 1980s and 1990s. Valentine is a graduate of the University of Virginia, where she earned a bachelor's degree in economics. She also holds an education for ministry certificate from Sewanee University and is a graduate of the Sorensen Institute for Political Leadership. She lives in Lynchburg, Virginia.

### **Virginia Department of Transportation**

VDOT has the responsibility for construction, maintenance and operation of the Commonwealth highway system under legislation enacted by the General Assembly and in accordance with policies and procedures adopted by the Transportation Board.

VDOT's budget for Fiscal Year 2022 is approximately \$7.2 billion. VDOT's revenues provide funding for debt service, maintenance, administration and construction and VDOT's budget reflects the planned use of the revenues available to the agency and also includes pass-through funds to regional Commonwealth transportation entities. VDOT's Highway Construction Program as approved in the FY 2022-2027 SYIP is valued at \$18.2 billion and supports more than 3,700 projects.

The Commonwealth has the nation's third largest system of state-maintained highways totaling approximately 58,000 miles of interstate, primary and secondary roads. The system includes approximately 21,000 bridges and culverts. In addition, independent cities and towns maintain about 11,600 miles of local streets and receive funds from the Transportation Board for such purpose.

The Commonwealth is divided geographically into nine construction districts for highway purposes as follows:

Bristol District	Hampton Roads District	Richmond District
Culpeper District	Lynchburg District	Salem District
Fredericksburg District	Northern Virginia District	Staunton District

These districts are divided into 29 residencies, each typically consisting of one to four counties. The field organization is further subdivided into 248 other locations across the Commonwealth that provide area maintenance. About 82% of VDOT's nearly 7,200 employees (as of October 18, 2022) are assigned to the field organization. The remainder is assigned to the central office in Richmond or to units associated with the central office that serves an administrative function.

### **Financial Accountability and Program Delivery**

VDOT has been focused on the continuous improvement of its financial accountability and program delivery processes. The agency has developed a long-term strategic vision and uses a business plan with performance goals

and strategies. Transparency of operations has been enhanced through the creation of a public Dashboard, and the streamlining of operations, reorganization and the improvement of business practices have been a major focus.

Each quarter, VDOT prepares a performance report for review with the Transportation Board. Since tracking began in 2001, VDOT's performance shows a continued trend of improvement.

For Fiscal Year 2021, the agency attained on-time and on-budget performance goals by delivering more than 91% of all construction and maintenance projects on or before their original due dates, and by completing more than 98% of those projects within their budgets. In comparison, when tracking started in 2001 only 20% of construction contracts and 38% of maintenance contracts were delivered on time, while less than 60% were completed within budget.

The Current SYIP for Fiscal Years 2022 through 2027 is based on the interim revenue forecast updates and cost estimates available. The issuance of Capital Projects Revenue Bonds and the utilization of existing authorization for the issuance of GARVEEs are reflected in the adopted Current SYIP. Additionally, the U.S. Route 58 Bonds that the Transportation Board expects to issue in Fiscal Year 2022 in an aggregate principal amount of approximately \$\_\_\_\_\_ are reflected in the adopted Current SYIP. The program reflects the Transportation Board's commitment to citizen safety, by prioritizing critical safety and maintenance needs of the existing transportation system. The priorities of the update to the Current SYIP include: funding complete project phases, maximizing the use of federal funding, funding deficient bridges and paving projects, and implementation of Section 33.2-214.1 of the Virginia Code. The Transportation Board and VDOT strive to be flexible with their project selection and implementation by proceeding with projects in phases. By doing so, the Transportation Board and VDOT remain able to allocate resources between projects in the event that funding decreases or is interrupted.

### **Virginia Department of Transportation Staff**

**Stephen C. Brich, P.E.** was named Commissioner by then Governor-Elect Ralph Northam in December 2017. At the time, Mr. Brich was a vice president with Kimley-Horn and Associates, Inc., focusing on transportation-related matters in Virginia. He has more than 25 years of experience, specializing in traffic engineering, safety, operations, transportation planning and research. Prior to joining Kimley-Horn, he served in several senior roles with VDOT, including as the assistant district urban program manager, division administrator – Operations Management and assistant division administrator – Mobility Management. He successfully led and managed a wide array of transportation-related projects and studies during his tenure with VDOT, as well as in a consultant capacity. He also has been instrumental in developing various policy directives for VDOT as it relates to traffic engineering and transportation system management and operations. He began his career as an engineering technician in Norfolk. Mr. Brich holds a Bachelors of Science degree in civil engineering from Old Dominion University and a Masters of Science degree in civil engineering from the University of Virginia. He is a registered engineer in Maryland and Virginia. Mr. Brich is from the Hampton Roads area.

**Robert H. Cary, P.E., L.S.** was named Chief Deputy Commissioner of VDOT in January 2018. Prior to that, starting in March 2017, Mr. Cary was VDOT's Chief of Innovation, serving as the executive leader responsible for bringing innovation to every aspect of VDOT's business and managing VDOT's Transportation Research Council, Office of Private-Public Partnerships, and Strategic Technology Initiatives Office. Prior to that, he was the Richmond District Engineer, where he was responsible for a \$450 million annual budget in delivering the construction, maintenance and operations programs across nearly 19,000 lane miles of state roadways and almost 2,600 National Bridge Inventory (NBI) structures. Mr. Cary has more than 29 years of experience in transportation design, project development and strategic leadership. He is a registered professional engineer and licensed surveyor and has a bachelor's degree in Civil Engineering from Virginia Tech. He began his career with the agency in 1992 as a transportation engineer and rose through the roles of District Location and Design Engineer, Preliminary Engineering Manager and District Engineer in three of VDOT's districts across Virginia. Mr. Cary has served as a member of the American Association of state Highway Officials (AASHTO) Technical Committee on Project Management (chairman), AASHTO's Subcommittee on Design, and AASHTO's Council on Highways and Streets. He received AASHTO's Pathfinder Award, the AASHTO Subcommittee on Design's Award, three VDOT Commissioner's Awards for Excellence, as well as a Governor's Award for his work with VDOT. Mr. Cary holds a Bachelor of Science degree in civil engineering from Virginia Tech. He is a member of Chi Epsilon, the Civil Engineering Honor Society. He is also a graduate of VDOT's Executive Leadership Program and is a registered professional engineer and licensed surveyor in Virginia.

**Laura Farmer** was named Chief Financial Officer of the Virginia Department of Transportation in October 2019. She oversees the agency's \$7.2 billion annual budget and is responsible for the leadership and execution of the agency's financial planning, capital investment, fiscal management, and tolling programs. She previously served as the agency's director of financial planning. In this role, she was instrumental in establishing the GARVEE Notes Program, and



provided financial arrangements around the agency's innovative finance programs and public-private partnership projects, including the Elizabeth River Tunnels and I-95 Express Lanes projects. Prior to joining VDOT, Ms. Farmer served as a budget analyst for health and human resources agencies at the Virginia Department of Planning and Budget. Ms. Farmer earned a bachelor's in history from Chowan University in Murfreesboro, North Carolina and a master's degree in public policy from the College of William and Mary. She is a graduate of the Virginia Executive Institute, the Commonwealth Management Institute and International Bridge, Tunnel and Turnpike Association Leadership Academy.

## **Virginia Department of Rail and Public Transportation**

The Virginia Department of Rail and Public Transportation ("DRPT"), is one of the agencies that is part of the Transportation Secretariat. DRPT works closely with VDOT. Each of DRPT's three primary areas of activity (rail, public transportation, and commuter services) focuses on the movement of people and goods throughout the Commonwealth.

Rail transportation involves the movement of people and goods on railways owned and operated by private railroad companies. There are more than a dozen railroad companies and services in the Commonwealth, including Norfolk Southern, CSX, Amtrak, VRE, and ten shortline railroads. Freight rail programs help ensure the economic vitality of businesses and communities with a cost-effective, reliable way to bring goods to market, while passenger rail programs relieve congestion on highways and offer travelers more transportation choices. DRPT supports both passenger and freight rail initiatives through funding options, expert advice, research, and advocacy. To safeguard the Commonwealth's connections to the national rail network, DRPT represents the state's interests in interstate and national rail issues.

Public transportation systems help manage traffic congestion and provide transportation choices while safely transporting people to destinations across the Commonwealth. There are 67 public transportation systems in the Commonwealth that range in size from two-bus programs in small towns to larger regional systems like WMATA (Metrorail) in Northern Virginia and HRT in Hampton Roads. Some systems are fee-based, while others provide free access for the elderly and disabled. There are 49 human transportation services in Virginia. By advising, supporting and funding public transportation programs statewide, DRPT helps provide safe, reliable transportation options for everyone.

Commuter services programs work to promote carpools, vanpools, tele-work and other alternative modes of transportation to the Commonwealth's commuters. These programs not only save people (and employers) time and money, they can also help manage traffic congestion and benefit the environment. DRPT currently partners with eighteen commuter service programs operating in the Commonwealth to provide people with information, business incentives, and ride matching services at no charge.

## **DRPT Staff**

**Jennifer Mitchell** was named Director of DPRT in January 2014 and reappointed in 2018. She has over 20 years of experience in the transportation industry, where she has specialized in the planning and implementation of public transit projects, with a particular emphasis on developing financial plans and advancing projects through planning, design and construction. Prior to joining DPRT, she was an Assistant Vice President with Parsons Brinckerhoff, a transportation consulting firm, where she advised transportation agencies across the country on funding strategies, capital program management and project development. She served as Deputy Project Director for the Dulles Corridor Metrorail Project with the Metropolitan Washington Airports Authority, and held several positions working on the Dulles project throughout its environmental and planning phases. Ms. Mitchell also held other consulting positions in which she worked on public transit, highway, airport and port projects across the U.S. and internationally. Ms. Mitchell holds a master's degree in regional planning from the University of North Carolina - Chapel Hill, and a bachelor's degree in urban planning from University of Virginia. She is an incoming member of the APTA Board of Directors, Vice Chair of the American Public Transportation Foundation, and a member of APTA's Policy and Planning and Legislative Committees.

**Tanyea Darrisaw** was selected to become the Chief Financial Officer of DRPT in September 2021. She oversees DRPT's \$860.3 million annual budget as well as DRPT activities and initiatives in finance, budget, general accounting, audit, and procurement. Mrs. Darrisaw is an experienced government financial manager demonstrated by establishing cross-functional partnerships that has delivered excellent results with her nearly 19 years of service in the Commonwealth of Virginia. She brings extensive financial experience to DRPT including her most recent role as the Budget Director at the Virginia Department of Medical Assistance Services (DMAS) where she effectively managed the agency's \$19 billion budget. Prior to her 16.5 years of service at DMAS, she worked at VDOT and in the private

sector for various U.S. Department of Defense contractors. Mrs. Darrisaw holds a Bachelor's degree in Accounting from the University of Richmond, a Master's degree in Accounting from Strayer University, and a Master's degree in Higher Education Administration from Michigan State University.

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## SUMMARY OF THE INDENTURE

The following, in addition to the information presented in the sections "*Bonds*" and "*Sources of Payment and Security for the Bonds*" summarizes certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Indenture and any additional supplemental agreements in their entireties, copies of which may be obtained at the office of the Transportation Board. See the section "*Miscellaneous*."

**Definitions.** In addition to the terms previously defined in this Official Statement, the following words used in this summary will have the following meanings unless a different meaning clearly appears from the context:

**"Account"** means any account established in a Fund with respect to a Related Series of Bonds or otherwise pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**"Act"** means, collectively, the Commonwealth Transportation Capital Projects Revenue Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia 2007 Regular Session, as amended; Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session; and Chapter 854 of the Acts of the General Assembly of the Commonwealth of Virginia, 2018 Regular Session.

**"Agency Obligations"** means senior debt obligations of U.S. government-sponsored agencies that are not backed by the full faith and credit of the U.S. government, including, but not limited to, Federal Home Loan Mortgage Corporation debt obligations, Farm Credit System consolidated system wide bonds and notes, Federal Home Loan Banks consolidated debt obligations, Federal National Mortgage Association debt obligations, Student Loan Marketing Association debt obligations, Resolution Funding Corporation debt obligations, and U.S. Agency for International Development guaranteed notes.

**"Amortization Requirement,"** as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Supplemental Indenture for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Supplemental Indenture.

**"Ancillary Contract"** means any type of contract or arrangement that the Transportation Board determines is to be used, or is intended to be used, to manage or reduce the cost of any indebtedness on any Bonds or to convert any indebtedness on all or any portion of a Series of Bonds from one form to another, including, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; or (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls or to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk.

**"Ancillary Contract Counterparty"** means, with respect to an Ancillary Contract, the Person that is identified in such agreement as the counterparty to, or contracting party with, the Transportation Board.

**"Ancillary Contract Obligation"** means an obligation of the Transportation Board to make payments to an Ancillary Contract Counterparty pursuant to an Ancillary Contract.

**"Board Obligations"** means any bonds or other evidences of obligations that the Transportation Board is permitted to issue under the Act, including, but not limited to, the Bonds, Parity Obligations, Reimbursement Obligations, Ancillary Contract Obligations, and Subordinate Obligations.

**"Board Representative"** means the Chairman or the Vice-Chairman of the Transportation Board and any other member, officer or employee of the Transportation Board authorized by resolution of the Transportation Board to perform the act or sign the document in question.

**"Bond"** or **"Bonds"** means any or all Commonwealth of Virginia Transportation Capital Projects Revenue Bonds issued pursuant to Article V of the Master Indenture and any or all Bond Anticipation Notes. For clarification, this definition applies only to such terms as used in this section "Summary of the Indenture" and in the section

"Summary of the Payment Agreement." For all other parts of this Official Statement, the "Bonds" shall refer to the Commonwealth of Virginia Transportation Capital Projects Revenue and Refunding Bonds, Series 2022.

**"Bond Anticipation Notes"** means notes issued by the Transportation Board in anticipation of the sale of the Bonds, as authorized in Section 8 of the Act and issued pursuant to Article V of the Master Indenture.

**"Bond Counsel"** means (i) McGuireWoods LLP or (ii) other Counsel selected by the Office of the Attorney General of the Commonwealth that is nationally recognized as experienced in matters relating to obligations issued or incurred by states and other governmental entities.

**"Bond Credit Facility"** means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility established to provide credit or liquidity support for all or any portion of a Series of Bonds as provided in the Related Supplemental Indenture.

**"Bond Credit Provider"** means, as to all or any portion of a Series of Bonds, the Person providing a Bond Credit Facility, as designated in the Related Supplemental Indenture in respect of such Bonds.

**"Bond Debt Service Fund"** means the Bond Debt Service Fund established pursuant to Section 7.1 of the Master Indenture and required by Section 11 of the Act.

**"Capital Appreciation Bonds"** means Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the Related Supplemental Indenture and is payable upon redemption or on the maturity date of such Bonds or on the date, if any, upon which such Bonds become Current Interest Bonds.

**"Commonwealth"** means the Commonwealth of Virginia.

**"Cost of Issuance Fund"** means the Cost of Issuance Fund established with respect to a Series of Bonds as provided in Section 7.1 of the Master Indenture.

**"Counsel"** means any attorney or firm of attorneys, who or which may be Bond Counsel or counsel for the Transportation Board or the Trustee.

**"Current Interest Bonds"** means Bonds the interest on which is payable currently on the Interest Payment Dates provided therefor in the Related Supplemental Indenture.

**"Custodian"** means a bank or trust company that is (i) organized and existing under the laws of the United States or any of its states and (ii) acceptable to the Trustee.

**"Defeasance Obligations"** means noncallable (i) Agency Obligations, (ii) Government Obligations, (iii) Government Certificates, (iv) Defeased Municipal Obligations, and (v) Defeased Municipal Obligation Certificates.

**"Defeased Municipal Obligation Certificates"** means evidence of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a Custodian.

**"Defeased Municipal Obligations"** means obligations of the Commonwealth or any county, city, town, district, authority, agency, political subdivision or other public body of the Commonwealth, which are rated in the highest rating category by any Rating Agency, provision for the payment of the principal of and interest on which has been made by the deposit with a trustee or escrow agent of Government Obligations or Government Certificates, the maturing principal of and interest on which, when due and payable, will provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations.

**"Department"** means the Virginia Department of Transportation, an executive agency of the Commonwealth.

**"Escrow Fund"** means an escrow fund relating to a Series of Refunding Bonds that may be established pursuant to the Related Supplemental Indenture and Sections 7.2 and 7.9 of the Master Indenture.

**"Event of Default"** means any of the events enumerated in Section 10.1 of the Master Indenture.

**"Fund"** means any fund established pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**"General Assembly"** means the General Assembly of the Commonwealth.

**"Government Certificates"** mean certificates representing ownership of United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a Custodian that is independent of the seller of such certificates.

**"Government Obligations"** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**"Interest Payment Date"** means, with respect to each Series of Bonds, each date as provided by the Related Supplemental Indenture on which interest is payable.

**"Interest Requirement"** means, for any Interest Payment Date, as applied to all of the Current Interest Bonds or a portion thereof, the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date. Interest expense shall be excluded from the definition of Interest Requirement to the extent that proceeds of any Bonds are held by the Trustee to pay such interest. Unless the Transportation Board shall otherwise provide in a Supplemental Indenture, interest expense on Bond Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of an Interest Requirement.

**"Majority Owners"** means the Owners of at least 51% of the aggregate principal amount of the Bonds Outstanding.

**"Master Indenture"** means the Master Indenture of Trust dated as of May 1, 2010, between the Transportation Board and the Trustee, as the same may be modified, altered, amended and supplemented in accordance with its terms by one or more Supplemental Indentures.

**"Officer's Certificate"** means a certificate signed by a Board Representative and filed with the Trustee.

**"Opinion of Bond Counsel"** means a written opinion of Bond Counsel.

**"Opinion of Counsel"** means a written opinion of Counsel.

**"Optional Tender Bonds"** means any Bonds issued under the Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to the Transportation Board, or to the Trustee or other fiduciary for such Owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

**"Outstanding"** when used in reference to the Bonds and as of a particular date, means all Bonds authenticated and delivered under the Master Indenture except:

- (i) any Bond canceled or required to be canceled by the Trustee at or before such date;
- (ii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered under the Master Indenture;
- (iii) any Bond deemed paid under Article IX of the Master Indenture except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for purposes of Articles III and IV and Section 6.1 of the Master Indenture (or the corresponding provisions of the Related Supplemental Indenture, as the case may be); and
- (iv) any Bond not deemed Outstanding under, but only to the extent provided for in, Section 12.2 of the Master Indenture.

**"Owner"** means the registered owner of any Bond.

**"Parity Obligations"** means any Board Obligations, other than the Bonds, incurred in accordance with Section 5.6 of the Master Indenture, which are secured on a parity with the Bonds. Parity Obligations may include, without limitation, Reimbursement Obligations and Ancillary Contract Obligations.

**"Payment Agreement"** means the agreement by and among the Transportation Board, the Treasury Board and the Secretary of Finance of the Commonwealth, dated as of May 1, 2010, providing for the request for appropriation of funds from the General Assembly and payments of such funds to the Trustee for payment of debt service on the Bonds, as the same may be modified, altered, amended and supplemented in accordance with its terms.

**"Payment Date"** means a date that is an Interest Payment Date or a Principal Payment Date or both.

**"Person"** means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**"Principal"** means (i) with respect to a Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except when used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default in which case "principal" means the initial public offering price of the Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

**"Principal and Interest Requirements"** for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

**"Principal Payment Date"** means, with respect to each Series of Bonds, each date provided by the Related Supplemental Indenture upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement.

**"Principal Requirement"** means for any Principal Payment Date, as applied to all Bonds or a portion thereof, the total of the principal regularly scheduled to become due on such Principal Payment Date. Principal payments shall be excluded from the definition of Principal Requirement to the extent that proceeds of any Bonds are held by the Trustee to pay such Principal.

**"Priority Transportation Fund"** means the Priority Transportation Fund established by § 33.2-1527 of the Virginia Code.

**"Project"** means any transportation project for which the net proceeds of the Bonds may be used to provide funds pursuant to the Act.

**"Project Fund"** means the Project Fund to be established as provided in Section 7.1 of the Master Indenture.

**"Rating Agency"** means, with respect to any Bonds Outstanding, any nationally recognized credit rating agency if and for so long as such rating agency, at the request of the Transportation Board, maintains a rating on such Bonds.

**"Rating Confirmation"** means written evidence that no rating that has been requested by the Transportation Board and is then in effect from a Rating Agency with respect to a Bond will be withdrawn, reduced, or suspended solely as a result of an action to be taken hereunder.

**"Rebate Amount"** means the liability of the Transportation Board under Section 148 of the Tax Code (including any "yield reduction payments") with respect to any Series of Bonds as may be calculated or specified (including with such reserves or error margin as the Transportation Board may deem appropriate) in accordance with the Related Supplemental Indenture or the Related Tax Compliance Agreement.

**"Rebate Fund"** means the Rebate Fund to be established with respect to a Series of Bonds as provided in Section 7.1 of the Master Indenture.

**"Refunding Bonds"** shall have the meaning set forth in Section 5.3 of the Master Indenture.

**"Reimbursement Fund"** means the Reimbursement Fund Related to a Series of Bonds that may be established by the Related Supplemental Indenture and Section 7.2 of the Master Indenture.

**"Reimbursement Obligations"** means any reimbursement or payment obligations of the Transportation Board for which moneys in the Reimbursement Fund are pledged or payable pursuant to the provisions of the Master Indenture or any Supplemental Indenture.

**"Related"** as the context may require, means (i) when used with respect to any Cost of Issuance Fund, Escrow Fund, Rebate Fund or Reimbursement Fund, the Fund so designated and established by the Master Indenture and the Supplemental Indenture authorizing a particular Series of Bonds, (ii) when used with respect to a Supplemental Indenture, the Supplemental Indenture authorizing a particular Series of Bonds, or Supplemental Indenture related thereto, (iii) when used with respect to a Bond Credit Facility or Reimbursement Obligation, the Bond Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith or (iv)

when used with respect to an Ancillary Contract or an Ancillary Contract Obligation, the Ancillary Contract applicable to a particular Series of Bonds and the Ancillary Contract Obligation entered into in connection therewith.

**"Revenues"** means monies appropriated by the General Assembly from time to time for the payment of the Bonds (i) from revenues deposited into the Priority Transportation Fund pursuant to § 33.2-1527 of the Virginia Code, (ii) to the extent required, from revenues legally available from the Transportation Trust Fund, and (iii) to the extent required, from any legally available funds.

**"Serial Bonds"** means the Bonds of a Series that are stated to mature in semiannual or annual installments and that are so designated in the Related Supplemental Indenture.

**"Series"** means all of the Bonds of a particular series authenticated and delivered pursuant to the Master Indenture and the Related Supplemental Indenture and identified as such pursuant to such Supplemental Indenture, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Indenture and such Supplemental Indenture, regardless of variations in lien status, maturity, interest rate, sinking fund installments or other provisions.

**"State Revenue Bond Act"** means §§ 33.2-1700 *et seq.* of the Virginia Code.

**"Subordinate Obligations"** means any Board Obligations that are made specifically subordinate as to payment and security to the Bonds and the Parity Obligations. Subordinate Obligations may include, without limitation, Reimbursement Obligations and Ancillary Contract Obligations.

**"Supplemental Indenture"** means any indenture supplementary to or amendatory of the Master Indenture or any Supplemental Indenture now or hereafter duly executed and delivered in accordance with the provisions of the Master Indenture.

**"Tax Code"** means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

**"Tax Compliance Agreement"** means, with respect to any Series of Bonds, the Federal Tax Certificate and Compliance Agreement, dated the date of the issuance of the Related Series of Bonds, between the Transportation Board and the Trustee, as the same may be modified, altered, amended or supplemented pursuant to its terms.

**"Term Bonds"** means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Supplemental Indenture.

**"Transportation Board"** means the Commonwealth Transportation Board, created and existing under the laws of the Commonwealth, and its successors and assigns.

**"Transportation Trust Fund"** means the Transportation Trust Fund established pursuant to § 33.2-1524 of the Virginia Code.

**"Treasury Board"** means the Treasury Board of the Commonwealth, created and existing under the laws of the Commonwealth, and its successors and assigns.

**"Trustee"** means Wells Fargo Bank, National Association, and its successors serving in the same capacity under the Master Indenture.

**"Variable Rate Bonds"** means any Bonds the interest rate on which is not established, at the time such Bonds are issued, at a single numerical rate for the entire term of the Bonds.

**"Virginia Code"** means the Code of Virginia of 1950, as amended, and any successor provisions of law.

**Bond Debt Service Fund.** Pursuant to the Act, the Transportation Board established the Bond Debt Service Fund under the Master Indenture to secure and be used to pay the debt service on the Capital Projects Revenue Bonds when due, to the credit of which there will be deposited amounts, subject to appropriation by the General Assembly, from (i) revenues deposited into the Priority Transportation Fund; (ii) revenues legally available from Transportation Trust Fund; and (iii) any other legally available funds.

**Permitted Investments.** Subject to the provisions of any Supplemental Indenture, any amounts held in any Fund or Account established by the Master Indenture or any Supplemental Indenture may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the State Treasurer after consultation with a Board Representative, in any investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Act and the Investment of Public Funds Act, Chapter 45, Title 2.2 of the Virginia Code, as amended, or any successor provision of law.

**Covenants with Bond Credit Providers.** The Transportation Board may make such covenants as it may, in its sole discretion determine to be appropriate, with any Bond Credit Provider that shall agree to provide for Bonds of any one or more Series a Bond Credit Facility that shall enhance the security or the value of such Bonds and thereby reduce the Principal and Interest Requirements on such Bonds. Such covenants may be set forth in the Related Supplemental Indenture or other Supplemental Indenture and shall be binding on the Transportation Board, the Trustee, and the Owners of the Bonds the same as if such covenants were set forth in full in the Master Indenture.

**Conditions of Issuing Additional Bonds.** Prior to the issuance of additional Bonds under the Indenture, the Transportation Board must deliver to the Trustee the following items:

- (a) An executed counterpart of a Supplemental Indenture including the details of the additional Bonds;
- (b) A certified copy of each resolution adopted by the Transportation Board authorizing the additional Bonds and the Related Supplemental Indenture;
- (c) If required by law, a certificate of the Transportation Board that certifies that the Revenues in the Priority Transportation Fund or reasonably anticipated to be deposited in the Priority Transportation Fund pursuant to the law then in effect are by themselves sufficient to make 100% of the contractually required debt service payments on all bonds, obligations, or evidences of debt that expressly require as a source for debt service payments or for the repayment of such bonds, obligations, or other evidence of debt the revenues of the Priority Transportation Fund, including any interest related thereto and the retirement of such bonds, obligations, or other evidences of debt (the 2007 Act requires this certification);
- (d) If the additional Bonds are refunding other Outstanding Bonds:
  - (i) Evidence satisfactory to the Trustee that the Transportation Board has provided for the payment or redemption of the Bonds to be refunded, as required by the Master Indenture; and
  - (ii) A report of a nationally-recognized independent verification agent or firm of independent certified public accountants that the proceeds of the refunding Bonds together with other funds, if any, will be sufficient to pay at redemption or maturity, as applicable, the principal of and premium, if any, and interest in the Bonds to be refunded.
- (e) An Opinion of Counsel that the Related Supplemental Indenture has been duly executed and delivered by the Transportation Board and complies with Master Indenture
- (f) An Opinion of Bond Counsel that the Bonds to be issued are valid and legally binding limited obligations of the Transportation Board;
- (g) A certificate of the Transportation Board certifying that upon the issuance of the additional Bonds no Event of Default under the Indenture and no event or condition, which with the giving of notice or lapse of time or both would become an Event of Default will have occurred and be continuing; and
- (h) A certified copy of a resolution of the Treasury Board approving the terms and structure of the additional Bonds.

**Events of Default and Remedies upon Default.** Each of the following events shall constitute an Event of Default under the Master Indenture: (i) default in the payment of any installment of interest in respect of the Bonds of any Series as the same shall become due and payable; (ii) default in the payment of the principal of or premium, if any, in respect of the Bonds of any Series as the same shall become due and payable either at maturity, upon redemption, or otherwise; (iii) default in the payment of any Amortization Requirement in respect of any Term Bond as the same shall become due and payable; (iv) subject to certain provisions of the Master Indenture, failure on the part of the Transportation Board duly to observe or perform any other of the covenants or agreements on the part of the Transportation Board contained in the Master Indenture, a Supplemental Indenture, a Tax Compliance Agreement, or any Bond or (v) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the



Revenues and the other Funds and Accounts pledged pursuant to the Master Indenture, or the filing by the Transportation Board of any petition for reorganization of the Transportation Board or rearrangement or readjustment of the obligations of the Transportation Board under the provisions of any applicable bankruptcy or insolvency law.

Notwithstanding any other provision of the Master Indenture, failure to pay the principal or any Amortization Requirement of or interest on any Subordinate Obligation will not constitute an Event of Default with respect to any of the Bonds or Parity Obligations.

The Transportation Board may, pursuant to a Supplemental Indenture, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Bond Credit Facility or an Ancillary Contract and acceleration of the full principal amount of such Bonds.

The principal of and interest on the Bonds is not subject to acceleration upon the occurrence or the continuation of an Event of Default.

Upon the occurrence and continuation of an Event of Default, the Trustee may, in its discretion, and shall, at the written request of the Majority Owners of the Bonds Outstanding and subject to certain provisions of the Master Indenture, pursue any available remedy, at law or in equity, to remedy any Event of Default.

Notwithstanding anything in the Master Indenture or any Supplemental Indenture to the contrary, upon the occurrence and continuation of an Event of Default, the Majority Owners of the Bonds Outstanding shall, subject to certain provisions of the Master Indenture, have the right, by an instrument in writing executed and delivered to the Trustee, to control and direct all actions of the Trustee in remedying such Event of Default, provided that such direction is in accordance with law and the Master Indenture and that the Trustee shall have the right to decline to follow any such direction which, in the sole judgment of the Trustee, would be unduly prejudicial to the rights of Owners not joining in such direction. Notwithstanding the foregoing, the Trustee shall have the right to select and retain Counsel of its choosing to represent it in any such remedial proceedings and the Trustee may take any other action which is not inconsistent with any direction given by the Majority Owners to the Trustee under this Section.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of not less than twenty-five% in aggregate principal amount of the Bonds then Outstanding, shall upon being indemnified to its satisfaction therefore, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts or omissions to act which may be unlawful or in violation hereof or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Owners of Bonds not making such request.

Notwithstanding any other provision of the Master Indenture, so long as any Bonds or Parity Obligations are Outstanding, no owner or holder of any Subordinate Obligation may exercise any remedy under the Master Indenture or any Supplemental Indenture.

***Defeasance of Bonds.*** If the Transportation Board shall pay or provide for the payment of the entire indebtedness on all Bonds Outstanding in any one or more of the following ways: (i) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable; (ii) by delivering such Bonds to the Trustee for cancellation or (iii) by depositing with the Trustee (or an escrow agent), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue thereon (the "Payment Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds Outstanding at or before their respective maturity dates, without consideration of any reinvestment of the Payment Amount, as a firm of nationally-recognized independent verification agents or a firm of independent certified public accountants shall verify to the Trustee's satisfaction; and if the Transportation Board shall pay or provide for the payment of (on the date of defeasance or over time) all other sums payable hereunder by the Transportation Board, and if any of the Bonds Outstanding are to be redeemed before their maturity, notice of such redemption shall have been given as provided in the Master Indenture (and the corresponding sections of the Supplemental Indentures) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the Master Indenture and the estate and rights granted hereunder (except for the provisions of the Master Indenture regarding the general terms and conditions of the Bonds and the redemption of the Bonds (and the corresponding sections of the Supplemental Indentures) and payment of the Bonds) shall cease, determine, and become null and void. Thereupon the Trustee shall, upon receipt by the Trustee of an Officer's Certificate and an Opinion of Bond Counsel each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Master Indenture as provided above have been complied with, forthwith execute proper instruments acknowledging

satisfaction of and discharging the Master Indenture (except for the provisions of the Master Indenture regarding the general terms and conditions of the Bonds and the redemption of the Bonds (and the corresponding sections of the Supplemental Indentures) and payment of the Bonds) and the lien hereof.

Any moneys, securities, or other property remaining on deposit in any of the Funds or Accounts established by the Master Indenture and held by the Trustee (except the cash and/or Defeasance Obligations deposited in trust as above provided) shall, upon the full satisfaction of the Master Indenture as provided above, forthwith be distributed to the Transportation Board.

***Amendments and Supplemental Indentures.*** The Transportation Board and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Master Indenture or any Supplemental Indenture for any one or more of the following purposes:

- (a) To cure or correct any ambiguity, formal defect, omission or inconsistent provision in the Master Indenture or in a Supplemental Indenture;
- (b) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee or either of them;
- (c) To subject to the lien and pledge of the Master Indenture additional revenues, properties or collateral;
- (d) To provide for the issuance of coupon Bonds if authorized under the Related Supplemental Indenture;
- (e) To amend certain provisions of the Master Indenture or any Supplemental Indenture in any manner consistent with Sections 103 and 141 through 150 of the Tax Code (or such other hereinafter enacted sections of the Tax Code as may be applicable to the Bonds) as in effect at the time of the amendment;
- (f) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Master Indenture or any Supplemental Indenture, of the Revenues or any other moneys, property or Funds or Accounts;
- (g) To modify, amend or supplement the Master Indenture or any Supplemental Indenture as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if the Transportation Board and the Trustee so determine, to add to the Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;
- (h) To add to the covenants and agreements of the Transportation Board contained in the Master Indenture or any Supplemental Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon the Transportation Board;
- (i) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds;
- (j) To provide for the issuance of additional Series of Bonds (including Refunding Bonds) or any Subordinate Obligations, and to provide for such other related matters as may be required or contemplated by or appropriate under the Master Indenture;
- (k) To provide for the issuance of Parity Obligations that, as expressed in a finding or determination by the Transportation Board (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of the Transportation Board's financial advisor), would not materially affect the security for the Bonds adversely;

- (l) To make any changes necessary to comply with the requirements of a Rating Agency, a Bond Credit Provider, or an Ancillary Contract Counterparty that, as expressed in a finding or determination by the Transportation Board (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of the Transportation Board's financial advisor), would not materially adversely affect the security for the Bonds;
- (m) To make any other changes that (i) will have no adverse effect upon the ratings currently assigned to the Bonds by any Rating Agency, as expressed in a Rating Confirmation or (ii) shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding, as expressed in a determination or finding by the Transportation Board (which shall be stated in the Supplemental Indenture, and may be based upon an Opinion of Bond Counsel or the written opinion of the Transportation Board's financial advisor); and
- (n) To restate in one document the Master Indenture and all Supplemental Indentures, which restatement shall then become the Master Indenture for all purposes, effective as of the date of the Master Indenture with respect to matters set forth therein and as of the date of any Supplemental Indenture included in the restatement as to matters set forth in any such Supplemental Indenture. Supplemental Indentures and the Bonds issued thereunder prior to a restatement shall be deemed to relate to the restated Master Indenture without any further action or amendment.

Exclusive of Supplemental Indentures covered above and subject to the terms and provisions contained in this Section, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of this Indenture, to consent to and approve the execution by the Transportation Board and the Trustee of such other Supplemental Indenture or Supplemental Indentures as the Transportation Board shall deem necessary or desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Bonds then Outstanding nothing in the Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest on it, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as otherwise provided herein, or (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture.

If at any time the Transportation Board shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of the Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding by registered or certified mail to the address of each such Owner as it appears on the registration books for the Bonds; provided, however, that failure to give such notice by mailing, or any defect in it, shall not affect the validity of any proceedings under this Section. Such notice shall briefly state the nature of the proposed Supplemental Indenture and shall state that copies of it are on file at the Trustee's designated corporate trust office for inspection by all Owners. If, within six months or such longer period as shall be prescribed by the Transportation Board following the giving of such notice, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have consented to and approved its execution as provided under this Section, no Owner of any Bond shall have any right to object to any of the terms and provisions contained in it, or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or the Transportation Board from executing such Supplemental Indenture or from taking any action under its provisions. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, the Master Indenture shall be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of the Transportation Board or any Person controlling, controlled by or under common control with the Transportation Board shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds for purposes of entering into Supplemental Indentures. At the time of any such calculation, the Transportation Board shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Anything contained in the Master Indenture to the contrary notwithstanding, the Transportation Board and the Trustee may enter into any Supplemental Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

## SUMMARY OF THE PAYMENT AGREEMENT

The following, in addition to the information presented in the section "*Sources of Payment and Security for the Bonds,*" summarizes certain provisions of the Payment Agreement. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Payment Agreement in its entirety, copies of which may be obtained at the office of the Treasury Board or the office of the Transportation Board.

Under the Payment Agreement, the Transportation Board is obligated to do the following:

- (a) Each year and in accordance with the schedule of the Department of Planning and Budget of the Commonwealth, the Transportation Board or the Transportation Board's designee shall request that the Governor include in the budget to be delivered to the General Assembly during their next session a provision that there be appropriated Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the Master Indenture during the next succeeding Fiscal Year or biennial period, as applicable.
- (b) The Transportation Board shall use its best efforts to have (i) the Governor include, in each biennial or any supplemental budget that is presented to the General Assembly, the amounts described in (a) above and (ii) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.
- (c) The Transportation Board shall provide to the Treasury Board, as and when reasonably requested by the Treasury Board, all requisitions and documents and shall take all actions necessary to have paid to the Treasury Board from Revenues appropriated as described in (a) above all amounts due under the Payment Agreement and to direct the Treasury Board to make from such funds all payments due under the Master Indenture to the Trustee on the Transfer Date.
- (d) The Transportation Board shall take all actions necessary to have payments which are made pursuant to (c) above charged against the proper appropriation made by the General Assembly.
- (e) The Transportation Board shall notify the Treasury Board, the Secretary of Finance, and the Trustee promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding Fiscal Year or biennial period, as applicable, amounts sufficient to pay all debt service on the Bonds coming due or expected to come due and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Under the Payment Agreement, the Treasury Board is obligated to do the following:

- (a) The Treasury Board shall use its best efforts to have (i) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the Master Indenture during the next succeeding Fiscal Year or biennial period, as applicable, and (ii) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.
- (b) The Treasury Board shall use its best efforts to obtain each year the appropriate requisitions and documents needed from the Transportation Board to make all payments due under the Master Indenture to the Trustee on the Transfer Date.
- (c) The Treasury Board shall make all debt service payments on the Bonds to the Trustee on the Transfer Dates solely from moneys made available to it.
- (d) The Treasury Board shall notify the Transportation Board, the Secretary of Finance, and the Trustee promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding Fiscal Year or biennial period, as applicable, amounts sufficient to pay all debt service on the Bonds coming due or expected to come due and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Under the Payment Agreement, the Secretary of Finance is obligated to use his or her best efforts to have (i) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the

Master Indenture during the next succeeding Fiscal Year or biennial period, as applicable, and (ii) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

The Commonwealth's budgetary process, to which the Payment Agreement provisions relate, is described in the subsection "*Budgetary Process*" within the section "*Financial Factors*" in Appendix B - Commonwealth of Virginia, Financial and Other Information.

The Trustee is a third party beneficiary of the Payment Agreement and is entitled to enforce, on behalf of the holders of the Bonds, all of the obligations of the Transportation Board and the obligations and the rights of the parties thereto to the same extent as if the Trustee were one of the contracting parties.

## **CERTAIN LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the Transportation Board upon delivery of the Bonds, substantially in the form set forth in Appendix D. Bond Counsel's opinion will be limited to matters relating to the authorization and the validity of the Bonds and to the federal income status of interest on the Bonds, as described in the section "*Tax Matters.*" Bond Counsel has not been engaged to investigate the financial resources of the Transportation Board, the Commonwealth or the ability to provide for payment of the Bonds, and Bond Counsel's opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

Certain legal matters will be passed upon for the Commonwealth by the Office of the Attorney General of Virginia.

## **TAX MATTERS**

[To Be Updated]

### **Opinion of Bond Counsel – Federal Income Tax Status of Interest**

Bond Counsel's opinion will state that, under current law, interest on the Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax (a "Specific Tax Preference Item"). See "Form of Bond Counsel Opinion" in Appendix D hereto.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Transportation Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Transportation Board has covenanted, however, to comply with the requirements of the Code.

### **Reliance and Assumptions; Effect of Certain Changes**

In delivering its opinion regarding the treatment of interest on the Bonds, Bond Counsel is relying upon certifications of representatives of the Transportation Board, the Underwriter, as hereinafter defined, and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants, as hereinafter defined, by the Transportation Board. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax compliance agreement to be entered into by the Transportation Board with respect to the Bonds contains covenants (the "Covenants") under which the Transportation Board has agreed to comply with such requirements. Failure by the Transportation Board to comply with the Covenants could

cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for Federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Original Issue Discount**

The "original issue discount" ("OID") on any Bond is the excess of such Bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such Bond. The "issue price" of a Bond is the initial offering price to the public at which price a substantial amount of such Bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The issue price for each maturity of the Bonds is expected to be the initial public offering price set forth on the inside front cover page of this Official Statement (or, in the case of Bonds sold on a yield basis, the initial offering price derived from such yield), but is subject to change based on actual sales. OID on the Bonds with OID (the "OID Bonds") represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

### **Bond Premium**

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Possible Legislative or Regulatory Action**

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the Transportation Board as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. Such legislation may effect changes in federal or State income tax rates and the application of federal or State income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or State income tax purposes. The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or State tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or State tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

### **Opinion of Bond Counsel – Virginia Income Tax Consequences**

Bond Counsel's opinion also will state that, under current law, interest on the Bonds is exempt from income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the

Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Bonds in a particular state or local jurisdiction other than the Commonwealth.

## **LEGALITY FOR INVESTMENT**

The 2007 Act provides that the Bonds are securities in which all public officers and bodies of the Commonwealth and its political subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees and other fiduciaries in the Commonwealth may properly and legally invest funds under their control.

No representation is made as to the eligibility of the Bonds for investment or for any other purpose under the laws of any other state.

## **LITIGATION**

There is no litigation now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds, any proceeding of the Transportation Board or the Treasury Board taken with respect to their issuance or sale, or any appropriation of funds to pay debt service on the Bonds.

See the section "*Litigation of the Commonwealth*" in Appendix B for a discussion of litigation pending against the Commonwealth.

## **CERTIFICATE CONCERNING OFFICIAL STATEMENT**

Concurrently with the delivery of the Bonds, officials who signed the Bonds will certify that, to the best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that such officials did not independently verify the information in the Official Statement from sources other than the Transportation Board and VDOT, but that they have no reason to believe that such information contains any untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

## **CONTINUING DISCLOSURE**

### **Rule 15c2-12 in General**

Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), prohibits an underwriter from purchasing or selling municipal securities unless it has determined that the issuer of such securities and/or other persons deemed to be materially "obligated persons" (hereinafter referred to as "MOPs" and each, a "MOP") have committed to provide (i) on an annual basis, certain financial information and operating data (collectively, "Annual Reports") and (ii) notice of the events described in Rule 15c2-12 ("Event Notices"), to the Municipal Securities Rulemaking Board (the "MSRB").

### **Transportation Board Continuing Disclosure**

The Transportation Board will covenant in a Continuing Disclosure Agreement in substantially the form set forth in Appendix E, for the benefit of the holders of the Bonds, to provide to the MSRB Annual Reports and Event Notices to the MSRB.

### **Commonwealth Continuing Disclosure**

The Commonwealth, which the Transportation Board has determined to be a MOP for purposes of Rule 15c2-12, will covenant in a Continuing Disclosure Agreement, in substantially the form set forth in Appendix E, to be executed prior to the issuance of the Bonds for the benefit of the holders of the Bonds, to provide to the MSRB Annual Reports



with respect to the Commonwealth. Similarly, the State Treasurer will provide Event Notices to the MSRB on rating changes with respect to the Commonwealth's general obligation bonds.

The Commonwealth has entered into numerous continuing disclosure undertakings with respect to its own debt issuances, as well as debt issuances by related Virginia authorities. Such undertakings require in part that the Commonwealth annually file on the MSRB's Electronic Municipal Market Access System (the "EMMA System") its audited Annual Financial Statements and its Annual Report (consisting of a separately filed Appendix B - Financial and Other Information and a separately filed Appendix C – Demographic and Economic Information). The Commonwealth has become aware that (a) for fiscal years 2017, 2018, 2019 and 2020, such filings were not successfully linked on the EMMA System to all of the CUSIPs for the Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2011A, issued by the Virginia College Building Authority ("VCBA"), and (b) for fiscal year 2020, such filings were not successfully linked on the EMMA System to any of the CUSIPs for the Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2020A, and Educational Facilities Federally Taxable Revenue and Revenue Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2020B, issued by VCBA. Such filings were otherwise available on the EMMA System with respect to other continuing disclosure undertakings of the Commonwealth. The Commonwealth has made a remedial filing to correct the linkage problem for any such VCBA bonds that are currently outstanding.

See "*Continuing Disclosure Agreement*" in Appendix E hereto.

## **RATINGS**

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") assigned the Bonds ratings of \_\_\_\_, \_\_\_\_, \_\_\_\_, respectively.

Such ratings reflect only the respective views of such organizations. Reference should be made to the individual rating agency for a fuller explanation of the significance of the rating assigned by such rating agency. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by any of the rating agencies if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of ratings may have an adverse effect on the market price of the Bonds.

## **SALE AT COMPETITIVE BIDDING**

The Bonds will be offered for sale at competitive bidding on February [8], 2022,\* unless changed as described in the Notice of Sale in Appendix G hereto. This Preliminary Official Statement has been deemed final as of its date by the Transportation Board in accordance with the meaning and requirements of Rule 15c2-12, except for the omission of certain pricing and other information permitted to be omitted by Rule 15c2-12. After the Bonds have been awarded, the Transportation Board will deem the Official Statement final as of its date, and the Official Statement as so completed will be a final official statement within the meaning of Rule 15c2-12 (the "Final Official Statement"). The Final Official Statement will include, among other matters, the identity of the winning bidder and the managers of the syndicate, if any, submitting the winning bid (the "Underwriter"), the expected selling compensation to the Underwriter of the Bonds and other information on the interest rates and offering prices or yields of the Bonds, as supplied by the Underwriter.

## **FINANCIAL ADVISOR**

Public Resources Advisory Group ("PRAG"), New York, New York, is serving as financial advisor to the Transportation Board on the issuance of the Bonds. PRAG has assisted in the preparation of this Official Statement and in matters relating to the planning, structuring and issuance of the Bonds and has provided other advice. PRAG is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal or any other negotiable instruments.

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\* Preliminary, subject to change.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the mathematical computations of the adequacy of the cash and maturing principal amounts of an interest on the Escrow Securities in the Escrow Account to pay when due all principal of and interest on the Refunded Bonds through and on their redemption dates will be verified by \_\_\_\_\_.

### **TRUSTEE**

The Transportation Board has appointed Wells Fargo Bank, National Association, a national banking association under the laws of the United States, as trustee for the Bonds. The Trustee shall carry out those duties assigned to it under the Indenture. Except for the material under this heading, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement, the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of those documents.

Other than verifying that the Transportation Board has satisfied the procedures for requisitioning moneys from the Project Fund, the Trustee is not accountable for the Transportation Board's use or application of the proceeds of the Bonds. The Trustee is not responsible or liable for any loss suffered in connection with any investment of money made by it in accordance with the Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any of the assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of any Project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

### **RELATIONSHIP OF PARTIES**

McGuireWoods LLP, Richmond, Virginia, Bond Counsel represents Wells Fargo Bank, National Association, the trustee, from time to time, in matters unrelated to the Bonds.

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## MISCELLANEOUS

The references in this preliminary Official Statement to the Indenture, the Payment Agreement, and other documents are brief outlines of certain of their provisions. These outlines do not purport to be complete and reference is made to such documents, copies of which will be furnished by the Transportation Board, upon request made to Laura Farmer, Chief Financial Officer, Virginia Department of Transportation, 1401 East Broad Street, Richmond, Virginia 23219 (telephone: 804-786-3096).

So far as any statements made in this preliminary Official Statement involve matters of opinion, forward-looking statements or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this preliminary Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

The purpose of this preliminary Official Statement is to supply information to prospective buyers of the Bonds. All quotations from and summaries and explanations of laws contained in this preliminary Official Statement do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

The Transportation Board has deemed this preliminary Official Statement final as of its date within the meaning of Rule 15c2-12, except for the omission of certain pricing and other information permitted to be omitted by Rule 15c2-12.

The distribution of this preliminary Official Statement has been duly authorized by the Transportation Board.

## COMMONWEALTH TRANSPORTATION BOARD

By: \_\_\_\_\_  
Shannon Valentine, Chairperson

**APPENDIX A**

**COMMONWEALTH OF VIRGINIA**

**FINANCIAL STATEMENTS OF THE COMMONWEALTH  
FOR THE YEAR ENDED JUNE 30, 2021**

**COMMONWEALTH OF VIRGINIA**

**FINANCIAL AND OTHER  
INFORMATION**

**COMMONWEALTH OF VIRGINIA**

**DEMOGRAPHIC AND ECONOMIC  
INFORMATION**

**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

**APPENDIX E**

**CONTINUING DISCLOSURE UNDERTAKINGS OF THE  
COMMONWEALTH TRANSPORTATION BOARD AND THE  
COMMONWEALTH OF VIRGINIA**



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**APPENDIX F**

**REFUNDED BONDS**

**COMMONWEALTH TRANSPORTATION BOARD**  
**SUMMARY OF REFUNDED BONDS**

BASE CUSIP NUMBER: 927793

<b><u>Bonds</u></b>	<b><u>Maturity Date</u></b>	<b><u>CUSIP Number</u></b>	<b><u>Interest Rate</u></b>	<b><u>Par Amount</u></b>	<b><u>Call Date</u></b>	<b><u>Call Price</u></b>
Commonwealth of	5/15/2032	WK1	4.000%	\$ 31,835,000	5/15/2022	100%
Virginia Transportation	5/15/2033	WL9	4.000	33,105,000	5/15/2022	100
Capital Projects Revenue	5/15/2034	WM7	4.000	34,430,000	5/15/2022	100
Bonds, Series 2012	5/15/2037	WN5	4.000	111,775,000	5/15/2022	100

**APPENDIX G**

**NOTICE OF SALE**

**TENTH SUPPLEMENTAL INDENTURE OF TRUST**

**between**

**COMMONWEALTH TRANSPORTATION BOARD**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**

**as Trustee**

**Dated as of February 1, 2022**

---

**Relating to**

**\$ \_\_\_\_\_**

**Commonwealth of Virginia  
Transportation Capital Projects Revenue and Refunding  
Bonds,  
Series 2022**

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Exhibit A – Form of 2022 Bond

Exhibit B – Refunded Bonds

## TENTH SUPPLEMENTAL INDENTURE OF TRUST

This **TENTH SUPPLEMENTAL INDENTURE OF TRUST** (this "Tenth Supplemental Indenture") is made as of February 1, 2022, between the **COMMONWEALTH TRANSPORTATION BOARD**, created and existing under the laws of the Commonwealth of Virginia (the "Board"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, and its successors, as trustee (the "Trustee").

### RECITALS

**WHEREAS**, the Board has executed and delivered to the Trustee the Master Indenture of Trust dated as of May 1, 2010 (the "Master Indenture"), under which, among other things, the Board has provided for (i) the issuance from time to time of Bonds to finance or refinance the Costs of any Project and for such other purposes as may be authorized under and pursuant to the Act and (ii) the security for and sources of payment of the debt service on such Bonds; and

**WHEREAS**, the Board is now issuing, selling and delivering a Series of Bonds under the Master Indenture in the aggregate principal amount of \$\_\_\_\_\_; and

**WHEREAS**, the Board will use the proceeds of such Bonds to pay the issuance costs of such Bonds, to pay the Costs of the Projects and to refund certain outstanding maturities of the Board's Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, the Board shall deliver to the Trustee a Supplemental Indenture; and

**WHEREAS**, all things necessary to make the 2022 Bonds valid and binding limited obligations of the Board, when authenticated and issued as provided in this Tenth Supplemental Indenture, and to constitute this Tenth Supplemental Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the 2022 Bonds, have been done and performed.

**NOW, THEREFORE**, the Board hereby covenants and agrees with the Trustee and with the Owners from time to time of the 2022 Bonds as follows:

### ARTICLE I TENTH SUPPLEMENTAL INDENTURE

**Section 1.1 Tenth Supplemental Indenture.** This Tenth Supplemental Indenture is authorized and executed by the Board and delivered to the Trustee pursuant to and in accordance with the Bond Resolution and Articles V and XII of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2022 Bonds, except as otherwise provided in this Tenth Supplemental Indenture.

**Section 1.2 Definitions.** All capitalized words and terms used but not defined in this Tenth Supplemental Indenture have the meanings set forth in Article I of the Master Indenture. In



addition, the following words and terms have the following meanings unless the context clearly requires otherwise:

**"2022 Bonds"** means the Series of Bonds authorized to be issued under Section 2.1 hereof.

**"2022 Cost of Issuance Fund"** means the Cost of Issuance Fund related to the 2022 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Tenth Supplemental Indenture.

**"2022 Rebate Fund"** means the Rebate Fund related to the 2022 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Tenth Supplemental Indenture.

**"2022 Tax Compliance Agreement"** means the Federal Tax Certificate and Compliance Agreement dated the Closing Date made by the Board for the benefit of the Trustee and the Owners of the 2022 Bonds.

**"Bond Resolution"** means (i) the resolution adopted by the Board on December 8, 2021, and entitled "Resolution of the Commonwealth Transportation Board Authorizing the Issuance and Sale of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2022" and (ii) the resolution adopted by the Board on June 17, 2020, and entitled "Resolution of the Commonwealth Transportation Board Authorizing the Issuance and Sale of Revenue Refunding Bonds."

**"Closing Date"** means the date of the issuance and delivery of the 2022 Bonds.

**"Dated Date"** means the Closing Date.

**"DTC"** has the meaning set forth in Section 2.3 hereof.

**"Tenth Supplemental Indenture"** means this Tenth Supplemental Indenture of Trust, dated as of February 1, 2022, between the Board and the Trustee, as it may be modified, altered, amended or supplemented from time to time in accordance with the provisions herein and of the Master Indenture.

**"Letter of Representations"** means the Board's Blanket Letter of Representations to DTC.

**"Master Indenture"** means the Master Indenture of Trust dated as of May 1, 2010, between the Board and the Trustee, as previously supplemented and amended and as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

**"Rebate Requirement"** means, collectively, the requirements applicable to tax-exempt bonds under Section 148(f)(2) and (3) of the Tax Code.

**"Refunded Bonds"** means the Board's Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012, as more particularly described in Exhibit B.

**Section 1.3 Representations of the Board.** The Board represents that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the 2022 Bonds, to execute this Tenth Supplemental Indenture, and to pledge and grant a security interest in the Revenues, the Bond Debt Service Fund, and the Project Fund as security for the 2022 Bonds in the manner and to the extent set forth in the Master Indenture and this Tenth Supplemental Indenture, (ii) all action on its part necessary for the execution and delivery of this Tenth Supplemental Indenture has been taken, and (iii) the 2022 Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Board.

**ARTICLE II  
AUTHORIZATION AND DETAILS OF 2022 BONDS**

**Section 2.1 Authorization of 2022 Bonds.** (a) There is authorized to be issued pursuant to the Master Indenture a Series of Bonds of the Board in the aggregate principal amount of \$\_\_\_\_\_ to be called the "Commonwealth of Virginia Transportation Capital Projects Revenue and Refunding Bonds, Series 2022." The proceeds of the 2022 Bonds shall be used for the purposes set forth in the recitals, including paying the Costs of the Projects and refunding the Refunded Bonds.

**Section 2.2 Details of 2022 Bonds.** (a) The 2022 Bonds shall be dated the Dated Date, shall be issued in denominations of \$5,000 and integral multiples of \$5,000, shall be numbered from R-1 upwards, sequentially, and shall bear interest, payable on each May 15 and November 15, commencing on May 15, 2022 at the rates set forth below and shall mature on May 15 in the years and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$	%	2035	\$	%
2024			2036		
2025			2037		
2026			2038		
2027			2039		
2028			2040		
2029			2041		
2030			2042		
2031			2043		
2032			2044		
2033			2045		
2034			2046		

(b) The 2022 Bonds shall bear interest (i) from the Dated Date, if such 2022 Bond is authenticated before May 15, 2022, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2022 Bond is authenticated; provided, however, that if at the time of authentication any payment of interest is in default, such 2022 Bond shall bear interest from the date to which interest has been paid. Interest on the 2022 Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

(c) Interest on the 2022 Bonds shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on November 1 (with respect to a November 15 Payment Date) and May 1 (with respect to a May 15 Payment Date) on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of a 2022 Bond owns at least \$1,000,000 in aggregate principal amount of 2022 Bonds and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Principal of and premium, if any, on the 2022 Bonds shall be payable to the Owners thereof upon the surrender of the 2022 Bonds at the Trustee's corporate trust office in Minneapolis, Minnesota or such other office as the Trustee may designate.

(d) Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is Owner of all of the 2022 Bonds, principal of and premium, if any, and interest on the 2022 Bonds shall be payable as provided in the Letter of Representations.

(e) The principal of and premium, if any, and interest on the 2022 Bonds shall be payable in lawful money of the United States of America.

(f) If the principal of any 2022 Bond is not paid when due (whether at maturity, by mandatory sinking fund redemption or call for redemption or otherwise), then the overdue principal shall continue to bear interest until paid at the rate set forth in the 2022 Bond.

**Section 2.3 Book Entry Provisions for the 2022 Bonds.** (a) The 2022 Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company ("DTC"), and immobilized in DTC's custody. One fully registered Bond for the original principal amount of each maturity of each Series will be registered to Cede & Co. Beneficial owners of the 2022 Bonds will not receive physical delivery of the 2022 Bonds. Individual purchases of the 2022 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. For as long as the 2022 Bonds are held in book-entry format, payments of principal of and premium, if any, and interest on the 2022 Bonds will be made to DTC or its nominee as the sole Owner on the applicable Payment Date in accordance with the Letter of Representations.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the 2022 Bonds to the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the "Participants"). Transfer of the payments of the principal of and premium, if any, and interest on the 2022 Bonds to the beneficial owners of the 2022 Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2022 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2022 Bonds, in accordance with rules specified by DTC and its Participants. Neither the Board nor the Trustee makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the 2022 Bonds will act in accordance with such rules or on a timely basis.

**The Board and the Trustee disclaim any responsibility or obligations to the Participants or the beneficial owners with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any**

amount due to any beneficial owner in respect of the principal of and premium, if any, and interest on the 2022 Bonds, (iii) the delivery by DTC or any Participant of any notice to any beneficial owner that is required or permitted under the terms of the Master Indenture or this Tenth Supplemental Indenture to be given to Owners of the 2022 Bonds, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2022 Bonds or (v) any consent given or other action taken by DTC as Owner.

So long as Cede & Co., as nominee of DTC, is the sole Owner of the 2022 Bonds, references in the Master Indenture or this Tenth Supplemental Indenture to the Owners or registered owners of the 2022 Bonds shall mean Cede & Co. and not the beneficial owners of the 2022 Bonds. Any notice to or consent requested of Owners of 2022 Bonds under the Master Indenture or this Tenth Supplemental Indenture shall be given to or requested of Cede & Co.

(b) Replacement Bonds (the "Replacement Bonds") will be registered in the name of and be issued directly to beneficial owners of the 2022 Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2022 Bonds; or

(2) The Trustee or the Board has advised DTC of the Board's determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the 2022 Bonds to discontinue the book-entry system of transfer.

(c) Upon the occurrence of an event described in subsection (b)(1) or (2) above (and the Trustee and the Board undertake no obligation to make any investigation regarding the matters described in subsection (b)(2) above), the Board may attempt to locate another qualified securities depository. If the Board fails to locate another qualified securities depository to replace DTC, the Board shall execute and the Trustee shall authenticate and deliver to the Participants the Replacement Bonds (substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Tenth Supplemental Indenture) to which the Participants are entitled for delivery to the beneficial owners of the 2022 Bonds. The Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The Owners of the Replacement Bonds shall be entitled to the lien and benefits of the Master Indenture and this Tenth Supplemental Indenture.

**Section 2.4 Form of 2022 Bonds.** Each of the 2022 Bonds shall be substantially in the form attached as Exhibit A to this Tenth Supplemental Indenture, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this Tenth Supplemental Indenture. There may be endorsed on any of the 2022 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

**Section 2.5 Authentication of 2022 Bonds.** Each 2022 Bond shall bear a certificate of authentication, substantially as set forth in the applicable form of the 2022 Bond attached as an exhibit, duly executed by the Trustee. The Trustee shall authenticate each 2022 Bond with the signature of one of its authorized officers or employees, but it shall not be necessary for the same person to authenticate all of the 2022 Bonds. Only such authenticated 2022 Bonds shall be entitled to any right or benefit under the Master Indenture or this Tenth Supplemental Indenture, and such certificate on any 2022 Bond shall be conclusive evidence that the 2022 Bond has been duly issued under and is secured by the provisions of the Master Indenture and this Tenth Supplemental Indenture.

**ARTICLE III  
REDEMPTION OF 2022 BONDS**

**Section 3.1 Optional Redemption.** (a) The Board shall not call the 2022 Bonds for optional redemption except as provided in this section.

(b) The 2022 Bonds maturing on or before May 15, 2031, shall not be subject to redemption at the Board's option before their respective maturity dates.

(c) The 2022 Bonds maturing on or after May 15, 2032, may be redeemed prior to their respective maturities, at the option of the Board, from any moneys that may be made available for such purpose, either in whole or in part (in \$5,000 increments), on any date and in such order as the Board may determine on and after May 15, 2031, at 100% of the principal amount to be redeemed together with the interest accrued on the principal amount to be redeemed to the date fixed for redemption.

**Section 3.2 Mandatory Sinking Fund Redemption.**

(a) The 2022 Bonds maturing on May 15, 20\_\_\_, are required to be redeemed in part before maturity by the Board on May 15 in the years and the amounts shown below, at a redemption price equal to 100% of the principal amount of the 2022 Bonds to be redeemed, plus interest accrued to the date fixed for redemption:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

\$

(final maturity)

(b) The Board will receive a credit for payments required to be made on any mandatory sinking fund redemption date in an amount equal to the principal amount of the 2022 Bonds subject to mandatory sinking fund redemption on such date that have been redeemed (otherwise than by mandatory sinking fund redemption) before such mandatory sinking fund redemption date or purchased by the Board or by anyone acting on behalf of the Board and delivered to the Trustee for cancellation at least 60 days before such date; provided, however, that the principal amount of the 2022 Bonds has not previously been applied as a credit against any mandatory sinking fund redemption payment.

(c) Mandatory redemption of the 2022 Bonds pursuant to this Section 3.2 shall not require the Board or a Board Representative to provide notice of the pending redemption to the Trustee.

**Section 3.3 Selection of 2022 Bonds for Redemption.** If less than all of the 2022 Bonds are called for optional redemption, the maturities of the 2022 Bonds to be redeemed will be called in such order as the Board may determine.

**Section 3.4 Notice of Redemption.** (a) When (i) required to redeem 2022 Bonds under any provision of the Master Indenture or this Tenth Supplemental Indenture or (ii) directed to do so by a Board Representative in writing at least 45 days before the date fixed for redemption, the Trustee shall cause notice of the redemption to be mailed by first class mail, not less than 30 nor more than 60 days before the redemption date, to all Owners of 2022 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee; provided, however, that the failure to mail any such notice or any defect in the mailing to any one or more of the Owners shall not affect the validity of the redemption with respect to any Owners to whom such notice was properly mailed.

(b) Any notice of redemption may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied.

(c) Any notice of redemption mailed in the manner specified above shall be deemed to have been duly given when mailed by the Trustee.

(d) In preparing any notice of redemption, the Trustee shall take into account, to the extent it has knowledge and is applicable, the prevailing tax-exempt securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the Board or the tax-exempt securities industry, including without limitation, Release No. 34-23856 of the Securities and Exchange Commission, or any subsequent amending or superseding release.

(e) Any notices given to DTC under this Section shall be given at the times and in the manner set forth in the Letter of Representations.

**Section 3.5 Payment of Redemption Price.** (a) On or before the date fixed for redemption, funds shall be deposited with the Trustee to pay the redemption price of the 2022 Bonds called for redemption. Provided funds for their redemption are on deposit at the place of payment on the redemption date and the required notice shall have been given, the 2022 Bonds called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by the Master Indenture and this Tenth Supplemental Indenture and shall not be deemed to be Outstanding under the provisions of the Master Indenture and this Tenth Supplemental Indenture.

(b) The Trustee shall ensure that CUSIP number identification accompanies all redemption payments on the 2022 Bonds.

**ARTICLE IV**  
**ESTABLISHMENT OF FUNDS; APPLICATION OF SALE PROCEEDS**

**Section 4.1 Establishment of Funds for the 2022 Bonds.** (a) In accordance with Section 7.1 of the Master Indenture, the 2022 Cost of Issuance Fund and the 2022 Rebate Fund are hereby established for the 2022 Bonds.

(b) The 2022 Rebate Fund shall be held by the Trustee. The 2022 Cost of Issuance Fund shall be held on behalf of the Board by the Trustee.

**Section 4.2 Application of Sale Proceeds of the 2022 Bonds.** On the Closing Date, the Trustee shall apply the total amount received for the 2022 Bonds in payment therefor (\$\_\_\_\_\_), consisting of \$\_\_\_\_\_ received from the underwriters on the Closing Date and \$\_\_\_\_\_ received from the Board on the Closing Date (such amount representing the good faith deposit from the underwriters), as follows:

(a) \$\_\_\_\_\_ shall be deposited in the 2022 Cost of Issuance Fund;

(b) \$\_\_\_\_\_ shall be deposited in the Project Fund; and

(c) \$\_\_\_\_\_ shall be deposited in the Escrow Fund established under that certain Escrow Agreement dated February \_\_, 2022, in accordance with Section 7.2 of the Master Indenture, and used to defease and redeem the Refunded Bonds.

**ARTICLE V**  
**APPLICATION OF CERTAIN FUNDS**

**Section 5.1 Project Fund.** (a) The Board shall apply the amounts in the Project Fund to pay the Costs of Projects.

(b) The Trustee shall disburse the money in the Project Fund in accordance with Section 7.4 of the Master Indenture.

**Section 5.2 2022 Cost of Issuance Fund.** (a) The Board shall apply the amounts in the 2022 Cost of Issuance Fund to pay the issuance costs of the 2022 Bonds.

(b) Any amounts deposited in the 2022 Cost of Issuance Fund as described in Section 4.2(a) that are not applied in accordance with this Section and Section 7.7 of the Master Indenture to pay the costs of issuance of the 2022 Bonds shall, at the written direction of a Board Representative, be transferred by or on behalf of the Board to the Bond Debt Service Fund and applied by the Trustee to pay debt service on the 2022 Bonds before any other amounts therein are so used.

**Section 5.3 2022 Rebate Fund.** The Trustee shall invest and apply amounts on deposit in the 2022 Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the 2022 Tax Compliance Agreement. The Trustee shall have no continuing responsibility for amounts on deposit in the 2022 Rebate Fund other than to ensure that such amounts are not commingled with any other funds as required under the Master Indenture.

## ARTICLE VI SPECIAL COVENANTS

**Section 6.1 2022 Tax Compliance Agreement.** (a) The Board shall not take any action, or omit to take any action, if any such action or omission would adversely affect the excludability from gross income of interest on the 2022 Bonds under Section 103 of the Tax Code. The Board shall not directly or indirectly use or permit the use of any proceeds of the 2022 Bonds or any other funds of the Board or take or omit to take any action that would cause the 2022 Bonds to be "arbitrage bonds" under Section 148(a) of the Tax Code. To these ends, the Board shall comply with all requirements of Sections 141 through 150 of the Tax Code, including the Rebate Requirement, to the extent applicable to the 2022 Bonds.

(b) Without limiting the generality of the foregoing, the Board: (i) shall not directly or indirectly use or permit the use of the proceeds of the 2022 Bonds except in accordance with the 2022 Tax Compliance Agreement and (ii) shall act as though the requirements of the 2022 Tax Compliance Agreement are specifically set forth herein.

(c) The Trustee shall comply with all written instructions of the Board Representative given in accordance with the 2022 Tax Compliance Agreement, but the Trustee shall not be required to ascertain whether the instructions comply with the 2022 Tax Compliance Agreement. If the Trustee requests, the Trustee shall receive written instructions from Bond Counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Tax Code, and the Trustee shall comply with such directions (upon which the Trustee and the Board may conclusively rely) so as to enable the Board to perform its covenants under this Section.

(d) Notwithstanding any provisions of this Section, if the Board provides to the Trustee an Opinion of Bond Counsel addressed and acceptable to the Board and the Trustee to the effect that any action required under this Section by incorporation or otherwise is not required to maintain the excludability from gross income of the interest on the 2022 Bonds under Section 103 of the Tax Code, the Board and the Trustee shall rely conclusively on such opinion in complying with the provisions of this Section.

## ARTICLE VII MISCELLANEOUS

**Section 7.1 Amendments to Master Indenture.** Reference is hereby made to the amendments to the Master Indenture contained in Article VII of the Second Supplemental Indenture of Trust dated May 1, 2011, by and between the Board and the Trustee, which provisions are incorporated in the Master Indenture and made a part thereof. The amended provisions are set forth in Exhibit C.

**Section 7.2 Successors and Assigns.** This Tenth Supplemental Indenture is binding upon, inures to the benefit of and is enforceable by the parties to it and their respective successors and assigns.

**Section 7.3 Severability.** If any provision of this Tenth Supplemental Indenture is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.



**Section 7.4 Governing Law.** This Tenth Supplemental Indenture shall be governed by and construed under the applicable laws of the Commonwealth.

**Section 7.5 Counterparts.** This Tenth Supplemental Indenture may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

**Section 7.6 Parties Interested.** Nothing in this Tenth Supplemental Indenture expressed or implied is intended or will be construed to confer upon any Person, other than the Board, the Trustee and the Owners of the 2022 Bonds, any right, remedy or claim under or by reason of this Tenth Supplemental Indenture, this Tenth Supplemental Indenture being intended for the sole and exclusive benefit of the Board, the Trustee and the Owners of the 2022 Bonds.

[Signature page follows]

**IN WITNESS WHEREOF**, the Board and the Trustee have caused this Tenth Supplemental Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**COMMONWEALTH TRANSPORTATION BOARD**

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

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Trustee**

By: \_\_\_\_\_  
Vice President

EXHIBIT A  
FORM OF 2022 Bond

REGISTERED  
R-\_\_\_

CUSIP  
927793 \_\_\_

UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
COMMONWEALTH TRANSPORTATION BOARD

COMMONWEALTH OF VIRGINIA  
TRANSPORTATION CAPITAL PROJECTS REVENUE AND REFUNDING BOND  
SERIES 2022

INTEREST RATE	MATURITY DATE	DATED DATE
___%	May 15, 20__	_____, 2022

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND 00/100 DOLLARS (\$\_\_\_\_\_)

**THE COMMONWEALTH TRANSPORTATION BOARD** ("the Board"), for value received, promises to pay upon surrender of this Bond at the corporate trust office of Wells Fargo Bank, National Association, or its successor, as trustee and paying agent (the "Trustee") under the Indenture, as hereinafter defined, to the registered owner of this Bond (the "Owner") or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, and to pay interest on this Bond semiannually on each May 15 and November 15, commencing May 15, 2022, at the annual rate stated above, solely from the sources pledged for such purpose as described below. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

"Indenture" means the Master Indenture of Trust dated as of May 1, 2010, between the Board and the Trustee, as previously supplemented and amended (the "Master Indenture") and as further supplemented by the Tenth Supplemental Indenture of Trust dated as of February 1, 2022 (the "Tenth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the Board and the Trustee.

Unless otherwise defined, each capitalized term used in this Bond has the meaning given it in the Indenture.

Interest is payable (i) from the dated date set forth above (the "Dated Date"), if this Bond is authenticated before May 15, 2022 or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond shall bear interest from the date to which interest has been paid). Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months.

Interest is payable by check or draft mailed to the holder of this Bond at the address that appears on November 1 (with respect to a November 15 payment date) and May 1 (with respect to a May 15 payment date) on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of this Bond owns at least \$1,000,000 in aggregate principal amount of the 2022 Bonds (as defined below) and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Notwithstanding anything to the contrary contained in this Bond or in the Indenture, for so long as Cede & Co. or any other nominee of DTC is the Owner of all of the 2022 Bonds, the principal of and premium, if any, and interest on this Bond shall be payable pursuant to the additional requirements provided under the Board's Blanket Issuer Letter of Representations to DTC.

If the date of maturity of the principal of this Bond or the date fixed for the payment of interest on this Bond shall not be a Business Day, then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such date of maturity or date fixed for the payment of interest.

This Bond is one of an issue of \$\_\_\_\_\_ Commonwealth of Virginia Transportation Capital Projects Revenue and Refunding Bonds, Series 2022 Bonds (the "2022 Bonds"), of like date and tenor, except as to number, denomination, rate of interest, and maturity, authorized and issued by the Board pursuant to the Act, a resolution adopted by the Board on December 8, 2021, and the Indenture, to provide proceeds to be used to pay the issuance costs of the 2022 Bonds, to refund the Refunded Bonds and to pay the Costs of the Projects.

The 2022 Bonds and the premium, if any, and the interest thereon are limited obligations of the Board and payable solely from the revenues, moneys and other property pledged to the Trustee for such purpose under the Indenture. This Bond is secured on parity with the other 2022 Bonds, the Outstanding Bonds on the date hereof, and other Bonds hereafter to be issued and Outstanding under the Indenture. **THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. NOTHING IN THIS BOND OR IN THE INDENTURE SHALL BE DEEMED TO CREATE OR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF.**

Reference is made to the Indenture and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the 2022 Bonds, the rights, duties and obligations of the Board and the Trustee, the rights of the Owners of the 2022 Bonds and the terms upon which the 2022 Bonds are issued and secured. The Board has issued certain bonds and may from time to time hereafter issue additional bonds ranking equally with the 2022 Bonds for certain purposes on the terms provided in the Indenture.

The 2022 Bonds maturing on or before May 15, 2031, shall not be subject to redemption at the Board's option before their respective maturity dates.

The 2022 Bonds maturing on or after May 15, 2032, are subject to optional redemption prior to their respective maturities on or after May 15, 2031, at the option of the Board, in whole or in part (in increments of \$5,000) at any time, at a redemption price equal to 100% of the principal amount of the 2022 Bonds to be redeemed together plus unpaid interest accrued on the principal amount to be redeemed to the date fixed for redemption.

The 2022 Bonds maturing on May 15, 20\_\_ are required to be redeemed in part before maturity by the Board on May 15 in the years and the amounts shown below, at a redemption price equal to 100% of the principal amount of the 2022 Bonds to be redeemed, plus interest accrued to the date fixed for redemption:

<u>Year</u>	<u>Principal Amount</u>
	\$

(final maturity)

The Board will receive a credit for payments required to be made on any mandatory sinking fund redemption date in an amount equal to the principal amount of the 2022 Bonds subject to mandatory sinking fund redemption on such date that have been redeemed (otherwise than by mandatory sinking fund redemption) before such mandatory sinking fund redemption date or purchased by the Board or by anyone acting on behalf of the Board and delivered to the Trustee for cancellation at least sixty days before such date; provided, however, that the principal amount of the 2022 Bonds has not previously been applied as a credit against any mandatory sinking fund redemption payment.

The Owner of this Bond shall have no right to enforce the provisions of the Indenture or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect to it, except as provided in the Indenture.

Modifications or alterations of the Indenture or of any supplement to it may be made only to the extent and in the circumstances permitted by the Indenture.

The 2022 Bonds are issuable as registered bonds in denominations of \$5,000 and integral multiples of \$5,000. Upon surrender for transfer or exchange of this Bond at the Trustee's designated corporate trust office, the Board shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees or Owner, as applicable, a new 2022 Bond or

2022 Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount any such transferee or Owner is entitled to receive, subject in each case to such reasonable regulations as the Board or the Trustee may prescribe. When presented for transfer, exchange, or payment, this Bond must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Board and the Trustee, duly executed by the Owner or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at the Board's expense, except that the Trustee may charge the person requesting such transfer or exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Owner of this Bond shall be treated as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Owner, except that interest payments shall be made to the person registered as Owner on the first day of the month of each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

This Bond shall not become obligatory for any purpose, be entitled to any security or benefit under the Indenture or be valid until the Trustee has executed the Certificate of Authentication appearing on this Bond and inserted the date of authentication.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Commonwealth Transportation Board has caused this Bond to be signed by the facsimile signature of its Chairperson, a facsimile of its seal to be printed on it and attested by the facsimile signature of its Secretary, and this Bond to be dated the Dated Date.

(SEAL)

**COMMONWEALTH TRANSPORTATION  
BOARD**

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

ATTEST:

\_\_\_\_\_  
Secretary

[Signature Page of the Bond]

\* \* \* \* \*

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the 2022 Bonds described in the above-mentioned Indenture.

Authentication Date: \_\_\_\_\_, 2022

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

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



**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

---

---

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF  
TRANSFEREE)

---

---

this Bond and all rights under it, and irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer this Bond on the books kept for its  
registration, with full power of substitution.

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

Tax I.D. No. \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
(NOTE: The signature of the registered owner  
or owners must be guaranteed by an Eligible  
Guarantor Institution such as a Commercial  
Bank, Trust Company, Securities  
Broker/Dealer, Credit Union or Savings  
Association which is a member of a medallion  
program approved by The Securities Transfer  
Association, Inc.)

\_\_\_\_\_  
Registered Owner  
(NOTE: The signature above must correspond  
exactly with the name of the registered owner as  
it appears on the front of this Bond.)

EXHIBIT B  
REFUNDED BONDS

Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012

<u>Maturity</u> <u>Date</u>	<u>CUSIP</u> <u>Number</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>
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EXHIBIT C  
AMENDMENTS TO MASTER INDENTURE

Section 5.3(e) of the Master Indenture of Trust dated as of May 1, 2010, between the Commonwealth Transportation Board (the "Board") and Wells Fargo Bank, National Association, as trustee (the "Trustee") has been amended by Article VII of the Second Supplemental Indenture of Trust dated as of May 1, 2011, between the Board and the Trustee, as follows:

*(e) If required by law, a certificate of the Board, signed by the Chairman or the Vice-Chairman of the Board and dated the date of delivery of the Bonds of the Series then to be issued, substantially to the effect that the Revenues then in the Priority Transportation Fund or reasonably anticipated to be deposited into the Priority Transportation Fund pursuant to the law then in effect are by themselves sufficient to make 100% of the contractually required debt service payments on all bonds, obligations, or other evidences of debt that expressly require as a source for debt service payments or for the repayment of such bonds, obligations, or other evidences of debt the revenues of the Priority Transportation Fund, including any interest related thereto and the retirement of such bonds, obligations, or other evidences of debt, provided, however, that contractually required debt service shall not include debt service scheduled to be paid from the Revenue Stabilization Fund or the Project Fund;*

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is dated \_\_\_\_\_, 2022 (the "Closing Date"), and is executed and delivered by the **Commonwealth Transportation Board** (the "Transportation Board") of the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Transportation Board of its \$ \_\_\_\_\_ Commonwealth of Virginia Transportation Capital Projects Revenue and Refunding Bonds, Series 2022 (the "Bonds"), pursuant to the provisions of a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented and amended, and as further supplemented by a Tenth Supplemental Indenture of Trust dated as of February 1, 2022 (collectively, the "Indenture"), entered into between the Transportation Board and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The Transportation Board hereby covenants and agrees as follows:

Definitions. In addition to capitalized terms defined elsewhere in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Transportation Board pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" means the Transportation Board, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent. Notwithstanding anything contained in this definition, the dissemination agent shall not be required to have any agency relationship with the Transportation Board for purposes of state law.

"EMMA" means the MSRB's Electronic Municipal Market Access system, the internet address of which is <http://emma.msrb.org/>, and any successor thereto.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"Fiscal Year" means the twelve-month period, at the end of which the financial position of the Transportation Board and results of its operations for such period are determined. Currently, the Transportation Board's Fiscal Year begins July 1 and continues through June 30 of the next year.

"General Assembly" means the General Assembly of the Commonwealth of Virginia.

"Holder" means, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the Transportation Board's Official Statement with respect to the Bonds, dated \_\_\_\_\_, 2022.

"Project" means any transportation project for which the net proceeds of the Bonds may be used to provide funds pursuant to the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session, as amended; Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended; and Chapter 854 of the Acts of the General Assembly of the Commonwealth of Virginia, 2018 Regular Session, as amended.

"Rule" means 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.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of such Bonds.

Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Transportation Board for the benefit of the Holders and to assist the Participating Underwriters in complying with the Rule. The Transportation Board acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement.

Provision of Annual Reports: Audited Financial Statements.

By not later than 10 months following the end of each Fiscal Year of the Transportation Board, commencing with the Fiscal Year ending June 30, 2022, the Transportation Board shall submit, or shall cause the Dissemination Agent (if different from the Transportation Board) to submit, to EMMA an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package and (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement;

The Transportation Board does not produce separate financial statements, but its financial activity is included in the audited financial statements of the Commonwealth. Accordingly, the Commonwealth is an obligated person for whom financial or operating data is presented in the Official Statement, and the Commonwealth has separately executed and delivered a continuing disclosure agreement dated the date hereof related to the offering and sale of the Bonds for the benefit of Holders of the Bonds and to assist the Participating Underwriters in complying with the Rule. If, at any time in the future, as a result of a change in law or accounting policy, the Transportation Board should produce a separate audited financial statement, then the Transportation Board will make public such audited financial statements as provided in the Rule; and

If the Transportation Board fails to submit an Annual Report to EMMA by the date required in subsection (a) hereof, the Transportation Board shall or shall cause the Dissemination Agent (if different from the Transportation Board) to send, in a timely manner, an appropriate notice to the MSRB in substantially the form attached hereto as Exhibit A.

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 the Participating Underwriters in complying with the Rule:

if any of the information has changed, updated information regarding the Capital Projects Revenue Bonds Program as set forth in the first two paragraphs under the section bearing such heading in the Official Statement, including bond authorization for the Projects;

updated information contained in the chart titled ["Priority Transportation Fund Revenues"] in the section of the Official Statement titled "Priority Transportation Fund;"

updated information contained in the chart titled ["Commonwealth Transportation Fund"] in the section of the Official Statement titled "Transportation Trust Fund;" and

to the extent other funds are appropriated by the General Assembly with respect to the Bonds, a chart or other updated information detailing the sources of such other funds appropriated by the General Assembly with respect to the Bonds, as of the end of the preceding Fiscal Year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements, documents related to debt issues or other documents of the Transportation Board or the Commonwealth, that have been filed with 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 Transportation Board shall clearly identify each such other document so incorporated by reference.

Event Notices. The Transportation Board will submit, or cause the Dissemination Agent (if not the Transportation Board) to submit, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of the occurrence of any of the following events (listed in subsection (b)(5)(i)(c) of the Rule) with respect to the Bonds of which the Transportation Board has actual knowledge:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- 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;
- 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 Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to rights of Holders of the Bonds, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the Transportation Board;
- The consummation of a merger, consolidation, or acquisition involving the Transportation Board or the sale of all or substantially all of the assets of the Transportation Board, 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;
- Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Holders of the Bonds, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

The Transportation Board does not undertake to provide the above-described notice in the event of a scheduled mandatory redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Official Statement for the Bonds, (ii) the only open issue is which Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Holders under the terms of the Indenture and (iv) public notice of the redemption is given pursuant to Release No. 34-23856 of the Securities and Exchange Commission, even if the originally scheduled amounts may be reduced by prior optional redemption or Bond purchases.

Termination of Reporting Obligation. The obligations of the Transportation Board under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of the Bonds.

Dissemination Agent. The Transportation Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any such successor Dissemination Agent will be deemed to be appointed pursuant to this Disclosure Agreement. It is currently anticipated that such successor Dissemination Agent may include, among others, Digital Assurance Certification LLC, or similar organizations that may exist from time to time. If at any time there is not any other designated Dissemination Agent, the Transportation Board shall be the Dissemination Agent.

Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Transportation Board may amend this Disclosure Agreement if such amendment is supported by a written opinion of independent counsel to the Transportation Board with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Transportation Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice described in Section 5 above, in addition to that which is required by this Disclosure Agreement, including without limitation the Annual Financial Report of the Virginia Department of Transportation. If the Transportation Board chooses to include any information in any Annual Report or notice described in Section 5 above, in addition to that which is specifically required by this Disclosure Agreement, the Transportation Board shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice.

Default. Any person referred to in Section 11 (other than the Transportation Board) may take such action as may be permitted by law against the appropriate public official to secure compliance with the obligation of the Transportation Board to file its Annual Report or to give notice as described in Section 5. In addition, Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement or to enforce any other obligation of the Transportation Board hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or any applicable resolution or other debt authorization of the Transportation Board, and the sole remedy under this Disclosure Agreement in the event of any failure of the Transportation Board to comply herewith 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.

Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Transportation Board, the Participating Underwriters, and the Holders and shall create no rights in any other person or entity.

Identifying Information. If the Transportation Board is providing to EMMA the documents required under this Disclosure Agreement, the Transportation Board shall provide such documents with any identifying information prescribed by the MSRB.

**IN WITNESS WHEREOF**, the undersigned Chairperson of the Commonwealth Transportation Board has executed this Continuing Disclosure Agreement, as of the Closing Date.

COMMONWEALTH TRANSPORTATION BOARD

By: \_\_\_\_\_  
Shannon R. Valentine, Chairperson

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

COMMONWEALTH TRANSPORTATION BOARD

in connection with

Commonwealth of Virginia  
Transportation Capital Projects Revenue and Refunding Bonds, Series 2022

CUSIP Numbers:  
927793 \_\_\_ to \_\_\_

Dated: \_\_\_\_\_, 2022

**NOTICE IS HEREBY GIVEN** that the Commonwealth Transportation Board (the "Transportation Board") has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the issuance of the above-named bonds. The Transportation Board anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by \_\_\_\_\_ [or it has been filed as of \_\_\_\_\_].

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

COMMONWEALTH TRANSPORTATION BOARD

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



## NOTICE OF SALE

**Commonwealth Transportation Board**  
\$ \_\_\_\_\_\*  
**Commonwealth of Virginia**  
**Transportation Capital Projects Revenue and Refunding Bonds,**  
**Series 2022**

Electronic bids, via *PARITY*® Competitive Bidding System (*PARITY*®) for the purchase of all, and not less than all, of the \$ \_\_\_\_\_\* preliminary aggregate principal amount of Commonwealth of Virginia Transportation Capital Projects Revenue and Refunding Bonds, Series 2022 (the “Bonds”) will be received by the Commonwealth Transportation Board (the “Transportation Board”) until 10:30 a.m. (Eastern) on February 8, 2022 (unless changed as described herein). Capitalized terms not defined herein shall have the meanings defined in the Preliminary Official Statement dated the date hereof.

### Description of Bonds; Interest Payment Dates

The Bonds will be dated their date of delivery and will be issued as fully registered bonds in book-entry form only. Interest on the Bonds will be calculated on a 30/360 basis and will be payable semiannually on May 15 and November 15, commencing May 15, 2022.

### Principal Amortization

Principal on the Bonds will be paid (subject to prior redemption) through serial maturities and/or term maturities with annual sinking fund redemptions on the following dates and in the following amounts:

<b>May 15</b>	<b>Preliminary Annual Principal Amounts*</b>	<b>May 15</b>	<b>Preliminary Annual Principal Amounts*</b>
2023	\$	2035	\$
2024		2036	
2025		2037	
2026		2038	
2027		2039	
2028		2040	
2029		2041	
2030		2042	
2031		2043	
2032		2044	
2033		2045	
2034		2046	

### Optional Redemption

The Bonds maturing on or before May 15, 2032, will not be subject to optional redemption. The Bonds maturing on and after May 15, 2033, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2032, in whole or in part (in increments of \$5,000) at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

### Serial Bonds, Term Bonds and Mandatory Sinking Fund Redemption

Bidders may provide in the bid form for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into one or more term bonds. Each such term bond shall be subject to mandatory sinking fund redemption commencing on May 15 of the first year which has been

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\* Preliminary, subject to adjustment both before and after award of the Bonds as described herein under "Adjustments to Principal Amount".

combined to form such term bond and continuing on May 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the appropriate amortization schedule, as adjusted in accordance with the provisions described below under the caption "Adjustments to Principal Amount." The Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Bonds of the maturity being redeemed.

### **Selection of Bonds for Redemption**

If less than all of the Bonds are called for optional redemption, the maturities of the Bonds to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the Bonds of any maturity are called for optional or mandatory redemption, the Bonds to be redeemed will be selected by The Depository Trust Company ("DTC") or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the Trustee (as defined below) by lot in such manner as the Trustee in its discretion may determine. In either event, each portion of \$5,000 principal amount shall be counted as one Bond for such purpose.

### **Book-Entry Only**

Initially, one bond certificate for each maturity will be issued to DTC or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of, redemption premium, if any, and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable in lawful money of the United States of America by the Trustee.

Transfer of principal, premium, if any, and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of the Beneficial Owners. The Transportation Board will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Transportation Board in its sole discretion determines (1) that Beneficial Owners will be able to obtain certificated bonds or (2) to select a new securities depository, the Transportation Board will discontinue the book-entry system with DTC. If the Transportation Board fails to identify another qualified securities depository to replace DTC, the Transportation Board will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

### **Authorization and Security**

**The Bonds are limited obligations of the Commonwealth of Virginia (the "Commonwealth") and the Transportation Board payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth of Virginia (the "General Assembly"), or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions. The General Assembly is not obligated to make any such appropriation.**

**The Bonds are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, the Trustee and the owners of the Bonds shall have no right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of any transportation facilities.**

The issuance of the Bonds is authorized by the provisions of (i) the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session (the "2007 Act"); (ii) Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session, and Chapter 732 of the Acts of the General Assembly of the Commonwealth of Virginia, 2016 Regular Session (collectively, the "Appropriation

Acts”); (iii) Chapters 830 and 868 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session (the “2011 Amendments”); (iv) Chapter 854 of the Acts of the General Assembly of the Commonwealth of Virginia, 2018 Regular Session (the “2018 Amendments” and, together with the 2011 Amendments, the 2007 Act and the Appropriations Acts, the “Capital Projects Revenue Bond Act”); (v) the Transportation Development and Revenue Bond Act, §§ 33.2-1700 et seq. of the Virginia Code (the “State Revenue Bond Act”); and (vi) resolutions adopted by the Transportation Board on June 17, 2020 and December 8, 2021 (collectively, the “Resolution”). The Bonds are being issued pursuant to a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented and amended (the “Master Indenture”) and as further supplemented by a Tenth Supplemental Indenture of Trust dated as of February 1, 2022 (the “Tenth Supplemental Indenture” and collectively, with the Master Indenture, the “Indenture”), each between the Transportation Board and Wells Fargo Bank, National Association, Philadelphia, Pennsylvania, as trustee for the Bonds (the “Trustee”).

The Bonds are secured by and payable from revenues, receipts and funds as follows: (i) from the revenues deposited into the Priority Transportation Fund established pursuant to Section 33.2-1527 of the Virginia Code (the “Priority Transportation Fund”), which is a part of the Transportation Trust Fund, established pursuant to § 33.2-1524.1 of the Virginia Code (the “Transportation Trust Fund”), (ii) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund, and (iii) to the extent required, from any other legally available funds. In addition, the Bonds are secured by and payable from moneys held in certain funds established under the Indenture.

### **Bid Specifications**

No bid for other than all of the Bonds will be considered. All bids must be unconditional. Each proposal for the Bonds must specify the amount bid for such Bonds not less than 100% of the par value of the aggregate principal amount of the Bonds based on the Revised Amounts as described below. Bidders are invited to name the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named, provided that (a) the difference between the highest interest rate and the lowest interest rate in each series of bonds shall not exceed 400 basis points and (b) no interest rate may exceed 5.00%. Each bidder must specify in its bid a single rate for each maturity of the Bonds. No Bond of any maturity may be reoffered at a price less than 95% of the principal amount of such Bond.

### **Electronic Bidding and Bidding Procedures**

*Registration to Bid.* All prospective electronic bidders must be contracted customers of *PARITY*®. If you do not have a contract with *PARITY*®, call (212) 849-5021 to become a customer. By submitting a bid for the Bonds a prospective bidder represents and warrants to the Transportation Board that the bidder has an established industry reputation for underwriting new issuances of municipal bonds and that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with earlier information provided by *PARITY*® as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about *PARITY*®, including any fee charged, may be obtained from *PARITY*® at (212) 849-5021.

*Disclaimer.* Each prospective bidder shall be solely responsible to register to bid via *PARITY*®. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Transportation Board nor *PARITY*® shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Transportation Board nor *PARITY*® shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by *PARITY*®. The Transportation Board is using *PARITY*® as a communication mechanism, and not as the Transportation Board's agent, to conduct the electronic bidding for the Bonds. The Transportation Board is not bound by any advice and determination of *PARITY*® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the “Bid Specifications” hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via *PARITY*® are the sole responsibility of the bidders; and the Transportation Board is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or

submitting, modifying or withdrawing a bid for the Bonds, it should telephone *PARITY*® and notify the Chief Financial Officer of the Virginia Department of Transportation by telephone at (804) 786-3096.

*Bidding Procedures.* Bids submitted electronically for the purchase of the Bonds (all or none) must be by means of the Commonwealth Transportation Board Bid Form (the “Bid Form”) via *PARITY*® by 10:30 a.m. (Eastern) on February 8, 2022, unless changed as described herein (see “Change of Date and Time for Receipt of Bids”). Prior to that time, a prospective bidder may input and save proposed terms of its bid in *PARITY*®. Once the final bid has been saved in *PARITY*®, the bidder may select the final bid button in *PARITY*® to submit the bid to *PARITY*®. Once the bids are communicated electronically via *PARITY*® to the Transportation Board, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY*® shall constitute the official time.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via *PARITY*®. No bid will be received after the time for receiving such bids specified above.

### **Good Faith Deposit**

A good faith deposit in the amount of \$\_\_\_\_\_ \* (the “Deposit”) is required in connection with the sale and bid for the Bonds. The Deposit shall be provided for by a federal funds wire transfer to be submitted to the Transportation Board by the successful bidder not later than 4:00 p.m. (Eastern) on the date of sale (the “Wire Transfer Deadline”) as set forth below under “Wire Transfers.” The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Transportation Board to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the respective bid, the proceeds thereof will be retained as and for full liquidated damages.

*Wire Transfers.* The Transportation Board will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the Transportation Board in its discretion without any financial liability of the Transportation Board to the successful bidder or any limitation whatsoever on the Transportation Board’s right to sell the Bonds to a different purchaser upon such terms and conditions as the Transportation Board shall deem appropriate.

### **Adjustments to Principal Amount**

*Changes Prior to Bidding.* The preliminary aggregate principal amount of the Bonds and the preliminary annual principal amounts as set forth in this Notice of Sale (the “Preliminary Aggregate Principal Amount” and the “Preliminary Annual Principal Amounts,” respectively; collectively, the “Preliminary Amounts”) may be revised before the opening of sealed bids for the purchase of the Bonds. Any such revisions (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” respectively; collectively, the “Revised Amounts”) WILL BE ANNOUNCED ON THOMSON MUNICIPAL MARKET MONITOR (“TM3”) (www.tm3.com) NOT LATER THAN 9:30 A.M. (EASTERN) ON ANY ANNOUNCED DATE FOR RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.

*Changes to the Winning Bid.* After selecting the winning bid, the Transportation Board will determine the final aggregate principal amount of the Bonds and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively; collectively, the “Final Amounts”). In determining the Final Amounts, the Transportation Board will not reduce or increase the Revised Aggregate Principal Amount by more than 15% of such amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES (AS HEREIN DEFINED) AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices (as defined below). The interest rate specified by the successful bidder for

each maturity as the Initial Reoffering Prices will not change. The Final Amounts and the adjusted bid price will be communicated to the successful bidder by 10:00 a.m. (Eastern) on the business day following the sale.

### **Basis of Award**

ALL BIDS SHALL REMAIN FIRM UNTIL 5:00 P.M. (EASTERN) ON THE DATE OF THE SALE. An award of the Bonds, if made, will be made by the Transportation Board by such time. Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the Transportation Board, based on the Revised Amounts described above. The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semi-annually, which, when applied against each combined semi-annual debt service payment (interest, or principal and interest, as due, including any mandatory sinking fund payment) for the Bonds, will equate the sum of such discounted semi-annual payments to the total purchase price. The true interest cost shall be calculated from the dated date of the Bonds. In case of a tie, the Transportation Board, at its sole discretion, may select the successful bidder. THE TRANSPORTATION BOARD RESERVES THE RIGHT TO WAIVE IRREGULARITIES IN ANY BID AND TO REJECT ANY OR ALL BIDS.

### **Establishment of Issue Price**

The Transportation Board expects and intends that the bid for the Bonds will satisfy the federal tax requirements for a qualified competitive sale of bonds, including, among other things, receipt of bids for the Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The Transportation Board will advise the successful bidder as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid or whether the bid fails to satisfy such requirements (a "Nonqualified Competitive Bid").

If the bid is a Qualified Competitive Bid, as promptly as possible after the bids are opened, the Transportation Board will notify the successful bidder, and such bidder, upon such notice, shall advise the Transportation Board within 30 minutes of the reasonably expected initial offering price to the public of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the Transportation Board information to establish the initial expected offering price for each maturity of the Bonds for federal income tax purposes by completing a certificate acceptable to Bond Counsel to the Transportation Board, on or before the date of issuance of the Bonds, substantially in the form set forth in Exhibit A to the Notice of Sale, with appropriate completions, amendments and attachments.

If the bid is a Nonqualified Competitive Bid, as promptly as possible after the bids are opened, the Transportation Board will notify the successful bidder, and such bidder, upon such notice, shall advise the Transportation Board within 30 minutes of the initial sale price or initial offering price to the public, as applicable, of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the Transportation Board information and assurances to establish the initial sale price or the initial offering price to the public, as applicable, for each maturity of the Bonds for federal income tax purposes by completing a certification acceptable to Bond Counsel in substantially the form set forth in Exhibit B to the Notice of Sale, with appropriate completions, omissions and attachments. It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices for certain maturities of the Bonds for up to five business days after the sale date, as further specified in the form of such certification.

### **Undertakings of the Successful Bidder**

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the Transportation Board in writing (via electronic transmission) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by electronic transmission or delivery received by the Transportation Board within 24 hours after notification of the award, furnish the following information to the Transportation Board to complete the Final Official Statement in final form (the "Final Official Statement"):

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the Initial Reoffering Prices).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.

- C. Any other material information that the Transportation Board determines is necessary to complete the Final Official Statement.

After the award of the Bonds, the Transportation Board will prepare copies of the Final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the Transportation Board will not include in the Final Official Statement a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the Transportation Board in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

The Transportation Board expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds, the Municipal Securities Rulemaking Board ("MSRB"). The successful bidder will be required to acknowledge receipt of such Final Official Statement, to certify that it has made delivery of the Final Official Statement to the MSRB and such repositories, to acknowledge that the Transportation Board expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

*It is the policy of the Commonwealth of Virginia pursuant to Executive Order 35 (2019) to ensure that small businesses and businesses owned by women and minorities receive every opportunity to compete for the Commonwealth's business. Following award of the Bonds, the Transportation Board requires that the winning bidder provide a listing of syndicate members noting any minority, women or disadvantaged business enterprises participating in the syndicate.*

#### **Bond Insurance**

In the event the successful bidder has on its own obtained a commitment for a municipal bond insurance policy or other credit enhancement, the Transportation Board shall indicate in the Final Official Statement those maturities that the successful bidder has informed the Transportation Board for which credit enhancement is being sought. The Transportation Board will also indicate within the Final Official Statement that further information concerning such potential credit enhancement may be obtained through the successful bidder. The Transportation Board will not include the identity of the potential credit enhancer or other information with respect to the potential credit enhancer in the Final Official Statement. In addition, the Transportation Board will not place a statement of insurance on the Bonds or provide such documentation, or make such covenants or arrangements, as would customarily be provided, made or arranged if the Transportation Board were to obtain a commitment for municipal bond insurance or other credit enhancement on its own.

If the successful bidder obtains a municipal bond insurance policy or other form of credit enhancement, at the same time it provides the initial reoffering prices and yields it shall advise the Transportation Board of the cost of such credit enhancement and whether it will provide to the Transportation Board, at or before the closing of the Bonds, a certificate prepared by McGuireWoods LLP, Richmond, Virginia ("Bond Counsel") to the effect that (i) the present value of the fees paid for such credit enhancement are less than the present value of the interest reasonably expected to be saved as a result of obtaining such credit enhancement, using the yield on the Bonds (determined with regard to the payments for such credit enhancement) as the discount factor for this purpose, and (ii) to the best of its knowledge, such fees were obtained in arm's length negotiations and do not exceed a reasonable charge for the transfer of credit risk. In addition, the successful bidder will cooperate with the Transportation Board and Bond Counsel to obtain the necessary certifications from the credit enhancement provider. Failure of the Bonds to be so insured or of any such policy to be issued shall not in any manner relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

#### **Delivery of Bonds; Closing Papers and Certificates**

The Bonds are expected to be delivered on or about February 23, 2022 (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS ANNOUNCED ON TM3 NOT LATER THAN 4:00 P.M. (EASTERN) ON ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) (the "Closing Date") through the facilities of DTC against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal Funds.

There will also be furnished the usual closing papers, including, among others, certificates signed by (1) the officials who signed the Bonds stating that no litigation of any kind is now pending or, to their information, knowledge

or belief, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued, or affecting the validity of the Bonds, and (2) appropriate Transportation Board or Commonwealth officials, respectively, relating to the Final Official Statement, as described in the Preliminary Official Statement under the section entitled "Certificate Concerning Official Statement".

It shall be a condition of closing that the foregoing items be delivered and that, as described below, Bond Counsel deliver its opinion in substantially the form set forth in an appendix to the Preliminary Official Statement. If the delivery of any such item fails to occur, the successful bidder shall be entitled to the return of its Deposit, the Transportation Board shall not be obligated to deliver the Bonds, and the successful bidder and the Transportation Board shall be relieved of their obligations to each other arising out of this Notice of Sale.

### **Legal Opinion**

The approving opinion of Bond Counsel, in substantially the form set forth in an appendix to the Preliminary Official Statement, will be furnished at no expense to the successful bidder. The Preliminary Official Statement contains a discussion of the effect of the Internal Revenue Code of 1986, as amended, on the excludability from gross income of interest on the Bonds and a discussion of Bond Counsel's opinion insofar as it concerns such tax status.

### **CUSIP Numbers**

Public Resources Advisory Group, municipal advisor to the Transportation Board, will timely apply for CUSIP numbers with respect to the Bonds as required by MSRB Rule G-34. The successful bidder will be responsible for the cost of assignment of such CUSIP numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but the Transportation Board will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds.

### **Official Statement**

The Preliminary Official Statement dated the date hereof and the information contained therein have been deemed final by the Transportation Board as of its date within the meaning of the Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Final Official Statement.

The Transportation Board, at its expense, will make available to the successful bidder a reasonable number of Final Official Statements, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom such bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperates in a timely manner in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the MSRB, including an obligation, if any, to update the Final Official Statement.

### **Continuing Disclosure**

Rule 15c2-12 prohibits an underwriter from purchasing or selling municipal securities, such as the Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" (hereinafter referred to as "MOPs") have committed to provide (i) on an annual basis, certain financial and operating data ("Annual Reports") and, if available, audited financial statements, to the MSRB via EMMA, as described in 1934 Act Release No. 59062 and (ii) notice of the events described in Rule 15c2-12 ("Event Notices"), to the MSRB via EMMA.

The Transportation Board will covenant, in a Continuing Disclosure Agreement in substantially the form provided in an appendix to the Preliminary Official Statement, for the benefit of the holders of the Bonds, to provide to the MSRB via EMMA Annual Reports with respect to itself, as issuer. Similarly, the Transportation Board will provide Event Notices to the MSRB via EMMA.

The continuing disclosure undertaking of the Commonwealth, which the Transportation Board has determined to be a MOP for purposes of Rule 15c2-12, will be evidenced by a Continuing Disclosure Agreement in substantially the form set forth in an appendix to the Preliminary Official Statement, for the benefit of the holders of the Bonds, to be executed and delivered prior to the delivery of the Bonds, pursuant to which the Commonwealth also will provide Annual Reports and Event Notices solely with respect to rating changes affecting the Commonwealth's general obligation bonds.

#### **Change of Date and Time for Receipts of Bids**

The Transportation Board expects to take bids on the Bonds on February 8, 2022 at 10:30 a.m. (Eastern). However, the Transportation Board reserves the right to change the date and time established for the receipt of bids, and will undertake to notify potential bidders of such changes in the date or time for the receipt of bids. Prospective bidders may request notification by e-mail of any such change by so advising, and furnishing their emails to, Public Resources Advisory Group, Inc. at (212) 566-7800 by Noon, (Eastern), two days prior to the date fixed for the receipt of bids.

A change of the bid date will be announced via TM3 not later than 9:30 a.m. (Eastern), on any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 at least 20 hours prior to such alternative date and time for receipt of bids.

On any such alternative sale date and time, the Transportation Board will accept bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time of sale and any other changes announced by TM3 at the time the sale date and time are announced. In addition, the Transportation Board reserves the right to make changes to this Notice of Sale. Such changes will be announced on TM3.

#### **Additional Information**

For further information relating to the Bonds, reference is made to the Preliminary Official Statement, dated the date hereof, prepared for and authorized by the Transportation Board. The Preliminary Official Statement may be obtained from the undersigned at the Commonwealth Transportation Board, 1401 East Broad Street, Richmond, VA 23219 (telephone (804) 786-3096) or from the financial advisor, Public Resources Advisory Group, Inc., 39 Broadway, Suite 1210, New York, NY 10006 (telephone (212) 566-7800).

Dated: January \_\_, 2022

Commonwealth Transportation Board  
By: Shannon Valentine, Chairperson



**Exhibit A To Notice of Sale - Series 2022**

**Form of Issue Price Certificate  
For Qualified Competitive Sale**

**Commonwealth Transportation Board  
\$ \_\_\_\_\_  
Commonwealth of Virginia  
Transportation Capital Projects Revenue and Refunding Bonds  
Series 2022**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the “Initial Purchaser”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Initial Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Initial Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Initial Purchaser to purchase the Bonds.

(b) The Initial Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Initial Purchaser constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) “*Issuer*” means the Commonwealth Transportation Board.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) “*Sale Date*” means the date that the Bonds are awarded by the Issuer to the successful bidder. The Sale Date of the Bonds is [DATE].

(e) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described

in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Initial Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McGuireWoods LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[INITIAL PURCHASER]

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

Dated: [ISSUE DATE]

**[SCHEDULE A]**

**[EXPECTED INITIAL OFFERING PRICES OF THE BONDS]**

(To Be Attached)

**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

(To Be Attached)

**Exhibit B To Notice of Sale - Series 2022**

**Form of Issue Price Certificate  
For Nonqualified Competitive Sale**

**Commonwealth Transportation Board**  
\$ \_\_\_\_\_  
**Commonwealth of Virginia**  
**Transportation Capital Projects Revenue and Refunding Bonds**  
**Series 2022**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the “Initial Purchaser”) [and other Underwriters, as defined below], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which 10% of such Maturity was sold by the Initial Purchaser to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Initial Purchaser offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, the Initial Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to the foregoing, no Underwriter has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) “*General Rule Maturities*” means those Maturities of the Bonds shown in Schedule A hereto as the “General Rule Maturities.”

(b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Initial Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “*Issuer*” means the Commonwealth Transportation Board.

(e) “*Maturity*” means Bonds with the same credit and payment terms and maturity date. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) “*Sale Date*” means the date that the Bonds are awarded by the Issuer to the successful bidder. The Sale Date of the Bonds is [DATE].

(h) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Initial Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McGuireWoods LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[INITIAL PURCHASER]

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

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

**[SCHEDULE A]**

**[Sale Prices of the General Rule Maturities]**

**[Initial Offering Prices of the Hold-The Offering-Price Maturities]**

(To Be Attached)

**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

(To Be Attached)



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Shannon Valentine  
Chairperson

1401 East Broad Street  
Richmond, Virginia 23219

(804) 786-2701  
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*Agenda item # 6*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**June 17, 2020**

#### **MOTION**

**Made By: Ms. Hynes, Seconded By: Mr. Yates  
Action: Motion Carried, Unanimously**

#### **AUTHORIZING THE ISSUANCE AND SALE OF REVENUE REFUNDING BONDS**

**WHEREAS**, Section 33.2-1727 of the Code of Virginia of 1950, as amended (the "Virginia Code"), authorizes the Commonwealth Transportation Board (the "Board") to issue revenue refunding bonds to refund any revenue bonds issued pursuant to the State Revenue Bond Act, Sections 33.2-1700 et seq. of the Virginia Code (the "Act"); and

**WHEREAS**, the Board proposes to authorize the issuance of one or more series of revenue refunding bonds (the "Bonds") to refund, redeem and/or defease some or all of the revenue bonds, notes or other obligations previously issued by the Board (the "Outstanding Bonds");

**NOW THEREFORE, BE IT RESOLVED BY THE COMMONWEALTH TRANSPORTATION BOARD:**

**1. Authorization of Bonds.** The Board determines that it is in the best interest of the Commonwealth to authorize the issuance of Bonds to refund, redeem and/or defease some or all of the Outstanding Bonds pursuant to the criteria set forth in this Paragraph 1 (the Outstanding Bonds to be refunded, redeemed and/or defeased shall be referred to as the "Refunded Bonds"). The Board authorizes the issuance and sale of the Bonds in one or more series from time to time, pursuant to the following terms and conditions: (a) the minimum debt service savings threshold for any series of Bonds shall be (i) no less than three percent (3%) savings on a present value basis compared to the existing debt service on the Refunded Bonds or (ii) such other threshold as may be approved by the Treasury Board of the Commonwealth (the "Treasury Board"); and (b) the fiscal year in which occurs the final maturity date of the Bonds of any series shall be no later than the fiscal year in which occurs the final maturity date of the respective Refunded Bonds. The

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year in which occurs the final maturity date of the respective Refunded Bonds. The Chairperson of the Board (the "Chairperson"), in collaboration with the Board's financial advisor (the "Financial Advisor"), is authorized from time to time to (a) review the terms of the Outstanding Bonds, (b) determine which Outstanding Bonds may be refunded under the criteria set forth in this Paragraph 1 and (c) select the Refunded Bonds. For each Refunded Bond so selected, the Chairperson shall prepare a memorandum identifying the Refunded Bonds and setting forth the proposed terms and structure of the Bonds, including details demonstrating that the Bonds are expected to satisfy the criteria set forth in this Paragraph 1. Such memorandum shall be submitted to the Board and to the Treasury Board. The submission of such memorandum plus a copy of this Resolution shall constitute notice to the Treasury Board of the Board's intention to issue such Bonds.

**2. Limited Obligations.** The Bonds shall be limited obligations of the Board, payable from and secured by such revenues and property as were pledged to the respective Refunded Bonds, plus such funds or accounts as may be established and pledged for such purpose pursuant to the respective indenture, trust agreement or other authorizing document. Nothing in this Resolution or the Bonds shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof.

**3. Determination of Details of Bonds.** The Board authorizes the Chairperson, subject to the criteria set forth in Paragraph 1, to determine the details of the Bonds, including without limitation the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the reoffering prices.

**4. Sale of Bonds.** The Board authorizes the Chairperson to solicit and consider proposals for a negotiated sale of any series of Bonds and to negotiate the terms of such sale. The Chairperson is authorized to execute and deliver a purchase contract or agreement reflecting such proposal; provided that no such purchase contract or agreement may be executed prior to approval of the particular series of Bonds by resolution of the Treasury Board. Alternatively, if determined by the Chairperson to be in the best interest of the Commonwealth, the Chairperson is also authorized to sell any series of Bonds pursuant to a competitive sale and to prepare, publish and distribute a Notice of Sale in connection therewith; provided, however that no Notice of Sale authorized hereunder may be distributed prior to the approval of the particular series of Bonds by resolution of the Treasury Board.

**5. Preliminary Official Statement.** The Board authorizes the Chairperson, in collaboration with the staff of the Virginia Department of Transportation (the "Department") and the Financial Advisor, to prepare a Preliminary Official Statement (a "POS") in connection with the offering of each series of Bonds authorized hereunder. The Board authorizes the Chairperson to deem the POS to be final for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution

thereof; provided, however that no POS authorized hereunder may be distributed prior to approval of the particular series of Bonds by resolution of the Treasury Board.

**6. Official Statement.** The Board authorizes and directs the Chairperson, in collaboration with the Department staff, Bond Counsel and the Financial Advisor, to complete the POS as an official statement in final form (the "Official Statement") to reflect the provisions of the executed purchase contract or the winning bid, as appropriate, for the purchase and sale of each series of the Bonds. The Board authorizes the Chairperson to execute the Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of the Board and that it has been deemed final within the meaning of the Rule. The Board authorizes and directs the Department staff to arrange for delivery to the underwriters or winning bidders, as appropriate, within seven business days after the date thereof, of a sufficient number of copies of the Official Statement, for the underwriters or winning bidders to distribute copies to each potential investor requesting a copy and to each person to whom the underwriters or winning bidders initially sell Bonds. The Board authorizes and approves the distribution by the underwriters or winning bidders of the Official Statement as executed.

**7. Financing Documents.** The Board authorizes and directs the Chairperson to prepare and execute any supplemental or amendatory indentures or trust agreements, escrow agreements and any other documents necessary or desirable to effect the issuance of the particular series of Bonds and the refunding of the particular Refunded Bonds.

**8. Execution and Delivery of Bonds.** The Board authorizes and directs the Chairperson and the Secretary of the Board to have the Bonds prepared and to execute the Bonds in accordance with the respective indenture, trust agreement or other authorizing document executed in connection with the Bonds and/or the Refunded Bonds, to deliver them to the trustee for authentication if required and to cause the Bonds so executed and authenticated to be delivered to or for the account of the underwriters or winning bidders upon payment of the purchase price therefore, all in accordance with the executed purchase contract or notice of sale, as appropriate.

**9. Continuing Disclosure.** The Board covenants to undertake ongoing disclosure and to provide "annual financial information" and "material event notices" for the benefit of holders of Bonds issued hereunder, to assist the underwriters or the winning bidders, as appropriate, in complying with the Rule, including executing and delivering a Continuing Disclosure Agreement in connection with each issuance of Bonds hereunder. The Board authorizes and directs the Chairperson to execute the Continuing Disclosure Agreement in substantially the form previously provided in similar financings, with such completions, omissions, insertions and changes as the Chairperson may approve. The Chief Financial Officer of the Department may be designated as the Dissemination Agent under any Continuing Disclosure Agreement executed hereunder.

**10. Authorization of Further Action.** The Board authorizes the Department staff (a) to request the Treasury Board to approve the terms and structure of the Bonds

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authorized hereunder in accordance with Section 2.2-2416(7) of the Virginia Code and the Act, (b) to request the Governor of the Commonwealth to approve issuance of the Bonds authorized hereunder in accordance with the Act, (c) if determined by Department staff to be cost beneficial, to procure and negotiate a commitment for a bond insurer to issue municipal bond insurance with respect of some or all of the Bonds, and to execute such commitment together with any other documents related to such insurance, and (d) to procure and negotiate investments and investment contracts for any of the proceeds of the Bonds or the Refunded Bonds. The Board further authorizes the Chairperson to execute and deliver all documents and certificates and to take all such further action as the Chairperson may consider necessary or desirable in connection with the issuance and sale of the Bonds authorized hereunder, including without limitation (a) the execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Bonds and Refunded Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the Treasury Regulations hereunder applicable to "arbitrage bonds" and (b) providing for the rebate of any "arbitrage rebate amounts" earned on investment of proceeds of the Bonds and Refunded Bonds to the United States. The Chairperson is further authorized to make on behalf of the Board such elections under the Tax Code and the applicable Treasury Regulations with respect to any series of the Bonds or any Refunded Bonds as the Chairperson may deem to be in the best interest of the Commonwealth in consultation with bond counsel to the Board and the Financial Advisor.

**11. Report of Chairperson.** Within sixty days following each date of issuance of Bonds, the Chairperson shall submit a written report to the Board (a) identifying the Refunded Bonds actually refunded, (b) describing the final terms and conditions of such Bonds and (c) demonstrating that each of the criteria set forth in Paragraph 1 above was satisfied with respect to such Bonds.

**12. Authorizations and Directions to Certain Officers.** Any authorization or direction to the Chairperson or the Secretary under this Resolution shall also be deemed to be an authorization or a direction to the Vice-Chairperson or an Assistant Secretary, respectively, the Commissioner of Highways, and any officer or employee of the Board or the Department designated for such purpose by the Chairperson or Secretary.

**13. Effective Date. Termination.** This Resolution shall be effective immediately. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2022.

####



## CTB Decision Brief

### THE ISSUANCE AND SALE OF REVENUE REFUNDING BONDS

**Issue:** Section 33.2-1727 of the Code of Virginia authorizes the Commonwealth Transportation Board (CTB) to issue revenue refunding bonds to refund any revenue bonds issued pursuant to the State Revenue Bond Act, Sections 33.2-1700 et seq. of the Virginia Code. Section 2.2-2416(7) of the Virginia Code, authorizes the Treasury Board to approve financing arrangements executed by state agencies, boards and authorities where the debt service on such financing arrangements are to be made from appropriations of the Commonwealth. With the CTB business meeting generally scheduled on the third Wednesday of each month, and the Treasury Board's meeting generally scheduled on the third Wednesday of each month, any potential refunding of CTB's bonds approved by the board will have to wait a month before it could be executed. The one month lag between CTB approval and the Treasury Board's approval entails the real possibility the anticipated savings might dissipate between board meetings.

**Draft Resolution:** The CTB draft resolution addresses this issue by authorizing the issuance and sale of revenue refunding bonds that achieve present value savings as set forth in the Treasury Board Debt Structuring and Issuance Guidelines or such other threshold as may be approved by the Treasury Board (Treasury Guidelines). The final maturity of the refunding bonds shall not exceed the final maturity on the bonds refunded, and the amortization of the bonds shall also be structured in accordance with the Treasury Guidelines. The resolution further authorizes VDOT staff (a) to request the Treasury Board to approve the terms and structure of the bonds in accordance with Section 2.2-2416(7) of the Code, and (b) to request the Governor to approve the issuance of the bonds. The draft resolution replaces the June 20, 2018 adopted resolution which had a sunset date of June 30, 2020. The authority to issue revenue refunding bonds pursuant to this resolution terminates on June 30, 2022.

**Recommendation:** VDOT recommends the adoption of the resolution Authorizing The Issuance And Sale of Revenue Refunding Bonds.

**Action Required by CTB:** Action on the resolution authorizing the issuance and sale of revenue refunding bonds.

**Result, if Approved:** The refunding resolution will allow the CTB to timely take advantage of potential refunding opportunities in the market, thereby lowering its cost of borrowing. The resolution will extend the CTB authorization relating to issuance and sale of revenue refunding bonds to June 30, 2022.

**Options:** Deferring Board action would hamper the CTB in achieving its stated goal of borrowing at the lowest cost possible.