



## COMMONWEALTH of VIRGINIA

### *Commonwealth Transportation Board*

Shannon Valentine  
Chairperson

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*Agenda item # 4*

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

**May 19, 2021**

#### **MOTION**

**Made By:** Dr. Smoot, **Seconded By:** Mr. Malbon

**Action: Motion Carried, Unanimously**

#### **AUTHORIZING THE ISSUANCE AND SALE OF COMMONWEALTH OF VIRGINIA I-81 PROGRAM REVENUE BONDS, SERIES 2021 TO BE ISSUED AS THE INTIAL SERIES OF BONDS UNDER A MASTER INDENTURE OF TRUST HEREIN AUTHORIZED, AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND UNDERTAKINGS IN CONNECTION WITH SUCH ISSUANCE AND SALE**

**WHEREAS**, pursuant to the Transportation Development and Revenue Bond Act (the “State Transportation 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 its 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 Interstate 81 Corridor Bond Act of 2020, enactment item 15 of Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Reconvened Session (the “ I-81 Bond Act”), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Transportation Revenue Bond Act, revenue obligations of the Commonwealth of Virginia (the “Commonwealth”) to be designated “Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series . . .” (the “Bonds”) at one or more times in an aggregate principal amount not to exceed \$1 billion, after all costs, excluding refunding bonds and excluding pre-project completion interest convertible to principal associated with certain federal programs of the U.S. Department of Transportation;

**WHEREAS**, the Board is required pursuant to the I-81 Bond Act to use proceeds of any Bonds, including any premium received on the sale thereof, for the exclusive purpose of paying costs incurred or to be incurred in relation to the Interstate 81 Corridor Improvement Plan and the Interstate 81 Corridor Improvement Program, as such terms are defined in Section 33.2-3600 of the Virginia Code, which costs include financing and issuance expenses;

**WHEREAS**, Section 33.2-3601 of the Virginia Code creates the Interstate 81 Corridor Improvement Fund (the "I-81 Fund") in the state treasury as a special non-reverting fund which shall be established on the books of the Comptroller of the Commonwealth and provides that all revenues dedicated to the I-81 Fund pursuant to Sections 33.2-372 and 58.1-2299.20 of the Virginia Code, any other funds that may be appropriated by the General Assembly, and any funds that may otherwise be received for credit to the I-81 Fund from any other sources shall be paid into the state treasury and credited to the I-81 Fund;

**WHEREAS**, Section 11 of the I-81 Bond Act requires the Board to establish a fund either in the state treasury with the cooperation of the State Treasurer or with a trustee in accordance with the provisions of Section 33.2-1716 of the State Transportation Revenue Bond Act to secure and be used for the payment of the Bonds to the credit of which there shall be deposited such amounts, subject to appropriation by the General Assembly, necessary to pay principal, purchase price, redemption premium, if any, and interest on the Bonds, as and when such costs become due and payable; provided that such costs shall be paid from the revenues deposited into the I-81 Fund pursuant to Section 58.1-2299.20 of the Virginia Code from the receipt of regional fuels tax levied pursuant to Section 58.1-2295 of the Virginia Code;

**WHEREAS**, Section 12 of the I-81 Bond Act permits the Board, in connection with the issuance or planned issuance of any Bonds, to pay any necessary and appropriate support costs, including debt service or deposits to reserve funds from the revenues deposited into the I-81 Fund pursuant to Section 58.1-2299.20 of the Virginia Code from the receipt of regional fuels tax levied pursuant to Section 58.1-2295 of the Virginia Code;

**WHEREAS**, Section 10 of the I-81 Bond Act permits the Board to receive other funds that may be made available to pay project costs and, subject to appropriation by the General Assembly, to make such funds available for the payment of the principal, purchase price, redemption premium, if any, and interest on Bonds authorized under the I-81 Bond Act;

**WHEREAS**, the Board has determined that it is in the best interests of the Commonwealth and the Board for the Board to issue Bonds for the purposes authorized under and in accordance with the provisions of the I-81 Bond Act, and in furtherance of such issuance the Virginia Department of Transportation (the "Department") has prepared, at the direction of the Board, a Master Indenture ("Master Indenture") between the Board and a trustee to be selected (the "Trustee") to provide for issuance of Bonds from time to time in one or more series pursuant to one or more supplemental indentures of trust containing the specific terms and details relating to the particular series of Bonds to be issued;

**WHEREAS**, the I-81 Bond Act authorizes the Board to enter into agreements with any department or agency of the Commonwealth to make appropriated funds available to pay debt service and other funding requirements for the Bonds, and the Board has determined that it is in the best interests of the Commonwealth of Virginia and the Board to enter into a Payment Agreement between the Board, the Secretary of Finance of the Commonwealth and the Treasury Board of the Commonwealth (the "Payment Agreement"), to establish a process for the seeking of appropriations from the General Assembly and the payment of appropriated funds to provide for payment of funding requirements under the Master Indenture, including payment of the debt service on the Bonds and other obligations issued from time to time under the Master Indenture, which Payment Agreement has been prepared by the Department at the direction of the Board;

**WHEREAS**, substantially final forms of the Master Indenture and Payment Agreement have been presented at this meeting and shall be filed with the records of the Board;

**WHEREAS**, the Board wishes to authorize the initial issuance of one or more series of Bonds under the Master Indenture to be known as the "Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds," with one or more series designations, as appropriate (the "2021 Bonds"); and

**WHEREAS**, in addition to the Master Indenture and the Payment Agreement, the following documents that provide for the issuance of the 2021 Bonds, which shall be filed with the records of the Board, have been prepared by Bond Counsel and the staff of the Department at the direction of the Board and have been presented at this meeting in substantially final form:

- (1) a First Supplemental Indenture of Trust (the "First Supplement," together with the Master Indenture, the "Indenture"), between the Board and the Trustee, providing for the terms and structure of the 2021 Bonds;
- (2) a Preliminary Official Statement of the Board relating to the offering for sale of the 2021 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 2021 Bonds (the "Continuing Disclosure Agreement").

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

**1. Authorization of the Master Indenture and Payment Agreement.** The Board hereby determines that it is in the best interests of the Commonwealth and the Board for the Board to enter into the Master Indenture to provide for the issuance of Bonds and other obligations from time to time thereunder and to enter into the Payment Agreement to establish the process for seeking appropriations and providing for payment of the Bonds and other obligations to be issued from time to time under the Master Indenture. The Board approves the Master Indenture and Payment Agreement in the substantially final forms presented at this meeting. The Board

authorizes and directs the Chairperson of the Board (the "Chairperson") to prepare, execute, and deliver the final form of the Master Indenture and the final form of the Payment Agreement with such completions, omissions, insertions, and changes as are necessary or desirable to provide for the issuance and sale of the Bonds from time to time. Such documents shall be dated the first day of the month in which the initial series of Bonds are issued under the Master Indenture or such other date as the Chairperson may approve. Execution and delivery of the Master Indenture and Payment Agreement shall constitute conclusive evidence of the approval of such documents by the Chairperson on behalf of the Board.

**2. Authorization of the 2021 Bonds.** The Board hereby determines that it is in the best interests of the Commonwealth and the Board for the Board (i) to enter into the First Supplement to provide for the issuance of the 2021 Bonds, (ii) to issue the 2021 Bonds for the purposes authorized under and in accordance with the provisions of the I-81 Bond Act and the Indenture and (iii) to sell the 2021 Bonds. The aggregate principal amount of the 2021 Bonds shall not exceed \$110,000,000, the final maturity date of the 2021 Bonds shall not exceed 36 years from their date of issuance, and the aggregate true interest cost of the 2021 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 General Assembly. The Board expects the debt service payments to be made from appropriations by the General Assembly of funds comprised of the revenues derived from the aforementioned regional fuels tax.

**3. Limited Obligations.** The 2021 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 2021 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.

**4. Determination of Details of the 2021 Bonds.** The Board authorizes the Chairperson of the Board (the "Chairperson"), subject to the criteria set forth in paragraph 2 of this Resolution, to determine the details of the 2021 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.

**5. Sale of the 2021 Bonds.** The Board has determined, in consultation with the Department and the Board's financial advisor (the "Financial Advisor"), that because the 2021 Bonds will be the initial series of Bonds issued under the Indenture it is in the best interests of the Commonwealth to issue and sell the bonds through a negotiated arrangement with one or more underwriters. The Board authorizes the Chairperson to solicit and consider proposals for a negotiated sale of the 2021 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 2021 Bonds by resolution of the Treasury Board. Alternatively, if

determined, in consultation with the Department and the Financial Advisor, that it is in the best interests of the Commonwealth to issue and sell the 2021 Bonds pursuant to a competitive sale, the Chairperson is authorized to sell the 2021 Bonds in such manner 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 2021 Bonds by resolution of the Treasury Board. In addition to the authorization provided to the Chairperson, the Board authorizes the Chief Financial Officer of the Department and the Director, Budget and Funds Management Division (either of whom may act) to execute a purchase contract for the 2021 Bonds (if the 2021 Bonds are sold by negotiated sale) and to effect the Chairperson's award of the 2021 Bonds (if the 2021 Bonds are sold by competitive bid).

**6. Preliminary Official Statement.** The Board approves the Preliminary Official Statement in the substantially final form presented at this meeting. The Board authorizes and directs the Chairperson, in collaboration with the staff of the Department and 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 2021 Bonds, as the Chairperson may approve. The Chairperson is further authorized, in connection with the preparation of the final form of the Preliminary Official Statement, to determine, in collaboration with the staff of the Department, the Financial Advisor and Bond Counsel, and in consultation with other offices and departments of the Commonwealth, including the Department of the Treasury and the Secretary of Finance, whether the inclusion of audited financial statements of the Commonwealth as an appendix to the Preliminary Official Statement is necessary or appropriate for the issuance and sale of the 2021 Bonds. 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 2021 Bonds by resolution of the Treasury Board.

**7. 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 2021 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 underwriters or winning bidders to distribute to each potential investor requesting a copy and to each person to whom the underwriters or winning bidders initially sell the 2021 Bonds. The Board authorizes and approves the distribution by the underwriters or winning bidders of the Official Statement as executed by the Chairperson.

**8. First Supplement.** The Board approves the First Supplement in its substantially final form presented at this meeting. The Board authorizes and directs the Chairperson to prepare, execute, and deliver the final form of the First Supplement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2021 Bonds, including without limitation changes to the dated dates thereof, as the Chairperson may approve. Execution and delivery of the First Supplement shall constitute conclusive evidence of the approval of such documents by the Chairperson on behalf of the Board.

**9. Execution and Delivery of the 2021 Bonds.** The Board authorizes and directs the Chairperson and the Secretary of the Board (the "Secretary") to have the 2021 Bonds prepared and to execute the 2021 Bonds in accordance with the Indenture, to deliver the 2021 Bonds to the Trustee for authentication, and to cause the 2021 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 2021 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 2021 Bonds shall constitute conclusive evidence of the approval of the 2021 Bonds by the Chairperson and the Secretary on behalf of the Board.

**10. Continuing Disclosure.** The Board approves the Continuing Disclosure Agreement in the substantially final 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 2021 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 2021 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.

**11. Authorization of Further Action.** The Board authorizes Department staff (i) to request the Treasury Board to approve the terms and structure of the 2021 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 2021 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 2021 Bonds and to execute such contract, together with any other documents related to such credit facility, (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 2021 Bonds and (v) to solicit bids for and select a qualified entity to serve as Trustee under the Master Indenture and any and all supplemental indentures, and to execute and deliver all documents and agreements required in connection with such solicitation and selection. 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 2021 Bonds, including, without limitation, execution and delivery of a document (i) setting forth the expected application and investment of the proceeds of the 2021 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 2021 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 2021 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. The Board authorizes the Department and staff to make application to the U.S. Department of Transportation and other federal agencies to seek and apply for additional funding sources for the Interstate 81 Corridor Improvement Program in furtherance of the Interstate 81 Corridor Improvement Plan; provided, however no such funding may be obtained without the approval of the Board by subsequent resolution, and the authorization provided by this sentence shall survive the termination of this Resolution.

**12. Official Intent; Reimbursement.** The Board declares its intent and reasonable expectation to reimburse all or a portion of the expenditures paid by the Department related to the Interstate 81 Corridor Improvement Plan and the Interstate 81 Corridor Improvement Program with proceeds of the 2021 Bonds. This Resolution constitutes a declaration of "official intent" under Treasury Regulations Section 1.150-2, promulgated under the Tax Code.

**13. 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.

**14. Effective Date.** This Resolution shall be effective immediately and shall remain in force for a period of one year after adoption.

###

NEW ISSUE  
BOOK-ENTRY ONLY

**Ratings:**  
Moody's:  
Standard & Poor's:  
(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 or on behalf of the Transportation Board, interest on the Series 2021 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 preference item 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.*

## Commonwealth Transportation Board

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

### Commonwealth of Virginia

### Interstate 81 Corridor Program Revenue Bonds (Senior Lien), Series 2021

**Dated: Date of Delivery**

**Due: \_\_\_\_\_ (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 Series 2021 Bonds (the "Series 2021 Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 2021 Bonds, a prospective investor should read this Official Statement in its entirety.

#### **Security**

The Series 2021 Bonds are limited obligations of the Commonwealth of Virginia and the Transportation Board, secured by and payable solely from the revenues appropriated for such purpose by the General Assembly of the Commonwealth of Virginia and pledged by the Transportation Board for such purpose under the Master Indenture (defined herein). The Series 2021 Bonds do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or any of its political subdivisions. The pledged revenues consist of amounts credited by the Commonwealth of Virginia (the "Commonwealth") to the I-81 Fund (herein defined) from receipts derived from the I-81 Regional Fuels Tax (herein defined). The I-81 Fund is a non-reverting fund held by the State Treasurer and recorded on the books of the Comptroller of Virginia. The I-81 Regional Fuels Tax consists of revenues generated by an additional wholesale motor vehicle fuels sales tax on transactions occurring in the I-81 Regional Fuels Tax Localities (herein defined) at a rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021 ("I-81 Regional Fuels Tax Revenues"). The availability of I-81 Regional Fuels Tax Revenues to pay the principal of and interest on the Series 2021 Bonds is subject to appropriation by the General Assembly of the Commonwealth. The General Assembly is under no obligation to make any such appropriation. The General Assembly may eliminate or change the I-81 Regional Fuels Tax at any time. Except for I-81 Regional Fuels Tax Revenues and funds and accounts established under the Master Indenture, no other revenues are expected to be available to pay the Series 2021 Bonds. The Series 2021 Bonds are the initial series of bonds issued under the Master Indenture. Additional bonds and other obligations secured on parity with the Series 2021 Bonds by the pledge of I-81 Regional Fuels Tax Revenues may be issued on the terms and conditions set forth in the Master Indenture. **See "INTRODUCTION," and "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS"** herein.

#### **Issued Pursuant to**

The Series 2021 Bonds will be issued pursuant to a Master Indenture of Trust dated as of \_\_\_\_\_1, 2021, and a First Supplemental Indenture of Trust dated as of \_\_\_\_\_1, 2021.

#### **Purpose**

The Series 2021 Bond proceeds are being used to pay (i) certain costs of certain eligible transportation projects contained in the I-81 Improvement Program (herein defined) in furtherance of the I-81 Improvement Plan (herein defined) and (ii) certain costs related to the issuance of the Series 2021 Bonds. See **"INTRODUCTION" and "APPLICATION OF PROCEEDS OF THE SERIES 2021 BONDS"** herein.

#### **Interest Rates/Yields**

See inside front cover.

#### **Interest Payment Dates**

\_\_\_\_\_ and \_\_\_\_\_, beginning \_\_\_\_\_, 202\_\_.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Series 2021 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 Series 2021 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.



***Denomination*** \$5,000 or multiples thereof.  
***Redemption*** See inside front cover and the section “**THE SERIES 2021 BONDS.**”  
***Closing/Delivery Date*** On or about \_\_\_\_\_, 2021.\*  
***Registration*** Book-entry only. See the section “**THE SERIES 2021 BONDS.**”  
***Trustee/Paying Agent*** *U.S. Bank, National Association*  
***Financial Advisor*** PFM Financial Advisors LLC, Arlington, Virginia.  
***Bond Counsel*** Kutak Rock LLP, Richmond, Virginia.

**BofA SECURITIES**

**WELLS FARGO SECURITIES**

Dated: \_\_\_\_ \_\_, 2021

**COMMONWEALTH TRANSPORTATION BOARD**

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

**Commonwealth of Virginia**

**Interstate 81 Corridor Program Revenue Bonds (Senior Lien), Series 2021**

(Base CUSIP<sup>†</sup> Number [\_\_\_\_\_])

<u>Maturity (____)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup> Suffix</u>
		%	%	

**Optional Redemption**

The Series 2021 Bonds maturing on or before \_\_\_\_\_, 203\_\_, will not be subject to optional redemption. The Series 2021 Bonds maturing on and after \_\_\_\_\_, 203\_\_, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after \_\_\_\_\_, 203\_, 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, if any.]

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\* Preliminary, subject to change

<sup>†</sup> See the last paragraph on page (ii) preceding the Table of Contents regarding the use of the CUSIP information in this Official Statement.

## **COMMONWEALTH TRANSPORTATION BOARD**

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

Stephen C. Brich	W. Sheppard Miller, III
Carlos M. Brown	Jennifer Mitchell
Bert Dodson, Jr.	Cedric Bernard Rucker
Mary H. Hynes	Raymond D. Smoot, Jr.
Stephen A. Johnsen	Jerry L. Stinson
E. Scott Kasprowicz	Marty Williams
John Malbon	Greg Yates
Mark H. Merrill	

## **VIRGINIA DEPARTMENT OF TRANSPORTATION**

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

## **OFFICE OF THE ATTORNEY GENERAL**

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

## **TRUSTEE**

U.S. Bank, National Association  
Richmond, Virginia

## **BOND COUNSEL**

Kutak Rock LLP  
Richmond, Virginia

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Arlington, Virginia

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The Series 2021 Bonds are exempt from registration under the Securities Act of 1933, as amended. The Series 2021 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 Series 2021 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 Series 2021 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.

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements contained in this Official Statement, including the Appendices hereto, reflect not historical facts but forecasts, projections and “forward-looking statements.” No assurance can be given that the future results discussed in certain sections of this Official Statement will be achieved and actual results may differ materially from the forecasts and projections contained herein. In this respect, words such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “intend,” “believe,” “budget” or words of similar import are intended to identify forward-looking statements. A number of factors could cause actual results to differ materially from those stated in the forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. Such forward-looking statements include, among others, certain of the information under the captions **“APPLICATION OF PROCEEDS OF THE SERIES 2021 BONDS,” “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS,” “INTERSTATE 81 CORRIDOR IMPROVEMENT PLAN AND PROGRAM,” “POTENTIAL IMPACT OF COVID-19 ON I-81 REGIONAL FUELS TAX REVENUES,” and “INVESTMENT CONSIDERATIONS.”** All statements in this Official Statement, including forward-looking statements, speak only as of the date they are made, and the Transportation Board and the Underwriters disclaim any obligation to update any of the forward-looking statements contained herein to reflect future events or developments.

The achievement of certain results or other expectations contained in or implied by such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Transportation Board does not plan to issue updates or revisions to those forward-looking statements if or when its expectations change or events, conditions or circumstances on which such statements are based occur or fail to occur.

Any references to website addresses presented 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 offering document for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12, as amended.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Third parties may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2021 Bonds, including transactions to (i) overallocate in arranging the sales of the Series 2021 Bonds, and (ii) make purchases and sales of Series 2021 Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner beyond the control of the Transportation Board. 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 “plan,” “expect,” “estimate,” “project,” “anticipate,” “intend,” “believe,” “budget,” 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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A registered trademark of the American Bankers Association (the “ABA”) is 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 Series 2021 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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**Commonwealth Transportation Board**  
\$ \_\_\_\_\_\*  
**Commonwealth of Virginia**  
**Interstate 81 Corridor Program Revenue Bonds (Senior Lien), Series 2021**

**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 Interstate 81 Corridor Program Revenue Bonds (Senior Lien), Series 2021 (the “Series 2021 Bonds”).

This information speaks as of its date and is not intended to indicate future or continuing trends related to the Commonwealth or the Transportation Board affecting I-81 Regional Fuels Tax Revenues (herein defined) to be credited to the I-81 Corridor Improvement Fund and applied to the payment of debt service on the Series 2021 Bonds, subject to appropriation by the Virginia General Assembly (the “General Assembly”), as described herein. The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices hereto, reference to which is hereby made for all purposes.

Unless otherwise defined in this Official Statement, all capitalized terms shall have the meanings as set forth in **Appendix A – “DEFINITIONS AND SUMMARIES OF THE MASTER AND THE FIRST SUPPLEMENTAL INDENTURES.”**

*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.*

**Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement, including the Appendices hereto, constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “intend,” “believe,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that actual results will meet the Transportation Board’s forecasts in any way, regardless of any level of optimism communicated in this Official Statement, including the Appendices hereto. The Transportation Board will not issue any updates or revisions to forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, change.

**Investment Considerations**

The Series 2021 Bonds are the initial series of bonds issued under the Master Indenture for a new financing program established by the Transportation Board to fund improvements along Interstate 81. Payment of the Series 2021 Bonds and other obligations issued under the Master Indenture will be limited solely to I-81 Regional Fuels Tax Revenues (herein defined) collected within a limited number of localities in the Commonwealth. Such revenues are collected from a regional fuels tax imposed by the Commonwealth beginning in Fiscal Year 2020. Payment of the I-81 Regional Fuels Tax Revenues to pay debt service on the 2021 Bonds is subject to appropriation by the General Assembly of the Commonwealth for such purpose. Accordingly, investors are encouraged to review the information under the heading “**INVESTMENT CONSIDERATIONS**” herein which sets forth certain risks associated with the purchase of the Series 2021 Bonds.

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\* Preliminary, subject to change

## **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 others, allocating funds from various sources to fund transportation needs, and developing a plan and providing for the acquisition, construction and equipping of improvements for Interstate highway 81 within the Commonwealth. See “**COMMONWEALTH TRANSPORTATION BOARD, VIRGINIA DEPARTMENT OF TRANSPORTATION, AND VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION**” herein.

## **The I-81 Corridor Improvement Fund and the I-81 Corridor Regional Fuels Tax**

The I-81 Corridor Improvement Fund (the “I-81 Fund”) is a special non-reverting fund held in the Virginia state treasury and established on the books of the Comptroller of the Commonwealth. Moneys in the I-81 Fund shall be used only for capital, operating, and other improvement costs identified in the I-81 Corridor Improvement Plan (the “I-81 Plan”). Funding for the I-81 Fund is derived from two sources: Interstate Operations and Enhancement Program Revenues pursuant to Virginia Code Section 33.2-372 and an additional fuels tax imposed by Virginia Code Section 58.1-2299.20(D) on certain localities in the Commonwealth along the Interstate 81 corridor (the “I-81 Regional Fuels Tax”). See “**INTERSTATE 81 CORRIDOR IMPROVEMENT FUND**” herein. *Revenues derived from the I-81 Regional Fuels Tax are expected to be the sole source of revenue for payment of the Series 2021 Bonds and any additional I-81 Program Revenue Bonds.*

While the I-81 Bond Act (herein defined) provides authorization for other funds to be made available for payment of the Series 2021 Bonds to the extent appropriated by the General Assembly for such purpose, revenues derived from the I-81 Regional Fuels Tax are the only source of funds specifically designated in the I-81 Bond Act for the payment of debt service and other funding requirements related to I-81 Program Revenue Bonds, including the Series 2021 Bonds. Accordingly, other than I-81 Regional Fuels Tax Revenues and the funds and accounts established under the Master Indenture, the Transportation Board has no present expectation that other funds will be made available and appropriated by the General Assembly for payment of the Series 2021 Bonds.

## **The Series 2021 Bonds**

The issuance of the Series 2021 Bonds is authorized by the provisions of (i) the Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020, enactment clause 15 of Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Reconvened Session (the “I-81 Bond Act”); (ii) the Transportation Development and Revenue Bond Act, § 33.2-1700 *et seq.* of the Virginia Code (the “State Revenue Bond Act”); and (iii) a resolution adopted by the Transportation Board on May \_\_\_\_\_ 2021 (the “Resolution”). The Series 2021 Bonds are being issued pursuant to a Master Indenture of Trust dated as of \_\_\_\_ 1, 2021 (the “Master Indenture”), as supplemented by the First Supplemental Indenture of Trust dated as of \_\_\_\_ 1, 2021 (the “First Supplemental Indenture” and collectively, with the Master Indenture, the “Indenture”), each between the Transportation Board and U.S. Bank, National Association, as trustee (the “Trustee”).

The Series 2021 Bonds are the first series of bonds issued by the Transportation Board under the I-81 Bond Act and the Master Indenture. The Series 2021 Bonds and any additional bonds issued in the future under the Master Indenture are referred to collectively as the “I-81 Program Revenue Bonds”. See “**INTERSTATE 81 PROGRAM REVENUE BONDS**” herein.

## **Purpose of the Series 2021 Bonds**

The Transportation Board is required pursuant to the I-81 Bond Act to use proceeds of the Series 2021 Bonds, including any premium received on the sale thereof, for the exclusive purpose of costs incurred or to be incurred in relation to the I-81 Improvement Plan and the I-81 Improvement Program (the “Projects”) and certain support costs related to the issuance of the Series 2021 Bonds, including the funding of reserves, if any, and the payment of issuance costs. Pursuant to the First Supplemental Indenture, the Transportation Board will deposit a portion of the proceeds of the Series 2021 Bonds into the Project Fund (herein defined) established pursuant to the Master Indenture. 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. See “**INTERSTATE 81 PROGRAM REVENUE BONDS**” and “**APPLICATION OF PROCEEDS OF THE SERIES 2021 BONDS**” *herein*.

### **Limited Obligations**

The Series 2021 Bonds are limited obligations of the Commonwealth and the Transportation Board, secured by and payable solely from the revenues appropriated for such purpose 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 appropriations.**

Specifically, the Series 2021 Bonds are secured by and payable from I-81 Regional Fuels Tax Revenues credited to the I-81 Fund (defined herein) after payment of any direct costs of administration incurred by the Virginia Department of Transportation (“VDOT”) and appropriated by the General Assembly for such purpose (the “Revenues”). In addition, the Series 2021 Bonds are payable from and secured by moneys held in certain funds established under the Indenture. See “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS**” AND “**I-81 CORRIDOR IMPROVEMENT FUND**” *herein*. While the I-81 Bond Act provides authorization for other funds to be made available to the Transportation Board for the payment of the Series 2021 Bonds to the extent appropriated by the General Assembly, the Transportation Board has no expectation that other funds will be made available for such purpose.

The Series 2021 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 Series 2021 Bonds when due, the Trustee and the owners of the Series 2021 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. Additionally, in the event of non-payment, the Trustee and the owners of the Series 2021 Bonds will have no right to accelerate payment on the Series 2021 Bonds.

### **Approval of Issuance of Series 2021 Bonds and Terms and Structure of Series 2021 Bonds**

Under the I-81 Bond Act, the consent of the Governor of the Commonwealth of Virginia (the “Governor”) and the Treasury Board of the Commonwealth (the “Treasury Board”) must be obtained prior to the issuance of I-81 Program Revenue Bonds, including the Series 2021 Bonds. In addition, § 2.2-2416(7) of the Virginia Code requires Treasury Board approval as 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 \_\_\_\_\_, 2021, the Treasury Board adopted a resolution approving the terms and structure of the Series 2021 Bonds within certain parameters and delegated to the State Treasurer of the Commonwealth (the “State Treasurer”) including the power to approve the final terms and structure of the Series 2021 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 Series 2021 Bonds. The Transportation Board expects to receive both in a timely manner.

## **INTERSTATE 81 PROGRAM REVENUE BONDS**

The I-81 Bond Act authorizes the Transportation Board to issue I-81 Program Revenue Bonds at one or more times in an aggregate principal amount not to exceed \$1 billion. For purposes of determining compliance with the limit (i) the principal amount of I-81 Program Revenue Bonds issued to pay issuance or financing expenses or costs (including any original issue discount) is disregarded; (ii) the principal amount of I-81 Program Revenue Bonds issued to refund any outstanding I-81 Program Revenue Bonds, including bond anticipation notes, is disregarded; and (iii) the amount of any pre-project completion interest converted to principal as permitted by certain federal programs of the U.S. Department of Transportation is disregarded. Additionally, pursuant to Section 2.2-5002.1 of the Virginia Code for tax-supported debt of the Commonwealth and any of its agencies, net original issue premium in excess of two percent (2%) of the principal amount of an obligation is required to be counted towards the principal amount of the obligation. Virginia Code Section 2.2-4903 defines tax-supported debt as debt for which the debt service payments are expected to be made, in whole or in part, from appropriations of the Commonwealth. As the I-81 Program Revenue Bonds are expected to be paid from I-81 Regional Fuels Tax Revenues appropriated by

the General Assembly of the Commonwealth, any net original issue premium on such bonds in excess of two percent will count against the \$1 billion limit.

The I-81 Bond Act provides that the Transportation Board shall use the proceeds of any I-81 Program Revenue Bonds, including any premium received on their sale for the exclusive purpose of paying costs incurred or to be incurred in relation to the I-81 Improvement Plan and the I-81 Improvement Program. Such costs may include, but are not limited to, environmental and engineering studies, acquisition of rights of way, improvements to any existing mode of transportation, acquisition of real and personal property, construction of new modes of transportation and improvements thereto, contributions to reserve funds, any financing expenses, interest on I-81 Program Revenue Bonds during and after the construction of transportation improvements, and for any purpose the Transportation Board deems necessary to implement the I-81 Improvement Plan and the I-81 Improvement Program.

For a summary of the Projects to be funded in whole or in part with I-81 Program Revenue Bonds, including the Series 2021 Bonds, see “**APPLICATION OF PROCEEDS OF THE SERIES 2021 BONDS – I-81 Corridor Projects**” herein and [Appendix \_\_\_\_ “**I-81 IMPROVEMENT PLAN EXECUTIVE SUMMARY AND I-81 IMPROVEMENT PLAN**”].

## **THE SERIES 2021 BONDS**

### **Description of the Series 2021 Bonds**

The Series 2021 Bonds will be issued as fully registered bonds in book-entry form. The Series 2021 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 \_\_\_\_ and \_\_\_\_\_, beginning \_\_\_\_\_, 2021, 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 Series 2021 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 Series 2021 Bonds is computed on the basis of a year of 360 days and twelve 30-day months. The record date for payments on \_\_\_\_\_ is the preceding \_\_\_\_ and the record date for payments on \_\_\_\_\_ is the preceding \_\_\_\_\_.

### **Optional Redemption**

The Series 2021 Bonds maturing on or before \_\_\_\_\_ 202\_, will not be subject to optional redemption. The Series 2021 Bonds maturing on and after \_\_\_\_\_ 203\_, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after \_\_\_\_\_ 203\_, 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]**

### **Selection of Series 2021 Bonds for Redemption**

If less than all of the Series 2021 Bonds are called for optional redemption, the maturities of the Series 2021 Bonds to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the Series 2021 Bonds of any maturity are called for optional or mandatory redemption, the Series 2021 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 of Series 2021 Bond 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 Series 2021 Bonds, to the substitute securities depository, or if none, to the registered owners of the Series 2021 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 Series 2021 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 Series 2021 Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such Series 2021 Bonds in accordance with the Master Indenture are on deposit with the Trustee. If such moneys are not available on the redemption date, such Series 2021 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 Series 2021 Bonds called for redemption at the place or places of payment, such Series 2021 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 Series 2021 Bonds, the Trustee will not be responsible for mailing notices of redemption to the actual beneficial owners of the Series 2021 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 Series 2021 Bonds, payments of principal, premium, if any, and interest on the Series 2021 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 Series 2021 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 Series 2021 Bonds. The Series 2021 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 Series 2021 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 Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 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 Series 2021 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 Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 Series 2021 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 Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 Series 2021 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such Series 2021 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 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 Series 2021 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 SERIES 2021 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 SERIES 2021 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Principal, redemption premium, if any, and interest payments on the Series 2021 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 Series 2021 Bonds, as nominee of DTC, references herein to the Bond owners or registered owners of the Series 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2021 Bonds.

DTC may discontinue providing its services as depository with respect to the Series 2021 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 Series 2021 Bonds, the Transportation Board and the Trustee shall treat Cede & Co. as the only holder of the Series 2021 Bonds for all purposes under the Indenture, including receipt of all principal of, premium, and interest on the Series 2021 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 Series 2021 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 Series 2021 Bonds; (iv) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Series 2021 Bonds or (v) other action taken by DTC or Cede & Co. as Bondholder of the Series 2021 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 Series 2021 Bonds without the consent of Beneficial Owners or Bondholders of the Series 2021 Bonds.

### **APPLICATION OF PROCEEDS OF THE SERIES 2021 BONDS**

The proceeds of the sale of the Series 2021 Bonds in the estimated amounts shown below will be applied on the date of delivery of the Series 2021 Bonds as follows:

<b>Sources:</b>	
Principal Amount of Series 2021 Bonds	\$
[Net] Original Issue [Premium/Discount]	_____
Total	\$ _____
 <b>Uses:</b>	
Deposit to Project Fund	\$
Deposit to Cost of Issuance Fund	
Underwriter's Discount	_____
Total	\$ _____

Proceeds of the Series 2021 Bonds received by the Transportation Board, exclusive of proceeds applied to costs of issuance, will be applied to pay costs of Projects contained in the I-81 Improvement Program in furtherance of the I-81 Improvement Plan. See **“INTERSTATE 81 CORRIDOR IMPROVEMENT PLAN AND PROGRAM –**

**Interstate 81 Improvement Program Projects”** herein for a summary of the I-81 Projects, and see Appendix \_\_\_\_ for a copy of the I-81 Improvement Plan, excluding appendices, containing a more detailed description of the I-81 Projects.

## **SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS**

### **Limited Obligations**

The Series 2021 Bonds are limited obligations of the Commonwealth of Virginia and the Transportation Board payable as Senior Bonds (as defined in the Master Indenture) solely from I-81 Regional Fuels Tax Revenues appropriated for such purpose by the General Assembly. The Master Indenture pledges appropriated I-81 Regional Fuels Tax Revenues and the other funds and accounts established under the Master Indenture to the payment of the Series 2021 Bonds. The pledged I-81 Regional Fuels Tax Revenues include (i) the amounts credited by the Comptroller of Virginia to the I-81 Fund from the I-81 Regional Fuels Tax and appropriated by the General Assembly to be transferred to the Trustee for deposit under the Master Indenture, (ii) all earnings from the investment of moneys held in any Fund or Account under and as defined in the Master Indenture, and (iii) any other revenues available under the I-81 Bond Act which may be hereafter be made available and appropriated for such purpose by the General Assembly.

*While the I-81 Bond Act provides for the availability of other funding for payment of the Series 2021 Bonds if appropriated by the General Assembly, the Transportation Board does not anticipate support for the payment of debt service on the Series 2021 Bonds from revenues other than I-81 Regional Fuels Tax Revenues. I-81 Regional Fuels Tax Revenues for deposit under the Master Indenture are subject to appropriation by the General Assembly. The General Assembly is not obligated to make any such appropriations. Additionally, the General Assembly may eliminate or change the I-81 Regional Fuels Tax at any time.*

**The Series 2021 Bonds are not a debt of the Commonwealth or the Transportation Board, and the Series 2021 Bonds do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions are pledged to the payment of the Series 2021 Bonds.**

### **Pledges Under the Master Indenture**

**Senior Lien Obligations.** The Series 2021 Bonds are being issued by the Transportation Board as the initial series of Bonds under the Master Indenture and will be designated as the first series of Senior Bonds. Principal and interest payments on the Series 2021 Bonds are secured by a pledge of I-81 Regional Fuels Tax Revenues, which pledge secures on parity the payment of principal and interest on any additional Senior Bonds issued under the Master Indenture. The pledge of I-81 Regional Fuels Tax Revenues to Senior Bonds is senior to any pledge of such revenues to any Intermediate Lien Obligations and Subordinate Obligations that may be issued under the Master Indenture.

**Indenture Accounts.** With respect to the Series 2021 Bonds, the First Supplemental Indenture establishes solely for the benefit of the Owners of the Series 2021 Bonds, the Series 2021 Interest Account, the Series 2021 Principal Account, the Series 2021 Costs of Issuance Account and the Series 2021 Project Account, which are pledged exclusively to secure the obligations of the Owners of the Series 2021 Bonds.

**No Mortgage, Lien or Acceleration.** The Series 2021 Bonds are not secured by any mortgage or lien on any transportation facilities of the Transportation Board, VDOT or the Commonwealth (herein defined) or by a pledge of the revenues derived from any such facility. In the event of a failure to make any payment on the Series 2021 Bonds when due, neither the Trustee nor the owners of the Series 2021 Bonds shall have any right to take possession of any transportation facilities or to exclude the Transportation Board, VDOT or the Commonwealth from possession of them, nor shall there be any right to accelerate payment of the Series 2021 Bonds.

**Remedies Upon Non-Payment.** [The realization of amounts to be derived upon the non-payment of the Series 2021 Bonds will depend upon the exercise and effectiveness of the remedies specified in the Master Indenture. These and other remedies may, in many respects, require judicial action of a nature that is often subject to discretion

and delay. Under existing laws, the remedies specified in the Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will be qualified as to the enforceability of various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, fraudulent conveyance, reorganization and other laws affecting the enforcement of creditors' rights generally. See **“INVESTMENT CONSIDERATIONS—Enforceability of Right and Remedies, including Bankruptcy Ramifications”** herein, and **“THE MASTER INDENTURE—Events of Default and Remedies Upon Default”** in Appendix A.

### **Parity and other Obligations**

The Series 2021 Bonds will be the initial series of Senior Lien Bonds issued under the Master Indenture. Additional I-81 Program Revenue Bonds secured on parity with the Series 2021 Bonds may be issued under the Master Indenture under the terms and conditions set forth therein and summarized below. Under the I-81 Bond Act, the Transportation Board is currently authorized to issue up to \$1 billion in obligations which are expected to be paid from I-81 Regional Fuels Tax Revenues, subject to appropriation by the General Assembly.

The Transportation Board's debt issuance plan is divided into phases, as the I-81 Improvement Plan and I-81 Improvement Program contemplate undertaking projects over the next [\_\_ to \_\_] years. Through VDOT's administration, the Transportation Board plans to issue additional I-81 Program Revenue Bonds as parity obligations and apply for multiple loans either as parity obligations or subordinate obligations from the U.S. Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (“TIFIA”). The timing and size of parity and subordinate TIFIA loans will be a function of negotiations with the Build America Bureau – U.S. Department of Transportation, future market conditions, and the overall pace of the construction program. See **“Expected TIFIA Parity and Subordinate Financings”** herein.

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. Currently, no other transportation revenue bonds or transportation facilities are paid from I-81 Regional Fuels Tax Revenues. **The Transportation Board makes no representation that the General Assembly will not make I-81 Regional Fuels Tax Revenues available as a source of payment for other transportation programs or that the General Assembly will not repeal or materially modify the I-81 Regional Fuels Tax.**

### **Additional Bonds**

*Authority to Issue Additional Bonds.* Under the Master Indenture, the Transportation Board may issue additional I-81 Program Revenue Bonds, including (i) Senior Bonds that are on parity as to the pledge of I-81 Regional Fuels Tax Revenues with the Series 2021 Bonds, (ii) Intermediate Lien Obligations that are subordinate as to the pledge of I-81 Regional Fuels Tax Revenues to the Series 2021 Bonds and subordinate in payment and security to all Senior Bonds, and (iii) Subordinate Obligations that are subordinate in payment and security to all Intermediate Lien Obligations and all Senior Bonds. The Series 2021 Bonds and all other Senior Bonds will be equally and ratably secured under the Master Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity. However, different Series of Senior Bonds may bear interest at different rates, have different maturity dates and payment dates, may be subject to different mandatory or optional redemption or tender terms, and may have the benefit of credit facilities that do not support other series of Senior Bonds. See **“THE MASTER INDENTURE— Issuance of Series 2021 Bonds—Parity of Series 2021 Bonds”** in Appendix A.

*Conditions to Issuance of Senior Bonds.* The Master Indenture requires as a condition to the issuance of any additional Senior Bonds for non-refunding purposes the filing with the Trustee of an Officer's Certificate to the effect that, during any twelve consecutive months of the eighteen months preceding the issuance of the additional Senior Bonds, the I-81 Regional Fuels Tax Revenues were not less than [2.00] times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year (defined in the Master Indenture as the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year) on all Senior Bonds Outstanding plus the Series of Senior Bonds to be issued. See **“THE MASTER INDENTURE—Issuance of Bonds—Conditions to the Issuance of Additional Series of Bonds”** in Appendix A.

Conditions to Issuance of Intermediate Lien Obligations. The Transportation Board is permitted to issue Intermediate Lien Obligations secured by the I-81 Regional Fuels Tax Revenues, the payment of and security for each of which shall be subordinate to all Senior Bonds and to the Senior Debt Service Fund deposits required to be made under the Master Indenture.

Conditions to Issuance of Subordinate Obligations. Transportation Board is permitted to issue Subordinate Obligations secured by the I-81 Regional Fuels Tax Revenues, the payment and security of each which shall be subordinate to all Senior Series 2021 Bonds and Intermediate Lien Obligations and to the Senior Debt Service Fund and Intermediate Debt Service Fund deposits required to be made under the Master Indenture.]

### **Expected TIFIA Parity and Subordinate Financings.**

To fund portions of the I-81 Program, the Transportation Board expects to issue additional parity bonds and will be pursuing various TIFIA loans from the Build America Bureau – U.S. Department of Transportation (“USDOT”). The size and timing of these future anticipated borrowings will be a function of the pace of negotiation with the Bureau, future market conditions, and the overall pace of construction. TIFIA loans, if any, may be entered into as a Senior Bond under the Master Indenture secured on parity with the Series 2021 Bonds and any additional I-81 Program Revenue Bonds by pledge of the I-81 Regional Fuels Tax Revenues. Alternatively, TIFIA loans may be entered into as Intermediate Obligation or a Subordinate Obligation under the Master Indenture payable from a pledge I-81 Regional Fuels Tax Revenues which is subordinate to the pledge of I-81 Regional Fuels Tax Revenues securing Senior Bonds, including the Series 2021 Bonds, and any additional Senior Bonds that may be issued in the future. [NOTE: REFERENCE TO STATUS OF LETTER OF INTEREST SUBMISSIONS FOR TIFIA LOANS AND RELATED INFORMATION TO BE PROVIDED AS DETAILS ARE FINALIZED].

In connection with the TIFIA loans, the Transportation Board may be required to make certain amendments to the Master Indenture without Owner consent to satisfy lending requirements of the USDOT. No such amendment would grant to the TIFIA loans a lien status superior to the lien status of the Series 2021 Bonds or any other Senior Bonds issued under the Maser Indenture.

### **No Debt Service Reserve**

While the Master Indenture permits the establishment of a debt service reserve on a series-by-series basis for Senior Bonds and other obligations issued under the Master Indenture, no such debt service reserve fund will be established or maintained for the Series 2021 Bonds.

### **Flow of Funds**

The following summary of the Master Indenture’s flow of funds provisions does not purport to be comprehensive or definitive and is qualified by reference to the entire Master Indenture, as supplemented by the First Supplemental Indenture. The Transportation Board will deposit monthly with the Trustee all General Assembly-appropriated I-81 Regional Fuels Tax Revenues under the Master Indenture to be applied as follows:

FIRST: To each Senior Debt Service Fund, ratably, [(i) one-twelfth (1/12) of the Principal Requirement on the Related Series of Senior Bonds due on the next Principal Payment Date and (ii) one-six (1/6) of the Interest Requirement on the Related Series of Senior Bonds due on the next Interest Payment Date; provided that Transportation Board shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;]

SECOND: To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement;

THIRD: To each Intermediate Lien Debt Service Fund, ratably, the amount required, if any, so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Intermediate Lien Obligations on the next ensuing payment date; provided that Transportation Board shall receive a credit against such transfer for the amount, if any, held in an Intermediate Lien Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

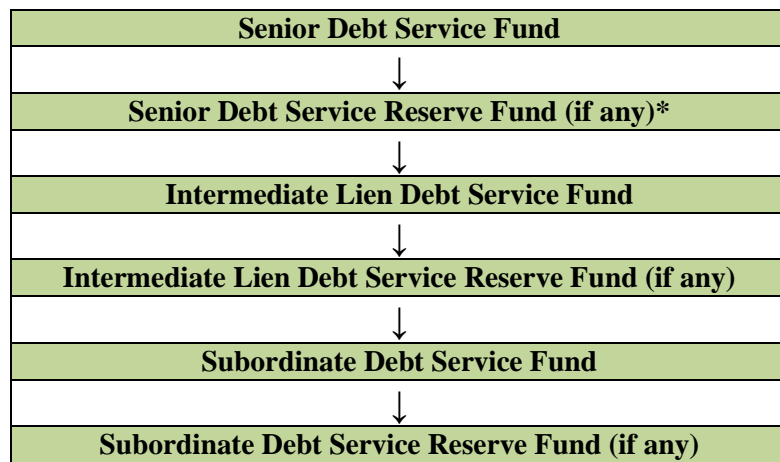


FOURTH: To each Intermediate Lien Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in such Fund shall be equal to the respective Intermediate Lien Debt Service Reserve Requirement;

FIFTH: To each Subordinate Debt Service Fund, ratably, the amount required, if any, so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that Transportation Board shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon; and

SIXTH: To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement.

**FLOW OF FUNDS DIAGRAM**



*\*[No Debt Service Reserve Fund will be established or maintained for the Series 2021 Bonds.]*

**Payment Agreement.**

The Transportation Board entered into a Payment Agreement dated as of \_\_\_\_\_ 1, 2021, 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 I-81 Regional Fuels Tax Revenues sufficient to satisfy all funding requirements under the Master Indenture, including payment of debt service on the Series 2021 Bonds and any additional I-81 Program Revenue Bonds or other obligations issued in the future under the Master Indenture. The parties to the Payment Agreement are required to use their best efforts to have (i) the Governor include a sum 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. The Payment Agreement will remain in effect for as long as any I-81 Program Revenue Bonds or other obligations are Outstanding under the Master Indenture. See “**SUMMARY OF THE PAYMENT AGREEMENT**” herein.

**Information Pertaining to the Commonwealth**

No funds of the Commonwealth other than I-81 Regional Fuels Tax Revenues credited to the I-81 Fund are expected to be available, subject to appropriation by the General Assembly of the Commonwealth, to pay debt service on the Series 2021 Bonds and any other obligations issued under the Master Indenture. Accordingly, general financial information and operating data of the Commonwealth is not included in this Official Statement. Audited financial statements of the Commonwealth for the Fiscal Year ended June 30, 2020 are attached as Appendix \_\_\_\_\_. Such audited financial statements do not set out and report separately on revenues credited to the I-81 Fund, including I-81 Regional Fuels Tax Revenues. The inclusion of the Commonwealth’s audited financial statements is not intended to imply,

suggest or forecast that funds of the Commonwealth other than appropriated I-81 Regional Fuels Tax Revenues will be made available to pay debt service on the Series 2021 Bonds.

### **Current Budget Appropriation Status**

The Commonwealth's current biennial budget (enrolled as Chapter 552 of the Virginia Acts of Assembly of the 2021 Reconvened Special Session 1, amending Chapter 56 of the 2020 Special Session 1 Virginia Acts of Assembly, the "Budget Bill") provides appropriations to the Transportation Board in the amount of \$6,597,000 from I-81 Regional Fuels Tax Revenues for the fiscal year ending June 30, 2022 which amount is sufficient to pay anticipated debt service on the Series 2021 Bonds plus debt service on any estimated TIFIA Loans for such fiscal year. See "**RECENT DEVELOPMENTS - COVID-19 Pandemic**" for a discussion of the effects of COVID-19 on the Commonwealth's budget.

Under the Constitution of the Commonwealth, no appropriation is valid for more than two years and six months after the adjournment of the session of the General Assembly at which the appropriation was made. The General Assembly is not obligated to make any future appropriations, and the Transportation Board makes no representation that the General Assembly will make appropriations of I-81 Regional Fuels Tax Revenues to the I-81 Fund in any future fiscal year of the Commonwealth in an amount sufficient to pay debt service on the Series 2021 Bonds and any other Senior Bonds issued under the Master Indenture.

### **Sunset Provision**

Authorization for the I-81 Regional Fuels Tax is included in omnibus legislation affecting transportation initiatives and funding in the Commonwealth enacted by Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Reconvened Session ("Chapter 1230"). Chapter 1230 is broad-based and provides not only for the collection and application of I-81 Regional Fuels Tax Revenues, but also restructures the Commonwealth's transportation funding arrangements, including changing the I-81 Regional Fuels Tax from its previous tax rate to the current rate of 7.6 cents per gallon (and 7.7 cents for diesel fuels) for the purpose, among others, of generating additional revenues to fund transportation improvements throughout the Commonwealth.

*Enactment clause 10 of Chapter 1230 provides that the provisions of such act generating additional state revenue for transportation shall expire on December 31 of any year in which the General Assembly appropriates or transfers any of such additional revenues for any non-transportation-related purposes (the "Sunset Provisions").* Accordingly, the appropriation or transfer by the General Assembly of "any" Chapter 1230 revenue providing additional revenue for transportation purposes, whether or not related to I-81 Regional Fuels Tax Revenues, would activate the Sunset Provisions.

The General Assembly has in the past enacted other transportation legislation containing similar sunset provisions, and has from time to time made appropriations of portions of such additional revenue for non-transportation-related purposes which would have activated the applicable sunset provision had the General Assembly not also enacted a savings clause to override such provisions (a "Savings Clause"). [The current appropriations act does not appropriate or transfer any of the additional transportation revenues generated by Chapter 1230 for any non-transportation-related purpose. --- **CONFIRM**]\_\_\_\_\_]

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

## **SUMMARY OF THE INDENTURE**

In addition to the summary of certain Indenture provisions presented in the section "**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS**," a more detailed summary of certain provisions of the Indenture, including certain defined terms, is included in Appendix A ("**DEFINITIONS AND SUMMARIES OF THE MASTER AND FIRST SUPPLEMENTAL INDENTURES**"). The summary provided in Appendix A does not purport to be comprehensive or definitive and is qualified by reference to the Indenture and

any additional supplemental agreements in their entirety, copies of which may be obtained at the office of the Transportation Board. See the section “MISCELLANEOUS.”

## SUMMARY OF THE PAYMENT AGREEMENT

The following, in addition to the information presented in the section “**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS,**” summarizes certain provisions of the Payment Agreement. The summary of the Payment Agreement does not purport to be comprehensive or definitive and is qualified by reference to the Payment Agreement in its entirety, a copy of which may be obtained at the office of the Treasury Board or the office of the Transportation Board. The Payment Agreement requires certain actions of the parties in connection with the Commonwealth’s budget process. A general summary of the budget process is included below.

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 “Department of Planning and Budget”), 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 a provision that there be appropriated each year from I-81 Regional Fuels Tax Revenues estimated to be collected in each such year a sum sufficient to enable the Transportation Board to satisfy funding requirements under the Master Indenture related to the Bonds, including payment of the Principal and Interest Requirements coming due on the Bonds, reserve fund funding requirements and any deficiency makeup requirements 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 appropriate, and re-appropriate, 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 for the Treasury Board to pay from I-81 Regional Fuels Tax Revenues or other funds appropriated as described above all amounts due under the Payment Agreement and to direct the Treasury Board to make from such funds all payments due or otherwise required under the Master Indenture to the Trustee on the Transfer Dates.
- (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 (i) any failure by the General Assembly to appropriate for the next succeeding fiscal year or biennial period, as applicable, I-81 Regional Fuels Tax Revenues as described in (a) above or (ii) the introduction of any legislation in any session of the General Assembly that could adversely affect I-81 Regional Fuels Tax Revenues.

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 Series 2021 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, 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 Series 2021 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 Series 2021 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 I-81 Regional Fuels Tax Revenues sufficient to pay the Principal and Interest Requirements coming due on the Series 2021 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 appropriate and reappropriate, as applicable, such amounts. A summary of the Commonwealth's budget process follows.

The Trustee is a third party beneficiary of the Payment Agreement and is entitled to enforce, on behalf of the holders of the Series 2021 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.

Budget Process. The Governor is the chief planning and budget officer of the Commonwealth. The Secretary of Finance and the Department of Planning and Budget assist the Governor in the preparation of executive budget documents. The Governor's Secretaries advise the Governor and the Department of Planning and Budget on the relative priority of the budget requests from their respective agencies.

The Governor is required by statute to present a bill detailing his proposed budget for the next biennium (the "Budget Bill") and a narrative summary of the bill to the General Assembly by December 20th in the year immediately prior to each even-year session. The Budget Bill is introduced in both the House of Delegates and the Senate. It is referred to the House Appropriations and Senate Finance Committees, which hold joint meetings to hear from citizens, from other General Assembly members and from agency representatives. The Budget Bill is then approved by each Committee in an open session and reported to the respective floors for consideration, debate, amendment and passage. After the bill has passed both houses, differences between the House and Senate versions are reconciled by a conference committee from both houses.

Under constitutional provisions, the Governor retains the right in his review of legislative action on the Budget Bill, to suggest alterations to or to veto the appropriations made by the General Assembly. After enactment, the Budget Bill becomes law (the "Appropriation Act").

In the odd-year sessions of the General Assembly, amendments are considered to the Appropriation Act enacted in the previous year. The Governor submits a bill by December 20th, which includes his proposed amendments to the current biennial budget. It is then introduced in both houses and is considered in the same manner as the regular biennial Budget Bill. The Appropriation Act enacted in the odd-year session is effective upon passage, whereas the regular biennial Appropriation Act is effective July 1, the beginning of the new biennium.

An appropriation for a project or service is initially contained in the Appropriation Act enacted by the General Assembly. An agency request for an increase or other adjustments to its legislative appropriation must be reviewed and approved by the Department of Planning and Budget. Under the Constitution, no money may be paid out of the State Treasury except pursuant to appropriations made by law. No such appropriation may be made which is payable more than two years and six months after the end of the session of the General Assembly at which the appropriation was enacted.

Implementation and administration of the provisions of the Appropriation Act are functions of the Governor, assisted by the Secretary of Finance and the Department of Planning and Budget. This process also involves constant monitoring of revenue collections and expenditures to ensure that a balanced budget is maintained. The Appropriation Act requires that if projected revenue collections fall below amounts appropriated, the Governor must reduce expenditures and withhold allotments of appropriations, with the exception of amounts needed for debt service and specified other purposes, to the extent necessary to prevent any expenditure in excess of estimated revenues. The

Appropriation Act provides that up to 15 percent of a General Fund appropriation to an agency may be withheld by the Governor, if required.

## **INTERSTATE 81 CORRIDOR IMPROVEMENT PLAN AND PROGRAM**

### **Interstate 81**

U.S. Interstate 81 (“Interstate 81” or “I-81”) is a major north-south interstate highway traversing the entire length of the western portion of the Commonwealth extending 325 miles from the Tennessee border in the south to the West Virginia border in the north. Interstate 81 is essential to interstate commerce. According to [Transearch 2012], more than one-third of all trucks and nearly 50 percent of the Commonwealth’s value of goods are transported along the I-81 corridor. Within the Commonwealth, Interstate 81 connects with five other interstate highways and traverses 21 cities and towns, 13 counties, and 25 colleges and universities between the Tennessee and West Virginia border. I-81 also runs parallel to the Blue Ridge Parkway, the nation’s most visited national park.

According to VDOT estimates from data collected from 2012 through 2016, on average, approximately [11.7] million commercial trucks per year use I-81, accounting for approximately [42]% of all interstate highway truck use across the Commonwealth, and providing the means of transport for over \$[312] billion in goods annually. The volume of commercial and other traffic on Interstate 81 presents safety issues. VDOT determined there are more than 2,000 vehicle crashes annually with 26 percent involving heavy trucks, the highest percentage for any interstate in the Commonwealth. During the five-year study period, VDOT estimated [11,000] vehicular collisions on I-81, over 30 of which required six hours or more to clear the accident and re-open the highway. Travel is expected to continue to increase on I-81, with truck traffic growing at a faster pace than passenger vehicle traffic. According to [Transearch 2012], by 2040, it is expected there will be nearly 20 million truck trips carrying three quarters of a trillion dollars’ worth of goods every year.

The table below shows for fiscal years 2010 through 2019 the average daily miles traveled for passenger vehicles and trucks on Interstate 81 in the Commonwealth.

**Interstate 81 Daily Vehicle Miles Traveled in  
the Commonwealth**

<u>Year</u>	<u>Passenger Vehicles*</u>	<u>Trucks*</u>
2010	10,019,833	3,364,855
2011	9,879,447	3,230,434
2012	9,939,351	3,238,003
2013	10,059,943	3,243,560
2014	10,266,361	3,346,965
2015	10,710,417	3,553,894
2016	11,136,302	3,611,688
2017	11,342,596	3,673,622
2018	11,155,631	3,731,163
2019	11,255,106	3,787,399

Source: Virginia Division of Motor Vehicles

\*Passenger Vehicles: Federal Highway Administration (“FWHA”) Class 1-3;

Trucks: FWHA Class 4-13

[NOTE: ABOVE SECTION SUBJECT TO REVIEW AND REVISION WITH UPDATED AND ADDITIONAL TRAFFIC DATA]

## **Legislative Directive to Develop Interstate 81 Improvement Plan**

Given the significance of Interstate 81 to commerce and transportation in the Commonwealth and beyond, safety concerns associated with its heavy use and the insufficiency of statewide transportation revenues to implement necessary improvements to I-81, the General Assembly directed the Transportation Board pursuant to Chapter 743 of the 2018 Act of Assembly (the “I-81 Planning Legislation”) to study financing options for Interstate 81 corridor improvements. The General Assembly directed the Transportation Board, with the support of the Office of Intermodal Planning and Investment to develop and adopt an Interstate 81 Corridor Improvement Plan (the “I-81 Improvement Plan”). The I-81 Improvement Plan was required to include an examination of the entire length of I-81 in the Commonwealth and the methods of financing recommended improvements, which could, but was not required, to include tolls on commercial users.

The I-81 Planning Legislation required the Transportation Board to include at a minimum in the development of the I-81 Improvement Plan the following:

1. Designate specific segments of the Interstate 81 corridor for improvement;
2. Identify a targeted set of improvements for each segment that may be financed or funded in such segment and evaluated using the statewide prioritization process pursuant to § 33.2-214.1 of the Virginia Code (described generally below);
3. Ensure that in the overall plan of expenditure and distribution of any toll revenues or other financing means evaluated, each segment's total long-term benefit shall be approximately equal to the proportion of the total of the toll revenues collected that are attributable to such segment divided by the total of such toll revenues collected;
4. Study truck travel patterns along the Interstate 81 corridor and analyze policies that minimize the impact on local truck traffic;
5. Identify incident management strategies corridor-wide;
6. Ensure that any revenues collected on Interstate 81 be used only for the benefit of that corridor;
7. Identify actions and policies that will be implemented to minimize the diversion of truck traffic from the Interstate 81 corridor, including the prohibition of through trucks on parallel routes;
8. Determine potential solutions to address truck parking needs along the Interstate 81 corridor; and
9. Assess the potential economic impacts on Virginia agriculture, manufacturing, and logistics sector companies utilizing the I-81 corridor from tolling only heavy commercial trucks.

The I-81 Planning Legislation directed technical assistance be provided to the Transportation Board by VDOT, the Virginia Department of Motor Vehicles, and the Virginia Department of State Police, and directed further that all agencies of the Commonwealth provide assistance to the Transportation Board in developing the I-81 Improvement Plan upon request.

The I-81 Improvement Legislation required the Transportation Board to complete its meetings by November 30, 2018 and to submit to the Governor and the General Assembly an executive summary and a report of its findings and recommendations for publication as a House or Senate document. The executive summary and report were required to be submitted no later than the first day of the 2019 Regular Session of the General Assembly and be posted on the General Assembly's website.

In preparation of the I-81 Improvement Plan, beginning in May 2018, the Transportation Board, VDOT, the Office of Intermodal Planning and Investment and the Virginia Department of Rail and Public Transportation conducted 12 public meetings and hearings, held focus groups and received more than 2,000 public comments and identified more than \$4.3 billion in recommended improvements in the I-81 corridor. The I-81 Improvement Plan dated December 2018 was adopted by the Transportation Board on December 5,

2018. Based on public input, prioritization methodology and available market capacity, the I-81 Improvement Plan recommended 63 capital projects for funding at a cost of approximately \$2 billion, plus \$43 million for operational improvements, over the next 7 to 10 years.

The I-81 Improvement Plan and accompanying executive summary dated December 3, 2018 is attached as Appendix \_\_\_\_\_. The I-81 Improvement Plan, including referenced appendices, is available on the Transportation Board's website at: [www.ctb.virginia.gov](http://www.ctb.virginia.gov) and [www.Improve81.org](http://www.Improve81.org). Reference to the website addresses are for informational purposes and are in the form of a hyperlink solely for the reader's convenience. Information contained on such websites may differ from the information presented herein. Such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12, as amended.

### **Required Updates to the I-81 Improvement Plan**

The Transportation Board, in consultation with the I-81 Committee (herein defined) and with the support of the Office of Intermodal Planning and Investment, is required by Virginia Code Section 32.2-3604 to regularly update the I-81 Improvement Plan. With each such update, the Transportation Board and I-81 Committee shall, at a minimum:

1. Analyze existing conditions of the Interstate 81 corridor to identify key needs related to safety, congestion, and incident-related delays;
2. Identify potential improvements to address the needs identified pursuant to item 1 above, including roadway improvements, multimodal improvements, speed enforcement strategies, operational strategies, and upgrades to adjacent and parallel transportation facilities;
3. Prioritize potential improvements in a manner consistent with Virginia Code Section 33.2-214.1;
4. Identify corridor-wide incident management strategies;
5. Analyze and review truck parking needs along the Interstate 81 corridor;
6. Hold public meetings throughout the Interstate 81 corridor; and
7. Consider any other items deemed appropriate by the Transportation Board.

Technical assistance with the update is required to be provided to the Transportation Board by VDOT, the Virginia Department of Motor Vehicles, and the Virginia Department of State Police. All agencies of the Commonwealth are required to provide assistance to the Transportation Board to fulfill the requirement to update the I-81 Improvement Plan upon request.

### **Interstate 81 Corridor Improvement Program**

The Interstate 81 Corridor Improvement Program (the "I-81 Improvement Program") and I-81 Fund are established in Article 36 of the Virginia Code. The Transportation Board is required by Virginia Code Section 33.2-3602 to adopt an I-81 Improvement Program which shall, at a minimum:

1. Allocate year by year the revenues, if any, from the I-81 Fund and bond proceeds, if any, backed by the I-81 Fund to projects and strategies identified in the I-81 Improvement Plan adopted by the Transportation Board;
2. Include a financing plan to support such allocation; and
3. Include a schedule for all new projects and strategies identified in the I-81 Improvement Plan adopted by the Transportation Board.

Prior to the adoption of the I-81 Improvement Program, the Transportation Board is required to review the recommendations of, and consult with, the I-81 Committee.

The Transportation Board is required to update the I-81 Improvement Program annually by July 1. By December 15 of each year, the Transportation Board shall report to the General Assembly regarding the status and progress of implementation of the I-81 Improvement Program. The report shall be submitted to the Chairmen of the House Committees on Appropriations and Transportation and the Senate Committees on Finance and Transportation. Prior to the submission of such report each year, the Transportation Board shall consult with the I-81 Committee. The report shall include, at a minimum:

1. A description of the safety and performance of the Interstate 81 corridor, including the number of incidents, the average duration of incidents, the number and average duration of incidents involving lane closures, and the person-hours of delay along the Interstate 81 corridor;
2. An assessment of the effectiveness of the operational strategies and capital projects implemented and funded through the I-81 Improvement Program;
3. The status of capital projects funded through the I-81 Improvement Program; and
4. The current and projected balances of the I-81 Fund.

### **The Interstate 81 Committee**

The Transportation Board is required by Virginia Code Section 32.2-3603 to establish an Interstate 81 Committee (the "I-81 Committee"). The purpose of the I-81 Committee shall be to provide advice and recommendations to the Transportation Board regarding (i) the development of the I-81 Improvement Program pursuant to Virginia Code Section 33.2-3602 and (ii) updates to the I-81 Improvement Plan pursuant to Virginia Code Section 33.2-3604. Chapter 522, Item 430.R of the Budget Bill modified the annual meeting requirement of the I-81 Committee, reducing the required meetings from at least four per year as set forth in Virginia Code Section 33.2-3603, to at least two, with additional meetings called at the discretion of the Chair. Consultation with interested stakeholders is required in connection with such meetings. The I-81 Committee's meetings shall rotate among locations in regional planning districts 3 (Mount Rogers), 4 (New River Valley), 5 (Roanoke Valley-Alleghany), 6 (Central Shenandoah), and 7 (Northern Shenandoah). All of such planning districts represent one or more of the I-81 Regional Fuels Tax Localities.

The I-81 Committee is required to be composed of 15 voting members and two ex officio members as follows:

1. The chairs of planning district commissions for Planning Districts 3, 4, 5, 6, and 7, or in the discretion of a chairman, his designee, who shall be a current elected official serving on such commission;
2. Four members of the House of Delegates, each of whom resides in Planning District 3, 4, 5, 6, or 7, to be appointed by the Speaker of the House of Delegates. None of the four members shall live in the same planning district;
3. Three members of the Senate, each of whom resides in Planning District 3, 4, 5, 6, or 7, to be appointed by the Senate Committee on Rules. None of the three members shall live in the same planning district;
4. The three members of the Transportation Board representing the Bristol, Salem, and Staunton highway construction districts; and
5. The Commissioner of Highways and the Director of the Department of Rail and Public Transportation shall serve ex officio with nonvoting privileges.

The I-81 Committee shall elect a chairman and vice-chairman from among its membership. A majority of the members shall constitute a quorum.

All members of the I-81 Committee shall serve terms coincident with their terms in office or position. Vacancies shall be filled in the same manner as the original appointment.

The Office of Intermodal Planning and Investment, VDOT, and the Department of Rail and Public Transportation are required to support the I-81 Committee, as appropriate



## **Interstate 81 Improvement Program Projects**

There are currently [56] capital improvement projects within the I-81 Improvement Program, including road widening to create an additional third lane, acceleration and deceleration lane extensions, curve improvements, truck climbing lanes, auxiliary lanes, and shoulder widening. The I-81 Improvement Program also includes a host of operational improvements which enhance safety as well as mobility, particularly during emergency events. Examples of operational improvements include changeable message signs, additional traffic cameras, enhancements to safety service patrol, detour route improvements, and enhancements to clearance times. The I-81 Improvement Program is estimated to cost [\$2.87] billion over a \_\_\_\_ year period. Operational Improvements Projects shown in the table below are expected to be funded from I-81 Fund revenues derived from the Interstate Operations and Enhance Program (“IOEP”) described herein, which are not pledged under the Master Indenture, and from other funds. The Capital Improvements projects are expected to be funded from debt obligations under the Master Indenture, IOEP funds and any I-81 Regional Fuels Tax Revenues not needed to pay debt service on the 2021 Bonds or other obligations issued under the Master Indenture. The table below shows the I-81 Improvement Program preliminary estimates of costs by fiscal year. The I-81 Improvement Program projects and their estimated costs are subject to change and funding availability.

[NOTE: ABOVE PARAGRAPH TO BE UPDATED; SIX-YEAR PLAN TO BE INCORPORATED AND ESTIMATED EXPENDITURE TABLE TO BE PROVIDED]

## **INTERSTATE 81 CORRIDOR IMPROVEMENT FUND**

### **General**

The General Assembly established the Interstate 81 Corridor Improvement Fund in Chapter 846 of 2019 Acts of Assembly under Chapter 36 of the Virginia Code. The I-81 Fund is a special non-reverting fund held in the Virginia treasury and established on the books of the Comptroller of the Commonwealth. Chapter 1230 changed the source and method of funding for the I-81 Fund. Prior to the enactment of Chapter 1230, the I-81 Fund was funded from a portion of the increases in (i) statewide truck registration fees, (ii) statewide diesel taxes and (iii) statewide road taxes, plus the imposition of a 2.1% regional fuels tax along the I-81 corridor.

Pursuant to the change effected by Chapter 1230 and codified in Section 33.2-3601 of the Virginia Code, the I-81 Fund is funded primarily from two sources. Section 33.2-3601 provides that all revenues generated pursuant to Sections 33.2-372 and 58.1-2299.20 of the Virginia Code, as described below, and any other funds that may be appropriated by the General Assembly, and any funds that may be received for credit to the I-81 Fund from any other sources shall be paid into the state treasury and credited to the I-81 Fund. Interest earned on moneys in the I-81 Fund shall remain in and be credited to the I-81 Fund. Any moneys remaining in the I-81 Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund of the Commonwealth but shall remain in the I-81 Fund. Moneys in the I-81 Fund shall be used only for capital, operating, and other improvement costs identified in the I-81 Improvement Plan. Moneys in the I-81 Fund shall not be used to calculate or reduce the share of federal, state or local revenues otherwise available to jurisdictions along the I-81 corridor, nor shall they be used in any calculation or formula for determining a locality’s ability to pay for public education.

### **I-81 Fund Revenue Sources**

Funding for the I-81 Fund is derived primarily from two sources: Interstate Operations and Enhancement Program Revenues pursuant to Virginia Code Section 33.2-372 and an additional fuels tax imposed by Virginia Code Section 58.1-2299.20(D) on certain localities in the Commonwealth along the Interstate 81 corridor (the “I-81 Regional Fuels Tax”).

### **Interstate Operations and Enhancement Program Revenues**

Pursuant to Virginia Code Section 33.2-372(E), the Transportation Board is required to distribute to the I-81 Fund an amount equal to the revenues provided to the Interstate Operations and Enhancement Program (“Interstate Operations and Enhancement Program”) multiplied by the ratio of vehicle miles traveled on Interstate 81 by vehicles

classified as Class 6 or higher by the Federal Highway Administration to the total vehicle miles traveled on all interstate highways in the Commonwealth by vehicles classified as Class 6 or higher. ***Amounts in the I-81 Fund derived from the Interstate Operations and Enhancement Program revenues do not secure the Series 2021 Bonds and are not expected to be generally available to pay debt service on I-81 Program Revenue Bond, including the Series 2021 Bonds, or to fund any associated reserve funds.***

### **Additional Regional Fuels Tax**

Pursuant to Virginia Code Section 33.2-372(E), all taxes, interest and civil penalties paid to the Transportation Board for the sale of fuels at wholesale to retail dealers for retail sales in any county, city set forth in subdivision A3 of Virginia Code Section 58.1-2295, after subtraction of the direct costs of administration by VDOT, shall be deposited into the I-81 Fund (“I-81 Regional Fuels Tax Revenues”). The impacted cities and counties are set forth below in this section under the heading “**I-81 Regional Fuels Tax Localities.**”

Pursuant to Virginia Code Section 58.1-2295, the I-81 Regional Fuels Tax shall be imposed on each gallon of fuel sold by a distributor to a retail dealer for retail sale in any of the I-81 Regional Fuels Tax Localities at a rate of 7.6 cents per gallon on gasoline and gasohol and 7.7 cents per gallon on diesel fuel. Beginning July 1, 2021, the tax rate shall be adjusted annually based on the greater of (i) the change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year, or (ii) zero. For alternative fuels other than liquid alternative fuels, the Commissioner of the Virginia Department of Motor Vehicles (“DMV”) shall determine an equivalent tax rate based on gasoline gallon equivalency. The I-81 Regional Fuels Tax is imposed at the time of sale by the distributor to the retail dealer and paid by the distributor. The I-81 Regional Fuels Tax shall be a debt from the retail dealer to the distributor until paid and shall be recoverable at law in the same manner as other debts.

At present, the DMV Commissioner has not determined an equivalent tax rate for alternative fuels and alternative fuels are not a component of the I-81 Regional Fuels Tax.

The I-81 Bond Act provides that I-81 Program Revenue Bonds issued pursuant to the I-81 Bond Act shall be secured and paid from revenues deposited in the I-81 Fund derived from the receipts of the I-81 Regional Fuels Tax, subject to appropriation by the General Assembly. *While the I-81 Bond Act provides for payment of I-81 Program Revenue Bonds from Regional Fuels Tax Revenues, it does not limit the use of such revenue for other purposes. Accordingly, I-81 Regional Fuels Tax Revenues may be used for any purpose permitted by the I-81 Improvement Plan and I-81 Improvement Program.*

### **Sunset Provision**

Continued funding for the I-81 Fund, including the I-81 Regional Fuels Tax, is subject to the Sunset Provisions of enactment clause 10 of Chapter 1230 which provides that the provisions of Chapter 1230 generating additional state revenue for transportation shall expires on December 31 of any year in which the General Assembly appropriates or transfers any of such additional revenues for any non-transportation-related purposes. *While the current budget bill does not appropriate or transfer any of the additional transportation revenues generated by Chapter 1230 for any non-transportation-related purpose, no assurance can be given that the General Assembly will not activate the Sunset Provisions or similar provisions in future appropriation acts, and no assurance can be given that if a Sunset Provision is activated, the General Assembly will enact a Savings Clause to override it. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Current Budget Appropriation Status – Sunset Provision,” herein.*

### **I-81 Regional Fuels Tax Localities**

Subdivision A3 of Virginia Code Section 58.1-2295 imposes, in addition to all other taxes imposed by law, a tax upon every distributor who engages in the business of selling fuels at wholesale to retail dealers for retail sale in (i) any county or city, or (ii) any city wholly embraced by a county, through which an interstate passes that (a) is more than 300 miles in length in the Commonwealth and (b) as of January 1, 2019, carried more than 40 percent of the interstate vehicle miles traveled for vehicles classified as Class 6 or higher. The determination has been made that Interstate 81 is the only interstate highway in the Commonwealth which meets the conditions of clauses (a) and (b). Consequently, the I-81 Regional Fuels Tax is imposed on wholesale-to-retail sales of motor fuels in the following

twenty-three (23) the cities and counties in the Commonwealth (each, an “I-81 Regional Fuels Tax Locality” and collectively, the “I-81 Regional Fuels Tax Localities”):

<b>Counties</b>	<b>Cities</b>
Augusta County	Bristol, City of
Botetourt County	Buena Vista, City of
Frederick County	Harrisonburg, City of
Montgomery County	Lexington, City of
Pulaski County	Radford, City of
Roanoke County	Roanoke, City of
Rockbridge County	Salem, City of
Rockingham County	Staunton, City of
Shenandoah County	Waynesboro, City of
Smyth County	Winchester, City of
Warren County	
Washington County	
Wythe County	

Appendix \_\_ [contains a map showing the location of the I-81 Regional Fuels Tax Localities] and contains certain population and other demographic information about them. The I-81 Regional Fuels Tax Localities have no responsibility to make debt service payments on the Series 201 Bonds, nor are they responsible for the levy and collection of the I-81 Regional Fuels Tax.

**I-81 Regional Fuels Tax Collection and Payment Procedures --[SUBJECT TO VDOT REVIEW]**

The I-81 Regional Fuels Tax is administered and collected by distributors in each I-81 Regional Fuels Tax Locality and paid to the Commissioner of the Virginia Department of Motor Vehicles (the “DMV”) each month. The I-81 Regional Fuels Tax is in addition to the statewide motor vehicle fuels tax, used by the Commonwealth for other purposes. The distributor is required to collect the I-81 Regional Fuels Tax from the retail dealer by separately stating the amount of the tax and adding it to the sales price or charge. Distributors are required to remit the collected amounts to the DMV by midnight of the 20th day of the second month succeeding the month of collection. However, remittance of the tax for the month of May must be received by the DMV no later than the last business day of June. [NOTE: REVIEW WITH DMV AND CONSIDERATION OF UPDATE WITH DMV DEALER AUDIT AND DELINQUENT PAYMENT COLLECTIONS PROCESS]

Once received by the DMV, I-81 Regional Fuels Tax Revenues are credited by the Comptroller of Virginia to the I-81 Fund on a monthly basis. The Department of the Treasury of the Commonwealth (the “Treasury Department”) will thereafter pursuant to the Payment Agreement transfer I-81 Regional Fuels Tax Revenues [monthly] to the Trustee up to the amount I-81 Regional Fuels Tax Revenues appropriated for such purpose by the General Assembly]. The Transportation Board is entirely dependent on the Virginia Department of Taxation, the DMV and the Virginia Department of Accounts to collect and deposit the I-81 Regional Fuels Tax Revenues in the I-81 Fund and to transfer such revenues to the Trustee for deposit under the Master Indenture.

**The Transportation Board makes no representation (i) that the General Assembly will maintain the I-81 Fund or continue to make transfers of I-81 Regional Fuels Tax Revenues to the I-81 Fund, (ii) that the General Assembly will not repeal or materially modify the legislation creating the I-81 Fund or revenues collected and deposited therein, including in particular I-81 Regional Fuels Tax Revenue or (iii) that the General Assembly will not appropriate or transfer any Chapter 1230 additional transportation revenue for non-transportation purposes resulting in the termination of the I-81 Regional Fuels Tax under the Sunset Provisions as described in this section above under the caption “Sunset Provision.”**

## GASOLINE AND DIESEL FUEL CONSUMPTION DATA

The tables in this section are provided to show historical and estimated gasoline and diesel fuel consumption in millions of gallons throughout the Commonwealth and in the I-81 Regional Fuels Tax Localities. I-81 Regional Fuels Tax Revenue information is provided in the following section.

The following table shows gasoline and diesel fuel consumption in millions of gallons throughout the Commonwealth for fiscal years 2013 through 2020 as reported by the Virginia Department of Motor Vehicles.

### Gasoline and Diesel Fuel Consumption Statewide (Fiscal Years 2013 through 2020 – Millions of Gallons)

Fiscal Year Totals	Consumption		% Growth		Total Taxable Gals	
	<u>GAS</u>	<u>DIESEL</u>	<u>GAS</u>	<u>DIESEL</u>		
	2013	3,787.5	1,017.5	-2.8%	1.9%	4,805.0
2014	3,868.0	1,029.7	2.1%	1.2%	4,897.7	1.9%
2015	4,002.0	1,031.7	3.5%	0.2%	5,033.7	2.8%
2016	3,999.8	998.1	-0.1%	-3.3%	4,997.9	-0.7%
2017	4,121.7	1,075.4	3.0%	7.7%	5,197.0	2.0%
2018	4,111.7	1,060.4	-0.2%	-1.4%	5,172.1	1.1%
2019	4,118.7	1,103.2	0.2%	4.0%	5,221.9	1.0%
2020	3,813.6	982.5	-7.4%	-10.9%	4,796.0	-8.2%

The following provides a monthly comparison of gasoline and diesel fuel consumption throughout the Commonwealth to gasoline and diesel fuel consumption in the I-81 Regional Fuels Tax Localities for the period September 2020 through [March 2021] as reported by the Virginia Department of Motor Vehicles.

### Monthly Statewide and Regional Fuels Consumption

(September 2019 through March 2021)

	State (gallons) - Monthly			I-81 Regional Fuels Tax Localities Only (gallons) Monthly				% of State Total
	Gasoline	Diesel	Total	Gasoline	Diesel	Total	Total	
Sep-19	371,191,312	94,002,196	465,193,508	45,394,663	32,394,567	77,789,230	16.72%	
Oct-19	352,820,372	90,086,310	442,906,682	54,002,633	32,853,027	86,855,660	19.61	
Nov-19	283,090,859	73,757,191	356,848,050	44,293,170	34,309,225	78,602,395	22.03	
Dec-19	395,309,480	88,123,507	483,432,987	60,612,604	41,063,148	101,675,752	21.03	
Jan-20	317,769,663	96,750,833	414,520,496	45,187,559	25,177,826	70,365,385	16.98	
Feb-20	335,926,368	111,243,611	447,169,979	44,475,016	21,391,943	65,866,959	14.73	
Mar-20	306,843,345	56,042,708	362,886,053	15,856,210	19,496,860	35,353,070	9.74	
Apr-20	257,159,690	78,846,519	336,006,209	40,158,126	28,427,986	68,586,112	20.41	
May-20	316,834,058	112,851,116	429,685,174	39,293,181	32,840,594	72,133,775	16.79	
Jun-20	376,124,346	128,398,220	504,522,566	36,099,117	27,679,825	63,778,942	12.64	
Jul-20	103,613,126	32,814,996	136,428,122	33,909,135	27,915,728	61,824,863	45.32	
Aug-20	290,313,539	88,258,217	378,571,756	36,524,951	29,459,802	65,984,753	17.43	
Sep-20	327,732,077	121,080,473	448,812,550	42,699,326	30,378,043	73,077,369	16.28	
Oct-20	290,080,445	92,934,585	383,015,030	49,658,356	36,152,853	85,811,209	22.40	
Nov-20	372,809,618	104,122,006	476,931,624	42,448,091	33,725,278	76,173,369	15.97	
Dec-20	225,014,207	75,849,150	300,863,357	61,345,327	34,555,214	95,900,541	31.88	
Jan-21	362,968,284	104,354,127	467,322,411	55,791,012	27,290,655	83,081,667	17.78	
Feb-21	269,557,574	92,333,357	361,890,931	42,577,971	32,951,819	75,529,790	20.87	
Mar-21	282,525,650	93,399,153	375,924,803					

Source: VA DMV April 2021

The following table provides an estimate of gasoline and diesel fuel consumption annually throughout the Commonwealth for fiscal years 2021 through 2028 as reported by the Virginia Department of Motor Vehicles.

**Projected Gasoline and Diesel Fuel Consumption Statewide**  
(Fiscal years 2021 through 2028 - Millions of Gallons)

Fiscal Year Totals	Consumption		% Growth		Total Taxable Gals	
	<u>GAS</u>	<u>DIESEL</u>	<u>GAS</u>	<u>DIESEL</u>		
	2021	3,932.3	986.0	3.1%	0.4%	4,918.3
2022	3,928.5	1,006.1	-0.1%	2.0%	4,934.6	0.3%
2023	3,946.3	1,033.1	0.5%	2.7%	4,979.4	0.9%
2024	3,949.8	1,044.2	0.1%	1.1%	4,994.0	0.3%
2025	3,942.0	1,017.9	-0.2%	-2.5%	4,959.9	-0.7%
2026	3,936.5	997.6	-0.1%	-2.0%	4,934.2	-0.5%
2027	3,945.0	999.1	0.2%	0.1%	4,944.1	0.2%
2028	3,954.4	997.2	0.2%	-0.2%	4,951.6	0.2%

**REGIONAL FUELS TAX RATES, HISTORICAL REVENUES AND REVENUE PROJECTIONS**

The following tables provides I-81 Regional Fuels Tax rates, historical revenues and revenue projections for the periods indicated. Historical receipts of the I-81 Regional Fuels Tax Revenues may not be indicative of estimated future receipts.

*I-81 Regional Fuels Tax Rate Schedule*

Fiscal Year	Cents per Gallon	YoY Change %
2020 (rate is calculated based on 2.1% of the floor price of \$3.17 / gallon)	6.7	-
2021	7.6	13.4%
2022 & afterwards	Adjusted annually based on the greater of CPI & zero	Greater of CPI & zero

Under Chapter 1230 of the 2020 Acts of Assembly, the I-81 Regional Fuels Tax was converted to a cents-per-gallon tax (7.6 cents/gallon on gasoline and 7.7 cents/gallon on diesel as of Fiscal Year 2021) with an annual growth rate based on the Consumer Price Index for All Urban Consumers. See “**INTERSTATE 81 CORRIDOR IMPROVEMENT FUND – Additional Regional Fuels Tax**” herein. The Fiscal Year 2021 tax rate represents an approximately 13.4% increase over the Fiscal Year 2020 tax rate.

The table below shows certain I-81 Regional Fuels Tax Revenues credited to the I-81 Fund in Fiscal Year 2020 and through February 2021 for Fiscal Year 2021. Fiscal Year 2020 amounts are prior to the effective date of Chapter 1230 which (i) increased the I-81 Regional Fuels Tax from 2.1% to its current rate, and (ii) reduced the number of localities subject to the I-81 Regional Fuels Tax from 37 to the 23 current I-81 Regional Fuels Tax Localities. The amount collected through the end of February 2021 is approximately 82% of the amount collected in Fiscal Year 2020 from the 23 I-81 Regional Fuels Tax Localities. The Fiscal Year ends on June 30 of each year.

**Historical I-81 Regional Fuels Tax Revenues**

<b>Month</b>	<b>FY 20</b>	<b>FY 21</b>	<b>YOY</b>
July		\$4,771,883	
August	\$1,028,629 <sup>1</sup>	5,015,919	[387.6%]
September	5,590,705	5,843,717	4.50%
October	6,558,611	6,363,423	-3.00
November	5,002,927	5,750,600	14.90
December	7,879,340	7,950,000	0.90
January	5,485,971	6,295,943	14.80
February	6,039,925	5,643,870	-6.60
March	5,453,743		
April	5,225,501		
May	5,380,346		
June	4,771,560		
<b>Totals</b>	<b>\$58,417,258<sup>2</sup></b>	<b>\$47,635,355</b>	

<sup>1</sup> I-81 Regional Fuels Tax Revenues collected in August of Fiscal Year 2020 reflect early payments not due until September 2020.

<sup>2</sup> Total I-81 Regional Fuels Tax Revenues collected from the original 37 jurisdictions in Fiscal Year 2020 was \$69.8 million, all of which was deposited into the I-81 Fund.

The table below provides projections prepared by the Virginia Department of Taxation of I-81 Regional Fuels Tax Revenues for Fiscal Years 2021 through 2028. The Department of Taxation estimates consumption levels and fuels tax revenues using base year (Fiscal Year 2020) actual tax collections. The base year consumption level is then grown for future years by using the statewide estimate for growth in motor fuels consumption. The model and methodology for the forecasting statewide motor fuels consumption can be found in the report entitled “The Economic Outlook and Revenue Forecast through Fiscal Year 2024,” dated November 23, 2020 prepared by the Department of Taxation for Review by the Governor’s Advisory Council on Revenue Estimates.” Such forecast takes into consideration the impact of COVID-19. The projections are forward-looking estimates. I-81 Regional Fuels Tax Revenues that are collected during such period may be different from such projections and any such differences may be material.

**Projected I-81 Regional Fuels Tax Revenues (in \$Million) and CPI-U Assumptions**

<b>FY</b>	<b>Revenues</b>	<b>CPI-U</b>
2021	\$59.3	2.7%
2022	61.0	2.0
2023	62.8	1.8
2024	64.2	2.0
2025	65.0	2.3
2026	66.1	2.4
2027	67.7	2.5
2028	69.4	

### **Legislative Discretion Regarding I-81 Regional Fuels Tax**

There is no assurance that the I-81 Regional Fuels Tax will remain in effect or will continue at the current levels. The General Assembly is under no obligation to continue to impose the I-81 Regional Fuels Tax or appropriate the I-81 Regional Fuels Tax Revenues to pay debt service on the Series 2021 Bonds. No assurance can be provided that the General Assembly will not reduce the number of jurisdictions in which the I-81 Regional Fuels Tax is collected. Further, the General Assembly may appropriate I-81 Regional Fuels Tax Revenues to pay costs or provide support for any purpose contained in the I-81 Improvement Plan. I-81 Regional Fuels Tax Revenues are not limited solely to the payment of debt service on I-81 Program Revenue Bonds, including the Series 2021 Bonds. See **“INVESTMENT CONSIDERATIONS – Risks of Non-Appropriation and Future Legislative Actions”** herein.

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. Currently, no other transportation revenue bonds or transportation facilities are paid from I-81 Regional Fuels Tax Revenues. **The Transportation Board makes no representation that the General Assembly will not make I-81 Regional Fuels Tax Revenues available as a source of payment for other transportation programs, including revenue bonds issued for other programs, or otherwise materially modify or amend the legislation creating the I-81 Fund or the I-81 Regional Fuels Tax.**

**Additionally, the Transportation Board can provide no assurance that the General Assembly will not appropriate or transfer I-81 Regional Fuels Tax Revenues or other Chapter 1230 additional transportation revenues for non-transportation purposes activating the Sunset Provisions which if not cured would result in the termination of the I-81 Regional Fuels Tax. “See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Current Budget Appropriation Status – Sunset Provision,” herein.**

### **DEBT SERVICE REQUIREMENTS**

Currently, the Series 2021 Bonds are the only I-81 Program Revenue Bonds issued under the Master Indenture. The Board may, without bondholder consent, issue additional I-81 Program Revenue Bonds secured on parity with the Series 2021 Bonds upon satisfaction of conditions set forth in the Master Indenture. As noted above, the Transportation Board expects to make application to borrow funds pursuant to TIFIA Loans with the U.S. Department of Transportation. [NOTE: PROVIDE LANGUAGE FOR TIFIA LOAN SUBMISSIONS WHEN TERMS ARE FINALIZED] See **“SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Additional Bonds – Expected TIFIA Parity and Subordinate Financings”** herein for the conditions of issuance of additional Senior Bonds and expected TIFIA Loans.



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 Series 2021 Bonds.

<b>Fiscal Year</b>	<b>2021 Bond Principal</b>	<b>2021 Bond Interest</b>	<b>2021 Bond Debt Service</b>	<b>Total Fiscal Year Debt Service</b>
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Debt Service Coverage**

[NOTE: DEBT COVERAGE INFORMTION TO BE PROVIDED]

**COMMONWEALTH TRANSPORTATION BOARD,  
VIRGINIA DEPARTMENT OF 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 fourteen 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 fourteen citizen members of the Transportation Board have voting privileges. 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
Alison DeTuncq	June 30, 2022	Vice Chairperson, Transportation Board; Culpeper District
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
Carlos M. Brown	June 30, 2023	Richmond District
Bert Dodson, Jr.	June 30, 2023	Lynchburg District
Mary Hughes Hynes	June 30, 2024	Northern Virginia District
E. Scott Kasprowicz	June 30, 2021	At-Large Urban
Stephen A. Johnsen	June 30, 2022	At-Large Rural
John Malbon	June 30, 2021	Hampton Roads District
Mark H. Merrill	June 30, 2024	Staunton District
W. Sheppard Miller, III	June 30, 2022	At-Large Urban
Cedric Bernard Rucker	June 30, 2022	Fredericksburg District
Raymond D. Smoot, Jr.	June 30, 2021	Salem District
Jerry L. Stinson	June 30, 2020*	Bristol District
Marty Williams	June 30, 2022	At-Large Urban
Greg Yates	June 30, 2024	At-Large Rural

\*Member continues to serve beyond expiration of term until reappointment or replacement.

*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 Sorenson 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 FY 2021 is approximately \$7.0 billion. As of April 22, 2021, VDOT had 130 construction projects underway representing an aggregate project cost of approximately \$2.7 billion, with an outstanding balance to be paid of approximately \$1.4 billion as these projects progress towards completion.

Additionally, VDOT had 138 maintenance projects underway for an aggregate amount of approximately \$254.5 million, with an outstanding balance to be paid of approximately \$221.3 million as these projects progress towards completion.

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 7,203 employees (as of April 22, 2021) 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 serve an administrative function.

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

VDOT has been focused on the continuous improvement of its financial accountability and program delivery processes for more than a decade now. 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 Commonwealth Transportation Board. Since tracking began in 2001, VDOT's performance shows a continued trend of improvement.

For Fiscal Year 2020, the agency attained on-time and on-budget performance goals by delivering more than 71% of all construction and maintenance projects on or before their original due dates, and by completing more than 94% 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, adopted by the Transportation Board in December 2020, is based on the interim revenue forecast updates and cost estimates available. 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 budgeted funding decreases or is interrupted.

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

*Stephen C. Brich, P.E.* was appointed in January 2018 as Commissioner of VDOT, the third largest highway agency in the country. Commissioner Brich oversees a \$7.0 billion annual budget and a team of 7,700 people who are responsible for designing, building, maintaining and operating the state's nearly 58,000 miles of roadway, 21,000 structures and bridges, six tunnels and three ferry systems. He possesses 28 years of extensive experience specializing in the areas of traffic engineering, safety, operations, transportation planning and research. Prior to his appointment to VDOT, Commissioner Brich served as a vice president with a major engineering consultant,

focusing on transportation in Virginia. He was responsible for leading strategic planning and pursuits relating to surface transportation. Mr. Brich previously served in several senior roles with VDOT, including senior research scientist, assistant state traffic engineer for design and safety, and director of operations. He successfully led and managed a wide array of projects and research studies during his tenure with VDOT and as a consultant. Mr. Brich was instrumental in developing various policy directives for VDOT's traffic engineering and transportation system management and operations. Commissioner Brich holds a bachelor's degree in civil engineering from Old Dominion University and a master's degree in civil engineering from the University of Virginia. He is a licensed professional engineer in Virginia and Maryland.

**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 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 A. Farmer** was named Chief Financial Officer of the Virginia Department of Transportation in October 2019. She oversees the agency's \$7.0 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 degree 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 the International Bridge, Tunnel and Turnpike Association Leadership Academy.

## COVID-19 PANDEMIC

[NOTE: SECTION REMAINS SUBJECT TO UPDATE AS COMMONWEALTH INFORMATION IS UPDATED]

*The information in this Section supplements the information provided elsewhere in this Official Statement and should be read in conjunction with the information set forth elsewhere in this Official Statement. The information herein is preliminary and is subject to change without notice. The information in this Section and the effects on I-81 Regional Fuels Tax Revenues of the COVID-19 pandemic will be affected by future events, circumstances, and actions that are beyond the control of the Transportation Board, and the Transportation Board does not undertake to update or supplement the information contained in this Section for such future events or circumstances.*

**General.** The World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which is currently negatively impacting most, if not all, areas of the world, including the United States and the Commonwealth. Within the United States, the federal government and various state and local level governments, as well as private entities and institutions, have

implemented a variety of efforts aimed at preventing 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 also resulted in dislocations in the labor market and economic distress.

The economic and financial fallout from COVID-19 on the United States, including the Commonwealth, is ongoing and may be prolonged. For example, unemployment has increased significantly as service sector workers and others who cannot telework experience reduced hours or are laid-off because of decreases in business demand. In addition, supply shortages have increased as the production and distribution of raw and finished materials are adversely affected by efforts to mitigate the impact of COVID-19 on the labor force.

*Steps Taken by the Governor of Virginia to Address the COVID-19 Pandemic.* On March 12, 2020, Governor Northam declared a state of emergency in the Commonwealth as a result of the COVID-19 pandemic (which declaration was reaffirmed and continued on May 26, 2020). In addition, on March 30, 2020, Governor Northam requested federal disaster assistance, which was received in the form of a Major Disaster Declaration on April 2, 2020 (the "Major Disaster Declaration"). A Major Disaster Declaration designation provides federal public assistance for all areas in the Commonwealth affected by COVID-19 at a federal cost share of 75%. The cost share allows state agencies, local governments and certain non-profit organizations to purchase supplies and receive reimbursements for COVID-19 related costs under the Commonwealth's Public Assistance program. The Major Disaster Declaration also authorizes federal agencies to provide direct emergency assistance to the Commonwealth.

Since the start of the COVID-19 pandemic, Governor Northam has imposed a series of 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, a statewide stay at home order, and the cancellation of in-person instruction at schools. Over time, the Governor has lifted or eased some restrictions, but, in some cases, has subsequently re-imposed other restrictions, depending on the trends in new cases and hospitalizations.

Under the Governor's fourth amended Executive Order 72 effective April 1, 2021, the citizens of the Commonwealth are asked to maintain a Safer at Home strategy with continued mitigation strategies including physical distancing, teleworking and universal mask-wearing requirements. The principal elements of the Governor's current order are as follows: (1) all brick and mortar retail establishments may operate fully; (2) all restaurant and beverage establishments may offer indoor and outdoor dining within certain capacity and distancing requirements; (3) fitness centers may open indoor areas at 75 percent occupancy; (4) indoor entertainment venues may operate at the lesser of 30 percent capacity or a maximum of 500 persons, and outdoor entertainment venues may operate at 30 percent capacity with no specific cap on the number of attendees; (5) large amusement venues may operate their outdoor facilities at 50 percent capacity; (6) Virginia institutions of higher education may operate regularly provided that they otherwise comply with the applicable requirements set forth under the guidance for all business sectors; (7) the number of individuals permitted in a social gathering is increased to 50 people for indoor settings and 100 people for outdoor settings; (8) overnight summer camps may open May 1, with strict mitigation measures in place; and (9) the number of spectators allowed at recreational sporting events is increased from 25 to 100 people per field or 30 percent capacity, whichever is less for indoor settings, and from 250 to 500 people per field or 30 percent capacity, whichever is less for outdoor settings.

On April 22, 2021, the Governor announced an easing of mitigation measures based on an increased vaccination rate and a decrease in COVID-19 case numbers. Beginning May 15, 2021, (1) the maximum number of individuals permitted in a social gathering will increase to 100 people for indoor settings and 250 people for outdoor settings; (2) indoor entertainment and public amusement venues will be able to operate at 50 percent capacity or 1,000 people, and outdoor venues will be able to operate at 50 percent capacity with no specific cap on the number of attendees; (3) the number of spectators allowed at indoor recreational sporting events will increase to 250 spectators or 50 percent capacity, whichever is less, and outdoor recreational sporting events will increase to 1,000 or 50 percent capacity, whichever is less; and (4) restaurants may return to selling alcohol after midnight, and dining room closures will no longer be required between midnight and 5:00 a.m. On April 29, 2021, the Governor announced a Sixth and Seventh Amended Executive Order 72 that, among other things, adopted new guidance from the Centers for Disease Control and Prevention on mask use in outdoor settings. Under the order, fully vaccinated individuals

do not have to wear masks outdoors when alone or in small gatherings although mask use is still required indoors and outdoors at large crowded events like concerts, sporting events, and graduation ceremonies.

There is no basis to predict how long the public health crisis caused by COVID-19 will continue. Likewise, there is no basis to predict how long the current level of restrictions may remain in place or whether the Governor may determine to loosen or tighten any of the restrictions in one or more localities or regions of the Commonwealth.

Under the auspices of the federal government's program called Operation Warp Speed, vaccines have recently been developed to combat COVID-19. Limited distributions of the vaccines commenced in December 2020. As reported by the Virginia Department of Health on May 3, 2021, approximately 3,849,303 people had been vaccinated with at least one dose of a COVID-19 vaccine (approximately 45.1% of the Commonwealth's population), with a current average of 69,526 doses being administered each day.

When vaccines became available, the Commonwealth prioritized vaccines for individuals who were most at risk of contracting COVID-19 and those who worked in certain critical industries, based on public health guidelines from the federal Centers for Disease Control and Prevention. Virginians who were first eligible to receive a vaccination included health care personnel, residents and staff of long-term care facilities, people aged 65 and older, frontline essential workers, those living and working in homeless shelters and correctional facilities, and individuals with underlying medical conditions or disabilities that increase their risk of severe illness from contracting COVID-19. The categories of those eligible to receive a vaccine thereafter were expanded to include workers in the fields of energy, housing, food service, transportation and logistics, finance, media, public safety and other essential areas. As of April 18, 2021, everyone aged 16 and older who lives or works in Virginia is eligible to receive a COVID-19 vaccine.

***Fiscal Impact of the COVID-19 Pandemic on I-81 Regional Fuels Tax Revenues.*** The ongoing COVID-19 pandemic is expected to reduce the level of I-81 Regional Fuels Tax Revenues collected and deposited into the I-81 Fund. The Transportation Board cannot predict the full amount or duration of such impact. The Transportation Board and VDOT continue to review the impact of COVID-19 on I-81 Regional Fuels Tax Revenues. Transportation Board believes that it will be some time before it or VDOT will have a better understanding of the longer-term fiscal impact that COVID-19 will have on I-81 Regional Fuels Tax Revenues.

***Fiscal Impact of the COVID-19 Pandemic on the Commonwealth--Revenues.*** In the normal course, the Secretary of Finance provides periodic reports during the year regarding, among other things, the Commonwealth's revenue collections. The most recent report is dated April 13, 2021 (the "Revenue Report"), and covers the first nine months (which ended March 31, 2021) of the current fiscal year ending June 30, 2021.

The Revenue Report indicates that on a fiscal year-to-date basis, total general fund revenue collections rose 9.0 percent through March 2021 over the same period last year, which is ahead of the annual forecast of a 3.0 percent increase. More specifically, on a fiscal year-to-date basis, (a) collections of individual income tax withholding (approximately 61 percent of general fund revenues) have increased 3.7 percent over the same period last year, which is ahead of the annual forecast of 2.7 percent growth; (b) collections of individual income tax non-withholding (approximately 18 percent of general fund revenues) have increased 26.1 percent over the same period last year, which is ahead of the annual forecast of 4.4 percent growth; (c) collections of sales taxes (approximately 17 percent of general fund revenues) have increased 6.9 percent over the same period last year, which is ahead of the annual forecast of a 4.8 percent increase; and (d) collections of corporate income taxes (approximately six percent of general fund revenues) have increased 33.7 percent over the same period last year, which is ahead of the annual forecast of a 27.4 percent increase.

The fiscal year-to-date comparisons included in the Revenue Report reflect the updated annual revenue forecast released in February 2021, projecting a 3.0 percent increase in general fund revenues for the current fiscal year (compared to the 1.2 percent increase that had been forecast in an earlier update released in December 2020). Contemporaneous with the release of the February 2021 reforecast, the Governor announced that it would be reasonable to anticipate general fund revenues to increase over the December 2020 forecast by \$410.1 million in the fiscal year ending June 30, 2021, and \$320.1 million in the fiscal year ending June 30, 2022.

***Fiscal Impact of the COVID-19 Pandemic on the Commonwealth--Expenses.*** The Commonwealth anticipates that it will continue to incur significant additional expenditures to address the COVID-19 pandemic. The potential

magnitude of such expenditures is not known; 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 also expects to receive approximately \$6.8 billion from the federal American Rescue Plan Act of 2021 in addition to other grant funding provided by the CARES Act. Of such amount, the Virginia Secretary of Finance has indicated that approximately \$3.8 billion will be retained by the Commonwealth and approximately \$3.0 billion will be made available to Virginia cities and counties. The funds may be used to (1) respond to COVID-19 health emergency or its negative economic impacts; (2) provide premium pay for essential workers; (3) provide for the provision of government services by replacing lost revenue due to COVID-19; and (4) make necessary investments in water, sewer, or broadband infrastructure. Further guidance on the use of these funds is expected to be provided by the U.S. Treasury Department. Governor Northam expects to call a special session of the General Assembly to determine how to allocate the Commonwealth's share of such federal grant monies.

***Fiscal Impact of the COVID-19 Pandemic on the Commonwealth--Available Cash and Investments.*** Based on the latest available monthly analysis of the Commonwealth's cash and investments for the period ended March 31, 2021, the Office of the Comptroller reported that the Commonwealth had approximately \$7.02 billion in unrestricted cash available for immediate transfer into the General Fund (compared to approximately \$7.34 billion available as of February 28, 2021), and an additional approximately \$7.79 billion available in non-General Fund sources to support cash flow in other Commonwealth operating funds as necessary (compared to approximately \$7.67 billion available as of February 28, 2021).

The Governor and the General Assembly are working together to address the fluid situation presented by the COVID-19 pandemic. The Commonwealth's Secretary of Finance has stated that priority will be given to maintaining core services and effectuating new spending mandated under state and federal law.

***Except for appropriated I-81 Regional Fuels Tax Revenues, no other revenues of the Commonwealth are expected to be made available to pay debt service on the Series 2021 Bonds.***

## **INVESTMENT CONSIDERATIONS**

### **The Series 2021 Bonds are Limited Obligations**

The Series 2021 Bonds are limited obligations of the Commonwealth and the Transportation Board. The Series 2021 Bonds do not constitute indebtedness within the meaning of any constitutional or other debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions is pledged to the payment of the Series 2021 Bonds. Payment of the Series 2021 Bonds is subject to the appropriation of funds for such purpose by the General Assembly. I-81 Regional Fuels Tax Revenues are the only revenues specifically designated in the I-81 Bond Act for payment of the Series 2021 Bonds and any additional I-81 Program Revenue Bonds or other obligations issued under the Master Indenture. No other revenues of the Commonwealth are expected to be available for such purpose.

### **Factors that May Impact Collection of I-81 Regional Fuels Tax Revenue Funds**

Many factors beyond the control of the Transportation Board and the Commonwealth may adversely affect the level of I-81 Regional Fuels Tax Revenues in the future. Such factors include, but are not limited to: the possibility of reduction in supplies of motor vehicle fuel or special fuel; imposed or recommended governmental restrictions on the sale and use of such fuels; other governmental activity which indirectly or directly affects the consumption of fuels subject to the I-81 Regional Fuels Tax, including increased fuel efficiency standards; voluntary conservation; increases in the cost of motor vehicle fuel and/or special fuels which may result in less usage; reduced fuel consumption by more modern, fuel-efficient vehicles; *increased usage of vehicles employing alternate technologies (such as electric cars) which do not consume fuels subject to the I-81 Regional Fuels Tax*; or any other activities or

innovations that result in less use of motor fuels in the future. *Investors should note that a component of the Commonwealth's energy policy is to promote the use of motor vehicles that utilize alternate fuels.* Additionally, consumers may be inclined to purchase motor vehicle fuel in locations outside the I-81 Regional Fuels Tax Localities if the relative price is perceived as being significantly higher in such localities. Consumers may also be inclined to find alternative transportation routes bypassing the I-81 Regional Fuels Tax Localities.

### **Economic Conditions Affecting Regional Fuels Tax Revenues**

The availability of I-81 Regional Fuels Tax Revenues is dependent on several economic factors. The revenues received from the I-81 Regional Fuels Tax tend to fluctuate significantly based on economic variables, including, but not limited to, the condition of the economies of the I-81 Regional Fuels Tax Localities in which such tax is collected, the Commonwealth and the United States, economic growth or recessions, population growth, trends or changes in housing and business concentrations, income and employment levels, levels of tourism, weather conditions, fuel prices, road conditions, and the availability of alternate modes of transportation. The economic recession that commenced with the COVID-19 pandemic could have severe, negative repercussions upon I-81 Regional Fuels Tax Revenues and capital sources, including market disruptions in the financial sector and potential effects on the cost and duration of I-81 Fund funded projects, in addition to the tax base from which the I-81 Regional Fuels Tax Revenue is derived. There can be no assurance that negative impacts attributable to economic factors will not materially adversely affect the availability of I-81 Regional Fuels Tax Revenues and impede the ability of Transportation Board to make timely payments on the Series 2021 Bonds.

### **Fluctuations in Fuel Prices and Fuel Usage May Reduce I-81 Regional Fuels Tax Revenues**

Improved automobile fuel economy, the increased adoption of electric and hybrid vehicles, increases in telecommuting, and the economic and societal impacts of the COVID-19 Pandemic have had, and are expected to continue to have, a material adverse effect on fuel tax revenues throughout the United States. In addition, reductions or fluctuations in fuel prices may have a significant effect on the level of tax revenues that can be expected in any period from the I-81 Regional Fuels Tax.

### **I-81 Regional Fuels Tax Revenues Could be Eroded by Changes to Geographic Collection Area**

The I-81 Regional Fuels Tax is limited geographically to the I-81 Regional Fuels Tax Localities. See **“INTERSTATE 81 CORRIDOR IMPROVEMENT FUND - I-81 Regional Fuels Tax Localities.”** Future legislative action of the General Assembly could alter or reduce such geographic region. Any such change could have a material adverse effect on the composition of the tax base from which I-81 Regional Fuels Tax Revenues are derived resulting in the erosion of I-81 Regional Fuels Tax Revenues available to pay debt service on the Series 2021 Bonds.

### **COVID-19**

The current COVID-19 pandemic has adversely impacted I-81 Regional Fuels Tax Revenues and is expected to continue to adversely impact such revenues in future years. For a more detailed discussion of the risks and the impact, see **“COVID-19 PANDEMIC -Fiscal Impact of the COVID-19 Pandemic on I-81 Regional Fuels Tax Revenues.”**

### **Risks of Non-Appropriation and Future Legislative or Administrative Actions Affecting Revenues**

*The Availability of I-81 Regional Fuels Tax Revenues is Subject to Appropriation.* The General Assembly is responsible for setting the tax rates from which the I-81 Regional Fuels Tax Revenues are derived and for appropriating such revenues from the state budget for payment of the Series 2021 Bonds. The Transportation Board makes no representation that the General Assembly will maintain the I-81 Regional Fuels Tax, the rate of such tax or continue to make appropriations of amounts to or for payment of the Series 2021 Bonds. In addition, the Transportation Board makes no representation that the General Assembly will not repeal or materially modify the legislation creating the I-81 Fund or imposing the I-81 Regional Fuels Tax. The General Assembly is not legally required to make the aforementioned appropriations or to refrain from repealing or modifying such legislation. Legislative considerations regarding the Commonwealth's budget priorities could materially impact the continued receipt of I-81 Regional Fuels Tax Revenues.



Under the Virginia Constitution, no appropriation is valid for more than two years and six months after the adjournment of the session of the General Assembly at which the appropriation was made. The General Assembly of the Commonwealth is not obligated to make any future appropriations, and the Transportation Board makes no representation that the General Assembly will keep the I-81 Fund in existence or that appropriations from I-81 Regional Fuels Tax Revenues will be made by the General Assembly in any future fiscal year of the Commonwealth. As a practical matter there is no effective remedy if the General Assembly fails to appropriate funds for the Series 2021 Bonds in the Commonwealth's budget.

**Sunset Provision.** Chapter 1230 of the 2020 Acts of Assembly is a broad-based transportation initiative that provides not only for the collection and application of I-81 Regional Fuels Tax Revenues, but also restructures the Commonwealth's transportation funding arrangements, including changing the I-81 Regional Fuels Tax from its previous tax rate to the current rate of 7.6 cents per gallon (and 7.7 cents for diesel fuels) for the purpose, among others, of generating additional revenues to fund transportation improvements throughout the Commonwealth. However, enactment Clause 10 of Chapter 1230 states that the provisions of Chapter 1230 generating additional state revenue for transportation shall expire on December 31 of any year in which the General Assembly appropriates or transfers any of such additional revenues for any non-transportation-related purpose. Accordingly, the appropriation or transfer of *any* revenues generated pursuant to Chapter 1230 for a purpose that is not transportation-related, could result in the expiration of *all* revenue provisions of Chapter 1230, including in particular authorization for the I-81 Regional Fuels Tax, if the General Assembly does not take action to override such sunset provision. The General Assembly has in the past enacted legislation containing similar sunset provisions, has taken action to activate the provision and has simultaneously taken action to override such activation.

**No assurance can be given that the General Assembly will not take action in the future that could activate the sunset provision of Chapter 1230, and no assurance can be given that, if such activation occurs, the General Assembly will take action to override such sunset provision.** In such event, it is possible that the rights of bondholders under the Indenture could be impaired without any recourse by either the Trustee or the bondholders.

**Administrative Actions.** Transportation Board is entirely dependent on the Virginia Department of Taxation, the Virginia Department of Motor Vehicles and the Virginia Department of Treasury and other state agencies to collect and deposit the I-81 Regional Fuels Tax Revenues into the I-81 Fund. Failure or delay in this regard would also impede the Transportation Board's ability to make timely payments of debt service on the Series 2021 Bonds.

#### **Forward-Looking Statements and Projections.**

The statements contained in this Official Statement, and in other information provided by Transportation Board, that are not purely historical, including statements regarding the Transportation Board's expectations regarding the collection and timing of future I-81 Regional Fuels Tax Revenues as discussed earlier in this Official Statement, are forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to Transportation Board as of the date hereof, and Transportation Board assumes no obligation to update any such forward-looking statements, other than as provided in the Transportation Board's Continuing Disclosure Undertaking, the form of which is attached hereto as Appendix .

The forward-looking statements herein are based on various assumptions, forecasts and estimates that are inherently subject to numerous risks and uncertainties, including the possible invalidity of underlying assumptions, forecasts and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or not taken by third parties and legislative, judicial and other governmental authorities and officials. In addition, these assumptions, forecasts and estimates involve judgments regarding, among other things, future economic conditions, future actions by third parties and future events and decisions, all of which are difficult, if not impossible, to predict accurately. There can be no assurance that the forward-looking statements in this Official Statement will prove to be accurate.

No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2021 Bonds are cautioned not to place undue reliance upon any forward looking estimates or projections contained in this Official Statement. If actual results are less favorable than the results projected or if the assumptions used in preparing the forward looking statements or projections prove to be incorrect, Transportation Board's ability to

make timely payment of the principal of and interest on the Series 2021 Bonds may be materially and adversely affected.

### **Actual Results May Diverge From Projections**

Projections and estimates of I-81 Regional Fuels Tax Revenues to be collected in the future are based on assumptions regarding future transactions, trends and events that may not materialize, and unanticipated events or circumstances may occur. Future decisions, actions and policies of the Transportation Board, to the extent they deviate from the Transportation Board's current expectations and assumptions, may also materially impact the amount of I-81 Regional Fuels Tax Revenues. Factors outside of the Transportation Board's control may also materially impact such I-81 Regional Fuels Tax Revenues. The Transportation Board cannot determine the nature and scope of the impact such divergence may have on I-81 Regional Fuels Tax Revenues. The Transportation Board can provide no assurance that actual I-81 Regional Fuels Tax Revenues collected in the future will be substantially the same as the projections and estimates of such revenues, and that any difference between actual collections and projections will not be material.

### **Limited Historical Regional Fuels Tax Data**

The current I-81 Regional Fuels Tax became effective July 1, 2020. Accordingly, there is limited information on the actual receipt of such revenues. No assurance can be provided that the limited data included herein on the receipt of I-81 Regional Fuels Tax Revenues is in any way indicative of future receipts.

### **No Mortgage or Other Liens**

Payment of the principal of and interest on the Series 2021 Bonds is not secured by any deed of trust, mortgage or other lien on any I-81 Project, or other property, equipment or other tangible personal property of the Transportation Board, VDOT, the Commonwealth, or any of the I-81 Regional Fuels Tax Localities.

### **Enforceability of Rights and Remedies, including Bankruptcy Ramifications**

**Judicial Discretion.** Upon a default under the Master Indenture, the remedies available to the Trustee may depend upon judicial actions that may be subject to substantial discretion and delay. Some of these remedies may in fact turn out not to be enforceable at all. The rights of the owners of the Series 2021 Bonds and the enforceability of Transportation Board's obligations will be subject to the exercise of judicial discretion under a variety of circumstances. The enforceability of governmental obligations is also subject to constitutional, statutory and public policy limitations and to other considerations that do not limit enforcement of obligations of private parties.

**No Right to Accelerate Debt Service Upon Default.** The Master Indenture does not permit the Trustee or Owners, upon the occurrence of an Event of Default under the Master Indenture or for any other reason, to accelerate the payment of principal of and interest due thereon. Owners will be able to collect principal and interest that become due after an Event of Default only from the I-81 Regional Fuels Tax Revenues and any other funds appropriated by the General Assembly and pledged under the Master Indenture.

**Limitation on Remedies.** The remedies available to the Owners upon a default under the Master Indenture are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the Bankruptcy Code (as hereinafter defined). Although the Commonwealth, and its agencies including the Transportation Board, are not currently authorized to seek relief under the provisions of Chapter 9 of the Federal Bankruptcy Code, the various legal opinions to be delivered concurrently with delivery of the Series 2021 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits generally, now of hereafter in effect; to usual equity principles which shall limit the specific enforcement under laws of the Commonwealth as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the Commonwealth and its governmental bodies, in the interest of serving an important public purpose.

***Effects of Bankruptcy on Rights and Remedies.*** The rights and remedies available to the owners of the Series 2021 Bonds may be subject to the provisions of the United States Bankruptcy Code (the “Bankruptcy Code”), to other bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor’s rights generally and equitable principles that may limit enforcement of such remedies. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Master Indenture may not be readily available or may be limited. No assurances can be given that a court or regulatory agency would enforce the rights or types of remedies available under the Master Indenture, including any rights and remedies with respect to the pledge of I-81 Regional Fuels Tax Revenues, the payment of which is subject to appropriation by the General Assembly.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds, including the opinion of Bond Counsel, will be qualified as to the enforceability of these rights and remedies by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by principles of equity.

***Bankruptcy Filing by the Commonwealth.*** Under the Bankruptcy Code and current Virginia law, the Commonwealth, which includes the Transportation Board as an agency of the Commonwealth, may not file for bankruptcy protection under Chapter 9 of the Bankruptcy Code and no creditor or judgment holder of the Commonwealth may file a Chapter 9 petition on behalf of the Commonwealth. Pursuant to Section 109(c)(2) of the Bankruptcy Code, a political subdivision or public agency or instrumentality of a state must be specifically authorized by state law before it may file for bankruptcy protection. Currently, there is no Virginia statute that prescribes, authorizes or otherwise contains authorization for the Commonwealth to file for Chapter 9 protection, or delegates such authority to any governmental officer or organization. There can be no assurance, however, that the Bankruptcy Code or Virginia law will not be amended in the future to permit the Commonwealth to file for bankruptcy protection, and such a filing could, under certain circumstances, subject all or a portion of the I-81 Regional Fuels Tax Revenues to the jurisdiction of the bankruptcy court. When an entity is in bankruptcy, its creditors (including bondholders) may be prohibited from acting to collect from or to enforce obligations of the debtor entity without permission of the bankruptcy court. In event of a change in law permitting a voluntary filing for bankruptcy protection by the Commonwealth, the Commonwealth could be prevented from making payments to the bondholders from funds in its possession, which could result in delays or reductions in payments on the Series 2021 Bonds. Potential purchasers of the Series 2021 Bonds should consult their own attorneys and advisors in assessing the risk and the likelihood of recovery in the event the Commonwealth becomes a debtor in a bankruptcy proceeding.

### **Risk of Future Legislative or Court Decisions Affecting Tax-Exempt Obligations**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Virginia General Assembly. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2021 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2021 Bonds will not have an adverse effect on the tax status of the interest on the Series 2021 Bonds or the market value or marketability of the Series 2021 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2021 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, investors in the Series 2021 Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2021 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2021 Bonds may be affected and the ability of holders to sell their Series 2021 Bonds in the secondary market may be reduced. The Series 2021 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2021 Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2021 Bonds.

### **No Redemption of Series 2021 Bonds in the Event of Taxability**

The Series 2021 Bonds are not subject to redemption prior to maturity upon the occurrence of an event which has the effect of rendering interest on the Series 2021 Bonds includable in the gross income of the owners of the Series 2021 Bonds for purposes of federal income taxation. No provision is made in the Master Indenture for any increase or other adjustment in the rate of interest payable on the Series 2021 Bonds in the event of such an occurrence.

### **Loss of Premium Upon Early Redemption**

Purchasers of the Series 2021 Bonds at a price in excess of their principal amount should consider the fact that the Series 2021 Bonds are subject to redemption prior to maturity at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See (“**THE SERIES 2021 BONDS—Redemption Provisions.**”)

### **Market Liquidity**

The Series 2021 Bonds constitute a new issue and the first issue of bonds under the Master Indenture and I-81 Bond Act. Although the Underwriters currently intend to make a market for the Series 2021 Bonds, the Underwriters are not obligated to do so, and they may discontinue any such market-making at any time without prior notice. No assurance can be given as to the development or liquidity of any market for the Series 2021 Bonds. If an active public market does not develop, the market price and liquidity of the Series 2021 Bonds may be adversely affected.

**TIFIA Loan Issues.** [Springing Lien and other issues – Contingent Upon TIFIA conditions]

## **CERTAIN LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Series 2021 Bonds will be subject to the approving opinion of Kutak Rock LLP, Bond Counsel, which will be furnished at the expense of the Transportation Board upon delivery of the Series 2021 Bonds, substantially in the form set forth in Appendix \_\_\_\_. Bond Counsel's opinion will be limited to matters relating to the authorization and the validity of the Series 2021 Bonds and to the federal income status of interest on the Series 2021 Bonds, as described in the section “**TAX MATTERS.**” Bond Counsel has not been engaged to investigate the financial resources of the Transportation Board or the Commonwealth, or the ability to provide for payment of the Series 2021 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 Series 2021 Bonds.

Certain legal matters will be passed upon for the Commonwealth by the Office of the Attorney General of Virginia, and certain legal matters will be passed upon by the Underwriters by Kaufman and Canoles, P.C., Richmond, Virginia.

## **TAX MATTERS**

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

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Transportation Board with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2021 Bonds. Failure to comply with such requirements could cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Transportation Board will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2021 Bonds.

The accrual or receipt of interest on the Series 2021 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2021 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2021 Bonds, particularly purchasers that are corporations (including S

corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2021 Bonds.

**Original Issue Discount.** The Series 2021 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Series 2021 Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2021 Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Series 2021 Bond is added to the cost basis of the owner thereof in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2021 Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Series 2021 Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Series 2021 Bond, on days that are determined by reference to the maturity date of such Discount Series 2021 Bond. The amount treated as original issue discount on such Discount Series 2021 Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Series 2021 Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Series 2021 Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Series 2021 Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Series 2021 Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2021 Bond is sold between semiannual compounding dates, original issue discount that would have been 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.

Owners of Discount Series 2021 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers that purchase Discount Series 2021 Bonds for a price that is higher or lower than the “adjusted issue price” of such Discount Series 2021 Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

**Original Issue Premium.** The Series 2021 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Series 2021 Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2021 Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2021 Bond. A purchaser of a Premium Series 2021 Bond must amortize any premium over such Premium Series 2021 Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Series 2021 Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Series 2021 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Series 2021 Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2021 Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Series 2021 Bond.

**Backup Withholding.** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2021 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2021 Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2021 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

**Internal Revenue Service Audits.** The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is included in the gross income for federal income tax purposes. It cannot be predicted whether or not the Internal Revenue Service will commence an audit of any of the Series 2021 Bonds. If an audit is commenced, under current procedures the Internal Revenue Service may treat the Transportation Board, as the issuer of the Series 2021 Bonds, as a taxpayer, and the registered owners of the Series 2021 Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the related Series 2021 Bonds until the audit is concluded, regardless of the ultimate outcome.

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

Bond Counsel's opinion also will state that, under current law, interest on the Series 2021 Bonds is exempt from income taxation by the Commonwealth and any of its political subdivisions. Bond Counsel will express no opinion regarding (i) other Virginia tax consequences arising with respect to the Series 2021 Bonds or (ii) any consequences arising with respect to the Series 2021 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors regarding such other Commonwealth tax consequences or the tax status of interest on the Series 2021 Bonds in a particular state or local jurisdiction other than the Commonwealth.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2021 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2021 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021 BONDS.**

### **LEGALITY FOR INVESTMENT**

The I-81 Bond Act provides that the Series 2021 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.

The Transportation Board makes no representation as to the eligibility of the Series 2021 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 Series 2021 Bonds or in any way contest or affect the validity of the Series 2021 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 Series 2021 Bonds.

## **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 Undertaking in substantially the form set forth in Appendix \_\_, for the benefit of the holders of the Series 2021 Bonds, to provide to the MSRB Annual Reports and Event Notices to the MSRB. The information to be provided by the Transportation Board will include a summary of revenues credited to the I-81 Fund, including the I-81 Regional Fuels Tax; the amount of such funds appropriated by the General Assembly for project costs and debt service payments; a summary of expenditures of I-81 Fund revenues and proceeds of the Series 2021 Bonds for project costs; the amount expended on debt service payments on the Series 2021 Bonds; and certain other information as set forth in the Continuing Disclosure Undertaking.

Audited Financial Statements. The Transportation Board does not produce separate financial statements. Its financial activity is included in the audited financial statements of the Commonwealth. Accordingly, the Transportation Board will covenant in its Continuing Disclosure Undertaking to provide audited financial statements of the Commonwealth as part of the its Annual Report. The Transportation Board notes that presently I-81 Regional Fuel Tax Revenues are not set out and reported separately in the audited financial statements of the Commonwealth. In connection with any filing of audited financial statements of the Commonwealth, the Transportation Board will endeavor to include appropriate disclaimer language so as not to imply that general funds of the Commonwealth will be made available to support the payment of debt service on the Series 2021 Bonds. If, at any time in the future, as a result of a change in law or accounting policy or otherwise, the Transportation Board should produce separate audited financial statements pertaining to I-81 Regional Fuels Tax Revenues, then the Transportation Board will include such audited statements in the Transportation Board’s Annual Report, and such separate audited financial statements shall be provided in lieu of the audited financial statements of the Commonwealth

[Filing compliance review]

### **No Commonwealth Continuing Disclosure of General Financial or Operating Data**

No funds of the Commonwealth other than I-81 Regional Fuels Tax Revenues credited to the I-81 Fund are expected to be available, subject to appropriation by the General Assembly of the Commonwealth, to pay debt service on the Series 2021 Bonds. Accordingly, the Commonwealth will not undertake to provide Annual Reports and Event Notices to the MSRB. Other than audited financial statements of the Commonwealth for the Fiscal Year ended June 30, 2020 attached as Appendix \_\_ and I-81 Regional Fuels Tax information, no general financial or operating data is provided for the Commonwealth in this Official Statement. The inclusion of the Commonwealth’s audited financial statements is not intended to imply that funds of the Commonwealth other than appropriated I-81 Regional Fuels Tax Revenues will be made available to pay debt service on the Series 2021 Bonds.

## RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") assigned the Series 2021 Bonds ratings of "\_\_\_\_\_" and "\_\_\_\_\_", 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 Series 2021 Bonds.

## UNDERWRITING

The Series 2021 Bonds are being purchased by the Underwriters pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") between Transportation Board and BofA Securities, as representative of the Underwriters. The Bond Purchase Agreement sets forth the obligation of the Underwriters to purchase the Series 2021 Bonds at an aggregate purchase price of \$\_\_\_\_\_ (representing the sum of the \$\_\_\_\_\_ par amount of the Series 2021 Bonds, plus original issue premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_ on such Series 2021 Bonds) and is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2021 Bonds if any are purchased. The Underwriters may offer and sell the Series 2021 Bonds to certain dealers (including dealers depositing the Series 2021 Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Commonwealth or the Transportation Board (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Commonwealth or the Transportation Board. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, as an Underwriter of the Series 2021 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the Underwriters of the Series 2021 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its



affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2021 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC (“PFM”), Arlington, Virginia, is serving as financial advisor to the Transportation Board on the issuance of the Series 2021 Bonds. PFM has assisted in the preparation of this Official Statement and in matters relating to the planning, structuring and issuance of the Series 2021 Bonds and has provided other advice. PFM is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instruments.

## **TRUSTEE**

The Transportation Board has appointed U.S. Bank, National Association, as Trustee, for the Series 2021 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 Series 2021 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 Series 2021 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 Series 2021 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 Series 2021 Bonds, the technical or financial feasibility of any Project, or the investment quality of the Series 2021 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

## **RELATIONSHIP OF PARTIES**

Bond Counsel and Counsel to the Underwriters represent the Trustee and the Commonwealth from time to time in matters unrelated to the issuance of the Series 2021 Bonds.

## **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: 804-786-2707).

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 Series 2021 Bonds.

The purpose of this Preliminary Official Statement is to supply information to prospective buyers of the Series 2021 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

### Map Locating I-81 Corridor Localities

## Jurisdictions with I-81

Jurisdiction #	Jurisdiction Name	District
102	Bristol City	Bristol
86	Smyth County	Bristol
95	Washington County	Bristol
98	Wythe County	Bristol
11	Botetourt County	Salem
60	Montgomery County	Salem
77	Pulaski County	Salem
126	Radford City	Salem
128	Roanoke City	Salem
80	Roanoke County	Salem
129	Salem City	Salem
7	Augusta County	Staunton
103	Buena Vista City	Staunton
34	Frederick County	Staunton
115	Harrisonburg City	Staunton
117	Lexington City	Staunton
81	Rockbridge County	Staunton
82	Rockingham County	Staunton
85	Shenandoah County	Staunton
132	Staunton City	Staunton
93	Warren County	Staunton
136	Waynesboro City	Staunton
138	Winchester City	Staunton

- Jurisdictions
- Jurisdictions with I-81
- I-81



**I-81 REGIONAL FUELS TAX LOCALITIES POPULATION AND CERTAIN  
DEMOGRAPHIC INFORMATION**

*The I-81 Regional Fuels Tax Localities have no obligation to make debt service payments on the Series 2021 Bonds or any responsibility related to the levy of the I-81 Regional Fuels Tax or collection of I-81 Regional Fuels Tax Revenues securing the Series 2021 Bonds.*

*The inclusion of this information is solely for the purpose of providing a general overview of the population and certain other demographic information of the I-81 Regional Fuels Tax Localities, and does not imply that the I-81 Regional Fuels Tax Localities are legally obligated to make payments on, or have any responsibility respecting, the Series 2021 Bonds or projects to be funded with the proceeds thereof.*

*The I-81 Regional Fuels Tax Localities have not participated in the issuance of the Series 2021 Bonds or the review or preparation of the information herein.*

**I-81 REGIONAL FUELS TAX LOCALITIES POPULATION AND CERTAIN  
DEMOGRAPHIC INFORMATION**

The following information is provided for a general overview of the population and certain other demographics of the I-81 Regional Fuels Tax Localities: Augusta County, Botetourt County, City of Bristol, City of Buena Vista, Frederick County, City of Harrisonburg, City of Lexington, Montgomery County, Pulaski County, City of Radford, City of Roanoke, Roanoke County, Rockbridge County, Rockingham County, City of Salem, Shenandoah County, Smyth County, City of Staunton, Warren County, Washington County, City of Waynesboro, City of Winchester and Wythe County.

Such localities are not obligated to make debt service payments on the Series 2021 Bonds, *do not have any responsibility related to the levy of the I-81 Regional Fuels Tax or collection of I-81 Regional Fuels Tax Revenues securing the Series 2021 Bonds*, have not participated in the issuance of the Series 2021 Bonds and will have no responsibility for the improvements to be constructed with the proceeds of the Series 2021 Bonds.

**AUGUSTA COUNTY**

**Population**

<b>Year</b>	<b>Augusta County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	73,750	8,001,024	308,745,538
2011	73,648	8,101,155	311,556,874
2012	73,588	8,185,080	313,830,990
2013	73,842	8,252,427	315,993,715
2014	73,881	8,310,993	318,301,008
2015	74,292	8,361,808	320,635,163
2016	74,834	8,410,106	322,941,311
2017	75,177	8,463,587	324,985,539
2018	75,535	8,501,286	326,687,501
2019	75,558	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Augusta County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	6.3%	6.6%	8.9%
2012	5.7	5.9	8.1
2013	5.1	5.6	7.4
2014	4.6	5.1	6.2
2015	4.0	4.4	5.3
2016	3.6	4.0	4.9
2017	3.4	3.7	4.4
2018	2.7	2.9	3.9
2019	2.3	2.7	3.7
2020	4.6	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Augusta County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$49,903	\$60,674	\$50,046
2011	47,326	61,882	50,502
2012	47,279	61,741	53,046
2013	55,284	62,666	52,250
2014	58,322	64,902	53,657
2015	56,766	66,262	55,775
2016	55,342	68,114	57,617
2017	57,017	71,535	60,336
2018	59,820	72,577	61,937
2019	62,668	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Augusta County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$23,571	\$32,145	\$26,049
2011	23,861	33,040	26,708
2012	23,882	33,326	27,319
2013	25,519	33,493	28,184
2014	26,398	33,958	28,889
2015	27,000	34,152	28,930
2016	28,601	34,967	29,829
2017	30,088	36,268	31,177
2018	29,366	37,763	32,621
2019	30,272	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**BOTETOURT COUNTY**

**Population**

<b>Year</b>	<b>Botetourt County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	33,148	8,001,024	308,745,538
2011	33,005	8,101,155	311,556,874
2012	33,123	8,185,080	313,830,990
2013	32,994	8,252,427	315,993,715
2014	33,080	8,310,993	318,301,008
2015	33,380	8,361,808	320,635,163
2016	33,252	8,410,106	322,941,311
2017	33,313	8,463,587	324,985,539
2018	33,352	8,501,286	326,687,501
2019	33,419	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Botetourt County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	5.9%	6.6%	8.9%
2012	5.4	5.9	8.1
2013	5.1	5.6	7.4
2014	4.8	5.1	6.2
2015	4.1	4.4	5.3
2016	3.6	4.0	4.9
2017	3.5	3.7	4.4
2018	2.7	2.9	3.9
2019	2.4	2.7	3.7
2020	4.5	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Botetourt County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$64,724	\$60,674	\$50,046
2011	65,633	61,882	50,502
2012	66,053	61,741	53,046
2013	65,935	62,666	52,250
2014	63,011	64,902	53,657
2015	60,454	66,262	55,775
2016	61,470	68,114	57,617
2017	64,733	71,535	60,336
2018	68,410	72,577	61,937
2019	71,110	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Botetourt County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$29,540	\$32,145	\$26,049
2011	30,293	33,040	26,708
2012	30,137	33,326	27,319
2013	32,490	33,493	28,184
2014	32,266	33,958	28,889
2015	31,160	34,152	28,930
2016	32,518	34,967	29,829
2017	34,733	36,268	31,177
2018	33,983	37,763	32,621
2019	35,893	39,278	34,103

Source: U.S. Census Bureau, American Community Survey



**CITY OF BRISTOL**

**Population**

<b>Year</b>	<b>City of Bristol</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	17,835	8,001,024	308,745,538
2011	17,717	8,101,155	311,556,874
2012	17,692	8,185,080	313,830,990
2013	17,386	8,252,427	315,993,715
2014	17,191	8,310,993	318,301,008
2015	17,146	8,361,808	320,635,163
2016	17,088	8,410,106	322,941,311
2017	16,880	8,463,587	324,985,539
2018	16,685	8,501,286	326,687,501
2019	16,762	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Bristol</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	8.3%	6.6%	8.9%
2012	7.1	5.9	8.1
2013	6.8	5.6	7.4
2014	6.3	5.1	6.2
2015	5.3	4.4	5.3
2016	5.0	4.0	4.9
2017	4.5	3.7	4.4
2018	3.7	2.9	3.9
2019	3.6	2.7	3.7
2020	7.7	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Bristol</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$32,079	\$60,674	\$50,046
2011	32,122	61,882	50,502
2012	30,636	61,741	53,046
2013	32,221	62,666	52,250
2014	33,616	64,902	53,657
2015	35,368	66,262	55,775
2016	35,801	68,114	57,617
2017	37,844	71,535	60,336
2018	37,904	72,577	61,937
2019	37,500	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Bristol*</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$34,686	\$32,145	\$26,049
2011	37,538	33,040	26,708
2012	40,350	33,326	27,319
2013	38,714	33,493	28,184
2014	37,843	33,958	28,889
2015	37,843	34,152	28,930
2016	36,841	34,967	29,829
2017	39,527	36,268	31,177
2018	40,773	37,763	32,621
2019	41,513	39,278	34,103

Source: U.S. Bureau of Economic Analysis for City of Bristol; U.S. Census Bureau, American Community Survey for Virginia and U.S.

\*Combined with Washington County, Virginia

**CITY OF BUENA VISTA**

**Population**

<b>Year</b>	<b>City of Buena Vista</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	6,650	8,001,024	308,745,538
2011	6,711	8,101,155	311,556,874
2012	6,747	8,185,080	313,830,990
2013	6,652	8,252,427	315,993,715
2014	6,549	8,310,993	318,301,008
2015	6,529	8,361,808	320,635,163
2016	6,435	8,410,106	322,941,311
2017	6,482	8,463,587	324,985,539
2018	6,494	8,501,286	326,687,501
2019	6,478	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Buena Vista</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	9.1%	6.6%	8.9%
2012	7.7	5.9	8.1
2013	6.6	5.6	7.4
2014	5.7	5.1	6.2
2015	5.0	4.4	5.3
2016	5.0	4.0	4.9
2017	4.2	3.7	4.4
2018	3.1	2.9	3.9
2019	2.6	2.7	3.7
2020	5.7	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Buena Vista</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$39,955	\$60,674	\$50,046
2011	35,426	61,882	50,502
2012	35,921	61,741	53,046
2013	36,591	62,666	52,250
2014	32,789	64,902	53,657
2015	29,097	66,262	55,775
2016	29,109	68,114	57,617
2017	33,672	71,535	60,336
2018	34,273	72,577	61,937
2019	32,455	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Buena Vista</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$19,030	\$32,145	\$26,049
2011	18,268	33,040	26,708
2012	19,014	33,326	27,319
2013	18,453	33,493	28,184
2014	17,460	33,958	28,889
2015	15,707	34,152	28,930
2016	16,405	34,967	29,829
2017	17,969	36,268	31,177
2018	19,744	37,763	32,621
2019	21,419	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**FREDERICK COUNTY**

**Population**

<b>Year</b>	<b>Frederick County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	78,305	8,001,024	308,745,538
2011	79,512	8,101,155	311,556,874
2012	80,229	8,185,080	313,830,990
2013	81,474	8,252,427	315,993,715
2014	82,714	8,310,993	318,301,008
2015	83,493	8,361,808	320,635,163
2016	84,638	8,410,106	322,941,311
2017	86,456	8,463,587	324,985,539
2018	88,173	8,501,286	326,687,501
2019	89,313	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Frederick County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	5.9%	6.6%	8.9%
2012	5.4	5.9	8.1
2013	5.1	5.6	7.4
2014	4.8	5.1	6.2
2015	4.1	4.4	5.3
2016	3.6	4.0	4.9
2017	3.5	3.7	4.4
2018	2.7	2.9	3.9
2019	2.4	2.7	3.7
2020	4.5	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Frederick County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$63,331	\$60,674	\$50,046
2011	69,155	61,882	50,502
2012	67,289	61,741	53,046
2013	69,332	62,666	52,250
2014	66,167	64,902	53,657
2015	71,993	66,262	55,775
2016	69,827	68,114	57,617
2017	72,405	71,535	60,336
2018	80,953	72,577	61,937
2019	86,229	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Frederick County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$29,540	\$32,145	\$26,049
2011	30,293	33,040	26,708
2012	30,137	33,326	27,319
2013	32,490	33,493	28,184
2014	32,266	33,958	28,889
2015	31,160	34,152	28,930
2016	32,518	34,967	29,829
2017	34,733	36,268	31,177
2018	33,983	37,763	32,621
2019	35,893	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**CITY OF HARRISONBURG**

**Population**

<b>Year</b>	<b>City of Harrisonburg</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	48,914	8,001,024	308,745,538
2011	49,935	8,101,155	311,556,874
2012	51,312	8,185,080	313,830,990
2013	51,537	8,252,427	315,993,715
2014	52,542	8,310,993	318,301,008
2015	52,675	8,361,808	320,635,163
2016	53,542	8,410,106	322,941,311
2017	53,644	8,463,587	324,985,539
2018	53,488	8,501,286	326,687,501
2019	53,016	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Harrisonburg</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	7.8%	6.6%	8.9%
2012	7.2	5.9	8.1
2013	6.6	5.6	7.4
2014	6.0	5.1	6.2
2015	5.2	4.4	5.3
2016	4.7	4.0	4.9
2017	4.4	3.7	4.4
2018	3.4	2.9	3.9
2019	3.1	2.7	3.7
2020	6.4	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Harrisonburg</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$37,235	\$60,674	\$50,046
2011	37,850	61,882	50,502
2012	36,853	61,741	53,046
2013	38,048	62,666	52,250
2014	38,807	64,902	53,657
2015	38,750	66,262	55,775
2016	40,494	68,114	57,617
2017	43,009	71,535	60,336
2018	43,893	72,577	61,937
2019	46,679	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Harrisonburg</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$16,750	\$32,145	\$26,049
2011	16,992	33,040	26,708
2012	16,621	33,326	27,319
2013	17,080	33,493	28,184
2014	17,919	33,958	28,889
2015	18,324	34,152	28,930
2016	18,892	34,967	29,829
2017	20,134	36,268	31,177
2018	21,793	37,763	32,621
2019	23,202	39,278	34,103

Source: U.S. Census Bureau, American Community Survey



**CITY OF LEXINGTON**

**Population**

<b>Year</b>	<b>City of Lexington</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	7,042	8,001,024	308,745,538
2011	6,972	8,101,155	311,556,874
2012	7,018	8,185,080	313,830,990
2013	7,146	8,252,427	315,993,715
2014	7,125	8,310,993	318,301,008
2015	7,162	8,361,808	320,635,163
2016	7,148	8,410,106	322,941,311
2017	7,154	8,463,587	324,985,539
2018	7,297	8,501,286	326,687,501
2019	7,446	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Lexington</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	9.1%	6.6%	8.9%
2012	8.6	5.9	8.1
2013	8.3	5.6	7.4
2014	7.6	5.1	6.2
2015	6.7	4.4	5.3
2016	6.0	4.0	4.9
2017	6.0	3.7	4.4
2018	4.6	2.9	3.9
2019	4.5	2.7	3.7
2020	7.0	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Lexington</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$31,571	\$60,674	\$50,046
2011	33,670	61,882	50,502
2012	36,511	61,741	53,046
2013	36,505	62,666	52,250
2014	36,840	64,902	53,657
2015	34,017	66,262	55,775
2016	34,464	68,114	57,617
2017	37,309	71,535	60,336
2018	36,466	72,577	61,937
2019	42,632	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Lexington</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$17,022	\$32,145	\$26,049
2011	15,088	33,040	26,708
2012	15,829	33,326	27,319
2013	14,763	33,493	28,184
2014	15,627	33,958	28,889
2015	14,792	34,152	28,930
2016	15,745	34,967	29,829
2017	16,668	36,268	31,177
2018	17,762	37,763	32,621
2019	19,047	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

## MONTGOMERY COUNTY

### Population

Year	Montgomery County	Commonwealth of Virginia	United States
2010	94,392	8,001,024	308,745,538
2011	94,737	8,101,155	311,556,874
2012	95,652	8,185,080	313,830,990
2013	96,589	8,252,427	315,993,715
2014	97,107	8,310,993	318,301,008
2015	97,317	8,361,808	320,635,163
2016	98,172	8,410,106	322,941,311
2017	98,142	8,463,587	324,985,539
2018	98,532	8,501,286	326,687,501
2019	98,535	8,535,519	328,239,523

Source: U.S. Census Bureau

### Unemployment Rate

Year	Montgomery County	Commonwealth of Virginia	United States
2011	6.3%	6.6%	8.9%
2012	5.8	5.9	8.1
2013	5.5	5.6	7.4
2014	5.0	5.1	6.2
2015	4.3	4.4	5.3
2016	4.1	4.0	4.9
2017	3.7	3.7	4.4
2018	2.9	2.9	3.9
2019	2.7	2.7	3.7
2020	4.8	6.2	8.1

Source: Virginia Employment Commission

### Median Household Income

Year	Montgomery County	Commonwealth of Virginia	United States
2010	\$43,229	\$60,674	\$50,046
2011	44,231	61,882	50,502
2012	44,166	61,741	53,046
2013	45,543	62,666	52,250
2014	44,810	64,902	53,657
2015	46,663	66,262	55,775
2016	49,712	68,114	57,617
2017	53,424	71,535	60,336
2018	54,641	72,577	61,937
2019	57,977	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Montgomery County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$22,040	\$32,145	\$26,049
2011	22,861	33,040	26,708
2012	23,292	33,326	27,319
2013	23,548	33,493	28,184
2014	23,727	33,958	28,889
2015	25,368	34,152	28,930
2016	26,819	34,967	29,829
2017	28,277	36,268	31,177
2018	28,920	37,763	32,621
2019	30,054	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**PULASKI COUNTY**

**Population**

<b>Year</b>	<b>Pulaski County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	34,872	8,001,024	308,745,538
2011	34,740	8,101,155	311,556,874
2012	34,732	8,185,080	313,830,990
2013	34,546	8,252,427	315,993,715
2014	34,340	8,310,993	318,301,008
2015	34,351	8,361,808	320,635,163
2016	34,249	8,410,106	322,941,311
2017	34,225	8,463,587	324,985,539
2018	34,060	8,501,286	326,687,501
2019	34,027	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Pulaski County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	8.7%	6.6%	8.9%
2012	7.3	5.9	8.1
2013	7.4	5.6	7.4
2014	6.0	5.1	6.2
2015	5.0	4.4	5.3
2016	5.9	4.0	4.9
2017	5.3	3.7	4.4
2018	3.4	2.9	3.9
2019	3.2	2.7	3.7
2020	7.9	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Pulaski County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$41,163	\$60,674	\$50,046
2011	40,987	61,882	50,502
2012	43,072	61,741	53,046
2013	44,312	62,666	52,250
2014	45,635	64,902	53,657
2015	47,495	66,262	55,775
2016	49,469	68,114	57,617
2017	49,691	71,535	60,336
2018	52,638	72,577	61,937
2019	53,866	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Pulaski County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$20,976	\$32,145	\$26,049
2011	21,623	33,040	26,708
2012	22,231	33,326	27,319
2013	23,987	33,493	28,184
2014	24,722	33,958	28,889
2015	25,556	34,152	28,930
2016	25,738	34,967	29,829
2017	26,328	36,268	31,177
2018	26,609	37,763	32,621
2019	28,125	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**CITY OF RADFORD**

**Population**

<b>Year</b>	<b>City of Radford</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	16,408	8,001,024	308,745,538
2011	16,814	8,101,155	311,556,874
2012	16,714	8,185,080	313,830,990
2013	17,117	8,252,427	315,993,715
2014	17,392	8,310,993	318,301,008
2015	17,295	8,361,808	320,635,163
2016	17,324	8,410,106	322,941,311
2017	17,484	8,463,587	324,985,539
2018	18,101	8,501,286	326,687,501
2019	18,249	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Radford</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	8.4%	6.6%	8.9%
2012	7.8	5.9	8.1
2013	7.4	5.6	7.4
2014	6.6	5.1	6.2
2015	5.6	4.4	5.3
2016	5.3	4.0	4.9
2017	4.9	3.7	4.4
2018	3.7	2.9	3.9
2019	3.4	2.7	3.7
2020	6.3	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Radford</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$29,155	\$60,674	\$50,046
2011	29,101	61,882	50,502
2012	29,757	61,741	53,046
2013	30,714	62,666	52,250
2014	30,284	64,902	53,657
2015	29,912	66,262	55,775
2016	31,457	68,114	57,617
2017	36,082	71,535	60,336
2018	36,743	72,577	61,937
2019	36,297	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Radford</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$16,496	\$32,145	\$26,049
2011	16,723	33,040	26,708
2012	15,748	33,326	27,319
2013	16,181	33,493	28,184
2014	15,509	33,958	28,889
2015	15,556	34,152	28,930
2016	18,108	34,967	29,829
2017	19,539	36,268	31,177
2018	20,760	37,763	32,621
2019	21,797	39,278	34,103

Source: U.S. Census Bureau, American Community Survey



**CITY OF ROANOKE**

**Population**

<b>Year</b>	<b>City of Roanoke</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	97,032	8,001,024	308,745,538
2011	96,782	8,101,155	311,556,874
2012	98,011	8,185,080	313,830,990
2013	98,849	8,252,427	315,993,715
2014	99,427	8,310,993	318,301,008
2015	99,669	8,361,808	320,635,163
2016	99,337	8,410,106	322,941,311
2017	98,986	8,463,587	324,985,539
2018	99,009	8,501,286	326,687,501
2019	99,143	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Roanoke</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	8.0%	6.6%	8.9%
2012	7.1	5.9	8.1
2013	6.5	5.6	7.4
2014	5.8	5.1	6.2
2015	4.8	4.4	5.3
2016	4.2	4.0	4.9
2017	4.1	3.7	4.4
2018	3.2	2.9	3.9
2019	2.9	2.7	3.7
2020	7.7	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Roanoke</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$36,422	\$60,674	\$50,046
2011	37,753	61,882	50,502
2012	38,265	61,741	53,046
2013	38,145	62,666	52,250
2014	39,530	64,902	53,657
2015	39,930	66,262	55,775
2016	39,201	68,114	57,617
2017	41,483	71,535	60,336
2018	43,028	72,577	61,937
2019	44,230	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Roanoke</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$22,530	\$32,145	\$26,049
2011	23,023	33,040	26,708
2012	23,831	33,326	27,319
2013	23,295	33,493	28,184
2014	23,565	33,958	28,889
2015	23,685	34,152	28,930
2016	23,611	34,967	29,829
2017	26,705	36,268	31,177
2018	27,959	37,763	32,621
2019	27,183	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**ROANOKE COUNTY**

**Population**

<b>Year</b>	<b>Roanoke County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	92,376	8,001,024	308,745,538
2011	92,815	8,101,155	311,556,874
2012	92,738	8,185,080	313,830,990
2013	93,311	8,252,427	315,993,715
2014	93,378	8,310,993	318,301,008
2015	93,376	8,361,808	320,635,163
2016	93,528	8,410,106	322,941,311
2017	93,939	8,463,587	324,985,539
2018	94,086	8,501,286	326,687,501
2019	94,186	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Roanoke County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	5.7%	6.6%	8.9%
2012	5.1	5.9	8.1
2013	4.9	5.6	7.4
2014	4.5	5.1	6.2
2015	3.9	4.4	5.3
2016	3.5	4.0	4.9
2017	3.4	3.7	4.4
2018	2.7	2.9	3.9
2019	2.4	2.7	3.7
2020	5.1	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Roanoke County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$59,446	\$60,674	\$50,046
2011	62,895	61,882	50,502
2012	61,686	61,741	53,046
2013	60,795	62,666	52,250
2014	60,950	64,902	53,657
2015	60,519	66,262	55,775
2016	60,380	68,114	57,617
2017	62,134	71,535	60,336
2018	65,467	72,577	61,937
2019	68,948	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Roanoke County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$31,046	\$32,145	\$26,049
2011	31,617	33,040	26,708
2012	31,666	33,326	27,319
2013	31,728	33,493	28,184
2014	31,864	33,958	28,889
2015	31,370	34,152	28,930
2016	32,220	34,967	29,829
2017	33,717	36,268	31,177
2018	34,901	37,763	32,621
2019	36,469	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**ROCKBRIDGE COUNTY**

**Population**

<b>Year</b>	<b>Rockbridge County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	22,307	8,001,024	308,745,538
2011	22,445	8,101,155	311,556,874
2012	22,378	8,185,080	313,830,990
2013	22,328	8,252,427	315,993,715
2014	22,432	8,310,993	318,301,008
2015	22,396	8,361,808	320,635,163
2016	22,450	8,410,106	322,941,311
2017	22,668	8,463,587	324,985,539
2018	22,761	8,501,286	326,687,501
2019	22,573	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Rockbridge County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	6.8%	6.6%	8.9%
2012	6.0	5.9	8.1
2013	5.7	5.6	7.4
2014	5.2	5.1	6.2
2015	4.6	4.4	5.3
2016	4.3	4.0	4.9
2017	4.1	3.7	4.4
2018	3.0	2.9	3.9
2019	2.6	2.7	3.7
2020	5.5	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Rockbridge County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$44,417	\$60,674	\$50,046
2011	45,489	61,882	50,502
2012	45,859	61,741	53,046
2013	48,313	62,666	52,250
2014	48,550	64,902	53,657
2015	48,901	66,262	55,775
2016	52,478	68,114	57,617
2017	53,918	71,535	60,336
2018	54,805	72,577	61,937
2019	54,600	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Rockbridge County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$23,753	\$32,145	\$26,049
2011	23,022	33,040	26,708
2012	23,978	33,326	27,319
2013	25,638	33,493	28,184
2014	26,391	33,958	28,889
2015	26,767	34,152	28,930
2016	29,603	34,967	29,829
2017	31,534	36,268	31,177
2018	31,594	37,763	32,621
2019	31,539	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

## ROCKINGHAM COUNTY

### Population

Year	Rockingham County	Commonwealth of Virginia	United States
2010	76,314	8,001,024	308,745,538
2011	76,861	8,101,155	311,556,874
2012	77,137	8,185,080	313,830,990
2013	77,419	8,252,427	315,993,715
2014	77,878	8,310,993	318,301,008
2015	78,445	8,361,808	320,635,163
2016	79,367	8,410,106	322,941,311
2017	80,397	8,463,587	324,985,539
2018	81,261	8,501,286	326,687,501
2019	81,948	8,535,519	328,239,523

Source: U.S. Census Bureau

### Unemployment Rate

Year	Rockingham County	Commonwealth of Virginia	United States
2011	6.0%	6.6%	8.9%
2012	5.6	5.9	8.1
2013	5.0	5.6	7.4
2014	4.6	5.1	6.2
2015	4.1	4.4	5.3
2016	3.5	4.0	4.9
2017	3.2	3.7	4.4
2018	2.6	2.9	3.9
2019	2.3	2.7	3.7
2020	4.7	6.2	8.1

Source: Virginia Employment Commission

### Median Household Income

Year	Rockingham County	Commonwealth of Virginia	United States
2010	\$49,930	\$60,674	\$50,046
2011	51,775	61,882	50,502
2012	51,721	61,741	53,046
2013	52,195	62,666	52,250
2014	53,728	64,902	53,657
2015	53,744	66,262	55,775
2016	55,029	68,114	57,617
2017	57,651	71,535	60,336
2018	59,817	72,577	61,937
2019	61,864	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Rockingham County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$25,274	\$32,145	\$26,049
2011	26,226	33,040	26,708
2012	28,884	33,326	27,319
2013	27,298	33,493	28,184
2014	27,696	33,958	28,889
2015	26,472	34,152	28,930
2016	27,160	34,967	29,829
2017	28,884	36,268	31,177
2018	30,138	37,763	32,621
2019	31,275	39,278	34,103

Source: U.S. Census Bureau, American Community Survey



**CITY OF SALEM**

**Population**

<b>Year</b>	<b>City of Salem</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	24,802	8,001,024	308,745,538
2011	25,026	8,101,155	311,556,874
2012	25,179	8,185,080	313,830,990
2013	25,317	8,252,427	315,993,715
2014	25,428	8,310,993	318,301,008
2015	25,364	8,361,808	320,635,163
2016	25,252	8,410,106	322,941,311
2017	25,373	8,463,587	324,985,539
2018	25,293	8,501,286	326,687,501
2019	25,301	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Salem</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	6.3%	6.6%	8.9%
2012	5.8	5.9	8.1
2013	5.7	5.6	7.4
2014	5.1	5.1	6.2
2015	4.4	4.4	5.3
2016	3.9	4.0	4.9
2017	3.7	3.7	4.4
2018	2.9	2.9	3.9
2019	2.7	2.7	3.7
2020	5.8	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Salem</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$48,828	\$60,674	\$50,046
2011	48,050	61,882	50,502
2012	47,776	61,741	53,046
2013	48,733	62,666	52,250
2014	50,590	64,902	53,657
2015	50,068	66,262	55,775
2016	52,351	68,114	57,617
2017	53,990	71,535	60,336
2018	57,185	72,577	61,937
2019	57,165	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Salem</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$27,081	\$32,145	\$26,049
2011	27,143	33,040	26,708
2012	26,699	33,326	27,319
2013	26,661	33,493	28,184
2014	27,559	33,958	28,889
2015	27,560	34,152	28,930
2016	28,892	34,967	29,829
2017	30,141	36,268	31,177
2018	31,274	37,763	32,621
2019	31,924	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

## SHENANDOAH COUNTY

### Population

Year	Shenandoah County	Commonwealth of Virginia	United States
2010	41,993	8,001,024	308,745,538
2011	42,266	8,101,155	311,556,874
2012	42,530	8,185,080	313,830,990
2013	42,506	8,252,427	315,993,715
2014	42,729	8,310,993	318,301,008
2015	42,848	8,361,808	320,635,163
2016	42,907	8,410,106	322,941,311
2017	43,276	8,463,587	324,985,539
2018	43,473	8,501,286	326,687,501
2019	43,616	8,535,519	328,239,523

Source: U.S. Census Bureau

### Unemployment Rate

Year	Shenandoah County	Commonwealth of Virginia	United States
2011	7.0%	6.6%	8.9%
2012	6.2	5.9	8.1
2013	5.5	5.6	7.4
2014	4.9	5.1	6.2
2015	4.2	4.4	5.3
2016	3.7	4.0	4.9
2017	3.3	3.7	4.4
2018	2.8	2.9	3.9
2019	2.4	2.7	3.7
2020	5.3	6.2	8.1

Source: Virginia Employment Commission

### Median Household Income

Year	Shenandoah County	Commonwealth of Virginia	United States
2010	\$50,171	\$60,674	\$50,046
2011	50,535	61,882	50,502
2012	49,953	61,741	53,046
2013	49,625	62,666	52,250
2014	47,936	64,902	53,657
2015	49,406	66,262	55,775
2016	50,450	68,114	57,617
2017	53,934	71,535	60,336
2018	54,921	72,577	61,937
2019	57,252	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Shenandoah County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$24,502	\$32,145	\$26,049
2011	24,913	33,040	26,708
2012	25,131	33,326	27,319
2013	25,134	33,493	28,184
2014	24,967	33,958	28,889
2015	25,253	34,152	28,930
2016	26,444	34,967	29,829
2017	27,016	36,268	31,177
2018	28,064	37,763	32,621
2019	28,882	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**SMYTH COUNTY**

**Population**

<b>Year</b>	<b>Smyth County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	32,208	8,001,024	308,745,538
2011	32,047	8,101,155	311,556,874
2012	31,896	8,185,080	313,830,990
2013	31,772	8,252,427	315,993,715
2014	31,573	8,310,993	318,301,008
2015	31,419	8,361,808	320,635,163
2016	31,126	8,410,106	322,941,311
2017	30,731	8,463,587	324,985,539
2018	30,454	8,501,286	326,687,501
2019	30,104	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Smyth County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	10.9%	6.6%	8.9%
2012	9.4	5.9	8.1
2013	8.9	5.6	7.4
2014	7.8	5.1	6.2
2015	6.4	4.4	5.3
2016	5.7	4.0	4.9
2017	4.9	3.7	4.4
2018	3.9	2.9	3.9
2019	3.6	2.7	3.7
2020	6.4	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Smyth County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$34,864	\$60,674	\$50,046
2011	34,533	61,882	50,502
2012	34,394	61,741	53,046
2013	37,239	62,666	52,250
2014	37,880	64,902	53,657
2015	37,983	66,262	55,775
2016	38,906	68,114	57,617
2017	40,544	71,535	60,336
2018	40,425	72,577	61,937
2019	40,932	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Smyth County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$19,906	\$32,145	\$26,049
2011	20,626	33,040	26,708
2012	20,169	33,326	27,319
2013	20,837	33,493	28,184
2014	22,010	33,958	28,889
2015	21,927	34,152	28,930
2016	22,161	34,967	29,829
2017	22,319	36,268	31,177
2018	22,297	37,763	32,621
2019	21,605	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**CITY OF STAUNTON**

**Population**

<b>Year</b>	<b>City of Staunton</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	23,746	8,001,024	308,745,538
2011	24,023	8,101,155	311,556,874
2012	23,809	8,185,080	313,830,990
2013	24,101	8,252,427	315,993,715
2014	24,283	8,310,993	318,301,008
2015	24,185	8,361,808	320,635,163
2016	24,156	8,410,106	322,941,311
2017	24,325	8,463,587	324,985,539
2018	24,562	8,501,286	326,687,501
2019	24,932	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Staunton</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	7.1%	6.6%	8.9%
2012	6.3	5.9	8.1
2013	5.7	5.6	7.4
2014	5.1	5.1	6.2
2015	4.3	4.4	5.3
2016	3.8	4.0	4.9
2017	3.5	3.7	4.4
2018	2.8	2.9	3.9
2019	2.6	2.7	3.7
2020	6.3	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Staunton</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$42,724	\$60,674	\$50,046
2011	42,757	61,882	50,502
2012	42,918	61,741	53,046
2013	38,501	62,666	52,250
2014	39,982	64,902	53,657
2015	40,842	66,262	55,775
2016	42,948	68,114	57,617
2017	46,435	71,535	60,336
2018	48,049	72,577	61,937
2019	52,611	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Staunton</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$24,077	\$32,145	\$26,049
2011	24,595	33,040	26,708
2012	25,001	33,326	27,319
2013	24,753	33,493	28,184
2014	25,255	33,958	28,889
2015	25,182	34,152	28,930
2016	26,678	34,967	29,829
2017	27,571	36,268	31,177
2018	28,836	37,763	32,621
2019	30,166	39,278	34,103

Source: U.S. Census Bureau, American Community Survey



**WARREN COUNTY**

**Population**

<b>Year</b>	<b>Warren County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	37,575	8,001,024	308,745,538
2011	37,646	8,101,155	311,556,874
2012	37,887	8,185,080	313,830,990
2013	38,500	8,252,427	315,993,715
2014	40,126	8,310,993	318,301,008
2015	38,716	8,361,808	320,635,163
2016	39,165	8,410,106	322,941,311
2017	39,409	8,463,587	324,985,539
2018	40,006	8,501,286	326,687,501
2019	40,164	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>Warren County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	7.4%	6.6%	8.9%
2012	6.6	5.9	8.1
2013	6.0	5.6	7.4
2014	5.5	5.1	6.2
2015	4.7	4.4	5.3
2016	4.0	4.0	4.9
2017	3.7	3.7	4.4
2018	3.0	2.9	3.9
2019	2.7	2.7	3.7
2020	5.8	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>Warren County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$60,522	\$60,674	\$50,046
2011	61,379	61,882	50,502
2012	61,693	61,741	53,046
2013	61,610	62,666	52,250
2014	60,560	64,902	53,657
2015	61,454	66,262	55,775
2016	63,734	68,114	57,617
2017	65,353	71,535	60,336
2018	68,189	72,577	61,937
2019	69,116	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Warren County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$29,098	\$32,145	\$26,049
2011	30,069	33,040	26,708
2012	29,554	33,326	27,319
2013	28,889	33,493	28,184
2014	29,160	33,958	28,889
2015	29,522	34,152	28,930
2016	29,179	34,967	29,829
2017	30,009	36,268	31,177
2018	31,007	37,763	32,621
2019	32,086	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

## WASHINGTON COUNTY

### Population

Year	Washington County	Commonwealth of Virginia	United States
2010	54,876	8,001,024	308,745,538
2011	54,831	8,101,155	311,556,874
2012	55,095	8,185,080	313,830,990
2013	54,776	8,252,427	315,993,715
2014	54,603	8,310,993	318,301,008
2015	54,268	8,361,808	320,635,163
2016	54,100	8,410,106	322,941,311
2017	54,179	8,463,587	324,985,539
2018	54,067	8,501,286	326,687,501
2019	53,740	8,535,519	328,239,523

Source: U.S. Census Bureau

### Unemployment Rate

Year	Washington County	Commonwealth of Virginia	United States
2011	7.1%	6.6%	8.9%
2012	6.6	5.9	8.1
2013	6.2	5.6	7.4
2014	5.7	5.1	6.2
2015	4.7	4.4	5.3
2016	4.4	4.0	4.9
2017	4.1	3.7	4.4
2018	3.3	2.9	3.9
2019	3.2	2.7	3.7
2020	5.8	6.2	8.1

Source: Virginia Employment Commission

### Median Household Income

Year	Washington County	Commonwealth of Virginia	United States
2010	\$40,422	\$60,674	\$50,046
2011	41,526	61,882	50,502
2012	42,844	61,741	53,046
2013	41,897	62,666	52,250
2014	42,458	64,902	53,657
2015	43,310	66,262	55,775
2016	43,835	68,114	57,617
2017	44,844	71,535	60,336
2018	46,262	72,577	61,937
2019	48,495	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Washington County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$23,488	\$32,145	\$26,049
2011	25,043	33,040	26,708
2012	24,768	33,326	27,319
2013	25,109	33,493	28,184
2014	25,807	33,958	28,889
2015	25,351	34,152	28,930
2016	25,287	34,967	29,829
2017	25,640	36,268	31,177
2018	26,085	37,763	32,621
2019	27,524	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**CITY OF WAYNESBORO**

**Population**

<b>Year</b>	<b>City of Waynesboro</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	21,006	8,001,024	308,745,538
2011	21,103	8,101,155	311,556,874
2012	21,066	8,185,080	313,830,990
2013	21,167	8,252,427	315,993,715
2014	21,305	8,310,993	318,301,008
2015	21,542	8,361,808	320,635,163
2016	21,757	8,410,106	322,941,311
2017	22,242	8,463,587	324,985,539
2018	22,531	8,501,286	326,687,501
2019	22,630	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Waynesboro</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	8.1%	6.6%	8.9%
2012	6.9	5.9	8.1
2013	5.9	5.6	7.4
2014	5.2	5.1	6.2
2015	4.7	4.4	5.3
2016	4.1	4.0	4.9
2017	4.0	3.7	4.4
2018	3.2	2.9	3.9
2019	2.8	2.7	3.7
2020	6.5	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Waynesboro</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$40,977	\$60,674	\$50,046
2011	43,605	61,882	50,502
2012	43,884	61,741	53,046
2013	44,847	62,666	52,250
2014	45,499	64,902	53,657
2015	45,643	66,262	55,775
2016	45,097	68,114	57,617
2017	42,112	71,535	60,336
2018	45,738	72,577	61,937
2019	45,011	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Waynesboro</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$23,190	\$32,145	\$26,049
2011	24,695	33,040	26,708
2012	24,826	33,326	27,319
2013	22,872	33,493	28,184
2014	21,515	33,958	28,889
2015	22,516	34,152	28,930
2016	22,967	34,967	29,829
2017	23,640	36,268	31,177
2018	25,421	37,763	32,621
2019	27,033	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

**CITY OF WINCHESTER**

**Population**

<b>Year</b>	<b>City of Winchester</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	26,203	8,001,024	308,745,538
2011	26,660	8,101,155	311,556,874
2012	27,008	8,185,080	313,830,990
2013	27,321	8,252,427	315,993,715
2014	27,382	8,310,993	318,301,008
2015	27,480	8,361,808	320,635,163
2016	27,785	8,410,106	322,941,311
2017	28,178	8,463,587	324,985,539
2018	27,962	8,501,286	326,687,501
2019	28,078	8,535,519	328,239,523

Source: U.S. Census Bureau

**Unemployment Rate**

<b>Year</b>	<b>City of Winchester</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2011	7.4%	6.6%	8.9%
2012	6.5	5.9	8.1
2013	5.7	5.6	7.4
2014	5.0	5.1	6.2
2015	4.3	4.4	5.3
2016	3.9	4.0	4.9
2017	3.6	3.7	4.4
2018	2.9	2.9	3.9
2019	2.7	2.7	3.7
2020	5.8	6.2	8.1

Source: Virginia Employment Commission

**Median Household Income**

<b>Year</b>	<b>City of Winchester</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$44,873	\$60,674	\$50,046
2011	46,065	61,882	50,502
2012	45,959	61,741	53,046
2013	44,200	62,666	52,250
2014	44,731	64,902	53,657
2015	45,363	66,262	55,775
2016	46,466	68,114	57,617
2017	49,330	71,535	60,336
2018	53,797	72,577	61,937
2019	58,818	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>City of Winchester</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$26,341	\$32,145	\$26,049
2011	26,343	33,040	26,708
2012	27,146	33,326	27,319
2013	26,060	33,493	28,184
2014	26,624	33,958	28,889
2015	26,182	34,152	28,930
2016	26,984	34,967	29,829
2017	28,429	36,268	31,177
2018	29,727	37,763	32,621
2019	30,859	39,278	34,103

Source: U.S. Census Bureau, American Community Survey



## WYTHE COUNTY

### Population

Year	Wythe County	Commonwealth of Virginia	United States
2010	29,235	8,001,024	308,745,538
2011	29,202	8,101,155	311,556,874
2012	29,328	8,185,080	313,830,990
2013	29,282	8,252,427	315,993,715
2014	29,055	8,310,993	318,301,008
2015	29,097	8,361,808	320,635,163
2016	28,912	8,410,106	322,941,311
2017	28,829	8,463,587	324,985,539
2018	28,698	8,501,286	326,687,501
2019	28,684	8,535,519	328,239,523

Source: U.S. Census Bureau

### Unemployment Rate

Year	Wythe County	Commonwealth of Virginia	United States
2011	9.2%	6.6%	8.9%
2012	7.6	5.9	8.1
2013	7.6	5.6	7.4
2014	6.3	5.1	6.2
2015	5.4	4.4	5.3
2016	5.6	4.0	4.9
2017	5.0	3.7	4.4
2018	3.7	2.9	3.9
2019	3.4	2.7	3.7
2020	7.7	6.2	8.1

Source: Virginia Employment Commission

### Median Household Income

Year	Wythe County	Commonwealth of Virginia	United States
2010	\$38,948	\$60,674	\$50,046
2011	40,920	61,882	50,502
2012	40,564	61,741	53,046
2013	41,275	62,666	52,250
2014	40,185	64,902	53,657
2015	41,360	66,262	55,775
2016	42,888	68,114	57,617
2017	46,119	71,535	60,336
2018	48,043	72,577	61,937
2019	49,364	76,456	65,712

Source: U.S. Census Bureau, American Community Survey

**Per Capita Income**

<b>Year</b>	<b>Wythe County</b>	<b>Commonwealth of Virginia</b>	<b>United States</b>
2010	\$20,589	\$32,145	\$26,049
2011	23,561	33,040	26,708
2012	24,083	33,326	27,319
2013	23,219	33,493	28,184
2014	23,237	33,958	28,889
2015	23,770	34,152	28,930
2016	24,431	34,967	29,829
2017	24,879	36,268	31,177
2018	26,513	37,763	32,621
2019	27,381	39,278	34,103

Source: U.S. Census Bureau, American Community Survey

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is dated \_\_\_\_\_, 2021 (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 Interstate 81 Corridor Program Revenue Bonds (Senior Lien), Series 2021 (the “Bonds”), pursuant to the provisions of a Master Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (the “Master Indenture”), as supplemented by a First Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (together with the Master Indenture, the “Indenture”), entered into between the Transportation Board and U.S. Bank, National Association, as trustee (the “Trustee”).

The Transportation Board hereby covenants and agrees as follows:

Section 1. 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 a 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 \_\_\_\_\_, 2021.

“Project” means any transportation project allowable under the Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020, enactment clause 15 of Chapter 1230 of the Acts of Assembly of the General Assembly of the Commonwealth of Virginia 2020 Reconvened Session financed in whole or in part from net proceeds of the Bonds.

“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.

Section 2. 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.

Section 3. Provision of Annual Reports: Audited Financial Statements.

(a) 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, 2021, 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.

(b) 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 audited financial statements of Commonwealth are attached as an appendix to the Official Statement and will be provided by or on behalf of the Transportation Board as part of the Annual Report to assist the Participating Underwriters in complying with the Rule. The Transportation Board notes that as of the date of this Disclosure Agreement, the Regional Fuel Tax Revenues (as defined in the Master Indenture) securing the Bonds are not set out and reported separately in the audited financial statements of the Commonwealth. In connection with any filing of audited financial statements of the Commonwealth, the Transportation Board shall endeavor to include appropriate disclaimer language so as not to imply that general funds of the Commonwealth will be made available to support the payment of debt service on the Bonds. If, at any time in the future, as a result of a change in law or accounting policy or otherwise, the Transportation Board should produce separate audited financial statements pertaining to the Regional Fuels Tax Revenues, then the Transportation Board will make public such audited financial statements as provided in the Rule, and such separate audited financial statements shall be provided in lieu of the audited financial statements of the Commonwealth.

(c) 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.

Section 4. 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:

(a) For the Fiscal Year covered by the Annual Report, the amount of all funds credited to the I-81 Fund (as defined in the Master Indenture) for such Fiscal Year specifying the amount of Regional Fuels Tax Revenues and the amount derived from the Transportation Board's Interstate Operations Enhancement Program (as such term is defined in the Official Statement), and providing the amount of such funds by source appropriated by the General Assembly for Interstate 81 Project costs and for the payment of debt service;

(b) The amount spent on debt service in such Fiscal Year on the Bonds and other obligations issued under the Master Indenture;

(c) For such Fiscal Year, a summary of the expenditure of Bond proceeds and I-81 Fund revenues on Interstate 81 Projects [by general category, such as, by way of example, lane widening, acceleration/deceleration lanes, truck climbing lanes and operational improvements]; and

(d) to the extent funds other than Regional Fuels Tax Revenues are appropriated by the General Assembly with respect to the Bonds or other obligations issued under the Master Indenture, information detailing the source or sources of such other funds appropriated by the General Assembly for such 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 EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The Transportation Board shall clearly identify each such other document so incorporated by reference.

Section 5. 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 EMMA, 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 to which the Transportation Board has actual knowledge:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) 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;
- (7) Modifications to rights of Holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Transportation Board;
- (13) 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect Holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The Transportation Board does not undertake to provide the above-described notice in the event of a mandatory, scheduled 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 when 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.

Section 6. 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 all Outstanding Bonds.

Section 7. 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 Dissemination 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.

Section 8. 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 [not prohibited] or required by the Rule.

Section 9. 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. 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.

Section 10. 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 of the 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.

Section 11. 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.

Section 12. 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.

[Signature page follows]



**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

[Signature Page to Continuing Disclosure Agreement]

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

COMMONWEALTH TRANSPORTATION BOARD

in connection with

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

Commonwealth of Virginia

Interstate 81 Corridor Program Revenue Bonds, Series 2021

CUSIP Numbers:

\_\_\_\_\_ to \_\_\_\_\_

Dated: \_\_\_\_\_, 2021

**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: \_\_\_\_\_

**MASTER INDENTURE OF TRUST**

**between**

**COMMONWEALTH TRANSPORTATION BOARD**

**and**

**U.S. BANK, NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of \_\_\_\_\_ 1, 2021**

**Relating to**

**Commonwealth of Virginia  
Interstate 81 Corridor Program Revenue Bonds**

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This **MASTER INDENTURE OF TRUST** (this “Master Indenture”) is made as of \_\_\_\_\_ 1, 2021, between the **COMMONWEALTH TRANSPORTATION BOARD**, a board created and existing under the laws of the Commonwealth of Virginia (the “Board”), and U.S. Bank, National Association, a national banking association, and its successors, as trustee (the “Trustee”).

## **RECITALS**

**WHEREAS**, pursuant to the Transportation Development and Revenue Bond Act (the “State Transportation Revenue Bond Act”), Sections 33.2-1700 et seq. of the Code of Virginia of 1950, as amended (the “Virginia Code”), 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 Interstate 81 Corridor Bond Act of 2020, enactment item 15 of Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Reconvened 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 Transportation Revenue Bond Act, revenue obligations of the Commonwealth of Virginia (the “Commonwealth”) to be designated “Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series ....” (the “Bonds”) at one or more times in an aggregate principal amount not to exceed \$1 billion, after all costs, excluding refunding bonds and excluding pre-project completion interest convertible to principal associated with certain federal programs of the U.S. Department of Transportation;

**WHEREAS**, the Board is required pursuant to the Bond Act to use proceeds of any Bonds, including any premium received on the sale thereof, for the exclusive purpose of costs incurred or to be incurred in relation to the Interstate 81 Corridor Improvement Plan and the Interstate 81 Corridor Improvement Program, as such terms are defined in Section 33.2-3600 of the Virginia Code;

**WHEREAS**, Section 33.2-3601 of the Virginia Code creates the Interstate 81 Corridor Improvement Fund (the “I-81 Fund”) in the state treasury as a special non-reverting fund which shall be established on the books of the Comptroller and provides that all revenues dedicated to the I-81 Fund pursuant to Sections 33.2-372 and 58.1-2299.20 of the Virginia Code, any other funds that may be appropriated by the General Assembly, and any funds that may be received for credit to the I-81 Fund from any other sources shall be paid into the state treasury and credited to the I-81 Fund;

**WHEREAS**, Section 11 of the Bond Act requires the Board to establish a fund either in the state treasury with the cooperation of the State Treasurer or with a trustee in accordance with the provisions of Section 33.2-1716 of the State Transportation Revenue Bond Act to secure and be used for the payment of the Bonds to the credit of which there shall be deposited such amounts, subject to appropriation by the General Assembly, necessary to pay principal, purchase price, redemption premium, if any, and interest on the Bonds, as and when such costs become due and payable; provided that such costs shall be paid from the revenues deposited into the I-81



Fund pursuant to Section 58.1-2299.20 of the Virginia Code from the receipt of regional fuels tax levied pursuant to Section 58.1-2295 of the Virginia Code;

**WHEREAS**, Section 12 of the Bond Act permits the Board, in connection with the issuance or planned issuance of any Bonds, to pay any necessary and appropriate support costs, including debt service or deposits to reserve funds from the revenues deposited into the I-81 Fund pursuant to Section 58.1-2299.20 of the Virginia Code from the receipt of regional fuels tax levied pursuant to Section 58.1-2295 of the Virginia Code;

**WHEREAS**, Section 10 of the Bond Act permits the Board to receive other funds that may be made available to pay project costs and, subject to appropriation by the General Assembly, may make such funds available for the payment of the principal, purchase price, redemption premium, if any, and interest on Bonds authorized under the Bond Act;

**WHEREAS**, the Board has determined that it is in the best interest of the Commonwealth of Virginia and the Board for the Board to issue Bonds for the purposes authorized under and in accordance with the provisions of the Bond Act and to enter into this Master Indenture to provide for issuance of Bonds from time to time;

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

## **ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION**

**Section 1.1 Definitions.** The following words and terms shall have the following meanings in this Master Indenture unless the context requires otherwise:

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

**“Accreted Amount”** means with respect to Capital Appreciation Bonds of any Series, the amount set forth in the Related Series Supplement as the amount representing the initial public offering price plus the accreted and compounded interest on such Bonds as of any point in time.

**“Agency Obligations”** means senior debt obligations of U.S. government-sponsored agencies, corporations, and enterprises 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, Tennessee Valley Authority debt obligations, Resolution Funding Corporation debt obligations (including principal and interest strips), and U.S. Agency for International Development guaranteed notes (including stripped securities).

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

**“Assumed Debt Service”** means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by the Board for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of (i) the date specified by the Board or (ii) [30 years] from the date of calculation, such Assumed Debt Service to be calculated on a level debt service basis or other amortization schedule provided by the Board, based on a fixed interest rate equal to the rate at which the Board could borrow for such period, as expressed in an Officer’s Certificate (which shall be based upon the opinion of the Board’s financial advisor or of a third party consultant reasonably acceptable to the Trustee).

**“Bankruptcy Law”** means Title 11 of the United States Code, as it is amended from time to time and any successor to or replacement of such Title and any other applicable federal or state bankruptcy, insolvency or other similar law.

**“Board”** means the Commonwealth Transportation Board, a board created and existing under the laws of the Commonwealth.

**“Board Representative”** means (i) the Chair or Vice Chair of the Board, and (ii) any other member, officer or employee of the Board authorized by resolution of the Board to perform the act or sign the document in question.

**“Bond”** or **“Bonds”** means any bonds or other obligations that the Board may issue under the Bond Act and pursuant to Article V hereof, including any Senior Bonds, any Intermediate Lien Obligations, or any Subordinate Obligations.

**“Bond Act”** as the meaning given to such term in the recitals to this Master Indenture.

**“Bond Counsel”** means (i) Kutak Rock LLP, or (ii) other counsel selected by the Board which is nationally recognized as experienced in matters relating to obligations issued or incurred by states and their political subdivisions.

**“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 Series Supplement.

**“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 Series Supplement in respect of such Series of Bonds.

**“Business Day”** means any day on which commercial banking institutions generally are open for business in New York and the Commonwealth.

**“Capital Appreciation Bonds”** means a Series of Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the Related Series Supplement and is payable upon redemption or on the maturity date of such Series of Bonds.

**“Commonwealth”** means the Commonwealth of Virginia.

**“Convertible Capital Appreciation Bonds”** means a Series of Capital Appreciation Bonds having a conversion date after which such Bonds become Current Interest Bonds.

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

**“Current Interest Bonds”** means a Series of Bonds the interest on which is payable currently on the Interest Payment Dates provided therefor in the Related Series Supplement.

**“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) selected by the Board and reasonably acceptable to the Trustee.

**“Debt Service Fund”** means, as the context requires, a Senior Debt Service Fund, Intermediate Lien Debt Service Fund, and/or Subordinate Debt Service Fund established with respect to a Series of Bonds pursuant to a Related Series Supplement.

**“Debt Service Reserve Fund”** means, as the context requires, a Senior Debt Service Reserve Fund, Intermediate Lien Debt Service Reserve Fund, and/or Subordinate Debt Service Reserve Fund established with respect to a Series of Bonds pursuant to a Related Series Supplement.

**“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 that are rated in the highest rating category by any Rating Agency and provision for the payment of the principal of and redemption premium, if any, 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 along with any cash held by the trustee or escrow agent provide sufficient money to pay the principal of and redemption premium, if any, and interest on such obligations.

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

**“DSRF Credit Facility”** means a letter of credit, surety bond or similar credit enhancement facility acquired by the Board, from a financial institution (including, without limitation, any bank, trust company, insurance company, or broker-dealer) with a long term credit rating at the time of issuance of such facility in the third highest rating category or higher by any Rating Agency, to substitute for cash or investments required to be held in a Debt Service Reserve Fund for any Series of Bonds pursuant to the Related Series Supplement.

**“DSRF Credit Provider”** means the financial institution providing, and qualified under the definition of, a DSRF Credit Facility.

**“Escrow Fund”** means an escrow fund relating to a Series of Refunding Bonds that may be established pursuant to the Related Series Supplement and Section 7.2 hereof.

**“Event of Default”** means any of the events enumerated in Section 13.1.

**“Excluded Interest Payment”** means each payment of interest on obligations that the Board has specified in a Related Series Supplement or in an Officer’s Certificate to be payable from or secured by funds or revenues that do not constitute the Revenues.

**“Excluded Principal Payment”** means each payment of Principal on obligations that the Board has specified in a Related Series Supplement or in an Officer’s Certificate to be payable from or secured by funds or revenues that do not constitute the Revenues.

**“Fiscal Year”** means the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year.

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

**“GAAP”** means generally accepted accounting principles, existing from time to time, as applicable to state and local governmental units.

**“General Assembly”** means the General Assembly of the Commonwealth.

**“Government Certificates”** means certificates representing an ownership interest in 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 guaranteed by, the United States of America.

**“Hedge Agreement”** means, 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; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the Board determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

**“Hedge Payments”** means amounts payable by the Board pursuant to any Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

**“Hedge Period”** means the period during which a Hedge Agreement is in effect and has not been terminated.

**“Hedge Receipts”** means amounts payable by any Swap Provider pursuant to a related Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

**“I-81 Fund”** has the meaning set forth in the recitals hereto.

**“Initial Resolution”** means the resolution authorizing this Master Indenture and the issuance of the initial Series of Bonds hereunder and related matters [\_\_\_\_\_] adopted by the Board on \_\_\_\_\_2021.

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

**“Interest Requirement”** for any Interest Payment Date, as applied to all of the Current Interest Bonds or a portion thereof, means the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date, subject to Section 5.4 hereof. Interest expense shall be excluded from the definition of Interest Requirement to the extent that (i) they constitute Excluded Interest Payments, or (ii) proceeds of any Bonds or other funds (including, without limitation, applicable Debt Service Funds and Debt Service Reserve Funds) are held by the Trustee, or are reasonably expected to be obtained from investment earnings thereon, to pay such interest. Unless the 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.

**“Intermediate Lien Obligations”** means any bonds or other obligations issued under this Master Indenture and designated as being subordinate as to payment and security to the Senior Bonds but senior as to payment and security to the Subordinate Obligations.

**“Intermediate Lien Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Intermediate Lien Obligations pursuant to Section 7.1(b).

**“Intermediate Lien Debt Service Reserve Fund”** means a Debt Service Reserve Fund established with respect to one or more Series of Intermediate Lien Obligations pursuant to Section 7.1(b).

**“Intermediate Lien Debt Service Reserve Requirement”** means an amount, required to be maintained in an Intermediate Lien Debt Service Reserve Fund established by the Series Supplement for any Intermediate Lien Obligations; provided, however, (1) to the extent specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Intermediate Lien Obligations or any calculation of the Intermediate Lien Debt Service Reserve Requirement, the Board may hold any Intermediate Lien Debt Service Reserve Fund collectively with respect to all or multiple Series of Intermediate Lien Obligations; and (2) if any Intermediate Debt Service Reserve Requirement held collectively in any Intermediate Lien Debt Service Reserve Fund with respect to all or multiple Series of Intermediate Lien Obligations is determined as of the beginning of any Fiscal Year to be in an amount greater than the aggregate amount that would be derived by measuring the Intermediate Lien Debt Service Reserve Requirement separately for each Outstanding Series of Intermediate Lien Obligations, then such lesser derived amount shall be the Intermediate Lien Debt Service Reserve Requirement for such Fiscal Year.

**“Majority Owners”** means the Owners of greater than 50% of the aggregate principal amount of the Senior Bonds Outstanding.

**“Master Indenture”** means this Master Indenture of Trust dated as of \_\_\_\_\_ 1, 2021, between the Board and the Trustee, as the same may be modified, altered, amended and supplemented in accordance with its terms by one or more Series Supplements and other Supplemental Indentures.

**“Officer’s Certificate”** means a certificate signed by a Board Representative and filed with the Trustee, upon which the Trustee may conclusively rely.

**“Opinion”** or **“Opinion of Counsel”** means a written opinion of any attorney or firm of attorneys, who or which may be Bond Counsel or counsel for the Board or the Trustee.

**“Optional Tender Bonds”** means any Series of Bonds issued under this Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to the Board, or to the Trustee, any Paying Agent 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 issued, authenticated and delivered under this Master Indenture except:

- (a) Any Bond canceled or required to be canceled by the Trustee at or before such date;
- (b) Any Bond in lieu of or in substitution for which another Bond shall have been issued, authenticated and delivered under this Master Indenture;

(c) Any Bond deemed paid under Article XII 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 (or the corresponding provisions of the Related Series Supplement, as the case may be); and

(d) Any Bond not deemed Outstanding under, but only to the extent provided for in, Section 12.2.

**“Owner”** means the registered owner of any Bond.

**“Paying Agent”** means any national banking association, state bank, bank and trust company or trust company appointed by the Board to fulfill the duties of a “paying agent” for the Bonds or any portion thereof as commonly understood in the municipal bond market and meeting the qualifications of, and subject to the obligations of, the Trustee in Article XIV. Unless otherwise provided in a Supplemental Indenture, the Trustee shall be the Paying Agent.

**“Payment Agreement”** means the agreement by and among the Board, the Treasury Board and the Secretary of Finance of the Commonwealth, dated as of \_\_\_\_\_, 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, and support costs related to, 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 limited liability company, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**“Principal”** or **“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 unpaid 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 Series Supplement 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, subject to Section 5.4 hereof. Principal payments shall be excluded from the definition of Principal Requirement to the extent that (i) they constitute Excluded Principal Payments, or (ii) proceeds of any Bonds or other funds are held by the Trustee to pay such Principal.

**“Project”** means any project pursuant to the Interstate 81 Corridor Improvement Plan and the Interstate 81 Corridor Improvement Program, as such terms are defined in Section 33.2-3600 of the Virginia Code, for which the proceeds of the Bonds may be used to finance or refinance pursuant to the Bond Act.

**“Project Fund”** means the Project Fund to be established with respect to a Series of Bonds as provided in Section 7.1(b).

**“Purchase Price”** means the purchase price established in any Series Supplement for Optional Tender Bonds as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

**“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 Board, maintains a rating on such Bonds.

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

**“Rebate Amount”** means the liability of the 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 Board may deem appropriate) in accordance with a Related Series Supplement, a Related Tax Regulatory Certification, or an Officer’s Certificate.

**“Rebate Fund”** means the Rebate Fund to be established with respect to a Series of Bonds as provided in Section 7.1(b).

**“Refunding Bonds”** shall have the meaning set forth in Section 5.3(f).

**“Regional Fuel Tax Revenues”** means revenues deposited into the I-81 Fund pursuant to Section 58.1-2299.20 of the Virginia Code from the receipt of regional fuels tax levied pursuant to Section 58.1-2295 of the Virginia Code.

**“Reimbursement Account”** means any Reimbursement Account that may be established within a Related Debt Service Fund by a Related Series Supplement and pursuant to Section 7.2 hereof.

**“Reimbursement Obligations”** means any reimbursement obligations of the Board for principal and interest drawings on any Bond Credit Facility or DSRF Credit Facility with respect



to which moneys in a Debt Service Fund, or Reimbursement Account thereof, are pledged or payable pursuant to the provisions of this Master Indenture or any Series Supplement.

**“Related”** means (i) when used with respect to any Fund, Account or Series of Bonds, the Fund, Account or Series of Bonds so authorized, designated and established by this Master Indenture and the Series Supplement authorizing a particular Series of Bonds, (ii) when used with respect to a Series Supplement, Tax Regulatory Certification or other document contemplated hereunder, such document authorizing or related to a particular Series of Bonds, or Supplemental Indenture related thereto and (iii) when used with respect to a Bond Credit Facility, DSRF Credit Facility or Reimbursement Obligation, the Bond Credit Facility or DSRF Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith.

**“Reserve Determination Date”** means (i) the tenth day after each Interest Payment Date, or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Series Supplement or an Officer’s Certificate for the valuation of a Debt Service Reserve Fund.

**“Reserve Requirement”** means, as the context requires, the Senior Debt Service Reserve Requirement, the Intermediate Lien Debt Service Reserve Requirement, and/or the Subordinate Debt Service Reserve Requirement.

**“Revenues”** means all monies appropriated by the General Assembly from time to time for the payment of the Bonds, including costs related to or for the support of the Bonds, from (i) Regional Fuels Tax Revenues deposited into the I-81 Fund and (ii) any other legally available funds.

**“Senior Bonds”** means any bonds or other obligations issued under this Master Indenture with seniority of payment and security to the Intermediate Lien Obligations and the Subordinate Obligations.

**“Senior Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Senior Bonds pursuant to Section 7.1(b).

**“Senior Debt Service Reserve Fund”** means a Debt Service Reserve Fund established with respect to one or more Series of Senior Bonds pursuant to Section 7.1(b).

**“Senior Debt Service Reserve Requirement”** means an amount, required to be maintained in a Senior Debt Service Reserve Fund established by the Series Supplement for any Senior Bonds; provided, however, (1) to the extent specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Senior Bonds or any calculation of the Senior Debt Service Reserve Requirement, the Board may hold any Senior Debt Service Reserve Fund collectively with respect to all or multiple Series of Senior Bonds; and (2) if any Senior Debt Service Reserve Requirement held collectively in any Senior Debt Service Reserve Fund with respect to all or multiple Series of Senior Bonds is determined as of the beginning of any Fiscal Year to be in an amount greater than the aggregate amount that would be derived by measuring the Senior Debt Service Reserve Requirement

separately for each Outstanding Series of Senior Bonds, then such lesser derived amount shall be the Senior Debt Service Reserve Requirement for such Fiscal Year.

**“Serial Bonds”** means the Bonds of a Series that are stated to mature in semiannual or annual installments as designated in the Related Series Supplement.

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

**“Series Supplement”** means a Supplemental Indenture providing for the issuance of a Series of Bonds, as such Series Supplement may be modified, altered, amended and supplemented by a Supplemental Indenture in accordance with the provisions of this Master Indenture.

**“SIFMA”** means the Securities Industry and Financial Markets Association and its successors.

**“SIFMA Swap Index”** means, on any determination date, the rate calculated, on the basis of the seven day high grade market index comprised of tax exempt variable rate demand obligation reset rates, by Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA as the SIFMA Municipal Swap Index on such date.

**“Subordinate Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Subordinate Obligations pursuant to Section 7.1(b).

**“Subordinate Debt Service Reserve Fund”** means a Debt Service Reserve Fund established with respect to one or more Series of Subordinate Obligations pursuant to Section 7.1(b).

**“Subordinate Debt Service Reserve Requirement”** means an amount, required to be maintained in a Subordinate Debt Service Reserve Fund established by the Series Supplement for any Subordinate Obligations; provided, however, (1) to the extent specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Subordinate Obligations or any calculation of the Subordinate Debt Service Reserve Requirement, the Board may hold any Subordinate Debt Service Reserve Fund collectively with respect to all or multiple Series of Subordinate Obligations; and (2) if any Subordinate Debt Service Reserve Requirement held collectively in any Subordinate Debt Service Reserve Fund held collectively with respect to all or multiple Series of Subordinate Obligations is determined as of the beginning of any Fiscal Year to be in an amount greater than the amount that would be derived by measuring the Subordinate Debt Service Reserve Requirement separately for each Outstanding Series of Subordinate Obligations as of such date, then such lesser derived amount shall be the Subordinate Debt Service Reserve Requirement for such Fiscal Year.

**“Subordinate Obligations”** means any bonds or other obligations that are made specifically subordinate as to payment and security to the Senior Bonds and the Intermediate Lien Obligations.

**“Supplemental Indenture”** means any indenture supplementary to or amendatory of this Master Indenture or any Supplemental Indenture or Series Supplement now or hereafter duly executed and delivered in accordance with the provisions of this Master Indenture, including a Series Supplement.

**“Swap Provider”** means, with respect to a Hedge Agreement, the Person that is identified in such agreement as the counterparty to, or contracting party with, the Board.

**“Swap Related Bonds”** means all or any portion of Bonds with respect to which the Board has entered into a Hedge Agreement identified as relating to such Bonds, whether or not such Hedge Agreement constitutes a “qualified hedge” under the Tax Code.

**“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 Regulatory Certification”** means, as applicable, the tax certification or regulatory agreement delivered in connection with the issuance of a Series of Bonds as required under the Tax Code to establish or maintain federal income tax-exemption or a federally-advantaged tax status of such Series of Bonds, as the same may be modified, altered, amended or supplemented.

**“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 Series Supplement.

**“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 \_\_\_\_\_, a national banking association, and its successors appointed in accordance with this Master Indenture.

**“Variable Rate Bonds”** means any Series of 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 such Bonds.

**“Verification Agent”** means (i) a firm of nationally-recognized independent certified public accountants or (ii) any other qualified firm acceptable to the Board and the Trustee.

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

**Section 1.2 Rules of Construction.** The following rules shall apply to the construction of this Master Indenture unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(c) All references in this Master Indenture to particular Articles, Sections or Exhibits are references to Articles, Sections or Exhibits of this Master Indenture unless otherwise indicated.

(d) The headings and table of contents as used in this Master Indenture are solely for convenience of reference and shall not constitute a part of this Master Indenture nor shall they affect its meaning, construction or effect.

(e) Unless specifically provided otherwise in this Master Indenture or a Supplemental Indenture, any requirement that an obligation be or remain in a particular rating category assigned by a Rating Agency shall be applied without regard to any refinement or gradation of the rating category by numerical modifier or otherwise.

(f) Unless otherwise provided in a Supplemental Indenture, where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or for the purpose of any document, affidavit or certificate to be executed and delivered in accordance with or pursuant this Master Indenture or a Supplemental Indenture, the same shall be done in accordance with GAAP; provided, however, that whenever the context makes clear that the requirement is that cash, or its equivalent, be available to pay debt service on any Bonds, computations regarding such requirement shall be computed on a cash basis and not on a GAAP basis.

## ARTICLE II ESTABLISHMENT OF TRUST

**Section 2.1 Security for Bonds.** (a) In order to provide for the payment of the principal of and the premium, if any, and interest on the Bonds issued hereunder, and to secure the performance of all of the obligations of the Board with respect to the Bonds, this Master Indenture and the Series Supplements, subject to the terms hereof and thereof, the Board pledges and grants to the Trustee:

(1) the Revenues and

(2) in order to provide for payments and security with respect to each Series of Bonds, the money and investments held in the Related Project Fund, the Related Debt Service Fund and Related Debt Service Reserve Fund, as specified in the Related Series Supplement for such Series of Bonds.

(b) The Board's authority to receive any or all of the Revenues is subject to appropriation by the General Assembly of the Commonwealth, and neither the General Assembly nor the Board can or will pledge, covenant or agree to impose or maintain at any

particular rate or level any of the taxes or other revenues dedicated to the I-81 Fund by the Commonwealth.

**Section 2.2 Bond Credit Facility.** Any Bond Credit Facility that is given to secure some, but not all, of the Bonds, together with money drawn or paid under it, shall be held by the Trustee solely as security for the Series of Bonds to which such Bond Credit Facility is Related, as provided for in the Related Series Supplement. Neither such Bond Credit Facility nor any money drawn or paid under it will secure the payment of any other Series of Bonds.

### **ARTICLE III GENERAL TERMS AND CONDITIONS OF BONDS**

**Section 3.1 Authority for Master Indenture.** This Master Indenture has been executed and delivered under the Initial Resolution and the Bond Act. The Board has ascertained that the execution of and the transactions contemplated by this Master Indenture are in furtherance of both the Board's purposes and the exercise of the powers granted to the Board by the Virginia Code and the Bond Act.

**Section 3.2 Indenture Constitutes Contract.** In consideration of the Owners' purchase and acceptance of the Bonds, the provisions of this Master Indenture and the Supplemental Indentures shall be a part of the Board's contract with the Owners and shall be deemed to be and shall constitute a contract among the Board, the Trustee and the Owners from time to time of the Bonds.

**Section 3.3 Form and Details of Each Series of Bonds.** The forms, details and terms of each Series of Bonds, the funds and accounts to be established with respect to such Series, and such other matters as the Board may deem appropriate shall be set forth in the Related Series Supplement.

**Section 3.4 Obligation of Bonds.** This Master Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of and premium, if any, and interest of each Series of Bonds. The Bonds of each Series are limited obligations of the Board payable solely from the revenues, money and other property pledged by this Master Indenture and the Related Series Supplement.

**Section 3.5 Payment of Bonds.** The principal of and premium, if any, and interest on Bonds of each Series shall be payable in lawful money of the United States of America, but only from the revenues, money or property pledged to such payment pursuant to this Master Indenture and the Related Series Supplement. The principal of and premium, if any, and interest on Bonds of each Series shall be payable at such place or places and in such manner as specified in the Related Series Supplement. Unless otherwise provided in the Related Series Supplement, if a Payment Date for any Bonds of any Series or the date fixed for the redemption of any such Bonds is not a Business Day, then payment of the principal and premium, if any, and interest need not be made on such date, but may be made on the next succeeding date which is a Business Day, and if made on such next succeeding Business Day no additional interest will accrue for the period after such Payment Date or date fixed for redemption.

**Section 3.6 Execution of Bonds.** (a) The Bonds of each Series shall be executed on behalf of the Board by the manual or facsimile signature of the Chair or Vice Chair of the Board, and the official seal of the Board shall be affixed thereto and attested to by the manual or facsimile signature of the Secretary or Assistant Secretary of the Board. If any Bond bears the facsimile signature of the Chair or Vice Chair of the Board, such Bond shall be manually signed by a designee of the Board who may be an administrative assistant of the Board or a registrar or paying agent related to the Bonds.

(b) If any of the officers who have signed any of the Bonds of a Series or whose facsimile signature is on such Bonds ceases to be an officer of the Board before the Bonds so signed have been actually authenticated by the Trustee or delivered by the Board, the Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though such officer had not ceased to be an officer of the Board. Any Bond of a Series may be signed on behalf of the Board by those Persons who, at the actual date of the execution of the Bond, are the proper officers of the Board, although at the date of the original issuance of the Bond they were not officers of the Board.

**Section 3.7 Authentication of Bonds.** Except as may be otherwise provided in the Related Series Supplement, no Bond of any Series shall be secured by this Master Indenture, entitled to its benefits or be valid for any purpose unless there is endorsed on the Bond the Trustee's certificate of authentication, substantially in the form prescribed by the Related Series Supplement. The Trustee shall authenticate each Bond with the signature of an authorized officer or employee of the Trustee, but it shall not be necessary for the same Person to authenticate all of the Bonds. The Trustee's certificate of authentication on a Bond of any Series issued by the Board shall be conclusive evidence that the Bond has been duly authenticated and delivered under this Master Indenture.

**Section 3.8 Registration, Transfer and Exchange.** (a) Except as may be otherwise provided in the Related Series Supplement, the Board shall cause books for the registration, and registration for transfer or exchange, of the Bonds of each Series to be kept at the designated corporate trust office of the Trustee. the Board appoints the Trustee as its registrar and transfer agent to keep such books and to make registrations and registrations of transfer or exchange under such reasonable regulations as the Board or the Trustee may prescribe.

(b) Upon surrender for registration of transfer or exchange of any Bond at the designated corporate trust office of the Trustee, the Board shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount which the Owner is entitled to receive, subject in each case to such reasonable regulations as the Board or the Trustee may prescribe. All Bonds presented for registration of transfer, exchange, redemption or payment shall 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 the Owner's duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

(c) New Bonds of any Series delivered upon any transfer or exchange shall be valid obligations of the Board evidencing the same debt as the Bonds surrendered and shall be

secured by this Master Indenture and the Related Series Supplement and entitled to their benefits to the same extent as the Bonds surrendered. Registrations of transfers or exchange will be made by the Trustee within such time periods as are customary in the municipal securities industry.

**Section 3.9 Charges for Exchange or Transfer.** Except as provided in Section 3.11, no charge shall be made for any registration of transfer or exchange of Bonds, but the Board or the Trustee may require payment by the Owner of the Bonds of a sum sufficient to cover any applicable tax or other governmental charge that may be imposed.

**Section 3.10 Temporary Bonds.** (a) Until Bonds of any Series in definitive form are ready for delivery, the Board may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of definitive Bonds and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, in substantially the form set forth in the Related Series Supplement, with appropriate omissions, variations and insertions.

(b) Except as may be otherwise provided in the Related Series Supplement, the Board shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and, upon the presentation and surrender of the Bond or Bonds of any Series in temporary form to the Trustee at its designated corporate trust office, the Trustee shall authenticate and deliver in exchange, a Bond or Bonds of the same maturity and Series in definitive form, in the authorized denominations, and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made at the Board's expense.

**Section 3.11 Mutilated, Lost, Stolen or Destroyed Bonds.** (a) If any Outstanding Bond is mutilated, lost, stolen or destroyed, the Board shall execute, and, upon the Board's request in writing, the Trustee shall authenticate and deliver, a new Bond of the same Series, principal amount, interest rate and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond in exchanged and substitution for a mutilated Bond, or in lieu of and substitution for a lost, stolen or destroyed Bond.

(b) Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds shall be made to the Trustee at its designated corporate trust office and the applicant shall furnish to the Board and the Trustee security or indemnification to their satisfaction. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to the Board and the Trustee evidence to their satisfaction of the loss, theft or destruction and of the identity of the applicant. In every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated for cancellation.

(c) Notwithstanding the foregoing provisions of this Section, if any Bond has matured and no default has occurred which is then continuing in the payment of the principal of or premium, if any, or interest on the Bond, the Board may authorize the payment of the Bond (without surrender except in the case of a mutilated Bond) instead of issuing a substitute Bond, provided security or indemnification is furnished as provided in this Section.

(d) the Board and the Trustee may charge the Owner their reasonable fees and expenses in connection with the issuance of any substitute Bond. Every substitute Bond issued

pursuant to the provisions of this Section shall constitute a contractual obligation of the Board, whether or not the lost, stolen or destroyed Bond is found or delivered at any time, or is enforceable by anyone, and shall be entitled to all of the benefits of this Master Indenture and the Supplemental Indentures equally and proportionally with any and all other Bonds duly issued under this Master Indenture to the same extent as the Bond in substitution for which such Bond was issued.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen, or destroyed Bonds, including those granted by any law or statute now existing or hereafter enacted.

**Section 3.12 Cancellation of Bonds.** Any temporary or mutilated Bond surrendered to the Trustee, or any Bond redeemed or paid at maturity, or any Bond delivered for transfer, exchange or replacement, or purchase pursuant to instructions from the Board, shall be canceled or destroyed, and the Trustee shall deliver the canceled Bond or a certificate of destruction of such Bond to the Board.

#### **ARTICLE IV REDEMPTION OF BONDS**

**Section 4.1 Redemption of Bonds.** The Bonds of each Series shall be subject to redemption as specified in the Related Series Supplement.

**Section 4.2 Selection of Bonds for Redemption.** Bonds of any Series to be called for redemption shall be selected as provided in the Related Series Supplement. The Trustee shall treat each Bond of a denomination greater than the minimum denomination authorized in the Related Series Supplement as representing the number of separate Bonds that can be obtained by dividing the Bond's actual principal amount by such minimum denomination.

**Section 4.3 Notice of Redemption.** (a) Except as otherwise provided in the Related Series Supplement, in the case of any redemption of the Bonds of any Series, the Trustee shall give notice in the name of the Board, when directed in writing by the Board and as provided for in this Section, that Bonds of a particular Series identified by serial or CUSIP numbers have been called for redemption and, in the case of Bonds to be redeemed in part only, the principal amount of the Bonds that have been called for redemption (or if all the Outstanding Bonds of a Series are to be redeemed, so stating, in which event serial or CUSIP numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying the date) upon surrender of the Bonds at the designated corporate trust office of the Trustee, at the applicable redemption price (specifying the price) together with any accrued interest to such date, and that all interest on the Bonds to be redeemed will cease to accrue on and after such date.

(b) Unless otherwise specified in the Related Series Supplement, such notice shall be mailed by first class mail, postage prepaid, not less than twenty (20) nor more than sixty (60) days before the date fixed for redemption, to the Owners of the Bonds called for redemption, at their respective addresses as they last appear on the registration books maintained by the Trustee; provided, however, that failure to give such notice to any Owner or any defect in



such notice shall not affect the validity of the proceedings for the redemption of Bonds of any other Owners to whom notice was properly given. The notice of any optional redemption may be conditioned upon the deposit of funds with the Trustee not later than the opening of business on the redemption date. The Board may retain the right to rescind any notice of redemption, which if retained, shall be so stated in the notice.

**Section 4.4 Payment of Redeemed Bonds.** (a) Except as otherwise provided in the Related Series Supplement, if notice of redemption has been given as provided in Section 4.3, the Bonds called for redemption shall be due and payable on the date fixed for redemption at a redemption price equal to the principal amount of and premium, if any, on the Bonds, together with accrued interest to the date fixed for redemption. Payment of the redemption price shall be made by the Trustee upon surrender of the Bonds, if funds are on deposit for that purpose. If less than the full principal amount of a Bond is called for redemption, the Board shall execute and deliver and the Trustee shall authenticate, upon surrender of the Bond, and without charge to the Owner, Bonds of the same Series for the unredeemed portion of the principal amount of the Bond so surrendered and in any denominations authorized by the Related Series Supplement.

(b) If any Bond has been duly called for redemption, and payment of the principal of and premium, if any, and unpaid interest accrued to the date fixed for redemption on the Bond has been made or provided for, then, notwithstanding that the Bond called for redemption has not been surrendered for cancellation, interest on the Bond shall cease to accrue, the Bond shall no longer be entitled to any lien, benefit or security under this Master Indenture, and its Owner shall have no rights in respect of the Bond except to receive payment of the principal of and premium, if any, and unpaid interest on the Bond accrued to the date fixed for its redemption.

## **ARTICLE V ISSUANCE OF BONDS**

**Section 5.1 Issuance of Bonds.** (a) The Board may issue Bonds pursuant to Series Supplements as hereinafter provided, subject to the terms and conditions contained in this Master Indenture, for any purpose permitted to be financed from the proceeds of Bonds under the Bond Act or other applicable law, including without limitation the construction and acquisition of any Project and the refunding of any Bonds previously issued and Outstanding. Such Bonds may be issued in any form permitted by law, including, but not limited to, Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, Optional Tender Bonds, Serial Bonds or Term Bonds or any combination thereof.

(b) The Board shall not issue or incur any Bonds that will be secured by a pledge of revenues, money or property pledged by this Master Indenture to the payment of any Series of Bonds, except for Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations; provided, however, that nothing contained in this Master Indenture shall prevent the Board from issuing or incurring Bonds payable out of or secured by a pledge of the Revenues to be derived on and after the date the pledge and lien of this Master Indenture is discharged and satisfied as provided in Article XII.

(c) Subject to the restrictions set forth in subsection (b) of this Section, the Board reserves the right in its sole discretion and without the consent of the Trustee or any Owner of any Bond to issue from time to time Bonds hereunder for any lawful purpose authorized by the Bond Act.

**Section 5.2 Parity of Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations.** This Master Indenture constitutes a continuing irrevocable pledge of the Revenues and other revenues, money and property of the Board pledged in Section 2.1(a) to secure payment of the principal of and premium, if any, and interest on all Bonds which may, from time to time, be executed, authenticated and delivered under this Master Indenture. Except as otherwise provided in this Master Indenture and any Related Series Supplement, all Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations shall in all respects be equally and ratably secured with other Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations, respectively, under this Master Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity, so that all Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations at any time outstanding under this Master Indenture will have the same right, lien and preference under this Master Indenture as other Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations, respectively, with respect to the pledge set forth in Section 2.1(a) with like effect as if they had all been executed, authenticated and delivered simultaneously. Nothing in this Master Indenture shall be construed, however, as (i) requiring that any Bonds bear interest at the same rate or in the same manner as any other Bonds, have the same or an earlier or later maturity, have the same Principal or Interest Payment Dates as other Bonds, be subject to mandatory or optional redemption before maturity on the same basis as any other Bonds, or precluding the creation of separate reserve funds or obtaining separate surety bonds, insurance policies or other Bond Credit Facilities or DSRF Credit Facilities for any Series of Bonds or portions thereof, (ii) prohibiting the Board from entering into financial arrangements, including any Bond Credit Facility or DSRF Credit Facility, designed to assure that funds will be available for the payment of certain Bonds at their maturity or tender for purchase, or (iii) prohibiting the Board from pledging funds or assets of the Board other than those pledged under this Master Indenture or any Supplemental Indenture for the benefit of any Bonds. Intermediate Lien Obligations shall in all respects be junior and subordinate to the Senior Bonds, but senior to the Subordinate Obligations. Subordinate Obligations shall in all respects be junior and subordinate to the Senior Bonds and the Intermediate Lien Obligations.

**Section 5.3 Conditions of Issuing a Series of Bonds.** Before the issuance and authentication of any Series of Bonds by the Trustee, the Board shall deliver or cause to be delivered to the Trustee:

(a) In the case of the initial Series of Bonds issued under this Master Indenture only:

- (1) An original executed counterpart of this Master Indenture;
- (2) A certified copy of the Initial Resolution, which authorized the execution and delivery of this Master Indenture; and

(3) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, to the effect that this Master Indenture has been duly authorized, executed and delivered by the Board;

(b) An original executed counterpart of the Related Series Supplement which may include provisions (i) authorizing the issuance, fixing the principal amount and setting forth the details of the Bonds of the Series then to be issued, the interest rate or rates and the manner in which the Bonds are to bear interest, the Principal and Interest Payment Dates of the Bonds, the purposes for which the Bonds are being issued, the date and the manner of numbering the Bonds, the lien priority of the Bonds, the series designation, the denominations, the maturity dates and amounts, the Amortization Requirements or the manner for determining such Amortization Requirements, and any other provisions for redemption before maturity; (ii) for Bond Credit Facilities for the Series and for the Funds to be established with respect to the Series of Bonds as required or authorized under this Master Indenture; (iii) for the application of the proceeds of the Bonds of the Series; (iv) any term or condition necessary or expedient for the issuance of Bonds constituting Variable Rate Bonds or Optional Tender Bonds, including without limitation, tender and remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and changing interest rate modes; (v) for the amount, if any, to be deposited into the Related Debt Service Reserve Fund to cause the amount held therein to equal the applicable Reserve Requirement; and (vi) for such other matters as the Board may deem appropriate;

(c) A certified copy of each resolution adopted by the Board authorizing the execution and delivery of the Related Series Supplement, any Related Bond Credit Facility and any Related Reimbursement Obligation, and the issuance, sale, execution and delivery of the Series of Bonds then to be issued;

(d) Original executed counterparts of the Related Tax Regulatory Certification for any Series of Bonds to the extent required under the Tax Code;

(e) [For any Series of Bonds Senior Bonds to be issued to fund a new Project or provide additional funding for existing Projects, either an Officer's Certificate (subject to the requirements of Section 5.4 below, as applicable) to the effect that during any twelve consecutive months of the eighteen months preceding the issuance of the Series of Senior Bonds to be issued the Regional Fuel Tax Revenues were not less than 2.00 times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year on the Senior Bonds Outstanding plus the Series of Senior Bonds to be issued; and to the extent that the Series of Bonds to be issued consists of or includes Intermediate Lien Obligations or Subordinate Obligations, the Board shall also provide in such Officer's Certificate evidence of compliance with any minimum ratio of the Regional Fuel Tax Revenues to Principal and Interest Requirements on Intermediate Lien Obligations and/or Subordinate Obligations as may be established by any Series Supplement;]

(f) If the Bonds of the Series then to be issued are to be issued to refund Bonds issued and outstanding under this Master Indenture ("Refunding Bonds") (i) a certified copy of the resolution adopted by the Board authorizing the redemption or payment of the Bonds to be refunded, establishing or providing for the establishment of any redemption or payment date or dates and authorizing any required redemption notice; (ii) evidence satisfactory to the

Trustee that the Board has made provision for the payment or redemption of all of the Bonds to be refunded as required by this Master Indenture and the Related Series Supplement, (iii) a written report of the Verification Agent as to the sufficiency of the proceeds of the Refunding Bonds, together with any other available funds, to be deposited with the Trustee or with an escrow agent for the Related Escrow Fund, to pay when due, whether upon redemption or maturity, the principal of, premium, if any, and interest on the Bonds to be refunded, and (iv) evidence satisfactory to the Trustee of the sufficiency of funding from the proceeds of the Refunding Bonds or other available funds of the expenses incident to the refunding;

(g) An Opinion of Counsel, subject to customary exceptions and qualifications, substantially to the effect that (i) the Related Series Supplement has been duly authorized, executed and delivered by the Board, and (ii) the Payment Agreement has been duly authorized, executed and delivered by the Board, the Treasury Board and the Secretary of Finance;

(h) Opinions of Bond Counsel to the effect that (i) the Bonds of the Series then to be issued have been duly authorized, (ii) all conditions precedent to the issuance of such Bonds have been fulfilled, (iii) the Related Series Supplement complies in all respects with the requirements of this Master Indenture, (iv) the Bonds are valid and legally binding limited obligations of the Board payable solely from the Revenues pledged by the Board under this Master Indenture and the Related Series Supplement to the extent provided herein and therein, (v) if the Bonds are to be issued as obligations the interest on which is exempt from gross income for federal income tax purposes or as obligations qualifying for some other tax-advantaged status for federal income tax purposes, the interest on such Bonds is so exempt or the Bonds qualify for such tax-advantaged status, as the case may be, and (vi) issuance of the Bonds will not adversely affect the tax status of Bonds then Outstanding;

(i) An Officer's Certificate, dated the date of delivery of the Bonds of the Series then to be issued, to the effect that (a) to the best of the knowledge of the signatory, upon and immediately following such delivery, no Event of Default under this Master Indenture or any Series Supplement with respect to any Series of Bonds Outstanding will have occurred and be continuing, (b) the Payment Agreement is in full force and effect, and has not been modified or amended other than as permitted in accordance with its terms, (c) all approvals required for the issuance of the Series of Bonds under the Bond Act have been obtained and are in full force and effect, and all conditions to be satisfied in connection with such approvals have been satisfied;

(j) A certified copy of a resolution of the Treasury Board of the Commonwealth approving the terms and structure of the Series of Bonds and the written approval or consent of the Governor of the Commonwealth approving the issuance of such Series of Bonds, unless any such approval is not required by applicable law;

(k) A written order and authorization to the Trustee on behalf of the Board, signed by the Board Representative, to authenticate and deliver the Bonds of the Series then to be issued to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series of Bonds; and

(1) Any additional document or instrument specified in the Related Series Supplement.

**Section 5.4 Modification of Certain Definitions.** (a) In the case of the following described types of Bonds, the definition of the term “Principal and Interest Requirements” for the purposes of preparing and delivering the Officer’s Certificate described in Section 5.3(e) above shall be modified as follows.

(1) Optional Tender Bonds. (i) If any of the Outstanding Bonds or additional Bonds of the Series then to be issued constitute Optional Tender Bonds, then the options of the Owners of such Bonds to tender the same for payment prior to their stated maturity or maturities shall be disregarded and Principal and Interest Requirements shall be calculated based on Assumed Debt Service, (ii) if such Bonds also constitute Variable Rate Bonds, the Board shall also make the adjustments described in subsection (a)(2) below, and (iii) any obligation the Board may have, other than its obligation on such additional Bonds (which need not be uniform as to all Owners thereof), to reimburse any Person for its having extended a Bond Credit Facility shall be disregarded and Principal and Interest Requirements shall be calculated based on Assumed Debt Service.

(2) Variable Rate Bonds.

(i) Tax-Exempt. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds the interest on which is or will be excluded from gross income for federal income tax purposes, then the interest rate used in the above-described computations shall be assumed to equal the average of the SIFMA Swap Index for the five years preceding such date of calculation, or such other rate as shall be specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Bonds or any calculation of the Reserve Requirement.

(ii) Taxable. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds the interest on which is or will be included in gross income for federal income tax purposes, then the interest rate used in the above-described computations shall be assumed to equal such rate as shall be specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Bonds or any calculation of the Reserve Requirement.

(3) Swap Related Bonds. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Swap Related Bonds, then the Interest Requirements on such Swap Related Bonds during any Hedge Period and, for so long as the Swap Provider has not defaulted on its payment obligations under the related Hedge Agreement, shall be calculated by adding (i) the amount of interest payable by the Board on such Swap Related Bonds pursuant to their terms, subject to Section 5.4(a)(1) and (2) as applicable, and (ii) the amount of Hedge Payments payable by the Board pursuant to the Hedge Agreement and subtracting (iii) the amount of Hedge Receipts payable by the Swap Provider to the Board pursuant to the Hedge Agreement; provided, however, that if the Swap Provider is in default under the related Hedge Agreement, the Interest Requirements on such Swap Related Bonds shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of

Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) shall be computed by assuming that the variables comprising the calculation applicable to the Determination Period are equal to the higher of (1) such variables in effect as of the date of calculation and (2) the average of the actual variables that were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period).

(b) The conversion of Bonds constituting Variable Rate Bonds to bear interest at fixed rate or rates or vice-versa, in accordance with their terms, shall not constitute a new issuance of Bonds under this Master Indenture.

(c) With respect to any Bonds bearing interest that is subject to a federal interest subsidy the proceeds of which are not otherwise designated as the Revenues, the interest rate on such Bonds shall be assumed to be the rate net of such interest subsidy.

**Section 5.5 Delivery of Bonds.** When the documents mentioned in Section 5.3 shall have been filed with the Trustee and when the Bonds of the Series then to be issued shall have been executed and authenticated as required by this Master Indenture, the Trustee shall deliver such Bonds at one time to or upon the order of the purchasers named in the Related Series Supplement, but only upon payment to or upon the order of the Board of the purchase price of such Bonds and the accrued interest, if any, thereon. Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of The Depository Trust Company, New York, New York (“DTC”) is the Owner of such Bonds, delivery shall be made in accordance with the DTC FAST System.

**Section 5.6 Application of Bond Proceeds.** The Trustee shall apply the proceeds of any Series of Bonds as provided in the Related Series Supplement.

**Section 5.7 Intermediate Lien Obligations.** Nothing in this Master Indenture shall prohibit or prevent the Board from authorizing and issuing Intermediate Lien Obligations for any lawful purpose payable from the Revenues subject and subordinate to the payment of any Senior Bonds and to the deposits required to be made from the Revenues to the Senior Debt Service Funds and the Senior Debt Service Reserve Funds, or any other Fund or Account established to secure any Senior Bonds, or from securing any Intermediate Lien Obligations and their payment by a lien and pledge of the Revenues junior and inferior to the lien on and pledge thereof for the payment and security of the Senior Bonds.

**Section 5.8 Subordinate Obligations.** Nothing in this Master Indenture shall prohibit or prevent the Board from authorizing and issuing Subordinate Obligations for any lawful purpose payable from the Revenues subject and subordinate to the payment of any Senior Bonds and Intermediate Lien Obligations and to the deposits required to be made from the Revenues to the Senior and Intermediate Lien Debt Service Funds and Senior and Intermediate Lien Debt Service Reserve Funds, or any other Fund or Account established to secure any Senior Bonds or Intermediate Lien Obligations, or from securing any Subordinate Obligations and their payment

by a lien and pledge of the Revenues junior and inferior to the lien on and pledge thereof for the payment and security of the Senior Bonds and the Intermediate Lien Obligations.

## **ARTICLE VI GENERAL COVENANTS AND PROVISIONS**

**Section 6.1 Payment of Bonds.** The Board shall promptly pay the principal of (whether at maturity, by mandatory sinking fund or optional redemption, or otherwise) and premium, if any, and interest on each Series of the Bonds on the dates and as provided in this Master Indenture, the Related Series Supplement and in such Series of Bonds; provided, however, that such obligations are limited obligations of the Board and are payable solely from revenues, moneys and other property pledged by the Board to the Trustee under Article II to secure payment of such Series of Bonds or all Series of Bonds issued under this Master Indenture.

**Section 6.2 Covenants and Representations of the Board.** The Board shall faithfully observe and perform all of its covenants, conditions and agreements contained in this Master Indenture, in every Bond executed, authenticated and delivered under this Master Indenture and in all pertinent proceedings of the Board; provided, however, that the Board's liability for any breach of or default under any such covenant, condition or agreement shall be limited solely to and satisfied solely from the sources of payment described in Section 6.1.

**Section 6.3 Further Assurances.** Subject to the provisions of Section 6.1, the Board shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying and pledging to the Trustee of all the rights assigned by this Master Indenture and revenues, money and other property pledged by this Master Indenture to the payment of the principal of and premium, if any, and interest on the Bonds. The Board shall fully cooperate with the Trustee in protecting the Owners' rights and security.

**Section 6.4 Records and Accounts; Inspections and Reports.** The Board's duties include responsibility for the allocation of funds in the I-81 Fund. In accordance with the Board's direction, the Department administers the I-81 Fund. The Department, as an executive agency of the Commonwealth, is a primary governmental unit and, as such, is a part of the Commonwealth for financial reporting purposes. Within 210 days after the end of each Fiscal Year or such later date as may be provided in accordance with any continuing disclosure agreement of the Commonwealth in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission in connection with any Bonds, the Board shall cause copies of the Commonwealth's annual audit to be furnished to the Trustee.

**Section 6.5 Reports by Trustee.** The Trustee shall make monthly reports to the Board of all money received, invested and expended by it with respect to the Bonds. The Trustee shall furnish to the Board upon request (i) a statement of the Principal amount of Bonds Outstanding and unpaid as of the date of such request, (ii) the balance in each of the Funds and Accounts held by it pursuant to this Master Indenture, and (iii) such information as may be

necessary to complete the annual audit of the Board as required by the Bond Act or to make any other report required by any other law now or hereafter in effect.

**Section 6.6 Covenants with Bond Credit Providers and DSRF Credit Providers.**

The Board may make such covenants as it may in its sole discretion determine to be appropriate with any Bond Credit Provider or DSRF Provider that shall agree to provide for Bonds of any one or more Series a Bond Credit Facility or a DSRF Credit Facility that shall enhance the security or the value of such Bonds and thereby reduce the Principal and Interest Requirements on such Bonds or substitute for amounts in the Related Debt Service Reserve Fund. Such covenants (if any) shall be set forth in the Related Series Supplement or other Supplemental Indenture and, if so included, shall be binding on the Board, the Trustee, any Paying Agent and the Owners of the Bonds the same as if such covenants were set forth in full in this Master Indenture.

**ARTICLE VII  
ESTABLISHMENT OF FUNDS AND ACCOUNTS**

**Section 7.1 Establishment of Funds.**

(a) The Funds listed below are to be established with respect to each Series of Bonds in the Related Series Supplement, and the Trustee shall hold such Funds without commingling the monies held therein, except that the Board shall have the option (i) not to establish a Debt Service Reserve Fund for any Series of Bonds, or (ii) to establish a Debt Service Reserve Fund securing multiple Series of Bonds on a parity basis.

(1) Debt Service Fund (designated as a Senior Debt Service Fund, Intermediate Debt Service Fund or Subordinate Debt Service Fund);

(2) Debt Service Reserve Fund (designated as a Senior Debt Service Reserve Fund, Intermediate Debt Service Reserve Fund or Subordinate Debt Service Reserve Fund);

(3) Cost of Issuance Fund;

(4) Project Fund and/or Escrow Fund, as appropriate; and

(5) Rebate Fund.

(b) The Board may direct that a Debt Service Fund and/or Debt Service Reserve Fund established for a Series of Bonds shall also provide for the payment of and/or secure any Refunding Bonds issued to refund such Series of Bonds in whole or in part.

**Section 7.2 Establishment and Custody of Certain Special Funds.** (a) The Board may establish with the Trustee or an escrow agent satisfactory to the Trustee in connection with the issuance of any Series of Refunding Bonds an Escrow Fund to provide for the application and investment of the portion of the proceeds of such Series to be used to refund the refunded Bonds. Such Escrow Fund shall be established under or in accordance with the Related Series Supplement.



(b) The Board may establish with the Trustee in connection with the incurrence of any Reimbursement Obligation a Reimbursement Account in any Related Debt Service Fund. Amounts held for the credit of any such Reimbursement Account shall be paid out by the Trustee as necessary to enable the Board to meet its obligations constituting Reimbursement Obligations.

**ARTICLE VIII**  
**DEBT SERVICE FUNDS AND DEBT SERVICE RESERVE FUNDS**

**Section 8.1 Deposits into Debt Service Funds and Debt Service Reserve Funds.**

(a) Not later than the last Business Day of every month, the Board shall cause Revenues to be transferred to the Trustee for deposit into the Debt Service Funds and the Debt Service Reserve Funds in the amounts and in the order of priority set forth below:

FIRST: To each Senior Debt Service Fund, ratably, (i) one-twelfth (1/12) of the Principal Requirement on the Related Series of Senior Bonds due on the next Principal Payment Date and (ii) one-six (1/6) of the Interest Requirement on the Related Series of Senior Bonds due on the next Interest Payment Date; provided that the Board shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SECOND: To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement;

THIRD: To each Intermediate Lien Debt Service Fund, ratably, the amount required, if any, so that the balance therein shall equal the amount of principal, if any, and interest due on the Intermediate Lien Obligations on the next Payment Date as specifically set forth in the Related Series Supplement; provided that the Board shall receive a credit against such transfer for the amount, if any, held in an Intermediate Lien Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

FOURTH: To each Intermediate Lien Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Intermediate Lien Debt Service Reserve Requirement;

FIFTH: To each Subordinate Debt Service Fund, ratably, the amount required, if any, so that the balance therein shall equal the amount of principal, if any, and interest due on the Subordinate Obligations on the next Payment Date as specifically set forth in the Related Series Supplement; provided that the Board shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon; and

SIXTH: To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement.

(b) Notwithstanding the foregoing transfer of Revenues into the Funds specified in paragraph (a), in the event the amount on deposit in any Senior Debt Service Fund is insufficient to make the required payment of principal and/or interest on the Related Series of Senior Bonds on any Payment Date, the Trustee shall transfer to such Senior Debt Service Fund an amount sufficient to cure any such insufficiency (i) first from amounts on deposit in the Subordinate Debt Service Funds, (ii) second from amounts on deposit in the Intermediate Lien Debt Service Funds and (iii) finally from amounts on deposited in the Related Debt Service Reserve Fund as set forth in Section 8.3(a).

(c) In the case of Bonds of a Series secured by a Bond Credit Facility, amounts may be transferred to the Related Debt Service Fund, the Related Reimbursement Account thereof, or elsewhere as provided in the Related Series Supplement to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds

**Section 8.2 Debt Service Funds.** (a) The Trustee shall promptly deposit the following amounts in the applicable Debt Service Fund:

(1) The amount, if any, of the proceeds of the Related Series of Bonds required by the Related Series Supplement to be deposited in the Related Debt Service Fund with respect to accrued and/or capitalized interest;

(2) All amounts received pursuant to Section 8.1;

(3) Any amounts required to be transferred to the applicable Debt Service Fund from the Related Debt Service Reserve Fund as provided under this Master Indenture; and

(4) Any other amounts required to be paid to the Debt Service Fund or otherwise made available for deposit therein by the Board, including amounts made available pursuant to the Related Series Supplement.

(b) The Trustee shall pay out of the Related Debt Service Fund for any Series of Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Series of Bonds then due (ii) on any redemption date, the amount required for the payment of accrued interest on such Series of Bonds to be redeemed, unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Trustee to such payment, and (iii) the accrued interest included in the Purchase Price of any such Series of Bonds purchased for retirement pursuant to this Master Indenture.

(c) The Trustee shall pay out of the Debt Service Fund for the Related Series of Bonds on each Principal Payment Date and redemption date for such Bonds, the amounts then required for the payment of such principal or redemption price, and such amounts shall be applied by the Trustee to such payments. Any amounts remaining in a Debt Service Fund after

payment in full of the principal or redemption price and interest on the Related Series of Bonds (or provision for payment thereof) and the fees, charges and expenses related to such transaction, shall be transferred to any Fund or Account established hereunder as may be authorized or directed in a Related Series Supplement, a Related Tax Regulatory Certification or an Officer's Certificate.

**Section 8.3 Debt Service Reserve Funds.** (a) Except as specifically provided below, the amount in each Debt Service Reserve Fund shall be used solely to cure deficiencies in the amount on deposit in each Related Debt Service Fund. If there are insufficient funds in the Related Debt Service Fund to pay the principal of and interest on the Related Series of Bonds when due, then the Trustee shall transfer the amount of deficiency from the amount, if any, on deposit in the Related Debt Service Reserve Fund to such Debt Service Fund. The Trustee promptly shall notify the Board of the transfer.

(b) On each Reserve Determination Date, the Trustee shall determine if the balance in each of the Debt Service Reserve Funds is at least equal to the Reserve Requirement for the Related Series of Bonds. In making each such determination, investments in each Debt Service Reserve Fund shall be valued as provided in Section 11.3 or as otherwise provided in the Related Series Supplement. If on any Reserve Determination Date the amount in any Debt Service Reserve Fund is less than its Reserve Requirement, the Trustee shall promptly notify the Board of such fact and the amount of the deficiency; provided, however, a deficiency shall not be restored except as provided in Section 8.1(b).

(c) Any interest earned from the investment of money in a Debt Service Reserve Fund shall be transferred upon receipt to the Related Debt Service Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the applicable Series Supplements, Tax Regulatory Certifications and Officer's Certificates to the extent that such transfer will not cause the balance in the Debt Service Reserve Fund to be less than its Reserve Requirement. If on any Reserve Determination Date there exists a surplus in a Debt Service Reserve Fund, the Trustee shall transfer such surplus to the Related Debt Service Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the applicable Series Supplements, Tax Regulatory Certifications and Officer's Certificate; provided, however, that if on any Reserve Determination Date there exists or will exist a surplus in a Debt Service Reserve Fund as the result of the payment at maturity, redemption or defeasance under Article XII of a portion of the Bonds of the Related Series on or as of such Reserve Determination Date, then the Trustee is authorized to transfer the surplus as specified in (i) a Series Supplement (as confirmed in an Officer's Certificate) or (ii) an Officer's Certificate (including to an Escrow Fund for any such Bonds to be redeemed or defeased).

(d) In lieu of maintaining and depositing money or securities in a Debt Service Reserve Fund, the Board may deposit with the Trustee a DSRF Credit Facility in an amount equal to all or a portion of the applicable Reserve Requirement. Any DSRF Credit Facility shall permit the Trustee to draw or obtain under it for deposit in the Debt Service Reserve Fund amounts that, when combined with the other amounts in such Fund, are not less than the applicable Reserve Requirement.

(1) The Trustee shall make a drawing on or otherwise obtain funds under any DSRF Credit Facility before its expiration or termination (i) whenever money is required for the purposes for which Debt Service Reserve Fund money may be applied and (ii) unless such DSRF Credit Facility has been extended or a qualified replacement for it delivered to the Trustee, in the event the Board has not deposited immediately available funds equal to the applicable Reserve Requirement at least two Business Days preceding the expiration or termination of such DSRF Credit Facility.

(2) If the Board provides the Trustee with a DSRF Credit Facility as provided in this subsection, the Trustee shall transfer the corresponding amount of funds then on deposit in the applicable Debt Service Reserve Fund to the Board, provided the Board delivers to the Trustee (i) an Opinion of Bond Counsel that such transfer of funds will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on any Bonds the interest on which was excludable on the date of their issuance and (ii) the Board covenants to comply with any directions or restrictions contained in such opinion concerning the use of such funds.

## **ARTICLE IX COST OF ISSUANCE FUNDS, PROJECT FUNDS AND REBATE FUNDS**

**Section 9.1 Cost of Issuance Funds.** There shall be deposited in each Cost of Issuance Fund the portion of the proceeds of the Related Series of Bonds and such other amounts as may be specified in the Related Series Supplement. The Board shall cause such amounts to be used to pay costs of issuance incurred in connection with the issuance of the Related Series of Bonds. The Board shall cause any amounts remaining on deposit in such Fund to be transferred to the Related Project Fund and/or another Fund or Account established hereunder as may be authorized or directed by the Related Series Supplement or Tax Regulatory Certification and confirmed in an Officer's Certificate. Investment earnings on any Cost of Issuance Fund may be transferred therefrom periodically as provided in the Related Series Supplement and Tax Regulatory Certification.

**Section 9.2 Project Funds.** There shall be deposited into each Project Fund such portion of the proceeds of the Related Series of Bonds and other amounts as may be specified in the Related Series Supplement. The Board shall use the amounts in each Project Fund in accordance with the requirements of the Related Series Supplement and Tax Regulatory Certification. Upon the filing with the Trustee of an Officer's Certificate that each Project to be financed from the Related Project Fund is complete, the Trustee shall transfer any amounts remaining on deposit in such Project Fund to another Fund or Account established hereunder as may be authorized or directed by the Related Series Supplement or Tax Regulatory Certification and confirmed in an Officer's Certificate. Investment earnings in a Project Fund may be transferred periodically therefrom as provided in the Related Series Supplement and Tax Regulatory Certification.

**Section 9.3 Rebate Funds.** There shall be transferred to each Rebate Fund amounts to be used to pay Rebate Amounts with respect to the Related Series of Bonds to the extent, and from the sources, specified in a Related Series Supplement, a Related Tax Regulatory Certification or an Officer's Certificate. Whenever amounts on deposit in a Rebate Fund shall be

required to pay Rebate Amounts and any other obligations under Section 148 of the Tax Code in connection with a Related Series of Bonds, the Board shall direct the Trustee to transfer such amounts to or on behalf of the Board for such purpose. The Board may direct the Trustee to transfer any amounts on deposit in a Rebate Fund that are not needed for such purpose to any Fund or Account established hereunder as may be authorized or directed in a Related Series Supplement, a Related Tax Regulatory Certification or an Officer's Certificate.

## **ARTICLE X FUND AND ACCOUNT PROVISIONS**

**Section 10.1 Additional Funds and Accounts.** Upon payment of its additional reasonable costs and expenses, if any, the Trustee may create additional Funds and Accounts or subaccounts within any Fund or Account established by this Master Indenture or any Supplemental Indenture if the Board so directs in a Supplemental Indenture or the Trustee deems such additional Funds, Accounts or subaccounts to be necessary for the proper administration of the various Funds and Accounts. The Trustee shall make transfers to or from such Funds, Accounts or subaccounts so long as required transfers can be made consistently with the provisions of this Master Indenture or any Supplemental Indenture.

**Section 10.2 Non-Presentation of Bonds.** (a) If any Owner fails to present his or her Bond for payment when its principal becomes due (whether at maturity, by mandatory or optional redemption, or otherwise), all liability of the Board to the Owner for the payment of the Bond shall be completely discharged if the Trustee holds for the Owner's benefit money sufficient to pay the principal of and premium, if any, and interest due on such Bond to its maturity or redemption date and thereupon it shall be the Trustee's duty to hold this money, without liability to the Owner for interest on it, for the Owner's benefit, who shall thereafter be restricted exclusively to this money for any claim under this Master Indenture or on the Bond.

(b) Any money which shall have been set aside by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds and which shall remain unclaimed by the Owners of any of the Bonds for a period of four years and eleven months after the date on which such money shall have become payable, shall, unless otherwise required by law, be paid to the Board (along with any investment earnings on such money earned after the respective maturity or redemption date), and thereafter the Trustee shall have no further responsibility with respect to such money.

**Section 10.3 Trustee's Fees, Costs and Expenses.** The Trustee's initial or acceptance fees and expenses for a Series of Bonds shall be paid from the Related Cost of Issuance Fund. The Board shall pay or provide for the payment of all other fees and expenses of the Trustee as provided in Section 14.2. The Trustee shall not deposit any such payments it receives in the Funds or Accounts established by this Master Indenture.

**Section 10.4 Purchase of Term Bonds.** (a) Amounts made available by or on behalf of the Board for such purpose, if so directed by the Board in an Officer's Certificate, shall be applied by the Trustee prior to the 45th day preceding any mandatory sinking fund redemption date for Term Bonds of the Related Series to the purchase of the Term Bonds that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not

exceeding the redemption price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any Term Bond, the Trustee shall then credit an amount equal to the principal of the Bond so purchased toward the next succeeding Amortization Requirement for such Term Bond.

(b) As soon as practicable after the 45th day preceding the date of any mandatory sinking fund redemption for the Term Bonds of the Related Series, the Trustee shall proceed to call for redemption on such redemption date the Term Bonds of the maturity for which sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund redemption. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the Related Debt Service Fund, as applicable, sufficient to pay the applicable redemption price thereof and interest thereon to the redemption date. The Trustee shall pay out of each such Fund directly to Owners or to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Related Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

## **ARTICLE XI SECURITY FOR DEPOSITS AND PERMITTED INVESTMENTS**

**Section 11.1 Security for Deposits.** All amounts deposited in the Funds under the Master Indenture in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously held in bank accounts which are secured for the benefit of the Board and the Owners of the Bonds in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act, Chapter 44 of Title 2.2 of the Virginia Code or any successor provision of law; provided, however, that it shall not be necessary for the Trustee to give security for the deposit of any amounts with it for the payment of the principal of or premium, if any, or interest on any Bonds issued under the Master Indenture, or for any Person to give security for any investments described in Section 11.2 below purchased under the provisions of this Article XI as an investment of such amounts.

**Section 11.2 Permitted Investments.** (a) Subject to the provisions of any Supplemental Indenture, any amounts held in any Fund or Account established by this 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 that are at the time (i) legal investments for public funds of the type to be invested under Virginia law, including without limitation the Investment of Public Funds Act, Chapter 45 of Title 2.2 of the Virginia Code or any successor provision of law.

(b) Subject to the provision of any Supplemental Indenture, all investments shall be held by or under the control of the Trustee and while so held shall be deemed a part of the Fund or Account in which the amounts were originally held. The Trustee, at the direction of the Board, shall sell and reduce to cash a sufficient amount of investments whenever the cash balance in any Fund or Account is insufficient for its purposes.

**Section 11.3 Valuation of Investments.** (a) Unless otherwise provided in a Supplemental Indenture, the Board or the Trustee shall value the investments in each Fund and Account established under this Master Indenture or any Supplemental Indenture and held by it or at its direction as of the last Business Day of each month; provided that, notwithstanding the foregoing, a Debt Service Reserve Fund shall be valued only on Reserve Determination Dates.

(b) Unless otherwise provided in a Supplemental Indenture, each such investment shall be valued (i) at amortized cost if the weighted average life of all investments held in the same Fund or Account is five years or less or (ii) at its fair market value or the amortized cost thereof, whichever is lower if the weighted average life of all investments held in the same Fund or Account exceeds five years. A DSRF Credit Facility shall be valued at the amount that the Trustee is authorized to draw thereon to pay debt service on the Series of Bonds secured thereby.

**Section 11.4 Investments through Trustee's Bond Department.** Unless otherwise directed by the Board, the Trustee may make investments permitted by Section 11.2 through its own trust or bond department.

## **ARTICLE XII DISCHARGE AND DEFEASANCE**

**Section 12.1 Discharge.** If the following conditions exist:

(a) the principal of any and all of the Series of Bonds and the interest due or to become due thereon together with any redemption premium required by redemption of any of the Bonds prior to maturity shall be paid, or is caused to be paid, or is provided for under Section 12.2 below, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with this Article; and

(b) all of the covenants, agreements, obligations, terms and conditions of the Board under this Master Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof, then the right, title and interest of the Trustee in the trust estate granted pursuant to Article II above shall thereupon cease and the Trustee, on the request of and at the expense of the Board, shall release this Master Indenture and the trust estate and shall execute such documents to evidence such release as may be reasonably required by the Board and shall turn over to the Board, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds and Accounts established hereunder except for amounts required to pay such Bonds.

**Section 12.2 Defeasance.** (a) If the Board shall pay or provide for the payment of all or part of the indebtedness on particular Bonds in any one or more of the following ways:

(1) 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;

(2) by delivering such Bonds to the Trustee for cancellation; or

(3) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue on such Defeasance Obligations (the “Defeasance Amount”), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, without consideration of any reinvestment of the Defeasance Amount, as a Verification Agent shall verify to the Trustee’s satisfaction;

and if the Board shall also pay or provide for the payment of all other sums payable hereunder by the Board with respect to such Bonds, and, if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in Article IV of this Master Indenture (or the corresponding provisions of the Related Series Supplements) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture except as provided in subsection (d) below.

(b) The Board may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered that the Board may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired as provided in this Section.

(c) Upon such defeasance all rights of the Board, including its right to provide for optional redemption of Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee on or prior to the date the Defeasance Amount is deposited with the Trustee or escrow agent.

(d) When a Bond is deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Master Indenture, except for the purposes of any such payment (to the exclusion of all other Owners) from the Defeasance Amount and except for the provisions of this Section, Articles III and IV (and the corresponding sections of the Series Supplements) and Section 6.1 of this Master Indenture.

### **ARTICLE XIII DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS**

**Section 13.1 Events of Default.** (a) The occurrence and continuation of one or more of the following events shall constitute an Event of Default with respect to the Bonds:

(1) default in the payment of any installment of interest in respect of any Series of Bonds as the same shall become due and payable; or

(2) default in the payment of the principal of or premium, if any, in respect of any Series of Bonds as the same shall become due and payable either at maturity, upon redemption, or otherwise; or

(3) default in the payment of any Amortization Requirement in respect of any Bond that is a Term Bond as the same shall become due and payable; or



(4) failure on the part of the Board duly to observe or perform any other of the covenants or agreements on the part of the Board contained in this Master Indenture, a Series Supplement or any Bond, subject to the provisions of Section 13.10 below; or

(5) 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 this Master Indenture, or the filing by the Board of any petition for reorganization of the Board or rearrangement or readjustment of the obligations of the Board under the provisions of any applicable Bankruptcy Law.

(b) Notwithstanding any other provision of this Master Indenture, failure to pay the principal or any Amortization Requirement of or interest on any Intermediate Lien Obligation or Subordinate Obligation will not constitute an Event of Default with respect to any of the Senior Bonds, and 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 Intermediate Lien Obligations.

(c) An Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any other Series of Bonds unless such event or condition independently constitutes an Event of Default with such other Series of Bonds.

(d) The Board may, pursuant to a Series Supplement, 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; provided, however, no such Series Supplement shall provide for any acceleration of the full principal amount of any Bonds.

**Section 13.2 Remedies Upon Default.** (a) If an Event of Default under Section 13.1 above occurs and is continuing, there shall be no right of acceleration with respect to any Bonds but the Trustee may, and upon the written request to the Trustee by the Majority Owners shall, subject to the requirements of Section 14.1(l) below, protect and enforce its rights and the rights of the Owners of such Bonds by such suits, actions or proceedings to enforce payment of and receive any and all amounts due from the Board hereunder, together with any and all costs and expenses of proceedings and collections, and to collect (but solely from the Revenues available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

(b) Without limiting the generality of the foregoing, the Board shall not enter into any agreement, including, without limitation, a Credit Facility, continuing covenants agreement or similar direct purchase agreement, which purports to create any rights of acceleration of any Bonds; provided, however, the following shall not be considered acceleration for purposes of this Section: (i) termination payments under any Hedge Agreement; and (ii) term-outs of Reimbursement Obligations under Bond Credit Facilities that occur as a result of (A) mandatory tender for purchase of the Bonds or (B) revised amortization requirements and/or increased interest rates following an optional or mandatory tender for purchase of the Bonds.

**Section 13.3 Control of Remedies.**

(a) Notwithstanding anything in this Master Indenture or the Supplemental Indentures to the contrary, upon the occurrence and continuation of an Event of Default, the Majority Owners will control and direct all actions of the Trustee in exercising such of the rights and powers conferred by Section 13.2 on the Trustee or the Owners.

(b) So long as any Senior Bonds are Outstanding, no owner or holder of any Intermediate Lien Obligation or any Subordinate Obligation may exercise any remedy under this Master Indenture or any Supplemental Indenture, and so long as any Intermediate Lien Obligations are Outstanding, no owner or holder of any Subordinate Obligation may exercise any remedy under this Master Indenture or any Supplemental Indenture.

**Section 13.4 Effect of Discontinuance or Abandonment.** If any proceeding taken by the Trustee on account of any default has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, then the Board, the Trustee, and the Owners will be restored to their former positions and rights under this Master Indenture and all rights, remedies and powers of the Trustee will continue as though no such proceeding had been taken.

**Section 13.5 Restriction on Owners' Actions.** In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this Article, no Owner will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Master Indenture or any remedy under this Master Indenture or any Supplemental Indenture or the Bonds, unless (i) an Event of Default has occurred and is continuing of which the Trustee has been notified as provided in Section 14.1(h), or of which by such Section it is deemed to have notice; (ii) the Majority Owners of the Bonds have made written request of the Trustee to institute the suit, action, proceeding or other remedy, after the right to exercise the powers or rights of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in this Master Indenture or to institute the action, suit or proceeding in its or their name; (iii) there has been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred as provided in Section 14.1(1); and (iv) the Trustee has not complied with the request within a reasonable time. Such notification, request and offer of indemnity are declared, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Master Indenture or for any other remedy under this Master Indenture. It is intended that no one or more Owners will have any right to affect, disturb or prejudice the security of this Master Indenture, or to enforce any right under this Master Indenture or the Bonds, except in the manner provided for in this Master Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in this Master Indenture and for the benefit of all Owners. Nothing in this Master Indenture will affect or impair the right of the Owners generally to enforce payment of the Bonds in accordance with their terms.

**Section 13.6 Power of Trustee to Enforce.** All rights of action under this Master Indenture or under any of the Bonds secured by it that are enforceable by the Trustee may be enforced without the possession of any of the Bonds, or their production at the trial or other related proceedings. Any suit, action or proceedings instituted by the Trustee may be brought in its own name, as trustee, for the equal and ratable benefit of the Owners subject to the provisions of this Master Indenture.

**Section 13.7 Remedies Not Exclusive.** No remedy in this Master Indenture conferred on or reserved to the Trustee, or on or to the Owners, is intended to be exclusive of any other remedy, and each remedy is cumulative, and is in addition to every other remedy given under this Master Indenture or now or hereafter existing at law, in equity or by statute.

**Section 13.8 Waiver of Events of Default; Effect of Waiver.** (a) The Trustee will waive any Event of Default and its consequences at the written request of the Majority Owners. If any Event of Default with respect to the Bonds has been waived as provided in this Master Indenture, the Trustee will promptly give written notice of the waiver to the Board and by first class mail, postage prepaid, to all Owners if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under this Master Indenture.

(b) No delay or omission of the Trustee or of any Owner to exercise any right, power or remedy accruing upon any default or Event of Default will impair any such right, power or remedy or will be construed to be a waiver of or acquiescence in any such default or Event of Default. Every right, power and remedy given by this Article to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 13.9 Application of Money.** (a) Any amounts received by the Trustee pursuant to this Article will, after payment of the costs and expenses of the proceedings resulting in the collection of the money, the expenses, liabilities and advances incurred or made by the Trustee and the fees (whether ordinary or extraordinary) of the Trustee and expenses of the Board in carrying out the provisions of this Master Indenture, be deposited in an appropriate Account established and held by the Trustee and shall be applied as follows:

FIRST: To the payment of the persons entitled to it of all installments of interest then due on the Senior Bonds, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege;

SECOND: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Senior Bonds which have become due (other than Senior Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions of this Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Senior Bonds due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege;

THIRD: To the payment of the persons entitled to it of all installments of interest then due on the Intermediate Lien Obligations, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on

such installment, to the persons entitled to it, without any discrimination or privilege;

FOURTH: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Intermediate Lien Obligations that have become due (other than Intermediate Lien Obligations matured or called for redemption for the payment of which money is held pursuant to the provisions of this Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Intermediate Lien Obligations due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege;

FIFTH: To the payment of the persons entitled to it of all installments of interest then due on the Subordinate Obligations, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege; and

SIXTH: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Subordinate Obligations that have become due (other than Subordinate Obligations matured or called for redemption for the payment of which money is held pursuant to the provisions of this Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Subordinate Obligations due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege.

(b) Whenever money is to be applied pursuant to the provisions of this Section, it will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee applies such money, it will fix the date on which payment is to be made, and interest on the amount of principal to be paid on such date will cease to accrue. The Trustee will give, in such form as it may deem appropriate, notice to the Owners of the fixing of such payment date.

**Section 13.10 Notice of Certain Defaults; Opportunity to Cure Such Defaults.** Notwithstanding anything to the contrary in this Master Indenture, no default under Section 13.1(a)(4) will constitute an Event of Default until actual notice of the default is given to the Board by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds, and the Board has had (i) 30 days after receipt of the notice with respect to any default in the payment of money or (ii) 90 days after receipt of the notice of any other default to correct the default or to cause the default to be corrected; provided, however, that if the default can be corrected, but cannot within the 90-day period, it will not constitute an Event of Default if corrective action is instituted by the Board within the 90-day period and diligently pursued (as determined by the Trustee) until the default is corrected.

**Section 13.11 Rights of Bond Credit Provider.** Notwithstanding anything contained in this Master Indenture to the contrary, until the Board has reimbursed a Bond Credit Provider for amounts paid under a Bond Credit Facility to pay the interest on or the principal of any Bonds on any Payment Date, (i) such Bonds shall be deemed to be Outstanding and such Bond Credit Provider shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Bond Credit Facility until such amounts have been reimbursed and (ii) upon presentation to the Trustee, such Bond shall be registered in the name of the Bond Credit Provider or its nominee.

#### **ARTICLE XIV THE TRUSTEE**

**Section 14.1 Acceptance of Trusts and Obligations.** The Trustee hereby accepts the trusts and obligations imposed upon it by this Master Indenture and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Master Indenture against the Trustee:

(a) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and as a corporate trustee ordinarily would perform such duties under a corporate indenture. If an Event of Default has occurred (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and the Related Series Supplement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers under this Master Indenture and perform any of its duties by or through attorneys, accountants, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in subsection (a) of this Section. The Trustee also shall be entitled to act on the opinion or advice of its counsel concerning all matters of trust and the duties under this Master Indenture, and may be reimbursed for reasonable compensation to all such attorneys, accountants, agents, receivers and employees as may reasonably be employed in connection with this Master Indenture. The Trustee may act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance on such Opinion of Counsel. In addition, the Trustee may condition any permissive action it is authorized (but not required) to take hereunder on the receipt of an approving Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital or representation in this Master Indenture, in any Supplemental Indenture or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the filing or re-filing of any financing or continuation statement or other document or instrument, or for insuring any property of the Board or collecting any insurance money, or for the validity of the Board's execution of this Master Indenture or of any supplements to it or instruments of further assurance, or for the sufficiency of the security for the Bonds. The Trustee shall not be

responsible or liable for any loss suffered in connection with any investment of money made by it in accordance with Article XI.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered under this Master Indenture. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Owner may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(e) The Trustee shall be protected in acting on any Officer's Certificate, notice, request, consent, certificate, order, direction, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee under this Master Indenture at the request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Bond shall be conclusive and binding on all future Owners of the same Bond and on Bonds issued in exchange for it or in place of it.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely on an Officer's Certificate as sufficient evidence of the facts therein contained. Before the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by such subsection it is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept an Officer's Certificate to the effect that an attached resolution has been adopted by the Board as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The Trustee's permissive right to do things enumerated in this Master Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default under this Master Indenture, except defaults arising from the failure by the Board to make any payments due on the Bonds or the failure by the Board to file with the Trustee any document required by this Master Indenture to be so filed, unless the Trustee shall be notified of such default by the Board or by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

(i) The Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations under this Master Indenture.

(j) Notwithstanding any other provision of this Master Indenture, the Trustee shall have the right, but shall not be required, to demand, as a condition of (i) any action by the

Trustee in respect of the authentication of any Bonds, (ii) the withdrawal of any cash, (iii) the release of any property or (iv) any action whatsoever within the purview of this Master Indenture, any showings, certificates (including Officer's Certificates), opinions, appraisals or other information or corporate action or evidence thereof reasonably required by the Trustee, in addition to that required by the terms of this Master Indenture.

(k) All money the Trustee receives shall, until used or applied or invested as provided in this Master Indenture, be held in trust for the purposes for which it was received but need not be segregated from other funds except to the extent required by this Master Indenture or by law. The Trustee shall not be under any liability for interest on any money received under this Master Indenture except as may be agreed upon in writing.

(l) Before taking any action under this Master Indenture, the Trustee may require that indemnity to its satisfaction be furnished to it for the reimbursement of all expenses which may be incurred by it and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct.

**Section 14.2 Fees, Charges and Expenses of Trustee.** (a) The Board covenants and agrees:

(1) to pay to the Trustee compensation for all services rendered by it hereunder and under the other agreements relating to the Bonds to which the Trustee is a party in accordance with terms agreed to from time to time, and, subsequent to default, in accordance with the Trustee's then-current fee schedule for default administration; and

(2) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Master Indenture, any other agreement relating to the Bonds to which it is a party or in complying with any request by the Board or any Rating Agency with respect to the Bonds, including the reasonable compensation, expenses and disbursements of its agents and counsel, except any such expense, disbursement or advance attributable to the Trustee's negligence or bad faith.

(b) If the Trustee incurs expenses or renders services in any proceedings under Bankruptcy Law relating to the Board, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under Bankruptcy Law.

(c) The obligations of the Board to make the payments described in this Section shall survive discharge of this Master Indenture, the resignation or removal of the Trustee and payment in full of the Bonds.

**Section 14.3 Notice Required of Trustee.** If the Board fails to make any payment on a Series of Bonds on the day such payment is due and payable, the Trustee shall give notice thereof by telephone, e-mail or facsimile to the Board on the next succeeding Business Day. If (i) any such failure of the Board to make a payment on a Series of Bonds continues for thirty days, or (ii) the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding notify the Trustee of any default under this Master Indenture, then the Trustee shall

give notice of such default by registered or certified mail to the Owner of each Bond of such Series then Outstanding. The Trustee's failure to give any notice required by this Section shall not subject the Trustee to any liability to any person, firm, corporation or other entity to make payments under the Bonds and this Master Indenture or waive the Trustee's right to exercise its remedies under this Master Indenture.

**Section 14.4 Intervention by Trustee.** In any judicial proceeding to which the Board is a party and that in the Trustee's opinion has a substantial bearing on the Owners' interests, the Trustee may intervene on the Owners' behalf and, subject to Section 14.1(1), shall do so if requested by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding. The Trustee's rights and obligations under this Section are subject to the approval of a court of competent jurisdiction.

**Section 14.5 Merger or Consolidation of Trustee.** Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee under this Master Indenture and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as were vested in its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to this Master Indenture, anything herein to the contrary notwithstanding, if such corporation or association satisfies the requirements of the last sentence of Section 14.8.

**Section 14.6 Resignation by Trustee.** If the Trustee desires to resign at any time from the trusts created by this Master Indenture, it shall give notice to the Board and each Owner of Bonds then Outstanding, but shall continue to serve as Trustee until such time as a successor Trustee is appointed. If a successor Trustee has not been appointed within thirty days, the Trustee shall have the right to petition a court of competent jurisdiction for appointment of a successor Trustee and such resignation shall become effective upon designation of such successor Trustee.

**Section 14.7 Removal of Trustee.** The Trustee may be removed at any time (i) by an instrument or concurrent instruments in writing delivered to the Trustee and to the Board and signed by the Majority Owners or (ii) by the Board by notice in writing given by the Board Representative to the Trustee not less than sixty days before the removal date; provided, however, that the Board shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists that with the giving of notice or the passage of time, or both, would be an Event of Default. If applicable, the removed Trustee shall return to the Board the amount of the Trustee's annual fee allocable to the portion of the then current year remaining after the removal date. Notwithstanding the foregoing, nothing contained in this Master Indenture shall relieve the Board of its obligation to pay the Trustee's fees and expenses incurred to the effective date of such removal.

**Section 14.8 Appointment of Successor Trustee; Temporary Trustee.** If the Trustee shall resign, be removed, be dissolved, be in the course of dissolution or liquidation or otherwise



become incapable of acting hereunder, or if it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, then, unless an Event of Default with respect to any Series of Bonds has occurred and is continuing, a successor may be appointed by the Board by an instrument in writing signed by the Board Representative. If an Event of Default has occurred and is continuing, a successor may be appointed by the Majority Owners by an instrument or concurrent instruments in writing signed by such Owners. In case of such vacancy, the Board, by an instrument signed by the Board Representative, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners as provided above and any such temporary Trustee so appointed by the Board shall immediately and without further act be replaced by the Trustee so appointed by such Owners. Any Trustee appointed under this Section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (i) a bank or trust company within or without the Commonwealth of Virginia, in good standing and having a reported capital, surplus and undivided profits of not less than \$100,000,000, or (ii) a subsidiary trust company whose parent bank or bank holding company has undertaken to be fully responsible for the acts and omissions of such subsidiary trust company, and whose capital, surplus and undivided profits, together with that of its parent bank or bank holding company, as the case may be, is not less than \$100,000,000.

**Section 14.9 Concerning any Successor Trustee.** Every successor Trustee appointed under this Master Indenture shall execute, acknowledge and deliver to its predecessor and also to the Board an instrument in writing accepting such appointment, and thereafter such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of the Board or the Trustee's successor, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor under this Master Indenture; and every predecessor Trustee shall deliver all securities and money held by it as Trustee under this Master Indenture to its successor. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Board. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Master Indenture may have been filed and/or recorded.

**Section 14.10 Trustee Protected in Relying on Resolutions.** The resolutions, opinions, certificates and other instruments provided for in this Master Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property, the withdrawal of cash hereunder or the taking of any other action by the Trustee as provided under this Master Indenture, unless the Trustee has actual knowledge or notice to the contrary.

**ARTICLE XV**  
**SUPPLEMENTAL INDENTURES**

**Section 15.1 Supplemental Indentures Not Requiring Consent of Owners.** The 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 this Master Indenture or any Series Supplement for any one or more of the following purposes:

(a) To cure or correct any ambiguity, formal defect, omission or inconsistent provision in this Master Indenture or in a Series Supplement.

(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.

(c) To permit the appointment of a co-trustee or additional Paying Agents under this Master Indenture.

(d) To subject to the lien and pledge of this Master Indenture additional revenues, properties or collateral.

(e) To provide for the issuance of coupon Bonds if authorized under the Related Series Supplement.

(f) To amend certain provisions of this Master Indenture or any Series Supplement in any manner consistent with Sections 103 and 141 through 150 of the Tax Code (or such other sections of the Tax Code as may be applicable to the Bonds) as in effect at the time of the amendment.

(g) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Master Indenture or any Series Supplement of the Revenues or any other moneys, property or Funds or Accounts.

(h) To modify, amend or supplement this 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 Board and the Trustee so determine, to add to this 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.

(i) To add to the covenants and agreements of the Board contained in this 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 Board.

(j) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds.

(k) In the case of Series Supplements, to provide for the issuance of additional Series of Bonds (including Refunding Bonds) and to provide for such other related matters as may be required or contemplated by or appropriate under this Master Indenture.

(l) To make any changes necessary to comply with the requirements of a Rating Agency, a Bond Credit Provider, or a DSRF Credit Provider that, as expressed in a written finding or determination by the Board (which is included in the Supplemental Indenture), 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 applicable Series of 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 written determination or finding by the Board (which shall be stated in the Supplemental Indenture, and may be based upon an Opinion of Counsel and/or the opinion of the Board's financial advisor).

(n) To restate in one document this Master Indenture and all effective Series Supplements and other Supplemental Indentures, which restatement shall then become this Master Indenture for all purposes, effective as of the date of this 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. Series Supplements 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.

**Section 15.2 Supplemental Indentures Requiring Consent.** Exclusive of Supplemental Indentures covered by Section 15.1 and subject to the terms and provisions contained in this Section, the Majority Owners shall have the right from time to time, notwithstanding any other provision of this Master Indenture, to consent to and approve the execution by the Board and the Trustee of such other Supplemental Indenture or Supplemental Indentures as the 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 this Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Senior Bonds, Intermediate Lien Obligations or Subordinate Obligations, as applicable, then Outstanding nothing in this Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any such Senior Bond, Intermediate Lien Obligation or Subordinate Obligation, (ii) a reduction in the principal amount of any such Senior Bond, Intermediate Lien Obligation or Subordinate Obligation or the rate of interest on it, (iii) a privilege or priority of any such Senior Bond over any other Senior Bond, any such Intermediate Lien Obligation over any other Intermediate Lien Obligation, or any such Subordinate Obligation over any other Subordinate Obligation, or (iv) a reduction in the aggregate principal amount of Senior Bonds, Intermediate Lien Obligations or Subordinate Obligations required for consent to such Supplemental Indenture.

If at any time the 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 Board following the giving of such notice, the Majority Owners 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 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, this Master Indenture shall be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of the Board or any Person controlling, controlled by or under common control with the Board shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds provided for in this Article XV. At the time of any such calculation, the Board shall furnish the Trustee an Officer's Certificate describing all Bonds so to be excluded.

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

**Section 15.3 Opinion of Counsel Required.** The Trustee shall not execute any Supplemental Indenture unless there shall have been filed with the Trustee an Opinion (or Opinions) of Counsel, subject to customary exceptions and qualifications, stating that (i) such Supplemental Indenture is authorized or permitted by this Master Indenture and (ii) upon execution the Supplemental Indenture will be valid and binding on the Board in accordance with its terms.

**Section 15.4 No Unreasonable Refusal.** The Trustee shall not unreasonably refuse to enter into any Supplemental Indenture permitted under this Article; provided, however, that such refusal shall not be deemed unreasonable if the Trustee believes in good faith that such Supplemental Indenture will or may prejudice any right of the Owners of the Bonds then Outstanding or adversely affect the rights and immunities, or increase the duties, of the Trustee.

**Section 15.5 Amendments to Payment Agreement.** The Payment Agreement shall not be modified or amended in any way to adversely affect or prejudice in any material respect the rights of the Owners without the consent of the Majority Owners. The Trustee may consent to any modification or amendment to the Payment Agreement that does not violate the preceding sentence.

**ARTICLE XVI  
MISCELLANEOUS**

**Section 16.1 Consents of Owners.** Any consent, request, direction, approval, objection or other instrument required by this Master Indenture to be signed and executed by the Owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agents appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agents, if made in the manner stated in the next sentence, shall be sufficient for any of the purposes of this Master Indenture, and shall be conclusive in the Trustee's favor with regard to any action taken under such request or other instrument. The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

**Section 16.2 Limitation of Rights.** With the exception of the rights expressly conferred in this Master Indenture, nothing expressed or mentioned or to be implied from this Master Indenture or the Bonds is intended or shall be construed to give to any person or entity other than the parties hereto and the Owners any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and agreements contained herein, all such covenants, conditions and agreements being intended for the sole and exclusive benefit of the parties hereto and the Owners.

**Section 16.3 Limitation of Liability of Members, Officers, Etc.** No covenant, agreement or obligation contained in this Master Indenture shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Board or the Trustee in his or her individual capacity, and neither the directors of the Board or the Trustee nor any officer, employee or agent thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their execution or issuance. No director, officer, employee, agent or adviser of the Board or the Trustee shall incur any personal liability with respect to any action taken by him or her under this Master Indenture or the Act, provided such director, officer, employee, agent or adviser acts in good faith.

**Section 16.4 Notices.** Unless otherwise provided in this Master Indenture, all demands, notices, approvals, consents, requests, opinions and other communications under this Master Indenture shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail addressed (i) if to the Board, at Virginia Department of Transportation, 1401 East Broad Street, Richmond, Virginia 23219, Attention: \_\_\_\_\_; or (ii) if to the Trustee, at U.S. Bank, National Association [\_\_\_\_\_]. The Board and the Trustee may by notice given under this Section, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or Persons to whose attention the same shall be directed.

**Section 16.5 Successors and Assigns.** This Master Indenture shall be binding on, inure to the benefit of and be enforceable by the parties to it and their respective successors and assigns.

**Section 16.6 Severability.** If any clause, provision or section of this Master Indenture be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections of this Master Indenture, and this Master Indenture shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in it. If any agreement or obligation contained in this Master Indenture be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the parties to this Master Indenture to the full extent permitted by law.

**Section 16.7 Applicable Law.** This Master Indenture shall be governed by the laws of the Commonwealth.

**Section 16.8 Counterparts.** This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

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

**COMMONWEALTH TRANSPORTATION  
BOARD**

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

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title]

[Signature Page of Master Indenture of Trust]

**FIRST SUPPLEMENTAL INDENTURE OF TRUST**

**between**

**COMMONWEALTH TRANSPORTATION BOARD**

**and**

**U.S. Bank, National Association,**

**as Trustee**

**Dated as of \_\_\_\_\_ 1, 2021**

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**Relating to**

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

**Commonwealth of Virginia**

**Interstate 81 Corridor Program Revenue Bonds (Senior Lien),  
Series 2021**

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## FIRST SUPPLEMENTAL INDENTURE OF TRUST

This **FIRST SUPPLEMENTAL INDENTURE OF TRUST** (this “First Supplemental Indenture”) is made as of \_\_\_\_\_ 1, 2021, between the **COMMONWEALTH TRANSPORTATION BOARD**, created and existing under the laws of the Commonwealth of Virginia (the “Board”) and U.S. Bank, National Association, and its successors, as trustee (the “Trustee”).

### RECITALS

**WHEREAS**, the Board has executed and delivered to the Trustee a Master Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (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 Bond Act and (ii) the security for and sources of payment of the debt service on such Bonds; and

**WHEREAS**, the Board now desires to issue, sell, and deliver a Series of Bonds under the Master Indenture in the aggregate principal amount of \$\_\_\_\_\_; and

**WHEREAS**, the Board will use the proceeds of the 2021 Bonds (defined herein) to pay the issuance costs thereof and to pay the costs of Projects contained in the Interstate 81 Corridor Improvement Plan and the Interstate 81 Corridor Improvement Program, as such terms are defined in Section 33.2-3600 of the Virginia Code; 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 2021 Bonds valid and binding limited obligations of the Board, when authenticated and issued as provided in this First Supplemental Indenture, and to constitute this First Supplemental Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the 2021 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 2021 Bonds as follows:

### ARTICLE I FIRST SUPPLEMENTAL INDENTURE

**Section 1.1 First Supplemental Indenture.** This First Supplemental Indenture is authorized and executed by the Board and delivered to the Trustee pursuant to and in accordance with the Bond Resolution (defined herein) and Articles V and XV of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2021 Bonds, except as otherwise provided in this First Supplemental Indenture.

**Section 1.2 Definitions.** All capitalized words and terms used but not defined in this First 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:

**“2021 Bonds”** means the Series of Bonds authorized to be issued under Section 2.1 hereof.

**“2021 Cost of Issuance Fund”** means the Cost of Issuance Fund related to the 2021 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this First Supplemental Indenture.

**“2021 Debt Service Fund”** means the Debt Service Fund Related to the 2021 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this First Supplemental Indenture.

**“2021 Project Fund”** means the Project Fund Related to the 2021 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this First Supplemental Indenture.

**“2021 Rebate Fund”** means the Rebate Fund Related to the 2021 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this First Supplemental Indenture.

**“2021 Tax Compliance Agreement”** means the [Certificate as to Arbitrage and Other Tax Matters] dated the Closing Date.

**“Bond Resolution”** means the resolution adopted by the Board on May \_\_\_\_\_, 2021, and entitled “Resolution of the Commonwealth Transportation Board Authorizing the Issuance and Sale of Commonwealth of Virginia I-81 Program Revenue Bonds, Series 2021 to be Issued as the Initial Series of Bonds Under a Master Indenture of Trust Herein Authorized, and Authorizing Certain Other Documents and Undertakings in Connection With Such Issuance and Sale.”

**“Closing Date”** means the date of the issuance and delivery of the 2021 Bonds.

**“Dated Date”** means the Closing Date.

**“DTC”** shall have the meaning set forth in Section 2.3 hereof.

**“First Supplemental Indenture”** means this First Supplemental Indenture of Trust, dated as of \_\_\_\_\_ 1, 2021, 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 \_\_\_\_\_ 1, 2021, 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.

**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 Bond Act, to issue the 2021 Bonds, to execute this First Supplemental Indenture, and to pledge and grant a security interest in the Revenues, the Debt Service Fund, and the Project Fund as security for the 2021 Bonds in the manner and to the extent set forth in the Master Indenture and this First Supplemental Indenture, (ii) all action on its part necessary for the execution and delivery of this First Supplemental Indenture has been taken, and (iii) the 2021 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 2021 BONDS**

**Section 2.1 Authorization of 2021 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 Interstate 81 Corridor Program Revenue Bonds (Senior Lien), Series 2021.” The proceeds of the 2021 Bonds shall be used for the purposes set forth in the recitals, including paying the costs of the Projects.

**Section 2.2 Details of 2021 Bonds.** (a) The 2021 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 \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_, 20\_\_ at the rates set forth below and shall mature on \_\_\_\_\_ in the years and in the amounts set forth below:

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

(b) The 2021 Bonds shall bear interest (i) from the Dated Date, if such 2021 Bond is authenticated before \_\_\_\_\_, 20\_\_, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2021 Bond is authenticated; provided, however, that if at the time of authentication any payment of interest is in default, such 2021 Bond shall bear interest from the date to which interest has been paid. Interest on the 2021 Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

(c) Interest on the 2021 Bonds shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on \_\_\_\_\_ on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of a 2021 Bond owns at least \$1,000,000 in aggregate principal amount of 2021 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 2021 Bonds shall be payable to the Owners thereof upon the surrender of the 2021 Bonds at the Trustee's corporate trust office in \_\_\_\_\_ 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 2021 Bonds, principal of and premium, if any, and interest on the 2021 Bonds shall be payable as provided in the Letter of Representations.

(e) The principal of and premium, if any, and interest on the 2021 Bonds shall be payable in lawful money of the United States of America.

(f) If the principal of any 2021 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 2021 Bond.

**Section 2.3 Book Entry Provisions for the 2021 Bonds.** (a) The 2021 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 2021 Bonds will not receive physical delivery of the 2021 Bonds. Individual purchases of the 2021 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 2021 Bonds are held in book-entry format, payments of principal of and premium, if any, and interest on the 2021 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 2021 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 2021 Bonds to the beneficial owners of the 2021 Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2021 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2021 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 2021 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 2021 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 First Supplemental Indenture to be given to Owners of the 2021 Bonds, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2021 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 2021 Bonds, references in the Master Indenture or this First Supplemental Indenture to the Owners or registered owners of the 2021 Bonds shall mean Cede & Co. and not the beneficial owners of the 2021 Bonds. Any notice to or consent requested of Owners of 2021 Bonds under the Master Indenture or this First Supplemental Indenture shall be given to or requested pursuant to DTC’s procedures.**

(b) Replacement Bonds (the “Replacement Bonds”) will be registered in the name of and be issued directly to beneficial owners of the 2021 Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2021 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 2021 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 First Supplemental Indenture) to which the Participants are entitled for delivery to the beneficial owners of the 2021 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 First Supplemental Indenture.

**Section 2.4 Form of 2021 Bonds.** Each of the 2021 Bonds shall be substantially in the form attached as Exhibit A to this First Supplemental Indenture, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this First Supplemental Indenture. There may be endorsed on any of the 2021 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 2021 Bonds.** Each 2021 Bond shall bear a certificate of authentication, substantially as set forth in the applicable form of the 2021 Bond attached as an exhibit, duly executed by the Trustee. The Trustee shall authenticate each 2021 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 2021 Bonds. Only such authenticated 2021 Bonds shall be entitled to any right or benefit under the Master Indenture or this First Supplemental Indenture, and such certificate on any 2021 Bond shall be conclusive evidence that the 2021 Bond has been duly issued under and is secured by the provisions of the Master Indenture and this First Supplemental Indenture.

### **ARTICLE III REDEMPTION OF 2021 BONDS**

**Section 3.1 Optional Redemption.** (a) The Board shall not call the 2021 Bonds for optional redemption except as provided in this section.

(b) The 2021 Bonds maturing on or before \_\_\_\_\_, 20\_\_, shall not be subject to redemption at the Board's option before their respective maturity dates.

(c) The 2021 Bonds maturing on or after \_\_\_\_\_, 20\_\_, 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 \_\_\_\_\_, 20\_\_, 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.** [The 2021 Bonds are not subject to mandatory redemption.] [The 2021 Bonds maturing on \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in the years and amounts set forth below upon payment of 100% of the principal amount to be redeemed plus interest accrued to the redemption date:]

**Section 3.3 Selection of 2021 Bonds for Redemption.** If less than all of the 2021 Bonds are called for optional redemption, the maturities of the 2021 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 2021 Bonds under any provision of the Master Indenture or this First 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 thirty nor more than sixty days before the redemption date, to all Owners of 2021 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, notice as contemplated by the Securities Exchange Act of 1934 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 2021 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 2021 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 First Supplemental Indenture and shall not be deemed to be Outstanding under the provisions of the Master Indenture and this First Supplemental Indenture.

(b) The Trustee shall ensure that CUSIP number identification accompanies all redemption payments on the 2021 Bonds.



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

**Section 4.1 Establishment of Funds for the 2021 Bonds.** (a) In accordance with Section 7.1 of the Master Indenture, the 2021 Cost of Issuance Fund, 2021 Debt Service Fund, the 2021 Project Fund and the 2021 Rebate Fund are hereby established for the 2021 Bonds. All such Funds shall be held by the Trustee.

(b) As provided in Section 2.1(a) of the Master Indenture, the money and investments held in the 2021 Project Fund and the 2021 Debt Service Fund are pledged to secure the 2021 Bonds.

**Section 4.2 Application of Sale Proceeds of the 2021 Bonds.** On the Closing Date, the Trustee shall apply the total amount received from the underwriters for the 2021 Bonds in payment therefor (\$\_\_\_\_\_), consisting of \$\_\_\_\_\_ received from the underwriters on the Closing Date and \$\_\_\_\_\_ received from the Transportation Board on the Closing Date (such amount representing the good faith deposit from the underwriters), as follows:

- (a) \$\_\_\_\_\_ shall be deposited in the 2021 Cost of Issuance Fund; and
- (b) \$\_\_\_\_\_ shall be deposited in the 2021 Project Fund.

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

**Section 5.1 2021 Project Fund.** (a) The Trustee will apply the amounts in the 2021 Project Fund to the payment or reimbursement of the costs of the Projects as directed by the Board. Disbursements from the 2021 Project Fund shall be made by the Trustee to the Board or as directed by the Board upon receipt by the Trustee of a requisition (upon which the Trustee shall be entitled to rely) signed by a Board Representative and containing all information called for by, and otherwise being in the form of, Exhibit B.

(b) If the Trustee receives an Officer's Certificate stating that certain amounts in the 2021 Project Fund will not be necessary to pay the costs of the Projects, the Trustee shall then apply any remaining balance at the direction of a Board Representative in such manner as will not, in the Opinion of Bond Counsel delivered to the Board and the Trustee, have an adverse effect on the tax-exempt status of the 2021 Bonds.

**Section 5.2 2021 Cost of Issuance Fund.** (a) The Trustee shall apply the amounts in the 2021 Cost of Issuance Fund to pay the issuance and financing costs of the 2021 Bonds as directed by the Board. Disbursements from the 2021 Cost of Issuance Fund shall be made by the Trustee to the Board or as directed by the Board upon receipt by the Trustee of a requisition (upon which the Trustee shall be entitled to rely) signed by a Board Representative and containing all information called for by, and otherwise being in the form of, Exhibit C.

(b) Any amounts deposited in the 2021 Cost of Issuance Fund as described in Section 4.2(a) that are not applied in accordance with this Section and Section 9.1 of the Master Indenture to pay the costs of issuance of the 2021 Bonds shall, at the written direction of the

Board, be transferred by or on behalf of the Board to the 2021 Project Fund and/or the 2021 Debt Service Fund.

**Section 5.3 2021 Debt Service Fund.** [Each monthly transfer into the 2021 Debt Service Fund under Section 8.1 of the Master Indenture shall be in an amount not less than the sum of (i) one-sixth of the interest due on the 2021 Bonds on the next ensuing Interest Payment Date, plus (ii) one-twelfth of the principal due on the 2021 Bonds at maturity or upon mandatory redemption on the next ensuing Principal Payment Date, provided that the Board shall receive a credit against such transfer for the amount, if any, held in the 2021 Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon.]

**Section 5.4 2021 Rebate Fund.** The Trustee shall invest and apply amounts on deposit in the 2021 Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the 2021 Tax Compliance Agreement. The Trustee shall have no continuing responsibility for amounts on deposit in the 2021 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 2021 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 2021 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 2021 Bonds or any other funds of the Board or take or omit to take any action that would cause the 2021 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 2021 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 2021 Bonds except in accordance with the 2021 Tax Compliance Agreement and (ii) shall act as though the requirements of the 2021 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 2021 Tax Compliance Agreement, but the Trustee shall not be required to ascertain whether the instructions comply with the 2021 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 2021 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 Successors and Assigns.** This First 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 7.2 Severability.** If any provision of this First Supplemental Indenture is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

**Section 7.3 Governing Law.** This First Supplemental Indenture shall be governed by and construed under the applicable laws of the Commonwealth.

**Section 7.4 Counterparts.** This First 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 7.5 Parties Interested.** Nothing in this First 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 2021 Bonds, any right, remedy or claim under or by reason of this First Supplemental Indenture, this First Supplemental Indenture being intended for the sole and exclusive benefit of the Board, the Trustee and the Owners of the 2021 Bonds.

[Signature page follows]

**IN WITNESS WHEREOF**, the Board and the Trustee have caused this First 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

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Vice President]

**EXHIBIT A  
FORM OF 2021 Bond**

**REGISTERED  
R-\_\_\_**

**CUSIP  
927793 \_\_\_**

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
COMMONWEALTH TRANSPORTATION BOARD  
COMMONWEALTH OF VIRGINIA  
INTERSTATE 81 CORRIDOR PROGRAM REVENUE BOND  
SERIES 2021**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>
_____%	_____, 20__	_____, 2021

**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 (this “Bond”) at the corporate trust office of \_\_\_\_\_, 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 \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, 2021, 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 \_\_\_\_\_ 1, 2021, between the Board and the Trustee, as previously supplemented and amended (the “Master Indenture”) and as further supplemented by the First Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (the “First 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 \_\_\_\_\_, 2021 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 \_\_\_\_\_ 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 2021 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 2021 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 Interstate 81 Corridor Program Revenue Bonds, Series 2021 Bonds (the “2021 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 Bond Act, a resolution adopted by the Board on \_\_\_\_\_, 2021, and the Indenture, to provide proceeds to be used to pay the issuance costs of the 2021 Bonds and to pay the costs of the Projects.

The 2021 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 2021 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 2021 Bonds, the rights, duties and obligations of the Board and the Trustee, the rights of the Owners of the 2021 Bonds and the terms upon which the 2021 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 2021 Bonds for certain purposes on the terms provided in the Indenture.

The 2021 Bonds maturing on or before \_\_\_\_\_, 20\_\_, shall not be subject to redemption at the Board's option before their respective maturity dates.

The 2021 Bonds maturing on or after \_\_\_\_\_, 20\_\_, are subject to optional redemption prior to their respective maturities on or after \_\_\_\_\_, 20\_\_, 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 2021 Bonds to be redeemed together plus unpaid interest accrued on the principal amount to be redeemed to the date fixed for redemption.

[The 2021 Bonds are not subject to mandatory redemption.] [The 2021 Bonds maturing on \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in the years and amounts set forth below upon payment of 100% of the principal amount to be redeemed plus interest accrued to the redemption date:]

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 2021 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 2021 Bond or 2021 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.

**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 2021 Bonds described in the above-mentioned Indenture.

Authentication Date: \_\_\_\_\_, 2021

\_\_\_\_\_,  
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

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

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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**  
**FORM OF**  
**2021 PROJECT FUND REQUISITION**

\_\_\_\_\_, as Trustee  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Requisition No. \_\_\_\_\_  
Dated: \_\_\_\_\_

Re: Direction to Make Disbursements from the 2021 Project Fund for the Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series 2021

Pursuant to Section 5.1 of the First Supplemental Series Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (the "2021 Supplement"), between the Commonwealth Transportation Board and \_\_\_\_\_, as trustee (the "Trustee"), the Trustee is directed to disburse from the 2021 Project Fund the amount indicated below.

Each capitalized terms not otherwise defined herein has the same meaning as used in the 2021 Supplement.

The undersigned certifies as follows:

1. The name(s) and address(es) of the person(s), firm(s) or corporation(s) to whom the disbursement(s) are due and the amounts to be disbursed are as follows:

<u>Name and Address</u>	<u>Amount</u>
-------------------------	---------------

[Use an additional page if necessary.]

2. The total amount to be disbursed is \$\_\_\_\_\_.

3. The project for which the obligation(s) to be paid was/were incurred:

\_\_\_\_\_.

4. The undersigned is a "Board Representative" within the meaning of the 2021 Supplement and the Master Indenture defined therein.

**COMMONWEALTH TRANSPORTATION  
BOARD**

By: \_\_\_\_\_  
Board Representative

**EXHIBIT C**  
**FORM OF**  
**2021 COST OF ISSUANCE FUND REQUISITION**

\_\_\_\_\_, as Trustee  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Requisition No. \_\_\_\_\_  
Dated: \_\_\_\_\_

Re: Direction to Make Disbursements from the 2021 Cost of Issuance Fund for the Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series 2021

Pursuant to Section 5.1 of the First Supplemental Series Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (the "2021 Supplement"), between the Commonwealth Transportation Board and \_\_\_\_\_, as trustee (the "Trustee"), the Trustee is directed to disburse from the 2021 Cost of Issuance Fund the amount indicated below.

Each capitalized terms not otherwise defined herein has the same meaning as used in the 2021 Supplement.

The undersigned certifies as follows:

5. The name(s) and address(es) of the person(s), firm(s) or corporation(s) to whom the disbursement(s) are due and the amounts to be disbursed are as follows:

<u>Name and Address</u>	<u>Amount</u>
-------------------------	---------------

[Use an additional page if necessary.]

6. The total amount to be disbursed is \$\_\_\_\_\_.

7. The undersigned is a "Board Representative" within the meaning of the 2021 Supplement and the Master Indenture defined therein.

**COMMONWEALTH TRANSPORTATION  
BOARD**

By: \_\_\_\_\_  
Board Representative

## **PAYMENT AGREEMENT**

This **PAYMENT AGREEMENT** is made and dated as of \_\_\_\_\_1, 2021 (this “Agreement”), by and among the **COMMONWEALTH TRANSPORTATION BOARD** (the “Transportation Board”), the **TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA** (the “Treasury Board”), and the **SECRETARY OF FINANCE OF THE COMMONWEALTH OF VIRGINIA** (the “Secretary of Finance”);

WITNESSETH:

**WHEREAS**, pursuant to the Transportation Development and Revenue Bond Act (the “State Transportation Revenue Bond Act”), Sections 33.2-1700 *et seq.*, of the Code of Virginia of 1950, as amended (the “Virginia Code”), the Transportation 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 Interstate 81 Corridor Bond Act of 2020, enactment clause 15 of Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Reconvened Session (the “I-81 Bond Act”), the Transportation Board is authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Transportation Revenue Bond Act, revenue obligations of the Commonwealth of Virginia (the “Commonwealth”) to be designated “Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series ....” (the “Bonds”) at one or more times in an aggregate principal amount not to exceed \$1 billion, after all costs, excluding refunding bonds and excluding pre-project completion interest convertible to principal associated with certain federal programs of the U.S. Department of Transportation;

**WHEREAS**, the Board is required pursuant to the I-81 Bond Act to use proceeds of any Bonds, including any premium received on the sale thereof, for the exclusive purpose of costs incurred or to be incurred in relation to the Interstate 81 Corridor Improvement Plan and the Interstate 81 Corridor Improvement Program, as such terms are defined in Section 33.2-3600 of the Virginia Code;

**WHEREAS**, Section 33.2-3601 of the Virginia Code (i) creates the Interstate 81 Corridor Improvement Fund (the “Fund”) in the state treasury as a special nonreverting fund which shall be established on the books of the Comptroller and (ii) provides that all revenues dedicated to the Fund pursuant to Sections 33.2-372 and 58.1-2299.20 of the Virginia Code, any other funds that may be appropriated by the General Assembly, and any funds that may be received for credit to the Fund from any other sources shall be paid into the state treasury and credited to the Fund;

**WHEREAS**, Section 11 of the I-81 Bond Act requires the Transportation Board to establish a fund either in the state treasury with the cooperation of the State Treasurer or with a trustee in accordance with the provisions of Section 33.2-1716 of the State Transportation Revenue Bond Act to secure and be used for the payment of the Bonds to the credit of which there shall be deposited such amounts, subject to appropriation by the General Assembly,

necessary to pay principal, purchase price, redemption premium, if any, and interest on the Bonds, as and when such costs become due and payable; provided that such costs shall be paid from the revenues deposited into the Fund pursuant to Section 58.1-2299.20 of the Virginia Code from the receipt of regional fuels tax levied pursuant to Section 58.1-2295 of the Virginia Code (the “I-81 Regional Fuels Tax Revenues”);

**WHEREAS**, the Transportation Board has determined that it is in the best interest of the Commonwealth of Virginia and the Transportation Board for the Transportation Board to issue Bonds from time to time in one or more series for the purposes authorized under and in accordance with the provisions of the I-81 Bond Act, and to that end, the Transportation Board has entered into a Master Indenture (herein defined) under which such Bonds will be issued by the Transportation Board pursuant to separate supplemental indentures respecting a particular series of Bonds; and

**WHEREAS**, the I-81 Bond Act authorizes the Transportation Board to enter into agreements with any department or agency of the Commonwealth to make appropriated funds available to pay debt service and other funding requirements of the Bonds, and each of the Transportation Board, the Treasury Board, and the Secretary of Finance has determined that it is in the best interest of the Commonwealth of Virginia for them to enter into this Agreement in order to evidence their agreement to use their best efforts (i) to support requests made by the Transportation Board to the Treasury Board and the Secretary of Finance for amounts to be included in the Commonwealth’s budget for the payment of debt service on the Bonds and to satisfy other funding requirements under the Master Indenture and (ii) to secure appropriations for such amounts and to otherwise facilitate funding requirements and commitments under the Master Indenture;

**NOW, THEREFORE**, in consideration of the covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree as follows:

## **ARTICLE I**

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

**Section 101. Definitions.** Except as otherwise, defined herein, capitalized words used in this Agreement shall have the meanings assigned to them in the Master Indenture (as defined below). The following words used in this Agreement shall have the following meanings unless the context clearly requires otherwise:

“**Agreement**” means this Payment Agreement, dated as of \_\_\_\_\_ 1, 2021, by and among the Transportation Board, the Treasury Board and the Secretary of Finance.

“**Master Indenture**” means the Master Indenture of Trust dated as of \_\_\_\_\_ 1, 2021, 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.

“**Secretary of Finance**” means the Secretary of Finance of the Commonwealth of Virginia and his successors and assigns.

“**Transfer Date(s)**” means not later than the \_\_\_ day of each month.

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

“**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 U.S. Bank, National Association, and its successors serving in the same capacity under the Master Indenture.

**Section 102. Rules of Construction.** Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) Unless otherwise indicated; all references herein to particular Articles or Sections are references to Articles or Sections of this Agreement.
- (c) The headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

## ARTICLE II

### REPRESENTATIONS

**Section 201. Representations of Transportation Board and the Treasury Board.** Each of the Transportation Board and the Treasury Board makes the following representations in connection with its undertakings under this Agreement:

- (a) It (1) is duly organized and existing under the Virginia Code, (2) has the power to enter into this Agreement and the transactions contemplated hereby and to perform its obligations hereunder, and (3) by proper action has duly authorized the execution and delivery of, and performance of its obligations under, this Agreement.
- (b) [To the best of its knowledge, its] The execution and delivery of and compliance with the terms and conditions of this Agreement will not conflict with, or constitute or result in a default under or violation of (1) [*to the best of its knowledge*] the Virginia Code or any other existing law, rule, or regulation applicable to it, or (2) any indenture, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which it or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(c) [To the best of its knowledge,] No further approval, consent or withholding of objection on the part of any regulatory body or any federal, state or local official is required as a condition precedent to the execution or delivery of, or performance by it with the terms and conditions of, this Agreement.

(d) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against it with respect to (1) its creation and existence, (2) its authority to execute and deliver this Agreement, (3) the validity or enforceability of this Agreement, (4) the title of its officer who is to execute this Agreement, or (5) any authority or proceedings related to the execution and delivery of this Agreement on its behalf, and no such authority, or proceeding has been repealed, revoked, rescinded or amended, but each is in full force and effect.

**Section 202. Representations of Secretary of Finance.** The Secretary of Finance makes the following representations in connection with his undertakings under this Agreement:

(a) He has the power to enter into this Agreement and the transactions contemplated hereby and to perform his obligations hereunder and is duly authorized to execute and deliver this Agreement and to perform his obligations hereunder.

(b) No further approval, consent or withholding of objection on the part of any regulatory body or any federal, state or local official is required as a condition precedent to the execution or delivery of, or performance by him with the terms and conditions of, this Agreement.

(c) [To the best of his knowledge,] the execution and delivery of and compliance with the terms and conditions of this Agreement will not conflict with, or constitute or result in a default under or violation of (1) [*to the best of his knowledge*] the Virginia Code or any other existing law, rule, or regulation applicable to the Secretary of Finance, or (2) any indenture, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Secretary of Finance is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(d) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to his knowledge, threatened against him with respect to (1) his authority to execute and deliver this Agreement, (2) the validity or enforceability of this Agreement, (3) the title to his office, or (4) any authority or proceedings related to his execution of this Agreement and no such authority or proceeding has been repealed, revoked, rescinded or amended, but each is in full force and effect.



## ARTICLE III

### OBLIGATIONS OF PARTIES

#### **Section 301. Obligations of the Transportation Board.**

(a) Each year and in accordance with the schedule of the Department of Planning and Budget of the Commonwealth (the “Department of Planning and Budget”), 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 a provision that there be appropriated each year from I-81 Regional Fuels Tax Revenues estimated to be collected in each such year a sum sufficient to enable the Transportation Board to satisfy funding requirements under the Master Indenture related to the Bonds, including payment of the Principal and Interest Requirements coming due on the Bonds, funding requirements for reserves and deficiency makeup requirements during the next succeeding fiscal year or biennial period, as applicable.

(b) The Transportation Board shall use its best efforts to have (1) the Governor include, in each biennial or any supplemental budget that is presented to the General Assembly, the amounts described in paragraph (a) of this Section 301, and (2) the General Assembly deposit, appropriate and re-appropriate, 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 I-81 Regional Fuels Tax Revenues as described above in this Section 301 all amounts due hereunder and to direct the Treasury Board to make from such funds all payments due or otherwise required under the Master Indenture to the Trustee on the Transfer Dates.

(d) The Transportation Board shall take all actions necessary to have payments which are made pursuant to this Section 301 charged against the proper appropriation made or authorized 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 (1) any failure by the General Assembly to appropriate for the next succeeding fiscal year or biennial period, as applicable, I-81 Regional Fuels Tax Revenues as described in paragraph (a) of this Section or (2) the introduction of any legislation in any session of the General Assembly that could adversely affect I-81 Regional Fuels Tax Revenues.

#### **Section 302. Obligations of Treasury Board.**

(a) The Treasury Board shall use its best efforts to have (1) the Governor include in each biennial or any supplemental budget of the Commonwealth the amounts described in Section 301(a) and (2) the General Assembly deposit, appropriate and re-appropriate, 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 the payments to the Trustee in accordance with Section 301(c).

(c) The Treasury Board shall make all payments to the Trustee on the Transfer Dates solely from moneys made available to it as described in Section 301.

(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 satisfy debt service on the Bonds and other funding requirements under the Master Indenture coming due or expected to come due.

**Section 303. Obligation of Secretary of Finance.** The Secretary of Finance shall use his best efforts to have (1) the Governor include in each biennial or any supplemental budget of the Commonwealth the amounts described in Section 301(a) and (2) the General Assembly deposit, appropriate and re-appropriate, as applicable, such amounts.

#### ARTICLE IV

#### MISCELLANEOUS

**Section 401. Term of Agreement.** The term of this Agreement shall commence upon its execution and delivery and shall terminate on the earlier of the date of payment in full of all of the Bonds or the date on which none of the Bonds are Outstanding pursuant to the Master Indenture.

**Section 402. Trustee as Third Party Beneficiary.** By its acceptance noted below, the Trustee shall become a third party beneficiary of this Agreement and shall be entitled to enforce, on behalf of the Holders, all of the obligations and rights of the parties hereto to the same extent as if the Trustee were one of the contracting parties.

**Section 403. Amendments.** Upon receipt of the written consent of the Trustee, this Agreement may be amended by the parties hereto so long as such amendment complies with the requirements set forth in Article [XV] of the Master Indenture.

**Section 404. Successors.** This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors.

**Section 405. Severability.** If any provision of this Agreement shall be held to be illegal or invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Agreement shall be construed and enforced as if such illegal provision had not been contained in it.

**Section 406. Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The parties may sign or execute this Agreement digitally or electronically and

digital or electronic transmission of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

**Section 407. Notices.** Unless otherwise provided in this Agreement, all notices, approvals, consents, requests and other communications under this Agreement shall be in writing and shall be deemed to be given when delivered in person, or when sent by a express delivery service, or when mailed by registered or certified mail, postage prepaid, addressed (a) if to the Transportation Board, at 1401 East Broad Street, Richmond, Virginia 23219 (Attention: Chairman), (b) if to the Treasury Board, at James Monroe Building, Third Floor, 101 North 14th Street, Richmond, Virginia 23219 (Attention: Director of Debt Management) or (c) if to the Secretary of Finance, at Patrick Henry Building, 1111 East Broad Street, Richmond, Virginia 23219, The Transportation Board, the Treasury Board and the Secretary of Finance may, by notice given under this Agreement, designate any additional or different addresses or persons to which subsequent demands, notices, approvals, consents, requests and other communications shall be sent.

**Section 408. Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard for the principles of conflicts of law. All litigation between the parties arising out of or pertaining to this Agreement shall be filed, heard, and decided in the Circuit Court for the City of Richmond, Virginia, Division I.

**IN WITNESS WHEREOF**, the Transportation Board and the Treasury Board have caused this Agreement to be duly executed on their behalf by their duly authorized officers and the Secretary of Finance has duly executed this Agreement in his official capacity.

[SIGNATURE PAGE TO FOLLOW]

**COMMONWEALTH TRANSPORTATION BOARD**

By: \_\_\_\_\_  
Shannon Valentine, Chair

**TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA**

By: \_\_\_\_\_  
Manju Ganeriwala, Chair

**SECRETARY OF FINANCE OF THE COMMONWEALTH OF VIRGINIA**

By: \_\_\_\_\_  
Aubrey Layne  
Secretary of Finance of the  
Commonwealth of Virginia

Accepted:  
**U.S. Bank, National Association,**  
as Trustee

By: \_\_\_\_\_  
[Name/Title]

[SIGNATURE PAGE TO PAYMENT AGREEMENT]