



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

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Agenda item # 7

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 19, 2023

MOTION

Made By: Mr. Fowlkes, **Seconded By:** Ms. Sellers,

Action: Motion Carried, Unanimously

AUTHORIZING THE ISSUANCE AND SALE OF COMMONWEALTH OF VIRGINIA TRANSPORTATION REVENUE BONDS, SERIES 2023 (U.S. ROUTE 58 CORRIDOR DEVELOPMENT PROGRAM)

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

WHEREAS, the General Assembly has declared its intent in Section 33.2-2301 of the Virginia Code that there shall be developed an adequate, modern, safe and efficient highway system generally along Virginia's southern border through the U.S. Route 58 Corridor Development Program (the "Program");

WHEREAS, pursuant to Chapters 8 and 12 of the Acts of Assembly of 1989, Special Session II, as amended by Chapter 538 of the Acts of Assembly of 1999 and Chapter 296 of the Acts of Assembly of 2013, Regular Session, and as amended and reenacted by Chapter 1230 of the Acts of Assembly of 2020, Regular Session (the "Act"), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act, revenue obligations of the Commonwealth of Virginia (the "Commonwealth") to be designated "Commonwealth of Virginia Transportation Revenue Bonds, Series....." (the "Bonds") at one or

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more times in an aggregate principal amount not to exceed \$1,300,000,000, to finance the costs of the Program plus an amount for issuance costs, reserve funds and other financing expenses;

WHEREAS, pursuant to the Act, an authorized unissued balance of approximately \$465,090,200 of Bonds remains after accounting for previously issued Bonds;

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

WHEREAS, Section 33.2-1701 of the Virginia Code provides that the Bonds shall be secured (i) by revenues received from the U.S. Route 58 Corridor Development Fund, subject to their appropriation by the General Assembly; (ii) to the extent required, from revenues legally available from the Transportation Trust Fund; and (iii) to the extent required, from any other legally available funds that have been appropriated by the General Assembly;

WHEREAS, the Board has entered into a Master Agreement of Trust dated as of November 1, 1989, as previously supplemented and amended (the "Master Agreement") with U.S. Bank National Association, as successor trustee (the "Trustee");

WHEREAS, the Board wishes to authorize the issuance of one or more series of Bonds to be known as the "Commonwealth of Virginia Transportation Revenue Bonds," with one or more series designations, as appropriate (the "2023 Bonds"); and

WHEREAS, the following documents that provide for the issuance and sale of the 2023 Bonds have been prepared by Bond Counsel and the staff of the Virginia Department of Transportation (the "Department") at the direction of the Board, and forms of such documents have been presented at this meeting and will be filed with the records of the Board:

(1) an Eighteenth Supplemental Agreement of Trust (the "Eighteenth Supplement," together with the Master Agreement, the "Agreement"), between the Board and the Trustee, providing for the terms and structure of the 2023 Bonds;

(2) a Preliminary Official Statement of the Board relating to the offering for sale of the 2023 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 2023 Bonds (the "Continuing Disclosure Agreement").

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

1. Authorization of the 2023 Bonds. The Board hereby determines that it is in the best interest of the Commonwealth and the Board for the Board (i) to enter into the Eighteenth Supplement to provide for the issuance of the 2023 Bonds, (ii) to issue the 2023 Bonds for the purposes authorized under and in accordance with the provisions of the Act and the Agreement and (iii) to sell the 2023 Bonds. The aggregate principal amount of the 2023 Bonds shall not exceed \$250,000,000 the final maturity date of the 2023 Bonds shall not exceed 26 years from their date of issuance, and the aggregate true interest cost of the 2023 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 Commonwealth. The Board expects the debt service payments to be made from appropriations of the Commonwealth.

2. Limited Obligations. The 2023 Bonds shall be limited obligations of the Board and the Commonwealth, payable from and secured by a pledge of the revenues pledged under the Agreement ("Revenues") and amounts in certain funds established pursuant to the Agreement. Nothing in this Resolution or the 2023 Bonds shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof.

3. Determination of Details of the 2023 Bonds. The Board authorizes the Chairperson of the Board (the "Chairperson"), subject to the criteria set forth in paragraph 1 of this Resolution, to determine the details of the 2023 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. The Board authorizes the Chief Financial Officer of the Department and the Director, Financial Planning Division of the Department (either of whom may act) to effect the Chairperson's award of the 2023 Bonds if the 2023 Bonds or any portion thereof are sold by competitive bid or arrange for the sale of the 2023 Bonds if the 2023 Bonds or any portion thereof are sold by negotiated sale.

4. Sale of the 2023 Bonds. The Chairperson is authorized to sell the 2023 Bonds pursuant to a competitive sale and to prepare, publish and distribute a Notice of Sale in connection therewith (the "Notice of Sale"), provided that the Notice of Sale may not be published or distributed prior to the approval of the 2023 Bonds by resolution or otherwise of the Treasury Board. Alternatively, if determined by the Chairperson, in collaboration with the staff of the Department and the Board's financial advisor (the "Financial Advisor"), to be in the best interest of the Commonwealth, the Board authorizes the

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Chairperson to solicit and consider proposals for a negotiated sale of the 2023 Bonds and to negotiate the terms of such sale. The Chairperson, along with the Chief Financial Officer of the Department and the Director, Financial Planning Division of the Department, are each 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 2023 Bonds by resolution or otherwise of the Treasury Board.

5. Preliminary Official Statement. The Board approves the Preliminary Official Statement in substantially the form presented at this meeting. The Board authorizes and directs the Chairperson, in collaboration with the staff of the Department and the 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 2023 Bonds, as the Chairperson may approve. The Board authorizes the Chairperson to deem the Preliminary Official Statement 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 2023 Bonds by resolution or otherwise of the Treasury Board.

6. Official Statement. The Board authorizes and directs the Chairperson, in collaboration with Bond Counsel, Department staff and Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") in order to reflect the provisions of the winning bid or the executed purchase contract, as appropriate, for the purchase and sale of the 2023 Bonds. The Board authorizes and directs the Chairperson to execute the Official Statement, which execution shall constitute conclusive evidence of the approval of the Official Statement by the Chairperson on behalf of the Board and that it has been deemed final within the meaning of the Rule. The Board authorizes and directs Department staff to arrange for delivery to the winning bidders or underwriters, as appropriate, within seven business days after the date thereof, a sufficient number of copies of the Official Statement for the winning bidders or underwriters to distribute to each potential investor requesting a copy and to each person to whom the winning bidders or underwriters initially sell the 2023 Bonds. The Board authorizes and approves the distribution by the winning bidders or underwriters of the Official Statement as executed by the Chairperson.

7. Eighteenth Supplement. The Board approves the Eighteenth Supplement in substantially the form presented at this meeting. The Board authorizes and directs the Chairperson to prepare, execute, and deliver the final form of the Eighteenth Supplement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2023 Bonds, including without limitation changes to the dated dates thereof, as the Chairperson may approve. Execution and delivery of the Eighteenth Supplement shall constitute conclusive evidence of the approval of such documents by the Chairperson on behalf of the Board.

8. Execution and Delivery of the 2023 Bonds. The Board authorizes and directs the Chairperson and the Secretary of the Board (the "Secretary") to have the 2023 Bonds prepared and to execute the 2023 Bonds in accordance with the Agreement, to deliver the 2023 Bonds to the Trustee for authentication, and to cause the 2023 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 2023 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 2023 Bonds shall constitute conclusive evidence of the approval of the 2023 Bonds by the Chairperson and the Secretary on behalf of the Board.

9. Continuing Disclosure. The Board approves the Continuing Disclosure Agreement in substantially the form presented at this meeting. The Board covenants to undertake ongoing disclosure and to provide "annual financial information" and "event notices" for the benefit of holders of the 2023 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 2023 Bonds, as the Chairperson may approve. The Chief Financial Officer of the Department is designated as the Dissemination Agent under the Continuing Disclosure Agreement. Execution and delivery by the Chairperson of the Continuing Disclosure Agreement shall constitute conclusive evidence of the approval of the Continuing Disclosure Agreement by the Chairperson on behalf of the Board.

10. Authorization of Further Action. The Board authorizes Department staff (i) to request the Treasury Board to approve the terms and structure of the 2023 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 2023 Bonds in accordance with the Act, (iii) if determined by Department staff in collaboration with the Financial Advisor 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 2023 Bonds and to execute such contract, together with any other documents related to such credit facility and (iv) to collaborate with the staff of the Department of the Treasury of the Commonwealth or the State Treasurer to procure and to negotiate investments and investment contracts for any of the proceeds of the 2023 Bonds. The Board further authorizes the Chairperson to execute and deliver all documents and certificates and to take all such further action as he may consider necessary or desirable in connection with the issuance and sale of the 2023 Bonds, including, without limitation, execution and delivery of a document (i) setting forth the expected application and investment of the proceeds of the 2023 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

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Authorizing the Issuance and Sale of
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Series 2023 (U.S. Route 58 Corridor Development Program)
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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 2023 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 2023 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.

11. Authorizations and Directions to Certain Officers. Any authorization or direction to the Chairperson or to the Secretary under this Resolution shall also be deemed to be an authorization or a direction to the Vice-Chairperson or to an Assistant Secretary. 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 are authorized to take such action as may be necessary or appropriate to carry out the approvals herein authorized. Any actions previously taken in conformity with this Resolution are ratified and confirmed.

12. Effective Date. This Resolution shall be effective immediately upon adoption and shall remain in effect until December 31, 2023.

###

**NEW ISSUE
BOOK-ENTRY ONLY**

Ratings:
Fitch: _____
Moody's: _____
S&P: _____
 (See "Ratings" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under current law and subject to the conditions described herein in the section "Tax Matters", interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that the Bonds, income from the Bonds and any profit made on their sale, are exempt from income taxation by the Commonwealth of Virginia and any of its political subdivisions. See "TAX MATTERS" herein.

Commonwealth Transportation Board
 \$ _____*
Commonwealth of Virginia
Transportation Revenue Bonds
Series 2023
(U.S. Route 58 Corridor Development Program)

Dated: Date of Delivery

Due: May 15, as shown on the inside cover

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

- Security** The Bonds are limited obligations of the Commonwealth of Virginia (the "Commonwealth") and the Transportation Board, secured by and payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or any of its political subdivisions. See the section "Sources of Payment and Security for the Bonds."
- Issued Pursuant to** The Bonds will be issued pursuant to a Master Agreement of Trust dated November 1, 1989, as previously supplemented and amended, and an Eighteenth Supplemental Agreement of Trust dated as of [June 1], 2023.
- Purpose** The proceeds of the Bonds are being used (i) to finance the costs of the U.S. Route 58 Corridor Development Program and (ii) to pay costs related to such issuance. See "Introduction – Purpose of the Bonds," "U.S. Route 58 Corridor Development Program," and "Sources and Uses of Funds."
- Interest Rates/Yields** See inside front cover.
- Interest Payment Dates** May 15 and November 15, beginning November 15, 2023.
- Denomination** \$5,000 or multiples thereof.
- Redemption** See inside front cover and the section "The Bonds."
- Closing/Delivery Date** On or about [June 22], 2023*.
- Registration** Book-entry only; The Depository Trust Company. See Appendix F.
- Trustee/Paying Agent** U.S. Bank Trust Company, National Association, Richmond, Virginia.
- Financial Advisor** Public Resources Advisory Group, New York, New York.
- Bond Counsel** Kutak Rock LLP, Richmond, Virginia.

The Bonds will be awarded pursuant to electronic competitive bidding to be held via BiDCOMP/Parity on [June 7], 2023,* unless postponed, as set forth in the Notice of Sale contained in Appendix G to this Official Statement.

Dated: _____, 2023

* Preliminary, subject to change.

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

COMMONWEALTH TRANSPORTATION BOARD

\$ _____*
**Commonwealth of Virginia
Transportation Revenue Bonds
Series 2023 (U.S. Route 58 Corridor Development Program)**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
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OPTIONAL REDEMPTION

The Bonds maturing on or before May 15, 2033*, will not be subject to optional redemption. The Bonds maturing on or after May 15, 2034* will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2033*, in whole or in part (in increments of \$5,000) at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

MANDATORY SINKING FUND REDEMPTION

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine serial maturities into one or more term bonds in the manner set forth in the Notice of Sale. See *"The Bonds – Mandatory Sinking Fund Redemption"* and Appendix G, *"Notice of Sale."*

* Preliminary, subject to change.

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

COMMONWEALTH TRANSPORTATION BOARD

W. Sheppard Miller, III, *Chairperson of the Transportation Board and Secretary of Transportation*
E. Scott Kasprovicz, *Vice Chairperson*

Stephen C. Brich	H. Randolph Laird
Carlos M. Brown	Thomas Moore Lawson
Darrell R. Byers	Mark H. Merrill
Wayne Coleman	Laura A. Sellers
Jennifer DeBruhl	Raymond D. Smoot, Jr.
Bert Dodson, Jr.	Frederick T. Stant, III
John T. Fowlkes	Gregory Yates
Mary H. Hynes	

VIRGINIA DEPARTMENT OF TRANSPORTATION

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

OFFICE OF THE ATTORNEY GENERAL

Jason S. Miyares, *Attorney General*
Chandra Lantz, *Senior Assistant Attorney General/Section Chief*

TRUSTEE

U.S. Bank Trust Company, National Association
Richmond, Virginia

FINANCIAL ADVISOR

Public Resources Advisory Group
New York, New York

BOND COUNSEL

Kutak Rock LLP
Richmond, Virginia

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

No dealer, broker, salesman or other person has been authorized by the Transportation Board to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Transportation Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Transportation Board and the purchasers or owners of any of the Bonds.

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

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

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

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

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

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OFFICIAL STATEMENT
Commonwealth Transportation Board

\$ _____*
Commonwealth of Virginia
Transportation Revenue Bonds
Series 2023 (U.S. Route 58 Corridor Development Program)

INTRODUCTION

This Official Statement is provided by the Commonwealth Transportation Board (the "Transportation Board"), a board created pursuant to the laws of the Commonwealth of Virginia (the "Commonwealth"), to furnish information with respect to the offering of \$ _____* aggregate principal amount of the Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program) (the "Bonds").

The Bonds are expected to be offered for sale at competitive bidding on June 7, 2023*. See the section "*Sale at Competitive Bidding.*"

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

Commonwealth Transportation Board

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

The Bonds

The issuance of the Bonds is authorized by the provisions of the Transportation Development and Revenue Bond Act, Sections 33.2-1700 et seq. of the Virginia Code, as amended (the "Revenue Bond Act"), Chapters 8 and 12 of the Acts of the General Assembly of Virginia, 1989 Special Session II, as amended by Chapter 538 of the Acts of the General Assembly of Virginia, 1999 General Session and Chapter 296 of the Acts of the General Assembly of Virginia, 2013 Regular Session, and as amended and reenacted by Chapter 1230 of the Acts of Assembly of 2020, Regular Session (collectively, the "U.S. Route 58 Bond Legislation"), and a resolution adopted by the Transportation Board on April 19, 2023. The Bonds are being issued pursuant to a Master Agreement of Trust dated as of November 1, 1989, as previously supplemented and amended (the "U.S. Route 58 Master Trust Agreement") and as further supplemented by an Eighteenth Supplemental Agreement of Trust dated as of June 1, 2023 (the "Eighteenth Supplemental Trust Agreement" and collectively, with the U.S. Route 58 Master Trust Agreement, the "U.S. Route 58 Trust Agreement"), each between the Transportation Board and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Trustee is also the Paying Agent for the Bonds.

The Bonds are the eighteenth series of bonds issued by the Transportation Board under the U.S. Route 58 Corridor Development Program (the "U.S. Route 58 Program"). See the sections "*Sources of Payment and Security for the Bonds*" and "*U.S. Route 58 Corridor Development Program.*" The bonds currently outstanding under the U.S. Route 58 Trust Agreement, the Bonds and any additional bonds issued in the future under the U.S. Route 58 Trust Agreement are referred to collectively in this Official Statement as the "U.S. Route 58 Bonds."

* Preliminary, subject to change.

The U.S. Route 58 Bonds are secured by and payable from revenues, receipts and funds appropriated by the General Assembly of the Commonwealth of Virginia (the "General Assembly") for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, from (i) the U.S. Route 58 Corridor Development Fund (the "U.S. Route 58 Corridor Development Fund"), (ii) to the extent required, other revenues legally available from the Transportation Trust Fund, and (iii) to the extent required, other legally available funds, and from moneys in certain funds established under the U.S. Route 58 Trust Agreement. See the sections "*Sources of Payment and Security for the Bonds*" and "*U.S. Route 58 Corridor Development Fund*."

Purpose of the Bonds

The Transportation Board will use the net proceeds of the Bonds to (i) pay the costs of the U.S. Route 58 Program and (ii) pay certain costs related to the issuance of the Bonds. See the sections "*Sources and Uses of Funds*" and "*U.S. Route 58 Corridor Development Program*."

Limited Obligations

The Bonds are limited obligations of the Commonwealth and the Transportation Board payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly, or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, 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 Bonds are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, the Trustee and the owners of the Bonds shall have no right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of them.

Approval of Issuance of the Bonds and Terms and Structure of the Bonds

Under the U.S. Route 58 Bond Legislation, the consent of the Governor of the Commonwealth of Virginia (the "Governor") must be obtained prior to the issuance of all U.S. Route 58 Bonds. In addition, § 2.2-2416(7) of the Virginia Code requires the approval of the Treasury Board of the Commonwealth (the "Treasury Board") of 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 May [17], 2023, the Treasury Board adopted a resolution approving the terms and structure of the Bonds within certain parameters and delegated to the State Treasurer of the Commonwealth (the "State Treasurer") the power to approve the final terms and structure of the Bonds within such parameters. The Transportation Board must obtain the consent of the Governor and the approval of the State Treasurer prior to the issuance of the Bonds, and the Transportation Board expects to receive both the consent and the approval in a timely manner.

U.S. ROUTE 58 CORRIDOR DEVELOPMENT PROGRAM

General

The U.S. Route 58 Program contemplates the development of a modern, safe and efficient highway system generally along the U.S. Route 58 Corridor (the "Corridor"). This Corridor extends from Cumberland Gap in Lee County in the west and runs generally along the southern border of the Commonwealth to the ocean front in Virginia Beach in the east, connecting the communities, businesses, places of employment and residents of the southwestern-most portion of the Commonwealth to those of the southeastern-most portion. The U.S. Route 58 Program is intended to enhance economic development potential, employment opportunities, mobility and quality of life along the Corridor.

The U.S. Route 58 Program encompasses about 640 miles of highway in the Bristol, Lynchburg, Richmond, Salem and Hampton Roads highway construction districts. It includes planning, environmental and engineering studies, the acquisition of right-of-way, highway widening and improvement projects, the construction and improvement of by-passes, new highway construction and the construction and improvement of connector roads. To the maximum extent possible, the Corridor will conform to the existing arterial highway network and will

utilize existing four-lane divided highways and available rights-of-way. The final location of the highway system will depend on a number of factors including engineering and environmental considerations, cost and economic developmental benefits. [Corridor Q language to be added]

U.S. Route 58 Program Costs

The U.S. Route 58 Program is a multi-year effort. Portions of the U.S. Route 58 Program have been completed or are under construction. The funding for the U.S. Route 58 Program is expected to be derived from (i) the proceeds of the U.S. Route 58 Bonds, (ii) the amount, if any, deposited to the U.S. Route 58 Corridor Development Fund from the Commonwealth Transportation Fund which is not used to pay debt service on the U.S. Route 58 Bonds, (iii) investment earnings on balances in the U.S. Route 58 Corridor Development Fund held by the State Treasurer, and (iv) money allocated to the U.S. Route 58 Program from the Transportation Trust Fund under the Transportation Board's six-year highway improvement program.

The current \$1,300,000,000 statutory bond authorization for the U.S. Route 58 Program includes \$600,000,000 authorized by the General Assembly in 1989, \$104,300,000 authorized by the General Assembly in 1999, and \$595,700,000 authorized by the General Assembly in 2013. The U.S. Route 58 Bond Legislation does not identify specific portions of the U.S. Route 58 Program to be funded with the original 1989 authorization or the 2013 authorization, but does identify specific portions of the U.S. Route 58 Program to be funded with the 1999 increase in authorization. The final portion of the original 1989 bond authorization was issued in 1999, and the additional authorization provided in 1999 was issued in 2001. Prior to the issuance of the Bonds, an authorized unissued balance of approximately \$465,090,200 remains under the 2013 authorization. The Bonds are the second series of bonds issued under the 2013 authorization.

Of the \$104,300,000 authorized by the General Assembly in 1999, \$82 million was allocated to the following projects in the following amounts:

<u>Project</u>	<u>Bond Authorization</u>
Ben Hur to Pennington Gap in Lee County	\$ 9,800,000
Pennington Gap to Dryden in Lee County	35,600,000
Anticipated shortfall on the Danville Bypass, Stuart Bypass, and completion of a gap west of Jonesville in Lee County	35,100,000
Taylor's Valley in Washington County	<u>1,500,000</u>
Total	\$ 82,000,000

The remaining balance of the 1999 bond authorization in the amount of \$22,300,000, together with any bond proceeds not necessary to complete the above projects, was used for right-of-way acquisition from the Town of Stuart in Patrick County along the Corridor to its intersection with Interstate 77 in Carroll County.

The 2013 authorization precludes the issuance of the additional bonds it authorizes unless the debt service on such additional bonds can be paid solely with the revenues provided to the U.S. Route 58 Corridor Development Fund. In addition, the Transportation Board has authorization to refund bonds previously issued. Further, the 2013 authorization, as amended by Chapter 1230, prioritizes certain portions of the U.S. Route 58 Program (the Crooked Oak section, Vesta section, Lover's Leap section and the final section of Corridor Q – Route 121/460 Poplar Creek, Phase B) over the other portions of the U.S. Route 58 Program. The Crooked Oak section is 7.2 miles in Carroll County and is to be widened to four lanes from two. The Vesta section is 4.0 miles in Patrick County and is to be widened to four lanes from two. The Lover's Leap section is 7.8 miles in Patrick County, adjacent to the Vesta section, and is to be widened to four lanes from two between the Vesta section and the Town of Stuart. The final section of Corridor Q – Route 121/460 Poplar Creek, Phase B is 2.1 miles in Buchanan, Virginia, and connects the new Route 121/460 to the existing Route 121/460 inside Grundy City limits.

The Transportation Board presently forecasts that the cost of completing the U.S. Route 58 Program may exceed available and future funding sources. As the U.S. Route 58 Program is adjusted to reflect the results of

engineering studies and alignment decisions, the capital outlay requirements will be further refined. At that time, the Transportation Board may seek additional or alternative sources of funds to complete the U.S. Route 58 Program.

THE BONDS

Description of the Bonds

The Bonds will be issued as fully registered bonds in book-entry form. The Bonds will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof (calculated on the basis of a 360-day year composed of 12 months of 30 days each), payable semiannually on each May 15 and November 15, commencing November 15, 2023, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Principal of, premium, if any, and interest on the Bonds will be paid by the paying agent to The Depository Trust Company ("DTC") for distribution as described in Appendix F, "*Book-Entry Only System.*" The record date for the payment of principal, premium, if any, and interest is the first day of the month preceding the next payment date.

Optional Redemption

The Bonds maturing on or before May 15, 2033*, will not be subject to optional redemption. The Bonds maturing on or after May 15, 2034*, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2033*, in whole or in part (in increments of \$5,000), at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

Mandatory Sinking Fund Redemption

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

Selection of Bonds for Redemption

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

Notice of Redemption

Notice of redemption will be given by the Trustee by registered or certified mail not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Bonds, to the substitute securities depository, or if none, to the registered owners of the Bonds to be redeemed at their addresses shown on the registration books maintained by the Trustee. Such notice of redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices. Such notice may state that the redemption of the Bonds to be redeemed is conditioned upon the occurrence of certain future events, including, without limitation, the deposit of moneys, in an amount sufficient to effect the redemption, with the Trustee on or before the date fixed for redemption. All Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such Bonds in accordance with the U.S. Route 58 Trust Agreement are on deposit with the Trustee. If such moneys are not available on the specified redemption date, such Bonds or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds will be paid and redeemed provided sufficient funds are on deposit with the Trustee. During the period that DTC or its nominee is the registered owner

* Preliminary, subject to change.

of the Bonds, the Trustee will not be responsible for mailing notices of redemption to the actual beneficial owners of the Bonds (the "Beneficial Owners").

SOURCES AND USES OF FUNDS

The estimated sources and uses for the Bonds are as follows:

Sources:	
Principal Amount of Bonds	
Original Issue Premium	
Total	
 Uses:	
Deposit to Construction Fund	
Underwriters' Discount	
Issuance and Financing Costs	
Total	

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Limited Obligations

The Bonds are limited obligations of the Commonwealth and the Transportation Board, secured by and payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly, or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, 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 Bonds are not secured by any mortgage or lien on any facilities, transportation or otherwise, of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, neither the Trustee nor the owners of the Bonds shall have any right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of them.

The Bonds and Other U.S. Route 58 Bonds

General. Pursuant to the Revenue Bond Act, the U.S. Route 58 Bond Legislation and the U.S. Route 58 Trust Agreement, the Bonds and any other U.S. Route 58 Bonds issued and outstanding will be equally and ratably payable from and secured by (a) "Revenues" defined as revenues, receipts and funds appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, from (1) the U.S. Route 58 Corridor Development Fund, (2) to the extent required, other revenues legally available in the Transportation Trust Fund, and (3) to the extent required, other legally available funds, and (b) moneys in certain funds established under the U.S. Route 58 Trust Agreement. Since its first issuance in 1989, the Transportation Board has issued \$839,620,000 in U.S. Route 58 Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of U.S. Route 58 Program plus an additional \$963,715,000 to refund U.S. Route 58 Bonds that had been previously issued.

See the sections "*U.S. Route 58 Corridor Development Fund*," "*Transportation Trust Fund*" and "*Summary of the U.S. Route 58 Corridor Development Program Trust Agreement*."

U.S. Route 58 Payment Agreement. The Transportation Board entered into a Payment Agreement, dated as of November 1, 1989 (the "U.S. Route 58 Payment Agreement"), with the Treasury Board and the Secretary of Finance. The U.S. Route 58 Payment Agreement provides, among other things, the procedures for requesting appropriations of funds sufficient to pay debt service on the U.S. Route 58 Bonds, and for the payment of such debt service. The U.S. Route 58 Payment Agreement requires the Transportation Board and the Treasury Board to use their best efforts to have (a) the Governor include a sufficient appropriation request in each biennial or any

supplemental budget of the Commonwealth and (b) the General Assembly appropriate the amount requested by the Governor. Once the amounts for debt service on the U.S. Route 58 Bonds are appropriated by the General Assembly, the Transportation Board and the Treasury Board are required under the U.S. Route 58 Payment Agreement to process the necessary requisitions and documents for payment to the Trustee of debt service on the U.S. Route 58 Bonds and any other amounts required by the U.S. Route 58 Trust Agreement. See the section *"Summary of the U.S. Route 58 Corridor Development Program Payment Agreement."*

Additional U.S. Route 58 Bonds. The Transportation Board may issue one or more series of additional bonds under the U.S. Route 58 Trust Agreement on a parity with the U.S. Route 58 Bonds upon satisfaction of various conditions. The conditions include: (i) entering into a supplemental trust agreement that authorizes the issuance of such additional U.S. Route 58 Bonds and includes the terms and structure of such bonds, (ii) the Transportation Board authorizing by resolution the issuance of such additional U.S. Route 58 Bonds and the execution and delivery of a supplemental trust agreement, (iii) a representative of the Transportation Board certifying that (1) no default exists under the U.S. Route 58 Trust Agreement or that if such condition exists that the Transportation Board will correct such condition in a manner reasonably acceptable to the Trustee, (2) all of the approvals, limitations, conditions and provisions precedent to the issuance of the additional U.S. Route 58 Bonds have been obtained, observed, met and satisfied and (3) if the additional U.S. Route 58 Bonds are issued to refund other U.S. Route 58 Bonds, the proceeds of such additional bonds, together with any other available funds, are sufficient to pay through maturity or the applicable redemption date, principal and interest on the U.S. Route 58 Bonds to be refunded, (iv) an opinion of counsel that the supplemental trust agreement has been duly authorized, executed and delivered by the Transportation Board, (v) an opinion of counsel that the issuance of the additional U.S. Route 58 Bonds has been duly authorized, that such bonds are valid and binding obligations of the Transportation Board and that interest on such bonds is excludable from gross income for purposes of Section 103 of the Code (or that the issuance of such bonds will not have an adverse effect on the tax status of any outstanding U.S. Route 58 Bonds), (vi) a certificate from the Department of Risk Management of the Commonwealth or a qualified independent insurance consultant that all policies of insurance required by the U.S. Route 58 Trust Agreement, if any, are in full force and effect and satisfy the requirements of the U.S. Route 58 Trust Agreement, (vii) if required by law, a resolution of the Treasury Board approving the sale of the additional U.S. Route 58 Bonds and (viii) if the additional U.S. Route 58 Bonds are issued to refund other U.S. Route 58 Bonds (1) evidence that the Transportation Board has provided for the payment or redemption of the U.S. Route 58 Bonds to be refunded and (2) a written determination by an independent verification agent or certified public accountant that there are funds sufficient to pay through maturity or the applicable redemption date, the principal of and interest on the U.S. Route 58 Bonds to be refunded.

The U.S. Route 58 Trust Agreement provides that additional bonds may be issued only (i) to pay costs of all or any portion of U.S. Route 58 Program, (ii) to refund any U.S. Route 58 Bonds issued under the U.S. Route 58 Trust Agreement, and (iii) for a combination of such purposes. All U.S. Route 58 Bonds issued under the U.S. Route 58 Trust Agreement to provide funds to pay additional costs of the U.S. Route 58 Program must be authorized by the General Assembly. The U.S. Route 58 Bond Legislation currently limits the amount of bonds which may be issued for the U.S. Route 58 Program to \$1,300,000,000, plus an additional amount for issuance costs, reserve funds and other financing expenses. Refunding bonds are not included in this limit. This limit could be changed by the General Assembly. Prior to the issuance of the Bonds, the Transportation Board has approximately \$465,090,200 of authorized but unissued bonds.

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Outstanding U.S. Route 58 Bonds. The Bonds are the eighteenth series of bonds issued under the U.S. Route 58 Trust Agreement of which \$144,415,000 is outstanding as of June 1, 2023. Set forth in the following chart are the issue dates, original principal amounts and outstanding principal amounts of outstanding series of U.S. Route 58 Bonds:

<u>Series of U.S. Route 58 Bonds</u>	<u>Issue Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount as of June 1, 2023</u>
Commonwealth of Virginia Transportation Revenue Refunding Bonds (U.S. Route 58 Corridor Development Program), Series 2016C	February 24, 2016	\$51,855,000	\$27,015,000
Commonwealth of Virginia Transportation Revenue Bonds (U.S. Route 58 Corridor Development Program), Series 2022	April 6, 2022	<u>\$119,510,000</u>	<u>\$117,400,000</u>
Total		<u>\$171,365,000</u>	<u>\$144,415,000</u>

Other Transportation Revenue Bonds

In addition to the Bonds, the General Assembly has authorized and may authorize the issuance of other bonds by the Transportation Board to pay the costs of other transportation improvements in the Commonwealth. Such bonds could be payable from amounts which may be appropriated by the General Assembly from the U.S. Route 58 Corridor Development Fund, other legally available funds in the Transportation Trust Fund, and other legally available funds of the Commonwealth. See the section *"Authorized, Issued And Unissued Bonds Payable From Transportation Trust Fund."*

U.S. ROUTE 58 CORRIDOR DEVELOPMENT FUND

The U.S. Route 58 Corridor Development Fund was established by the General Assembly in 1989 by Virginia Code Section 33.2-2300 as a special non-reverting fund of the Transportation Trust Fund which is held by the Department of Treasury. Prior to June 30, 2020, the first \$40 million of annual collections of the state recordation taxes imposed on deeds, deeds of trust, mortgages and certain other instruments were transferred to the U.S. Route 58 Corridor Development Fund pursuant to Section 33.2-2300 of the Virginia Code, although the 1990-92 and 1992-94 biennial budgets adopted by the General Assembly provided for the appropriation of only the amounts needed to pay debt service on the bonds outstanding under the U.S. Route 58 Program. Additionally, such other funds appropriated and designated from time to time by the General Assembly are transferred to the U.S. Route 58 Corridor Development Fund, which, beginning in Fiscal Year 2020, includes an annual transfer of \$20 million from the highway construction share of the Transportation Trust Fund under Chapter 766 (as hereinafter defined). All interest, dividends and appreciation which accrues to money in the U.S. Route 58 Corridor Development Fund also remains therein. The table below shows the amounts appropriated and available for the payment of debt service on the U.S. Route 58 Bonds for Fiscal Years 2016 to 2020.

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Historical U.S. Route 58 Corridor Development Fund Amounts Available for Debt Service (Fiscal Years 2018 through 2020) (in millions)

<u>Fiscal Year</u>	<u>Recordation Taxes</u>	<u>Transportation Trust Fund</u>	<u>Total Funds Available for Debt Service</u>
2018	\$40.0	\$8.0	\$48.0
2019	39.0	2.0	41.0
2020	40.0	20.0	60.0

Sources: Department of Taxation, Department of Planning and Budget and Department of Transportation.

Starting at the beginning of Fiscal Year 2021 on July 1, 2020, the provisions of Chapter 1230 of the Acts of the General Assembly of the Commonwealth of Virginia, 2020 Regular Session ("Chapter 1230"), became effective. As described in the section "*Transportation Trust Fund-Chapter 1230 and the Commonwealth Transportation Fund*," Chapter 1230 represents a major restructuring of transportation revenues in the Commonwealth. The wide-ranging changes provided in Chapter 1230 will be discussed in the section "*Transportation Trust Fund*." However, in response to the uncertainty driven by the COVID-19 pandemic, in amendments made to the appropriation act for the biennium commencing July 1, 2020 and ending June 30, 2022 (as amended, the "2021-2022 Appropriation Act"), the General Assembly provided the Transportation Board flexibility to take steps to reduce impacts on currently programmed transportation projects, to allow for a phased implementation of the additional revenue made available by Chapter 1230 and to take actions the Transportation Board deems necessary in Fiscal Years 2021, 2022 and 2023 to ensure appropriate coverage ratios for any outstanding debt backed by the Transportation Trust Fund.

Under Chapter 1230, the revenues in the Commonwealth Transportation Fund established under Section 33.2-1524 of the Virginia Code, which include the portion of annual collections of the state recordation taxes previously directed to the U.S. Route 58 Corridor Development Fund, must be applied to make several "off-the-top" allocations prior to any other distributions from such fund; provided that in Fiscal Years 2021 through 2023 the "off-the-top" allocations are subject to change under the provisions of the 2021-2022 Appropriation Act. Commencing in Fiscal Year 2024, the "off-the-top" allocations will include \$40 million annually to be deposited into the U.S. Route 58 Corridor Development Fund. The other "off-the-top" allocations will be \$40 million annually to be deposited into the Northern Virginia Transportation District Fund and \$80 million annually (as adjusted annually based on changes in consumer price index for urban consumers) to be deposited into the Special Structure Fund. After such "off-the-top" allocations are made, funds in the Commonwealth Transportation Fund are further distributed, including a distribution to the Transportation Trust Fund. The annual transfer of \$20 million to the U.S. Route 58 Corridor Development Fund from the highway construction share of the Transportation Trust Fund as directed by Chapter 766 will also continue.

The following table shows the actual amounts appropriated and available for the payment of debt service on the U.S. Route 58 Bonds in Fiscal Years 2021 and 2022 and the forecasted amounts to be available to pay debt service on the U.S. Route 58 Bonds in Fiscal Years 2023 through 2027.

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**U.S. Route 58 Corridor Development Fund Amounts Available for Debt Service
(Fiscal Years 2021 through 2027)
(in millions)**

<u>Fiscal Year</u>	<u>Off-the-Top Allocation from the Commonwealth Transportation Fund</u>	<u>Annual Transfer from the Transportation Trust Fund</u>	<u>Total Funds Available for Debt Service</u>
2021	\$40.0	\$20.0	\$60.0
2022	40.0	20.0	60.0
2023 ¹	40.0	20.0	60.0
2024 ¹	40.0	20.0	60.0
2025 ¹	40.0	20.0	60.0
2026 ¹	40.0	20.0	60.0
2027 ¹	40.0	20.0	60.0

Sources: Department of Taxation, Department of Planning and Budget and Department of Transportation.

¹ Projections based on the \$40 million "off-the-top" allocation from the Commonwealth Transportation Fund, as directed by Chapter 1230, and the \$20 million annual transfer from the highway construction share of the Transportation Trust Fund as directed by Chapter 766. Preliminary estimates and actual results may differ materially from such forward-looking statements.

Application of Moneys in the U.S. Route 58 Corridor Development Fund

All moneys in the U.S. Route 58 Corridor Development Fund will first be used for debt service payments on the Bonds, any other U.S. Route 58 Bonds or other bonds for which the U.S. Route 58 Corridor Development Fund is expressly required for making debt service payments to the extent needed. No such other bonds have been issued or are authorized.

Moneys in the U.S. Route 58 Corridor Development Fund remaining after the payment of the above-described debt service will be used by the Transportation Board to pay the costs of the U.S. Route 58 Program projects, as more particularly described in the section "*U.S. Route 58 Corridor Development Program*" herein. Allocations from the U.S. Route 58 Corridor Development Fund may be paid to any authority, locality, or commission for the above-described purposes.

The Transportation Board makes no representation that the General Assembly (i) will maintain or continue to make transfers to the U.S. Route 58 Corridor Development Fund, (ii) will not authorize the issuance of additional bonds payable from the U.S. Route 58 Corridor Development Fund or (iii) will not repeal or materially modify the legislation creating the U.S. Route 58 Corridor Development Fund or prescribing the revenues to be deposited into the U.S. Route 58 Corridor Development Fund.

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DEBT SERVICE REQUIREMENTS

The following table sets forth for each Fiscal Year the amounts needed in each annual period for payment of principal of and interest on the U.S. Route 58 Bonds.

Fiscal Year	Outstanding Debt Service ¹	Series 2023 Bonds		Fiscal Year Debt Service	Total Fiscal Year Debt Service
		Principal	Interest		
2023	\$ 27,401,917				
2024	27,395,250				
2025	12,540,250				
2026	12,540,500				
2027	7,812,750				
2028	7,817,500				
2029	7,814,000				
2030	7,812,250				
2031	7,816,750				
2032	7,816,750				
2033	7,817,000				
2034	7,817,000				
2035	7,816,400				
2036	7,813,600				
2037	7,813,400				
2038	7,815,400				
2039	7,814,200				
2040	7,814,600				
2041	7,816,200				
2042	7,813,600				
2043	7,816,600				
2044	7,814,600				
2045	7,812,400				
2046	7,814,600				
2047	7,815,600				
2048					
Total	\$243,993,117				

¹ Reflects debt service for FY 2023 and includes debt service payment made on November 15, 2022.

TRANSPORTATION TRUST FUND

General

The Transportation Trust Fund was established by the General Assembly in Chapters 11, 12, 13 and 15 of the Acts of the Assembly, 1986 Special Session (the "1986 Special Session Acts"), as a special non-reverting fund administered and allocated by the Transportation Board for the purpose of increased funding for construction and other capital needs of state highways, airports, mass transit and ports. From the effective date of the 1986 Special Session Acts through Fiscal Year 2020, the Transportation Trust Fund was funded primarily from a base of revenues derived from the retail sales and use tax, motor vehicle fuels tax and motor vehicle related taxes and fees. As described below, Chapter 1230 effected numerous changes in the Commonwealth's transportation funding system commencing in Fiscal Year 2021.

The following table summarizes the actual Transportation Trust Fund revenues for Fiscal Years 2016 through 2020. Historical receipts of the Transportation Trust Fund may not be indicative of future receipts, particularly because of the changes related to Chapter 1230.

**Total Transportation Trust Fund Revenues – All Modes (Before Chapter 1230)
(in millions)¹**

Fiscal Year:	2016	2017	2018	2019	2020
Retail Sales and Use Tax	\$723.7	\$743.3	\$751.3	\$786.4	\$813.9
Motor Vehicle Sales and Use Tax ²	265.4	275.4	272.8	285.9	269.9
Motor Fuels Taxes ³	138.9	138.6	136.5	136.5	136.9
Motor Vehicle Registration Fees ⁴	21.6	22.2	21.6	22.5	41.3
Recordation Tax ⁵	29.5	48.1	47.8	47.1	59.7
Investment Income	2.4	3.9	5.4	9.4	10.9
Priority Transportation Fund ⁶	186.0	199.9	205.2	209.2	225.7
Total Transportation Trust Revenues	<u>\$1,367.5</u>	<u>\$1,431.4</u>	<u>\$1,440.6</u>	<u>\$1,497.0</u>	<u>\$1,558.3</u>

Sources: Department of Accounts and Department of Motor Vehicles.

¹ Net of moneys deposited in the Federal Fund, which is part of the Transportation Trust Fund. Totals may not add due to rounding.

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

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

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

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

⁶ Reflects the deposits into the Priority Transportation Fund on and after July 1, 2008, of one-third of the revenues of the insurance tax and incremental motor fuels tax revenues. Amounts shown include estimated investment income.

Transportation Trust Fund in Fiscal Years 2021-2023

In the 2021-2022 Appropriation Act the General Assembly authorized the Transportation Board to take the steps necessary to address the projected reduction in revenues as a result of the COVID-19 pandemic in a manner to reduce the impacts on currently programmed projects and allow for a phased implementation of the allocation of the revenues in the Commonwealth Transportation Fund as directed by Chapter 1230.

In Item 430 of the 2021-2022 Appropriation Act, the Transportation Board was authorized to utilize revenue sharing funds, which had been allocated to any construction project in Fiscal Year 2020 or previous Fiscal Years and not currently needed to support the project based on the project's current schedule, to increase the funding available for the Commonwealth Transportation Fund for distribution to the funds and programs supported by the Commonwealth Transportation Fund to help mitigate the impacts of the projected reduced revenues resulting from COVID-19. The Virginia Department of Transportation ("VDOT") identified \$495.1 million of project funding that met this criterion. In Fiscal Year 2021, \$303.7 million was provided from construction projects to the Commonwealth Transportation Fund for distribution. The remaining balance of \$191.4 million is planned to support the Commonwealth Transportation Fund in Fiscal Year 2023. These project commitments were replaced in Fiscal Years 2021 through 2024 from funds made available for revenue sharing distribution under § 33.2-357 of the Virginia Code.

The Transportation Board has also planned for targeted investments in program areas through Fiscal Year 2023. These include: funding for construction programs to support High Priority Projects, the Construction District Grant Program, and the Highway Safety Improvement Program; funding for match to Passenger Rail Investment and Improvement Act Projects; funding for transit to support operating and capital costs; funding for the Washington Metropolitan Area Transit Authority; funding for the Transit Ridership Incentive Program; funding for Rail Programs; and additional funds for the Port Fund, the Aviation Fund, the Commonwealth Spaceflight Fund and for the Department of Motor Vehicles.

**Commonwealth Transportation Fund and Transportation Trust Fund –
Phased Implementation of Chapter 1230
(in millions)¹**

Fiscal Year:	<u>2021</u>	<u>2022</u>	<u>2023²</u>
Retail Sales and Use Tax	\$1,265.1	\$1,344.2	\$1,433.1
Motor Vehicles Sales and Use Tax	1,110.5	1,200.2	1,141.8
Motor Fuels Taxes	971.6	1,216.8	1,409.7
Road Tax for Diesel Fuel	56.4	71.2	71.4
International Registration Plan	121.4	118.7	119.2
Motor Vehicle Registration Fees	241.6	231.0	200.7
State Insurance Premium Tax	181.4	180.7	202.5
Recordation Tax	83.8	81.6	61.7
Motor Vehicles Rental Tax	25.8	36.5	39.2
Highway Use Fee	42.7	53.8	61.3
Revenue Sharing Allocation	<u>303.7</u>	<u>--</u>	<u>191.4</u>
Total Commonwealth Transportation Fund Revenues	<u>\$4,403.9</u>	<u>\$4,534.7</u>	<u>\$4,932.0</u>
 Distribution of Commonwealth Transportation Fund			
U.S. Route 58 Corridor Development Fund	\$40.0	\$40.0	\$40.0
Northern Virginia Transportation District Fund	40.0	40.0	40.0
Special Structures Fund	--	60.0	80.0
Targeted Investments	183.8	220.9	228.2
CTF Administrative Costs	<u>1.1</u>	<u>1.1</u>	<u>1.1</u>
Highway Maintenance and Operating Fund	<u>2,262.4</u>	<u>2,240.7</u>	<u>2,433.2</u>
Allocation to Transportation Trust Fund	<u>\$1,876.7</u>	<u>\$2,152.8</u>	<u>\$2,337.8</u>

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

¹ Totals may not add due to rounding.

² Projections for Fiscal Years 2023 based on Commonwealth Transportation Fund Forecast provided in December 2022. Forecasts may be issued several times a year, and the next forecast is expected in December 2023. Preliminary estimates and actual results may differ materially from such forward-looking statements.

Chapter 1230 and the Commonwealth Transportation Fund

The General Assembly enacted Chapter 1230 in 2020 to effect numerous structural changes to the transportation funding system in the Commonwealth. The General Assembly preserved for transportation purposes the base of revenues allocated to the Transportation Trust Fund in the 1986 Special Session Acts and added new revenue sources. Under Chapter 1230 most of the Commonwealth's transportation-related revenues have been directed to a new, special non-reverting fund known as the Commonwealth Transportation Fund, and the distribution of revenues has been streamlined, based on codified formulas, to sub-funds established to meet the Commonwealth's varying transportation needs and different modes of transportation.

Under Chapter 1230, the transportation revenues allocated to the Commonwealth Transportation Fund include: (i) motor fuels taxes and road taxes for diesel fuel; (ii) vehicle registration fees; (iii) highway use fees; (iv) 0.5% statewide sales and use taxes; (v) 0.3% statewide sales and use taxes for transportation; (vi) 4.15% motor vehicles sales and use taxes; (vii) motor vehicle rental taxes (10% of gross proceeds from rentals for most passenger vehicles); (viii) \$0.03 of the \$0.25 per \$100 of assessed value of the statewide recordation taxes; (ix) International Registration Plan fees; and (x) one-third of the revenue from insurance premium taxes. See the subsection below "*Sources of Revenues.*"

The revenues in the Commonwealth Transportation Fund must be applied to make several "off-the-top" allocations before any amounts are available; provided that in Fiscal Years 2021 through 2023 the "off-the-top" allocations are subject to change under the provisions of the 2021-2022 Appropriation Act. Commencing in Fiscal

Year 2024, the "off-the-top" allocations will be (i) \$40 million annually to be deposited into the U.S. Route 58 Corridor Development Fund; (ii) \$40 million annually to be deposited into the Northern Virginia Transportation District Fund; and (iii) \$80 million annually (as adjusted annually based on changes in consumer price index for urban consumers) to be deposited into the Special Structure Fund.

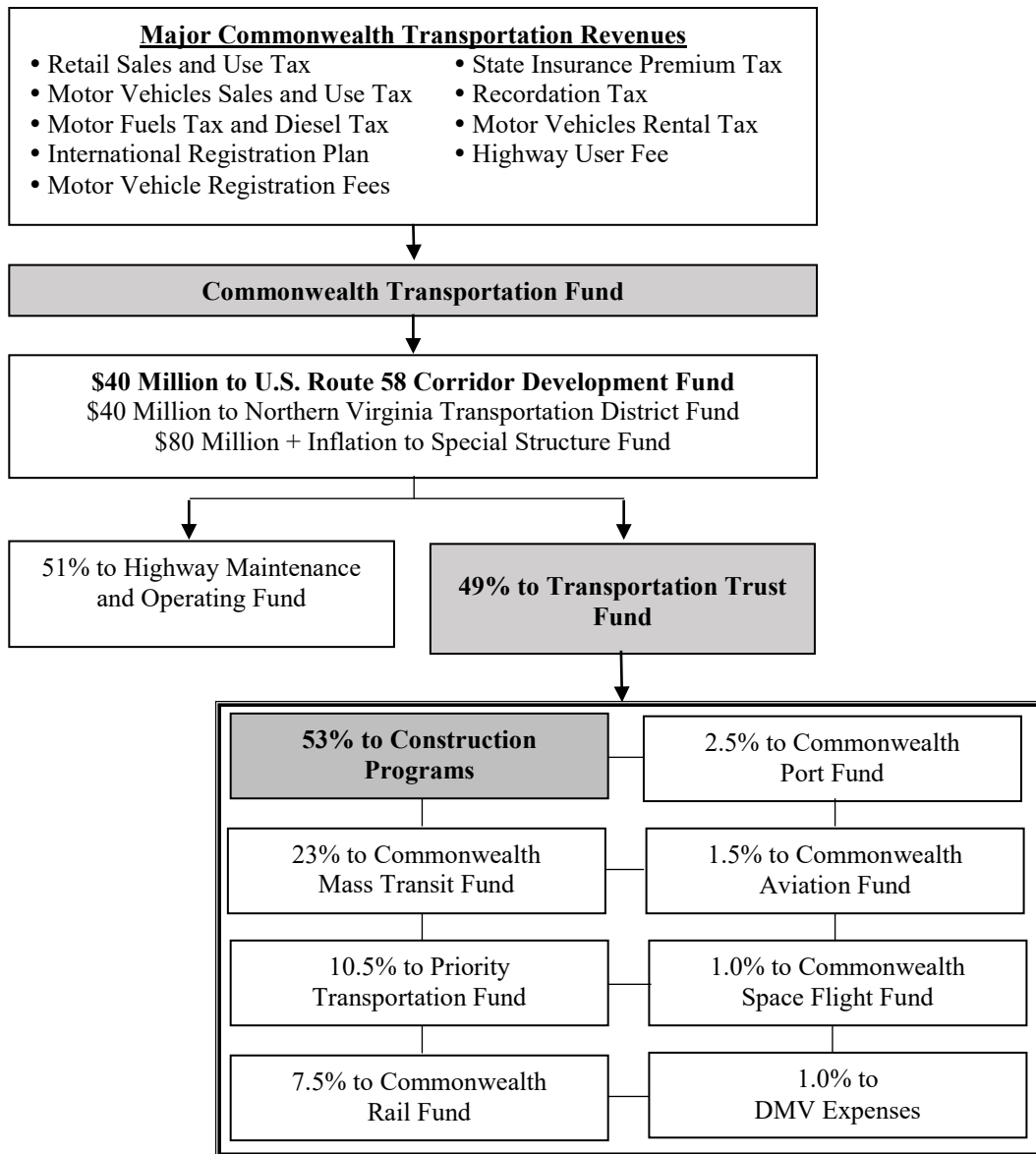
Commencing in Fiscal Year 2024, the revenues remaining in the Commonwealth Transportation Fund following the "off-the-top" allocations will be allocated 51% to the HMO Fund and 49% to the Transportation Trust Fund (the "49% Share").

Transfers from the Transportation Trust Fund to Other Funds and Programs

Following the expected full implementation of Chapter 1230 in Fiscal Year 2024, the 49% Share will be distributed from the Transportation Trust Fund as follows: (i) 53% for construction programs; (ii) 23% to the Commonwealth Mass Transit Fund; (iii) 7.5% to the Commonwealth Rail Fund; (iv) 2.5% to the Commonwealth Port Fund; (v) 1.5% to the Commonwealth Aviation Fund; (vi) 1% to the Commonwealth Space Flight Fund; (vii) 10.5% to the Priority Transportation Fund, and (viii) 1% to a special fund within the Commonwealth Transportation Fund to be used to meet the necessary expenses of the Department of Motor Vehicles. The Transportation Board will make the \$20 million annual transfer to the U.S. Route 58 Corridor Development Fund from the construction programs share of the Transportation Trust Fund as directed by Chapter 766.

The following chart depicts the transportation revenues (see the subsection below "*Sources of Revenues*") to be allocated to the Commonwealth Transportation Fund and from the Commonwealth Transportation Fund to the Transportation Trust Fund following the full implementation of Chapter 1230.

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The Transportation Board makes no representation (i) that the General Assembly will maintain the Commonwealth Transportation Fund or the Transportation Trust Fund or (ii) that the General Assembly will not repeal or materially modify Chapter 1230 or any other legislation affecting such funds.

Highway Maintenance and Operating Fund

The HMO Fund is established in the Virginia Code to address the highway maintenance and operating needs of VDOT. The HMO Fund was initially created in 1987, separating funding for this purpose from funds meant for highway construction. Since this time, the revenue sources dedicated to the HMO Fund have been updated to provide for additional funding to meet highway maintenance and operating needs. Chapter 1230 dedicates a significant share of the Commonwealth Transportation Fund to the HMO Fund.

In the Six-Year Improvement Program for Fiscal Years 2023 through 2028 adopted by the Transportation Board in June 2022 (the "Current SYIP"), in Fiscal Year 2023 \$69.95 million in funds allocated to construction programs from the Transportation Trust Fund were reallocated to the HMO Fund to meet the obligations of the HMO Fund for the maintenance and operations of Virginia's highways.

The Transportation Board makes no representation that the General Assembly will maintain the HMO Fund.

Sunset Provision

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

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

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

Highway Allocation Formula

The Transportation Board is required by the Virginia Code to allocate each year all funds made available for highway purposes, including the 53% of the 49% share allocable to the Transportation Trust Fund for "construction programs," in accordance with the priorities established by § 33.2-358 of the Virginia Code. Highway funds are allocated first for maintenance of interstate, primary, secondary and certain local roads and highways, administrative and general expenses, and other payments. The distribution of funding after this allocation was changed by Chapter 1230.

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

While the Virginia Code establishes the priorities by which the Transportation Board must allocate the funds made available to it, the Transportation Board, VDOT and other transportation agencies are responsible for allocating such funds among transportation projects throughout the Commonwealth. In the normal course of business, the Transportation Board, VDOT and the other agencies procure and enter into contracts with private parties for the rehabilitation, construction and improvement of transportation projects. The procurements are conducted in various ways as permitted under the Virginia Code, including traditional sealed bidding, design build arrangements and procurements under the Public-Private Transportation Act of 1995 (§ 33.2-1800 et. seq.) (the "PPTA"). The PPTA encourages investment in the Commonwealth by private entities to facilitate the development and/or operation of transportation facilities, and PPTA contracts typically involve an allocation of financial, completion and other risks between the private entity and the Commonwealth that differ from the risk allocation in more traditional procurement formats. If any of these contracts were terminated or if the applicable project was delayed or altered, the Transportation Board, VDOT or the other applicable agency could be contractually obligated to pay certain costs associated with the delay or determination of the project incurred by the private party and to pay other related expenses and fees, which may or may not exceed the funding currently allocated to the applicable project. The payment obligation of the Transportation Board, VDOT or the other applicable agency is generally subject to appropriation by the General Assembly. While no specific funding source is identified, the Transportation Trust Fund is one possible funding source for such payments. If such a payment were to be made from the Transportation Trust Fund, the funds for such payment would be made available by changing the allocation of available funds among the projects in the Six-Year Improvement Plan. A change in the allocation of funds would not

impact the revenues appropriated to the Transportation Trust Fund, but the change could impact the planned schedules of other projects and the availability of funds in the Transportation Trust Fund to pay debt service on bonds for which the Transportation Trust Fund serves as a secondary source of payment (such as the U.S. Route 58 Bonds). The Transportation Board, VDOT and the other agencies regularly adjust the allocation of the funds among transportation projects to account for a variety of factors. See the sections "*Authorized, Issued and Unissued Bonds Payable from Transportation Trust Fund*" and "*Commonwealth Transportation Board and Virginia Department of Transportation.*"

Sources of Revenues

The following is a brief description of the various taxes and fees designated for deposit to the Commonwealth Transportation Fund.

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

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

The state and local retail sales and use taxes were increased from 4.0% to 4.5% by the General Assembly in the 1986 Special Session Acts and increased again in 2004 from 4.5% to 5.0%. The 1986 Special Session Acts designated the tax revenues from a 0.5% sales and use tax to the Transportation Trust Fund. Pursuant to Chapter 766 of the Acts of the General Assembly of the Commonwealth of Virginia 2013 Regular Session ("Chapter 766"), the 2013 General Assembly increased taxes by 0.3% to 5.3% (a portion of which was allocated to the HMO Fund), and pursuant to Chapter 766 the Commonwealth can collect the tax on online sales, if there is a change in federal law. On June 19, 2018, the U.S. Supreme Court in *South Dakota v. Wayfair, Inc.* held that states may require an out-of-state retailer to collect and remit sales tax on purchases by residents within that state. Under Chapter 815 of the Acts of the General Assembly of the Commonwealth of Virginia, 2019 Regular Session, remote sellers and marketplace facilitators who sell or facilitate the sale of greater than \$100,000 in annual gross revenue from retail sales into the Commonwealth or 200 annual transactions to Virginia customers are required to collect and remit retail sales and use tax beginning July 1, 2019. Chapter 1230 dedicates Retail Sales and Use Taxes committed to transportation to the Commonwealth Transportation Fund.

Under current law, certain dealers are required to make an accelerated payment of a portion of the retail sales and use taxes estimated to be due for the last month of each Fiscal Year before the end of the Fiscal Year (rather than on the normal payment date occurring in the subsequent Fiscal Year).

Under current law, food purchased for human consumption and certain essential personal hygiene products are taxed at the reduced rate of 1%. The rate of tax levied on those items is a 1% local option tax. Prior to January 1, 2023, the tax rate was 2.5% with 1.5% of this rate representing a state retail sales and use tax. Of this amount,

revenue equal to 0.5% of the state's 1.5% rate is provided to the Commonwealth Transportation Fund. The impact of this change is reflected in the revenue estimates provided for Retail Sales and Use Tax.

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

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

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

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

Motor Fuels Tax and Diesel Tax. A tax is levied on motor fuels sold and delivered or used in the Commonwealth. Certain categories of motor fuels, however, are exempt from this tax under § 58.1-2226 of the Virginia Code, including, but not limited to, fuel for the exclusive use of the governments of the United States, the Commonwealth and the Commonwealth's political subdivisions and diesel fuel used for certain purposes. The motor fuels tax is collected by and paid to the Commonwealth only once with respect to any motor fuels. All aviation fuels that are sold and delivered or used in the Commonwealth are taxed. Synthetic motor fuel produced in the Commonwealth from coal is subject to an incremental tax. Likewise, motor fuels refined in the Commonwealth exclusively from crude oil produced in the Commonwealth in a refinery meeting certain specifications are subject to an incremental tax. Chapter 1230 increased the statewide tax on motor fuels incrementally from 16.2 cents to 21.2 cents per gallon in Fiscal Year 2021 and from 21.2 cents to 26.2 cents per gallon in Fiscal Year 2022 and then indexes the tax for inflation thereafter. Chapter 1230 also increased the statewide tax on diesel fuels to 20.2 cents per gallon in Fiscal Year 2021 and to 27 cents per gallon in Fiscal Year 2022 and then indexes the tax for inflation thereafter. The current rates as adjusted are 8.2 cents per gallon on gasoline and gasohol and 8.3 cents per gallon on diesel. Chapter 1230 dedicates all motor fuels tax and diesel tax to the Commonwealth Transportation Fund.

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

[International Registration Plan Fees. The Governor may enter into reciprocal agreements on behalf of the Commonwealth with the appropriate authorities of any state of the United States or a state or province of a country providing for the assessing and collecting of license fees for motor vehicles, tractor trucks, trucks, trailers, and semitrailers on an apportionment or allocation basis, as outlined in the International Registration Plan. The DMV Commissioner may assess any owner, lessor, or lessee for any license fees due to the Commonwealth. Trip permit registration may be issued for any vehicle or combination of vehicles that could be lawfully operated in the jurisdiction if registration were obtained. The fee for this permit is \$15, and the permit is valid for 10 days. Chapter 1230 dedicates this fee to the Commonwealth Transportation Fund.]

Motor Vehicle Annual Registration Fees. The annual registration fee collected by the DMV Commissioner for all motor vehicles, trailers and semi-trailers was increased \$3 per vehicle by the 1986 Special Session Acts, and the General Assembly has appropriated the net additional revenues from this fee increase to the Transportation Trust

Fund. Chapter 1230 captures all registration fees for the Commonwealth Transportation Fund, including those previously dedicated to the HMO Fund and truck registration fees formerly committed to Interstate Improvements.

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

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

Motor Vehicle Rental Tax. A tax upon the rental of motor vehicles in Virginia, without regard to whether such vehicles are required to be licensed by the Commonwealth, is levied at a rate of up to 10% of the gross proceeds from rentals of most passenger vehicles. Chapter 1230 dedicates the revenues from this tax to the Commonwealth Transportation Fund.

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

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

Projected Transportation Revenues for Fiscal Years 2024 through 2026

The following table provides the projected revenues for Fiscal Years 2024 through 2026 to be received in the Commonwealth Transportation Fund and allocated to the Transportation Trust Fund following the full implementation of the Chapter 1230 changes. The projected revenues are based on the Commonwealth's revenue estimate from December 2022.

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**Commonwealth Transportation Fund After Chapter 1230 Full Implementation
(in millions)**

Fiscal Year:	Forecast 2024¹	Forecast 2025¹	Forecast 2026¹	Forecast 2027¹
Retail Sales and Use Tax	\$1,388.2	\$1,435.4	\$1,42.7	\$1,486.0
Motor Vehicles Sales and Use Tax	1,078.2	1,218.2	1,249.6	1,269.4
Motor Fuels Taxes	1,501.5	1,563.2	1,613.7	1,659.4
Road Tax for Diesel Fuel	71.2	72.0	72.7	73.7
International Registration Plan	118.2	119.6	120.0	120.3
Motor Vehicle Registration Fees	218.4	219.5	221.4	221.0
State Insurance Premium Tax	214.5	223.5	235.2	246.4
Recordation Tax	52.4	54.5	56.7	59.0
Motor Vehicles Rental Tax	38.8	38.4	38.4	38.4
Highway Use Fee	<u>64.4</u>	<u>66.3</u>	<u>68.3</u>	<u>68.3</u>
Total Commonwealth Transportation Fund Revenues	<u>\$4,745.8</u>	<u>\$5,010.6</u>	<u>\$5,148.7</u>	<u>\$5,241.9</u>
Distribution of Commonwealth Transportation Fund				
Route 58 Corridor Development Fund	40.0	40.0	40.0	40.0
Northern Virginia Transportation District Fund	40.0	40.0	40.0	40.0
Special Structures Fund	85.0	87.3	89.1	91.0
CTF Administrative Costs	1.1	1.2	1.2	1.2
Highway Maintenance and Operating Fund	<u>2,335.6</u>	<u>2,469.5</u>	<u>2,539.0</u>	<u>2,585.5</u>
Allocation to Transportation Trust Fund	<u>\$2,240.0</u>	<u>\$2,372.7</u>	<u>\$2,439.4</u>	<u>\$2,484.1</u>

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

¹¹ Projections for Fiscal Years 2024 through 2027 based on Commonwealth Transportation Fund Forecast provided in December 2022. Forecasts may be issued several times a year, and the next forecast is expected in December 2023. Preliminary estimates and actual results may differ materially from such forward-looking statements.

Economic Conditions Affecting Commonwealth Transportation Revenues [UPDATE]

The availability of revenues in the Commonwealth Transportation Fund for transfer to the Transportation Trust Fund is dependent on a number of economic factors. The bulk of such funds dedicated to the Commonwealth Transportation Fund consists of the motor fuels taxes, motor vehicles sales and uses taxes and retail sales and use taxes described herein, which may fluctuate based on, among other things, the condition of the Commonwealth and national economies, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, vehicle fuel efficiency, road conditions, and the availability of alternate modes of transportation. There can be no assurance that downturns in any of the numerous factors affecting these revenues will not significantly affect the availability of funds to make timely payments on the Bonds. For a more detailed discussion of the risks and the impact, see the section ["Recent Developments Affecting the Commonwealth," [and Appendix C,] "Commonwealth of Virginia, Demographic and Economic Information" for certain information regarding some of these factors. The availability of funds in the Commonwealth Transportation Fund and the Transportation Trust Fund is also subject to appropriation by the General Assembly.

Information Pertaining to the Commonwealth

The U.S. Route 58 Bond Legislation provides that if the revenues in the U.S. Route 58 Corridor Development Fund and the Transportation Trust Fund are insufficient to pay the debt service on the Bonds and the other U.S. Route 58 Bonds, then the payment will be made from any other legally available funds, subject to appropriation by the General Assembly for such purpose. Appendices B and C contain, respectively, certain financial, demographic and economic information pertaining to the Commonwealth, and Appendix A contains the comprehensive financial statements of the Commonwealth for its Fiscal Year 2022. See also the subsections above "Economic Conditions

Affecting Commonwealth Transportation Revenues" the subsection below "Current Budget Appropriation Status" and the section "Recent Developments Affecting the Commonwealth."

Current Budget Appropriation Status [Note: To be provided separately or combined with section below]

The Virginia Constitution provides that no funds are to be paid out of the state treasury unless appropriated by law by the General Assembly. The General Assembly has never failed to adopt a biennial budget in a timely fashion. There is no definitive guidance from the courts of the Commonwealth as to whatever emergency or implied executive spending powers the Governor of the Commonwealth may have, if any, including the power to make debt service payments that are subject to appropriation, in the absence of a budget or other appropriation therefor having been enacted by the General Assembly.

AUTHORIZED, ISSUED AND UNISSUED BONDS PAYABLE FROM TRANSPORTATION TRUST FUND

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

Northern Virginia Transportation District Program. The General Assembly enacted legislation in 1993, which was amended in the 1994, 1998, 1999, 2002, 2005 and the 2020 Regular Sessions ("NVTD Bond Legislation"), to authorize the Transportation Board to issue Transportation Revenue Bonds ("NVTD Bonds"), pursuant to the State Revenue Bond Act, as amended, in the amount of \$500,200,000, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses for certain projects in the Northern Virginia Highway Construction District (the "NVTD Program"). Refunding bonds are not included in this limit. It is expected that revenue for payment of the debt service on the NVTD Bonds will be provided from funds appropriated by the General Assembly from (i) the Northern Virginia Transportation District Fund (the "NVTD Fund"), (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or the city or county in which the project or projects to be financed by the NVTD Bonds are located, (iii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iv) such other funds which may be appropriated by the General Assembly. The NVTD Fund consists of (i) transfers of \$40,000,000 annually from the Commonwealth Transportation Fund; (ii) any public rights-of-way use fees appropriated by the General Assembly; (iii) any state or local revenues which may be deposited to the NVTD Fund pursuant to a contract between a jurisdiction participating in the Northern Virginia Transportation District Program and the Transportation Board; and (iv) any other funds as may be appropriated by the General Assembly and designated for the NVTD Fund and all earnings on the NVTD Fund. Since its first issuance in 1993, the Transportation Board has issued \$477,870,000 in NVTD Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of the NVTD Program plus an additional \$505,415,000 to refund NVTD Bonds that had been previously issued. Of the total amount of NVTD Bonds issued, as of June 1, 2023, \$43,230,000 is currently outstanding. Chapters 854 and 856 of the 2018 Acts of Assembly and Chapter 1230 amended § 33.2-2400 of the Virginia Code, requiring \$20 million each year be transferred from the NVTD Fund to the Washington Metropolitan Area Transit Authority Capital Fund established pursuant to § 33.2-3401, beginning in Fiscal Year 2019, and to the Northern Virginia Transportation Authority Fund established pursuant to § 33.2-2509, beginning in Fiscal Year 2021.

U.S. Route 58 Corridor Development Program. The U.S. Route 58 Bond Legislation authorizes the Transportation Board to issue the U.S. Route 58 Bonds, pursuant to the Revenue Bond Act, in an amount not to exceed \$1,300,000,000, plus an amount for issuance costs, reserve funds and other financing expenses, to finance a portion of the costs of the U.S. Route 58 Program, refunding bonds are not included in this limit. See the sections

"U.S. Route 58 Corridor Development Fund" and "Summary of the U.S. Route 58 Corridor Development Program Trust Agreement."

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

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

The 1994 Session of the General Assembly authorized the issuance of \$32,500,000 Transportation Program Revenue Bonds, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses, to finance the cost of the Oak Grove Connector project. In July 1997, the Transportation Board issued bonds in the amount of \$32,500,000 to finance the Oak Grove Connector, a portion of which was refunded by the Transportation Program Revenue Refunding Bonds Series 2006A, which were refunded by the Transportation Program Revenue Refunding Bonds, Series 2016A (the "Oak Grove Connector Bonds"). These Transportation Program Revenue Bonds are the only bonds authorized to be paid from the Set-aside Fund and were retired on May 15, 2022 with final debt service payment.

Transportation Contract Revenue Bonds. In the 1988 Regular Session, the General Assembly enacted legislation which authorized the Transportation Board to issue Transportation Contract Revenue Bonds pursuant to the State Revenue Bond Act in an amount not to exceed \$160,700,000 to finance the costs of Phase I of the Route 28 project, plus an amount for issuance costs, reserve funds and other financing expenses. Due to a subsequent reduction in the estimated Phase I cost, the Transportation Board issued \$138,483,372.25 of Transportation Contract Revenue Bonds, Series 1988 (the "Series 1988 Bonds"). The balance of the authorization was not required to complete Phase I of the Route 28 project. In the 1990 Session, the General Assembly amended the legislation to permit any proceeds of the Series 1988 Bonds remaining after the completion of Phase I and any of the unissued Transportation Contract Revenue Bonds authorized under the legislation to be applied to Phase II of the Route 28 project. No other bonds have been authorized for Phase II. In 1992, the Transportation Board refunded all of the outstanding Series 1988 Bonds by issuing \$111,680,000 of Transportation Contract Revenue Bonds, Series 1992 (the "Series 1992 Bonds"). The 1993 Session of the General Assembly provided for the rezoning of commercial and industrial property within the Route 28 Transportation Improvement District to residential property provided the property owner makes a one-time payment equal to the projected tax revenues over the life of the Series 1992 Bonds as if the property had remained zoned for commercial or industrial use. In October 2002, the Transportation Board issued bonds in the amount of \$83,820,000 to refund the outstanding principal balance on the Series 1992 Bonds and issued Transportation Contract Revenue Bonds in the amount of \$36,823,667.45 to finance a portion of the costs of Phase II improvements plus an amount for issuance costs. These Transportation Contract Revenue Bonds were issued under a new Master Indenture of Trust, dated as of October 1, 2002 (the "Route 28 Indenture"), with security features similar to those for the Series 1988 Bonds and Series 1992 Bonds. The Series 2002 Bonds are payable from funds appropriated by the General Assembly for such purpose from the following three sources: (i) special tax revenues collected from a tax levied on commercial and industrial property in the Route 28 Transportation Improvement District, (ii) money appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or to the Counties of Fairfax or Loudoun, and (iii) other legally available money in the Transportation Trust Fund. In the Route 28 Indenture, the Transportation Board agrees that it shall issue no further notes, bonds or other evidence of indebtedness under the provisions of the Master Indenture of Trust, dated as of September 1, 1988, pursuant to which the Series 1988 Bonds and Series 1992 Bonds were issued. In May 2012, the Transportation Board issued bonds in the amount of \$50,620,000 to refund a portion of the outstanding Series 2002 Bonds. Of the total amount of Transportation

Contract Revenue Bonds issued, as of June 1, 2023, \$35,335,489 is outstanding (net of unamortized discount on the outstanding Series 2002 capital appreciation bonds).

Federal Transportation Grant Anticipation Revenue Notes. In Chapters 830 and 868 of the 2011 Acts of Assembly, which became effective July 1, 2011, the General Assembly authorized the Transportation Board by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act, in one or more series from time to time revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series" ("GARVEEs"). The aggregate principal amount of GARVEEs outstanding at any time shall not exceed \$1.2 billion, and exclusive of (i) the amount of any revenue obligations that may be issued to refund GARVEEs, and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount). The net proceeds of GARVEEs shall be used exclusively for the purpose of providing funds, together with any other available funds, for paying the costs incurred or to be incurred for construction or funding of such projects to be designated by the Transportation Board. In connection with the issuance of each series of GARVEEs, the Transportation Board shall establish a fund, which secures and is used for the payment of such series of GARVEEs. In the fund there shall be deposited such amounts, appropriated therefor by the General Assembly, as are required to pay principal or purchase price of, and redemption premium, if any, and interest on such GARVEEs, as and when due and payable, (i) first from the federal highway reimbursements received by the Commonwealth from time to time only with respect to the project or projects to be financed by the series of GARVEEs; (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose. The Transportation Board has issued \$1,380,380,000 in GARVEE Bonds to finance the costs of the GARVEE Program plus an additional \$287,665,000 to refund GARVEE Bonds previously issued. Of the total amount of GARVEE Bonds issued, as of June 1, 2023, \$761,635,000 is currently outstanding.

Capital Projects Revenue Bonds. The Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of Assembly, 2007 Regular Session, as amended by Chapters 830 and 868 of the Acts of Assembly, 2011 Regular Session (the "2007 Act"), authorizes the Transportation Board to issue Capital Projects Revenue Bonds as revenue obligations of the Commonwealth at one or more times in an aggregate principal amount not to exceed \$3 billion excluding any refunding Capital Projects Revenue Bonds. The 2007 Act further provides that if the aggregate principal amount issued in any Fiscal Year is less than \$300,000,000, then the amount by which the issuance is less than \$300,000,000 may be issued in any subsequent Fiscal Year in addition to the \$300,000,000 authorized in the subsequent Fiscal Year. Chapters 830 and 868 of the 2011 Acts of Assembly, 2011 Regular Session amended the 2007 Act to increase the annual issuance limitation in Fiscal Years 2012 and 2013 to \$500,000,000 and \$600,000,000, respectively. The proceeds of the Capital Projects Revenue Bonds authorized by the 2007 Act are to be used to pay the costs of transportation projects and, where appropriate, may be paid to any authority, locality, commission, or other entity for the purposes of paying for the costs of transportation projects. A minimum of 20% of the proceeds is required to be used for transit capital, a minimum of 4.3% of the proceeds is required to be used for rail capital, and the remaining amount of proceeds is required to be used for paying the costs of transportation projects, with such proceeds used or allocated (i) to match certain federal highway funds, (ii) next to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds, and (iii) third to pay or fund the costs of statewide or regional projects throughout the Commonwealth. Costs for construction or funding of these transportation projects include, but are not limited to, the costs of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs or other financing expenses related to the Capital Projects Revenue Bonds. The 2007 Act allows the Transportation Board flexibility, within the statutory requirements, to determine the amount of the Capital Projects Revenue Bonds to be used to match federal highway funds and to support the revenue sharing program. The Capital Projects Revenue Bonds are payable from and secured by revenues, receipts and funds appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, (i) from the revenues deposited into the Priority Transportation Fund, which is a part of the Transportation Trust Fund, (ii) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund and (iii) to the extent required, from any other legally available funds.

Item 456.H. of Chapter 874 of the Acts of the Assembly, 2010 Regular Session, as amended by Chapter 890 of the Acts of Assembly, 2011 Regular Session (collectively, the "Appropriation Acts") authorizes the

Transportation Board to issue Capital Projects Revenue Bonds at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs, with the net proceeds of the Appropriation Act bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses.

Chapter 854 of the Acts of the General Assembly, 2018 Regular Session, the 2007 Act was amended to authorize the Transportation Board to issue Capital Projects Revenue Bonds at one time in an aggregate principal amount not to exceed an additional \$50 million, after all costs, with the net proceeds to be used exclusively to match federal funds provided for capital projects by the Washington Metropolitan Area Transit Authority

The Transportation Board has issued eleven series of Capital Projects Revenue Bonds in the aggregate principal amount of \$3,781,300,000 of which, as of June 1, 2023, \$2,116,990,000 is currently outstanding.

RECENT DEVELOPMENTS AFFECTING THE COMMONWEALTH

[To Be Updated]

[Revenue Report for Fiscal Year 2022. Based on the General Fund highlights contained in the comprehensive financial statements of the Commonwealth for the fiscal year ended June 30, 2022, attached hereto as *Appendix A*, the State Comptroller reported that, at the end of the fiscal year, the General Fund reported a combined ending fund balance of \$11.7 billion, an increase of \$4.6 billion in comparison with the prior year. Of this total fund balance, \$187.8 million represents non-spendable fund balance, \$2.7 billion represents restricted fund balance, \$5.7 billion represents committed fund balance, and \$3.1 billion represents assigned fund balance. Fiscal year 2022 General Fund revenues were 11.9 percent, or \$3.1 billion, higher than fiscal year 2021 revenues. This revenue change resulted from increases of \$3.7 billion primarily attributable to individual and fiduciary income taxes (\$2.4 billion), which was reduced by the Individual Income Tax Rebate of \$1.0 billion, sales and use taxes (\$629.7 million), corporation income taxes (\$408.3 million), other revenue predominantly related to prior year expenditures refunded in the current fiscal year (\$138.7 million), and premiums of insurance companies taxes (\$56.7 million). This was offset by decreases of \$614.6 million primarily attributable to interest, dividends, and rents (\$512.9 million), tobacco master settlement (\$37.7 million), deeds, contracts, wills, and suits taxes (\$29.2 million), tobacco product taxes (\$11.5 million), and communications sales and use taxes (\$11.3 million).

The State Comptroller reported that fiscal year 2022 expenditures increased by 9.4 percent, or \$2.2 billion, when compared to fiscal year 2021. While all expenditures categories increased during fiscal year 2022, the largest increases were primarily attributable to education, general government and individual and family services expenditures of \$1.3 billion, \$333.9 million and \$234.0 million, respectively. Net other financing sources and uses decreased by \$124.1 million, which was primarily due to higher transfers out to nongeneral funds offset by increases in transfers in from nongeneral funds and long-term leases issued.

See also *Appendices A* and *B* attached to this Official Statement.

Interim Revenue Reports. In the normal course, the Commonwealth Secretary of Finance provides periodic financial reports to the Governor of Virginia regarding, among other things, the Commonwealth's revenue forecasts and tax collections for the then current fiscal year. The most recent report is dated March 17, 2023, and covers the first eight months (which ended February 28, 2023) of the current fiscal year ending June 30, 2023 (the "February Revenue Report"). The February Revenue Report indicated that, adjusting for policy actions and timing issues to better reflect underlying economic trends, on a fiscal year-to-date basis, general fund revenue collections through February 2023 rose 4.1 percent over the same period last year. On an unadjusted basis, general fund revenues were 1.2 percent higher versus the projected 8.8 percent decline assumed in the Governor's proposed budget for the full fiscal year.

More specifically, on a fiscal year-to-date basis, collections of individual income tax withholding (estimated to represent 61.0 percent of general fund revenues for the fiscal year) have increased 7.8 percent over the same period last year after adjustments, and 4.7 percent on an unadjusted basis. Through February 2023, collections are trailing projections by \$30.1 million.

On a fiscal year-to-date basis, collections of individual income tax non-withholding (estimated to represent 19.0 percent of general fund revenues for the fiscal year), after accounting for the newly enacted Pass-Through Entity Tax, have increased 3.7 percent over the same period last year. Fiscal year-to-date non-withholding collections are \$120.6 million higher than projected.

Individual income tax refunds (estimated to represent -13.0 percent of general fund revenues for the fiscal year) have been issued in the amount of almost \$2.0 billion through February 2023, compared with \$660.6 million over the same period last year. Most of the increase is attributable to the \$1.06 billion in taxpayer rebates along with the increased standard deduction and an expansion of the earned income tax credit. Adjusting for such tax policy changes, income tax refunds increased 18.8 percent fiscal-year-to-date, which is \$21.9 million higher than projected.

Collections of sales and use taxes (estimated to represent 19.0 percent of general fund revenues for the fiscal year) have increased 5.5 percent over the same eight-month period last year, after adjusting for the repeal of the Accelerated Sales Tax and the elimination of the state sales tax on grocery. Unadjusted sales tax collections are 9.7 percent higher year-to-date, trailing projections by \$29.1 million.

Collections of corporate income taxes (estimated to represent 7.0 percent of general fund revenues for the fiscal year) have decreased 12.0 percent for the fiscal year compared to the same period last year, and below projections by \$31.1 million.

The references above to revenue forecasts constitute forward-looking statements, rather than historical facts. The ability of the Commonwealth to achieve such revenue forecasts involves known and unknown risks, uncertainties and other factors that may cause actual revenues to differ materially from those estimated in such forward-looking statements. In addition, the interim revenue reports described above are based on preliminary, unaudited financial information and are subject to change. Actual revenues collected over the course of the full fiscal year may be different from those budgeted or implied by current revenue trends, and such differences may be material.

Current Appropriation Status – Pertaining to the Transportation Board, Commonwealth Budget Status.

The Commonwealth's current biennial budget (enrolled as Chapter 2, 2022 Acts of Assembly, Special Session I) provides appropriations to the Treasury Board and allocable to the Transportation Board in a total amount sufficient to pay all debt service scheduled to come due on the Transportation Board's Bonds issued under the Master Agreement during the current 2022-2024 biennium.

The 2023 regular legislative session of the General Assembly convened on January 11, 2023, and adjourned on February 25, 2023. During the session, the General Assembly considered numerous budget amendments to the current biennial budget to address an estimated budget surplus in excess of \$3 billion. While the General Assembly approved certain, limited technical amendments to the current biennial budget, which are subject to further negotiation or veto by the Governor and the General Assembly, the General Assembly adjourned without reconciling the differences in other proposed amendments that had been approved by the two legislative houses. The Virginia House of Delegates approved budget amendments that included Governor Youngkin's proposed tax cuts of approximately \$1 billion that reduced the corporate tax rate and the top individual income tax rate as well as increased the standard deduction. The Virginia Senate approved budget amendments that did not include such proposed tax cuts but instead provided increased funding for teacher compensation and other education purposes. Leaders of the General Assembly have indicated that negotiations will continue between the two legislative houses, and, should an agreement be reached on the budget amendments, the General Assembly could be called back for a special session to consider such amendments. The Governor has the authority to call a special session of the General Assembly when it is deemed necessary or advisable and must do so when petitioned by two-thirds of the members of both legislative houses.

The Transportation Board has no reason to expect that future amendments to the current biennial budget, if any are finally approved, will adversely affect the timing or amount of the current appropriations to the Treasury Board and allocable to the Transportation Board referenced above.

For a general discussion of the 2022-2024 budget, see the subsection entitled “Budgetary Process” in *Appendix B* attached to this Official Statement.

Available Cash and Investments. Based on the latest available monthly analysis of the Commonwealth’s cash and investments, the Office of the Comptroller reported that for the period ended February 28, 2023, the Commonwealth had approximately \$16.11 billion in net unrestricted cash available to support cashflow in the general fund (compared to approximately \$16.91 billion available as of January 31, 2023), and an additional approximately \$12.43 billion in restricted non-general fund sources to support cash flow in other Commonwealth operating funds as necessary (compared to approximately \$11.94 billion available as of January 31, 2023).]

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

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

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Member	Term Expires	Constituency
W. Sheppard Miller, III	At the Pleasure of the Governor	Chairperson, Transportation Board; Secretary of Transportation
Stephen C. Brich	At the Pleasure of the Governor	Commissioner of Highways
Jennifer DeBruhl	At the Pleasure of the Governor	Director, Department of Rail and Public Transportation
E. Scott Kasprowicz	June 30, 2025	Vice Chairperson, Transportation Board, At-Large Urban
Carlos M. Brown	June 30, 2023	Richmond District
Darrell R. Byers	June 30, 2026	Culpeper District
Wayne Coleman	June 30, 2026	At-Large Urban
Bert Dodson Jr.	June 30, 2023	Lynchburg District
Tom Fowlkes	June 30, 2025	Bristol District
Mary H. Hynes	June 30, 2024	Northern Virginia District
Thomas Moore Lawson	June 30, 2026	At-Large Rural
H. Randolph Laird	June 30, 2026	At-Large Rural
Mark H. Merrill	June 30, 2024	Staunton District
Laura A. Sellers	June 30, 2026	Fredericksburg District
Raymond D. Smoot, Jr.	June 30, 2025	Salem District
Frederick T. Stant, III	June 30, 2025	Hampton Roads District
Greg Yates	June 30, 2024	At-Large Rural

W. Sheppard Miller, III Sheppard "Shep" Miller III was appointed as Secretary of Transportation of the Commonwealth by Governor Glenn Youngkin, subject to confirmation by the General Assembly. The Transportation Secretariat provides a wide array of products and services including road construction and repairs, rest area maintenance, regulating seaports, airports and rail, and issuing license plates and driver's licenses. Prior to being named Secretary, Mr. Miller was a member of the Transportation Board, having served from 2011 to 2014 and again from 2018 to his appointment as Secretary. In 2017, he retired as Chairman upon his sale of KITCO Fiber Optics, a defense-contracting firm. Mr. Miller received a B.A. from Hampden-Sydney College and a MBA from the College of William & Mary. In addition to serving as Secretary, Mr. Miller is a member of the Virginia House Ethics Advisory Council, the Board of Directors of Virginia Free, the Board of Trustees of Hampden-Sydney College, the Board of Visitors & Governors of Washington College, and the Board of Trustees of the Virginia Foundation for Independent Colleges. He further serves as Vice Chairman of the Norfolk Board of TowneBank and is an Executive Board member of both the Greater Norfolk Corporation and the Hampton Roads Chamber of Commerce. His past community activities include service as Chairman and President of the Norfolk Economic Development Authority, the Norfolk Redevelopment & Housing Authority, the Hampton Roads Chamber of Commerce Political Action Committee, the Better Business Bureau of Greater Hampton Roads, the Peninsula United Way Campaign, Hampton Roads Ventures and the Norfolk Rotary Club. He lives in Norfolk, Virginia.

Virginia Department of Transportation

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

VDOT's budget for Fiscal Year 2023 is approximately \$9.5 billion. VDOT's revenues provide funding for debt service, maintenance, administration and construction and VDOT's budget reflects the planned use of the revenues available to the agency and also includes pass-through funds to regional Commonwealth transportation entities. VDOT's Highway Construction Program as approved in the Current SYIP is valued at \$18.2 billion and supports more than 3,700 projects.

The Commonwealth has the nation's third largest system of state-maintained highways totaling approximately 58,000 miles of interstate, primary and secondary roads. The system includes approximately 21,000 bridges and

culverts. In addition, independent cities and towns maintain about 11,600 miles of local streets and receive funds from the Transportation Board for such purpose.

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

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

These districts are divided into 29 residencies, each typically consisting of one to four counties. The field organization is further subdivided into 248 other locations across the Commonwealth that provide area maintenance. About 82% of VDOT's nearly 7,200 employees (as of April 6, 2023) 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. The agency has developed a long-term strategic vision and uses a business plan with performance goals and strategies. Transparency of operations has been enhanced through the creation of a public Dashboard, and the streamlining of operations, reorganization and the improvement of business practices have been a major focus.

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

For Fiscal Year 2022, the agency attained on-time and on-budget performance goals by delivering more than 68% of all construction and maintenance projects on or before their original due dates, and by completing more than 92% of those projects within their budgets. In comparison, when tracking started in 2001 only 20% of construction contracts and 38% of maintenance contracts were delivered on time, while less than 60% were completed within budget.

The Current SYIP for Fiscal Years 2023 through 2028 is based on the interim revenue forecast updates and cost estimates available. The issuance of U.S. Route 58 Bonds and the utilization of existing authorization for the issuance of GARVEEs are reflected in the adopted Current SYIP. The program reflects the Transportation Board's commitment to citizen safety, by prioritizing critical safety and maintenance needs of the existing transportation system. The priorities of the update to the Current SYIP include: funding complete project phases, maximizing the use of federal funding, funding deficient bridges and paving projects, and implementation of a statewide prioritization process for project selection mandated by of Section 33.2-214.1 of the Virginia Code. The Transportation Board and VDOT strive to be flexible with their project selection and implementation by proceeding with projects in phases. By doing so, the Transportation Board and VDOT remain able to allocate resources between projects in the event that funding decreases or is interrupted.

Virginia Department of Transportation Staff

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

Laura Farmer was named Chief Financial Officer of the Virginia Department of Transportation in October 2019. She oversees the agency's \$8.5 billion annual budget and is responsible for the leadership and execution of the agency's financial planning, capital investment, fiscal management, and tolling programs. She previously served as the agency's director of financial planning. In this role, she was instrumental in establishing the GARVEE Notes Program, and provided financial arrangements around the agency's innovative finance programs and public-private partnership projects, including the Elizabeth River Tunnels and I-95 Express Lanes projects. Prior to joining VDOT, Ms. Farmer served as a budget analyst for health and human resources agencies at the Virginia Department of Planning and Budget. Ms. Farmer earned a bachelor's in history from Chowan University in Murfreesboro, North Carolina and a master's degree in public policy from the College of William and Mary. She is a graduate of the Virginia Executive Institute, the Commonwealth Management Institute and International Bridge, Tunnel and Turnpike Association Leadership Academy.

SUMMARY OF THE U.S. ROUTE 58 CORRIDOR DEVELOPMENT PROGRAM TRUST AGREEMENT

The following, in addition to the information presented in the sections "*The Bonds*" and "*Sources of Payment and Security for the Bonds*" summarizes certain provisions of the U.S. Route 58 Trust Agreement. This summary does not purport to be comprehensive or definitive and is qualified by reference to the U.S. Route 58 Trust Agreement and all supplemental agreements in their entireties.

Definitions

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

"Cost" or "Cost of the U.S. Route 58 Program" means the cost of construction, the cost of all lands, properties, rights, easements and franchises acquired which are deemed necessary for such construction, the cost of all machinery and equipment, financing charges, interest on the U.S. Route 58 Bonds before and during construction and for one year after completion of construction, cost of traffic estimates and of engineering data, engineering and legal expenses, cost of plans, specifications and surveys, estimates of cost and of revenues, administrative expense, other expenses necessary or incident to the financing of all or any portion of the U.S. Route 58 Program, the construction of all or any portion of the U.S. Route 58 Program, the placing of all or any portion of the U.S. Route 58 Program in operation and the condemnation of property necessary for such construction and operation and issuance costs, reserve funds and other financing expenses. Any obligation or expense incurred in connection with any of the foregoing items of Cost may be regarded as a part of such Cost and reimbursed to the Transportation Board out of the proceeds of the U.S. Route 58 Bonds issued to finance all or any portion of the U.S. Route 58 Program, including, but not limited to, any such obligation or expense incurred prior to the issuance of the U.S. Route 58 Bonds.

"Government Certificates" means evidences of ownership of proportionate interest in future interest or principal payments of Government Obligations, including depository receipts thereof; provided, that investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Government Obligations, (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (c) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" means bonds, notes and other obligations of the United States of America, and securities unconditionally guaranteed as to the payment of principal and interest by the United States of America, or any agency thereof.

"U.S. Route 58 Bonds Outstanding" or "U.S. Route 58 Bonds then Outstanding" means, at any date, the aggregate of all U.S. Route 58 Bonds authorized, issued, authenticated and delivered under the U.S. Route 58 Trust Agreement, except: (1) U.S. Route 58 Bonds canceled or surrendered to the paying agent for cancellation; (2) U.S. Route 58 Bonds deemed to have been paid as provided in the U.S. Route 58 Trust Agreement; and (3) U.S. Route 58

Bonds in lieu of or in substitution for which other U.S. Route 58 Bonds have been authenticated and delivered pursuant to the U.S. Route 58 Trust Agreement unless proof satisfactory to the Paying Agent is presented that any such U.S. Route 58 Bond is held by a bona fide holder.

In determining whether registered owners of U.S. Route 58 Bonds of a requisite aggregate principal amount of the Outstanding U.S. Route 58 Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the U.S. Route 58 Trust Agreement, words referring to or connoting "principal of" or "principal amount of" Outstanding U.S. Route 58 Bonds will be deemed also to be references to, to connote and to include the accreted value of U.S. Route 58 Bonds of any series as of the immediately preceding compounding date of such U.S. Route 58 Bonds. U.S. Route 58 Bonds which are owned by the Transportation Board will be disregarded and deemed not to be Outstanding for the purpose of any such determination.

Revenues

The U.S. Route 58 Bonds are limited obligations of the Commonwealth. Principal of and premium, if any, and interest on the U.S. Route 58 Bonds are payable solely from revenues, receipts and funds which have been appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, from (1) the U.S. Route 58 Corridor Development Fund, (2) to the extent required, other revenues legally available from the Transportation Trust Fund, and (3) to the extent required, other legally available funds (the "Revenues"), and (4) from money in certain funds, in the manner and to the extent provided in the U.S. Route 58 Trust Agreement. The U.S. Route 58 Trust Agreement pledges the Revenues and money held in the funds under it for the benefit of the owners of the U.S. Route 58 Bonds, subject only to the provisions of the U.S. Route 58 Trust Agreement permitting the application of such amounts for the purposes and on the terms and conditions set forth in the U.S. Route 58 Trust Agreement.

Provisions for the Bonds

The U.S. Route 58 Trust Agreement provides for the issuance of the Bonds, the redemption of the Bonds and all other terms pertaining to the Bonds, as described in the section "*The Bonds*" in this Official Statement.

Funds and Account

The following Funds and Accounts are established under the U.S. Route 58 Trust Agreement:

- (1) Construction Fund, in which there is established a Costs of Issuance Account for each series of bonds issued under the U.S. Route 58 Trust Agreement; and
- (2) Bond Fund, in which there are established an Interest Account, a Principal Account, a Sinking Fund Account and a Capitalized Interest Account for each series of bonds issued under the U.S. Route 58 Trust Agreement.

Construction Fund

Money on deposit in the Construction Fund will be used to pay the Cost of the U.S. Route 58 Program. The Trustee will make payments from the Construction Fund upon receipt of a requisition signed by a representative of the Transportation Board providing information with respect to the use of the amounts requisitioned. Excess money after completion of the U.S. Route 58 Program will be applied, subject to the terms and limitations set forth in the U.S. Route 58 Trust Agreement, to pay the Cost of other projects to the extent needed, to redeem or purchase U.S. Route 58 Bonds, to pay principal of or interest on U.S. Route 58 Bonds or to fund other funds created under the U.S. Route 58 Trust Agreement, to the extent such funds are not fully funded in accordance with the requirements of the U.S. Route 58 Trust Agreement. Money on deposit in each Costs of Issuance Account will be used to pay costs of issuance with respect to bonds issued under the U.S. Route 58 Trust Agreement.

Bond Fund

Money on deposit in the Bond Fund will be used to pay principal of and premium, if any, and interest on the bonds issued under the U.S. Route 58 Trust Agreement.

Application of Revenues

The Trustee will deposit in the Bond Fund the following: (1) all amounts transferred from the Construction Fund after completion of the part of the U.S. Route 58 Program to be financed with the U.S. Route 58 Bonds; (2) all payments received by the Trustee under the U.S. Route 58 Payment Agreement (excluding any payments of Trustee's fees and expenses and the Rebate Amount, as defined in the U.S. Route 58 Trust Agreement); and (3) all other amounts authorized to be deposited in the Bond Fund under any supplemental trust agreement. The Trustee will use the money deposited in the Bond Fund to pay when due the principal of and premium, if any, and interest on the U.S. Route 58 Bonds then outstanding and to redeem or purchase U.S. Route 58 Bonds in accordance with the provisions of the U.S. Route 58 Bonds and the U.S. Route 58 Trust Agreement.

Permitted Investments

The U.S. Route 58 Trust Agreement permits the Trustee, as directed by the Treasurer of the Commonwealth after consultation with an authorized representative of the Transportation Board, to invest money held under the U.S. Route 58 Trust Agreement in the following investments, so long as such investments are authorized for investment of public funds by Chapter 45, Title 2.2 of the Virginia Code or any successor provision of law:

- (1) Government Obligations;
- (2) Government Certificates;
- (3) bonds, notes and other evidences of indebtedness of the Commonwealth and securities unconditionally guaranteed as to the payment of principal and interest by the Commonwealth;
- (4) bonds, notes and other evidences of indebtedness that are direct general obligations of any county, city, town, district, authority or other public body of the Commonwealth upon which there is no default, and revenue bonds issued by agencies or authorities of the Commonwealth or its political subdivisions upon which there is no default, and that are rated within the two highest rating categories by a rating agency;
- (5) bonds, notes and other evidences of indebtedness of any other state of the United States of America upon which there is no default, and that are rated within the two highest rating categories by a rating agency;
- (6) bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States of America other than the Commonwealth upon which there is no default, and that are rated within the two highest rating categories by a rating agency;
- (7) commercial paper with a maturity of 270 days or less, under guidelines approved by the Treasury Board;
- (8) bankers acceptances;
- (9) savings accounts or time deposits in any bank or savings institution within the Commonwealth; provided, that the bank or savings institution is approved for the deposit of funds of the Commonwealth or any political subdivision thereof;
- (10) certificates of deposit and bank deposit notes of domestic banks and domestic offices of foreign banks;
- (11) investments made pursuant to LGIP;
- (12) investments made pursuant to SNAP; or

- (13) provided it or the provider thereof is rated in one of the two highest rating categories by a rating agency, any other investment permitted for the type of money to be invested if the Board is permitted by applicable law to make or enter into such investment.

The U.S. Route 58 Trust Agreement contains certain other provisions and limitations with respect to investments, including provisions related to open-end and closed-end investment companies or trusts, repurchase agreements and limitations on the maturity of investments held in certain funds.

Redemption

For a description of the redemption provisions of the Bonds, see the subsections "*Optional Redemption*" and "*Mandatory Sinking Fund Redemption*" in the section "*The Bonds.*"

Additional Bonds

For a description of the provisions relating to the issuance of additional bonds, see the section "*Sources of Payment and Security for the Bonds – Additional U.S. Route 58 Bonds.*"

Operation and Maintenance

The Transportation Board will cause the U.S. Route 58 Program to be maintained and operated in an efficient and economical manner, will cause the U.S. Route 58 Program to be maintained in good repair and sound operating condition, and will cause all necessary repairs, replacements and renewals to be made.

Insurance

The Transportation Board will continuously maintain insurance with recognized responsible commercial insurance companies to the extent that similar insurance is usually carried by public bodies operating highways and associated bridges against accidents, casualties or negligence, including insurance against liability for bodily injury, including resulting death, and for damage to property, including loss of its use, arising out of the ownership or operation of the U.S. Route 58 Program.

In lieu of insurance written by commercial insurance companies, the Transportation Board may maintain a program of self insurance or participate in group risk financing programs; provided, however, that the Transportation Board will obtain and maintain on file a favorable written opinion of either the Division of Risk Management of the Commonwealth or qualified independent insurance consultant that such alternative is reasonably acceptable under the circumstances.

Sale or Encumbrance of the U.S. Route 58 Program

If no Event of Default exists, the Transportation Board may sell, transfer, lease or otherwise encumber all or any portion of the U.S. Route 58 Program if the Transportation Board has determined by resolution that such sale, transfer, lease or encumbrance is necessary or desirable. The Transportation Board will not create or suffer to be created any lien or charge upon all or any portion of the U.S. Route 58 Program except such liens or charges created in the ordinary course of business of the Transportation Board. The Transportation Board will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, all lawful claims and demands for labor, materials and supplies within 60 days after they become due which, if unpaid, might by law become a lien upon the U.S. Route 58 Program subject to certain exceptions as set forth in the U.S. Route 58 Trust Agreement.

Use of Funds in U.S. Route 58 Corridor Development Fund

The Transportation Board will not expend any money in the U.S. Route 58 Corridor Development Fund for any purpose other than payment of principal of or premium, if any, or interest on any U.S. Route 58 Bonds for such period of time as the Transportation Board (1) fails to pay principal of or premium, if any, or interest on any U.S. Route 58 Bonds when due or (2) fails to allocate funds to the payment of principal of or premium, if any or interest on any U.S. Route 58 Bonds at least 90 days prior to the date it is payable, if the General Assembly has not appropriated funds for such purpose.

Covenants with Credit Banks, Insurers, etc.

The Transportation Board may make such covenants and agreements as it may determine to be appropriate with any credit bank, insurer or other financial institution that will agree to insure or to provide credit or liquidity support that enhances the security or the value of U.S. Route 58 Bonds of any one or more series of U.S. Route 58 Bonds and thereby reduce the principal or interest requirements for the U.S. Route 58 Bonds, provided that such covenants or agreements do not affect adversely the owners of U.S. Route 58 Bonds then Outstanding. Such covenants and agreements may be set forth in the applicable supplement to the U.S. Route 58 Trust Agreement and shall be binding on the Transportation Board and all the registered owners of U.S. Route 58 Bonds the same as if such covenants were set forth in full in the U.S. Route 58 Trust Agreement.

Events of Default and Remedies upon Default

Events of Default specified in the U.S. Route 58 Trust Agreement include (1) failure to pay interest on any U.S. Route 58 Bond when due, (2) failure to pay principal of or premium, if any, on any U.S. Route 58 Bond when due, (3) failure of the Transportation Board to observe or perform any other covenants, agreements or conditions under the U.S. Route 58 Trust Agreement or the U.S. Route 58 Bonds for a period of 60 days after written notice from the Trustee or the owners of 25% in principal amount of U.S. Route 58 Bonds then Outstanding, or in the case of any such default that cannot with due diligence be cured within such 60 day period, failure of the Transportation Board to proceed promptly to cure the default, (4) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the Revenues and the funds established under the U.S. Route 58 Trust Agreement or approval by a court of competent jurisdiction of any petition for reorganization of the Transportation Board or rearrangement or adjustment of the obligations of the Transportation Board under applicable bankruptcy or insolvency law.

Upon the occurrence and continuation of any such Event of Default the Trustee may, and if requested by the owners of not less than 25% in principal amount of U.S. Route 58 Bonds then Outstanding will, by notice to the Transportation Board, declare the principal of and accrued interest on such U.S. Route 58 Bonds then Outstanding due and payable, but only from the Revenues and other funds of the Transportation Board available and appropriated for such payment and from the funds held by the Trustee under the U.S. Route 58 Trust Agreement. Pursuant to the conditions set forth in the U.S. Route 58 Trust Agreement, such declaration may be rescinded upon payment of all principal of all U.S. Route 58 Bonds that have matured or been called for redemption pursuant to any sinking fund provision and of all arrears of interest. Upon the occurrence and continuation of an Event of Default the Trustee may, and if requested by the Holders of not less than 25% in principal amount of U.S. Route 58 Bonds then Outstanding and if indemnified as to expenses and liability will, proceed to protect its rights and the rights of the Owners of the U.S. Route 58 Bonds by mandamus or other suit, action or proceeding at law or in equity.

If an Event of Default occurs and has not been remedied, the Trustee (a) is entitled, upon the filing of a suit or other commencement of judicial proceedings, to have a receiver of the Revenues and the funds held under the U.S. Route 58 Trust Agreement appointed, and (b) may, and if requested by the owners of not less than 25% in principal amount of U.S. Route 58 Bonds then Outstanding and if indemnified as to expenses and liability will, take such steps as the Trustee deems most expedient in the interests of the owners of the U.S. Route 58 Bonds.

Except to enforce certain rights set forth in the U.S. Route 58 Trust Agreement, no owner of any U.S. Route 58 Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the U.S. Route 58 Trust Agreement or any remedy under it, subject to certain exceptions set forth in the U.S. Route 58 Trust Agreement.

Defeasance of U.S. Route 58 Bonds

If all U.S. Route 58 Bonds secured by the U.S. Route 58 Trust Agreement have been paid in accordance with their terms or have been called for redemption, or if irrevocable instructions to call the bonds or pay them at maturity have been given by the Transportation Board to the Trustee and the Trustee holds in cash or noncallable Government Obligations or noncallable Government Certificates the principal of and the interest on which at maturity will be sufficient (1) to redeem in accordance with the U.S. Route 58 Trust Agreement and any supplemental trust agreement, all U.S. Route 58 Bonds that have been called for redemption on the date set for such redemption or for which irrevocable instructions for call for redemption have been given, on the date set for such redemption, (2) to pay at maturity all U.S. Route 58 Bonds not irrevocably called for redemption, (3) to pay interest

accruing on all U.S. Route 58 Bonds prior to their redemption or payment at maturity, (4) to make all payments to the United States of America required by any supplemental trust agreement, and (5) to pay to the Trustee its reasonable fees and expenses, and all other fees and expenses for which the Transportation Board is responsible, then the Trustee will cancel and discharge the U.S. Route 58 Trust Agreement and execute and deliver to the Transportation Board such instruments in writing as are necessary to cancel its lien and assign and deliver to the Transportation Board any property at the time subject to the U.S. Route 58 Trust Agreement which may then be in its possession, except funds or securities in which such funds are invested which are held by the Trustee for the payment of principal of and premium if any, and interest on the U.S. Route 58 Bonds and other fees and expenses described above.

U.S. Route 58 Bonds will be deemed to be paid and no longer Outstanding provided that cash, noncallable Government Obligations or noncallable Government Certificates the principal of and premium, if any, and interest on which will be sufficient therefore have been deposited with the Trustee; provided, however, if such U.S. Route 58 Bonds are to be redeemed prior to their maturity, notice of such redemption shall have been given or arrangements satisfactory to the Trustee will have been made for such notice to be given.

Amendments and Supplemental U.S. Route 58 Trust Agreements

The Transportation Board and the Trustee may, without the consent of or notice to any owners of U.S. Route 58 Bonds, enter into supplemental trust agreements (1) to cure any ambiguity, formal defect or omission in the U.S. Route 58 Trust Agreement, (2) to grant to or confer upon the Trustee for the benefit of the owners of U.S. Route 58 Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the owners of U.S. Route 58 Bonds or the Trustee or either of them, (3) to add to the covenants and agreements of the Transportation Board in the U.S. Route 58 Trust Agreement additional covenants and agreements, (4) to modify, supplement or amend the U.S. Route 58 Trust Agreement as may be required by or to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute or any state securities law, (5) to modify, supplement or amend the U.S. Route 58 Trust Agreement to comply with any provisions relating to rebate to the United States of America of earnings derived from the investment of proceeds of U.S. Route 58 Bonds, (6) to modify, amend or supplement the U.S. Route 58 Trust Agreement in such manner as may be required by the Rating Agencies to maintain their respective ratings on the U.S. Route 58 Bonds, (7) to authorize the issuance of one or more series of U.S. Route 58 Bonds pursuant to the provisions of the U.S. Route 58 Trust Agreement, (8) to modify, amend or supplement the U.S. Route 58 Trust Agreement to implement any covenants or agreements contemplated by credit banks, insurers, or similar entities provided such modification, amendment or supplement does not materially adversely affect the rights of the owners of any U.S. Route 58 Bonds then Outstanding, and (9) to make any other change in the U.S. Route 58 Trust Agreement that in the opinion of the Trustee will not prejudice in any material respect the rights of the owners of U.S. Route 58 Bonds then Outstanding.

Any of the provisions of the U.S. Route 58 Trust Agreement may be amended by the Transportation Board by a supplemental trust agreement upon the consent of the owners of a majority in aggregate principal amount of U.S. Route 58 Bonds then Outstanding in accordance with the provisions of the U.S. Route 58 Trust Agreement, provided that no such supplemental trust agreement will permit (1) an extension of the maturity of the principal of or the interest on any U.S. Route 58 Bond, (2) a reduction in the principal amount of or premium, if any, on any U.S. Route 58 Bond or its rate of interest, (3) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any U.S. Route 58 Bond, (4) a privilege or priority of any U.S. Route 58 Bond or U.S. Route 58 Bonds over any other U.S. Route 58 Bond or U.S. Route 58 Bonds, or (5) a reduction in the aggregate principal amount of U.S. Route 58 Bonds required for consent to such supplemental trust agreement, without the consent of the holders of all the U.S. Route 58 Bonds then Outstanding.

SUMMARY OF THE U.S. ROUTE 58 CORRIDOR DEVELOPMENT PROGRAM PAYMENT AGREEMENT

The following, in addition to the information presented in the section "*Sources of Payment and Security for the Bonds*" summarizes certain provisions of the U.S. Route 58 Payment Agreement. This summary does not purport to be comprehensive or definitive and is qualified by reference to the U.S. Route 58 Payment Agreement in its entirety.

The U.S. Route 58 Payment Agreement requires the Transportation Board to submit annually by December 1 to the Governor and the Director of the Department of Planning and Budget of the Commonwealth the following:

- (1) A request that the Governor include in his budget to be delivered to the next session of the General Assembly a provision that there be deposited in the U.S. Route 58 Corridor Development Fund the amounts set forth in Virginia Code Section 33.2-2300 or any successor provision and to retain in such Fund the unexpended amounts on deposit in such Fund.
- (2) A statement of the amount of principal and interest coming due to the U.S. Route 58 Bonds and all other amounts required to be paid under the U.S. Route 58 Trust Agreement during the next succeeding fiscal or biennial period, as applicable, and a request that the Governor include in his budget to be delivered to the next session of the General Assembly a provision that there be appropriated such amount for such purpose (i) from the U.S. Route 58 Corridor Development Fund (ii) to the extent required, from other legally available funds in the Transportation Trust Fund, and (iii) to the extent required, from other legally available funds appropriated by the General Assembly.
- (3) A request that the Governor include in his budget to be delivered to the next session of the General Assembly a provision that the balance remaining in the U.S. Route 58 Corridor Development Fund, after the appropriation, if any, described in paragraph (2) above is made, be appropriated for Costs of the U.S. Route 58 Program.

The Transportation Board will use its best efforts to have (i) the Governor include in each biennial or any supplemental budget he presents to the General Assembly the amounts so requested and (ii) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

The Treasury Board will use its best efforts to have (i) the Governor include in each biennial or any supplemental budget he presents to the General Assembly the amounts described in section (2) above and (ii) the General Assembly appropriate such amounts.

The Commonwealth's budgetary process, to which the U.S. Route 58 Payment Agreement provisions relate, is described in the subsection "*Budgetary Process*" within the section "*Financial Factors*" in Appendix B, "*Commonwealth of Virginia, Financial and Other Information.*"

The Transportation Board will provide to the Treasury Board, by May 1 and November 1 of each year, all requisitions and documents and take all actions necessary to have paid to the Treasury Board (1) from the U.S. Route 58 Corridor Development Fund, (2) to the extent required, from other legally available funds in the Transportation Trust Fund, and (3) to the extent required, from other legally available funds appropriated by the General Assembly, all amounts due under the U.S. Route 58 Payment Agreement for the payment of principal and interest payments due under the U.S. Route 58 Trust Agreement, and to request the Treasury Board to make such payments to the Trustee. The Transportation Board will take all action necessary to have such payments which are made from the U.S. Route 58 Corridor Development Fund, other legally available funds in the Transportation Trust Fund and other legally available funds charged against the proper appropriation made by the General Assembly.

The Treasury Board will use its best efforts to obtain by May 1, and November 1 of each year the appropriate requisitions and documents needed from the Transportation Board to make all payments due under the U.S. Route 58 Trust Agreement to the Trustee. The Treasury Board will make all principal and interest payments on the U.S. Route 58 Bonds to the Trustee solely from amounts available to it for such purpose.

So long as treasury loans are authorized by Virginia Code Section 33.2-1701 or any successor provision, the Secretary of Finance has agreed in the Payment Agreement that, if there is appropriated in any Fiscal Year to the U.S. Route 58 Corridor Development Fund, all or any portion of the amount set forth in Virginia Code Section 33.2-2300, or any successor provision, he will authorize and cause to be made a treasury loan from the general fund of the Commonwealth in an amount not less than the debt service due on the U.S. Route 58 Bonds in such Fiscal Year to the U.S. Route 58 Corridor Development Fund (or such lesser amount equal to the amount appropriated to such fund) on the first day of such Fiscal Year or as soon thereafter as the appropriation is made.

The Trustee is a third party beneficiary of the U.S. Route 58 Payment Agreement and is entitled to enforce, on behalf of the holders of the U.S. Route 58 Bonds, all of the obligations of the Transportation Board and the obligations and the rights of the parties thereto to the same extent as if the Trustee were one of the contracting parties.

CERTAIN LEGAL MATTERS

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

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

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 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 for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above 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 Bonds. Failure to comply with such requirements could cause interest on the 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 Bonds.

Bond Counsel is also of the opinion that, under existing statutes of the Commonwealth, interest on the Bonds, their transfer and income from them and any profit made on their sale, are exempt from taxation by the Commonwealth and its political subdivisions.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount 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 Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized 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 Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount 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 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 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 Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount 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 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium 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 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 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 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 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 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 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 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 such as the Bonds 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 Bonds. If an audit is commenced, under current procedures the Internal Revenue Service may treat the Transportation Board as the issuer of the Bonds as a taxpayer, and the registered owners of the 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 Bonds until the audit is concluded, regardless of the ultimate outcome.

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 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds 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 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 Bonds or the market value thereof would be impacted thereby. Purchasers of the 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 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 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

LEGALITY FOR INVESTMENT

The U.S. Route 58 Bond Legislation provides that the Bonds are securities in which all public officers and bodies of the Commonwealth and its political subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees and other fiduciaries in the Commonwealth may properly and legally invest funds under their control.

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

LITIGATION

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

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

CERTIFICATE CONCERNING OFFICIAL STATEMENT

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

CONTINUING DISCLOSURE

Rule 15c2-12 in General

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

Transportation Board Continuing Disclosure

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

Commonwealth Continuing Disclosure

The Commonwealth, which the Transportation Board has determined to be a MOP for purposes of Rule 15c2-12, will covenant in a Continuing Disclosure Agreement, in substantially the form set forth in Appendix E, to be executed prior to the issuance of the Bonds for the benefit of the holders of the Bonds, to provide to the MSRB Annual Reports with respect to the Commonwealth. Similarly, the State Treasurer will provide Event Notices to the MSRB on rating changes with respect to the Commonwealth's general obligation bonds.

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

More generally, the Commonwealth is aware that, notwithstanding timely and accurate filings of its annual financial information and event notices, certain filings made by the Commonwealth and related bond issuing authorities have from time to time not remained linked to all of the pertinent Commonwealth-related CUSIP numbers on the EMMA System. Such de-linkage issues may be related to the frequent refunding and partial refunding of specific bond maturities and the splitting of pre-refunded and unrefunded maturities into different CUSIPs. When the Commonwealth has become aware of such CUSIP linkage issues, either as a result of its own review or otherwise, the Commonwealth has worked promptly to remediate and re-link the particular filings to the pertinent CUSIPs

RATINGS

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

SALE AT COMPETITIVE BIDDING

The Bonds will be offered for sale at competitive bidding on [June 7, 2023]*, unless changed as described in the Notice of Sale contained in Appendix G to this Official Statement. After the Bonds have been awarded, the Transportation Board will deem the Official Statement final as of its date, and the Official Statement as so completed will be a final official statement within the meaning of Rule 15c2-12 (the "Final Official Statement"). The Final Official Statement will include, among other matters, the identity of the winning bidder and the managers of the syndicate, if any, submitting the winning bid (the "Underwriter"), the expected selling compensation to the Underwriter of the Bonds and other information on the interest rates and offering prices or yields of the Bonds, as supplied by the Underwriter. See Appendix G, "*Notice of Sale.*"

FINANCIAL ADVISOR

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

RELATIONSHIP OF PARTIES

Kutak Rock LLP, Richmond, Virginia, Bond Counsel, represents U.S. Bank Trust Company, National Association, the trustee, from time to time, in matters unrelated to the Bonds.

MISCELLANEOUS

The references in this Preliminary Official Statement to the U.S. Route 58 Trust Agreement, the U.S. Route 58 Payment Agreement, and other documents are brief outlines of certain of their provisions. These outlines do not purport to be complete and reference is made to such documents, copies of which will be furnished by the Transportation Board, upon request made to Laura Farmer, Chief Financial Officer, Virginia Department of Transportation, 1401 East Broad Street, Richmond, Virginia 23219 (telephone: 804-786-3096).

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

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

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

The execution and delivery of this Preliminary Official Statement has been duly authorized by the Transportation Board.

COMMONWEALTH TRANSPORTATION BOARD

* Preliminary, subject to change.

By: _____
Chairperson

COMMONWEALTH OF VIRGINIA

**FINANCIAL STATEMENTS OF THE COMMONWEALTH
FOR THE YEAR ENDED JUNE 30, 2022**

COMMONWEALTH OF VIRGINIA

**FINANCIAL AND OTHER
INFORMATION**

COMMONWEALTH OF VIRGINIA

**DEMOGRAPHIC AND ECONOMIC
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BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

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

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records, as applicable. 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, as applicable, through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such Bonds to be redeemed.

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

Because DTC is treated as the owner of the Bonds for substantially all purposes under the Indenture, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Transportation Board, the Commonwealth or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

Principal, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Transportation Board or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the Transportation Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Transportation Board or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

The Transportation Board and the Commonwealth can give no assurances that Direct Participants or Indirect Participants, or both, will promptly transfer payment to Beneficial Owners.

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Transportation Board or the Trustee. Under such circumstances, in the event that a successor securities 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

The Transportation Board and the Trustee have no responsibility or obligation to the Direct Participants, Indirect Participants, the Beneficial Owners, or any combination of the foregoing, with respect to (a) the accuracy or the maintenance of any records maintained by DTC, any Direct Participant or any Indirect Participant; (b) the payment by any Direct Participant or any Indirect Participant of an amount due to a Beneficial Owner with respect to the principal of, premium, and interest on the Bonds or the sending of any transaction statements; (c) the delivery or timeliness of delivery by DTC or any Direct Participant 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 bondholders; (d) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Bonds; or (e) other action taken by DTC or Cede & Co. as Bondholder of the Bonds, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

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

NOTICE OF SALE

EIGHTEENTH SUPPLEMENTAL AGREEMENT OF TRUST

between

COMMONWEALTH TRANSPORTATION BOARD

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
(successor in interest to First Union National Bank),
as Trustee**

Dated as of [June 1], 2023

**Authorizing the Issuance of \$ _____
Commonwealth of Virginia Transportation Revenue Bonds,
Series 2023 (U.S. Route 58 Corridor Development Program)**

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EXHIBIT B - Supplemental Agreements of Trust and Parity Bonds

This **EIGHTEENTH SUPPLEMENTAL AGREEMENT OF TRUST** dated as of [June 1], 2023, between the **COMMONWEALTH TRANSPORTATION BOARD** (the "Board") and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as successor trustee (in such capacity, together with any successor in such capacity, herein called the "Trustee") provides as follows:

WITNESSETH:

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

WHEREAS, the General Assembly has declared its intent in Section 33.2-2301 of the Virginia Code that there shall be developed an adequate, modern, safe and efficient highway system generally along Virginia's southern border through the U.S. Route 58 Corridor Development Program (the "Program");

WHEREAS, Chapters 8 and 12 of the Acts of Assembly of 1989, Special Session II, as amended by Chapter 538 of the Acts of Assembly of 1999 and Chapter 296 of the Acts of Assembly of 2013, Regular Session, and as amended and reenacted by Chapter 1230 of the Acts of Assembly of 2020, Regular Session, authorized the Board, by and with the consent of the Governor, to issue pursuant to the provisions of the State Revenue Bond Act, at one time or from time to time, Commonwealth of Virginia Transportation Revenue Bonds in an aggregate principal amount not exceeding \$1,300,000,000 to finance the costs of the Program plus an amount for issuance costs, reserve funds and other financing expenses;

WHEREAS, the General Assembly, in Section 33.2-2300 of the Virginia Code, established the U.S. Route 58 Corridor Development Fund (the "U.S. Route 58 Development Fund"), a special non-reverting fund as part of the Transportation Trust Fund, consisting of a specified amount of the annual collections from the Commonwealth Transportation Fund pursuant to Section 33.2-1524 of the Virginia Code, such other funds as may be appropriated by the General Assembly and designated for the U.S. Route 58 Development Fund and all interest, dividends and appreciation that may accrue thereto;

WHEREAS, the funds on deposit in the U.S. Route 58 Development Fund may be used to finance costs related to the Program, including payments of debt service on Commonwealth of Virginia Transportation Revenue Bonds;

WHEREAS, the Board and a predecessor in interest to the Trustee entered into a Master Agreement of Trust dated as of November 1, 1989, as amended (the "Master Trust Agreement"), supplemented by the supplemental agreements of trust listed on Exhibit B (each a "Supplemental Trust Agreement"), and pursuant to which the Board issued the bonds listed on Exhibit B (collectively, the "Parity Bonds");

WHEREAS, the Board is not in default under the Master Trust Agreement as amended and supplemented by each such aforementioned Supplemental Trust Agreement (collectively, the "Agreement") or in payment of the principal of or interest on the Parity Bonds;

WHEREAS, within the limitations of and in compliance with the Agreement, the Board is authorized to issue additional bonds ("Additional Bonds"), secured on parity with the Parity Bonds to the extent provided in the Agreement, to pay Costs of all or any portion of the Program;

WHEREAS, the Board has determined to issue a series of Additional Bonds under the Agreement the proceeds of which shall be used to pay Costs of the Program and to pay costs of issuance of such Additional Bonds;

WHEREAS, the Master Trust Agreement provides that, in connection with the issuance of Additional Bonds, the Board shall execute and deliver to the Trustee a supplemental agreement authorizing the issuance of such Additional Bonds and setting forth the provisions thereof; and

WHEREAS, the Board has taken all necessary action to make its Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program) (the "Series 2023 Bonds"), when authenticated by the Trustee and issued by the Board, valid and binding limited obligations of the Board and to constitute this Eighteenth Supplemental Agreement a valid and binding agreement authorizing and providing for the details of the Series 2023 Bonds as a series of Additional Bonds.

NOW, THEREFORE, THIS EIGHTEENTH SUPPLEMENTAL AGREEMENT WITNESSETH that the Board does covenant and agree with the Trustee and with the respective Holders (as defined in the Master Trust Agreement), from time to time, of the outstanding Parity Bonds and Series 2023 Bonds, as follows:

ARTICLE I EIGHTEENTH SUPPLEMENTAL AGREEMENT

Section 101 Authorization of Supplemental Agreement. This Eighteenth Supplemental Agreement is authorized and executed by the Board and delivered to the Trustee pursuant to and in accordance with Articles III and XI of the Master Trust Agreement. All covenants, conditions and agreements of the Agreement shall apply with full force and effect to the Series 2023 Bonds and to the Holders thereof, except as otherwise provided herein.

Section 102 Definitions. Except as otherwise defined herein, terms defined in the Agreement are used in this Eighteenth Supplemental Agreement with the meanings assigned to them in the Agreement. In addition, the following terms shall have the following meanings:

"Closing Date" means [June __], 2023, the date of the issuance and delivery of the Series 2023 Bonds.

"Eighteenth Supplemental Agreement" means this Eighteenth Supplemental Agreement of Trust between the Board and the Trustee, which supplements the Agreement.

"Securities Depository" means, with respect to the Series 2023 Bonds, The Depository Trust Company, a corporation organized and existing under the laws of the State of New York, and any other securities depository for the Series 2023 Bonds appointed pursuant to Section 203, and their successors.

"Series 2023 Bonds" means the \$_____ Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program), authorized to be issued by Section 201.

"Series 2023 Tax Compliance Agreement" means the Federal Tax Certificate and Compliance Agreement relating to the Series 2023 Bonds.

Section 103 Reference to Articles and Sections. Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Eighteenth Supplemental Agreement.

**ARTICLE II
AUTHORIZATION, DETAILS AND FORM OF SERIES 2023 BONDS**

Section 201 Authorization of Series 2023 Bonds. There are authorized to be issued as Additional Bonds pursuant to Article III of the Master Trust Agreement a series of transportation revenue bonds of the Board in the aggregate principal amount of \$_____ which shall be designated "Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program)" to provide funds to pay Costs of the Program and pay costs of issuance of the Series 2023 Bonds.

Section 202 Details of Series 2023 Bonds. (a) The Series 2023 Bonds shall be dated the Closing Date, shall be issued only as registered bonds in denominations of \$5,000 or multiples thereof, shall be numbered R-1 upward, shall bear interest at rates per year (calculated on the basis of a 360-day year composed of 12 months of 30 days each), payable semiannually on each _____ and _____, commencing _____, 202__, and shall mature in installments on May 15 in years and amounts at such rates, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		

2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044

Each Series 2023 Bond shall bear interest from its date. If any principal of or interest on any Series 2023 Bond is not paid when due (whether at maturity, by acceleration or call for redemption or otherwise), the overdue installments of principal shall bear interest until paid at the same rate set forth in such Series 2023 Bond.

(b) Principal of the Series 2023 Bonds shall be payable to the Holders thereof upon the surrender of such Bonds at a corporate trust operation office designated by the Trustee. Interest on the Series 2023 Bonds shall be payable by check or draft mailed to the Holders thereof at their addresses as they appear on the registration books kept by the Trustee (on the first day of the month in which the interest payment date occurs) or, upon written request of a Holder of more than \$1,000,000 principal amount of Series 2023 Bonds, by wire transfer to such Holder's account as set forth on such request.

(c) Except as otherwise provided herein, the Series 2023 Bonds shall be payable, executed, authenticated, registered, exchangeable and secured, all as set forth in the Agreement.

Section 203 Securities Depository Provisions. (a) Initially, one bond certificate for each maturity of the Series 2023 Bonds will be issued and registered to the Securities Depository, or its nominee. The Board and the Trustee have entered into a Letter of Representations relating to a book-entry system to be maintained by the Securities Depository with respect to the Series 2023 Bonds.

(b) In the event that (i) the Securities Depository determines not to continue to act as a securities depository for the Series 2023 Bonds by giving notice to the Trustee and the Board discharging its responsibilities hereunder, or (ii) the Board in its sole discretion determines (A) that beneficial owners of Series 2023 Bonds shall be able to obtain certificated Series 2023 Bonds or (B) to select a new Securities Depository, then the Trustee shall, at the direction of the

Board, attempt to locate another qualified securities depository to serve as Securities Depository or authenticate and deliver certificated Series 2023 Bonds to the beneficial owners or to the Securities Depository participants on behalf of beneficial owners substantially in the form provided for in Section 204; provided, however, that such form shall provide for interest on the Bonds to be payable (x) from the Closing Date, if it is authenticated prior to _____, 202__, or (y) otherwise from the _____ or _____ that is, or immediately precedes, the date on which it is authenticated (unless payment of interest thereon is in default, in which case interest on such Bonds shall be payable from the date to which interest has been paid). In delivering certificated Series 2023 Bonds, the Trustee shall be entitled to rely on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository participants acting on behalf of beneficial owners. Such certificated Series 2023 Bonds will then be registrable, transferable and exchangeable as set forth in Section 204 of the Master Trust Agreement.

(c) So long as there is a Securities Depository for the Series 2023 Bonds (i) it or its nominee shall be the registered owner of the Series 2023 Bonds, (ii) notwithstanding anything to the contrary in the Agreement, determinations of persons entitled to payment of principal and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository, (iii) the Board and the Trustee shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants, (iv) references in the Agreement to registered owners of the Series 2023 Bonds shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Series 2023 Bonds, and (v) in the event of any inconsistency between the provisions of the Agreement and the provisions of the Letter of Representations such provisions of the Letter of Representations, except to the extent set forth in this paragraph and the next preceding paragraph, shall control.

Section 204 Form of Series 2023 Bonds. The Series 2023 Bonds shall be in substantially the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Agreement and this Eighteenth Supplemental Agreement. There may be endorsed on the Series 2023 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 205 Delivery of Series 2023 Bonds. The Trustee shall authenticate and deliver the Series 2023 Bonds when there have been filed with or delivered to it all items required by Section 303 of the Master Trust Agreement.

ARTICLE III REDEMPTION OF SERIES 2023 BONDS

Section 301 Redemption Dates and Prices. The Series 2023 Bonds may not be called for redemption by the Board except as provided in this Article.

Section 302 Optional Redemption. (a) The Series 2023 Bonds maturing on or before _____, 20__, shall not be subject to redemption at the Board's option before their respective maturity dates.

(b) The Series 2023 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 303 [Mandatory Redemption] (a) The Series 2023 Bonds maturing on _____, 20__, are required to be redeemed in part before maturity by the Board on _____ in the years and the amounts shown below, at a redemption price equal to 100% of the principal amount of the Series 2023 Bonds to be redeemed, plus interest accrued to the date fixed for redemption:

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

(final maturity)

(b) The Board will receive a credit for payments required to be made on any mandatory sinking fund redemption date in an amount equal to the principal amount of the Series 2023 Bonds subject to mandatory sinking fund redemption on such date that have been redeemed (otherwise than by mandatory sinking fund redemption) before such mandatory sinking fund redemption date or purchased by the Board or by anyone acting on behalf of the Board and delivered to the Trustee for cancellation at least 60 days before such date; provided, however, that the principal amount of the Series 2023 Bonds has not previously been applied as a credit against any mandatory sinking fund redemption payment.

(c) Mandatory redemption of the Series 2023 Bonds pursuant to this Section 303 shall not require the Board or an Authorized Representative of the Board to provide notice of the pending redemption to the Trustee.]

Section 304 Selection of Series 2023 Bonds for Redemption. If less than all of the Series 2023 Bonds are called for optional redemption, the maturities of the Series 2023 Bonds to be redeemed will be called in such order as the Board may determine.

Section 305 Notice of Redemption. (a) When (i) required to redeem Series 2023 Bonds under any provision of the Master Trust Agreement or this Eighteenth Supplemental Agreement or (ii) directed to do so by an Authorized Representative of the Board in writing at least 45 days before the date fixed for redemption, the Trustee shall cause notice of the redemption to be mailed by first class mail, not less than 30 nor more than 60 days before the redemption date, to all Holders of Series 2023 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 Holders shall not

affect the validity of the redemption with respect to any Holders to whom such notice was properly mailed.

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

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

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

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

Section 306 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 Series 2023 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 Series 2023 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 Trust Agreement and this Eighteenth Supplemental Agreement and shall not be deemed to be Outstanding under the provisions of the Master Trust Agreement and this Eighteenth Supplemental Agreement.

(b) The Trustee shall ensure that CUSIP number identification accompanies all redemption payments on the Series 2023 Bonds.

ARTICLE IV ESTABLISHMENT OF SERIES 2023 COSTS OF ISSUANCE ACCOUNT; PROCEEDS OF SERIES 2023 BONDS

Section 401 Series 2023 Costs of Issuance Account. There is established in the Bond Fund pursuant to Sections 305(a)(1) and 604 of the Master Trust Agreement the "Series 2023 Costs of Issuance Account" to be held by the Trustee. The Trustee shall use the money in the Series 2023 Costs of Issuance Account to pay or to reimburse the Board for its payment of the issuance costs and other financing expenses of the Series 2023 Bonds. Money in the Series 2023 Costs of Issuance Account may be invested by the Trustee, as directed by the State Treasurer after consultation with an Authorized Representative of the Board, in any investments in which money in the Bond Fund may be invested with a maturity not later than the date on which such money may be needed to pay the above-described costs and expenses, but in no event later than

[_____], 2023. Any money, including investment earnings, remaining in the Series 2023 Costs of Issuance Account after the earlier to occur of the date all such costs and expenses are paid or [_____], 2023, shall be transferred by the Trustee, upon receipt of a requisition signed by an Authorized Representative of the Board, to the Interest Account in the Bond Fund and credited against amounts required to be deposited therein for the payment of interest on the Series 2023 Bonds on or before the next succeeding Payment Date.

Section 402 Use of Proceeds of Series 2023 Bonds. The proceeds of the sale of the Series 2023 Bonds of \$ _____ shall be paid to the State Treasurer, delivered by the State Treasurer to the Trustee and deposited by the Trustee simultaneously with the delivery of the Series 2023 Bonds as follows:

(a) the sum of \$ _____ shall be deposited in the Construction Fund to be invested and used by the Trustee for the purpose of paying the Costs of the Program and issuance expenses for the Series 2023 Bonds and

(b) the balance of the proceeds (\$ _____) shall be deposited in the Series 2023 Costs of Issuance Account.

ARTICLE V SECURITY FOR SERIES 2023 BONDS

Section 501 Security for Series 2023 Bonds. The Series 2023 Bonds shall be issued pursuant to the Agreement and shall be equally and ratably secured under the Agreement with the Outstanding Parity Bonds and any other series of Bonds issued pursuant to Article III of the Master Trust Agreement, without preference, priority or distinction of any Bonds over any other Bonds, as provided in the Agreement.

ARTICLE VI TAX COVENANTS

Section 601 Tax Covenants. (a) The Board agrees that it 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 Series 2023 Bonds under Section 103 of the Code. The Board agrees that it will not directly or indirectly use or permit the use of any proceeds of the Series 2023 Bonds or any other funds of the Board or take or omit to take any action that would cause the Series 2023 Bonds to be "arbitrage bonds" under Section 148(a) of the Code. To these ends, the Board will comply with all requirements of Sections 141 through 150 of the Code, including the rebate requirement of Section 148(f), to the extent applicable to the Series 2023 Bonds.

(b) Without limiting the generality of the foregoing, the Board agrees that (i) it will not directly or indirectly use or permit the investment or use of the proceeds of the Series 2023 Bonds except in accordance with the Series 2023 Tax Compliance Agreement and (ii) insofar as the Series 2023 Tax Compliance Agreement imposes duties and responsibilities on the Board, the Series 2023 Tax Compliance Agreement is specifically incorporated by reference into this Section.

(c) The Trustee agrees to comply with all instructions of the Board given in accordance with the Series 2023 Tax Compliance Agreement, but the Trustee shall not be required to ascertain that the instructions comply with the Series 2023 Tax Compliance Agreement. The Trustee shall be entitled to receive and may request from time to time from the Board written instructions from nationally-recognized bond counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Code, and the Trustee agrees that it will 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 shall provide to the Trustee an opinion of nationally-recognized 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 Series 2023 Bonds under Section 103 of the Code, the Board and the Trustee may rely conclusively on such opinion in complying with the provisions of this Section.

ARTICLE VII MISCELLANEOUS

Section 701 Limitation of Rights. With the exception of the rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Eighteenth Supplemental Agreement is intended or shall be construed to give any person other than the parties hereto and the Holders of the Series 2023 Bonds any legal or equitable right, remedy or claim under or in respect to this Eighteenth Supplemental Agreement or any covenant, condition and agreement herein contained; this Eighteenth Supplemental Agreement and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Series 2023 Bonds as herein provided.

Section 702 Limitation of Liability of Members, etc., of Board. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member, officer, employee or agent of the Board or the Virginia Department of Transportation in his individual capacity, and neither the members of the Board nor any officer thereof executing the Series 2023 Bonds shall be liable personally on the Series 2023 Bonds or be subject to any personal liability or accountability by reason of issuance thereof. No member, officer, employee, agent or advisor of the Board or the Virginia Department of Transportation shall incur any personal liability with respect to any other action taken by him pursuant to the Agreement, provided such member, officer, employee, agent or advisor acts in good faith.

Section 703 Successors and Assigns. This Eighteenth Supplemental Agreement shall be binding upon, inure to the benefit of and be enforceable by the Board and its successors and by the Trustee and its successors and assigns.

Section 704 Severability. If any provision of this Eighteenth Supplemental Agreement shall be held illegal or invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Eighteenth Supplemental Agreement shall be construed and enforced as if such illegal provision had not been contained.

Section 705 Applicable Law. This Eighteenth Supplemental Agreement shall be governed by the applicable laws of the Commonwealth.

Section 706 Counterparts. This Eighteenth Supplemental Agreement 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.

Section 707 Patriot Act. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity the Trustee will ask for documentation to verify its formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[Signature Page Follows]

IN WITNESS WHEREOF, the Board and the Trustee have signed this Eighteenth Supplemental Agreement by their duly authorized officers, all as of the date first above written.

**COMMONWEALTH TRANSPORTATION
BOARD**

By: _____
Name: W. Sheppard Miller, III
Title: Chairperson

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

By: _____
Name: Stephanie E. Haysley
Title: Vice President

REGISTERED

R-_____

\$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

COMMONWEALTH TRANSPORTATION BOARD

Commonwealth of Virginia Transportation Revenue Bond

Series 2023

(U.S. Route 58 Corridor Development Program)

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	_____, 20__	[June __], 2023	927793 __

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS (\$)

The Commonwealth Transportation Board (the "Board"), for value received, hereby promises to pay upon surrender hereof at the corporate trust operations office designated by U.S. Bank Trust Company, National Association, Richmond, Virginia (the "Trustee"), solely from the sources and as hereinafter provided, to the registered owner hereof (the "Holder"), or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, and to pay, solely from such sources, interest hereon semiannually on each _____ and _____, beginning _____, 202__, at the annual rate stated above (calculated on the basis of a 360-day year composed of 12 months of 30 days each). Interest is payable by check or draft mailed to the Holder at his address as it appears, on the first day of the month in which the interest payment date occurs, on registration books kept by the Trustee. Notwithstanding the foregoing, if (a) the Holder owns at least \$1,000,000 in aggregate principal amount of Series 2023 Bonds, as herein defined, and (b) such Holder has provided satisfactory prior notice of a wire transfer address to the Trustee, then interest shall be paid by wire transfer. Principal and interest are payable in lawful money of the United States of America.

Notwithstanding any other provision hereof, this Series 2023 Bond is subject to a book entry system maintained by The Depository Trust Company ("DTC") and the payment of principal and interest, the providing of notices and other matters will be made as described in the Board's Letter of Representations to DTC.

This Bond is one of an issue of \$_____ Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program) (the "Series 2023 Bonds"), of like date and tenor, except as to number, denomination, rate of interest, and maturity. The Series 2023 Bonds are authorized pursuant to the State Revenue Bond Act and the U.S. Route 58 Commonwealth of Virginia Transportation Revenue Bond Act of 1989 (Chapters 8 and 12 of the Acts of Assembly of 1989, Special Session II) as amended by Chapter 538 of the Acts of Assembly, 1999 Session and Chapter 296 of the Acts of Assembly of 2013, Regular Session, and as amended and reenacted by Chapter 1230 of the Acts of Assembly of 2020, Regular Session, to provide funds to finance costs related to the U.S. Route 58 Corridor Development Program as described in Section 33.2-2301 of the Code of Virginia of 1950, as amended, and to pay costs of issuance of the Series 2023 Bonds.

This Series 2023 Bond and the interest hereon are limited obligations of the Board and are payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly, or allocated by the Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly ("Revenues"), (a) from the U.S. Route 58 Corridor Development Fund (the "U.S. Route 58 Development Fund"), a fund within the Transportation Trust Fund (the "Trust Fund"), (b) to the extent required, other revenues legally available from the Trust Fund, and (c) to the extent required, from other legally available funds, and from moneys in certain funds established under the Trust Agreement, as hereinafter defined. This Series 2023 Bond and the interest hereon shall not constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof.

The Board, the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") and the Secretary of Finance of the Commonwealth of Virginia entered into a Payment Agreement dated as of November 1, 1989 (the "Payment Agreement"), providing, among other things, that the Board and the Treasury Board will request the Governor to include in his budget to be delivered to the General Assembly a provision that it appropriate sufficient revenues, receipts and funds for the payment of principal of and interest on the Series 2023 Bonds. The Payment Agreement provides for the Transportation Board to take all action necessary to have paid to the Treasury Board, and for the Treasury Board to pay to the Trustee amounts sufficient to pay principal of and interest on the Series 2023 Bonds; provided, however, that the obligation of the Treasury Board to make such payments is subject to and dependent on annual or biennial appropriations being made by the General Assembly, which is not obligated to make such appropriations. The Trustee is a third party beneficiary of the Payment Agreement and is entitled to enforce, on behalf of the Holders of the Series 2023 Bonds, all of the obligations and rights of the parties thereunder. Upon appropriation or allocation of Revenues, such Revenues are pledged to the payment of the Series 2023 Bonds.

The Series 2023 Bonds are issued under a Master Agreement of Trust dated as of November 1, 1989, as previously supplemented and amended (the "Master Trust Agreement") and as further supplemented by a Eighteenth Supplemental Agreement of Trust dated as of [June 1], 2023 (the "Eighteenth Supplemental Agreement" and collectively, with the Master Trust Agreement, the "Trust Agreement"), each between the Board and the Trustee. Unless otherwise defined, each capitalized term used herein shall have the meaning given it in the Trust Agreement.

The Series 2023 Bonds are secured on parity with certain Outstanding Bonds authorized and issued by the Board pursuant to the Trust Agreement. Reference is made to the Trust Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Board, the rights of the Holders of the Series 2023 Bonds and the other Outstanding Bonds and the terms upon which the Series 2023 Bonds and the other Outstanding Bonds are issued and secured. Additional bonds ranking equally with the Series 2023 Bonds and the other Outstanding Bonds may be issued on the terms provided in the Trust Agreement.

The Series 2023 Bonds may not be called for redemption except as provided in the Trust Agreement and as described in the succeeding numbered paragraphs.

The Series 2023 Bonds maturing on or before _____, 20__, shall not be subject to redemption at the Board's option before their respective maturity dates.

The Series 2023 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.

[The Series 2023 Bonds maturing on _____, 20__, are required to be redeemed in part before maturity by the Board on _____ in the years and the amounts shown below, at a redemption price equal to 100% of the principal amount of the Series 2023 Bonds to be redeemed, plus interest accrued to the date fixed for redemption:

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

The Board will receive a credit for payments required to be made on any mandatory sinking fund redemption date in an amount equal to the principal amount of the Series 2023 Bonds subject to mandatory sinking fund redemption on such date that have been redeemed (otherwise than by mandatory sinking fund redemption) before such mandatory sinking fund redemption date or purchased by the Board or by anyone acting on behalf of the Board and delivered to the Trustee for cancellation at least 60 days before such date; provided, however, that the principal amount of the Series 2023 Bonds has not previously been applied as a credit against any mandatory sinking fund redemption payment.

Mandatory redemption of the Series 2023 Bonds shall not require the Board or an Authorized Representative of the Board to provide notice of the pending redemption to the Trustee.]

If less than all of the Series 2023 Bonds are called for optional redemption, the maturities of the Series 2023 Bonds to be redeemed will be called in such order as the Board may determine.

When (i) required to redeem Series 2023 Bonds under any provision of the Master Trust Agreement or the Eighteenth Supplemental Agreement or (ii) directed to do so by an Authorized Representative of the Board in writing at least 45 days before the date fixed for redemption, the Trustee will cause notice of the redemption to be mailed by first class mail, not less than 30 nor more than 60 days before the redemption date, to all Holders of Series 2023 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 Holders shall not affect the validity of the redemption with respect to any Holders to whom such notice was properly mailed.

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.

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

On or before the date fixed for redemption, funds shall be deposited with the Trustee to pay the redemption price of the Series 2023 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 Series 2023 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 Trust Agreement and the Eighteenth Supplemental Agreement and shall not be deemed to be Outstanding under the provisions of the Master Trust Agreement and the Eighteenth Supplemental Agreement.

The Holder shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Trust Agreement or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement. Modifications or alterations of the Trust Agreement, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Trust Agreement.

The Series 2023 Bonds are issuable as registered bonds in denominations of \$5,000 or integral multiples thereof. Upon surrender for transfer or exchange of this Series 2023 Bond at the principal corporate trust office of the Trustee, together with an assignment duly executed by the Holder or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the Board shall execute, and the Trustee shall authenticate and deliver in exchange, a new Series 2023 Bond or Series 2023 Bonds in the manner and subject to the limitations and conditions provided in the Trust Agreement, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at

the same rate, and registered in the name or names as requested by the then registered owner hereof or his duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Board, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the Holder as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the Holder, except that interest payments shall be made to the person shown as Holder on the first day of the month in which the interest payment date occurs.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2023 Bond have happened, exist and have been performed.

This Series 2023 Bond shall not be valid or be entitled to any security or benefit under the Trust Agreement until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

[Signature Page Follows]

IN WITNESS WHEREOF, the Commonwealth Transportation Board has caused this Series 2023 Bond to be signed by the original signature of its Chairperson, an original of its seal to be printed on it and attested by the original signature of its Assistant Secretary, and this Bond to be dated the Dated Date.

(SEAL)

**COMMONWEALTH TRANSPORTATION
BOARD**

By: _____
Name: W. Sheppard Miller, III
Title: Chairperson

ATTEST:

By: _____
Name: Carol Mathis
Title: Assistant Secretary

[Signature Page of Series 2023 Bond]

CERTIFICATE OF AUTHENTICATION

This Series 2023 Bond is one of the Series 2023 Bonds described in the within-mentioned Trust Agreement.

Date Authenticated: [June ____], 2023

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____

Name: Stephanie E. Haysley

Title: Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL
SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or type Name and Address, including postal zip code of Transferee)

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing
_____, Attorney to transfer said Bond
on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____
_____ Registered Owner

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guarantee
The signature of the transferor of this Bond must be guaranteed by an institution participating in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date

EXHIBIT B**SUPPLEMENTAL AGREEMENTS OF TRUST AND PARITY BONDS**

<u>Supplemental Agreement of Trust</u>	<u>Name of Bonds Issued</u>
First Supplemental Agreement of Trust dated as of November 1, 1989	\$200,000,000 Commonwealth of Virginia Transportation Revenue Bonds, Series 1989 (U.S. Route 58 Corridor Development Program)
Second Supplemental Agreement of Trust dated as of May 15, 1993	\$91,455,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 1993A (U.S. Route 58 Corridor Development Program)
Third Supplemental Agreement of Trust dated as of June 1, 1993	\$98,715,000 Commonwealth of Virginia Transportation Revenue Bonds, Series 1993B (U.S. Route 58 Corridor Development Program)
Fourth Supplemental Agreement of Trust dated as of November 1, 1996	\$114,285,000 Commonwealth of Virginia Transportation Revenue Bonds, Series 1996B (U.S. Route 58 Corridor Development Program)
Fifth Supplemental Agreement of Trust dated as of October 1, 1997	\$96,060,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 1997C (U.S. Route 58 Corridor Development Program)
Sixth Supplemental Agreement of Trust dated as of November 15, 1999	\$204,945,000 Commonwealth of Virginia Transportation Revenue Bonds, Series 1999B (U.S. Route 58 Corridor Development Program)
Seventh Supplemental Agreement of Trust dated as of September 1, 2001	\$102,165,000 Commonwealth of Virginia Transportation Revenue Bonds, Series 2001B (U.S. Route 58 Corridor Development Program)
Eighth Supplemental Agreement of Trust dated as of November 1, 2002	\$70,670,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2002B (U.S. Route 58 Corridor Development Program),
Ninth Supplemental Agreement of Trust dated as of April 1, 2003	\$66,255,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2003A (U.S. Route 58 Corridor Development Program)
Tenth Supplemental Agreement of Trust dated as of November 1, 2004	\$232,260,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2004B (U.S. Route 58 Corridor Development Program)
Eleventh Supplemental Agreement of Trust dated as of May 1, 2006	\$63,460,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2006C (U.S. Route 58 Corridor Development Program)

**Supplemental Agreement of
Trust**

Name of Bonds Issued

Twelfth Supplemental Agreement of Trust dated as of February 1, 2007	\$83,955,000 Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2007B (U.S. Route 58 Corridor Development Program)
Thirteenth Supplemental Agreement of Trust dated as of February 1, 2012	\$37,700,000 Transportation Revenue Refunding Bonds, Series 2012B (U.S. Route 58 Corridor Development Program)
Fourteenth Supplemental Agreement of Trust dated as of February 1, 2014	\$143,390,000 Transportation Revenue Refunding Bonds, Series 2014B (U.S. Route 58 Corridor Development Program)
Fifteenth Supplemental Agreement of Trust dated as of February 1, 2016	\$51,855,000 Transportation Revenue Refunding Bonds, Series 2016C (U.S. Route 58 Corridor Development Program)
Sixteenth Supplemental Agreement of Trust dated as of May 1, 2017	\$26,655,000 Transportation Revenue Refunding Bonds, Series 2017B (U.S. Route 58 Corridor Development Program)
Seventeenth Supplemental Agreement of Trust dated as of April 1, 2022	\$119,510,000 Transportation Revenue Bonds, Series 2022 (U.S. Route 58 Corridor Development Program)

**CONTINUING DISCLOSURE AGREEMENT
OF THE COMMONWEALTH TRANSPORTATION BOARD**

This Continuing Disclosure Agreement (this "Disclosure Agreement") is dated _____, 2023 (the "Closing Date"), and is executed and delivered by the Commonwealth Transportation Board (the "Transportation Board") of the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Transportation Board of its \$_____ Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program) (the "Bonds") pursuant to the provisions of a Master Agreement of Trust dated as of November 1, 1989, as supplemented (the "Trust Agreement,") entered into between the Transportation Board and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee").

The proceeds of the Bonds are being used by the Transportation Board to (i) finance the costs of the Program (as defined in Trust Agreement) and (ii) pay the costs of issuing the Bonds.

The Transportation Board hereby covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions used for purposes of the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

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

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

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

"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 June __, 2023.

"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.

"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.

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 of the Bonds and in order 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, 2023, 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 Commonwealth is an obligated person for whom financial or operating data is presented in the Official Statement, and the Commonwealth has separately executed and delivered a continuing disclosure agreement dated the date hereof related to the offering and sale of the Bonds for the benefit of Holders of the Bonds and to assist the Participating Underwriters in complying with the Rule. If, at any time in the future, as a result of a change in law or accounting policy, the Transportation Board should produce separate audited financial statements, then the Transportation Board will make public such audited financial statements as provided in the Rule; and

(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 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) updated information regarding the U.S. Route 58 Corridor Development Program as set forth under the sections bearing such headings in the Official Statement, including bond authorization for the projects in the Program, as defined in the Trust Agreement; and

(b) updated information regarding (1) the Transportation Trust Fund, all as set forth in sections having such headings in the Official Statement, (2) the U.S. Route 58 Corridor Development Fund, all as set forth in sections bearing such headings in the Official Statement and (3) any other funds appropriated by the General Assembly with respect to the Bonds, including funds appropriated and allocated to the Program, as of the end of the preceding Fiscal Year.

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

Section 5. Event Notices. The Transportation Board will submit, or cause the Dissemination Agent (if different from the Transportation Board) to submit, in a timely manner not in excess of 10 business days after the occurrence of the event, to the MSRB, notice of the occurrence of any of the following events (listed in subsection (b)(5)(i)(c) of the Rule) with respect to the Bonds of which the Transportation Board has actual knowledge:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) 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;
- (g) Modifications to rights of Holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Transportation Board;*

* The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer of the Transportation Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Transportation Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Transportation Board.

- (m) 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;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Holders of the Bonds, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

The Transportation Board does not undertake to provide the above-described notice in the event of a scheduled mandatory redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Official Statement for the Bonds, (ii) the only open issue is 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 Trust Agreement, 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 the Bonds.

Section 7. Dissemination Agent. The Transportation Board may, from time to time, appoint or engage another entity to act as Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any such successor Dissemination Agent will be deemed to be appointed pursuant to this Disclosure Agreement. 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 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 in aggregate principal amount of the Bonds Outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement or to enforce any other obligation of the Transportation Board hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Trust Agreement 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 Holders from time to time of the Bonds, 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.

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

COMMONWEALTH TRANSPORTATION BOARD

By _____
Chairperson

EXHIBIT A

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

COMMONWEALTH TRANSPORTATION BOARD

in connection with

\$ _____
Commonwealth Transportation Board
Transportation Revenue Bonds
Series 2023 (U.S. Route 58 Corridor Development Program)

CUSIP Numbers:
927793 _____

Dated: _____, 2023

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: _____, 20__

**COMMONWEALTH TRANSPORTATION
BOARD**

By: _____
Printed Name: _____
Title: _____

NOTICE OF SALE
Commonwealth Transportation Board

\$*
Commonwealth of Virginia
Transportation Revenue Bonds
Series 2023
(U.S. Route 58 Corridor Development Program)

Electronic bids, via PARITY[®] Competitive Bidding System (“PARITY[®]”) for the purchase of all, and not less than all, of the \$ _____* preliminary aggregate principal amount of Commonwealth of Virginia Transportation Revenue Bonds, Series 2023 (U.S. Route 58 Corridor Development Program) (the “Bonds”) will be received by the Commonwealth Transportation Board (the “Transportation Board”) until 10:30 a.m. (Eastern) on June 7, 2023 (unless changed as described herein). Capitalized terms not defined herein shall have the meanings defined in the Preliminary Official Statement dated the date hereof.

Description of Bonds; Interest Payment Dates

The Bonds will be dated their date of delivery and will be issued as fully registered bonds in book-entry form only. Interest on the Bonds will be calculated on a 30/360 basis and will be payable semiannually on May 15 and November 15, commencing November 15, 2023.

Principal Amortization

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

May 15	Preliminary Annual Principal Amounts*	May 15	Preliminary Annual Principal Amounts*
2024	\$	2037	\$
2025		2038	
2026		2039	
2027		2040	
2028		2041	
2029		2042	
2030		2043	
2031		2044	
2032		2045	
2033		2046	
2034		2047	
2035		2048	
2036			

Optional Redemption

The Bonds maturing on or before May 15, 2033, will not be subject to optional redemption. The Bonds maturing on or after May 15, 2034, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2033, in whole or in part (in increments of \$5,000) at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

Serial Bonds, Term Bonds and Mandatory Sinking Fund Redemption

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

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

that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the appropriate amortization schedule, as adjusted in accordance with the provisions described below under the caption “Adjustments to Principal Amount.” The Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Bonds of the maturity being redeemed.

Selection of Bonds for Redemption

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

Book-Entry Only

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

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

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

Authorization and Security

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

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

The issuance of the Bonds has been authorized by the provisions of the Revenue Bond Act, Chapters 8 and 12 of the Acts of the General Assembly of Virginia, 1989 Special Session II, as amended by Chapter 538 of the Acts of the General Assembly of Virginia, 1999 General Session and Chapter 296 of the Acts of the General Assembly of Virginia, 2013 Regular Session and as amended and reenacted by Chapter 1230 of the Acts of the General Assembly of Virginia, 2020 Regular Session, and the resolution adopted by the Transportation Board on April 19, 2023. The Bonds are being issued pursuant to a Master Agreement of Trust dated as of November 1, 1989, as previously supplemented and amended (the “U.S. Route 58 Master Trust Agreement”), and as further supplemented by a Eighteenth Supplemental Agreement of Trust dated as of June 1, 2023 (the “Eighteenth Supplemental Trust Agreement” and collectively, with the U.S. Route 58 Master Trust Agreement, the “U.S. Route 58 Trust Agreement”), each between the Transportation Board and U.S. Bank Trust Company, National Association, Richmond, Virginia, as trustee for the Bonds (the “Trustee”). The Trustee is also the Paying Agent for the Bonds.

The Bonds will be equally and ratably secured by and payable from revenues, receipts and funds appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, from (1) the U.S. Route 58 Corridor Development Fund, (2) to the extent required, other revenues legally available from the Transportation Trust Fund, and (3) to the extent required, other legally available funds appropriated by the General Assembly, and from moneys in certain funds established under the U.S. Route 58 Trust Agreement.

Capitalized terms not defined herein shall have the meanings prescribed to them in the Preliminary Official Statement dated the date hereof.

Bid Specifications

No bid for other than all of the Bonds will be considered. All bids must be unconditional. Each proposal for the Bonds must specify the amount bid for such Bonds not less than 100% of the par value of the aggregate principal amount of the Bonds, based on the Revised Amounts as described below. Bidders are invited to name the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named, provided that [(a) the difference between the highest interest rate and the lowest interest rate shall not exceed 300 basis points and (b) no interest rate may exceed 5.00%]. Each bidder must specify in its bid a single rate for each maturity of the Bonds. [No Bond of any maturity may be reoffered at a price less than 97% of the principal amount of such Bond.]

Electronic Bidding and Bidding Procedures

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

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

Disclaimer. Each prospective bidder shall be solely responsible to register to bid via *PARITY*®. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Transportation Board nor *PARITY*® shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Transportation Board nor *PARITY*® shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by *PARITY*®. The Transportation Board is using *PARITY*® as a communication mechanism, and not as the Transportation Board's agent, to conduct the electronic bidding for the Bonds. The Transportation Board is not bound by any advice and determination of *PARITY*® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via *PARITY*® are the sole responsibility of the bidders; and the Transportation Board is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone *PARITY*® and notify the Chief Financial Officer of the Virginia Department of Transportation by telephone at (804) 786-3096.

Bidding Procedures. Bids submitted electronically for the purchase of the Bonds (all or none) must be by means of the Commonwealth Transportation Board Bid Form (the "Bid Form") via *PARITY*® by 10:30 a.m. (Eastern) on June 7, 2023, unless changed as described herein (see "Change of Date and Time for Receipt of Bids"). Prior to that time, a prospective bidder may input and save proposed terms of its bid in *PARITY*®. Once the final bid has been saved in *PARITY*®, the bidder may select the final bid button in *PARITY*® to submit the bid to *PARITY*®. Once the bids are communicated electronically via *PARITY*® to the Transportation Board, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY*® shall constitute the official time.

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

Good Faith Deposit

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

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

Adjustments to Principal Amount

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

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

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices (as defined below). The interest rate specified by the successful bidder for each maturity as the Initial Reoffering Prices will not change. The Final Amounts and the adjusted bid price will be communicated to the successful bidder by 10:00 a.m. (Eastern) on the business day following the sale.

Basis of Award

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

* Preliminary, subject to change.

Establishment of Issue Price

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

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

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

Undertakings of the Successful Bidder

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

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the Initial Reoffering Prices).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the Transportation Board determines is necessary to complete the Final Official Statement.

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

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

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

Bond Insurance

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

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

Delivery of Bonds; Closing Papers and Certificates

The Bonds are expected to be delivered on or about June 22, 2023 (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS ANNOUNCED ON TM3 NOT LATER THAN 4:00 P.M. (EASTERN) ON ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) (the "Closing Date") through the facilities of DTC against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal Funds.

There will also be furnished the usual closing papers, including among others, certificates signed by (1) the officials who signed the Bonds stating that no litigation of any kind is now pending or, to their information, knowledge or belief, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued, or affecting the validity of the Bonds and (2) appropriate Transportation Board or Commonwealth officials, respectively, relating to the Final Official Statement, as described in the Preliminary Official Statement under the section entitled "Certificate Concerning Official Statement."

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

Legal Opinion

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

CUSIP Numbers

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

Official Statement

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

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

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

Continuing Disclosure

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

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

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

Change of Date and Time for Receipts of Bids

The Transportation Board expects to take bids on the Bonds on June 7, 2023 at 10:30 a.m. (Eastern). However, the Transportation Board reserves the right to change the date and time established for the receipt of bids and will undertake to notify potential bidders of such changes in the date or time for the receipt of bids. Prospective bidders may request notification by e-mail of any such change by so advising, and furnishing their emails to, Public Resources Advisory Group, Inc. at (212) 566-7800 by Noon, (Eastern), two days prior to the date fixed for the receipt of bids.

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

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

Additional Information

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

Commonwealth Transportation Board
By: W. Sheppard Miller, III, Chairperson

Dated: _____, 2023

Exhibit A To Notice of Sale
Form of Issue Price Certificate
For Qualified Competitive Sale

Commonwealth Transportation Board

\$ _____
Commonwealth of Virginia
Transportation Revenue Bonds, Series 2023
(U.S. Route 58 Corridor Development Program)

ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.

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

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

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

2. Defined Terms.

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

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

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

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

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

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

[INITIAL PURCHASER]

By: _____
Name: _____

Dated: [ISSUE DATE]

[SCHEDULE A]

[EXPECTED INITIAL OFFERING PRICES OF THE BONDS]

(To Be Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(To Be Attached)

Exhibit B To Notice of Sale
Form of Issue Price Certificate
For Nonqualified Competitive Sale

Commonwealth Transportation Board

§ _____
Commonwealth of Virginia
Transportation Revenue Bonds, Series 2023
(U.S. Route 58 Corridor Development Program)

ISSUE PRICE CERTIFICATE

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

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

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

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

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

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

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

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

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

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

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

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

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

[INITIAL PURCHASER]

By: _____
Name: _____

Dated: [ISSUE DATE]

[SCHEDULE A]

[Sale Prices of the General Rule Maturities]

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

(To Be Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(To Be Attached)