

A G E N D A

MEETING OF THE COMMONWEALTH TRANSPORTATION BOARD

1401 E. Broad Street
Richmond, Virginia
April 17, 1997
10:00 a.m.

1. Public Comment
2. Action on Minutes of Meetings of January 16 and February 20, 1997
3. Action on Additions, Abandonments or Other Changes in the Secondary System from March 1, 1997 through March 31, 1997
4. Action on Discontinuances in the Secondary System: Fairfax County
5. Action on Changes in the Primary System: Hanover County
6. Conveyances: Route 17 - Fauquier County
Route 58 - City of Suffolk
Routes 95 and 10 - Chesterfield County
Routes 95 and 54 - Hanover County
Route 100 - Giles County
Route 626 - City of Suffolk
Route 672 - Frederick County
7. Action on Bids Received March 25 and April 8, 1997
8. Consultant Agreement: Bristol District
(A) District-wide bridge construction inspection and shop drawing review
Schwartz and Associates, Inc.

Consultant Agreement: Area 1 - Richmond, Fredericksburg,
(B) Culpeper and Northern Virginia Districts
Bridge painting inspection and construction technical review
Corrpro Companies, Inc.

Consultant Agreement: Area 2 - Bristol, Salem, Lynchburg, Suffolk
(C) and Staunton Districts
Bridge painting inspection and construction technical review
KCI Technologies, Inc.

Consultant Agreement: Route 63 - Dickenson County
(D) Proj. 0063-026-V05,C501
Supplemental Agreement # 1 for revision in
scope of services
Virginia Geotechnical Services, Inc.

Consultant Agreement: Route 81 - Botetourt and Rockbridge
(E) Counties
Proj. 0081-011-118, PE101
0081-081-121, PE101
Provide services for surveying and mapping,
traffic collection and analysis, and
preliminary plan development
Wiley and Wilson

Consultant Agreement: Route 81 - Wythe, Montgomery and Pulaski
(F) Counties
Proj. 0081-098-114, PE101
0081-060-121, PE101
0081-077-106, PE101
Provide services for surveying and mapping,
traffic collection and analysis, and
preliminary plan development
Whitman, Requardt and Associates

Consultant Agreement: Route 81 - Washington, Smythe and Wythe
(G) Counties
Proj. 0081-961-109, PE101
Provide services for surveying and mapping,
traffic collection and analysis, and
preliminary plan development
Mattern & Craig

Consultant Agreement: Route 81 - Shenandoah, Frederick and Warren
(H) Counties
Proj. 0081-968-113, PE101
Provide services for surveying and mapping,
traffic collection and analysis,
and preliminary plan development
Whitman, Requardt and Associates

Consultant Agreement: Route 150 - Chesterfield County
(I) Proj. 0150-020-F10,B632 thru B6411
Provide services for widening or
replacement estimates and construction
engineering services
Rajan Mahima Associates, Inc.

- Consultant Agreement: Route 340 ~ Warren County
(J) Proj. 0340-093-V20, PE101
Provide services for complete survey,
right of way and construction plans
TAMS Consultants, Inc.
- Consultant Agreement: Route 460 - City of Norfolk
(K) Proj. 7460-122-F02, PE101
Supplemental Agreement # 2 for revision in
scope of services.
Gannett Fleming, Inc.
- Consultant Agreement: Route 657 (Centreville Road) & Route 50 -
(L) Fairfax County
Proj. 0657-029-281, C503
0050-029-F33, C502
Provide services for construction
inspection
McDonough Bolyard Peck
- Consultant Agreement: Transamerica Corridor Feasibility Study
(M) Feasibility Study to evaluate existing
and future conditions to determine the
purpose, need and alternative concepts
for the Transamerica Corridor between
Beckley, West Virginia and Hampton Roads
Michael Baker, Jr., Inc.
9. Location: Route 58 - Washington and Grayson Counties
Proj. 0058-961-E01, PE100
Joint statement of resolution for improvements to
Route 58 and Route 16 from Danascus to Volney
Rescinding the previously adopted Alternative A
10. Design: Route 29 Bypass - Albemarle County
Proj. 6029-002-F22, PE101, RW201, C501
Fr: 0.7 mile north of Route 29/Route 250 Intersection
To: 0.5 mile north of Rivanna River
11. Location & Design: First Street Bridge - City of Richmond
Proj. U000-127-V20, PE101, RW201, C501, B609
Fr: 0.082 mile north intersection Hospital Street
To: 0.049 mile south intersection East Falls Street
- Location & Design: Route 58 - Town of Gate City
Proj. 0058-084-E11, PE101, RW201, C501, B601
Intersection improvements at Routes 23/58/421 and
Business Route 23/58/421

Location Route 150 (Chippenham Parkway) - Chesterfield County
& Design: Proj. 0150-020-F10, PE101, RW201, C501, B632 thru B641
Fr: 0.90 mile south eastbound lane Hull Street
(Route 360)
To: Powhite Parkway (Route 76)

Location Route 610 (Cardinal Drive) - Prince William County
& Design: Proj. 0610-076-182, C502
Fr: 1.17 miles east of int. Route 640 (Minnieville Rd.)
To: 0.13 mile east of Int. Route 1 on Neabsco Road

Location Route 635 (Manakintown Ferry Road) - Powhatan County
& Design: Proj. 0635-072-P34, M503
Fr: 1.35 miles south of Route 711 (Huguenot Trail)
To: 0.97 mile south of Route 711

Location Route 675 (Robious Road) - Chesterfield County
& Design: Proj. 0675-020-144, C503
Fr: Route 60 (Midlothian Turnpike)
To: 1.34 miles north of Route 60 (Midlothian Turnpike)

12. Break in Limited Access: Routes 29 and 880 - Fauquier County
Proj. 6029-030-102, RW201
13. Through Truck Restriction: Route 613 - Halifax County
14. Recreational Access: Buchanan County
Proj. 0735-013-690, M501
Poplar Gap Recreational Park
- Recreational Access: Frederick County
Proj. 0765-034-213, M502
Sherando Park
15. Industrial Access: Sussex County
Proj. 0602-091-189, M501
RGC(USA) Mineral Sands, Inc.
16. Action on Partnership Agreement between the Virginia Department
of Transportation, Virginia State University and the Federal
Highway Administration
17. Action on resolution authorizing the issuance and sale of the
Commonwealth of Virginia Transportation Program Revenue Bonds
(Oak Grove Connector, City of Chesapeake), Series 1997A
18. New Business
19. Adjourn

Addition to Item 7: Bids received February 12, February 25 and
March 28, 1997

MINUTES
OF
MEETING OF THE COMMONWEALTH TRANSPORTATION BOARD

1401 E. Broad Street
Richmond, Virginia
April 17, 1997
10:00 a.m.

The monthly meeting of the Commonwealth Transportation Board was held in the Board Room of the Department of Transportation in Richmond, Virginia, on April 17, 1997, at 10:00 a.m. The Chairman, Dr. Robert E. Martínez, presided.

Present: Messrs. Gehr, Byrd, Cogbill, Grubb, Martin, Myers, Neale, Newcomb, Porter, Prettyman, Rich, Roudabush and White and Mrs. Lionberger.

Absent: Mr. Lee

Item 2:

On motion of Mr. Grubb, seconded by Mr. White, the Board approved the minutes of the meetings of January 16 and February 20, 1997.

Item 3:

Moved by Mr. Porter, seconded by Mr. Neale, that the Board approve Additions, Abandonments or Other Changes in the Secondary System from March 1, 1997, through March 31, 1997, as shown on attached sheets numbered 1 A through 1 I.

Motion carried.

REPORT TO
THE COMMONWEALTH TRANSPORTATION BOARD
MEETING OF
APRIL 17, 1997

SUMMARY OF CHANGES TO THE SECONDARY SYSTEM OF STATE HIGHWAYS
EFFECTIVE DURING
MARCH 1997

Table of Mileage Changes by District and Type of Change

District	Addition	Abandonment	District Total
Bristol	0.00	0.00	0.00
Culpeper	0.26	0.00	0.26
Fredericksburg	3.70	0.00	3.70
Lynchburg	0.24	-0.10	0.14
Northern Virginia	7.15	-1.22	5.93
Richmond	5.78	0.00	5.78
Salem	3.21	0.00	3.21
Staunton	0.13	0.00	0.13
Suffolk	0.99	-0.67	0.32
Statewide Total:	21.46	-1.99	19.47

The following reports, for additions and abandonments affecting the Secondary System of State Highways, are submitted for approval by the Commonwealth Transportation Board.

Pertinent data relating to these reports are posted in the Central File Room of the Virginia Department of Transportation, 1401 East Broad Street, Richmond, Virginia 23219.

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Resolution	Effective
Accomack									
Abandonment	None	Nickawampus Road	645	WE	Route 605		-0.67	2/19/97	3/18/97
Net Mileage Change Reported: -0.67									
Albemarle									
Addition	Belt Vista, Section 2	Gaithing Hills Road	1062	SN	Route 720		0.13	1/8/97	3/18/97
Net Mileage Change Reported: 0.13									
Botetourt									
Addition	Appletree West, Section 2	Apple Blossom Circle	1079	WE	Route 1078		0.10	1/21/97	3/17/97
Addition	Appletree West, Section 2	Apple Lane	1078	SN	0.14 Mile South Route 1075	Route 1075	0.14	1/21/97	3/17/97
Addition	Botetourt South, Section 4	Gala Circle	1452	SN	Route 1453		0.09	1/21/97	3/18/97
Addition	Botetourt South, Section 4	Gala Drive	1453	WB	Route 1454		0.19	1/21/97	3/18/97
Addition	Janestown	Janestown Road	1040	SN	0.10 Mile South Route 1042	Route 1042	0.10	1/21/97	3/26/97
Addition	Laurel Mountain	Laurel Lane	1444	SN	0.10 Mile South Route 1455	Route 1455	0.10	1/21/97	3/18/97
Addition	Laurel Mountain	Ray Street	1435	WB	0.03 Mile Northwest Route 1420	Route 1420	0.03	1/21/97	3/18/97
Addition	Laurel Mountain	Valley View Circle	1443	SN	0.03 Mile South Route 1455	Route 1455	0.03	1/21/97	3/18/97
Cambridge									
Abandonment	None	Timberlake Drive	624	WB	1.43 Mile Southwest Route 1650		-0.10	2/18/97	3/27/97
Net Mileage Change Reported: -0.10									
Addition	None	George Street	1408	SN	0.10 Mile South Route 1421	Route 1421	0.03	2/18/97	3/26/97
Chesterfield									
Addition	Minocha, Section E	Medora Place	3539	WE	0.14 Mile West Route 3536		0.11	12/18/96	3/20/97
Addition	Mount Blanco, Section 13	Vogt Avenue	2499	SN	0.17 Mile North Route 2498		0.02	8/23/95	3/25/97
Addition	Rockhaven, Section 1	Greyledge Boulevard	4814	WE	0.53 Mile West Route 828	Route 828	0.55	2/12/97	3/26/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

2

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Resolution	Effective
Addition	Rockhaven, Section 1	Greyhedge Court	4889	SN	Route 4884	0.05 Mile North Route 4884	0.05	2/12/97	3/26/97
Addition	Rockhaven, Section 1	Greyhedge Place	4888	SN	Route 4884	0.05 Mile North Route 4884	0.05	2/12/97	3/26/97
Addition	Rockhaven, Section 1	Greyhedge Terrace	4887	SN	Route 4884	0.05 Mile North Route 4884	0.05	2/12/97	3/26/97
Addition	Rockhaven, Section 1	Rock Harvest Court	4885	SN	Route 4884	0.04 Mile North Route 4884	0.04	2/12/97	3/26/97
Addition	Rockhaven, Section 1	Rockhaven Court	4886	WE	0.15 Mile Northwest Route 4867	Route 4867	0.15	2/12/97	3/26/97
Addition	Rockhaven, Section 1	Rockhaven Drive	4867	SN	Route 4886	0.07 Mile South Route 4864	0.17	2/12/97	3/26/97
Fairfax									
Addition	Adgrove Plantation, Section 3	Gables Lane	8379	SN	Route 851	Met Mileage Change Reported	3.56		
Addition	Adgrove Plantation, Section 4	Cape Court	8378	WE	Route 851	0.14 Mile Northwest Route 851	0.14	2/10/97	3/19/97
Addition	Compton Heights, Section 4, Part 1	Mabelle Square Drive	8086	WB	0.13 Mile Southwest Route 8054	0.07 Mile East Route 851	0.07	2/10/97	3/19/97
Addition	Compton Heights, Section 4, Part 2	Whispering Manor Court	7998	WB	0.20 Mile Northwest Route 8367	0.05 Mile Southwest Route 8054	0.08	2/10/97	3/19/97
Addition	Courthouse Station	Meadow Lane	1093	WB	Route 650	0.13 Mile Northwest Route 8367	0.07	2/10/97	3/19/97
Addition	Crosspoints, Section 10	Cross Oaks Court	8517	WB	0.10 Mile West Route 8516	0.23 Mile East Route 650	0.23	2/11/97	3/28/97
Addition	Crosspoints, Section 10	Cross Oaks Lane	8516	SN	0.24 Mile Southwest Route 8516	Route 8516	0.10	2/10/97	3/18/97
Addition	Fenwick Estates	Beech Manor Court	8006	WE	Route 8005	0.03 Mile West Route 8516	0.21	2/10/97	3/18/97
Addition	Fenwick Estates	Essex Manor Place	8005	SN	0.08 Mile South Route 2115	0.04 Mile East Route 8005	0.04	2/10/97	3/18/97
Addition	Laws of Towiston	Deep Lane	8377	WE	0.11 Mile Northwest Route 676	Route 2115	0.08	2/10/97	3/19/97
Addition	Lee Overbrook, Section 4	Peddington Lane	4750	SN	0.23 Mile South Route 29	Route 676	0.11	2/24/97	3/19/97
Addition	Mandorley	Mandorley Way	8194	WE	Route 608	0.20 Mile South Route 29	0.05	2/10/97	3/19/97
Addition	Polo Fields, Section 1C	Hurlingham Lane	8298	SN	0.11 Mile South Route 8393	0.31 Mile Southeast Route 608	0.31	2/10/97	3/18/97
Addition	Polo Fields, Section 1C	Tournament Drive	8393	WE	0.26 Mile Southwest Route 8392	Route 8393	0.11	2/10/97	3/19/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

3

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Resolution	Effective
Addition	Poplar Tree Estates, Section 6C	Marble Rock Drive	8126	WE	0.18 Mile East Route 8127	0.32 Mile East Route 8127	0.14	2/10/97	3/31/97
Addition	Poplar Tree Estates, Section 6C	Marble Wood Lane	8129	SN	Route 8126	0.03 Mile South Route 4978 (Medville Lane)	0.04	2/10/97	3/31/97
Addition	Rockpoints, Section 5	Sandy Point Lane	7983	SN	0.04 Mile Northwest Route 7986	Rmns 29	0.06	2/10/97	3/24/97
Addition	Springfield Corporate Center	Brendon Avenue	1371	SN	0.08 Mile Northeast Route 789	0.14 Mile South Route 1396	0.08	2/24/97	3/19/97
Addition	Springvale Forest Estates	Springvale Forest Court	8276	WE	0.22 Mile West Route 674	Route 674	0.22	2/24/97	3/19/97
Addition	Sunny Hill (McDaniel Hill Addition)	Glenbrook Court	7744	WE	Route 907	0.07 Mile East Route 907	0.07	2/10/97	3/19/97
Addition	Timberlake Estates North, Sections 1, 2	Bramton Lane	8399	WE	Route 8398	0.07 Mile East Route 8398	0.07	2/24/97	3/19/97
Addition	Timberlake Estates North, Sections 1, 2	Falls Bridge Lane	8180	SN	0.21 Mile North Route 193	0.40 Mile North Route 193	0.19	2/24/97	3/19/97
Addition	Timberlake Estates North, Sections 1, 2	Sherlin Lane	8398	SN	0.27 Mile Southeast Route 8180	0.17 Mile Northwest Route 8180	0.44	2/24/97	3/19/97
Addition	West Ridge	Nathanial Oaks Court	8721	WE	Route 8720	0.08 Mile Northeast Route 8720	0.08	2/10/97	3/19/97
Addition	West Ridge	Nathanial Oaks Drive	8720	WE	Route 608	0.34 Mile East Route 608	0.34	2/10/97	3/19/97
Franklin Addition	Spinaker Run	Spinaker Run Drive	1334	WE	Route 616	0.87 Mile Northeast Route 616	0.87	12/19/97	3/31/97
Goehland Addition	High Grove, Section 1	Broadland Way	1090	WE	Route 522	Route 1092	1.55	12/10/96	3/24/97
Addition	High Grove, Section 1	Hill House Lane	1091	SN	Route 1090	0.09 Mile North Route 1090	0.09	12/10/96	3/24/97
Addition	High Grove, Section 1	Kingsmere Drive	1093	SN	0.09 Mile South Route 1094	Route 1092	0.20	12/10/96	3/24/97
Addition	High Grove, Section 1	Parkhouse Court	1094	WE	0.17 Mile West Route 1093	0.15 Mile Southeast Route 1093	0.32	12/10/96	3/24/97
Addition	High Grove, Section 1	Trambycroft Way	1092	WE	Route 1090	0.06 Mile Southeast Route 1093	0.29	12/10/96	3/24/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

4

System Change	Project/Subdivision	Street Name	Route	Dlr.	From	To	Length Miles	Date BOS Resolution	Effective
Hanover									
Addition	Hanover Meadow	Curnow Drive	1648	SN	Route 1647	0.06 Mile North Route 1647	0.06	2/26/97	3/31/97
Addition	Hanover Meadow	Hanover Meadow Drive	1647	WE	0.13 Mile West Route 615	Route 615	0.13	2/26/97	3/31/97
Addition	Sledd Run, Section C	Simi Court	1885	WE	Route 1870	0.04 Mile East Route 1870	0.04	2/26/97	3/17/97
Addition	Spicetree	Dijon Drive	1813	WE	0.05 Mile West Route 1810	0.08 Mile East Route 1810	0.13	2/26/97	3/20/97
Addition	Spicetree	Old Bay Court	1812	WE	0.03 Mile Northwest Route 1810	Route 1810	0.03	2/26/97	3/20/97
Addition	Spicetree	Parsley Court	1814	WE	0.03 Mile West Route 1810	0.07 Mile Southeast Route 1810	0.10	2/26/97	3/20/97
Addition	Spicetree	Poppy Seed Lane	1816	WE	Route 1810	0.07 Mile Southeast Route 1810	0.07	2/26/97	3/20/97
Addition	Spicetree	Rosemary Drive	1813	WE	0.04 Mile West Route 1810	0.07 Mile East Route 1810	0.11	2/26/97	3/20/97
Addition	Spicetree	Tarragon Drive	1810	SN	0.42 Mile Southwest Route 627	Route 627	0.42	2/26/97	3/20/97
Addition	Spicetree	Thyme Drive	1811	WE	Route 1810	0.11 Mile East Route 1810	0.11	2/26/97	3/20/97
Addition	Travellers Run, Sections A, B	Little Sorel Drive	1658	SN	0.08 Mile East Route 1656	0.26 Mile Northwest Route 1656	0.34	2/26/97	3/28/97
Addition	Travellers Run, Sections A, B	Red Cloud Court	1699	WE	0.04 Mile Southwest Route 1658	Route 1658	0.04	2/26/97	3/28/97
Addition	Travellers Run, Sections A, B	Travellers Way	1656	SN	Route 636	0.33 Mile North Route 636	0.33	2/26/97	3/28/97
Addition	Travellers Run, Sections A, B	War Horse Lane	1657	WE	0.07 Mile West Route 1656	0.06 Mile East Route 1656	0.13	2/26/97	3/28/97
James City									
Addition	Moortown Road Neighborhood	Clark Lane	1431	WE	0.61 Mile West Route 603	Route 603	0.99	1/14/97	3/20/97
Addition	Moortown Road Neighborhood	Curry Drive	1433	SN	Route 1431	Route 603	0.21	1/14/97	3/20/97
Addition	Oakland, Section 1	Woodmont Place	1639	SN	0.17 Mile Southeast Route 1637	Route 1637	0.17	1/14/97	3/20/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

5

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Resolution	Effective
King George									
Addition	Oakland Park, Sections 7, 8, 12	Bush Street	1026	WE	Route 1024	Route 1020	0.18	2/18/97	3/24/97
Addition	Oakland Park, Sections 7, 8, 12	Forest Ridge Drive	1021	SN	Route 1022	Route 1025	0.22	2/18/97	3/24/97
Addition	Oakland Park, Sections 7, 8, 12	Garner Drive	1024	SN	Route 1023	0.19 Mile Northwest Route 1023	0.19	2/18/97	3/24/97
Addition	Oakland Park, Sections 7, 8, 12	Oakland Drive	1020	SN	Route 1023	0.34 Mile Northwest Route 1023	0.34	2/18/97	3/24/97
Addition	Oakland Park, Sections 7, 8, 12	Passapatany Road	1025	SN	Route 1024	Route 218	0.74	2/18/97	3/24/97
Loudoun									
Addition	Potomac Lakes, Sections 5F, 5G	Bluestem Court	1826	WE	0.03 Mile East Route 1825	Route 1825	0.03	2/5/97	3/25/97
Addition	Potomac Lakes, Sections 5F, 5G	Brandywine Court	1830	WE	0.05 Mile Northwest Route 1829	Route 1829	0.05	2/5/97	3/25/97
Addition	Potomac Lakes, Sections 5F, 5G	Cedarhurst Drive	1825	SN	Routes 1828/1829	Route 1582	0.18	2/5/97	3/25/97
Addition	Potomac Lakes, Sections 5F, 5G	Newfield Place	1829	SN	0.01 Mile Southwest Route 1830	Route 1825	0.08	2/5/97	3/25/97
Addition	Potomac Lakes, Sections 5F, 5G	Springwood Court	1827	WE	Route 1825	0.11 Mile East Route 1825	0.11	2/5/97	3/25/97
Addition	Potomac Lakes, Sections 5F, 5G	Thornwood Court	1828	WE	Route 1823	0.07 Mile Northeast Route 1825	0.07	2/5/97	3/25/97
Madison									
Addition	Fray's Mill Road Farm	Fray's Mill Court	1019	WE	Route 1018	0.10 Mile Northeast Route 1018	0.10	2/11/97	3/19/97
Orange									
Addition	Town of Gordonsville	Charles Street	T-1024	WE	Union Street	0.16 Mile East Union Street	0.16	2/10/97	3/17/97
Patrick									
Addition	None	Bif Trail	873	SN	0.51 Mile Southeast Route 697	Route 687	0.51	3/10/97	3/20/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

6

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Remotion Effective
Powhatan								
Addition	Norwood, Section C	Norwood Creek Drive	1293	SN	Route 1291	Route 1293	0.31	2/10/97 3/25/97
Addition	Norwood, Section C	Norwood Creek Way	1293	SN	0.19 Mile South Route 1293	Route 1293	0.19	2/10/97 3/25/97
Prince Edward								
Addition	Briarwood Townhouses	Briarwood Drive	1017	SN	0.12 Mile South Route 1014	Route 1014	0.12	1/14/97 3/26/97
Addition	Briarwood Townhouses	Poplar Court	1018	SN	0.09 Mile Southwest Route 1017	Route 1017	0.09	1/14/97 3/26/97
Prince George								
Addition	Jordan on the James	Elands Landing	1224	SN	Route 1220	Route 1220	0.50	4/23/95 3/24/97
Addition	Jordan on the James	North Beasons Chase	1223	SN	Route 1220	Route 1220	0.08	4/23/95 3/24/97
Addition	Jordan on the James	South Beasons Chase	1222	SN	0.11 Mile South Route 1220	Route 1220	0.11	4/23/95 3/24/97
Addition	Wildwood Farms - 0661-074-190, N501-30450 Raz Add	Red Gate Lane	561	WB	0.69 Mile East Route 1031	Route 1031	0.23	4/23/96 3/21/97
Prince William								
Abandonment	Devlin Road Realignment - Segments A-B, B-C, C-D	Devlin Road (Developer Funded)	621	SN	0.77 Mile Southwest Route 1703	Route 674	1.83	10/1/96 3/25/97
Addition	Arrowood, Section 4	Arrowood Drive	2598	SN	0.04 Mile South Route 2594	Route 2594	0.04	10/3/95 3/17/97
Addition	Arrowood, Section 4	Munassus Forge Drive	2594	W/E	Route 2595	0.24 Mile Southeast Route 2595	0.24	10/3/95 3/17/97
Addition	Cardinal Ridge, Section 1	Beverwood Drive	2720	SN	0.04 Mile Southeast Route 2722	Route 610	0.21	2/4/97 3/25/97
Addition	Cardinal Ridge, Section 3	Blossfield Drive	2723	SN	0.13 Mile Southeast Route 2724	Route 2722	0.21	2/4/97 3/25/97
Addition	Cardinal Ridge, Section 1	Elkwood Court	2721	W/E	Route 2720	0.08 Mile Southeast Route 2720	0.08	2/4/97 3/25/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97

7

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Resolution	Effective
Addition	Cardinal Ridge, Section 1	Lea Meadow Court	2724	WE	Route 2723	0.09 Mile Southeast Route 2723	0.09	2/4/97	3/23/97
Addition	Cardinal Ridge, Section 1	Wheatfield Road	2722	SN	0.01 Mile Southeast Route 2723	Route 2720	0.18	2/4/97	3/25/97
Addition	Dale City, Section 9E	Missfield Court	2317	WE	0.11 Mile Northwest Route 2086	Route 2086	0.11	12/17/96	3/18/97
Addition	Dale City, Section 9E	Meadowbrook Road	2097	WE	0.07 Mile West Route 2086	Route 2086	0.07	12/17/96	3/18/97
Addition	Devlin Road Realignment - Segments A-B, B-C, C-D	Devlin Road (Developer Funded)	621	SN	0.81 Mile Southwest Route 1705	Route 674	1.26	10/1/96	3/25/97
Addition	Kingsbrook, Section 1, Part 1	Worthington Drive	3052	SN	0.32 Mile Southwest Route 619	Route 619	0.32	10/1/96	3/26/97
Addition	Kingsbrook, Section 2, Part 1	Worthington Drive	3052	SN	0.58 Mile Southwest Route 619	0.32 Mile Southwest Route 619	0.26	12/3/96	3/26/97
Richmond						Net Mileage Change Reported	0.34		
Addition	Rose Hill South	Rose Hill Drive	703	SN	0.15 Mile Southwest Route 3	Route 3	0.15	3/13/97	3/31/97
Addition	Rose Hill South	Totuskey Road	704	SN	0.09 Mile South Route 703	Route 703	0.09	3/13/97	3/31/97
Roanoke						Net Mileage Change Reported	0.43		
Addition	Ashmont in the Groves, Section 2	Ashmont Drive	1258	WE	Route 1257	0.13 Mile East Route 1257	0.13	1/14/97	3/24/97
Addition	Ashmont in the Groves, Section 2	Sedgewick Drive	1257	SN	Route 1255	Route 1258	0.06	1/14/97	3/24/97
Addition	The Groves, Section 1	Creekside Court	1259	WE	Route 1255	0.06 Mile Northeast Route 1255	0.06	1/14/97	3/24/97
Addition	The Groves, Section 1	Monet Drive	1255	WE	Route 1256	Route 1259	0.18	1/14/97	3/24/97
Spotsylvania						Net Mileage Change Reported	1.73		
Addition	Kingswood, Sections 3A, 4, 5, 6	Berwick Court	1583	SN	Route 1344	0.04 Mile Northwest Route 1344	0.04	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	Clifton Lane	1584	SN	Route 1344	0.05 Mile North Route 1344	0.05	2/11/97	3/27/97

**Report to the Commonwealth Transportation Board
Abandonments and Additions to the Secondary System of State Highways**

02-Apr-97
8

System Change	Project/Subdivision	Street Name	Route	Dir.	From	To	Length Miles	Date BOS Resolution	Effective
Addition	Kingswood, Sections 3A, 4, 5, 6	Exeter Court	1578	SN	0.06 Mile South Route 1344	Route 1344	0.06	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	Grove Court	1579	SN	0.06 Mile South Route 1344	Route 1344	0.06	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	Hause Court (formerly Windsor Court)	1587	WE	0.05 Mile Northwest Route 1344	Route 1344	0.05	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	Kingswood Boulevard	1344	WE	Route 1585	0.23 Mile East Route 1585	0.23	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	New Bond Street	1583	WE	Route 1586	0.19 Mile Southeast Route 1586	0.19	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	Talbot Court	1576	SN	0.06 Mile South Route 1344	Route 1344	0.06	2/11/97	3/27/97
Addition	Kingswood, Sections 3A, 4, 5, 6	Walsh Court	1577	SN	0.06 Mile South Route 1344	Route 1344	0.06	2/11/97	3/27/97
Addition	Ruffin's Pond, Sections 1, 3A	Pittston Road	1373	SN	Route 1372	Route 1369	0.09	1/14/97	3/1/97
Addition	Ruffin's Pond, Sections 1, 3A	Ruffin Drive	1368	SN	Route 1372	Route 2/17	0.34	1/14/97	3/1/97
Addition	Ruffin's Pond, Sections 1, 3A	Sharon Springs Drive	1369	WE	Route 1373	Route 1368	0.25	1/14/97	3/1/97
Addition	Ruffin's Pond, Sections 1, 3A	South Fulton Drive	1372	WE	Route 1373	Route 1368	0.25	1/14/97	3/1/97
Stafford Addition	Hampton Oaks	Exeter Lane	1478	WE	0.06 Mile Northwest Route 684	Route 684	0.06	2/18/97	3/26/97

Net Mileage Change Reported

Item 4:

Moved by Mr. White, seconded by Mr. Neale, that

WHEREAS, by proper resolution, the Board of Supervisors of Fairfax County has requested that certain roads which no longer serve as public necessities be discontinued as part of the Secondary System of State Highways.

NOW, THEREFORE, BE IT RESOLVED that pursuant to Section 33.1-150 of the Code of Virginia, as amended, the Commonwealth Transportation Board finds the following segments of roads are not required for public convenience and are hereby discontinued as part of the Secondary System of State Highways, effective this date.

NORTHERN VIRGINIA DISTRICT

Fairfax County - Route 1095 - Madron Lane
From Route 650 to 0.22 Mile East Route 650 - (Privately
financed realignment; no project number)
0.22 Mile

TOTAL MILEAGE 0.22 Mi

Motion carried.

Item 5:

Moved by Mr. Porter, seconded by Mr. White, that

WHEREAS, Route 54, in Hanover County has been altered and reconstructed as shown on the plans for Projects 0095-042-101,G1 and 0054-042-101,C501, and

WHEREAS, three sections of the old road are no longer necessary as a public road, the new road serving the same citizens as the old.

NOW, THEREFORE, BE IT RESOLVED that pursuant to Section 33.1-148 of the Code of Virginia of 1950, as amended, 0.74 mile of Route 54, designated as Sections 3, 4 and 5 on the plat dated March 24, 1997, Projects: 0095-042-101, G1 and 0054-042-101, C501 be abandoned as a part of the State Highway System.

Motion carried.

Item 6:

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, in connection with Route 17, State Highway Project 2030-08, the Commonwealth acquired certain lands from N. F. Turner and Magdalen M. Turner, by deed dated February 14, 1952, recorded in Deed Book 181, Page 492, in the Office of the Clerk of the Circuit Court of Fauquier County; and

WHEREAS, in accordance with Section 33.1-148 of the Code of Virginia (1950), as amended, the Commonwealth Transportation Board at its meeting held January 16, 1997, abandoned a section of old Route 17; and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 0.23 acre, more or less, and lying east of and adjacent to the east existing right of way line of Route 17, from a point approximately 50 feet opposite approximate Station 867+90 (Route 17 westbound lane centerline Project 6017-030-103, RW-201) to a point approximately 50 feet opposite approximate Station 872+30 (Route 17 westbound lane centerline Project 6017-030-103, RW-201), does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the State Highway System; and

WHEREAS, the adjacent landowner has requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Section 33.1-149 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed, without warranty, conveying the lands for a consideration satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, in connection with Route 58, State Highway Project 6058-061-105, RW-201, C-501, the Commonwealth acquired certain lands from Eleanor W. Troiano and Felix J. Troiano, by instrument dated May 10, 1972, recorded in Deed Book 349, Page 778, in the Office of the Clerk of the Circuit Court, of the City of Suffolk (formerly Nansemond County); and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 35.174 acres, more or less, and lying west of and adjacent to the west right of way line of Route 58, from a point approximately 955 feet opposite approximate Station 401+25 (west bound lane centerline) to a point approximately 560 feet opposite approximate Station 420+70 (west bound lane centerline), was acquired incidental to the construction, reconstruction, alteration, maintenance and repair of Route 58 and does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the State Highway System; and

WHEREAS, the adjacent landowner has requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Section 33.1-149 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed, without warranty, conveying the lands for a consideration satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, in connection with Routes 95 and 10, State Highway Projects 7095-020-101, RW-201 and 480 DR1, the Commonwealth acquired certain lands from Arthur J. Goynes, et al., by instrument dated July 18, 1974, recorded in Deed Book 1126, Page 497; Arthur J. Goynes, et al., by condemnation March 18, 1941, (Old Route 10, Project 480 DR1); and J. E. Flippo, et al., by deed dated July 29, 1940, recorded in Deed Book 273, Page 278 (Old Route 10, Project 480 DR1). These deeds and instruments were recorded in the Office of the Clerk of the Circuit Court of Chesterfield County; and

WHEREAS, in accordance with Section 33-76.5 (Present Section 33.1-148) of the Code of Virginia (1950), as amended, the Commonwealth Transportation Board at its meeting held February 19, 1959, abandoned a section of Old Route 10; and

WHEREAS, in accordance with Section 33.1-151 of the Code of Virginia (1950), as amended, a section of Old Route 898, which was acquired for Route 95, was abandoned by the Board of Supervisors of Chesterfield County by resolution dated December 13, 1995; and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 2.612 acres, more or less, and lying south of and adjacent to the south right of way line of Route 10, from a point approximately 270 feet opposite approximate Station 42+25 (Route 10 survey centerline, Project 7095-020-101, RW-202) to a point approximately 158 feet opposite approximate Station 45+20 (Route 10 survey centerline, Project 7095-020-101, RW-202), does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the Secondary System of State Highways; and

WHEREAS, the adjacent landowner has requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Sections 33.1-149 and 33.1-154 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed, without warranty, conveying the lands for a consideration satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, the Commonwealth is the apparent owner of Old Route 54 in the Town of Ashland, Hanover County; and

WHEREAS, in accordance with Section 33.1-148 of the Code of Virginia (1950), as amended, the Commonwealth Transportation Board at its meeting held April 17, 1997, abandoned a section of Old Route 54; and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 0.80 acre, more or less, and lying south of the south right of way line of Route 54, from a point approximately 55 feet opposite approximate Station 94+80 (Route 54 office revised eastbound lane centerline) to a point approximately 125 feet opposite approximate Station 102+72 (Route 54 office revised eastbound lane centerline), does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the State Highway System; and

WHEREAS, the adjacent landowners have requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Section 33.1-149 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, deeds, without warranty, conveying the lands for considerations satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, in connection with Route 100, State Highway Project 0100-035-105, RW-201, the Commonwealth acquired certain lands from Howard P. Walker, et al., by deed dated September 28, 1971, recorded in Deed Book 127, Page 352, and J. H. Walker, et al., by deed dated December 21, 1933, recorded in Deed Book 50, Page 371 (Project 1008-B). Both deeds were recorded in the Office of the Clerk of the Circuit Court of Giles County; and

WHEREAS, in accordance with Section 33.1-148 of the Code of Virginia (1950), as amended, the Commonwealth Transportation Board at its meeting held March 20, 1997, abandoned a section of Old Route 100; and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 0.21 acre, more or less, and lying south west of and adjacent to the south west revised right of way line of Route 100, from a point approximately 70 feet opposite approximate Station 1102+45 (office revised centerline) to a point approximately 70 feet opposite approximate Station 1103+40 (office revised centerline), was acquired incidental to the construction, reconstruction, alteration, maintenance and repair of Route 100 and does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the State Highway System; and

WHEREAS, the adjacent landowner has requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Section 33.1-149 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed, without warranty, conveying the lands for a consideration satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, in connection with Route 626, State Highway Project 0626-061-250, M-501, the Commonwealth acquired certain lands from The Most Reverend Walter F. Sullivan, Bishop of the Catholic Diocese of Richmond, Virginia, by instrument dated July 3, 1991, recorded in Deed Book 302, Page 669, and from J. C. Matthews, Jr., by Omnibus deed dated March 13, 1974, recorded in Deed Book 7, Page 160, These deeds are recorded in the Office of the Clerk of the Circuit Court of the City of Suffolk; and

WHEREAS, in accordance with Section 33.1-155 of the Code of Virginia (1950), as amended, a section of Route 626, was abandoned by the Council of the City of Suffolk by resolution dated September 7, 1994; and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 0.25 acre, more or less, and lying east of and adjacent to the east right of way line of Route 626, from a point approximately 30 feet opposite approximate Station 129+40 (Route 626 construction centerline) to a point approximately 30 feet opposite approximate Station 131+75 (Route 626 construction centerline), does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the Secondary System of State Highways; and

WHEREAS, the adjacent landowner has requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Section 33.1-154 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed, without warranty, conveying the lands for a consideration satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Moved by Mr. Newcomb, seconded by Mr. White, that

WHEREAS, in connection with Route 672, State Highway Project 0672-034-180,C501, the Commonwealth acquired certain lands from Linus A. Verzi and Evelyn June Verzi, by deed dated October 14, 1986, recorded in Deed Book 635, Page 93, in the Office of the Clerk of the Circuit Court of Frederick County; and

WHEREAS, in accordance with Section 33.1-155 of the Code of Virginia (1950), as amended, a section of Old Route 672, was abandoned by the Board of Supervisors of Frederick County by resolution dated February 24, 1988; and

WHEREAS, the Commonwealth Transportation Commissioner has certified in writing that a portion of the lands containing 0.50 acre, more or less, and lying south of and adjacent to the south right of way line of Route 672, from a point approximately 40 feet opposite approximate Station 151+83 (Route 672 centerline) to a point approximately 60 feet opposite approximate Station 157+20 (Route 672 centerline), does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the Secondary System of State Highways; and

WHEREAS, the adjacent landowner has requested that the surplus lands be conveyed.

NOW, THEREFORE, in accordance with the provisions of Section 33.1-154 of the Code of Virginia (1950), as amended, the conveyance of the said lands, so certified, is approved and the Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed, without warranty, conveying the lands for a consideration satisfactory to the Director of Right of Way and Utilities, subject to such restrictions as may be deemed appropriate.

Motion carried.

Item 7:

Moved by Mr. Byrd, seconded by Mr. White, that the Board approve the bids received February 12, February 25, March 25, March 28 and April 8, 1997, listed for award on the attached sheets numbered 10 A through 10 R and authorize execution of contracts by the Deputy Commissioner or Chief Engineer and approve rejection of those bids listed for rejection and authorize readvertisement.

Motion carried.

BID RESULTS

MARCH 25, 1997

Job Des.	Project No.	Rte. No.	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
1 63-97B	7005-127-F12-C381 CONSTRUCTION FUNDS	I-95	From: Jct. 64 WBL Ramp To: Chamberlayne Ave. CITY OF RICHMOND 0.366 KM (Ramp) Grate, Grate, Drain, Asp. Pave., Retaining Walls, Signs & Lighting	AWARD	BRANCH HIGHWAYS, INC. ROANOKE, VA.	2	\$1,247,041.65
2 83-97A	0581-080-0265, 0580; 0581-080-0266, 0585 MAINTENANCE FUNDS	581	Rte. 628 (SBL & NB) Over Rte. 581, S2. N41, 6043 & 6046 (1.25 MI. E. Rte. 629)	AWARD	FORT CHISWELL CONSTRUCTION CORPORATION BLUERFIELD, VA	5	\$623,052.00
3 100-97A	INFO/0081-011-116, 11501 CONSTRUCTION FUNDS	I-81	Roanoke Co. Superstr. Ropham (Spur B) & Br. Rtms. (7)	AWARD	L. H. SAWYER PAVING CO., INC. SALEM, VA.	4	\$54,810.00
4 109-97A	8300-966-101, 9301; 8300-966-101, 9300; 8300-966-101, 9300 CONSTRUCTION FUNDS	Var.	NOTETOURIST CO. Night Tern Lane on Rte. 220 Various Interstate Sites.	AWARD	SURFACE PREPARATION TECHNOLOGIES INC. MECHANICSBURG, PA.	6	3423,624.77
	104-966-4(004); 104-975-9008); 104-966-6004)		RICHMOND, SURFOLK & PETERSBURG DISTRICTS Pumple Strip Installation (2.3 Miles L.F.)				

BID RESULTS

MARCH 23, 1997

Job Dist.	Project No.	Rte. No.	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
5	3716 MNV-95-P9A-09 MAINTENANCE FUNDS	66	Road: 51 To: Rte. 1-495 RUMFAX CO. Comm. Pavc. Paving & Underdrainig	INTERSTATE SUBJECT	FORT MYER CONSTRUCTION CORPORATION WASHINGTON, DC.	4	\$330,926.00
6	3802 MFR-95-P9J-023 MAINTENANCE FUNDS	95	Various Locations BROTHERLYMAN & STAFFORD COS. Asp. Cons., Slurry Seal & Pave. Marking	AWARDED	THE LANE CONSTRUCTION CORPORATION MERIDEN, CT.	2	\$797,575.28

Awarded \$ Incorporated Projects B 53,145,103.70 E Rejecteded 1 @ \$930,926.00

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
1 241-988	0033-100-107.44001 CONSTRUCTION FUNDS	33	Rte. 3013 to West Point KING WILLIAM CO. Right Turn Ls., Inside. & Traffic Signal Med.	PRIMARY AWARD	GREENSCAPE BREEDING, INC. SEAFORD, VA.	5	\$212,349.30
2 51-97A	0460-009-1007.9801; 0460-009-1035.9802 MAINTENANCE FUNDS	460	Rte. 460 over Big Deer Rv. & Lads Deer Rv. Rt. 19.577 KM W. Campbell Ck.	AWARD	FAIRFIELD BRIDGE CO., INC. FISHERSVILLE, VA.	7	\$2,541,909.42
3 95-97A	0603-010-1007.9802; 0603-010-1008.9802 MAINTENANCE FUNDS	50	REDFORD CO. Rts. (2) & Approaches 2.7 MI. N. of Rouses & 3.3 MI. N. of Rouses (2 Locations)	AWARD	BLK. KNOR, INC. PENNINGTON GAP, VA.	6	\$1,327,736.53
4 108-97A	0046-009-113.4809 CONSTRUCTION FUNDS	48	BLAND CO. 0.081 MI. Grade, Drain, Temp. Signalization & Sign. (2) PO Box 3,579 KM W. Rte. 49 To: Rte. Box. 49 (Lawrenceburg C.M.) LUNENBURG CO. 1.664 KM Gravel, Drain, Aug. Pipe & Inlets.	AWARD	B. P. SHORT & SON PAVING CO., INC. PETERSBURG, VA.	2	\$838,301.67

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Ric. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
5 111-97A	0055-018- 213,CS02,8633 CONSTRUCTION FUNDS	98	From: 1.937 MI. E. ECL. Interchange To: 0.857 MI. W. Rte. 631 GRAYSON CO. 4.681 MI. Grada, Drain, Adj. Park & Br.	AWARD	H. B. ROWE & CO., INC. MOUNT AIRY, NC.	11	\$15,938,934.55
6 114-97A	0018-009-V09,CS01 CONSTRUCTION FUNDS	218	From: 0.203 KM W. of Rte. 1161 To: 0.35 KM E. of Rte. 1161 STARBUCK CO. Left Turn Lane - Grada, Drain, Adj. Park & Inlets.	AWARD	JRG CONTRACTORS, INC. ALEXANDRIA, VA.	3	\$281,935.90
7 120-97A	0244-000-V08,MS91 CONSTRUCTION FUNDS	244	From: 0.093 KM W. of S. Yorks St. To: 0.092 KM E. of S. Courthouse Rd. ARLINGTON CO. 230 M Turn Lane Includes Grada, Adj. Park & Park Marlings	AWARD	GRANJA CONTRACTING, INC. ARLINGTON, VA.	5	\$81,185.50
8 123-97A	0001-008-V05,CS91, 8640 CONSTRUCTION FUNDS	1	Rte. 8 near Roanoke Rr. MIDDLEBURG CO. Bn. & Approachs	AWARD	BRANCH HIGHWAYS, INC. ROANOKE, VA.	6	\$3,372,508.43

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
9 3782	MLY-97-0185-601 CONSTRUCTION FUNDS	40 & 130	Various Locations AMHERST & PITTSYLVANIA COS. Issued New Contract	PRIMARY AWARD	KIRK-NEAL, INC. QUINQUE, VA.	6	\$268,820.00
10 3789	0860-982-X19-MS01 CONSTRUCTION FUNDS	360	Rte. 360 BBL & WBL at Int. Rte. 606 HANOVER CO. Entire Easmt. Left Turn Lanes	AWARD	GREENSCAPE SEEDING, INC. SEAFORD, VA.	3	\$46,722.50
11 3792	MSL-97-PRB-604 MAINTENANCE FUNDS	13	From: 0.08 MI. N. Rte. 606 To: 0.37 MI. N. Rte. 617 (NBL) NORTHAMPTON CO. 1.08 MI. Break & Seal Hlpl. Cms. Comp. Pav. & Overlay with 6 1/2" Asp. Cons.	AWARD	JA CONSTR. CORP. CONCORDVILLE, PA.	2	\$633,279.00
12 3793	MSL-97-PRB-603 MAINTENANCE FUNDS	13	From: 0.5 MI. S. Rte. 606 To: 0.13 MI. S. Rte. 080(NBL) ACCOMACK CO. 1.04 MI. Break & Seal Hlpl. Cms. Comp. Pav. & Overlay with 6 1/2" Asp. Cons.	AWARD	JA CONSTR. CORP. CONCORDVILLE, PA.	1	\$1,021,279.10

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
13 3799	MSL97-P88-903 MAINTENANCE FUNDS	17 NBL & SBL	From: 1.4 MI. N. Rte. 704(Cook Rd) To: Rte. 614(Shawater Rd) YORK CO. 3.1 MI. Break & Seal Hyd. Can. Comp. Pave. & Overlay with 1 1/2" App. Conc., Comp. Prev. Repr. (Full Depth) & Locals.	PRIMARY AWARD	HENRY S. BRANSCOME, INC. WILLIAMSBURG, VA.	1	\$2,655,538.00
14 250-968	0034-004-101,C581 CONSTRUCTION FUNDS	38	From: 0.019 MI. N. Inc. Rte. 100D To: 0.004 MI. S. Inc. Rte. Rte. 360 AMELIA CO. 0.134 MI. Grads, Drains, App. Pave. or Overlay, Rumbleing Wall & Inlets.	REJECT	BRAYOS CONCRETE, INC. MCLEAN, VA	2	\$319,946.00
15 71-97A	0050-025-F33,C581, B609,B610,B611 CONSTRUCTION FUNDS	50	From: 0.159 MI. E. Cornersville Rd. (Rte. 657) To: 0.146 MI. E. Springfield Rd. (Rte. 643) FAIRFAX CO. 1.487 MI. Grads, Drains, App. Pave., Signals, Landscaping, Utility & Box(S)	REJECT	FLIPPO CONSTRUCTION CO., INC. FORRESTVILLE, MD.	6	\$7,030,864.80
16 94-97A	0058-038-1013,B801 MAINTENANCE FUNDS	58	1.5 MI. E. Rte. 93 GRAYSON CO. Br. & Approaches over Fox Cr.	REJECT	FORT CHISWELL CONSTRUCTION CORPORATION BLUESFIELD, VA	6	\$861,833.70

Awarded 13 Primary Projects @ 529,224,539.98 & Rejected 3 @ 94,207,185.56

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
1 240-968	0774-041-2892301, DMSO CONSTRUCTION FUNDS	714	Route: 0.139 MI. S. North Park Cr. To: 0.211 MI. N. North Park Cr. HALLMARK LTD. 0.25 MI. Grade, Drain, App. S.T., Pav. & Drain. Str.	AWARD	M. C. CONSTRUCTION, INC. SOUTH BOSTON, VA	3	\$384,576.21
2 279-968	0616-074-134, MS02 CONSTRUCTION FUNDS	616	0.009 KM W. Int. Rte. 616 PRINCE GEORGE CO. 2.3 KM Grade, Drain & App. Pav.	AWARD	BISHOP & SETTLE CONSTR. CO., INC. ALBERTA, VA.	4	\$576,750.84
3 291-968	0620-085-241, MS01 CONSTRUCTION FUNDS	620	Route: Rte. 616 To: 0.701 MI. N. Rte. 616 SPOTSYLVANIA CO. 0.701 MI. Roadway & Retention Inc. Landslide Check, Drain & App. S.T. Pav.	AWARD	J. L. KENT & SONS, INC. SPOTSYLVANIA, VA.	4	\$414,752.00
4 93-97A	0634-085-621A, MS01 MAINTENANCE FUNDS	608	Compton Rd. over Cub Run (1.1 MI. NW Rte. 28) FABER CO. Dr. Separator, Rappins & Approach Work	AWARD	MOORE BRUS. CO., INC. VERONA, VA.	6	\$423,382.50

BID RESULTS

MARCH 23, 1997

Job Des.	Project No.	Ric. No.	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
10-97A	0624-074-767-14361 CONSTRUCTION FUNDS	624	Princ. Salum, CL. To: Rte. 460 FRUNCE OBSERVE CO. 0.977 MI. Grads, Drive & Asp. S.T. Princ.	AWARD	B. P. SHORT & SON PAVING CO., INC. PETERSBURG, VA.	4	\$281,926.00
10-97A	0640-073-791-16208 CONSTRUCTION FUNDS	640	Princ. Rte. 460 To: Rte. 792 FRUNCE EDWARD CO. 0.214 MI. Grads, Drive & Asp. S.T. Princ.	AWARD	WATTS CONTRACTORS, INC. FARMVILLE, VA.	7	\$244,834.00
112-97A	0651-983-706-14903 CONSTRUCTION FUNDS	651	Princ. Rte. 645 To: 0.3 MI. N. Rte. 645 BURSELL CO. 0.3 MI. Grads, Drive, Spok. & Asp. Princ.	AWARD	CLICO CORPORATION ROSEDALE, VA.	7	\$134,843.83
112-97A	0610-034- 284,030,14140 CONSTRUCTION FUNDS	630	Princ. 0.175 MI. S. RR. Rte. To: 0.116 MI. N. RR. Rte. PARQUER CO. 0.291 MI. Road, Sp. & R. W/L Includes Grads, Drive, Asp. Drive & R.	AWARD	NEW CONSTRUCTION, INC. VIENNA, VA.	2	\$246,347.92

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Ris. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
9	113-97A 0638-076-743J-900 CONSTRUCTION FUNDS	608	From: 2.15 MI. N. Rte. 63 To: 2.47 MI. N. Rte. 63 WISE CO. 0.44 MI. Improve & Widens E.L.M. Rdwy. Includes Grade, Drain & App. Pave.	AWARD	ESTES BROTHERS CONSTR., INC. JONESVILLE, VA.	9	\$180,441.75
10	115-97A 0669-023- 200-C301-3427 CONSTRUCTION FUNDS	669	From: 0.23 KM S. Mountain Run To: 0.245 KM N. Mountain Run CULPEPER CO. 0.457 KM Grade, Drain, App. Pave., Wetland Mitigation & Rt.	AWARD	DONALD H. SELVAGE, INC. AMHERST, VA.	4	\$979,177.80
11	117-97A 0628-007-0711-51001; 0250-007-1034-51001 MAINTENANCE FUNDS	629	From: 629 near Hamilton Dr#8 (1 MI. W. Rte. 689) To: Rte. 150 over (overage) Rte#1 (1.04 MI. W. Rte. 728 (MI.) AUGUSTA CO. New Br. (1) Segment, Rappahannock Val. (1)	AWARD	D. A. BROWN, INC. VINTON, VA	6	\$409,398.60
13	125-97A 0664-076-277-C301; 0974-076-266-C303 CONSTRUCTION FUNDS	668 & 674	Rte. 648 - From: 2.06 674 To: 0.219 E.M.S. Rte. 734 AND Rte. 874 - From: 6.305 KM W. Rte. 643 To: Mountain Gap Limits FORRICE WILLIAM CO. 2.027 KM Grade, Drain, App. Pave., Util. & Seals.	AWARD	MOORE BROS. CO., INC. VERONA, VA.	4	\$3,714,911.50

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
13 3796	9999-157-226L/581 CONSTRUCTION FUNDS	9999	From: 0.02 MI. S. Mt. Vernon St. To: Rte. 220 East.	AWARD	ALLIED CONSTR. CO., INC. AMHERST, VA	4	\$200,413.00
			TOWN OF ALDERY MOUNT 0.597 MI. Finc. W.H. & Inside.				
14 3883	9712-002-P/ANSON CONSTRUCTION FUNDS	723	From: 0.18 MI. E. Rte. 569 To: 0.88 MI. E. Rte. 568	AWARD	BCHOLS BROTHERS, INC. STAUNTON, VA.	6	\$297,709.00
			ROCKINGHAM CO. 0.9 MI. Grade, Ditch, & Asp. S.T.				
15 3884	1431-173-274/MSB CONSTRUCTION FUNDS	1421	From: Rte. 41 To: 0.6 MI. E. Rte. 42	AWARD	GENERAL EXCAVATION, INC. LURAY, VA.	2	\$817,893.90
			ROCKINGHAM CO. 4.6 KM. Excav. - Grade, Ditch, Asp. Ditch, w/Asp. Curb, Surf.				
16 3885	0604-3301-482 CONSTRUCTION FUNDS	604	From: 0.4 MI. S. Rte. 602 To: 0.1 MI. N. Rte. 601	AWARD	VIROUNIA GUNITE, INC. FREDERICKSBURG, VA.	3	\$192,715.00
			WARREN CO. Rappahock Br. With Process 12" x 4" Box Culvert				

BID RESULTS

MARCH 25, 1997

Job Dist.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	Nu. of Bids	Bid
17 3412	0629-028-00-01-01-01 CONSTRUCTION FUNDS	628	Rt. 627 To: 0.4 MI. E. Rte. 767 ORANGE CO. 1.4 MI. Var. Depth Aggr. Base Mant. Ty. 1, No. 21A w/feels & Double End Surf., Grading, Drainage & Inlets.	AWARD SECONDARY	ROCK & RAJNES CONSTRUCTION CO., INC UNDERVILLE, VA.	4	\$354,925.00
18 272-058	0629-052-00-01-01-01 CONSTRUCTION FUNDS	620	Rt. 614 MI. W. Rte. 617 To: 0.4 MI. W. Rte. 629 NELSON CO.	REJECT	ALLIED CONSTR. CO., INC. AMHERST, VA.	3	\$345,005.35
19 92-07A	0612-076-6007-0002 MAINTENANCE FUNDS	412	Rte. 612 over Bell Run (1.4 MI. E. Rte. 663) FRUNCE WILLIAM CO. Pr. Wtd, Suppmt, Right-of-Way & Approach Work	REJECT	SHIRLEY CONTRACTING COMP. LORTON, VA.	2	\$1,480,883.95

Awarded 17 Secondary Projects @ \$\$,036,794.30 & Rejected 2 @ \$1,772,438.25

BID RESULTS

MARCH 25, 1997

Job Des.	Project No:	Rie. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
1 103-97A	1000-113-106, 10601 CONSTRUCTION FUNDS	28	Blk. 38 & Mainline St. TOWN OF QUINCY 49255 R. Grady, Drills, Asp. Pave. & Pave. Marking (Intersection Improvement)	URBAN AWARD	FORT CRUSWELL CONSTRUCTION CORPORATION BLUESFIELD, VA	5	\$242,478.25

Awarded 1 Urban Project, @ \$242,478.25

BID RESULTS

MARCH 25, 1997

Job Def.	Project No:	Rie. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
1	MS-97A DB-1-97 CONSTRUCTION FUNDS	Var.	Various Locations TAYLOR & HARRIS CO. Permits & Small Guardrail	AWARD	THE RUTH COMPANY LEXINGTON, KY.	4	\$153,597.00
2	3757 MILY-96-DBP-203 CONSTRUCTION & MAINTENANCE FUNDS	Var.	Various Routes RALPHAX & CHARLOTTE COPE Install STD W/ 1 Private Barrements, Ditching, Replace Mainline Pipes & Excavate	AWARD	M. C. CONSTRUCTION, INC. SOUTH BOSTON, VA	3	\$83,482.00
3	3765 1800-965-104, 2906 PS80-965-101, 2906 CONSTRUCTION FUNDS	Var.	Various Locations SUFFOLK DISTRICT Steel Sign Posts & Foundations & Retaining Walls, Signs	AWARD	TRANSPORTATION SAFETY CONTRACTORS OF VA., INC. CHESAPEAKE, VA.	4	\$196,590.52
4	3766 MNV-97-902-101 MAINTENANCE FUNDS	Var.	Various Locations FAIRFAX CO. Ramp & Replace Sidewalk, Curb & Center & Barrements	AWARD	D & F CONSTRUCTION, INC. ALEXANDRIA, VA.	6	\$2,181,496.00

10 M

BID RESULTS

MARCH 25, 1997

Job Dist.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
5	MINV-97-455-303 MAINTENANCE FUNDS	Var.	Various Locations FAIRFAX CO. Rep. & Repair: Sidewalk, Curb & Center & Business	AWARDED	ARTHUR CONSTRUCTION CO., INC. HERNDON, VA.	7	\$1,255,204.12
6	MINV-97-455-105 MAINTENANCE FUNDS	Var.	Various Locations FAIRFAX CO. Rep. & Repair: Sidewalk, Curb & Center & Business	AWARDED	C & F CONSTR. CO., INC. WASHINGTON, DC.	7	\$1,837,528.50
7	MIU-97-008-405 MAINTENANCE FUNDS	Var.	Various Locations (Marion, Residency) CITY OF NORFOLK General Maintenance	AWARDED	PENN LINE SERVICE, INC. SCOTTSDALE, PA.	3	\$347,285.00
8	PA-7-08 MAINTENANCE FUNDS	Var.	Various Locations CULPEPER DISTRICT Local Type A Pave. Mixings	AWARDED	SPIDEL CONSTR., INC. FREDERICKSBURG, VA.	4	\$300,340.90

BID RESULTS

MARCH 25, 1997

Job Des.	Project No.	Rie. No.	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
9 374	08-8-94 CONSTRUCTION FUNDS	Var.	Various Locations STANTON DISTRICT Inside New Courthouse	AWARD	MAKCO, INC. CHARLOTTESVILLE, VA.	4	\$183,836.00
10 380	1800-941-101,8901; F900-961-101,8901 CONSTRUCTION FUNDS	Var.	Various Locations BRISTOL DISTRICT Inside Metal Sign Str. & Banners Educ. Signs	AWARD	KIRK NEAL, INC. QUINQUE, VA.	3	\$66,288.00
11 3810	128-1-97 CONSTRUCTION FUNDS	Var.	Various Locations FAIRFAX CO. Installation & Modification of Traffic Signals	AWARD	PHILLIP C. CLARKE ELECTRICAL CONTRACTORS, INC. WOODBRIDGE, VA.	4	\$272,664.50
12 3811	MS7-97-888-804 MAINTENANCE FUNDS	Var.	Various Locations ALLEGHANY, ALBERTA, BATH, MERLAND & EDCEN/BROOK COYS. Regional Jr. Reps.	AWARD	LANFORD BROTHERS COMPANY, INC. ROANOKE, VA.	2	\$1,333,771.90

10 0

BID RESULTS

MARCH 25, 1997

Job Des.	Project No.	Ric. No.	Location and Work Type	RECOMMENDATION	Contractor	No. of Bids	Bid
13 2003	SCG-76A-97 MAINTENANCE FUNDS	Yn.	Spot Locations	MISCELLANEOUS SUBJECT	FORT MYER CONSTRUCTION CORPORATION WASHINGTON, DC.	6	\$951,351.50

PRINCE WILLIAM CO.
Sidwalk Curb & Glass Repair.

Awarded 12 Miscellaneous Projects @ \$7,989,487.42 & Rejected 1 @ \$951,351.50

BID RESULTS

Bids Received February 25, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of	Bid
55-97A	0021-001-1022.5R01	221	R. over Little Rv. FLOYD CO. R. Replacement & Approach Work	PRIMARY	NEW RIVER BRIDGE COMPANY	7	\$1,237,312.90
55-97A	0021-001-1022.5R01			AWARD	FORT CHISWELL CONSTRUCTION CORPORATION		\$1,423,186.00

BID RESULTS

Bids Received April 8, 1997

Job Des.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of	Bid
44-97A	0044-029-0721,CS01, 0492,0693	64	Interchange Rte. 46/21	AWARD	THE LANE CONSTRUCTION COMPANY MERIDIAN, CT	3	\$4,634,865.00

INTERSTATE

BID RESULTS

Bids Received March 26, 1997 by City of Clinton Forge

Job Dist.	Project No:	Rte. No:	Location and Work Type	RECOMMENDATION	Contractor	No. of	Bid
1	21191-165-V-26(CS4) CONSTRUCTION TELE-SHEDS		Commercial Historic District CITY OF CLIFTON FORGE Consumer Rehabilitation & Revitalizing work	URBAN AWARD	HARMOND MITCHELL, INC.	1	\$205,474.08
2	0079-006-006-46501		Nabbas Avenue at Elmer Town Road CITY OF DANVILLE Infrastructure Improvements	AWARD	APAC-VIRGINIA, INC.	1	\$176,218.33

Bids Received February 12, 1997 by City of Danville

4-17-97

Item 8:

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for bridge construction inspection or reconstruction inspection and shop drawing review for approximately twenty five (25) bridges for a period of three (3) years in the Bristol District it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Schwartz and Associates, Inc., for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Schwartz and Associates, Inc. for services for three (3) years, with a maximum total compensation not to exceed \$2,500,000.00.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for providing Area 1 bridge painting inspection and construction technical review for inspection, record keeping, final quantities, and processing monthly estimates for a period of three years in Richmond, Fredericksburg, Culpeper, and Northern Virginia Districts it is necessary to supplement its staff; and

4-17-97

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Corpro Companies, Inc. for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Corpro Companies, Inc. for services for three (3) years, with a maximum total compensation not to exceed \$3,000,000.00.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich, that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for providing Area 2 bridge painting inspection and construction technical review for inspection, record keeping, final quantities, and processing monthly estimates for a period of three (3) years in Bristol, Salem, Lynchburg, Suffolk, and Staunton Districts it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from KCI Technologies, Inc. for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

4-17-97

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of KCI Technologies, Inc. for services for three (3) years, with a maximum total compensation not to exceed \$3,000,000.00.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich, that

WHEREAS, the Department currently has a Memorandum of Agreement with the firm of Virginia Geotechnical Services, P. C., for Construction Inspection Services, and it has been determined that a change in the scope of services is necessary because the construction contractor encountered unsuitable materials throughout the project that had to be back filled and the finding of mining operations that were beneath the proposed roadway had to be back filled with riprap, this additional work increased the construction cost approximately \$2,900,000.00. In addition to the increased construction inspection service the consultant was requested to perform a subsurface investigation because of the instability of the material in the area. Additionally, the consultant was requested to analyze the subsurface data and make recommendations to address the stability issue, thus making this supplement for Project 0063-025-V05,C-501 necessary; and

WHEREAS, after careful review of the additional services required, a firm proposal has been received and just compensation for these additional services has been established and is outlined in this Supplemental Agreement No. 1.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of this Supplemental Agreement and it shall become a part of the Original Agreement, which currently has a maximum compensation of \$1,006,930.28.

4-17-97

This Supplemental Agreement No. 1 is in the amount of \$902,282.78 for services and expenses, plus a net fee of \$77,830.92, making the total for this Supplement \$980,113.65. The total maximum compensation of the Agreement, including all supplements, is now \$1,987,043.93.

Motion carried.

Action on the consultant agreement for Route 81, Botetourt and Rockbridge Counties, Projects 0081-011-118, PE101 and 0081-081-121, PE101, with Wiley and Wilson to provide services for surveying and mapping, traffic collection and analysis, and preliminary plan development was deferred.

Moved by Mrs. Lionberger, seconded by Mr. Rich, that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for a location study for widening and interchange improvements to Interstate 81 for Projects 0081-098-114, PE101, 0081-060-121, PE101 and 0081-077-106-PE101 located in Wythe, Montgomery, and Pulaski Counties, it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Whitman, Requardt and Associates for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

4-17-97

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Whitman, Regardt and Associates, which establishes a compensation of \$1,154,043.49 for services and expenses, plus a net fee of \$45,780.50, making the maximum total compensation not to exceed \$1,199,823.99.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for a location study for widening and interchange improvements to Interstate 81 for Project 0081-961-109, PE101 located in Washington, Smyth, and Wythe Counties, it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Mattern & Craig, for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Mattern & Craig, which establishes a compensation of \$2,410,584.84 for services and expenses, plus a net fee of \$45,357.11 making the maximum total compensation not to exceed \$2,455,941.95.

Motion carried.

4-17-97

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for a location study for widening and interchange improvements to Interstate 81 for Project 0081-968-113, PE101 and located in Shenandoah, Frederick, and Warren Counties, it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Whitman, Requardt and Associates for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Whitman, Requardt and Associates, which establishes a compensation of \$1,334,575.65 for services and expenses, plus a net fee of \$58,237.62, making the maximum total compensation not to exceed \$1,392,813.27.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with the needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for engineering services on Project 0150-020-F10, B632 thru B641 (widening and replacement), located in Chesterfield County, it is necessary to supplement its Structure and Bridge staff; and

4-17-97

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Rajan Mahima Associates, Inc. to perform the engineering services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and are set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Rajan Mahima Associates, Inc. which establishes a compensation of \$397,433.83 for services and expenses plus a net fee of \$36,056.36, making the maximum total compensation not to exceed \$433,490.19.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich, that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for providing complete survey, right of way and construction roadway plans, and structure and bridge plans for a five (5) lane roadway with curb and gutter, sidewalk and bike path for Project 0340-093-V20, PE-101 located in Warren County it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from TAMS Consultants, Inc., for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

4-17-97

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of TAMS Consultants, Inc., which establishes a compensation of \$1,391,817.00 for services and expenses, plus a net fee of \$54,750.00, making the maximum total compensation not to exceed \$1,446,567.00.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich, that

WHEREAS, the Department currently has a Memorandum of Agreement with the firm of Gannett Fleming, Inc., and it has been determined that an error occurred in the computation of the net fee for Supplemental Agreement No. 1 for Project 7460-122-F02, PE-101,C-501; and

WHEREAS, after careful review of the computations in Supplemental Agreement No. 1, the necessary adjustment has been made and is outlined in this Supplemental Agreement No. 2.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of this Supplemental Agreement and it shall become a part of the Original Agreement and Supplemental Agreement No. 1, which currently has a maximum compensation of \$488,066.73.

This Supplemental Agreement No. 2 is in the amount of \$17,596.02 for net fee. The total maximum compensation of the Agreement, including all supplements, is still \$488,066.73.

Motion carried.

4-17-97

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for providing construction inspection for grading, paving, and drainage for Projects 0657-029-281,C-503 and 0050-029-F33,C-502 located in Fairfax County for a period of eighteen months it is necessary to supplement its staff; and

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from McDonough Bolyard Peck, for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of McDonough Bolyard Peck, which establishes a compensation of \$1,381,274.45 for services and expenses, plus a net fee of \$51,364.74, making the maximum total compensation not to exceed \$1,432,639.19.

Motion carried.

Moved by Mrs. Lionberger, seconded by Mr. Rich,
that

WHEREAS, in accordance with its needs and schedules for implementing its program objectives, the Department has determined that in order to perform the necessary activities to meet those objectives for providing a Feasibility Study for the Transamerica Corridor from Beckley, West Virginia to Hampton Roads, Virginia, it is necessary to supplement its staff; and

4-17-97

WHEREAS, in accordance with Department policy and State procurement procedures, a firm proposal has been received from Michael Baker, Jr., Inc., for said services; and

WHEREAS, careful review and consideration has been made of the scope of work and services required and just compensation has been established for these services and is set forth in the Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the execution of the Agreement with the firm of Michael Baker, Jr., Inc. as a lump sum contract in the amount of \$544,538.42.

Motion carried.

Item 9:

Moved by Mr. Grubb, seconded by Mr. Martin, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, public meetings were held in seven locations throughout the Route 58 corridor in November 1990, and five additional public meetings/Corridor Public Hearings were held in August 1991 for the purpose of considering the proposed Corridor Feasibility Study of Route 58 between Jonesville and Martinsville approximately 241 miles; and

WHEREAS, on May 21, 1992 the Commonwealth Transportation Board approved corridor Forecast 11 as recommended by the consultant. Forecast 11 is the alternative (known as alternative 2A) which follows Route 58A from Jonesville to Big Stone Gap, Route 23 from Big Stone Gap to Weber City, Route 58 from Weber City to Bristol, overlaps I-81 from Bristol to just southwest of Marion, utilizes a new section of roadway from I-81 to Route 16 at Troutdale, overlaps Route 16 to Volney, then generally follows the existing Route 58 corridor the rest of the way to Martinsville; and

WHEREAS, on May 21, 1992 a resolution was passed by the Commonwealth Transportation Board, that in addition to Forecast 11 (alternative 2A) as recommended by the consultant, additional needs were identified for improvement in the Route 58 Corridor which would promote the objectives of the General Assembly in contributing to the economic development in Southwest Virginia; and

WHEREAS, the May 21, 1992 resolution stated that these identified needs should be considered for funding by the Commonwealth Transportation Board as funds became available to:

1. Widen Route 58 from I-81 at Abingdon to Damascus to a four-lane roadway.
2. Route 58 from Damascus to Volney should remain two lanes, but safety-type improvements are recommended to eliminate curve and grade hazards, narrow bridges, etc.
3. Improve Route 58 from Jonesville to Duffield to a four-lane roadway; and

WHEREAS, on June 25, 1996, officials from Smyth, Washington and Grayson counties signed a Joint Statement of Purpose and Goals for Improvements to route 58 and 16, witnessed by Governor George Allen; and

WHEREAS, the Secretary of Transportation formed an advisory group consisting of representatives for Smyth, Washington and Grayson Counties, Mount Rogers Planning District Commission, Mountain Heritage Alliance, Appalachian Trail Conference, United States Forest Service, and local citizens which studied options for improving Route 58 and Route 16; and

WHEREAS, the Advisory Group reached a consensus on the option for improving Route 58 and Route 16 as presented to the Board at its March 16, 1997 workshop; and

WHEREAS, this Advisory Group also recommended that improvements to Route 725 in Washington County be studied in order to enhance access to Taylors Valley and to also study improvements to Route 603 in Washington County in order to provide tractor trailer access between Route 58 and Interstate 81.

4-17-97

NOW, THEREFORE, BE IT RESOLVED that the Commonwealth Transportation Board hereby rescinds that portion of its May 21, 1992 resolution which granted corridor approval for that portion of the Route 58 alignment which would overlap I-81 from Bristol to just southwest of Marion, utilize a new section of roadway from I-81 to Route 16 at Troutdale, and overlap Route 16 to Volney, which was part of Forecast 11.

BE IT FURTHER RESOLVED that improvements to existing Route 58 from Damascus to Volney and existing Route 16 between Volney and Interstate 81, be developed to provide 24 feet of pavement width, 4 foot cut shoulders, 2 foot ditches, 4 foot fill shoulders, a 45 mile per hour design speed, improved alignment to accommodate tractor trailers, and truck climbing lanes in areas of excessive grade when possible.

BE IT FURTHER RESOLVED that the Department of Transportation continue studying the system of improvements necessary to promote safe travel and enhance economic development by upgrading Route 725 in Washington County for access to Taylors Valley and by upgrading Route 603 in Washington County to provide truck access to I-81.

BE IT FURTHER RESOLVED that any improvements to Route 16 from Volney to Route 81, Route 58 from Volney to Damascus, and Route 725 for access to Taylors Valley and Route 603 to provide truck access to Route 81 be funded from the Route 58 Corridor Development Fund.

BE IT FURTHER RESOLVED that any improvements to Route 58 from Damascus to Abingdon be funded from the Route 58 Corridor Development Fund.

Motion carried.

Item 10:

On Wednesday, April 16, 1997, a Commonwealth Transportation Board Workshop session was held in the Board Room of the Transportation Building at 1401 E. Broad Street, Richmond. During the Workshop, a three-hour discussion was held on the proposed design of the Route 29 Bypass, Albemarle County, Proj. 6029-002-F22, PE101, RW201, C501.

Moved by Mr. Roudabush, seconded by Mr. Byrd,
that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Design Public Hearing was held in the Sheraton Inn Charlottesville located in Albemarle County, Virginia, on Tuesday, February 25, 1997 between 2:00 p.m. and 8:00 p.m. for the purpose of considering the proposed major design features of the Route 29 Bypass, from 1.12 km (0.7 mile) north of Route 29/250 interchange to 0.8 km (0.5 mile) north of Rivanna River in Albemarle County, State Project #029-002-F22, PE-101, RW-201, C-501; and RUVA-002-101, PE-101; and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

NOW, THEREFORE, BE IT RESOLVED that the major design features of this project be approved in accordance with the plan as proposed and presented at the said Design Public Hearing by the Department's Engineers with:

- * Modification in the final design phase to modify the interchange at the northern termini to eliminate impacts to the Brook Hill property which is likely eligible for listing in the National Register of Historic Places;

- * Modification in the final design phase to reduce the Hydraulic Road bridge to reflect a two lane design;

- * Approval of the selection of the "Central Design Alternative" (as designated on the attached map) that shifts the Stillhouse Mountain alignment out of the mountain side;

- * A shift in the alignment of Lambs Road to the east to lessen impact to the west side of the proposed roadway in the final design phase;

4-17-97

* An evaluation of ramp "D" on the south end of the project to see if the existing south bound Route 29 Bypass can be utilized in lieu of constructing a whole new ramp "D";

* Modification to the North Grounds Connector road, which shall be no wider than 33'-0" curb to curb, and its right of way no wider than would be appropriate for a roadway of that width;

* The northbound access ramps "E" and "F" to the Route 250 Bypass revised to be relocated northward as close as is physically possible to the new alignment of the Route 250 Bypass, i.e., as far distant as is possible from the new Darden School of Business and Law School;

* Every possible aesthetic measure taken to preserve and enhance the University's considerable investment in the setting and appearance of its new Darden School of Business and the Law School, including visual buffering using plant materials of appropriate size and scale, and density of coverage, as well as acoustic buffering using sound walls faced with materials compatible with those historically in use at the University. In addition, any stormwater detention ponds which may be required in the vicinity of the University as a result of the new Bypass or the North Grounds Connector road shall be designed in conformance with the principles of the University's Water Resources Management plan.

* Concurrence from the Board of Visitors, of the University of Virginia, with the proposed design modifications on or before July 15, 1997.

NOW, THEREFORE, BE IT FURTHER RESOLVED that in the interest of public safety, pedestrians, persons riding bicycles or mopeds, horsedrawn vehicles, self-propelled machinery or equipment, and animals led, ridden or driven on the hoof be prohibited from using this highway.

BE IT FURTHER RESOLVED that the Route 29 Bypass be designated as a Limited Access Highway from 1.12 km (0.7 mile) north of Route 29/250 interchange and 0.8 km (0.5 mile) north of Rivanna River as designated on the public hearing plans and in accordance with the statutes of Virginia and in accordance with the Commonwealth Transportation Board Policies.

BE IT FURTHER RESOLVED that in accordance with Article 4, Chapter 1, Title 33.1, Section 33.1-34 of the 1950 Code of Virginia and State Highway and Transportation Board Policy, the herein approved 10.04 km (6.24 mile) segment of Route 29 Bypass be added to the Primary System of Highways and designated Virginia Route 29 Bypass.

Motion carried. Mr. Myers reiterated that his transactional disclosure statement was on file.

Item 11:

Moved by Mr. Cogbill, seconded by Mr. Neale, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Combined Location and Design Public Hearing was held in the Triumphant Baptist Church in the City of Richmond, Virginia, on Thursday, October 10, 1996, between 5:00 p.m. and 8:00 p.m. for the purpose of considering the proposed location and major design features of the First Street Bridge Replacement, from 0.082 mile north of the intersection of Hospital Street to 0.049 mile south of the intersection of East Falls Street, in the City of Richmond, State Project U000-127-V20, PE-101, RW-201, C-501, B-609; Federal Project BR-5127 (); and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

4-17-97

NOW, THEREFORE, BE IT RESOLVED that the location and major design features of this project be approved in accordance with the plan as proposed and presented at the said Location and Design Public Hearing by the Department's Engineers.

Motion carried.

Moved by Mr. Cogbill, seconded by Mr. Neale, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Combined Location and Design Public Hearing was held in the Scott County Vocational Center, in Gate City, Virginia, on Tuesday, December 17, 1996, between 4:00 p.m. and 7:00 p.m. for the purpose of considering the proposed location and major design features of the intersection improvements at Route 23/58/421 and Business Route 23/58/421 (to include improvements to Kane Street, Jones Street and Beech Street), in the town of Gate City, State Project 0058-084-E11, PE-101, RW-201, C-501, B-601; and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

NOW, THEREFORE, BE IT RESOLVED that the location and major design features of this project be approved in accordance with the plan as proposed and presented at the said Location and Design Public Hearing by the Department's Engineers, with the addition of a left turn lane into the post office from Jones Street south of Route 71 in the final design phase.

Motion carried.

Moved by Mr. Cogbill, seconded by Mr. Neale, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Combined Location and Design Public Hearing was held in the Manchester Middle School, in Chesterfield County, Virginia, on Wednesday, March 12, 1997 between 5:00 p.m. and 7:00 p.m. for the purpose of considering the proposed location and major design features of Chippenham Parkway/Route 150 from 0.90 mile south east bound lane Hull Street (Route 360) to Powhite Parkway (Route 76) in Chesterfield County, State Project 0150-020-F10, PE101, RW201, C501, B632 thru B641; Federal Project STP-5127 (246) and STP-150-4 (); and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

NOW, THEREFORE, BE IT RESOLVED that the location and major design features of this project be approved in accordance with the plan as proposed and presented at the said Location and Design Public Hearing by the Department's Engineers.

BE IT FURTHER RESOLVED that in the interest of public safety, pedestrians, persons riding bicycles or mopeds, horsedrawn vehicles, self-propelled machinery or equipment, and animals led, ridden or driven on the hoof be prohibited from using this highway.

BE IT FURTHER RESOLVED that the Chippenham Parkway/Route 150 be designated as a Limited Access Highway from 0.90 mile south of Hull Street Road (Route 360) to Powhite Parkway (Route 76) as designated on the public hearing plans and in accordance with the statutes of Virginia and in accordance with the Commonwealth Transportation Board Policies.

Motion carried.

Moved by Mr. Cogbill, seconded by Mr. Neale, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Combined Location and Design Public Hearing was held in the Godwin Middle School in Dale City, Virginia, on Wednesday, August 21, 1996, between 5:00 p.m. and 8:00 p.m. for the purpose of considering the proposed location and major design features of Cardinal Drive/Route 610 in Prince William County, from 1.891 km (1.17 miles) east of the intersection of Route 640 (Minnieville Road) to 0.206 km (0.13 mile) east of the intersection of Route 1 (Jefferson Davis Highway) on Neabsco Road in Prince William County, State Project 0610-076-182, RW-203, C-502; and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

NOW, THEREFORE, BE IT RESOLVED that the location and major design features of this project be approved in accordance with the plan as proposed and presented at the said Location and Design Public Hearing by the Department's Engineers, with modification in the final design phase as follows:

- * Evaluation of the need for traffic signals at the intersection of Beau Ridge Drive and Cardinal Drive and the intersection of Welding Drive and Cardinal Drive and include traffic signals if found to be warranted;
- * Revision to the plans to indicate the location of the Newport Homes Monument sign; and
- * Traffic Engineer will review and evaluate the proposed improvements on Cardinal Drive to determine the posted speed. This will be done based on the specific project warrants.

Motion carried.

Moved by Mr. Cogbill, seconded by Mr. Neale, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Combined Location and Design Public Hearing was held in the Powhatan County Administration Building in Powhatan County, Virginia, on Wednesday, January 15, 1997, between 5:30 p.m. and 7:00 p.m. for the purpose of considering the proposed location and major design features of Manakintown Ferry Road, Route 635, from 1.35 miles south of Route 711 (Huguenot Trail) to 0.97 mile south of Route 711, in Powhatan County, State Project 0635-072-F34, M-503; and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

NOW, THEREFORE, BE IT RESOLVED that the location and major design features of this project be approved in accordance with the plan as proposed and presented at the said Location and Design Public Hearing by the Department's Engineers with consideration given to installation of traffic signal at Route 635 and Route 60 if warranted.

Motion carried.

Moved by Mr. Cogbill, seconded by Mr. Neale, that

WHEREAS, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board, a Combined Location and Design Public Hearing was held in the Greenfield Elementary School, in Chesterfield County, Virginia, on Wednesday, September 18, 1996, between 4:30 p.m. and 7:30 p.m. for the purpose of considering the proposed location and major design features of Robious Road/Route 675 from Route 60, Midlothian Turnpike, to 1.34 mile (2.164 km) north of Route 60, Midlothian Turnpike, in Chesterfield County, State Project 0675-020-144, C-503; and

WHEREAS, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, and their statements being duly recorded; and

WHEREAS, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

NOW, THEREFORE, BE IT RESOLVED that the location and major design features of this project be approved in accordance with the plan as proposed and presented at the said Location and Design Public Hearing by the Department's Engineers, with modification in the final design phase as follows:

- * A traffic study is currently under way and traffic signals will be provided if warranted at the Robious Road and Woodmont Road intersection;
- * A pedestrian study is currently under way to determine if pedestrian facilities are appropriate at the Robious Road and Woodmont Road intersection, and if warranted, they will be provided;
- * A study of locations for crossovers for the Robious Hall Shopping Center, Wrens Nest Road, Knollwood Drive, Fernleaf Drive, Evon Avenue or Lotus Drive, Lark Hill Lane, and at the Redeemer Moravian Church is currently under way and crossovers will be provided at locations as warranted by State Regulations and Policies;
- * Provide a right turn lane (northbound) at Woodmont Drive and Robious Road;
- * Provide a left turn lane at Robindale Drive and Robious Road; and
- * Add section of radial sidewalk to tie the sidewalk from the Greenfield subdivision to the proposed sidewalk on Robious Road.

Motion carried.

4-17-97

Item 12:

Moved by Mr. Rich, seconded by Mr. Prettyman,
that

WHEREAS, Route 29, State Project 6029-030-102, RW201, in Fauquier County, was designated as a Limited Access Highway by the Commonwealth Transportation Board on October 23, 1973; and

WHEREAS, right of way was acquired for an ultimate interchange; and

WHEREAS, a secondary improvement project has been approved by the Fauquier County Board of Supervisors to relocate the connection of Route 880 (Turkey Run Drive) to align with the existing crossover between Route 15/29 Bypass and Route 17, 15/29 Business; and

WHEREAS, the proposed reconstructed intersection would improve safety along Route 15/17/29 and would provide improved access to Turkey Run community, the new Lord Fairfax Community College and the county landfill, permitting all traffic movements from both the northbound lane and southbound lane of Route 15/17/29 at a signalized intersection; and

WHEREAS, the Department has concluded that providing the connection opposite the existing Route 17, 15/29 Business connection and closing the existing Route 880 crossover will meet design criteria and will better serve the current traffic needs until the ultimate interchange is constructed.

NOW, THEREFORE, BE IT RESOLVED that in consideration of the above, the Commonwealth Transportation Board hereby approves the use of the existing limited access right of way on the east side of Route 15/29 for the reconstruction of Route 880 until said right of way is needed for the construction of the ultimate interchange.

BE IT FURTHER RESOLVED that the existing crossover at the existing intersection of Route 880 shall be closed and that the connection to Route 880 to Route 15/17/29 be relocated opposite the existing Route 17, 15/29 Business crossover.

Motion carried.

4-17-97

Item 13:

Moved by Mr. Porter, seconded by Mr. Grubb, that

WHEREAS, in response to a formal request by the Halifax County Board of Supervisors that Route 613 (North Terry's Bridge Road) between U.S. Route 360 (James D. Hagood Highway) and Route 360 (Bethel Road) be considered for restriction of through truck traffic pursuant to the provisions of Section 46.2-809 of the Code of Virginia, this matter has been carefully reviewed; and

WHEREAS, the Halifax County Board of Supervisors has conducted a public hearing on this restriction; and

WHEREAS, the route in question traverses a predominantly non-commercial area; and

WHEREAS, a restriction on the proposed route would not present any undue hardship; and

WHEREAS, proper notice was given by posting signs and publishing notices advising the public of the proposed restriction and requesting written comments; and

WHEREAS, careful consideration has been given to the recommendations received, the available alternate routes and the past practices of the Department.

NOW, THEREFORE, BE IT RESOLVED that Route 613 (North Terry's Bridge Road) between U.S. Route 360 (James D. Hagood Highway) and Route 360 (Bethel Road) be restricted to through truck traffic in accordance with Section 46.2-809 of the Code of Virginia.

Motion carried.

4-17-97

Item 14:

Moved by Mr. Neale, seconded by Mr. Porter, that

WHEREAS, Section 33.1-223 of the Code of Virginia sets forth that the General Assembly of Virginia has found and declared that it is "... in the public interest that access roads and bikeways for public recreational areas and historical sites be provided...", reserves \$3,000,000 from highway funds for such purpose, and further provides that "The Commonwealth Transportation Board, with the concurrence of the Director of the Department of Conservation and Recreation is hereby authorized to make regulations to carry out the provisions of this section."; and

WHEREAS, the Director of the Department of Conservation and Recreation and the Commonwealth Transportation Board have adopted a joint policy to govern the use of Recreational Access Funds pursuant to Section 33.1-223 of the Code of Virginia; and

WHEREAS, the Buchanan County Board of Supervisors has, by resolution, requested the use of Recreational Access Funds to provide adequate access to the Poplar Gap Recreational Park, located off Route 604 in the southwest portion of Buchanan County, and said access is estimated to cost \$250,000; and

WHEREAS, this request is being considered by the Director of the Department of Conservation and Recreation and it is anticipated that it will be found to comply fully with the provisions of Section 33.1-223; and

WHEREAS, it is further anticipated that the Director of the Department of Conservation and Recreation will recommend the construction of the aforementioned access road.

NOW, THEREFORE, BE IT RESOLVED that \$250,000 from the 1996-97 Fiscal Year Recreational Access Fund be allocated to construct the access road to the Poplar Gap Recreational Park in Buchanan County, Project 0735-013-690, N501, contingent upon:

1. all necessary right of way, environmental assessments, and utility adjustments being provided at no cost to the Recreational Access Fund;

4-17-97

2. the Director of the Department of Conservation and Recreation finding this request to be in compliance with the provisions of Section 33.1-223 of the Code of Virginia and recommending the construction of the aforementioned access facility; and

3. the payment of all ineligible project costs and all eligible project costs in excess of \$250,000 from sources other than the Recreational Access fund.

Motion carried.

Moved by Mr. Neale, seconded by Mr. Porter, that

WHEREAS, Section 33.1-223 of the Code of Virginia sets forth that the General Assembly of Virginia has found and declared that it is "... in the public interest that access roads and bikeways for public recreational areas and historical sites be provided...", reserves \$3,000,000 from highway funds for such purpose, and further provides that "The Commonwealth Transportation Board, with the concurrence of the Director of the Department of Conservation and Recreation is hereby authorized to make regulations to carry out the provisions of this section."; and

WHEREAS, the Director of the Department of Conservation and Recreation and the Commonwealth Transportation Board have adopted a joint policy to govern the use of Recreational Access Funds pursuant to Section 33.1-223 of the Code of Virginia; and

WHEREAS, the Frederick County Board of Supervisors has, by resolution, requested the use of Recreational Access Funds to provide bicycle access to Sherando Park located off Route 277 east of Stephens City and said access is estimated to cost \$66,000; and

WHEREAS, this request has been considered by the Director of the Department of Conservation and Recreation and has been found to comply fully with the provisions of Section 33.1-223; and

WHEREAS, the Director of the Department of Conservation and Recreation has recommended the construction of the aforementioned bikeway.

4-17-97

NOW, THEREFORE, BE IT RESOLVED that \$63,000 (\$60,000 unmatched and \$3,000 matched) from the 1996-97 Fiscal Year Recreational Access Fund be allocated to construct bicycle access to Sherando Park in Frederick County, Project 0765-034-213, MS02, contingent upon:

1. all necessary right of way, environmental assessments, and utility adjustments being provided at no cost to the Recreational Access Fund;
2. provision by Frederick County of the required \$3,000 in matching funds;
3. the payment of all ineligible project costs and all eligible project costs in excess of the projects allocation from sources other than the Recreational Access fund.

Motion carried.

Item 15:

Moved by Mr. Porter, seconded by Mr. Grubb, that

WHEREAS, Section 33.1-221 of the Code of Virginia provides a fund to "...be expended by the Board for constructing, reconstructing, maintaining or improving access roads within counties, cities and towns to industrial sites on which manufacturing, processing or other establishments will be built under firm contract or are already constructed and to licensed, public-use airports;" and

WHEREAS, the Sussex County Board of Supervisors has, by appropriate resolution, requested Industrial Access Funds to serve RGC (USA) Mineral Sands, Inc., located off Route 602 in Sussex County, and said access is estimated to cost \$306,000; and

WHEREAS, it appears that this request falls within the intent of Section 33.1-221 and complies with the provisions of the Commonwealth Transportation Boards policy on industrial access.

4-17-97

NOW, THEREFORE BE IT RESOLVED that \$303,000 (\$300,000 unmatched and \$3,000 matched) of the 1996-97 Fiscal Year Industrial, Airport and Rail Access Fund be allocated to provide adequate access to RGC (USA) Mineral Sands, Inc., located in Sussex County, Project 0602-091-189,M501, contingent upon:

1. all necessary right of way, environmental assessments, and utility adjustments being provided at no cost to the Industrial, Airport and Rail Access Fund;
2. provision of satisfactory documentation of eligible capital outlay by the industry; and
3. payment of all ineligible project costs, and of all project costs in excess of this allocation, from sources other than those administered by the Virginia Department of Transportation.

Motion carried.

Item 16:

Moved by Mr. Neale, seconded by Mr. White, that

WHEREAS, the Virginia Department of Transportation (VDOT) has various successful individual partnering relationships with Virginia State University and the Federal Highway Administration; and

WHEREAS, this agreement would formally continue a joint relationship entitled the Summer Transportation Institute Program (STIP) that has existed for the last two summers; and

WHEREAS, this agreement would promote transportation related career orientation for minority students; and

WHEREAS, this agreement would continue to promote participation with Historically Black Colleges and Universities (HBCUs); and

WHEREAS, it is the wish of the three parties involved to continue the development of this program through a formal agreement; and

4-17-97

WHEREAS, the goals and objectives of this partnership can continue to be implemented with each participant's existing resources,

NOW, THEREFORE, BE IT RESOLVED that the Commonwealth Transportation Board endorses the purpose and intent of the Partnership Agreement between Virginia State University, Federal Highway Administration and the Virginia Department of Transportation for the STIP.

BE IT FURTHER RESOLVED that the Commonwealth Transportation Commissioner is hereby authorized to execute and implement the Agreement.

Motion carried.

Item 17:

Moved by Mr. Prettyman, seconded by Mr. Rich, that

BE IT RESOLVED BY THE COMMONWEALTH TRANSPORTATION BOARD AS FOLLOWS:

SECTION 1. Findings and Determinations. The Commonwealth Transportation Board (the "Board") hereby finds and determines as follows:

(a) Pursuant to the State Revenue Bond Act, Section 33.1-267 et seq. of the Code of Virginia, 1950, and the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994, Chapters 233 and 662 of the Acts of Assembly of 1994 ("Chapter 233" and "Chapter 662", respectively), the Board is authorized to issue revenue bonds of the Commonwealth of Virginia (the "Commonwealth") to be designated "Commonwealth of Virginia Transportation Program Revenue Bonds" in an aggregate principal amount not exceeding \$32,500,000, plus an amount for the issuance costs, capitalized interest, reserve funds and other financing expenses (including, without limitation, original issue discount) (the "Bonds") to finance the costs of the project known as the Oak Grove Connector in the City of Chesapeake, Virginia (the "City").

(b) The Board has determined to proceed with the authorization of the issuance and sale of an initial series of the Bonds, in an aggregate principal amount not exceeding \$33,500,000, which shall be designated as the "Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake)" (the "Series 1997A Bonds"), and to use the net proceeds from the sale of the Series 1997A Bonds to pay costs of the Oak Grove Connector.

(c) Section 4 of each of Chapter 233 and Chapter 662 provides that the Bonds "may be sold at public or private sale for such price or prices as the [Commonwealth Transportation] Board may determine to be in the best interests of the Commonwealth".

(d) Public Resources Advisory Group, in its capacity as financial advisor to the Board, has recommended that the Series 1997A Bonds be sold at competitive sale.

(e) There are presented to this meeting the following documents which the Board proposes to approve and cause to be executed to carry out the issuance of the Bonds, copies of which shall be filed with the records of the Board:

(i) Drafts, dated April 10, 1997, of a Master Agreement of Trust (the "Master Trust Agreement") and a First Supplemental Agreement of Trust (the "First Supplemental Trust Agreement" and collectively with the Master Trust Agreement, the "Trust Agreement"), providing for the issuance of the Series 1997A Bonds and setting forth terms and provisions thereof.

(ii) A draft, dated April 10, 1997, of a Preliminary Official Statement of the Board relating to the offering of the Series 1997A Bonds (the "Preliminary Official Statement").

(iii) A draft, dated April 10, 1997, of a Payment Agreement by and among the Board, the Treasury Board and the Secretary of Finance of the Commonwealth of Virginia providing for, among other things, procedures for requesting appropriations of funds sufficient to pay principal of and premium, if any, and interest on the Series 1997A Bonds (the "Payment Agreement").

(iv) A draft, dated April 10, 1997, of an Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, by and between the Board and the City providing, among other things, for the City to allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual debt service on the Series 1997A

Bonds less the City's share of State recordation taxes that have been previously dedicated therefor to the Transportation Improvement Program Set-aside Fund established pursuant to Section 58.1-816.1 of the Code of Virginia of 1950, as amended, and available for such purposes, and providing further with respect to the use of the proceeds of the Series 1997A Bonds and the investment earnings thereon (the "Supplemental Payments Agreement").

(f) The Master Trust Agreement, the First Supplement Trust Agreement the Payment Agreement and the Supplemental Payments Agreement are hereinafter referred to collectively as the "Financing Documents".

SECTION 2. Authorization and Issuance of Series 1997A Bonds. The Board determines that it is in the best interest of the Commonwealth to issue and sell the Series 1997A Bonds. The Board authorizes the issuance and sale of the Series 1997A Bonds by competitive bidding, pursuant to the following terms and conditions: (a) the aggregate principal amount of the Series 1997A Bonds shall not exceed \$33,500,000, (b) the final maturity of the Series 1997A Bonds shall not extend beyond May 15, 2022, and (c) the true interest cost of the Series 1997A Bonds shall not exceed 7.50% per annum, taking into account original issue discount or premium, if any.

SECTION 3. Determination of Details of Series 1997A Bonds. The Board authorizes and directs the Secretary of Transportation who by virtue of such office serves as the chairman of the Board (the "Chairman") or his designee, subject to the limitations set forth in Section 2, to determine the details of the Series 1997A Bonds, including, without limitation, the aggregate principal amount, the maturity schedule, the interest rates and the redemption provisions of the Series 1997A Bonds, the price at which the Series 1997A Bonds are to be sold and the prices at which the Series 1997A Bonds are to be reoffered by the initial purchasers thereof, (b) to approve the final form of all documents that are appropriate to carry out the contemplated financing, (c) to complete and execute the Preliminary Official Statement as an official statement in final form (the "Official Statement"), and (d) to take all such further action as may be necessary or desirable for the issuance and sale of the Series 1997A Bonds.

SECTION 4. Official Statement. The form of the Preliminary Official Statement is approved. The Board directs its staff and Public Resources Advisory Group to prepare, and authorizes the distribution of the Preliminary Official Statement to potential bidders in form deemed to be "near final" as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, to prospective purchasers of the Series 1997A Bonds, with such distribution constituting conclusive evidence that the Board has deemed the Preliminary Official Statement to be near final as of its date. After the winning bid for the Series 1997A Bonds is accepted, the Board authorizes and directs the Chairman to deliver the Official Statement to the winning bidder. The Official Statement shall be substantially in the form of the Preliminary Official Statement as "deemed final" by the Chairman, with such further completions, omissions, insertions and changes as may be approved by the Chairman. The Chairman's approval of all completions, omissions, insertions and changes to both the Preliminary Official Statement and the Official Statement shall be evidenced conclusively by the execution and delivery of the Official Statement on the Board's behalf.

SECTION 5. Notice of Sale. The form of the Notice of Sale is approved. The Chairman is authorized and directed to cause the Notice of Sale to be published and distributed to potential bidders for the Series 1997A Bonds in substantially the form of the draft submitted to this meeting, with such completions, omissions, insertions and changes as may be approved by the Chairman. The Chairman's approval shall be evidenced conclusively by the distribution of the Notice of Sale to potential bidders.

SECTION 6. Acceptance of Bids. The Chairman or his designee is authorized and directed to accept the bid for the purchase of the Series 1997A Bonds at the price and interest rates that result in the lowest true interest cost to the Commonwealth in accordance with the Notice of Sale; provided that such true interest cost shall not exceed the maximum set forth above and the sale price of the Series 1997A Bonds shall not be less than 99 %, or greater than 101 %, of the Series 1997A Bonds' aggregate principal amount. The Chairman or his designee also is authorized to postpone the sale date or amend the terms of the offering as may be provided in the Notice of Sale.

SECTION 7. Preparation of Documentation. The Board authorizes and directs the staff of the Virginia Department of Transportation, the Attorney General's Office, as counsel to the Board, Public Resources Advisory Group, as financial advisor to the Board, and Hawkins, Delafield & Wood, as Bond Counsel to the Board, to prepare all documentation and take all actions necessary or desirable to bring the Series 1997A Bonds to market as soon as practicable.

SECTION 8. Limited Obligations. The Series 1997A Bonds shall be limited obligations of the Board, payable solely from Revenues, as defined in the Trust Agreement, and the Funds created under the Trust Agreement, and nothing in the Series 1997A Bonds or in the Trust Agreement 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.

SECTION 9. Execution and Delivery of the Series 1997A Bonds. The Board authorizes and directs the Chairman of the Board, the Commonwealth Transportation Commissioner and the Secretary of the Board to have the Series 1997A Bonds prepared and executed pursuant to the Trust Agreement, to deliver them to the Trustee for authentication, and to cause the Series 1997A Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers of the Series 1997A Bonds upon payment of the purchase price to be determined by the Chairman or his designee. The approval of the Chairman or his designee of the details of the Series 1997A Bonds shall be evidenced conclusively by the execution and delivery of the Series 1997A Bonds.

SECTION 10. Execution of Financing Documents. The Board authorizes and directs the Chairman or his designee to execute the Financing Documents in substantially the forms presented to this meeting, which are approved, with such completions, omissions, insertions and changes as may be approved by the Chairman or his designee, the execution by the Chairman or his designee to constitute conclusive evidence of the approval of any such completions, omissions insertions and changes.

4-17-97

SECTION 11. Authorization of Further Action. The Board authorizes and directs its officers and the employees of the Virginia Department of Transportation to execute and deliver all certificates, instruments and documents and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Series 1997A Bonds, including (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Series 1997A Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder, applicable to "arbitrage bonds", and (b) providing for the rebate of any "arbitrage rebate amounts" earned on investment of proceeds of the Series 1997A Bonds to the United States.

SECTION 12. Effective Date. This Resolution shall be effective immediately.

Motion carried.

4/10/97

MASTER AGREEMENT OF TRUST

by and between

COMMONWEALTH TRANSPORTATION BOARD

and

**CRESTAR BANK,
as Trustee**

Dated as of June 15, 1997

**Authorizing the Issuance of
Commonwealth of Virginia Transportation
Program Revenue Bonds
(Oak Grove Connector, City of Chesapeake)**

119087.4 01/8741 AGMT

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101.	Definitions	2
Section 102.	Rules of Construction	7

ARTICLE II

EXECUTION, AUTHENTICATION, REGISTRATION AND FORM OF BONDS

Section 201.	Form and Details of Bonds	8
Section 202.	Execution of Bonds	8
Section 203.	Authentication of Bonds	8
Section 204.	Registration and Exchange of Bonds; Persons Treated as Holders	8
Section 205.	Charges for Exchange of Bonds	9
Section 206.	Temporary Bonds	9
Section 207.	Mutilated, Lost or Destroyed Bonds	9
Section 208.	Cancellation and Disposition of Bonds	9
Section 209.	Non-Presentation of Bonds	10

ARTICLE III

ISSUANCE OF BONDS

Section 301.	Purposes of Bonds	10
Section 302.	Parity of Bonds	10
Section 303.	Conditions of Issuing Bonds	11
Section 304.	Use of Proceeds of Bonds for Project	13
Section 305.	Use of Proceeds of Bonds for Refunding	14

ARTICLE IV

REDEMPTION OF BONDS

Section 401.	Redemption Provisions To Be Fixed by Supplemental Trust Agreement	14
Section 402.	Notice of Redemption	15

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501.	Construction Fund	15
Section 502.	Cost of Project	15
Section 503.	Payments from Construction Fund	16
Section 504.	Disposition of Balance in Construction Fund	17

ARTICLE VI

REVENUES, FUNDS AND ACCOUNTS

Section 601.	Creation of Bond Fund and Accounts	17
Section 602.	Operation of Bond Fund	18
Section 603.	Pledge of Revenues and Funds	19
Section 604.	Other Funds and Accounts	19
Section 605.	Disposition of Balances in Funds after Payment of Bonds	19

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701.	Security for Deposits	20
--------------	---------------------------------	----

	<u>Page</u>
Section 702.	Investment of Moneys in Funds 20
Section 703.	Investment of Surplus Funds 22
Section 704.	Valuation of Investments 22
Section 705.	Investments through Trustee's Bond Department 23

ARTICLE VIII

PARTICULAR COVENANTS

Section 801.	Payment of Bonds; Limited Obligations 23
Section 802.	Covenants and Representations of Board 23
Section 803.	Compliance with Board Statute 23
Section 804.	Supplemental Payments Agreement 23
Section 805.	Use of Funds in Set-aside Fund 23
Section 806.	Covenants with Credit Banks, Insurers, etc. 24
Section 807.	Further Assurances 24

ARTICLE IX

DEFAULTS AND REMEDIES

Section 901.	Events of Default 24
Section 902.	Acceleration 25
Section 903.	Other Remedies; Rights of Holders 25
Section 904.	Right of Holders To Direct Proceedings 26
Section 905.	Application of Moneys 26
Section 906.	Remedies Vested in Trustee 27
Section 907.	Limitation on Suits 28
Section 908.	Unconditional Right To Receive Principal, Premium and Interest 28
Section 909.	Termination of Proceedings 28
Section 910.	Waivers of Events of Default 28

ARTICLE X

TRUSTEE AND PAYING AGENT

Section 1001.	Acceptance of Trusts and Obligations	29
Section 1002.	Fees, Charges and Expenses of Trustee	31
Section 1003.	Intervention by Trustee	32
Section 1004.	Reports by Trustee	32
Section 1005.	Financial Records Kept by Trustee	32
Section 1006.	Investment of Moneys by Trustee	32
Section 1007.	Merger or Consolidation of Trustee	32
Section 1008.	Resignation by Trustee	32
Section 1009.	Removal of Trustee	33
Section 1010.	Appointment of Successor Trustee by Holders; Temporary Trustee	33
Section 1011.	Concerning any Successor Trustee	34
Section 1012.	Trustee Protected in Relying on Resolutions, etc.	34
Section 1013.	Successor Trustee as Custodian of Funds	34
Section 1014.	Appointment of and Acceptance of Paying Agent	34
Section 1015.	Resignation or Removal of Paying Agent; Appointment of Successor	35

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

Section 1101.	Supplemental Trust Agreements Not Requiring Consent of Holders	35
Section 1102.	Supplemental Trust Agreements Requiring Consent of Holders	36
Section 1103.	Opinion of Counsel Required	37
Section 1104.	Trustee's Obligation Regarding Supplemental Trust Agreements	37

ARTICLE XII

DISCHARGE OF AGREEMENT

Section 1201.	Discharge of Agreement	37
---------------	----------------------------------	----

ARTICLE XIII

AMENDMENTS TO PAYMENT AGREEMENT AND
SUPPLEMENTAL PAYMENTS AGREEMENT

Section 1301.	Limitations on Amendment to Payment Agreement and Supplemental Payments Agreement	38
Section 1302.	Consent of Trustee to Amendments to Payment Agreement and Supplemental Payments Agreement	38

ARTICLE XIV

MISCELLANEOUS

Section 1401.	Consents, etc., of Holders	39
Section 1402.	Limitation of Rights	39
Section 1403.	Limitation of Liability of Members, etc., of Board	39
Section 1404.	Notices	39
Section 1405.	Applicable Law	40
Section 1406.	Successors and Assigns	40
Section 1407.	Severability	40
Section 1408.	Counterparts	40

THIS MASTER AGREEMENT OF TRUST dated as of June 15, 1997, between the **COMMONWEALTH TRANSPORTATION BOARD** (the "Board") and **CRESTAR BANK**, as Trustee, a banking corporation organized under the laws of the Commonwealth of Virginia and having its principal place of business in the City of Richmond, Virginia (in such capacity, together with any successor in such capacity, herein called the "Trustee");

W I T N E S S E T H:

WHEREAS, pursuant to the State Revenue Bond Act, Section 33.1-267 *et seq.*, of the Code of Virginia, 1950 (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"), and issuance costs and related expenses; and

WHEREAS, pursuant to the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994, Chapters 233 and 662 of the Acts of Assembly of 1994 ("Chapter 233" and "Chapter 662", respectively), the Board is authorized to issue pursuant to the State Revenue Bond Act revenue bonds of the Commonwealth of Virginia to be designated "Commonwealth of Virginia Transportation Program Revenue Bonds" (the "Bonds"), in an aggregate principal amount not exceeding \$32,500,000, plus an amount for issuance costs, capitalized interest, reserve funds and other financing expenses (including, without limitation, original issue discount), to finance the costs of the project known as the Oak Grove Connector in the City of Chesapeake, Virginia (the "City"), consisting of a four-lane divided highway connecting Dominion Boulevard (Route 104) and the Great Bridge Bypass (Route 168) and as established in Article 5 (Section 33.1-267 *et seq.*) of Chapter 3 of Title 33.1 of the Virginia Code, consisting of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, construction and related improvements (the "Project"), the cost of which may include the payment of interest on the Bonds for a period during construction and not exceeding one year after completion of the Project; and

WHEREAS, Section 11 of each of Chapter 233 and Chapter 662 provides that the Board, prior to the issuance of the Bonds, shall establish a sinking fund for the payment of the Bonds to the credit of which there shall be deposited such amounts as are required to pay debt service on the Bonds due and payable first from (i) any revenues received from any Set-aside Fund established pursuant to Section 58.1-816.1 of the Virginia Code; (ii) to the extent required, revenues received pursuant to a contract with the City or any alternate mechanism for generation of local revenues for specific funding of the Project satisfactory to the Board; (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located; (iv) to the extent required, legally available revenues of the Transportation Trust Fund; and (v) such other funds which may be appropriated by the General Assembly; and

WHEREAS, Section 58.1-816.1 of the Virginia Code provides for the creation in the Department of the Treasury of a special nonreverting fund which shall be a part of the Transportation Trust Fund and which shall be known as the Transportation Improvement Program Set-aside Fund (the "Set-aside Fund"), consisting of transfers pursuant to Section 58.1-816 of the Virginia Code of annual collections of the State recordation taxes attributable to any

local jurisdiction which adopts an ordinance to dedicate and use its share of State recordation tax distributions for transportation purposes, subject to the proviso that the election of any local jurisdiction to participate in the Set-aside Fund shall be revocable by the passage of an ordinance to that effect, and subject to the further proviso that, if debt has been issued or other obligations incurred on the local jurisdiction's behalf, the election to participate shall be irrevocable so long as such bonds, or other obligations, are outstanding; and

WHEREAS, on March 28, 1995, the Council of the City adopted an ordinance (the "Ordinance") providing for the dedication to the Set-aside Fund pursuant to Section 58.1-816.1 of the Virginia Code of the City's quarterly distributions of State recordation taxes transferred pursuant to Section 58.1-816 of the Virginia Code, for the purpose of paying the costs of any Transportation Improvement Project in which the City elects to participate; and

WHEREAS, the Board and the City have entered into an Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, dated as of _____, 1997 (the "Supplemental Payments Agreement"), providing that, it having been determined that the City's portion of the State recordation taxes dedicated by the City Council pursuant to the Ordinance to pay the principal of and premium, if any, and interest on the Bonds (also referred to as "Debt Service") for the Project will not be sufficient to cover the projected annual debt service on the Bonds, in accordance with Section 33.1-269(4b) of the Virginia Code, the City will allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual Debt Service on the Bonds, less the City's share of State recordation taxes that have been previously dedicated therefor to the Set-aside Fund and are available for such purpose; and

WHEREAS, the Board has entered into the Supplemental Payments Agreement for the purpose of satisfying the requirements of clause (ii) of Section 11 of each of Chapter 233 and Chapter 662, clause (ii) of Section 33.1-269(4b) of the Virginia Code and clause (ii) of Section 33.1-277.E of the Virginia Code; and

WHEREAS, the Board desires to issue its Commonwealth of Virginia Transportation Program Revenue Bonds to pay costs related to the Project;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions. The following words as used in this Agreement shall have the following meanings unless a different meaning clearly appears from the context:

"Account" shall mean all accounts established in Funds under this Agreement.

"Accreted Value" for Bonds of any Series shall have the meaning set forth in the Supplemental Trust Agreement authorizing the issuance of such Series.

"Agreement" shall mean this Master Agreement of Trust, dated as of June 15, 1997, by and between the Board and the Trustee, and all amendments and supplements hereto.

"Authorized Representative of the Board" shall mean such person or persons as may be designated to act on behalf of the Board by certificate signed by the Chairman and filed with the Trustee.

"Authorized Representative of the City" shall mean such person or persons as may be designated to act on behalf of the City by certificate signed by the City Manager of the City and filed with the Trustee.

"Board" shall mean the Commonwealth Transportation Board.

"Board Statute" shall mean Virginia Code Sections 33.1-1 *et seq.* establishing the Board and providing for its power and duties.

"Bond Anticipation Notes" shall mean any notes issued in anticipation of the issuance of Bonds under Article III.

"Bond Counsel" shall mean an attorney or firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Trustee and the Board.

"Bond Fund" shall mean the Fund established in Section 601. The Bond Fund shall constitute the sinking fund for the payment of the Bonds required to be established prior to the issuance of the Bonds by Section 11 of each of Chapter 223 and Chapter 662 to the credit of which there shall be deposited such amounts as are required to pay debt service on the Bonds from the sources of payment set forth in clauses (i) through (v) of Section 11 of each of Chapter 223 and Chapter 662.

"Bonds" shall mean any Commonwealth of Virginia Transportation Program Revenue Bonds issued from time to time pursuant to Article III and, pending the issuance of such Bonds, any Bond Anticipation Notes issued in anticipation thereof.

"Chairman" shall mean the Chairman of the Board.

"City" shall mean the City of Chesapeake, Virginia.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Commissioner" shall mean the Commonwealth Transportation Commissioner, who is also the Vice Chairman of the Board.

"Commonwealth" shall mean the Commonwealth of Virginia.

"Completion Certificate" shall have the meaning set forth in Section 504.

"Compounding Rate" for Bonds of any Series shall have the meaning set forth in the Supplemental Trust Agreement authorizing the issuance of such Series.

"Construction Fund" shall mean the Construction Fund established in Section 501.

"Cost" or "Cost of the Project" shall mean costs of the Project as set forth in Section 502.

"Counsel" shall mean the Attorney General of Virginia, his assistants or such other attorney or firm of attorneys acceptable to the Trustee, including without limitation Bond Counsel, duly admitted to practice law before the highest court of any state of the United States of America, none of whom shall be a full-time employee, member, director, officer or partner of the Trustee.

"Event of Default" shall mean any of the events enumerated in Section 901.

"Fiscal Year" shall mean the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be determined by the Commonwealth for the Board.

"Fund" shall mean the Construction Fund, the Bond Fund and any other fund established under this Agreement.

"General Assembly" shall mean the General Assembly of the Commonwealth.

"Government Certificates" shall mean certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or trust company reasonably acceptable to the Trustee. Such bank or trust company holding Government Obligations shall be organized under the laws of the United States of America or any of its states and shall hold such Government Obligations in the capacity of custodian of such certificates.

"Government Obligations" shall mean (a) bonds, notes and other obligations of the United States of America, (b) securities unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or (c) bonds, notes and other obligations of any agency of the United States of America unconditionally guaranteed as to the timely payment of principal and interest by the United States of America. Government

Obligations may be held directly by the Trustee, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940; *provided* that the portfolio of such investment company or investment trust is limited to Government Obligations.

"**Holders**" shall mean the registered owners of Bonds.

"**Master Trust Agreement**" shall mean this Master Agreement of Trust, dated as of June 15, 1997, by and between the Board and the Trustee.

"**Opinion of Counsel**" shall mean a written opinion of any Counsel in form and substance acceptable to the Trustee.

"**Outstanding**" shall mean, at any date, the aggregate of all Bonds authorized, issued, authenticated and delivered under this Agreement, except:

- (a) Bonds cancelled or surrendered to the Paying Agent for cancellation;
- (b) Bonds deemed to have been paid as provided in Section 602; and
- (c) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered pursuant to this Agreement unless proof satisfactory to the Paying Agent is presented that any such Bond is held by a *bona fide* Holder.

In determining whether Holders of a requisite aggregate principal amount of the Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Agreement, words referring to or connoting "principal of" or "principal amount of" Outstanding Bonds shall be deemed also to be references to, to connote and to include the Accreted Value of Bonds of any Series as of the immediately preceding Compounding Date of such Bonds. Bonds which are owned by the Board shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; *provided, however*, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. At the time of any such determination, the Board shall furnish the Trustee a certificate of an Authorized Representative of the Board describing all Bonds subject to such exclusion.

In addition, solely for the purpose of Section 303, no Bonds shall be deemed Outstanding for any time for which a bank or trust company holds in escrow for the benefit of the Holders (1) cash, or (2) noncallable Government Obligations or noncallable Government Certificates, the principal of and interest on which will be sufficient to pay the installments of principal and premium, if any, of and interest on such Bonds, as the same become due or subject to redemption.

"Paying Agent" shall mean any paying agent for any Series of Bonds, or its successors or assigns, appointed pursuant to the provisions of any Supplemental Trust Agreement. Unless otherwise provided in a Supplemental Trust Agreement, the Trustee shall be the Paying Agent.

"Payment Agreement" shall mean the Payment Agreement, dated as of June 15, 1997, by and among the Board, the Treasury Board of the Commonwealth and the Secretary of Finance of the Commonwealth providing for the request for appropriation of funds from the General Assembly and payments of such funds to the Trustee for payment of debt service on the Bonds.

"Payment Date" shall mean the date that is five days prior to any principal or interest payment date on the Bonds.

"Person" shall mean an individual, a corporation, a partnership, a general partner of a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a governmental unit or its political subdivision, including without limitation the Board.

"Project" shall mean the project known as the Oak Grove Connector in the City of Chesapeake, consisting of a four-lane divided highway connecting Dominion Boulevard (Route 104) and the Great Bridge Bypass (Route 168) and as established in Article 5 (Section 33.1-267 *et seq.*) of Chapter 3 of Title 33.1 of the Virginia Code, consisting of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, construction and related improvements, the cost of which may include the payment of interest on the Bonds for a period during construction and not exceeding one year after completion of such project.

"Rating Agency" or "Rating Agencies" shall mean the rating agency or rating agencies which have outstanding ratings on the Bonds from time to time.

"Rebate Amount" shall have the meaning set forth in any Supplemental Trust Agreement.

"Revenues" shall mean the revenues, receipts and funds which are appropriated by the General Assembly from time to time for payment of Bonds, or allocated by the Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, first from (i) the State recordation taxes distributable to the City pursuant to Section 58.1-816 of the Virginia Code which shall have been transferred to the Set-aside Fund pursuant to Section 58.1-816.1 of the Virginia Code and held in the Set-aside Fund for the account of the City; (ii) to the extent required, revenues received pursuant to the Supplemental Payments Agreement with the City; (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located; (iv) to the extent required, legally available revenues of the Transportation Trust Fund; and (v) such other funds which may be appropriated by the General Assembly.

"Secretary" shall mean the Secretary of the Board.

"Series" or "Series of Bonds" shall mean a separate series of Bonds issued under this Agreement pursuant to a Supplemental Trust Agreement.

"Set-aside Fund" shall mean the Set-aside Fund, a special nonreverting fund within the Transportation Trust Fund, established by Section 58.1-816.1 of the Virginia Code.

"State Treasurer" shall mean the Treasurer of the Commonwealth.

"Supplemental Payments Agreement" shall mean the Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, dated as of _____, 1997, by and between the Board and the City.

"Supplemental Trust Agreement" shall mean any agreement supplementing or amending this Agreement which is duly executed and delivered in accordance with the provisions of this Master Trust Agreement.

"Term Bonds" shall mean any Bonds stated to mature on a specified date and required to be redeemed in part prior to maturity according to a sinking fund schedule.

"Transportation Trust Fund" shall mean the Transportation Trust Fund established by Section 33.1-23.03:1 of the Virginia Code.

"Treasury" shall mean the Commonwealth of Virginia Department of the Treasury.

"Treasury Board" shall mean the Treasury Board of the Commonwealth.

"Trustee" shall mean Crestar Bank, Richmond, Virginia, a banking corporation organized under the laws of the Commonwealth of Virginia, or its successors or assigns under this Agreement.

"Virginia Code" shall mean the Code of Virginia of 1950, as amended.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

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

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Agreement.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meanings, construction or effect.

(e) All references herein to the payment of Bonds are references to payment of principal of and premium, if any, and interest on Bonds.

ARTICLE II

EXECUTION, AUTHENTICATION, REGISTRATION AND FORM OF BONDS

Section 201. Form and Details of Bonds. The forms, details and terms of each Series of Bonds and such other matters as the Board may deem appropriate shall be set forth in the Supplemental Trust Agreement authorizing such Series of Bonds. The principal of and premium, if any, and interest on each Series of Bonds shall be payable at such place or places and in such manner as set forth in the Supplemental Trust Agreement authorizing such Series of Bonds. The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America.

Section 202. Execution of Bonds. Unless otherwise provided in the applicable Supplemental Trust Agreement, the Bonds shall be signed by the manual or facsimile signature of the Chairman and the Commissioner, the Board's seal shall be affixed thereto or a facsimile thereof printed thereon and attested by the manual or facsimile signature of the Secretary. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons as, at the actual time of the execution thereof, shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Section 203. Authentication of Bonds. Unless otherwise provided in the applicable Supplemental Trust Agreement, the Bonds shall bear a certificate of authentication, substantially in the form set forth in the Supplemental Trust Agreement authorizing such Series of Bonds. No Bond shall be valid until the Paying Agent shall have duly executed the certificate of authentication and inserted the date of authentication thereon. The Paying Agent shall authenticate each Bond with the signature of an authorized officer or employee, but it shall not be necessary for the same person to authenticate all of the Bonds or all of the Bonds of any Series. Only such authenticated Bonds shall be entitled to any right or benefit under this Agreement, and such certificate on any Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.

Section 204. Registration and Exchange of Bonds; Persons Treated as Holders. Unless otherwise provided in the applicable Supplemental Trust Agreement, the Paying Agent shall maintain registration books for the registration and exchange of Bonds. Upon surrender of any Bond at the principal corporate trust office of the Paying Agent, 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 Paying Agent, such Bond may be exchanged for an equal aggregate principal amount of Bonds, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate as the Bond surrendered, and registered in the name or names as requested by the then Holder thereof or his duly authorized attorney or legal representative. The Board shall execute and the Paying Agent shall authenticate any Bonds necessary to provide for exchange of Bonds pursuant to this Section.

The Paying Agent shall treat the Holder as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Holder, except that interest payments shall be made to the Person shown as Holder on the date preceding each interest payment date as established in the applicable Supplemental Trust Agreement for each Series of Bonds.

Section 205. Charges for Exchange of Bonds. Any exchange of Bonds shall be at the expense of the Board, except that the Paying Agent may charge the Person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

Section 206. Temporary Bonds. Prior to the preparation of Bonds in definitive form the Board may issue temporary Bonds in such denominations as the Board may determine, but otherwise in substantially the form set forth in the applicable Supplemental Trust Agreement, with appropriate variations, omissions and insertions. The Board shall promptly prepare, execute and deliver to the Paying Agent before the first interest payment date Bonds in definitive form and thereupon, upon surrender of Bonds in temporary form, the Paying Agent shall authenticate and deliver in exchange therefor Bonds in definitive form of the same maturity having an equal aggregate principal amount. Until exchanged for Bonds in definitive form, Bonds in temporary form shall be entitled to the lien and benefit of this Agreement.

Section 207. Mutilated, Lost or Destroyed Bonds. If any Bond has been mutilated, lost or destroyed, the Board shall cause to be executed, and the Paying Agent shall authenticate and deliver, a new Bond of like date, number and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; *provided, however,* that the Board and the Paying Agent shall so execute and deliver only if the Holder has paid the reasonable expenses and charges of the Board and the Paying Agent in connection therewith and, in the case of a lost or destroyed Bond, (a) has filed with the Paying Agent evidence satisfactory to them that such Bond was lost or destroyed, and of his ownership thereof, and (b) has furnished to the Paying Agent indemnity satisfactory to them. If any such Bond has matured, instead of issuing a new Bond the Paying Agent may pay the same without surrender thereof.

Section 208. Cancellation and Disposition of Bonds. All Bonds that have been surrendered for transfer or exchange pursuant to Section 204, paid (whether at maturity, by sinking fund redemption, acceleration, call for redemption or otherwise), purchased pursuant to Section 602, or delivered to the Paying Agent by the Board for cancellation shall not be reissued, and the Paying Agent shall, unless otherwise directed by the Board, cremate, shred or otherwise dispose of such Bonds. The Paying Agent shall deliver to the Board a certificate of any such cremation, shredding or other disposition. The certificate shall set forth the issue, series, number and maturity date and such other additional facts as may be necessary to identify such Bond. Every such certificate shall be in such form as may be prescribed by the Auditor of Public Accounts of the Commonwealth of Virginia.

Section 209. Non-Presentation of Bonds. (a) If any Bond is not presented for payment when the principal thereof becomes due (whether at maturity, upon acceleration or call for redemption or otherwise), all liability of the Board to the Holder thereof for the payment of such Bond shall be completely discharged if funds sufficient to pay such Bond and the interest due thereon shall be held by the Trustee for the benefit of such Holder, and thereupon it shall be the duty of the Trustee to hold such funds subject to subsection (b) below, without liability for interest thereon, for the benefit of such Holder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Agreement or on, or with respect to, such Bond.

(b) Notwithstanding any provision of this Agreement to the contrary, moneys held by the Trustee for the payment of principal of or premium, if any, or interest on the Bonds of any Series left unclaimed for five years after the date of final payment of the Bonds of such Series shall be disposed of by the Trustee in accordance with Section 55-210.12 of the Virginia Code or any successor provision of law. The Holders of such Bonds shall thereafter be entitled to look only to their remedies under Title 55, Chapter 11.1 of the Virginia Code, or successor provision, and all liability of the Board and the Trustee with respect to such moneys shall cease.

ARTICLE III

ISSUANCE OF BONDS

Section 301. Purposes of Bonds. Bonds may be issued (a) to pay Costs of all or any portion of the Project, (b) to refund any Bonds, and (c) for a combination of such purposes.

Section 302. Parity of Bonds. All Bonds shall in all respects be equally secured hereunder as to payment from Revenues without preference, priority or distinction on account of the actual time or times of the authentication and delivery or maturity thereof, so that all Bonds at any time Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Agreement with like effect as if they had all been issued and authenticated simultaneously. Nothing herein shall be construed, however, as (a) requiring that any Bonds bear interest at the same rate as any other Bonds, have the same principal or interest payment dates as any other Bonds, have the same maturity, or be subject to mandatory or optional

redemption prior to maturity on the same basis as any other Bonds, (b) prohibiting the Board from entering into financial arrangements designed to assure that funds will be available for the payment of certain Bonds at their maturity or earlier redemption, or (c) prohibiting the Board from pledging funds or assets of the Board other than those pledged herein for the benefit of less than all of the Outstanding Bonds.

Section 303. Conditions of Issuing Bonds. Before the issuance and authentication of any Series of Bonds, the Board shall deliver or cause to be delivered to the Trustee:

(a) Solely in the case of the initial Series of Bonds issued under this Agreement:

(1) An original executed counterpart of this Master Trust Agreement, the Payment Agreement and the Supplemental Payments Agreement;

(2) A certified copy of a resolution of the Board authorizing the execution and delivery of this Master Trust Agreement; and

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

(b) An original executed counterpart of a Supplemental Trust Agreement which (1) shall include provisions: (A) authorizing the issuance, fixing the principal amount and setting forth the details of such Bonds, including the interest rate or rates and the manner in which the Bonds are to bear interest, the principal and interest payment dates of the Bonds, the purposes for which such Bonds are being issued, the date and the manner of numbering such Bonds, the series designation, the denominations, the maturity dates and principal maturities, the principal amounts required to be redeemed pursuant to any mandatory redemption provisions or the manner for determining such principal amounts, and any provisions for optional redemption before maturity; and (B) for the application of the proceeds of such Bonds; and (2) may include: (A) provisions for credit facilities and for reserve and other funds and accounts to be established with respect to such Bonds; (B) provisions necessary or expedient for the issuance of Bonds bearing interest at a variable rate or other manner of bearing interest, including without limitation remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and converting to a fixed rate; (C) provisions for entering into interest rate swaps, guarantees or other arrangements to limit interest rate risks; and (D) such other provisions as the Board may deem appropriate.

(c) A certified copy of a resolution or resolutions of the Board authorizing the execution and delivery of the Supplemental Trust Agreement and the issuance, award, execution and delivery of such Bonds and, in the case of a Series of Bonds issued to refund Bonds, calling for redemption or payment of the Bonds to be refunded, fixing any redemption date and authorizing any required notice of redemption in accordance with the provisions of this Agreement.

(d) A certificate of the Board, signed by the Chairman or the Commissioner and dated the date of such issuance, to the effect that:

(1) Either (A) upon and immediately following such issuance, no Event of Default has occurred which has not been cured or waived, and no event or condition exists which, with the giving of notice or lapse of time or both, would become an Event of Default, or (B) if any such event or condition is happening or existing, specifying such event or condition, stating that the Board will act with due diligence to correct such event or condition after the issuance of such Bonds and describing in detail reasonably acceptable to the Trustee the actions to be taken by the Board toward such correction;

(2) All of the approvals, limitations, conditions and provisions precedent to the issuance of such Series of Bonds have been obtained, observed, met and satisfied; and

(3) In the case of a Series of Bonds issued to refund Bonds, the proceeds of such Series of Bonds, together with any other available funds and earnings on any investment of such proceeds or funds, will be sufficient to pay either (A) the principal of and the premium, if any, on the Bonds to be refunded, the interest which will accrue on such Bonds to the respective redemption or maturity dates and the expenses incident to such refunding, or (B) the principal of and interest on such Series of Bonds to a date certain, at which time such proceeds, funds and earnings will be sufficient to pay the principal of and the premium, if any, on the Bonds to be refunded, the interest which will accrue on such Bonds to the respective redemption or maturity dates and the expenses incident to such refunding.

(e) An Opinion or Opinions of Counsel, subject only to customary exceptions and qualifications, substantially to the effect that the Supplemental Trust Agreement for such Series of Bonds has been duly authorized, executed and delivered by the Board and complies in all respects with the requirements of this Agreement.

(f) An opinion of Bond Counsel, subject only to customary exceptions and qualifications, that the issuance of such Bonds has been duly authorized, that such Bonds are valid and binding obligations of the Board and that the interest on such Bonds is excludable from gross income for purposes of federal income taxation or, if such interest is not excludable, that the issuance and the intended use of the proceeds of such Bonds will have no adverse effect on the tax-exempt status of the interest on any other Bonds the interest on which was excludable from gross income when issued.

(g) If such Bonds are issued to refund any of the Bonds, the following:

(1) Evidence that the Board has made provision as required by this Agreement for the payment or redemption of all Bonds to be refunded; and

(2) A written determination by an independent verification agent or certified public accountant acceptable to the Trustee that the proceeds (excluding accrued interest) of such Bonds, together with any other moneys deposited with a bank or trust company acting as escrow agent for such purpose and the investment income to be earned on funds held for the payment or redemption of Bonds, will be sufficient to pay either (A) the principal of and the premium, if any, on the Bonds to be refunded and the interest which will accrue on such Bonds to the respective redemption or maturity dates, or (B) the principal of and interest on the refunding Bonds to a date certain, at which time such proceeds, funds and earnings will be sufficient to pay the principal of and the premium, if any, on the Bonds to be refunded and the interest which will accrue on such Bonds to the respective redemption or maturity dates.

(h) If required by the Virginia Code, a certified copy of a resolution of the Treasury Board approving the sale of the Bonds.

(i) A request and authorization of the Board, signed by the Chairman or the Commissioner, to the Trustee to authenticate and deliver such Bonds as directed in the request upon payment to the Trustee for the account of the Board of the amount specified in the request.

Except for the requirements of subsections (d)(1) and (d)(2) of this Section 303 (which may be waived by the purchaser of such Bonds by an instrument or concurrent instruments in writing signed by such purchaser), none of the requirements in this Section 303 may be waived without the consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding.

Section 304. Use of Proceeds of Bonds for Project. The proceeds of Bonds issued for the purpose described in Section 301(a) 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 such Bonds as follows:

(a) If so provided by the applicable Supplemental Trust Agreement, in the Interest Account in the Bond Fund an amount to be used to pay the interest on such Bonds which has accrued from their dated date to their date of delivery;

(b) If so provided by the applicable Supplemental Trust Agreement, in the Capitalized Interest Account in the Bond Fund an amount to be used to pay all or any portion of interest on such Bonds (1) which will accrue from their date of delivery to any date on or before the estimated date of completion of the portion of the Project financed with the proceeds of such Bonds, and (2) for a period not exceeding one year after the date of completion of such portion of the Project; and

(c) In the Construction Fund the balance of such proceeds for the purpose of paying the Cost of such portion of the Project, including without limitation issuance expenses.

Section 305. Use of Proceeds of Bonds for Refunding. (a) The proceeds of Bonds issued for the purpose described in Section 301(b) 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 such Bonds as follows:

(1) In a special account an amount specified in a certificate of the Board, signed by the Chairman or the Commissioner, to be used for the payment of expenses incident to such refunding;

(2) If so provided by the applicable Supplemental Trust Agreement, in the Interest Account in the Bond Fund an amount to be used to pay the interest on such Bonds which has accrued from their dated date to their date of delivery; and

(3) In an escrow account held by a bank or trust company acting as escrow agent, meeting the qualifications set forth in the third paragraph of Section 1010 for a successor trustee, either (A) an amount which, together with any other moneys on deposit in such escrow account and the investment income to be earned thereon, will be sufficient to pay the principal of and premium, if any, and interest on Bonds to be refunded, to be used for the sole purpose of paying such principal, premium and interest, or (B) an amount which, together with any other moneys on deposit in such escrow account and the investment income to be earned thereon, will be sufficient to pay the principal of and premium, if any, and interest on such refunding Bonds, as the same become due, to a date certain, at which time such proceeds, funds and earnings will be sufficient to pay principal of and premium, if any, and interest on the Bonds to be refunded, all as set forth in the applicable Supplemental Trust Agreement.

(b) Moneys held by a bank or trust company acting as escrow agent as set forth in subsection (a)(3) of this Section shall be, as nearly as may be practicable, invested and reinvested by the escrow agent in investments authorized under Sections 702(a) and 702(b), which shall mature or be subject to redemption at the option of the holder thereof not later than the respective dates on which such moneys will be required for the payment or redemption of such Bonds. Any balance in the accounts set forth in subsections (a)(1) and (3) of this Section 305 remaining after the payment of expenses and the payment or refunding of Bonds shall be deposited in the Interest Account in the Bond Fund.

ARTICLE IV

REDEMPTION OF BONDS

Section 401. Redemption Provisions To Be Fixed by Supplemental Trust Agreement. The Bonds of any Series may be subject to either optional or mandatory redemption, or both, prior to maturity on such dates and under such conditions as may be provided in the Supplemental Trust Agreement authorizing the issuance of such Bonds. The Bonds of any Series to be called for redemption shall be selected as provided in the applicable

Supplemental Trust Agreement. The Paying Agent shall treat each Bond of a denomination greater than the minimum denomination authorized in the applicable Supplemental Trust Agreement as representing the number of separate Bonds of such minimum denomination as can be obtained by dividing the Bond's actual principal amount by such minimum denomination.

Section 402. Notice of Redemption. Except as otherwise provided in the applicable Supplemental Trust Agreement, the Paying Agent, upon being satisfied as to the payment of its expenses, shall send notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, (a) by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the Holder of each Bond to be redeemed at his address as it appears on the registration books kept by the Paying Agent, (b) by registered or certified mail, to all organizations known to the Trustee to be registered with the Securities and Exchange Commission as securities depositories, and (c) to at least one information service of national recognition which disseminates redemption information with respect to tax-exempt securities. In preparing such notice, the Paying Agent shall take into account, to the extent 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. Failure to give any notice specified in (a), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure or defect has occurred. Failure to give any notice specified in (b) or (c) above, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (a) above is correctly given.

On or before the date fixed for redemption, funds shall be deposited with the Paying Agent to pay the principal of, premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. Upon the happening of the conditions of this Section, the Bonds or portions thereof thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by this Agreement and shall not be deemed to be Outstanding under the provisions of this Agreement.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501. Construction Fund. There is hereby established the Commonwealth Transportation Board Oak Grove Connector Project Construction Fund; to be held by the Trustee. The Trustee shall deposit the proceeds from any Series of Bonds in the amount and manner directed under the applicable Supplemental Trust Agreement.

Section 502. Cost of Project. The Cost of the Project includes 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 Bonds prior to 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 and such other expenses necessary or incident to the financing of all or any portion of the Project, the construction of all or any portion of the Project, the placing of all or any portion of the Project in operation, 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 extent permitted by the Code, to the Board out of the proceeds of the Bonds issued to finance all or any portion of the Project, including without limitation any such obligation or expense incurred prior to the issuance of the Bonds. The Trustee shall be entitled to assume that any Costs reimbursed to the Board from the proceeds of the Bonds are permitted by the Code.

Section 503. Payments from Construction Fund. The Trustee shall use money in the Construction Fund solely to pay Costs of the Project as evidenced by requisitions and certificates as provided in this Section 503. As conditions precedent to each disbursement from the Construction Fund, the Board or the City shall file or cause to be filed with the Trustee:

(a) A requisition, signed by an Authorized Representative of the Board or by an Authorized Representative of the City, stating the Account from which the disbursement is to be made, the name of the Person to whom the payment is to be made, the amount of the payment and the purpose in reasonable detail for which the obligation to be paid was incurred.

(b) Each such requisition shall certify, *inter alia*, that:

(1) Such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the requisition;

(2) The obligation stated on the requisition has been incurred by the Board or the City to pay Costs of the Project, each item is a proper charge against the Construction Fund, and the obligation has not been the basis for a prior requisition which has been paid; and

(3) At the date of such requisition, no Event of Default has occurred which has not been cured or waived, and no event or condition exists of which the Board or the City has knowledge which, with notice or lapse of time or both, would constitute an Event of Default.

(c) A copy of an invoice or other appropriate evidence of the obligation described in the requisition required by subsection (a) of this Section 503.

A requisition may represent reimbursement to the Board or the City for Costs of the Project initially paid by it or may represent payment to the Board or the City of funds to be paid in turn by it to third parties for Costs of the Project.

A copy of each requisition submitted by the City to the Trustee under this Section 503 shall be submitted by the City to an Authorized Representative of the Board at the same time as it is submitted to the Trustee. The Trustee shall pay any such requisition submitted by the City within a five (5) day period commencing on the date of the Trustee's receipt of such requisition. The Virginia Department of Transportation ("VDOT") shall have a thirty (30) day period commencing on the date of the receipt by an Authorized Representative of the Board of any such requisition submitted by the City within which to review such requisition and the invoice or invoices accompanying such requisition. If VDOT objects to any of the Costs requisitioned for payment in such requisition, it shall so advise an Authorized Representative of the City of such objection within such thirty (30) day period. If the City and VDOT are able to agree to a resolution to VDOT's objection, the next requisition submitted by the City will have adjustments to reflect such agreement. If the City and VDOT are unable to agree to a resolution to VDOT's objection, an Authorized Representative of the Board will notify the Trustee of the amount in dispute (with a copy to an Authorized Representative of the City) and the Trustee will retain an amount equal to such disputed amount in the Construction Fund until notified by an Authorized Representative of the Board and an Authorized Representative of the City as to the resolution of such dispute.

Section 504. Disposition of Balance in Construction Fund. If there are funds on deposit in the Construction Fund and the Trustee has received the Completion Certificate, the balance remaining in the Construction Fund shall, at the option of the Board, be transferred to an Account created in the Bond Fund to purchase or redeem Bonds from the most recently issued Series of Bonds, in accordance with Section 602, or, if the Board shall cause to be delivered to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds for purposes of federal income taxation will not be adversely affected, (a) to purchase or redeem Bonds from any Series of Bonds, in accordance with Section 602, or (b) to pay scheduled installments of principal of or interest on Bonds. Completion Certificate shall mean the certificate signed by an Authorized Representative of the Board or an Authorized Representative of the City, stating that the portion of the Project which the Board or the City intends to be financed with Bond proceeds has been substantially completed and stating what items of the Cost of the Project have not been paid and that moneys should be reserved in the Construction Fund for the payment of such items.

ARTICLE VI

REVENUES, FUNDS AND ACCOUNTS

Section 601. Creation of Bond Fund and Accounts. There is hereby established the Commonwealth Transportation Board Oak Grove Connector Project Bond Fund, in which

there are established an Interest Account, a Principal Account and a Sinking Fund Account, to be held by the Trustee.

Section 602. Operation of Bond Fund. The Trustee shall deposit in the appropriate Account in the Bond Fund the following:

(a) All amounts transferred from the Construction Fund as required or permitted by Section 504;

(b) All payments received by the Trustee under the Payment Agreement and the Supplemental Payments Agreement (excluding any payments of the Trustee's fees and expenses, which the Trustee may apply to such purposes, and the Rebate Amount); and

(c) All other amounts authorized by a Supplemental Trust Agreement to be deposited in the Bond Fund.

The Trustee shall use the moneys in the Bond Fund to pay when due the principal of and premium, if any, and interest on the Bonds then Outstanding as may be more particularly provided in the applicable Supplemental Trust Agreement and to redeem or purchase Bonds in accordance with the redemption provisions of the Bonds, this Agreement and the applicable Supplemental Trust Agreement.

The Trustee shall make each deposit of moneys described in subsection (a) of this Section 602 in a separate special Account in the Bond Fund and shall use such moneys at the direction of the Board (1) to purchase or redeem Bonds as provided in Section 504 at a price not exceeding 100% of the principal amount or, if applicable, the Accreted Value of the Bonds of such Series to be redeemed or purchased (or, in the event the current redemption price established under the applicable Supplemental Trust Agreement is higher, at a price not exceeding such redemption price) plus accrued interest to the date of such redemption in the manner provided in the applicable Supplemental Trust Agreement, or (2) in such other manner permitted under this Agreement.

The Trustee shall provide for redemption of any Term Bonds in accordance with the schedules set forth in the applicable Supplemental Trust Agreement; *provided, however*, that on or before the 70th day next preceding any such sinking fund payment date, the Board may:

(A) deliver to the Trustee for cancellation Term Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(B) instruct the Trustee to apply a credit against the Board's sinking fund redemption obligation for any such Term Bonds that previously have been redeemed (other than through the operation of the sinking fund) and canceled by the Trustee but not theretofore applied as a credit against any sinking fund redemption obligation.

Upon the occurrence of any of the events described in subparagraphs (A) or (B) of this paragraph, the Trustee shall credit against the sinking fund redemption obligation on the sinking fund payment date so indicated by the Board the amount of such Bonds so delivered or previously redeemed. Within seven days of receipt of such Term Bonds or instructions to apply as a credit, any amounts remaining in the Sinking Fund Account in excess of the amount required to fulfill the remaining required sinking fund redemption obligation on the next sinking fund payment date shall be used to redeem Bonds.

In the event the amount on deposit in the Interest Account on any interest payment date shall exceed the amount required to pay interest on the Bonds on the next interest payment date (after retaining any amounts deposited therein pursuant to Section 304(b)), the Trustee shall (i) prior to delivery of the Completion Certificate, transfer such excess to the Construction Fund; or (ii) thereafter, retain any remaining excess in the Interest Account or transfer any remaining excess to the Principal Account or the Sinking Fund Account to be credited against subsequent required deposits thereto, if directed to do so by an Authorized Representative of the Board.

In the event the amount on deposit in the Principal Account on any principal payment date shall exceed the amount required on such date to pay Bonds at maturity, the Trustee shall, (AA) prior to delivery of a Completion Certificate, transfer such excess to the Construction Fund, and (BB) thereafter, retain such excess in the Principal Account or transfer such excess to the Interest Account or the Sinking Fund Account to be credited against subsequent required deposits thereto, if directed to do so by an Authorized Representative of the Board.

In the event the amount on deposit in the Sinking Fund Account on any sinking fund payment date shall exceed the amount required on such date to redeem Term Bonds pursuant to mandatory sinking fund requirements, the Trustee shall, (aaa) prior to delivery of a Completion Certificate, transfer such excess to the Construction Fund, and (bbb) thereafter, retain such excess in the Sinking Fund Account or transfer such excess to the Interest Account or the Principal Account to be credited against subsequent required deposits thereto, if directed to do so by the Authorized Representative of the Board.

Section 603. Pledge of Revenues and Funds. All Revenues and all moneys in the Funds shall be trust funds and are hereby pledged equally and ratably to the payment of the principal of and interest on all Bonds, subject only to the right of the Board to make application thereof to other purposes as provided herein. The lien and trust hereby created are for the benefit of the Holders and for their additional security until all the Bonds have been paid.

Section 604. Other Funds and Accounts. The Board may establish with the Trustee in each Supplemental Trust Agreement such other Funds and Accounts within Funds to be held by the Trustee as the Board may determine desirable.

Section 605. Disposition of Balances in Funds after Payment of Bonds. After the principal of and premium, if any, and interest on all of the Bonds, any amounts required to be paid to the United States of America pursuant to all Supplemental Trust Agreements and all

expenses and charges herein required have been paid or provision therefor has been made, the Trustee shall pay to the Board any balance remaining in any Fund then held by it.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701. Security for Deposits. All moneys held in the Funds created by this Agreement which are on deposit with any bank shall be continuously secured in the manner required by the Virginia Security for Public Deposits Act or any successor provision of law.

Section 702. Investment of Moneys in Funds. (a) Subject to the following paragraph, any moneys held in the Funds shall be invested and reinvested by the Trustee, as directed by the State Treasurer after consultation with an Authorized Representative of the Board, in the following:

- (1) Government Obligations;
- (2) Government Certificates;
- (3) Bonds, notes and other obligations issued or unconditionally guaranteed by the United States Government, an agency of the United States Government or a United States Government sponsored corporation;
- (4) Bonds, notes or other evidences of indebtedness of the Commonwealth and securities unconditionally guaranteed as to the timely payment of principal and interest by the Commonwealth;
- (5) 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, that meet the requirements of Section 2.1-327 of the Virginia Code and that are rated within the two highest rating categories by the Rating Agencies;
- (6) 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 meet the requirements of Section 2.1-328A.3 of the Virginia Code or any successor provisions of law and that are rated within the two highest rating categories by the Rating Agencies;
- (7) 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 comply with the requirements of

Section 2.1-328A.5 of the Virginia Code or any successor provisions of law and that are rated within the two highest rating categories by the Rating Agencies;

(8) commercial paper with a maturity of 270 days or less, that complies with the requirements of Section 2.1-328.1 of the Virginia code or any successor provision of law, under guidelines approved by the Treasury Board;

(9) Bankers acceptances that comply with requirements of Section 2.1-328.4 of the Virginia Code or any successor provisions of law, under guidelines approved by the Treasury Board;

(10) time deposits, certificates of deposit or other interest bearing accounts of any commercial bank that is approved for the deposit of funds of the Commonwealth or any political subdivisions thereof; *provided*, that such investments are secured in the manner required by Section 2.1-329 of the Virginia Code or any successor provision of law;

(11) Savings accounts and certificates of savings and loan associations that are under the supervision of the Commonwealth and are approved for the deposit of funds of the Commonwealth or any political subdivision thereof, or federal associations organized under the laws of the United States of America that are under federal supervision and that are approved for deposit of funds of the Commonwealth or any political subdivision thereof; *provided*, that such investments are secured in the manner required by Section 2.1-329 of the Virginia Code or any successor provisions of law;

(12) Investments are made pursuant to the Investment of Public Funds and Local Government Investment Pool Act (Article 7, Chapter 14, Title 2.1 of the Virginia Code) (known as "LGIP"); or

(13) Investments made pursuant to the Government Non-Arbitrage Investment Act (Article 7.1, Chapter 14, Title 2.1 of the Virginia Code) (known as "SNAP").

(b) Any investments described in subsections (a)(1), (2) and (3) of this Section 702 may be held directly or in the form of securities of any open-end or closed-end management company or investment trust registered under the Investment Company Act of 1940, as amended; *provided* that the portfolio of such investment company or investment trust is limited to evidences of such types of investments.

(c) Any investments described in subsection (a)(1), (2) and (3) of this Section 702 may be purchased by the Trustee pursuant to an overnight, term or open repurchase agreement if the terms and provisions of such repurchase agreement are acceptable to any Rating Agencies then rating the Bonds.

(d) Any amounts held in the Bond Fund shall be separately invested and reinvested by the Trustee in investments described in subsections (a)(1), (2) and (3) of this

Section 702 which are held directly or in the form of securities of any money market fund; *provided* that the portfolio of such money market fund is limited to evidences of such types of investments and, if any Bonds are then rated by Standard & Poor's Ratings Group ("S&P"), that such fund is rated at least Aam or Aam-G by S&P.

(e) Any such investments shall be held by or under the control of the Trustee and while so held shall be deemed a part of the Fund or Account in which such moneys were originally held. The interest accruing thereon and any profit realized therefrom shall be credited to such Fund or Account, and any loss resulting from such investments shall be charged to such Fund or Account. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any Fund or Account is insufficient for the purposes thereof.

(f) Moneys held in the following Funds shall be invested in obligations described in this Section 702 of the following maturities:

(1) Construction Fund - not later than the dates on which such moneys will be needed to pay Costs of a Project, but in no event later than three years from the date of acquisition of the investment; and

(2) Bond Fund - not later than the dates on which such moneys will be needed to pay principal of or premium, if any, or interest on Bonds.

(g) For purposes of this Section 702, investments shall be considered as maturing on the date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to a repurchase agreement.

(h) Notwithstanding any provision of this Agreement to the contrary, if permitted by the Virginia Code, the State Treasurer after consultation with an Authorized Representative of the Board, may direct the Trustee to have the investment of moneys in the Funds directed by the Commonwealth of Virginia State Non-Arbitrage Program.

(i) The Trustee shall be entitled to assume that all investments made at the direction of the State Treasurer comply with the Virginia Code.

Section 703. Investment of Surplus Funds. The Trustee shall provide for the investment of all moneys in any Fund not immediately necessary for the purposes of such Fund in investments described in the paragraph next following paragraph (j) of Section 702 so that all idle moneys may be invested for the benefit of the Holders.

Section 704. Valuation of Investments. In computing the amount in any Fund or Account created by this Agreement, obligations purchased as an investment of moneys therein shall be valued at cost or the market value thereof, whichever is lower, exclusive of accrued

interest. Such valuations shall be made at least annually not later than the end of each Fiscal Year and at such other times as the Trustee shall deem appropriate.

Section 705. Investments through Trustee's Bond Department. The Trustee may make investments permitted by Section 702 through its own bond department or those of its affiliates.

ARTICLE VIII

PARTICULAR COVENANTS

Section 801. Payment of Bonds; Limited Obligations. The Board shall promptly pay or cause to be paid when due the principal of (whether at maturity, call for redemption or otherwise) and premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof; *provided, however,* that such obligations are not general obligations of the Commonwealth but are limited obligations payable solely from Revenues and moneys in the Funds pledged by this Agreement, in the manner and to the extent provided herein. The Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any agency or political subdivision thereof.

Section 802. Covenants and Representations of Board. The Board shall faithfully observe and perform all covenants, conditions and agreements on its part contained in this Agreement, in every Bond executed, authenticated and issued hereunder and in all proceedings of the Board pertaining thereto. The Board represents that it is duly authorized under the Constitution and statutes of the Commonwealth, including particularly and without limitation the Board Statute, to issue the Bonds, to enter into this Agreement, and to pledge the Funds in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and entering into this Agreement has been duly and effectively taken; and that the Bonds will be valid and enforceable obligations of the Board according to the import thereof.

Section 803. Compliance with Board Statute. The Board shall observe and perform all of the terms and conditions contained in the Board Statute and comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Board.

Section 804. Supplemental Payments Agreement. The Board shall comply with, and enforce its rights under, the Supplemental Payments Agreement. The Board shall not consent to any amendments to the Supplemental Payments Agreement, which would impair or diminish the security for the payment of the Bonds.

Section 805. Use of Funds in Set-aside Fund. The Board shall not expend any moneys in the Set-aside Fund for any purpose other than payment of principal of or premium, if any, or interest on Bonds for such period of time as the Board (a) fails to pay principal of or

premium, if any, or interest on any Bonds when due, or (b) fails to allocate funds to the payment of principal of or premium, if any, or interest on any Bonds at least 90 days prior to the date it is payable, if the General Assembly previously has not appropriated funds for such payment.

Section 806. Covenants with Credit Banks, Insurers, etc. The Board may make such covenants and agreements as it may determine to be appropriate with any credit bank, insurer or other financial institution that shall agree to insure or to provide credit or liquidity support that shall enhance the security or the value of Bonds of any one or more Series and thereby reduce the principal or interest requirements for the Bonds, provided that such covenants or agreements do not affect adversely the Holders of the Bonds then Outstanding. Such covenants and agreements may be set forth in the applicable Supplemental Trust Agreement and shall be binding on the Board and all the Holders the same as if such covenants were set forth in full in this Master Trust Agreement.

Section 807. Further Assurances. Subject to the provisions of Section 801, the Board shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Trust Agreements and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Trustee of all the rights, Revenues and Funds assigned by this Agreement to secure the payment of the principal of and premium, if any, and interest on the Bonds. The Board shall cause any necessary financing statements relating to the Revenues to be executed and filed in all appropriate offices from time to time and shall cause such financing statements and instruments of further assurance to be kept recorded and filed in such manner and in such places as shall be required by law in order to preserve and protect the rights and security of the Holders. The Board shall fully cooperate with the Trustee and the Holders in protecting the rights and security of the Holders. The Trustee is authorized to enter into agreements for the purpose of disclaiming any interest of the Holders in other assets of the Board not pledged in this Agreement.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 901. Events of Default. Subject to Section 910, each of the following shall be an Event of Default:

- (a) Payment of interest on any Bond is not made when due and Payable;
- (b) Payment of the principal of or premium, if any, on any Bond is not made when due and payable;
- (c) Failure of the Board to observe and perform any of its other covenants, conditions or agreements under this Agreement or under the Bonds for a period of 60 days after

notice from the Trustee or Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding, specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such 60 day period, failure of the Board to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence; or

(d) Appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the Revenues and the Funds, or approval by a court of competent jurisdiction of any petition for reorganization of the Board or rearrangement or readjustment of the obligations of the Board under provisions of any applicable bankruptcy or insolvency law.

Section 902. Acceleration. 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 aggregate principal amount of the Bonds then Outstanding shall, by notice to the Board, declare the entire unpaid principal of and interest on Bonds then Outstanding due and payable and, thereupon, the entire unpaid principal of and interest on the Bonds shall forthwith become due and payable. Upon any such declaration, the Board will forthwith pay to the Holders of the Bonds the entire unpaid principal of and accrued interest on the Bonds, but only from the Revenues, and other funds of the Board available and appropriated for such payment, and from the Funds. If at any time after such a declaration and, before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default or before the completion of the enforcement of any other remedy under this Agreement, the principal of all Bonds that have matured or been called for redemption pursuant to any sinking fund provision and all arrears of interest have been paid and any other Events of Default which may have occurred have been remedied, then the Trustee may, and if requested by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, by written notice to the Board, rescind or annul such declaration and its consequences. No such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 903. Other Remedies; Rights of Holders. 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 aggregate principal amount of Bonds then Outstanding and if indemnified as provided in Section 1001(k) shall, proceed to protect and enforce Holder rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any agreement herein contained.

Upon the occurrence and continuation of an Event of Default, 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 appointed, and (b) may, and if requested to do so by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in Section 1001(k) shall, exercise such one or more of the rights and powers conferred by this Article as the Trustee, upon being advised by its counsel, shall deem most expedient in the interests of the Holders; *provided, however*, that nothing herein contained shall be construed to give the Trustee or any Holder authority to compel a foreclosure or sale of the Project or any portion thereof.

No remedy conferred by this Agreement upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee pursuant to Section 910 or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 904. Right of Holders To Direct Proceedings. Anything in this Agreement to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Agreement or any other proceedings hereunder; *provided, however*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Agreement.

Section 905. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the expenses, liabilities and advances incurred or made by the Trustee and its fees and the expenses of the Board in carrying out this Agreement, be deposited in the Bond Fund and applied as follows and for no other purpose:

(a) Unless the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied:

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

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Agreement), in the order of their due dates, with interest on such Bonds at the respective rates specified therein from the respective dates upon which they

become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal and premium, if any, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of subsection (b) of this Section 905 in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section 905.

Whenever moneys are to be applied pursuant to the provisions of this Section 905, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Whenever the principal of and premium, if any, and interest on all Bonds have been paid under the provisions of this Section 905, all payments to the United States of America required by all Supplemental Trust Agreements have been paid and all expenses and charges of the Trustee have been paid, any balance remaining in the Funds shall be paid to the Board as provided in Section 605.

Section 906. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Agreement or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants

any Holder, and any recovery of judgment shall be for the equal benefit of the Holders of the Bonds then Outstanding.

Section 907. Limitation on Suits. Except to enforce the rights given under Sections 902 and 908, no Holder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Agreement or for the execution of any trust thereof or any other remedy hereunder, unless (a) a default has occurred and is continuing of which the Trustee has been notified as provided in Section 1001(h), or of which by such Section 1001(h) it is deemed to have notice, (b) such default has become an Event of Default and the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such requesting Holders have offered to the Trustee indemnity as provided in Section 1001(k), (d) the Trustee has for 30 days thereafter failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names, (e) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Holders of a majority in aggregate principal amount of Bonds then Outstanding, and (f) notice of such action, suit or proceeding is given to the Trustee, it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice this Agreement by its, his or their action or to enforce any rights hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds then Outstanding. The notification, request and offer of indemnity set forth above, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of this Agreement and to any action or cause of action for the enforcement of this Agreement or for any other remedy hereunder.

Section 908. Unconditional Right To Receive Principal, Premium and Interest. Nothing in this Agreement shall affect or impair the right of any Holder to enforce, by action at law, payment of the principal of or premium, if any, or interest on any Bond at and after the maturity thereof, or on the date fixed for redemption or (subject to the provisions of Section 902) upon the same being declared due prior to maturity as herein provided or the obligation of the Board to pay the principal of and premium, if any, and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time, place, from the source and in the manner herein and in the Bonds expressed.

Section 909. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Board and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 910. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder or any action taken pursuant to any Event of Default and

rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so at the request of the Holders of (a) a majority in aggregate principal amount of Bonds then Outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists, or (b) a majority in aggregate principal amount of Bonds then Outstanding in the case of any other default; *provided, however*, that:

(1) there shall not be waived without the consent of the Holders of all Bonds then Outstanding (A) any Event of Default in the payment of the principal of any Outstanding Bonds (whether at maturity or by sinking fund redemption) or (B) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission,

(i) there shall have been paid or provided for all arrears of accrued and unpaid interest on the Bonds, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default; and

(ii) in case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the Board, the Trustee and the Holders shall be restored to their former positions and rights hereunder respectively; and

(2) no declaration of maturity under Section 902 made at the request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding shall be rescinded unless requested by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding.

No such waiver or rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

ARTICLE X

TRUSTEE AND PAYING AGENT

Section 1001. Acceptance of Trusts and Obligations. The Trustee hereby accepts the trust and obligations imposed upon it by this Agreement and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Agreement against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and as a corporate trustee ordinarily would perform such duties under a corporate indenture. Upon the occurrence and continuation of an Event of Default which has not been cured or waived, the Trustee shall exercise such of the rights and powers vested in it by this Agreement and use the same degree

of care and skill in their exercise as a prudent man ordinarily would exercise and use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. The Trustee may act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith and in reliance on such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds) or for the recording, re-recording, filing or re-filing of any financing or continuation statement or any other document or instrument, or for insuring the Project or collecting any insurance moneys, or for the validity of the execution by the Board of this Agreement or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Board except as hereinafter set forth. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Section 702.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Holder may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(e) The Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Agreement on the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely on a certificate signed on behalf of the Board by the Chairman or the Commissioner and attested by its Secretary under its seal, or such other person or persons as may be designated for such

purposes by resolution of the Board as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in Subsection (h) of this Section, or of which by said Subsection it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Board under its seal to the effect that a resolution in the form therein set forth has been adopted by the Board as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Board to cause to be made any of the payments to the Trustee required to be made by Article VI or failure by the Board to file with the Trustee any document required by this Agreement to be so filed, unless the Trustee shall be notified of such default by the Board or by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding.

(i) The Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(j) Notwithstanding anything in this Agreement to the contrary, the Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Trustee with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Agreement, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(k) Before taking any action under this Agreement the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful default.

(l) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Agreement or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 1002. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment of and reimbursement for reasonable fees for its services and all expenses

reasonably incurred by it hereunder, including the reasonable fees and disbursements of its counsel, as heretofore agreed upon.

Section 1003. Intervention by Trustee. In any judicial proceeding to which the Board is a party and which in the opinion of the Trustee has a substantial bearing on the interests of the Holders, the Trustee may intervene on behalf of Holders and, subject to Section 1001(k), shall do so if requested by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding.

Section 1004. Reports by Trustee. The Trustee shall notify the Board, the City and the Treasury (a) at least ten days prior to each Payment Date of the amount needed by the Trustee for payment of principal, if any, and interest on the Bonds due on such Payment Date, and (b) monthly and within 45 days after the end of each Fiscal Year (1) of the amount of all moneys received and expended by it in connection with the powers and trust of this Agreement for the applicable period, and (2) of the balance in all Funds and Accounts held by the Trustee under this Agreement as of the end of each month and as of the end of each Fiscal Year, as appropriate. The Trustee shall provide the Board and the Treasury all information as may be reasonably requested by the Board to maintain compliance with Section 148 of the Code and any other Federal or Commonwealth law or regulation applicable to the Board or its affairs.

Section 1005. Financial Records Kept by Trustee. Unless directed otherwise by the Board, the Trustee shall retain (a) all requisitions received for the Project pursuant to Section 503, and all documents related thereto until five years after receipt of the Completion Certificate, and (b) all records and other documents related to this Agreement for six years after final payment of the Bonds. The Board, the City and the Treasury shall have access to and the right to examine any such documents during such time periods.

Section 1006. Investment of Moneys by Trustee. The Trustee shall comply with any instructions received from the Board or the Treasury regarding procedures for procurement of investments or investing of moneys in order that such actions will comply with the Code or any other applicable law.

Section 1007. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, notwithstanding anything in this Agreement to the contrary.

Section 1008. Resignation by Trustee. (a) The Trustee may resign and thereby become discharged from the trusts hereby created by written notice mailed to the Board by registered or certified mail. Such resignation shall take effect upon the appointment of a

successor trustee hereunder and the successor trustee's acceptance of the trusts hereby created. The Trustee shall continue to serve hereunder until a successor trustee is appointed, and the Trustee may, after 60 days following its resignation, petition the Circuit Court of the City of Richmond, Virginia, for the appointment of a successor trustee if a successor trustee has not yet been appointed.

(b) If the Trustee resigns before this Agreement terminates, the Trustee shall refund to the Board a ratable portion of any current annual fee therefore paid by the Board to the Trustee for its services under this Agreement.

Section 1009. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Board and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding. In addition, provided that no Event of Default or event which, with notice or the passage of time or both, would become an Event of Default has occurred and is continuing, the Board at any time may remove the Trustee by an instrument filed with such Trustee and the Holders, provided that the Board also files with such instrument a certified resolution in which it determines either that (a) such Trustee has not been satisfactorily performing its duties and obligations under this Agreement or (b) the fees and expenses charged by such Trustee are higher than the fees and expenses generally charged by banks or trust companies that would qualify as successor trustees under Section 1010 to perform the duties and obligations of a trustee under agreements similar to this Agreement. Any such removal shall take effect upon the appointment of a successor Trustee as set forth in Section 1010. Upon any such removal, the Trustee shall refund to the Board a ratable portion of any current annual fee theretofore paid by the Board to the Trustee for its services under this Agreement. Any such refund shall not jeopardize or impair any right or remedy which the Board may have against the Trustee.

Section 1010. Appointment of Successor Trustee by Holders: Temporary Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Holders; *provided, however,* that in case no Event of Default or event which, with notice or lapse of time or both, would become an Event of Default has occurred and is continuing, the Board, by an instrument signed by the Chairman of the Board or the Commissioner and attested by the Secretary of the Board under its seal, may appoint a successor Trustee.

If at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to this Section prior to the effective date of such resignation, then the Trustee or any Holder may apply to a court of competent jurisdiction to appoint a successor Trustee. Such court may after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Every such Trustee appointed pursuant to this Section 1010 shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (a) a bank or trust company in good standing and having a combined capital, surplus and undivided profits of not less than \$100,000,000, willing and able to accept the office on reasonable and customary terms, and authorized by law to perform all the duties imposed upon the Trustee by this Agreement, or (b) a subsidiary trust company under the Trust Subsidiary Act, Article 3.1, Chapter 2, Title 6.1 of the Virginia Code, whose parent Virginia bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.1-32.7(a) of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus and undivided profits, together with that of its parent Virginia bank or bank holding company, as the case may be, is not less than \$100,000,000, willing and able to accept the office on reasonable and customary terms, and authorized by law to perform all the duties imposed upon the Trustee by this Agreement. Any successor Trustee shall promptly give written notice to all Holders of its name, address for notices, and status as Successor Trustee with respect to the Bonds. Such successor Trustee shall also notify the Board of an address for notices as provided in Section 1304.

Section 1011. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Board an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the request of the Board or its successor, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Board.

Section 1012. Trustee Protected in Relying on Resolutions, etc. Absent negligence by the Trustee, the resolutions, opinions, certificates and other instruments provided for in this Agreement may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder or the taking of any other action by the Trustee as provided hereunder.

Section 1013. Successor Trustee as Custodian of Funds. In the event of a change in the office of Trustee the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Funds created hereunder, and the successor Trustee shall become such custodian.

Section 1014. Appointment of and Acceptance of Paying Agent. The Board may at any time or from time to time appoint one or more Paying Agents for each Series of Bonds,

in the manner and subject to the conditions set forth in Section 1015 for the appointment of a successor Paying Agent. Unless another Paying Agent is appointed for a Series of Bonds in the Supplemental Trust Agreement for such Series, the Trustee shall serve as Paying Agent. Each Paying Agent, other than the Trustee, shall signify such Paying Agent's acceptance of the duties and obligations imposed upon it under this Agreement by an instrument of acceptance filed with the Board and the Trustee.

Section 1015. Resignation or Removal of Paying Agent; Appointment of Successor. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least 60 days' notice to the Board and the Trustee. Any Paying Agent may be removed at any time by an instrument signed by the Chairman or the Commissioner and filed with such Paying Agent and the Trustee. Any successor Paying Agent shall be appointed by the Board, with the approval of the Trustee, and shall be a bank or trust company duly organized under the laws of the United States or any of its states or territories, having a combined capital, surplus and undivided profits aggregating at least \$100,000,000, willing and able to accept the office on reasonable and customary terms, and authorized by law to perform all the duties imposed upon the Paying Agent by this Agreement.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

Section 1101. Supplemental Trust Agreements Not Requiring Consent of Holders. The Board and the Trustee may, without the consent of, or notice to, any of the Holders, enter into such Supplemental Trust Agreement or Supplemental Trust Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in this Agreement;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Holders or the Trustee or either of them;
- (c) To add to the covenants and agreements of the Board in this Agreement other covenants and agreements to be observed by the Board;
- (d) To modify, amend or supplement this Agreement in such manner as required by or to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or any state securities (Blue Sky) law,

and, if they so determine, to add to this Agreement such other terms, conditions and provisions as may be required by the Trust Indenture Act of 1939, as amended, or similar Federal statute or state securities law;

(e) To modify, amend or supplement this Agreement in such manner as required to permit the Board to comply with the provisions of the Code relating to the rebate to the United States of America of earnings derived from the investment of the proceeds of Bonds;

(f) To modify, amend or supplement this Agreement in such manner as required by the Rating Agencies to maintain their respective ratings on the Bonds;

(g) To authorize the issuance of and to secure one or more Series of Bonds as provided in and upon compliance with Article III to provide for (1) the deposit and disbursement of the proceeds of such Bonds, to pay the expenses of the issuance of such Bonds and to pay the cost of the portion of the Project to be financed by means of such Bonds or to refund all or part of another Series of Bonds, as the case may be, (2) the payment of the principal of and premium, if any, and interest on such Bonds, and (3) such other changes necessary in connection with the issuance of such Bonds as shall not, in the opinion of the Trustee, prejudice in any material respect the rights of the Holders of the Bonds then Outstanding;

(h) To modify, amend or supplement this Agreement to implement any covenants or agreements contemplated by Section 806; *provided* that such modification, amendment or supplement does not materially adversely affect the rights of the Holders of the Bonds then Outstanding; and

(i) To make any other change herein which, in the opinion of the Trustee, shall not prejudice in any material respect the rights of the Holders of the Bonds then Outstanding.

Section 1102. Supplemental Trust Agreements Requiring Consent of Holders. Exclusive of Supplemental Trust Agreements covered by Section 1101 and subject to the terms and provisions contained in this Section, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time, notwithstanding anything in this Agreement to the contrary, to consent to the execution by the Board and the Trustee of such other Supplemental Trust Agreements as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Master Trust Agreement or in any Supplemental Trust Agreement; *provided, however*, that nothing in this Agreement shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond, (b) a reduction in the principal amount of, or premium, if any, on any Bond or the rate of interest thereon, (c) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bond, (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount

of Bonds required for consent to such Supplemental Trust Agreement, without the consent of the Holders of all of the Bonds then Outstanding.

If at any time the Board shall request the Trustee to enter into any such Supplemental Trust Agreement for any of the purposes of this Section, the Trustee shall, upon satisfactory provision being made with respect to expenses, cause notice of the proposed execution of such Supplemental Trust Agreement to be sent by registered or certified mail to the Holder of each Bond at his address as it appears on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Holders. If, within 60 days or such longer period as shall be prescribed by the Board following the giving of such notice, the Holders of a majority in aggregate principal amount of Bonds then Outstanding, or in the case of (a) through (e) above, the Holders of all the Bonds then Outstanding, shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation hereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Board from executing such Supplemental Trust Agreement or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Trust Agreement as in this Section permitted and provided, this Agreement shall be and is deemed to be modified and amended in accordance therewith.

Notwithstanding anything in this Agreement to the contrary, the Board and the Trustee may enter into any Supplemental Trust Agreement upon receipt of the consent of the Holders of all Bonds then Outstanding.

Section 1103. Opinion of Counsel Required. The Trustee shall not execute any Supplemental Trust Agreement unless there shall have been filed with the Trustee an Opinion of Counsel to the effect that such Supplemental Trust Agreement is authorized or permitted by this Agreement and complies with its terms and that upon execution it will be a valid and binding obligation of the Board.

Section 1104. Trustee's Obligation Regarding Supplemental Trust Agreements. The Trustee shall not refuse to enter into any Supplemental Trust Agreement permitted by this Article XI; *provided* that such Supplemental Trust Agreement is not adverse to the interests of the Trustee.

ARTICLE XII

DISCHARGE OF AGREEMENT

Section 1201. Discharge of Agreement. If (a) all Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Agreement and any Supplemental Trust Agreements or have been duly called for redemption or

irrevocable instructions to call the Bonds or to pay them at maturity have been given by the Board to the Trustee, and (b) the Trustee holds cash, 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 relevant Sections hereof and in any Supplemental Trust Agreement all Bonds that have been called for 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 Bonds not irrevocably called for redemption, (3) to pay interest accruing on all 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 Board is responsible under this Agreement, then the Trustee shall, at the expense of the Board, cancel and discharge this Agreement and execute and deliver to the Board such instruments in writing as shall be necessary to cancel the lien hereof, and assign and deliver to the Board any property at the time subject to this Agreement that 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 or premium, if any, or interest on the Bonds and other fees and expenses as described above.

Bonds for the payment or redemption of which cash, noncallable Government Obligations or noncallable Government Certificates the principal of and premium, if any, and interest on which will be sufficient therefor shall have been deposited with the Trustee (whether upon or prior to the date of their maturity or their redemption date) shall be deemed to be paid and no longer Outstanding; *provided, however*, that if such Bonds are to be redeemed prior to their maturity, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving of such notice.

ARTICLE XIII

AMENDMENTS TO PAYMENT AGREEMENT AND SUPPLEMENTAL PAYMENTS AGREEMENT

Section 1301. Limitations on Amendment to Payment Agreement and Supplemental Payments Agreement. Neither the Payment Agreement nor the Supplemental Payments Agreement shall be amended, modified or otherwise altered without the consent of the Holders of a majority in aggregate principal amount of Bonds then Outstanding, if such change prejudices in any material respect the rights of such Holders.

Section 1302. Consent of Trustee to Amendments to Payment Agreement and Supplemental Payments Agreement. The Trustee shall consent to any amendment of the Payment Agreement and Supplemental Payments Agreement which does not violate Section 1301 of this Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 1401. Consents, etc., of Holders. Any consent, request, direction, approval, objection or other instrument (collectively, a Consent) required by this Agreement to be executed by the Holders may be in any number of concurrent writings of similar tenor and may be executed by such Holders in person or by agent appointed in writing. Proof of the execution of a Consent or of the writing appointing any such agent shall be sufficient for any of the purposes of this Agreement and shall be conclusive in favor of the Trustee with regard to any action taken under the Consent if the fact and date of the execution by any person of any such writing is proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

Section 1402. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Agreement or the Bonds is intended or shall be construed to give to any person other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions and agreements herein contained, because this Agreement and all of the covenants, conditions and agreements hereof is intended to be and is for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

Section 1403. 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 in his individual capacity, and neither the members of the Board nor any officer of the Board executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee, agent or advisor of the Board shall incur any personal liability with respect to any other action taken by him pursuant to this Agreement or the Board Statute, provided such member, officer, employee, agent or advisor acts in good faith.

Section 1404. Notices. Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person, or when sent by Federal Express or a comparable express courier service, or when mailed by registered or certified mail, postage prepaid, addressed (a) if to the Board at 1401 East Broad Street, Richmond, Virginia 23219 (Attention: Chairman), or (b) if to the Trustee, at 919 East Main Street, Richmond, Virginia 23219 (Attention: Corporate Trust Administration). The Board and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 1405. Applicable Law. This Agreement shall be governed by the applicable laws of the Commonwealth.

Section 1406. Successors and Assigns. This 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 1407. Severability. If any provision of this Agreement shall be held to be illegal or invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Agreement shall be construed and enforced as if such illegal provision had not been contained in it.

Section 1408. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Board and the Trustee have caused this Master Trust Agreement to be executed in their respective corporate names as of the date first above written.

COMMONWEALTH TRANSPORTATION BOARD

By _____
Chairman

CRESTAR BANK,
as Trustee

By _____
Vice President

4/10/97

FIRST SUPPLEMENTAL AGREEMENT OF TRUST

by and between

COMMONWEALTH TRANSPORTATION BOARD

and

**CRESTAR BANK,
as Trustee**

Dated as of June 15, 1997

**Authorizing the Issuance of \$33,500,000*
Commonwealth of Virginia Transportation
Program Revenue Bonds, Series 1997A
(Oak Grove Connector, City of Chesapeake)**

*Preliminary, subject to change.

119058.4 016741 AQMT

42 III

TABLE OF CONTENTS

	Page
Parties	1
Recitals	1

ARTICLE I

FIRST SUPPLEMENTAL TRUST AGREEMENT

Section 101.	First Supplemental Trust Agreement	3
Section 102.	Meaning of Terms; Definitions	3
Section 103.	Rules of Construction	4

ARTICLE II

CREATION, ISSUANCE AND SALE OF SERIES 1997A BONDS

Section 201.	Creation, Issuance and Sale of Series 1997A Bonds	5
Section 202.	Details of Series 1997A Bonds	5
Section 203.	Book Entry System	6
Section 204.	Form of Series 1997A Bonds	7
Section 205.	Security for Series 1997A Bonds	7
Section 206.	Use of Proceeds of Series 1997A Bonds	7

ARTICLE III

REDEMPTION OF SERIES 1997A BONDS

Section 301.	Redemption Dates and Prices	8
Section 302.	Manner of Redemption	8

ARTICLE IV

ARBITRAGE REBATE; OTHER TAX PROVISIONS

Section 401.	Rebate Requirement	9
Section 402.	Calculation and Report of Rebate Amount	9
Section 403.	Payment of Rebate Amount	9

		<u>Page</u>
Section 404.	Reports by Trustee	10
Section 405.	Limitation on Use of Series 1997A Bond Proceeds	10

ARTICLE V

CONTINUING DISCLOSURE

Section 501.	Undertaking	11
Section 502.	Content of Annual Reports	11
Section 503.	Reporting of Listed Events	11
Section 504.	Dissemination Agent	12
Section 505.	Amendment	12
Section 506.	Additional Information	12
Section 507.	Default	12
Section 508.	Beneficiaries	12
Section 509.	Termination	12

ARTICLE VI

MISCELLANEOUS 13

Section 601.	Limitation of Rights	13
Section 602.	Limitation of Liability of Members, etc., of Board	13
Section 603.	Applicable Law	13
Section 604.	Successors and Assigns	13
Section 605.	Severability	13
Section 606.	Counterparts	13

THIS FIRST SUPPLEMENTAL AGREEMENT OF TRUST dated as of June 15, 1997, by and between the **COMMONWEALTH TRANSPORTATION BOARD** (the "Board") and **CRESTAR BANK**, as Trustee, a banking corporation organized under the laws of Commonwealth of Virginia and having its principal place of business in the City of Richmond, Virginia (in such capacity, together with any successor in such capacity, herein called the "Trustee");

WITNESSETH:

WHEREAS, pursuant to the State Revenue Bond Act, Section 33.1-267 *et seq.*, of the Code of Virginia, 1950 (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"), and issuance costs and related expenses; and

WHEREAS, pursuant to the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994, Chapters 233 and 662 of the Acts of Assembly of 1994 ("Chapter 233" and "Chapter 662", respectively), the Board is authorized to issue pursuant to the State Revenue Bond Act revenue bonds of the Commonwealth of Virginia to be designated "Commonwealth of Virginia Transportation Program Revenue Bonds" (the "Bonds"), in an aggregate principal amount not exceeding \$32,500,000, plus an amount for issuance costs, capitalized interest, reserve funds and other financing expenses (including, without limitation, original issue discount), to finance the costs of the project known as the Oak Grove Connector in the City of Chesapeake, Virginia (the "City"), consisting of a four-lane divided highway connecting Dominion Boulevard (Route 104) and the Great Bridge Bypass (Route 168) and as established in Article 5 (Section 33.1-267 *et seq.*) of Chapter 3 of Title 33.1 of the Virginia Code, consisting of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, construction and related improvements (the "Project"), the cost of which may include the payment of interest on the Bonds for a period during construction and not exceeding one year after completion of the Project; and

WHEREAS, Section 11 of each of Chapter 233 and Chapter 662 provides that the Board, prior to the issuance of the Bonds, shall establish a sinking fund for the payment of the Bonds to the credit of which there shall be deposited such amounts as are required to pay debt service on the Bonds due and payable first from (i) any revenues received from any Set-aside Fund established pursuant to Section 58.1-816.1 of the Virginia Code; (ii) to the extent required, revenues received pursuant to a contract with the City or any alternate mechanism for generation of local revenues for specific funding of the Project satisfactory to the Board; (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located; (iv) to the extent required, legally available revenues of the Transportation Trust Fund; and (v) such other funds which may be appropriated by the General Assembly; and

WHEREAS, Section 58.1-816.1 of the Virginia Code provides for the creation in the Department of the Treasury of a special nonreverting fund which shall be a part of the Transportation Trust Fund and which shall be known as the Transportation Improvement Program Set-aside Fund (the "Set-aside Fund"), consisting of transfers pursuant to Section 58.1-

816 of the Virginia Code of annual collections of the State recordation taxes attributable to any local jurisdiction which adopts an ordinance to dedicate and use its share of State recordation tax distributions for transportation purposes, subject to the proviso that the election of any local jurisdiction to participate in the Set-aside Fund shall be revocable by the passage of an ordinance to that effect, and subject to the further proviso that, if debt has been issued or other obligations incurred on the local jurisdiction's behalf, the election to participate shall be irrevocable so long as such bonds, or other obligations, are outstanding; and

WHEREAS, on March 28, 1995, the Council of the City adopted an ordinance (the "Ordinance") providing for the dedication to the Set-aside Fund pursuant to Section 58.1-816.1 of the Virginia Code of the City's quarterly distributions of State recordation taxes transferred pursuant to Section 58.1-816 of the Virginia Code, for the purpose of paying the costs of any Transportation Improvement Project in which the City elects to participate; and

WHEREAS, the Board and the City have entered into an Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, dated as of _____, 1997 (the "Supplemental Payments Agreement"), providing that, it having been determined that the City's portion of the State recordation taxes dedicated by the City Council pursuant to the Ordinance to pay the principal of and premium, if any, and interest on the Bonds (also referred to as "Debt Service") for the Project will not be sufficient to cover the projected annual debt service on the Bonds, in accordance with Section 33.1-269(4b) of the Virginia Code, the City will allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual Debt Service on the Bonds, less the City's share of State recordation taxes that have been previously dedicated therefor to the Set-aside Fund and are available for such purpose; and

WHEREAS, the Board has entered into the Supplemental Payments Agreement for the purpose of satisfying the requirements of clause (ii) of Section 11 of each of Chapter 233 and Chapter 662, clause (ii) of Section 33.1-269(4b) of the Virginia Code and clause (ii) of Section 33.1-277.E of the Virginia Code; and

WHEREAS, the Board and the Trustee have entered into a Master Agreement of Trust, dated as of June 15, 1997 (the "Master Trust Agreement"), to provide for the issuance of Commonwealth of Virginia Transportation Program Revenue Bonds; and

WHEREAS, the Board and the Trustee desire to provide for the issuance of a series of the Bonds to pay costs related to the Project;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

FIRST SUPPLEMENTAL TRUST AGREEMENT

Section 101. First Supplemental Trust Agreement. This First Supplemental Trust Agreement is entered into pursuant to and in accordance with Section 1101(g) of the Master Trust Agreement. All covenants, conditions and agreements of the Master Trust Agreement shall apply with equal force and effect to the Series 1997A Bonds and to the Holders thereof, except as otherwise provided herein.

Section 102. Meaning of Terms: Definitions. Except as otherwise defined herein, words defined in the Master Trust Agreement are used in this First Supplemental Trust Agreement with the meanings assigned to them in the Master Trust Agreement. In addition, the following words shall have the following meanings in this First Supplemental Trust Agreement:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, subsection (b) of Section 501.

"Dissemination Agent" shall mean the State Treasurer of the Commonwealth, acting in its capacity as Dissemination Agent hereunder in accordance with Executive Order Number Fifty-Two (95) of the Governor of the Commonwealth, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"DTC" shall mean The Depository Trust Company, New York, New York, a securities depository, as Holder of the Series 1997A Bonds, or its successors or assigns in such capacity.

"First Supplemental Trust Agreement" shall mean this First Supplemental Agreement of Trust, dated as of June 15, 1997, by and between the Board and the Trustee.

"Fiscal Year" shall mean the twelve-month period, at the end of which the Board's financial position and the results of its operations for the preceding 12 months are determined. Currently, the Board's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"Listed Events" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rules.

"Participating Underwriter" shall mean any of the original underwriters of the Series 1997A Bonds required to comply with the Rule in connection with the offering of the Series 1997A Bonds.

"Rebate Amount" shall mean the excess of (a) the future value of all nonpurpose receipts with respect to the Series 1997A Bonds, over (b) the future value of all nonpurpose payments with respect to the Series 1997A Bonds, in each case calculated under Section 402 pursuant to the requirements of Section 148 of the Code, or such other amount of arbitrage required to be rebated to the United States of America under Section 148 of the Code.

"Rebate Amount Certificate" shall have the meaning set forth in Section 402(b).

"Repository" shall mean each National Repository and each State Repository.

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

"Series 1997A Bonds" shall mean the \$33,500,000 Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake), authorized to be issued by this First Supplemental Trust Agreement.

"State Repository" shall mean each National Repository and each State Repository.

Section 103. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this First Supplemental Trust Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of Series 1997A Bonds shall not be deemed to refer to or connote the payment of Series 1997A Bonds at their stated maturity.

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this First Supplemental Trust Agreement.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this First Supplemental Trust Agreement nor shall they affect its meaning, construction or effect.

(e) All references herein to the payment of Series 1997A Bonds are references to payment of principal of and premium, if any, and interest on Series 1997A Bonds.

*Preliminary, subject to change.

ARTICLE II

CREATION, ISSUANCE AND SALE OF SERIES 1997A BONDS

Section 201. Creation, Issuance and Sale of Series 1997A Bonds. There are hereby created and authorized to be issued and sold pursuant to Article III of the Master Trust Agreement a series of Bonds in the aggregate principal amount of \$33,500,000* designated "Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake)". The proceeds of the Series 1997A Bonds shall be used to pay Costs of the Project.

Section 202. Details of Series 1997A Bonds. The Series 1997A Bonds shall be issued as fully registered Bonds, shall be dated June 15, 1997, shall be issued in denominations of \$5,000 or multiples thereof, shall be numbered R-1 upward and shall bear interest at the rates, payable semiannually on each May 15 and November 15, beginning November 15, 1997, and shall mature on May 15 in the years and the amounts, as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1998			2011		
1999			2012		
2000			2013		
2001			2014		
2002			2015		
2003			2016		
2004			2017		
2005			2018		
2006			2019		
2007			2020		
2008			2021		
2009			2022		
2010					

Each Series 1997A Bond shall bear interest (a) from its date if such Series 1997A Bond is authenticated prior to the first interest payment date, or (b) otherwise from the interest payment date that is, or immediately precedes, the date on which such Series 1997A Bond is authenticated; *provided, however*, that if at the time of authentication of any Series 1997A Bond payment of interest is in default, such Series 1997A Bond shall bear interest from the date to which interest has been paid. If any principal of or interest on any Series 1997A 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 1997A Bond. Interest on the Series 1997A Bonds shall be calculated on the basis of a three hundred and sixty (360) day year comprised of twelve (12) thirty (30) day months.

*Preliminary, subject to change.

Principal of the Series 1997A Bonds and the premium, if any, thereon shall be payable to the Holders upon the surrender of such Series 1997A Bonds at the principal corporate trust office of the Paying Agent for the Series 1997A Bonds. Interest on the Series 1997A Bonds shall be payable by check or draft mailed to the Holders at their addresses as they appear on the first day of the month in which occurs an interest payment date on the registration books kept by the Paying Agent. Notwithstanding the foregoing, if (a) the Holder of any Series 1997A Bond owns at least \$1,000,000 in aggregate principal amount of Series 1997A Bonds, and (b) such Holder has provided satisfactory notice regarding payment by wire transfer to the Paying Agent, then interest shall be paid to such Holder by wire transfer.

If the principal of any Series 1997A Bond is not paid when due (whether at maturity, by sinking fund redemption, upon acceleration or call for redemption or otherwise), then the overdue principal shall continue to bear interest until paid at the rate or yield applicable to such Series 1997A Bond.

Section 203. Book Entry System. Initially, one bond certificate for each maturity will be issued and registered to DTC, which is hereby designated as the securities depository for the Series 1997A Bonds, or its nominee, and immobilized in its custody. Beneficial owners of the Series 1997A Bonds will not receive physical delivery of the Series 1997A Bonds. So long as DTC is acting as securities depository for the Series 1997A Bonds, a book entry system will be employed, evidencing beneficial ownership of the Series 1997A Bonds in principal amounts of \$5,000 or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest on the Series 1997A Bonds will be payable in clearinghouse funds to DTC or its nominee as Holder of the Series 1997A Bonds.

Transfer of principal and interest payments to participants of DTC shall be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Board and the Trustee shall 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 Series 1997A Bonds by giving notice to the Trustee and the Board discharging its responsibilities hereunder, (b) the Trustee determines that continuation of the book entry system of evidence and transfer of ownership of the Series 1997A Bonds would adversely affect the interests of the beneficial owners of the Series 1997A Bonds, (c) the Board determines that it is not in its best interest to continue a book entry system with DTC, or (d) the Trustee or the Board determines that DTC is incapable of discharging its duties, the Trustee will discontinue the book entry system with DTC by giving notice to DTC. Upon the occurrence of an event described in (a) or (d) above, the Trustee will attempt to locate another qualified securities depository. If the Trustee fails to locate another qualified securities depository to replace DTC or the determination has been made in (b) or (c) above, the Trustee will authenticate and deliver replacement Series 1997A Bonds to the beneficial owners or to the DTC participants on behalf of beneficial owners substantially in the form set forth in Section 204. The form set forth in

Section 204 may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Trustee shall be entitled to rely on the records of DTC as to the beneficial owners or the records of the DTC participants acting on behalf of beneficial owners. The Series 1997A Bonds would then be registrable and exchangeable as set forth in Section 204 of the Master Trust Agreement.

So long as DTC is the securities depository for the Series 1997A Bonds, (1) it shall be the Holder of the Series 1997A Bonds, (2) transfers of ownership and exchanges shall be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants, and (3) references in this First Supplemental Trust Agreement to Holders of the Series 1997A Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of the Series 1997A Bonds.

Section 204. Form of Series 1997A Bonds. The Series 1997A 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 First Supplemental Trust Agreement.

Section 205. Security for Series 1997A Bonds. The Series 1997A Bonds shall be equally and ratably secured as to Revenues and Funds under the Master Trust Agreement with any Bonds to be issued thereunder, without preference, priority or distinction of any obligations over any other obligations.

Section 206. Use of Proceeds of Series 1997A Bonds. The proceeds of the Series 1997A Bonds shall be paid to the State Treasurer, delivered by the State Treasurer to the Trustee and applied by the Trustee as follows:

(a) An amount equal to the amount received as accrued interest on the Series 1997A Bonds from their date to the date of their delivery shall be deposited in the Interest Account in the Bond Fund and used to pay interest on the Series 1997A Bonds.

(b) An amount equal to the estimated costs and expenses of the issuance of the Series 1997A Bonds shall be deposited in a separate account of the Construction Fund hereby established and designated as the Series 1997A Costs of Issuance Account, as directed by an Authorized Representative of the Board, and shall be used to pay costs and expenses of the issuance of the Series 1997A Bonds. The balance, if any, remaining in the Series 1997A Costs of Issuance Account after the payment of all costs and expenses of the issuance of the Series 1997A Bonds shall be transferred to the Oak Grove Connector Project Account in the Construction Fund as directed by an Authorized Representative of the Board.

(c) The balance of the proceeds of the Series 1997A Bonds shall be deposited in the Oak Grove Connector Project Account in the Construction Fund, and shall be used to pay Costs of the Project.

ARTICLE III

REDEMPTION OF SERIES 1997A BONDS

Section 301. Redemption Dates and Prices. The Series 1997A Bonds may not be called for redemption by the Board except as provided below:

(a) The Series 1997A Bonds maturing on and after May 15, 2008 are subject to redemption prior to maturity at the option of the Board on and after May 15, 2007 in whole or in part at any time, in increments of \$5,000 or any multiple thereof during the following redemption periods, upon payment of the following redemption prices (expressed as percentages of the principal amount of the Series 1997A Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
May 15, 2007 through May 14, 2008	101 %
May 15, 2008 through May 14, 2009	100 1/2
May 15, 2009 and thereafter	100

(b) The Series 1997A Bonds maturing on May 15, ____ are required to be redeemed in part prior to maturity pursuant to the following sinking fund requirements. The Trustee shall redeem the Series 1997A Bonds maturing on May 15, ____ on May 15 in the years and in the amounts set forth below, upon payment of 100% of the principal amount to be redeemed, plus interest accrued thereon to the date fixed for redemption, as follows:

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

The amount of Series 1997A Bonds to be redeemed pursuant to subsection (b) of this Section 301 may be reduced in accordance with the provisions of Section 602 of the Master Trust Agreement.

Section 302. Manner of Redemption. If less than all of the Series 1997A Bonds are called for optional redemption, the Series 1997A Bonds to be redeemed shall be called in such order as the Board may determine. If less than all of the Series 1997A Bonds of any maturity are called for redemption, the Series 1997A Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. In either event, each portion of \$5,000 principal amount of Series 1997A Bonds shall be counted as one Bond for such purpose.

ARTICLE IV

ARBITRAGE REBATE; OTHER TAX PROVISIONS

Section 401. Rebate Requirement. Except with respect to earnings on funds and accounts qualifying for exceptions to the rebate requirement of Section 148 of the Code, as provided in this Article IV, the Board shall determine and pay, from any legally available source, the Rebate Amount to the United States of America, as and when due, in accordance with 148(f) of the Code, as provided in this Article IV, and shall retain records of all such determinations until six years after payment of the Series 1997A Bonds.

Section 402. Calculation and Report of Rebate Amount. (a) The Board selects June 30 as the end of the "bond year" with respect to the Series 1997A Bonds pursuant to Treasury Regulations Section 1.148-8(b)(2).

(b) Within 45 days after the last day of the fifth bond year after issuance of the Series 1997A Bonds, unless the bond year is changed by the Board prior to the date that any amount with respect to the Series 1997A Bonds is paid or required to be paid to the United States of America as required by Section 148 of the Code (the "Initial Installment Computation Date"), and at least once every five years thereafter, the Board shall cause the Rebate Amount to be computed and will deliver a copy of such computation (the "Rebate Amount Certificate") to the Trustee. Prior to any payment of the Rebate Amount to the United States of America as required by Section 148 of the Code, the Rebate Amount Certificate setting forth such Rebate Amount shall be prepared or approved by (i) a person with experience in matters of governmental accounting for federal income tax purposes; (ii) a *bona fide* arbitrage rebate calculation reporting service; or (iii) Bond Counsel experienced in preparing or approving such rebate calculation.

Section 403. Payment of Rebate Amount. (a) Not later than 60 days after the Initial Installment Computation Date, the Board shall pay to the United States of America at least 90% of the Rebate Amount as set forth in the Rebate Amount Certificate prepared with respect to such installment computation date. At least once on or before 60 days after the installment computation date that is the fifth anniversary of the Initial Computation Date and on or before 60 days every fifth anniversary date thereafter until final payment of the Series 1997A Bonds, the Board shall pay to the United States of America not less than the amount, if any, by which 90% of the Rebate Amount set forth in the most recent Rebate Amount Certificate exceeds the aggregate of all such payments theretofore made to the United States of America pursuant to this Section 403. On or before 60 days after final payment of the Series 1997A Bonds, the Board shall pay to the United States of America the amount, if any, by which 100% of the Rebate Amount set forth in the Rebate Amount Certificate with respect to the date of final payment of the Series 1997A Bonds exceeds the aggregate of all payments theretofore made pursuant to this Section 403. All such payments shall be made by the Board from any legally available source.

(b) Notwithstanding any provision of this First Supplemental Trust Agreement to the contrary, no such payment shall be made if the Board receives and delivers to the Trustee an opinion of Bond Counsel to the effect that (i) such payment is not required under the Code

in order to prevent the Series 1997A Bonds from becoming "arbitrage bonds" within the meaning of Section 148 of the Code; or (ii) such payment should be calculated and paid on some alternative basis under the Code, and the Board complies with such alternative basis.

Section 404. Reports by Trustee. The Trustee shall provide the Board within 10 days after each June 30 or other computation date selected by the Board and within 10 days after the final payment of the Series 1997A Bonds with such reports and information with respect to earnings of amounts held under the Master Trust Agreement as may be requested by the Board in order to comply with the provisions of this Article IV.

Section 405. Limitation on Use of Series 1997A Bond Proceeds. The Board covenants with the Holders of the Series 1997A Bonds as follows:

(a) The Board shall not take or omit to take any action or approve the Trustee's taking any action or making any investment or use of the proceeds of the Series 1997A Bonds (including failure to approve the same with due diligence) the taking or omission of which will cause the Series 1997A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, including without limitation participating in any issue of obligations that would cause the Series 1997A Bonds to be part of an "issue" of obligations that are arbitrage bonds, within the meaning of Treasury Regulation Section 1.156-1(c) or successor regulation, or otherwise cause interest on the Series 1997A Bonds to be includable in the gross income for federal income tax purposes of the Holders thereof under existing law.

(b) Barring unforeseen circumstances, the Board shall not approve the use of the proceeds from the sale of any Series 1997A Bonds otherwise than in accordance with the Board's "non-arbitrage" certificate delivered immediately prior to the issuance of such Series 1997A Bonds.

(c) The Board shall not permit the Gross Proceeds of the Series 1997A Bonds to be used in any manner that would result in either (1) 5% or more of such proceeds being used in any trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, (2) 5% or more of such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (3) 5% or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit, as provided in Section 141(c) of the Code; *provided, however*, that if the Board receives and delivers to the Trustee an opinion of Bond Counsel that compliance with any provision of this Section 405 is not required to prevent the interest on the Series 1997A Bonds from being includable in the gross income for federal income tax purposes of the Holders thereof under existing law, the Board need not comply with such covenant.

(d) The Board shall not take any other action that would adversely affect, and shall take all action within its power necessary to maintain, the exclusion from gross income for federal income tax purposes of the Holders thereof of interest on all Series 1997A Bonds.

ARTICLE V

CONTINUING DISCLOSURE

Section 501. Undertaking. (a) This continuing disclosure undertaking is being made by the Board for the benefit of the Holders and to assist the Participating Underwriters in complying with the Rule. The Board acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Section 501.

(b) Not later than 10 months after the end of each Fiscal year, commencing with the Fiscal Year ending June 30, 1997, the Board shall cause the Dissemination Agent to provide to each Repository an Annual Report that is consistent with the requirements of Section 502. Not later than 10 days prior to such date, the Board shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report (1) may be submitted as a single document or as separate documents comprising a package, (2) may cross-reference other information as provided in Section 502, and (3) shall include such other information as may be required by the Rule.

(c) If the Board fails to provide an Annual Report to the Repositories by the date required in (b), the Board shall send, or shall cause the Dissemination Agent to send, an appropriate notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit B.

Section 502. Content of Annual Reports. Each Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following information, all with a view toward assisting Participating Underwriters in complying with the Rule:

(a) updated information regarding the Project; and

(b) updated information regarding (1) the Set-aside Fund, (2) funds appropriated and allocated to the Set-aside Fund, (3) the Transportation Trust Fund and (4) any other funds appropriated by the Virginia General Assembly with respect to the Bonds or the Project as of the end of the preceding Fiscal Year.

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

Section 503. Reporting of Listed Events. The Board will provide in a timely manner to the Municipal Securities Rulemaking Board and to each State Repository, if any, notice of any of the Listed Events with respect to the Series 1997A Bonds, if material.

Section 504. Dissemination Agent. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its Undertaking and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Board shall be the Dissemination Agent.

Section 505. Amendment. Notwithstanding any other provision of the Agreement, the Board may amend its Undertaking as set forth in this Article V if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

Section 506. Additional Information. Nothing in this Article V shall be deemed to prevent the Board or the Dissemination agent from disseminating any other information, using the means of dissemination set forth in this Article V or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Article V. If the Board or the Dissemination Agent chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Article V, the Board shall have no obligation under this Article V to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 507. Default. In the event of a failure of the Board to file its Annual Report, any person referred to in Section 508 may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to file such Annual Report. In the event of a failure of the Board to comply with any provision of its Undertaking as set forth in this Article V, the Holders of not less than a majority in aggregate principal amount of Series 1997A Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its Undertaking. A default under this Article V shall not be deemed an event of default under the Agreement or the Series 1997A Bonds, and the sole remedy under this Article V in the event of any failure of the Board to comply with its Undertaking shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 508. Beneficiaries. This Undertaking shall inure solely to the benefit of the Board, the Participating Underwriters, and Holders from time to time of the Series 1997A Bonds, and shall create no rights in any other person or entity.

Section 509. Termination. The obligations of the Board pursuant to its Undertaking shall terminate upon the earlier to occur of the legal defeasance or final retirement of all of the Series 1997A Bonds.

ARTICLE VI

MISCELLANEOUS

Section 601. Limitation of Rights. With the exception of the rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this First Supplemental Trust Agreement is intended or shall be construed to give any person other than the parties hereto and the Holders of the Series 1997A Bonds any legal or equitable right, remedy or claim under or in respect to this First Supplemental Trust Agreement or any covenant, condition or agreement herein contained, this First Supplemental Trust Agreement and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the Holders of the Series 1997A Bonds as herein provided.

Section 602. 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 in his individual capacity, and neither the members of the Board nor any officer thereof executing the Bonds shall be liable personally on the 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 shall incur any personal liability with respect to any other action taken by him pursuant to this Agreement or the Board Statute, provided such member, officer, employee, agent or advisor acts in good faith.

Section 603. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the applicable laws of the Commonwealth.

Section 604. Successors and Assigns. This First Supplemental Trust 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 605. Severability. If any provision of this First Supplemental Trust Agreement shall be held to be illegal or invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this First Supplemental Trust Agreement shall be construed and enforced as if such illegal provision had not been contained in it.

Section 606. Counterparts. This First Supplemental Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Board and the Trustee have caused this First Supplemental Trust Agreement to be executed in their respective corporate names as of the date first above written.

COMMONWEALTH TRANSPORTATION BOARD

By _____
Chairman

CRESTAR BANK,
as Trustee

By _____
Vice President

EXHIBIT A

REGISTERED

REGISTERED

R-_____

\$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

COMMONWEALTH TRANSPORTATION BOARD

Commonwealth of Virginia Transportation
Program Revenue Bond, Series 1997A
(Oak Grove Connector, City of Chesapeake)

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	MAY 15, ____	JUNE 15, 1997	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Commonwealth Transportation Board (the "Board"), for value received, hereby promises to pay upon surrender hereof at the principal corporate trust office of Crestar Bank, 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, subject to prior redemption as hereinafter provided, and to pay, solely from such sources, interest hereon semiannually on each May 15 and November 15, beginning November 15, 1997, at the annual rate stated above, such interest to be calculated on the basis of a three hundred and sixty (360) day year comprised of twelve (12) thirty (30) day months. Interest is payable (a) from June 15, 1997, if this Bond is authenticated prior to November 15, 1997, or (b) otherwise from the May 15 or November 15 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest hereon is in default, in which case this Bond shall bear interest from the date to which interest has been paid). Interest is payable by check or draft mailed to the Holder at such Holder's address as it appears on the first day of the month of each interest payment date on registration books kept by the Trustee. Notwithstanding the foregoing, if (1) the Holder of this Bond owns at least \$1,000,000 in aggregate principal amount of Bonds, and (2) such Holder has provided satisfactory prior notice of a wire transfer address to the Trustee, then interest on this Bond

shall be paid by wire transfer. Principal, premium, if any, and interest are payable in lawful money of the United States of America.

Notwithstanding any other provision hereof, this 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 Blanket Issuer Letter of Representations to DTC.

This Bond is one of an issue of \$33,500,000* Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake) (the "Bonds") of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are authorized pursuant to the State Revenue Bond Act, Section 33.1-267 *et seq.*, of the Code of Virginia, 1950 (the "Virginia Code"), and the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994, Chapters 233 and 662 of the Acts of Assembly of 1994, to provide funds to finance costs related to the Oak Grove Connector Project, and to pay financing expenses of the Bonds.

This Bond and the premium, if any, 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"), first from (a) the State recordation taxes distributable to the City of Chesapeake, Virginia (the "City"), pursuant to Section 58.1-816 of the Virginia Code which shall have been transferred to the Transportation Improvement Program Set-aside Fund, a special nonreverting fund within the Transportation Trust Fund (the "Set-aside Fund"), pursuant to Section 58.1-816.1 of the Virginia Code and held in the Set-aside Fund for the account of the City, (b) to the extent required, revenues received pursuant to the Agreement for Supplemental Payments of Debt Service and Use of Bond Proceeds, dated as of _____, 1997, by and between the Board and the City (the "Supplemental Payments Agreement"), (c) to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located, (d) to the extent required, from legally available revenues of the Transportation Trust Fund, and (e) from such other funds which may be appropriated by the General Assembly, and from moneys held by the Trustee in certain funds established under the Trust Agreement hereinafter mentioned. This Bond, the premium, if any, 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 have

Preliminary, subject to change.

entered into a Payment Agreement, dated as of June 15, 1997 (the "Payment Agreement"), providing, among other things, that the Board and the Treasury Board will request the Governor to include in the Governor's 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 Bonds. The Payment Agreement provides for the payment of Revenues first from (a) the State recordation taxes distributable to the City pursuant to Section 58.1-816 of the Virginia Code which shall have been transferred to the Set-aside Fund pursuant to Section 58.1-816.1 of the Virginia Code and held in the Set-aside Fund for the account of the City, (b) the Supplemental Payments Agreement, (c) to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located, (d) to the extent required, legally available revenues of the Transportation Trust Fund, and (e) such other funds which may be appropriated by the General Assembly, to the Trustee in amounts and at times sufficient to pay principal of and interest on the 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, 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 Bonds.

The Bonds are issued under a Master Agreement of Trust, dated as of June 15, 1997, between the Board and the Trustee, as supplemented by a First Supplemental Agreement of Trust, dated as of June 15, 1997 (the "First Supplemental Trust Agreement") (collectively, the "Trust Agreement"). Reference is hereby 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 Bonds and the terms upon which the Bonds are issued and secured. Additional bonds ranking equally with the Bonds may be issued on the terms provided in the Trust Agreement.

The Bonds may not be called for redemption except as provided herein and in the Trust Agreement. The Bonds maturing on or before May 15, 2007 are not subject to optional redemption prior to maturity.

The Bonds maturing on and after May 15, 2008 are subject to redemption prior to maturity at the option of the Board on and after May 15, 2007 in whole or in part at any time, in increments of \$5,000 or any multiple thereof during the following redemption periods, upon payment of the following redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
May 15, 2007 through May 14, 2008	101 %
May 15, 2008 through May 14, 2009	100 1/2
May 15, 2009 and thereafter	100

The Bonds maturing on May 15, ____ are required to be redeemed in part prior to maturity in accordance with the sinking fund requirements of Section 301(b) of the First Supplemental Trust Agreement on May 15 in each of the years and in the amounts set forth below, upon payment of 100% of the principal amount redeemed, plus interest accrued thereon to the date fixed for redemption, as follows:

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

The amount of Bonds to be redeemed pursuant to the preceding paragraph may be reduced in accordance with provisions of the Trust Agreement.

If less than all the Bonds are called for optional redemption, the Bonds to be redeemed shall be called in such order as the Board may determine. If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book entry system is discontinued, shall 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.

If any of the Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the Holder of each Bond to be redeemed at his address as it appears on the registration books maintained by the Trustee. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured as set forth in the Trust Agreement and shall not be deemed to be outstanding under the provisions of the Trust Agreement. If a portion of this Bond shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be issued to the Holder upon the surrender hereof.

The Holder of this Bond 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 Bonds are issuable as registered bonds in denominations of \$5,000 or multiples thereof. Upon surrender for transfer or exchange of this 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 Bond or 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, premium, if any, 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 occurs an interest payment date.

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

This Bond shall not 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.

IN WITNESS WHEREOF, the Commonwealth Transportation Board has caused this Bond to be signed by its [facsimile signature of its Chairman and by the facsimile signature of the Commonwealth Transportation Commissioner, a facsimile of its seal to be printed hereon and attested by the facsimile signature of its Secretary.

COMMONWEALTH TRANSPORTATION BOARD

(SEAL)

By _____
Chairman

By _____
Commissioner

Attest:

Secretary

Date Authenticated: _____, 1997

CERTIFICATE OF AUTHENTICATION

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

_____, as Trustee

By _____
Authorized Officer

ASSIGNMENT

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

(please print or typewrite name and address including zip code of Transferee)

**PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER 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: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(Signature of Holder)

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

**NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]
COMMONWEALTH TRANSPORTATION BOARD**

in connection with
Commonwealth Transportation Board's
Transportation Program Revenue Bonds, Series 1997A
(Oak Grove Connector, City of Chesapeake)

CUSIP NO. _____

Dated Date: June 15, 1997

NOTICE IS HEREBY GIVEN that the Commonwealth Transportation Board (the "Board") has not provided an Annual Report [Audited Annual Financial Statements] as required by Article V of the First Supplemental Agreement of Trust, dated as of June 15, 1997, by and between the Board and Crestar Bank, Richmond, Virginia, as trustee (the "Agreement of Trust") pursuant to which the above-referenced bonds were issued. The Board anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.

Dated: _____

[_____]

By _____

Its _____

NEW ISSUE
BOOK-ENTRY ONLY

Fitch:
Moody's:
Standard & Poor's:
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law and regulations, interest on the Series 1997A Bonds (i) is excluded from gross income for federal income tax purposes and (ii) will not be treated as a preference item in calculating the federal alternative minimum tax imposed on corporations and taxpayers other than corporations. See "Tax Matters" herein for a description of certain provisions of law which may affect the federal tax treatment of interest on the Series 1997A Bonds. In addition, in the opinion of Bond Counsel, under the existing laws of the Commonwealth of Virginia, such interest is not includable in computing the Virginia income tax.

Commonwealth Transportation Board
\$33,500,000*
Commonwealth of Virginia
Transportation Program Revenue Bonds, Series 1997A
(Oak Grove Connector, City of Chesapeake)

Dated: June 15, 1997

Due: May 15, as shown below

The Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake) (the "Series 1997A Bonds") will be issued pursuant to a Master Agreement of Trust and a First Supplemental Agreement of Trust, each dated as of June 15, 1997 each between the Commonwealth Transportation Board and Crestar Bank, Richmond, Virginia, as the trustee (the "Trustee"). The proceeds of the Series 1997A Bonds will be used to finance a portion of the costs incurred or to be incurred for construction of the Oak Grove Connector in the City of Chesapeake and to pay issuance costs and other financing expenses of the Series 1997A Bonds. The Series 1997A Bonds will be payable solely, subject to their appropriation by the General Assembly, first from (i) any revenues received from the Seaside Fund established by the General Assembly, pursuant to § 58.1-816.1 of the Code of Virginia of 1950, (ii) to the extent required, revenues received pursuant to a contract with the City of Chesapeake, Virginia ("the City"), or any alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Commonwealth Transportation Board, (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the project being financed is located, (iv) to the extent required, legally available revenues of the Transportation Trust Fund, and (v) such other funds which may be appropriated by the General Assembly, all as more fully described in this Official Statement.

The Series 1997A Bonds will be issued only in book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 1997A Bonds. Investors will not receive certificates representing the Series 1997A Bonds purchased by them. Individual purchases will be in principal amounts of \$5,000 or any integral multiple of \$5,000. Interest on the Series 1997A Bonds will be payable beginning on November 15, 1997, and semiannually thereafter on each May 15 and November 15. The Series 1997A Bonds will be subject to redemption prior to maturity as provided herein.

The Series 1997A Bonds will be limited obligations of the Commonwealth of Virginia and the Commonwealth Transportation Board payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly or allocated by the Commonwealth Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, and are not a debt, nor is there a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions. The Series 1997A Bonds will not be obligations of the City. The obligations of the City under the Supplemental Payments Agreement will not be a debt of the City. Such obligations will not be secured by a pledge of the City's full faith and credit, but are specifically subject to annual appropriation by the City.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Prospective investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

Maturity	Principal Amount*	Interest Rate	Price/Yield	Maturity	Principal Amount*	Interest Rate	Price/Yield
1998				2011			
1999				2012			
2000				2013			
2001				2014			
2002				2015			
2003				2016			
2004				2017			
2005				2018			
2006				2019			
2007				2020			
2008				2021			
2009				2022			
2010							

(Assumed interest to be added)

The Series 1997A Bonds are offered when, as and if issued, subject to the approval of their legality by Hawkins, Delafield & Wood, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Commonwealth of Virginia by the Office of the Attorney General of Virginia. It is expected that the Series 1997A Bonds will be available for delivery to DTC in New York, New York, on or about July 9, 1997.

Dated: June ____, 1997

* Preliminary, subject to change

DRAFT - 4/10/97

g:\jwd\oakgrove\110-ek.pps

42 III

COMMONWEALTH TRANSPORTATION BOARD

Robert E. Martínez, *Chairman and Secretary of Transportation*
David R. Gehr, *Vice Chairman*

William W. Prettyman	Max B. Porter
John H. Grubb, Jr.	L.C. Martin
Roy Parrish Byrd	James E. Rich
John V. Cogbill, III	William S. Roudabush
Lorinda G. Lionberger	Harold E. Neale
H. Carter Myers, III	Robert T. Lee
Zeanious L. Newcomb	Ulysses X. White

VIRGINIA DEPARTMENT OF TRANSPORTATION

David R. Gehr, *Commissioner*
James W. Atwell, *Assistant Commissioner for Finance*

TREASURY BOARD

Susan F. Dewey, *Chair and State Treasurer*

Diana F. Cantor	William E. Landside
John H. Clements	Danny M. Payne
Spencer H. Elmore	Charles D. Whyte

SECRETARY OF FINANCE

Ronald L. Tillett

OFFICE OF THE ATTORNEY GENERAL

James S. Gilmore, III, *Attorney General*
Richard L. Walton, Jr., *Senior Assistant Attorney General*
Mary G. Morris, *Senior Assistant Attorney General*

TRUSTEE AND PAYING AGENT

Crestar Bank
Richmond, Virginia

BOND COUNSEL

Hawkins, Delafield & Wood
New York, New York

FINANCIAL ADVISOR

Public Resources Advisory Group
New York, New York

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 1997A Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or any other person has been authorized by the Transportation Board or the underwriters to give any information or make any representation with respect to the Transportation Board, the Commonwealth of Virginia or the Series 1997A Bonds, other than those contained in this Official Statement, in connection with the offering of the Series 1997A Bonds, and if given or made, such information or representation must not be relied upon as having been authorized by the Transportation Board or the underwriters. Neither the delivery of this Official Statement nor the sale of any of the Series 1997A Bonds implies that there has been no change in the affairs of the Transportation Board or the other matters described herein since the date of this Official Statement.

TABLE OF CONTENTS

INTRODUCTION	
SOURCES AND USES OF FUNDS	
THE SERIES 1997A BONDS	
Description of the Series 1997A Bonds	
Optional Redemption	
Mandatory Sinking Fund Redemption	
Selection of Series 1997A Bonds for Redemption	
Notice of Redemption	
Book-Entry Only System	
DEBT SERVICE REQUIREMENTS FOR THE SERIES 1997A BONDS	
SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 1997A BONDS	
Additional Debt	
AUTHORIZED, ISSUED AND UNISSUED BONDS	
Transportation Revenue Bonds	
Transportation Program Revenue Bonds	
Transportation Contract Revenue Bonds	
Other Bonds	
COMMONWEALTH TRANSPORTATION BOARD AND VIRGINIA DEPARTMENT OF TRANSPORTATION	
Commonwealth Transportation Board	
Virginia Department of Transportation	
OAK GROVE CONNECTOR PROJECT	
TRANSPORTATION IMPROVEMENT PROGRAM SET-ASIDE FUND	
STATE RECORDATION TAX COLLECTIONS	
TRANSPORTATION TRUST FUND	
General	
Highway Maintenance and Operating Fund	
Highway Allocation Formula	
Sources of Revenues	
BUDGETARY PROCESS	
Budgetary Process	
Biennium Budget Reduction Transfers	

SUMMARY OF THE OAK GROVE CONNECTOR TRUST AGREEMENT	
SUMMARY OF THE OAK GROVE CONNECTOR PAYMENT AGREEMENT	
SUMMARY OF AGREEMENT FOR SUPPLEMENTAL PAYMENTS FOR DEBT SERVICE AND USE OF BOND PROCEEDS	
CERTAIN LEGAL MATTERS	
TAX MATTERS	
LEGALITY FOR INVESTMENT	
LITIGATION	
CERTIFICATE CONCERNING OFFICIAL STATEMENT	
CONTINUING DISCLOSURE	
RATINGS	
SALE AT COMPETITIVE BIDDING	
FINANCIAL ADVISOR	
MISCELLANEOUS	
APPENDIX A: Financial Statements of the Commonwealth of Virginia for the Fiscal Year ended June 30, 1996	A-1
APPENDIX B: Commonwealth of Virginia, Financial and Other Information	B-1
APPENDIX C: Commonwealth of Virginia, Demographic and Economic Information	C-1
APPENDIX D: City of Chesapeake, Financial and Other Information	D-1
APPENDIX E: Form of Bond Counsel Opinion	E-1
APPENDIX F: Form of Commonwealth of Virginia Continuing Disclosure Agreement Form of City of Chesapeake Continuing Disclosure Agreement	F-1
APPENDIX G: Notice of Sale	G-1

OFFICIAL STATEMENT
Commonwealth Transportation Board
\$33,500,000*
Commonwealth of Virginia
Transportation Program Revenue Bonds, Series 1997A
(Oak Grove Connector, City of Chesapeake)

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 Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake) to be issued in the aggregate principal amount of \$33,500,000* (the "Series 1997A Bonds"). The Series 1997A Bonds are expected to be offered for sale at competitive bidding on June 18, 1997, 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 as of the date stated on the front cover.

The issuance of the Series 1997A Bonds is authorized by the provisions of the State Revenue Bond Act, §§ 53.1-267 *et seq.* (the "Revenue Bond Act") of the Code of Virginia of 1950, as amended (the "Virginia Code"); Chapters 233 and 662 of the Acts of the General Assembly of Virginia, 1994 General Session, (the "Bond Legislation"); a resolution adopted by the Transportation Board on April 17, 1997 (the "Series 1997A Bond Resolution"); and a resolution adopted by the Treasury Board of the Commonwealth (the "Treasury Board") on May 21, 1997. The Series 1997A Bonds are being issued pursuant to a Master Agreement of Trust dated as of June 15, 1997 (the "Oak Grove Connector Master Trust Agreement"), and a First Supplemental Agreement of Trust dated as of June 15, 1997, (the "Series 1997A First Supplemental Trust Agreement" and collectively, with the Oak Grove Connector Master Trust Agreement, the "Oak Grove Connector Trust Agreement"), each between the Transportation Board and Crestar Bank, Richmond, Virginia, as trustee (the "Trustee"). The Trustee is also the initial paying agent for the Series 1997A Bonds (the "Paying Agent").

The Series 1997A Bonds is the first series of bonds issued by the Transportation Board to finance costs related to the Oak Grove Connector in the City of Chesapeake (the "Oak Grove Connector Project"). See the section "Oak Grove Connector Project." The total amount of bonds currently authorized for the Oak Grove Connector Project is \$32,500,000, plus additional amounts for issuance costs, capitalized interest, reserve funds and other financing expenses of the Oak Grove Connector Project.

The Series 1997A Bonds are secured, subject to their appropriation by the General Assembly, first from (i) any revenues received from the Set-aside Fund established by the General Assembly, pursuant to §58.1-816.1 of the Virginia Code, (ii) to the extent required, revenues received pursuant to a contract with the City of Chesapeake, Virginia (the "City"), or any alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Transportation Board, (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the project being financed is located, (iv) to the extent required, legally available revenues of the Transportation Trust Fund, and (v) such other funds which may be appropriated by the General Assembly. See the section "Sources of Payment and Security for the Series 1997A Bonds."

Pursuant to §58.1-816.1 of the Virginia Code, effective July 1, 1995, the City enacted an ordinance dedicating its annual distribution of state recordation taxes to the Set-aside Fund to pay future debt service on the Series 1997A Bonds. The Transportation Improvement Program Set-aside Fund (the "Set-aside Fund") is a special non-reverting fund in the Transportation Trust Fund. It is funded by that portion of the state recordation taxes imposed on deeds of trust, mortgages and certain other instruments which is attributable to the City. See the section "Transportation Improvement Program Set-aside Fund."

* Preliminary, subject to change.

In accordance with §33.1-269(4b) of the Virginia Code, on _____, 1997, the City entered in an agreement with the Transportation Board (the "Supplemental Payments Agreement") to allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual debt service on the Series 1997A Bonds less the City's share of state recodation taxes that have been previously dedicated therefor to the Set-aside Fund and available for such purposes. See the section "Summary of Agreement For Supplemental Payments For Debt Service and Use of Bond Proceeds." On July 20, 1995 the Transportation Board adopted a resolution of official intent to reimburse expenditures for capital improvements related to the Oak Grove Connector Project that are initially paid by the Virginia Department of Transportation and the City with proceeds of the Series 1997A Bonds.

A Payment Agreement among the Transportation Board, the Treasury Board, and the Secretary of Finance of the Commonwealth (the "Secretary of Finance"), dated as of June 15, 1997 (the "Payment Agreement") provides, among other things, the procedures for requesting appropriations of funds sufficient to pay debt service on the Series 1997A Bonds, and for the payment of such debt service. See the section "Oak Grove Connector Payment Agreement".

If the Treasury Board or the Transportation Board fails to make any payment on the Series 1997A Bonds under the Oak Grove Connector Trust Agreement when due, the Trustee and the holders of the Series 1997A Bonds will have no right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of them.

The Series 1997A 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 are not a debt, nor is there a pledge of the faith and credit of the Commonwealth or of any of its political subdivisions. The Series 1997A Bonds are not obligations of the City. The obligations of the City under the Supplemental Payments Agreement are not a debt of the City. Such obligations are not secured by a pledge of the City's full faith and credit, but are specifically subject to annual appropriation by the City.

All financial and other data included in this Official Statement have been provided by the Commonwealth, except that which is attributed to other sources.

SOURCES AND USES OF FUNDS

The estimated sources and uses for the Series 1997A Bonds are as follows:¹

Sources:	
Principal Amount of Series 1997A Bonds	\$.
Original Issue Discount	
 Total	 \$ _____
 Uses:	
Deposit for Construction Costs	
Cost of Issuance	
Underwriters' Discount	
Total	\$ _____

¹ Excluding accrued interest.

THE SERIES 1997A BONDS

Description of Series 1997A Bonds

The Series 1997A Bonds will be issued as fully registered bonds in book-entry form. The Series 1997A Bonds will be dated June 15, 1997, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from June 15, 1997, payable semiannually on each May 15 and November 15, beginning November 15, 1997, at the rates

and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Series 1997A Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal of, premium, if any, and interest on the Series 1997A Bonds will be paid by the paying agent to DTC for distribution as described in the subsection "Book-Entry Only System" below.

Optional Redemption

The Series 1997A Bonds maturing on or before May 15, 2007 will not be subject to optional redemption. The Series 1997A Bonds maturing on and after May 15, 2008 will be subject to redemption before maturity at the Transportation Board's option on and after May 15, 2007, from any money available for such purpose, in whole or in part in increments of \$5,000 or any integral multiple of \$5,000, at any time during the following redemption periods, upon payment of the following redemption prices, which are expressed as percentages of the principal amount of the Series 1997A Bonds to be redeemed, plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u>
May 15, 2007 through May 14, 2008	101 %
May 15, 2008 through May 14, 2009	100 ½
May 15, 2009 and thereafter	100

Mandatory Sinking Fund Redemption

[Mandatory redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine, in accordance with the Notice of Sale, serial maturities into term bonds.]

Series 1997A Bonds maturing on May 15, _____, are required to be redeemed in part before maturity on May 15 in the years and in the amounts set forth below, upon payment of a redemption price equal to 100 percent of their principal amount, plus accrued interest to the date fixed for redemption.

\$ _____	Term Bonds Maturing May 15, _____
<u>Year</u>	<u>Amount</u>

The Series 1997A First Supplemental Trust Agreement provides for a credit against payments required to be made on any mandatory redemption date in an amount equal to the principal amount of any Series 1997A Bonds subject to mandatory redemption on such date that have been redeemed (other than by mandatory redemption) before such mandatory redemption date, that have been defeased or that have been purchased and delivered to the Trustee for cancellation at least 70 days before such date, provided such Series 1997A Bonds have not previously been applied as a credit against any mandatory redemption payment.

Selection of Series 1997A Bonds for Redemption

If less than all of the Series 1997A Bonds are called for optional redemption, the maturities of the Series 1997A Bonds to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the Series 1997A Bonds of any maturity are called for optional or mandatory redemption, the Series 1997A Bonds to be redeemed will be selected by DTC, as hereafter defined, 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 Series 1997A Bond for such purpose.

Notice of Redemption

Notice of redemption will be given by the paying agent by first class mail, postage prepaid, not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Series 1997A Bonds, to the substitute securities depository, or if none, to the registered owners of the Series 1997A Bonds to be redeemed at their addresses shown on the registration books maintained by the Paying Agent. Such notice of

redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices. During the period that DTC or its nominee is the registered owner of the Series 1997A Bonds, the Paying Agent will not be responsible for mailing notices of redemption to the Beneficial Owners.

Book-Entry Only System

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 1997A Bonds, payments of principal, premium if any, and interest on the Series 1997A Bonds to DTC, its nominee, Participants (as defined herein) or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 1997A Bonds and other bond-related transactions by and between DTC, 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, the Trustee, the Paying Agent or Bond Counsel as to its accuracy, completeness or otherwise.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 1997A Bonds. The Series 1997A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. as DTC's nominee. One fully-registered Series 1997A Bond certificate will be issued for each maturity of the Series 1997A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies, that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Series 1997A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1997A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1997A Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 1997A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 1997A Bonds, except in the event that use of the book-entry system for the Series 1997A Bonds is discontinued.

To facilitate subsequent transfers, all Series 1997A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 1997A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1997A Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 1997A Bonds are credited, which may or may not be the Beneficial Owners. The Direct 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 Cede & Co. If less than all of the Series 1997A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 1997A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Transportation Board as soon as possible after the record date. The

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 1997A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 1997A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Direct 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 or Indirect Participant and not of DTC, the Trustee, the Paying Agent 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 DTC is the responsibility of the Transportation Board and the Paying Agent, 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 and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 1997A 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, Series 1997A Bond certificates are required to be printed and delivered.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Transportation Board believes to be reliable, but the Transportation Board takes no responsibility for its accuracy.

The Trustee or the Transportation Board (with the Trustee's consent) may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 1997A Bond certificates will be printed and delivered.

The Transportation Board, the Commonwealth, the Treasury Board and the Trustee have no responsibility or obligation to the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (b) the payment by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, redemption premium, if any, and interest on the Series 1997A Bonds; (c) the delivery or timeliness of delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the resolution pursuant to which the Series 1997A Bonds are issued to be given to Bondholders or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the Registered Owner of the Series 1997A Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Series 1997A Bonds or the Bondholders shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of the Series 1997A Bonds for all purposes under the Trust Agreement.

The Transportation Board may enter into amendments to the agreement with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Series 1997A Bonds without the consent of Beneficial Owners.

DEBT SERVICE REQUIREMENTS

The following table sets forth for the fiscal years ending each June 30 the amounts needed in each annual period for payment of principal of and interest on the Series 1997A Bonds.

Fiscal Year	Principal	Interest	Fiscal Year Debt Service
1998			
1999			
2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 1997A BONDS

The Series 1997A 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 are not a debt, nor is there a pledge of the faith and credit of the Commonwealth or of any of its political subdivisions. The Series 1997A Bonds are not obligations of the City. The obligations of the City under the Supplemental Payments Agreement are not a debt of the City. Such obligations are not secured by a pledge of the City's full faith and credit, but are specifically subject to annual appropriation by the City.

The Oak Grove Connector Trust Agreement provides that the Series 1997A Bonds are secured, subject to their appropriation by the General Assembly, first from (i) any revenues received from the Set-aside Fund established by the General Assembly, pursuant to § 58.1-816.1 of the Virginia Code, (ii) to the extent required, revenues received pursuant to a contract with the City or any alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Commonwealth Transportation Board, (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the project being financed is located, (iv) to the extent required, legally available revenues from the Transportation Trust Fund and (v) such other funds may be appropriated by the General Assembly. See the sections "Transportation Improvement Set-aside Fund", "Transportation Trust Fund", and "Summary of the Oak Grove Connector Trust Agreement".

Pursuant to §58.1-816.1 of the Virginia Code, effective July 1, 1995, the City enacted an ordinance dedicating its annual distribution of state recordation taxes to the Set-aside Fund to pay future debt service on the Series 1997A Bonds.

Additionally, in accordance with §33.1-269(4b) of the Virginia Code, on _____, 1997, the City entered in an agreement with the Transportation Board to allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual debt service on the Series 1997A Bonds less the City's share of state recordation taxes that have been previously dedicated thereto to the Set-aside Fund and available for such purposes. See the section "Summary of Agreement For Supplemental Payments For Debt Service and Use of Bond Proceeds." On July 20, 1995 the Transportation Board adopted a resolution of official intent to reimburse expenditures for capital improvements related to the Oak Grove Connector Project that are initially paid by the Virginia Department of Transportation and the City with proceeds of the Series 1997A Bonds.

A Payment Agreement among the Transportation Board, the Treasury Board and the Secretary of Finance, dated as of June 15, 1997, provides, among other things, the procedures for requesting appropriations of funds sufficient to pay debt service on the Series 1997A Bonds and for the payment of such debt service. If no appropriation is made to the Set-aside Fund, as described in the section "Transportation Improvement Program Set-aside Fund", or if any such appropriation is insufficient in amount, the Payment Agreement requires the Transportation Board to apply to the payment of debt service on the Series 1997A Bonds funds appropriated by the General Assembly and allocated, pursuant to the highway allocation formula as provided by law, to the city in which the project to be financed is located; however, the General Assembly could amend the statutory authority requiring the Transportation Board to make this allocation. See the section "Summary of the Payment Agreement."

Additional Debt

The Bond Legislation authorizes the issuance, pursuant to the Revenue Bond Act, at one time or time to time, of bonds of the Commonwealth in an aggregate principal amount not exceeding \$32,500,000 to finance the cost of the Oak Grove Connector Project plus an amount for issuance costs, capitalized interest, reserve funds and other financing expenses. In addition to the bonds authorized by the Bond Legislation to finance the cost of the Oak Grove Connector Project, the Oak Grove Connector Trust Agreement and the Revenue Bond Act provide for the issuance of revenue refunding bonds for the purpose of refunding any revenue bonds issued under the provisions of the Revenue Bond Act and the Bond Legislation to finance the Oak Grove Connector Project.

AUTHORIZED, ISSUED AND UNISSUED BONDS

The General Assembly has enacted from time to time legislation providing for the issuance of revenue bonds for transportation facilities with credit structures similar to the credit structure for the Series 1997A Bonds. Descriptions of these financing programs and the authorized, issued and unissued bonds are set forth below.

Transportation Revenue Bonds

U.S. Route 58 Corridor Development Program. The Revenue Bond Act permits the Transportation Board to issue Transportation Revenue Bonds payable from (1) appropriations made from the Route 58 Corridor Development Fund, (2) to the extent required, revenues legally available from the Transportation Trust Fund, and (3) other legally available funds to finance projects authorized by the General Assembly as part of the U.S. Route 58 Corridor Development Program (the "Route 58 Program"). The U.S. Route 58 Corridor Development Fund was established by the General Assembly in 1989 by Virginia Code § 58.1-815 as a special non-reverting fund of the Transportation Trust Fund which is held by the Department of Treasury. Although § 58.1-815 directs that the first \$40 million of annual collections of the state recordation taxes imposed on deeds, deeds of trust, mortgages and certain other instruments be transferred to the U.S. Route 58 Corridor Development Fund, the 1990-92 and 1992-94 biennial budgets adopted by the General Assembly only provided for the appropriation of amounts needed to pay debt service on the bonds outstanding under the U.S. Route 58 Program. The 1994 session of the General Assembly appropriated the full \$40 million for each year of the 1994-96 biennium. The 1996 session of the General Assembly appropriated the full \$40 million for the first year of the 1996-98 biennium and \$42 million for the second year. The U.S. Route 58 Corridor Development Fund also includes such other funds as may be appropriated and designated for it from time to time by the General Assembly and all interest, dividends and appreciation which may accrue to money in the Route 58 Corridor Development Fund. See the section "State Recordation Tax Collections" for the actual and projected State recordation tax collections and the amounts appropriated to the U.S. Route 58 Corridor Development Fund. In its 1989 Special Session II, the General Assembly enacted legislation which authorizes the Transportation Board to issue Transportation Revenue Bonds in an amount not to exceed \$600,000,000, 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. In 1989, the Transportation Board issued \$200,000,000 of Transportation Revenue

Bonds, Series 1989 to finance a portion of the costs of the U.S. Route 58 Program. In June 1993, the Transportation Board issued its Transportation Revenue Refunding Bonds, Series 1993A, in the principal amount of \$91,455,000 to refund a portion of the Series 1989 Bonds and its Transportation Revenue Bonds, Series 1993B, in the principal amount of \$98,715,000 to finance additional costs of the Route 58 Program. In November 1996, the Transportation Board issued its Transportation Revenue Bonds, Series 1996B, in the principal amount of \$114,285,000 to finance additional costs of the Route 58 Program. Approximately \$196,000,000 of the Transportation Revenue Bonds authorized for the Route 58 Program remain unissued.

Northern Virginia Transportation District Program and Commonwealth of Virginia Revenue Bond Acts of 1993 and 1994. The Northern Virginia Transportation District Program (the "NVTD Program") bond legislation authorizes the Transportation Board to sell Transportation Revenue Bonds, pursuant to the Revenue Bond Act, as amended, in the amount of \$271,000,000, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses for the NVTD Program. The NVTD Program currently includes the following projects: the Fairfax County Parkway, Route 234 Bypass, Metro Capital Improvements, including the Franconia-Springfield Metrorail Station, Route 7 improvements in Loudoun County between Route 15 and Route 28, and the Route 50/Courthouse Road interchange improvements in Arlington County. The Northern Virginia Transportation District Fund (the "NVTDFund") was established by the General Assembly in 1993, § 58.1-815.1 of the Virginia Code, as a special non-reverting fund of the Transportation Trust Fund which is held by the Department of Treasury. The legislation creating the NVTDFund currently provides that commencing on October 1, 1993 and annually thereafter on July 1, there is to be transferred to the NVTDFund, subject to appropriation by the General Assembly, a portion of the collections of the state recordation taxes which is attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William. It is expected that revenue for payment of the debt service on the Bonds will be provided from the NVTDFund. The General Assembly also amended the Virginia Code to provide \$20,000,000 in fiscal year 1993-94 and \$40,000,000 in each fiscal year thereafter to be distributed to localities from the state recordation taxes. This annual distribution of \$40,000,000 of state recordation taxes to all cities and counties is based on their respective fractional share of the recordation tax collected attributable to each city and county. See the section "State Recordation Tax Collections" for the actual and projected State recordation tax collections and the amounts appropriated to the NVTDFund. In 1993, the Transportation Board issued the \$134,060,000 Series 1993C Bonds for the NVTDFund Program. In 1995, the Transportation Board issued the \$60,810,000 Series 1995A Bonds. In November 1996, the Transportation Board issued the \$70,890,000 Series 1996A Bonds. Approximately, \$10,000,000 of the Transportation Revenue Bonds authorized for the NVTDFund Program remain unissued.

Transportation Program Revenue Bonds

Transportation Improvement Program Set-aside Fund. The 1993 Session of the General Assembly also authorized the creation of Transportation Improvement Program 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 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 program. Before any bonds may be issued, the project or projects to be financed must be approved by the General Assembly. The Series 1997A Bonds are the only bonds currently authorized to utilize the Set-aside Fund.

Transportation Contract Revenue Bonds

Route 28 Transportation Contract Revenue Bonds, Series 1988. In the 1988 Session, the General Assembly enacted legislation which authorized the Transportation Board to issue Transportation Contract Revenue Bonds 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 Refunding Bonds, Series 1992 (the "Series 1992 Bonds"). At this time, the Transportation Board does not anticipate issuing any additional Transportation Contract Revenue Bonds pursuant to the remaining authorization. Series 1992 Bonds are payable from funds appropriated by the General Assembly for such purpose from the following three sources in the Transportation Trust Fund: (1) special tax revenues collected from a tax levied on commercial and

industrial property in the Route 28 Transportation Improvement District, (2) 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 (3) other legally available money in the Transportation Trust Fund. 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.

Route 234 Bypass Transportation Contract Revenue Bonds. The 1990 Session of the General Assembly authorized the issuance of \$95,000,000, plus an additional amount for issuance costs, reserve funds and other financing expenses, of Transportation Contract Revenue Bonds to provide funds to support the construction of the State Route 234 Bypass in Prince William County. A Transportation Improvement District in Prince William County has been created to carry out this financing. The authorization to issue the Transportation Contract Revenue Bonds is contingent upon the fulfillment of certain preconditions stipulated in the legislation. Among the preconditions is the requirement for a finding by an independent consultant that the anticipated district tax proceeds along with other local revenues are adequate to support the debt issued for the project. To date this precondition, along with several of the other preconditions, has not been met. Therefore, no Transportation Contract Revenue Bonds have been issued pursuant to this act although the issuance authorization remains. The 1993 Session of the General Assembly amended the bond authorization to permit the Transportation Board to finance the project in phases and prioritized the phases of the project, as applicable preconditions are met. The State Route 234 Bypass is being financed in part with proceeds of the Northern Virginia Transportation District Program bonds.

COMMONWEALTH TRANSPORTATION BOARD AND VIRGINIA DEPARTMENT OF TRANSPORTATION

Commonwealth Transportation Board

The Transportation Board was created pursuant to Chapter 1, Title 33.1 of 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.

The Transportation Board consists of sixteen 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 Chairman of the Transportation Board is the Secretary of Transportation of the Commonwealth. The Vice Chairman is the Commonwealth Transportation Commissioner, who is also the chief executive officer of the Virginia Department of Transportation (the "Department"). The current membership of the Transportation Board, the expiration dates of their terms and the constituency represented by each member are as follows:

<u>Member</u>	<u>Term Expires</u>	<u>Constituency</u>
Robert E. Martínez	At the Pleasure of the Governor	Chairman, Transportation Board; Secretary of Transportation
David R. Gehr	At the Pleasure of the Governor	Vice Chairman, Transportation Board; Commonwealth Transp. Commissioner
William W. Prestyman	June 30, 1997	Suffolk District -
John H. Grubb, Jr.	June 30, 2000	Rural At-Large
Roy Parrish Byrd	June 30, 1999	Lynchburg District
John V. Cogbill, III	June 30, 1999	Richmond District
Lorinda G. Lionberger	June 30, 1997	Salem District
H. Carter Myers, III	June 30, 1998	Urban At-Large
Zeanious L. Newcomb	June 30, 1998	Fredericksburg District
Max B. Porter	June 30, 1998	Rural At-Large
L.C. Martin	June 30, 2000	Bristol District
James E. Rich	June 30, 1998	Urban At-Large
William S. Roudabush	June 30, 1998	Culpeper District
Harold E. Neale	June 30, 2000	Staunton District
Robert T. Lee	June 30, 2000	Northern Virginia District
Ulysses X. White	June 30, 1997	Urban At-Large

Robert E. Martínez has served as Secretary of Transportation and Chairman of the Commonwealth Transportation Board since being appointed to these positions by Governor George Allen effective January 16, 1994. Prior to his appointment, Secretary Martínez was a Manager of Strategic Planning at Norfolk Southern Corporation. Before joining Norfolk Southern, Dr. Martínez was with the U.S. Department of Transportation. He was Deputy Administrator of the Maritime Administration and later appointed by President Bush as Associate Deputy Secretary of Transportation and Director of the Office of Intermodalism. This Office, established by Dr. Martínez, was authorized under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Prior to joining the U.S. Department of Transportation, he served as Assistant Executive Director of the Business Roundtable. Dr. Martínez is a native of Havana, Cuba. He holds a B.A. from Columbia University, and a M.A. in International Relations and a Ph.D. in Political Science from Yale University.

Virginia Department of Transportation

The Department 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.

The Department's budget for the fiscal year ending June 30, 1997, is approximately \$2.1 billion. The highway construction budget for the Department for such fiscal year is approximately \$900 million. As of June 30, 1996 the Department had 544 construction projects underway for an aggregate amount of approximately \$1.26 billion, with an outstanding balance of construction costs to be paid of approximately \$616 million.

The Commonwealth has the nation's third largest system of state-maintained highways with a system totaling approximately 55,400 miles of interstate, primary and secondary roads. The system includes more than 12,500 bridges. In addition, independent cities and towns maintain about 9,800 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	Lynchburg District	Salem District
Culpeper District	Northern Virginia District	Staunton District
Fredericksburg District	Richmond District	Suffolk District

These districts are divided into 45 residencies, each typically consisting of one to four counties. The field organization is further subdivided into approximately 220 area maintenance headquarters. About 90 percent of the Department's 10,292 employees are assigned to the field organization. The remainder are assigned to the central office in Richmond or to units associated with the central office that serve an administrative function.

At the senior management level, the Commonwealth Transportation Commissioner is the chief executive officer of the Department. The senior management staff of the Department consists of the Chief Engineer, the Assistant Commissioner for Administration, the Assistant Commissioner for Operations and the Assistant Commissioner for Finance. The resumes of the persons currently filling these positions follow:

David R. Gehr has served as the Commonwealth Transportation Commissioner since being appointed to the position by Governor George Allen in 1994. Mr. Gehr had served as the Assistant Commissioner for Operations for the Department since 1986. His 26-year career with the Department has included positions as Assistant Division Administrator and District Engineer in the Northern Virginia District and District Traffic Engineer in the Fredericksburg District and as Director of Operations for the Department. Mr. Gehr, a native of Rochester, New York, holds a Civil Engineering Degree from Virginia Military Institute and has done graduate work in transportation planning at George Washington University. He is a member of the Virginia Section of the Institute of Transportation Engineers, the American Society of Civil Engineers and the American Association of State Highway and Transportation Officials.

James W. Atwell has served as the Assistant Commissioner for Finance for the Department since 1985. His career with the Department began in 1960 and has included various financial management and auditing positions. In 1975, he became Assistant Management Services Officer and in 1980 was named Director of the Management Services Division. In 1981, Mr. Atwell was appointed Administrator of the newly created Budget Division and remained in that capacity until appointment to his present position. A native of Richmond, he earned an Accounting Degree from the University of Richmond. He is a member of the American Society for Public Administration and the American Association of State Highway and Transportation Officials.

James G. Browder, Jr. was appointed on January 1, 1996 as the Department's Chief Engineer. A native of Brunswick County, Mr. Browder graduated from Virginia Military Institute in 1966 with a Bachelor of Science Degree in Civil Engineering. He has served the Department as an Engineer Trainee in the Richmond Central Office, Assistant Resident Engineer in the Fredericksburg District, Resident Engineer in the Richmond District, and as Assistant District Engineer in the Fredericksburg District. Also, in 1993 he was named Fredericksburg District Administrator. Among other career accomplishments, Mr. Browder has worked closely with the contracting industry, overseeing major highway construction contracts for large segments of Virginia's Interstate System. Mr. Browder has a distinguished career in the U.S. Army Reserve and in 1995 was named Brigadier General. Currently, he is the Assistant Division Commander for the 80th Division.

Claude D. Garver, Jr. has served as the Assistant Commissioner for Operations for the Department since 1994. Previously, Mr. Garver had served as Assistant Commissioner for Planning and Programming for the Department since 1992. His career with the Department began in 1963 as an Engineer Trainee and he served in the positions of Assistant Resident Engineer in Chesterfield and Powhatan Counties, Resident Engineer in Prince William County, Assistant District Engineer for Richmond District, State Construction Engineer, and Northern Virginia District Administrator. Mr. Garver, a native of Virginia, holds a Civil Engineering Degree from Virginia Polytechnic Institute and State University. He is a member of the American Association of State Highway and Transportation Officials.

Peter R. Kolakowski has served as the Assistant Commissioner for Administration for the Department since April 1996. Previously, he served the Department as the Financial Planning & Debt Management Director from 1993 and prior to that the Department's Budget Director from 1985. Mr. Kolakowski's previous positions include four years as City Manager as well as Assistant City Manager and Director of Planning & Community Development for Fredericksburg, Virginia. A native of New York, Mr. Kolakowski holds a Bachelor's Degree from Ripon College and Master's Degree in Public Administration from the American University. He is a member of the American Association of State Transportation and Highway Officials and the International City/County Management Association.

OAK GROVE CONNECTOR PROJECT

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, reserve funds and other financing expenses, to finance the cost of the Oak Grove Connector project. This project consists of a four lane divided highway extending 2.5 miles to connect Dominion Boulevard (Route 104) and the Great Bridge Bypass (Route 168) in the City of Chesapeake, and includes costs of environmental and engineering studies, right-of-way acquisition, improvements to all modes of transportation, construction and related improvements.

TRANSPORTATION IMPROVEMENT PROGRAM SET-ASIDE FUND

The 1993 Session of the General Assembly authorized the creation of Transportation Improvement Program 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 to finance those improvements. The jurisdiction or jurisdictions requesting participation in the Set-aside Fund and the issuance of bonds must adopt an ordinance, dedicating 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 program. Before any bonds may be issued, the project or projects to be financed must be approved by the General Assembly. The Series 1997A Bonds are the only bonds currently authorized to utilize the Set-aside Fund.

The State Treasurer is authorized to commingle the funds of the various local jurisdictions in the Set-aside Fund, subject to the establishment of an accounting system which allows for the separate tracking of each local jurisdiction's share. The election to participate in the Set-aside Fund shall be revocable by the passage of an ordinance to that effect; however, if debt has been issued or other obligations incurred on the local jurisdiction's behalf, the election to participate shall be irrevocable so long as such bonds, or other obligations, are outstanding. A permitted revocation shall entitle the local jurisdiction to receive its remaining share, plus earnings and less the Treasurer's investment charges.

The Set-aside Fund shall also include such other funds as may be appropriated by the General Assembly from time to time and designated for the Set-aside Fund and all interest, dividends and appreciation which may accrue thereto. Any moneys remaining in the Set-aside Fund at the end of a biennium shall not revert to the general fund, but shall remain in the Set-aside Fund. Allocations from the Set-aside Fund may be paid to any authority, locality or commission for the purpose of paying the costs of any Transportation Improvement Program in which the local jurisdiction elects to participate.

STATE RECORDATION TAX COLLECTIONS

Recordation taxes are imposed on every deed and deed of trust (mortgage) admitted to record in the Commonwealth subject to certain exceptions and exemptions. The taxes are collected by the clerks of the courts where the instruments are admitted to record. The current rate of tax on deeds is 15 cents on every \$100 or fraction thereof of the consideration for or the actual value of the property conveyed, whichever is greater, payable by the transferee, and 50 cents on each \$500 or fraction thereof of the consideration for or the actual value of the property exclusive of the value of any lien or encumbrance on the property, payable by the transferor. The current rate of tax on deeds of trust (mortgages) is 15 cents on every \$100 or fraction thereof of the amount of the obligation secured. The following table shows the actual and projected State recordation tax collections and the amounts applied to, or anticipated to be applied to, the payment of debt service on the U.S. Route 58 Corridor Development Program bonds and the Northern Virginia Transportation District Program bonds and the Series 1997A Bonds.

**Commonwealth of Virginia - State Recordation Tax Collections
1988-1998 (in millions)**

Fiscal Year Ending, June 30	Total Tax	Appropriated Route 58 Corridor Development Fund¹	Appropriated Northern Virginia Transportation District Fund²	Appropriated Series 1997A Bonds
1988	\$92.3	\$0.0	\$ 0.0	
1989	98.2	0.0	0.0	
1990	88.5	0.0	0.0	
1991	68.6	40.0 ³	0.0	
1992	80.3	16.2 ³	0.0	
1993	96.1	15.2 ³	0.0	
1994	111.2	22.2 ³	9.5 ⁴	
1995	81.3	40.0 ⁴	19.0 ⁵	
1996	91.4	40.0 ⁴	19.0 ⁵	
1997	91.5 ³	40.0 ⁴	17.0 ⁵	
1998	94.1 ³	42.0 ⁴	20.0 ⁵	

¹ Fund was established in fiscal year 1990 and funded in fiscal year 1991.

² Fund was established in fiscal year 1994.

³ Projected amounts.

⁴ Appropriation by General Assembly. The appropriation was not used for debt service and the total appropriation reverted to the General Fund.

⁵ Amount necessary for debt service was appropriated from the General Fund of the Commonwealth.

⁶ Appropriation by General Assembly.

Source: Department of Taxation and Department of Planning and Budget.

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 transportation and ports. The Transportation Trust Fund is funded primarily from additional revenues generated by increases in the retail sales tax, motor fuel tax and motor vehicle related taxes and fees effected by the 1986 Special Session Acts and designated for deposit in the Transportation Trust Fund. The 1986 Special Session Acts allocated 85 percent of these additional revenues to highway purposes with the balance being divided among airports (2.4 percent), mass transit (8.4 percent) and ports (4.2 percent). The investment of money in the Transportation Trust Fund is administered by the State Treasurer under guidelines adopted by the Transportation Board. The Transportation Board has adopted the same guidelines as the Treasury Board for the investment of public funds.

At the 1993 General Assembly Session, the Department reported on a study of the financing of transportation and allocation formula for all modes of transportation. The recommendations of this study included a one-year interim allocation formula which provided for use of additional federal revenues. The Transportation Trust Fund allocation formula enacted in the 1986 Special Session was not changed. Senate Joint Resolution 240, also enacted in the 1993 Session, established a Joint Legislative Select Committee to review the Department's funding and report on the sufficiency of private, federal, state and local revenue sources to meet long-term maintenance and construction needs of the state highways, public transit, rail, ports and airports transportation systems. The Joint Legislative Select Committee reported to the 1994 General Assembly on its review. The study was continued as a result of Senate Joint Resolution 143 of the 1994 Session.

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 1986 Special Session Acts.

42 JJJJ

Highway Maintenance and Operating Fund

Until January 1, 1987, both construction and maintenance of the Commonwealth's highway system were funded through the Highway Maintenance and Construction Fund. Upon the enactment of the 1986 Special Session Acts, money for construction and maintenance was separated into two funds; the Transportation Trust Fund became the source of funds for new construction, while the Highway Maintenance and Operating Fund (the "HMO Fund") was created as successor to the Highway Maintenance and Construction Fund for maintenance.

The HMO Fund receives certain motor vehicle related taxes and fees (principally the fuel tax, vehicle tax, vehicle sales tax, vehicle registration fees and vehicle license fees) at the rates in effect before the 1986 Special Session Acts, while the increase in these taxes and fees is directed to the Transportation Trust Fund. See the subsection below "Sources of Revenues." In the fiscal year ending June 30, 1996, the HMO Fund received \$1,008,920,000 in such taxes and fees.

At the end of each fiscal year, the balance remaining in the HMO Fund is transferred to the Transportation Trust Fund. The Department anticipates that the year-end balance in the HMO Fund may diminish if maintenance costs rise faster than such taxes and fees available for such purpose. As a consequence, the year-end transfer of the HMO Fund balance may not be a long-term source of revenue to the Transportation Trust Fund. If maintenance expenditures rise to the level of HMO Fund taxes and fees, any additional maintenance costs will have to be funded from other sources, one of which may be the Transportation Trust Fund.

Highway Allocation Formula

The Transportation Board is required by Virginia Code §33.1-23.1 to allocate each year all funds made available for highway purposes in accordance with the priorities established by §33.1-23.1. Highway funds are allocated first for maintenance of Interstate, primary, secondary and certain local roads and highways, administrative and general expenses and certain other payments. Then certain funds are allocated for Interstate matching funds and for the paving of certain unpaved secondary roads. Of the remaining funds, forty (40) percent are allocated for the needs of the primary system and thirty (30) percent each to the urban and secondary systems.

Primary system funds are apportioned among the nine highway construction districts based on a formula taking into account the following factors weighted as indicated: vehicle miles traveled on primary routes (70 percent), primary road lane mileage (25 percent), and need as determined by the Transportation Board (5 percent). Funds for urban systems are distributed based on population, and secondary system funds are distributed based on population (80 percent) and area (20 percent). The Transportation Board determines the projects on which primary, urban and Interstate system funds are spent. Secondary system funds are distributed to the counties and not designated by the Transportation Board for specific projects.

The allocation formula was most recently changed in 1977 and 1985. There is currently underway a study on the allocation formula. The Commission on the Future of Transportation in Virginia, created by SJR 110/HJR 160 of the 1996 Session of the General Assembly, was established to review future transportation needs in Virginia, including funding sources for such needs. The General Assembly may, in the Appropriation Act, permit the Governor to make changes in the allocation formula set forth in Virginia Code §33.1-23.1 to increase amounts allocated to highway maintenance or highway construction or both.

Sources of Revenues

The following tables summarize the actual revenues for the fiscal years ending June 30, 1991 through 1996, and the projected revenues for fiscal years ending June 30, 1997 and 1998, received or to be received in the Transportation Trust Fund.

Historical Transportation Trust Fund Revenues
(in millions)

Fiscal Year Ending June 30:	1991	1992	1993	1994	1995	1996
Retail Sales and Use Tax	\$223.4	\$225.4	\$238.3	\$256.1	\$277.5	\$288.4
Motor Vehicle Sales and Use Tax ¹	85.6	88.8	99.2	116.5	132.4	140.5
Motor Fuel Taxes ²	82.8	84.2	87.2	93.3	91.0	93.4
Motor Vehicle Registration Fees	14.7	15.6	15.3	14.1	16.1	16.8
Total Transportation Trust Fund Revenues ³	<u>\$406.5</u>	<u>\$414.0</u>	<u>\$440.0</u>	<u>\$480.4</u>	<u>\$517.0</u>	<u>\$539.1</u>
Highway Construction Amount ⁴	\$341.3	\$351.6	\$372.3	\$373.6	\$439.5	\$458.2
HMO Fund Transfer ⁵	30.6	6.1	52.6	63.0	113.8	28.0
Total Highway Portion of Transportation Trust Fund	\$391.9	\$357.7	\$424.9	\$436.6	\$553.3	\$486.2

Projected Transportation Trust Fund Revenues
(in millions)

Fiscal Year Ending June 30:	1997	1998
Retail Sales and Use Tax	\$298.0	\$311.0
Motor Vehicle Sales and Use Tax ¹	136.3	135.4
Motor Fuel Taxes ²	97.7	98.5
Motor Vehicle Registration Fees	16.0	16.2
Total Transportation Trust Fund Revenues ³	<u>\$548.1</u>	<u>\$561.1</u>
Highway Construction Amount ⁴	\$465.9	\$477.0
HMO Fund Transfer ⁵	29.7	15.9
Total Highway Portion of Transportation Trust Fund	<u>\$495.6</u>	<u>\$493.0</u>

- 1 Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax.
- 2 Motor Fuel Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax.
- 3 Does not reflect investment income on the Transportation Trust Fund, all of which is credited to the Transportation Trust Fund.
- 4 Eighty-five percent of total Transportation Trust Fund revenues less certain estimated expenses.
- 5 Fiscal year-end transfer from HMO Fund. See subsection "Highway Maintenance and Operating Fund."

Sources: Department of Accounts and Department of Motor Vehicles for fiscal years 1991 through 1996. Department of Motor Vehicles, Department of Taxation and Department of Transportation for revenue estimates for fiscal years 1997 and 1998.

The following is a brief description of the taxes and fees that were increased by the 1986 Special Session Acts and designated for deposit into the Transportation Trust Fund.

Retail Sales and Use Tax. The retail sales tax is imposed on every transaction involving (1) the business of selling at retail or distributing tangible personal property in the Commonwealth; (2) the leasing or rental of tangible personal property as part of an established business; (3) 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; (4) the furnishing of transient accommodations; or (5) 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 (1) tangible personal property purchased outside the Commonwealth that would have been subject to sales tax if purchased

in the Commonwealth and (2) 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 retail sales and use taxes were increased from 3.0 percent to 3.5 percent by the 1986 Special Session Acts, effective January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues generated by the increase to the Transportation Trust Fund.

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

The tax applies to the sale price of motor vehicles, mobile homes and mobile offices sold in the Commonwealth, with the exceptions noted above, and to the sale price of motor vehicles, mobile homes and mobile offices not sold in the Commonwealth but used or stored for use in the Commonwealth. Under Commonwealth law, certain motor vehicles are exempt from the sales and use tax. In general, the minimum tax levied on the sale of any motor vehicle in the Commonwealth is \$35.00.

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 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 percent to 3 percent, effective January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues generated by the increase to the Transportation Trust Fund.

Motor Fuel Tax. A tax is levied on all motor fuel sold and delivered or used in the Commonwealth. Fuel for the exclusive use by the United States government is excepted from this provision. The motor fuel tax is collected by and paid to the Commonwealth only once in respect to any motor fuel. All aviation motor fuel that is sold and delivered or used in the Commonwealth is taxed. Synthetic motor fuel produced in the Commonwealth from coal is subject to an incremental tax. Likewise, motor fuel refined in the Commonwealth exclusively from crude oil produced in the Commonwealth in a refinery meeting certain specifications is subject to an incremental tax. Certain motor fuels are exempt from the motor fuel tax.

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

These motor fuel taxes increased 2.5 cents per gallon as a result of the 1986 Special Session Acts. The motor fuel tax on gasoline increased from 15 to 17.5 cents per gallon. The increase took effect on January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues generated by the increase to the Transportation Trust Fund.

Motor Vehicle Annual Registration Fees. The annual registration fee collected by the Commissioner of the Department of Motor Vehicles for all motor vehicles, trailers and semi-trailers was increased \$3 per vehicle by the 1986 Special Session Acts. The increase took effect January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues from this fee increase to the Transportation Trust Fund.

Other Taxes. The General Assembly increased certain other taxes and appropriated the net additional revenues generated from the increase to the Transportation Trust Fund. These taxes include a motor vehicle rental tax, a special fuel tax, an aviation special fuel tax and a road tax.

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 net additional revenues generated by the 1986 Special Session Acts to the Transportation Trust Fund.

SUMMARY OF THE OAK GROVE CONNECTOR TRUST AGREEMENT

The following, in addition to the information present in the sections "The Series 1997A Bonds" and "Sources of Payment and Security for Series 1997A Bonds," summarizes certain provisions of the Oak Grove Connector Trust Agreement. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Oak Grove Connector Trust Agreement and any additional supplemental agreements in their entireties, copies of which may be obtained at the office of the Treasury Board or the office of the Transportation Board.

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 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 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, and such other expenses necessary or incident to the financing of all or any portion of the Program, the construction of all or any portion of the Program, the placing of all or any portion of the 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 Bonds issued to finance all or any portion of the Program, including, but not limited to, any such obligation or expense incurred prior to the issuance of the Bonds.

"Government Certificates" means certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or trust company reasonably acceptable to the Trustee. Such bank or trust company holding Government Obligations shall be organized under the laws of the United States of America or any of its states and shall hold such Government Obligations in the capacity of custodian of such certificates.

"Government Obligations" means (1) bonds, notes and other obligations of the United States of America, (2) securities unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or (3) bonds, notes and other obligations of any agency of the United States of America unconditionally guaranteed as to the timely payment of principal and interest by the United States of America. Government Obligations may be held directly by the Trustee, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to Government Obligations.

"Bonds" shall mean any outstanding bonds, including the Series 1997A Bonds, issued from time to time pursuant to the Oak Grove Connector Trust Agreement, and pending the issuance of such bonds, any notes issued in anticipation thereof.

"Bonds Outstanding" or "Bonds then Outstanding" means, at any date, the aggregate of all Bonds authorized, issued, authenticated and delivered under the Oak Grove Connector Trust Agreement, except: (1) Bonds canceled or surrendered to the paying agent for cancellation; (2) Bonds deemed to have been paid as provided in the Oak Grove Connector Trust Agreement and (3) Bonds in lieu of or in substitution for which other bonds have been authenticated and delivered pursuant to the Oak Grove Connector Trust Agreement unless proof satisfactory to the Paying Agent is presented that any such Bond is held by a bona fide holder.

In determining whether registered owners of the Bonds of a requisite aggregate principal amount of the Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the Oak Grove Connector Trust Agreement, words referring to or connoting "principal of" or "principal amount of" Outstanding Bonds will be deemed also to be references to, to connote and to include the accreted value of Bonds of any series as of the immediately preceding compounding date of such bonds. 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 Bonds are limited obligations of the Commonwealth and the Transportation Board. Principal of and premium, if any, and interest on the 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) any revenues received from any Set-aside Fund established by the General Assembly, (2) to the extent required, revenues received pursuant to a contract with the City or any alternative mechanism for generation of local revenues for specific funding of a specific project satisfactory to the Transportation Board, (3) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City in which the project to be financed is located, (4) to the extent required, legally available revenues in the Transportation Trust Fund, and (5) such other funds which may be appropriated by the General Assembly (the "Revenues"). The Bonds are further secured by the Funds, in the manner and to the extent provided in the Oak Grove Connector Trust Agreement. The Oak Grove Connector Trust Agreement pledges the Revenues and money held in the Funds under it for the benefit of the owners of the Bonds, subject only to the provisions of the Oak Grove Connector Trust Agreement permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Oak Grove Connector Trust Agreement.

Provisions for Series 1997A Bonds. The Oak Grove Connector Trust Agreement provides for the issuance of the Series 1997A Bonds, the redemption of the Series 1997A Bonds and all other terms pertaining to the Series 1997A Bonds, as described in the section "The Series 1997A Bonds" in this Official Statement.

Funds and accounts. The following Funds and Accounts are established under the Oak Grove Connector Trust Agreement:

- (1) Construction Fund.
- (2) Bond Fund, in which there are established an Interest Account, a Principal Account and a Sinking Fund Account.

Construction Fund. Money on deposit in the Construction Fund will be used to pay the Cost of the Program. The Trustee will make payments from the Construction Fund upon receipt of a requisition signed by a representative of either the City or the Transportation Board providing information with respect to the use of the amounts requisitioned. Excess money after completion of the Program will be applied, subject to the terms and limitations set forth in the Oak Grove Connector Trust Agreement, to redeem or purchase Bonds, or to pay principal of or interest on Bonds.

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 Program to be financed with the Bonds; (2) all payments received by the Trustee under the Payment Agreement (excluding any payments of Trustee's fees and expenses and the Rebate Amount, as defined in the Oak Grove Connector 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 Bonds then outstanding and to redeem or purchase Bonds in accordance with the provisions of the Bonds and the Oak Grove Connector Trust Agreement.

Permitted Investments. The Oak Grove Connector 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 Oak Grove Connector Trust Agreement in the following investments:

- (1) Government Obligations;
- (2) Government Certificates;
- (3) bonds, notes and other obligations issued or unconditionally guaranteed by the United States Government, an agency of the United States Government or a United States Government sponsored corporation;
- (4) bonds, notes or other evidences of indebtedness of the Commonwealth and securities unconditionally guaranteed as to the timely payment of principal and interest by the Commonwealth;
- (5) 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, that meet the requirements of Section 2.1-327 of the Virginia Code and that are rated within the two highest rating categories by the rating agencies rating the Bonds from time to time (the "Rating Agencies").

42 0000

- (6) 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 meet the requirements of Section 2.1-328A.3 of the Virginia Code or any successor provisions of law and that are rated within the two highest rating categories by the Rating Agencies;
- (7) 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 comply with the requirements of Section 2.1-328A.5 of the Virginia Code or any successor provisions of law and that are rated within the two highest rating categories by the Rating Agencies;
- (8) commercial paper with a maturity of 270 days or less, that complies with the requirements of Section 2.1-328.1 of the Virginia Code or any successor provision of law, under guidelines approved by the Treasury Board;
- (9) bankers acceptances that comply with requirements of Section 2.1-328.4 of the Virginia Code or any successor provisions of law, under guidelines approved by the Treasury Board;
- (10) time deposits, certificates of deposit or other interest bearing accounts of any commercial bank that is approved for the deposit of funds of the Commonwealth or any political subdivisions thereof; *provided* that such investments are secured in the manner required by Section 2.1-329 of the Virginia Code or any successor provision of law;
- (11) savings accounts and certificates of savings and loan associations that are under the supervision of the Commonwealth and are approved for the deposit of funds of the Commonwealth or any political subdivision thereof, or federal associations organized under the laws of the United States of America that are under federal supervision and that are approved for deposit of funds of the Commonwealth or any political subdivision thereof; *provided* that such investments are secured in the manner required by Section 2.1-329 of the Virginia Code or any successor provisions of law;
- (12) investments made pursuant to the Investment of Public Funds and Local Government Investment Pool Act (Article 7, Chapter 14, Title 2.1 of the Virginia Code) (known as "LGIP"); or
- (13) investments made pursuant to the Government Non-Arbitrage Investment Act (Article 7.1, Chapter 14, Title 2.1 of the Virginia Code) (known as "SNAP").

The Oak Grove Connector Trust Agreement contain 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 Series 1997A Bonds, see the subsections "Optional Redemption" and "Mandatory Sinking Fund Redemption" in the section "The Series 1997A Bonds."

Additional Bonds. For a description of the provisions relating to the issuance of Additional Bonds, see the subsection "Additional Debt" in the section "Sources of Payment and Security for the Series 1997A Bonds."

Use of Funds in Set-aside Fund. The Board will not expend any money in the Set-aside Fund for any purpose other than payment of principal of or premium, if any, or interest on any Bonds for such period of time as the Board (1) fails to pay principal of or premium, if any, or interest on any Bonds when due or (2) fails to allocate funds to the payment of principal of or premium, if any, or interest on any 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 the Bonds of any one or more series of Bonds and thereby reduce the principal or interest requirements for the Bonds, provided that such covenants or agreements do not affect adversely the owners of the Bonds then Outstanding. Such covenants and agreements may be set forth in the applicable supplement to the Oak Grove Connector Trust Agreement and shall be binding on the Transportation Board and all the registered owners of the Bonds the same as if such covenants were set forth in full in the Oak Grove Connector Trust Agreement.

Events of Default and the Remedies upon Default. Events of Default specified in the Oak Grove Connector Trust Agreement are (1) failure to pay interest on any Bond when due, (2) failure to pay principal of or premium, if any, on any Bond when due, (3) failure of the Transportation Board to observe or perform any other covenants, agreements or conditions under the Oak Grove Connector Trust Agreement or the Bonds for a period of 60 days after written notice from the Trustee or the owners of 25 percent in principal amount of 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 Oak Grove Connector Trust Agreement or approval by a court of competent jurisdiction of any petition for reorganization of the Transportation Board or rearrangement or readjustment of the obligations of the Transportation Board under applicable bankruptcy 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 percent in principal amount of Bonds then Outstanding will, by notice to the Transportation Board, declare the entire unpaid principal of and accrued interest on such Bonds then Outstanding due and payable, but only from the Revenues and from the Funds held by the Trustee under the Oak Grove Connector Trust Agreement. Pursuant to the conditions set forth in the Oak Grove Connector Trust Agreement, such declaration may be rescinded upon payment of all principal of all 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 percent in principal amount of 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 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 (1) 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 Oak Grove Connector Trust Agreement appointed, and (2) may, and if requested by the owners of not less than 25 percent in principal amount of Oak Grove Connector 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 Bonds.

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

Defeasance of Bonds. If all Bonds secured by the Oak Grove Connector 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 Oak Grove Connector Trust Agreement and any supplemental trust agreement, all 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 Bonds not irrevocably called for redemption, (3) to pay interest accruing on all 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 Oak Grove Connector 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 Oak Grove Connector 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 Bonds and other fees and expenses described above.

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 therefor have been deposited with the Trustee; provided, however, if such 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 Trust Agreements. The Transportation Board and the Trustee may, without the consent of or notice to any owners of Bonds, enter into supplemental trust agreements (1) to cure any ambiguity, formal defect or omission in the Oak Grove Connector Trust Agreement, (2) to grant to or confer upon the Trustee for the benefit of the owners of Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred

on the owners of Bonds or the Trustee or either of them, (3) to add to the covenants and agreements of the Transportation Board in the Oak Grove Connector Trust Agreement additional covenants and agreements, (4) to modify, supplement or amend the Oak Grove Connector 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 Oak Grove Connector Trust Agreement to comply with any provisions relating to rebates to the United States of America of earnings derived from the investment of proceeds of Bonds, (6) to modify, amend or supplement the Oak Grove Connector Trust Agreement in such manner as may be required by the Rating Agencies to maintain their respective ratings on the Bonds, (7) to authorize the issuance of one or more series of Bonds pursuant to the provisions of the Oak Grove Connector Trust Agreement, (8) to modify, amend or supplement the Oak Grove Connector 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 bonds then Outstanding, and (9) to make any other change in the Oak Grove Connector Trust Agreement that in the opinion of the Trustee will not prejudice in any material respect the rights of the owners of Bonds then Outstanding.

Any of the provisions of the Oak Grove Connector 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 Bonds then Outstanding in accordance with the provisions of the Oak Grove Connector 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 Bond, (2) a reduction in the principal amount of or premium, if any, on any 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 Bond, (4) a privilege or priority of any Bond or Bonds over any Bond or Bonds, or (5) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement, without the consent of the owners of all the Bonds then Outstanding.

SUMMARY OF THE OAK GROVE CONNECTOR PROJECT PAYMENT AGREEMENT

The following, in addition to the information presented in the section "Sources of Payment and Security for the Series 1997A Bonds", summarizes certain provisions of a Payment Agreement among the Transportation Board, the Treasury Board and the Secretary of Finance, dated as of June 15, 1997. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Payment Agreement in its entirety, copies of which may be obtained at the office of the Treasury Board or the office of the Transportation Board.

The 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:

- (a) A request that the Governor include in the budget to be delivered to the next session of the General Assembly a provision that there be deposited in the Set-aside Fund the collections of state recordation taxes as set forth in Virginia Code § 58.1-816 or any successor provision and to retain in such fund the unexpended amounts on deposit in such fund.
- (b) A statement of the amount of principal and interest coming due on the Bonds and all other amounts required to be paid under the Oak Grove Connector Trust Agreement during the next succeeding fiscal or biennial period, as applicable, and a request that the Governor include in the budget to be delivered to the next session of the General Assembly a provision that there be appropriated such amount for such purpose from (1) any revenues received from any Set-aside Fund established by the General Assembly, (2) to the extent required, revenues received pursuant to a contract with the City or any alternative mechanism for generation of local revenues for specific funding of a specific project satisfactory to the Transportation Board (3) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the city in which the project to be financed is located, (4) to the extent required, legally available revenues of the Transportation Trust Fund, or (5) such funds which may be appropriated by the General Assembly for such purpose.
- (c) A request that the Governor include in the budget to be delivered to the next session of the General Assembly a provision that the balance remaining in the Set-aside Fund, after the appropriation, if any, described in paragraph (b) above is made, be appropriated for Costs of the Program.

The Transportation Board shall use its best efforts to have (1) the Governor include in each biennial or any supplemental budget presented to the General Assembly the amounts so requested and (2) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

The Treasury Board and the Secretary of Finance shall use their best efforts to have (i) the Governor include in each biennial or any supplemental budget presented to the General Assembly the amounts described in paragraph (b) the above, and (ii) the General Assembly appropriate such amounts.

If no appropriation is made for the amount of principal and interest coming due on the Bonds and all other amounts required to be paid under the Oak Grove Connector Trust Agreement from the Set-aside Fund, or if any such appropriation is insufficient in amount, the Transportation Board shall take all action necessary to (1) have such amounts set aside from funds appropriated and allocated, to the extent required, and pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the city or county in which the project or projects to be financed are located, and (2) cause the amounts set aside to be paid by the Treasury Board to the Trustee. Notwithstanding the provisions of the Payment Agreement, the General Assembly could change the statute so that the Transportation Board would not be authorized or permitted to set aside funds so appropriated and allocated to pay debt service on the Series 1997A Bonds.

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 from funds appropriated from the sources described in paragraph (b) above all amounts due under the Payment Agreement for the payment of principal and interest payments due under the Oak Grove Connector Trust Agreement, and to direct the Treasury Board to make such payments to the Trustee. The Transportation Board will take all action necessary to have such payments 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 Oak Grove Connector Trust Agreement to the Trustee. The Treasury Board will make all principal and interest payments on the Bonds to the Trustee solely from amounts available to it for such purpose.

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

SUMMARY OF AGREEMENT FOR SUPPLEMENTAL PAYMENTS FOR DEBT SERVICE AND USE OF BOND PROCEEDS

In accordance with Section 33.1-269(4b) of the Virginia Code, the Transportation Board and the City have entered into an Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, dated as of _____, 1997 (the "Supplemental Payments Agreement"), under which the City has agreed to make annual payments on or before July 15 of each fiscal year to the Transportation Board in an amount sufficient to enable the Transportation Board to pay the principal of and premium, if any, and interest on the Series 1997A Bonds (the "Debt Service"), computed after first applying to such Debt Service the revenues received from the Set-aside Fund which represent the City's portion of state recordation taxes dedicated to the Set-aside Fund. The City's obligation to make payments to the Transportation Board in any fiscal year under the Supplemental Payments Agreement is subject to and conditioned on an annual appropriation by the City Council of the City in an amount equal to the Debt Service in such year less the revenues received from the Set-aside Fund which represent the City's share of the state recordation taxes that have been previously dedicated to the Set-aside Fund and available for such purposes. The obligation of the City to make the payments under the Supplemental Payments Agreement does not constitute a debt of the City within the meaning of any constitutional or statutory limitation not a liability of or a lien or charge upon funds or property of the City beyond any fiscal year for which the City has appropriated moneys to make such payments. While recognizing that it is not empowered to make any binding commitment to make payments to the Transportation Board beyond the current fiscal year, the City Council of the City, in authorizing the execution of the Supplemental Payments Agreement, has stated its intention to make annual appropriations sufficient to make the required payment and to recommend that its successors continue to do so during the term of the Supplemental Payments Agreement. The City Manager or other officer charged with the responsibility for preparing the City's annual budget shall include in the budget for each fiscal year the amount equal to the Debt Service in such year, less the projected amount of the revenues received from the Set-aside Fund which represent the City's share of the state recordation taxes for such year. If any adopted City budget does not include an appropriation of funds

sufficient when combined with the revenues received from the Set-aside Fund which represent the City's share of the state recordation taxes previously dedicated to pay the Debt Service for the current fiscal year, the City Manager will immediately give written notice to the City Council of the City, with a copy to the Transportation Board, of the consequence of such failure to appropriate.

Should the City not make the required payment to the Transportation Board when due, the Transportation Board may, upon written notice to the City Manager, apply those funds appropriated and allocated pursuant to the City as provided in Article 1.1 of Title 33.1 of the Virginia Code, to make the payment owed by the City under the Supplemental Payments Agreement for that current fiscal year. The Transportation Board may only apply that amount of the City's state highway allocation money that is necessary to pay the Debt Service for that current fiscal year. The Supplemental Payments Agreement also provides that, in accordance with Section 33.1-269(4b) of the Virginia Code, the Transportation Board shall have the right to apply funds that are legally available from the Transportation Trust Fund, or any other funds that may be appropriated by the Virginia General Assembly, to assist in paying the annual Debt Service.

Under the provisions of the Supplemental Payments Agreement, the Transportation Board has agreed to make the proceeds of the Series 1997A Bonds, including investment earnings not subject to rebate to the United States, available to the City under the Oak Grove Connector Trust Agreement, and the City has agreed to maintain accurate records of the Oak Grove Connector Project and documentation of all Project expenditures incurred or paid for which payment from the Series 1997A Bond proceeds and investment earnings will be requested, and make such records available for inspection and/or audit by the Transportation Board at any time. The City shall be responsible for the payment of all Project costs in excess of the amount made available from the issuance of the Series 1997A Bonds and any other bonds authorized for issuance and issued under the Bond Legislation and any investment earnings thereon held by the trustee for the purpose of the Oak Grove Connector Project after the payment or the provisions for payment of any required arbitrage rebate payments to the United States.

The Supplemental Payments Agreement shall remain in effect for so long as there are any outstanding Bonds issued by the Transportation Board pursuant to the Bond Legislation.

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 1996 Bonds will be subject to the approving opinion (the "Bond Opinion") of Hawkins, Delafield & Wood, New York, New York, Bond Counsel, which will be furnished at the expense of the Transportation Board upon delivery of the Series 1997A Bonds substantially in the form set forth in *Appendix D*. The Bond Opinion will be limited to matters relating to authorization and validity of the Series 1997A Bonds and to the tax-exempt status of interest thereon 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 Series 1997A Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Series 1997A Bonds.

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

TAX MATTERS

In the opinion of Hawkins, Delafield & Wood, New York, New York, Bond Counsel, under existing law and regulations, interest on the Series 1997A Bonds (i) is excluded from gross income for federal income tax purposes; and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and taxpayers other than corporations. Exclusion of the interest on the Series 1997A Bonds from gross income for federal income tax purposes is dependent upon continuing compliance by the Transportation Board and the City with certain requirements of the Internal Revenue Code of 1986 (the "Code") throughout the term of the Series 1997A Bonds. Under the Code, failure to comply with such requirement may cause interest on the Bonds to be included in gross income retroactively to their date of issuance. The Transportation Board and the City have covenanted to comply with such requirements of the Code.

Bond Counsel will express no opinion regarding federal tax consequences arising with respect to the Series 1997A Bonds except as stated above. However, it should be noted that interest on any Series 1997A Bonds held by corporations must be included in the calculation of adjusted net book income or adjusted current earnings for purposes of computing

the alternative minimum tax imposed on corporations under the Code and in the calculation of earnings and profits for purposes of computing the branch profits tax imposed on foreign corporations under the Code. In addition, ownership of the Series 1997A Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, individuals otherwise eligible for the earned income credit, S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or to carry the Series 1997A Bonds.

Bond Counsel is further of the opinion that, under the existing laws of the Commonwealth of Virginia, the interest on the Series 1997A Bonds is not includable in computing the Virginia income tax.

LEGALITY FOR INVESTMENT

The Bond Legislation provides that the Series 1997A 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 Series 1997A Bonds for investment or for any other purpose under the laws of any other state.

LITIGATION

There is no litigation now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 1997A Bonds or in any way contest or affect the validity of the Series 1997A Bonds, any proceeding of the Transportation Board or the Treasury Board taken with respect to their issuance or sale, or any appropriation of funds to pay debt service on the Series 1997A Bonds.

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

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Series 1997A Bonds, officials who signed the Series 1997A Bonds, including the Chairman of the Transportation Board, will certify that, to the best of his knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Series 1997A 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 the Chairman of the Transportation Board did not independently verify the information in the Official Statement from sources other than the Transportation Board and the Department but that he has 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

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

The Transportation Board will covenant in the Series 1997A First Supplemental Trust Agreement for the benefit of the holders of the Series 1997A Bonds and to provide to each NRMSIR and to any Virginia information repository that has been forwarded Annual Reports with respect to itself as issuer and the Program. Similarly, the Transportation Board will provide Event Notices to each such NRMSIR or the MSRB and to any Virginia information repository. The State Treasurer of the Commonwealth and the City will covenant in Continuing Disclosure Agreements to be executed prior to the issuance of the Series 1997A Bonds for the benefit of the holders of the Series 1997A Bonds to provide to each NRMSIR and to any Virginia information repository that has been formed Annual Reports with respect to the Commonwealth and the City, which the Transportation Board has determined to be MOP's for purposes of Rule 15c2-12. Similarly, the State Treasurer and the City, respectively, will provide Event Notices on rating changes of the Commonwealth and the City to each such NRMSIR or the MSRB and to any Virginia information repository. The State Treasurer and the City, respectively, will represent that the Commonwealth and the City are in compliance with its other undertakings regarding the Amendments.

RATINGS

Fitch Investors Service, Inc., Moody's Investors Service and Standard & Poor's Corporation have assigned the Series 1997A 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 either or both of the rating agencies if, in the judgment of either or both, circumstances so warrant. Any such downward revision or withdrawal of ratings may have an adverse effect on the market price of the Series 1997A Bonds.

SALE AT COMPETITIVE BIDDING

The Series 1997A Bonds will be offered for sale at competitive bidding on June 18, 1997, unless postponed as described in the Notice of Sale contained in Appendix F to this Official Statement. This Preliminary Official Statement has been deemed final as of its date by the Transportation Board in accordance with the meaning and requirements of Rule 15c2-12. After the Series 1997A 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 expected selling compensation to the underwriters of the Series 1997A Bonds and other information on the interest rates and offering prices or yields of the Series 1997A Bonds, as supplied by the winning bidder.

FINANCIAL ADVISOR

Public Resources Advisory Group, Inc. ("PRAG"), New York, New York, is serving as financial advisor to the Transportation Board on the issuance of the Series 1997A Bonds. PRAG has assisted in the preparation of this Official Statement and in matters relating to the planning, structuring and issuance of the Series 1997A 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.

MISCELLANEOUS

The references in this Official Statement to the Oak Grove Connector Trust Agreement, the Payment Agreement, and other documents are brief outlines of certain of their provisions. These outlines do not purport to be complete and reference is made to such documents, copies of which will be furnished by the Transportation Board, upon request made to Mr. James W. Atwell, Assistant Commissioner for Finance, Virginia Department of Transportation, Room 305, 1401 East Broad Street, Richmond, Virginia 23219 (telephone: 804-786-5128).

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

COMMONWEALTH TRANSPORTATION BOARD

By: _____

Robert E. Martinez, Chairman

COMMONWEALTH OF VIRGINIA

**FINANCIAL STATEMENTS OF THE COMMONWEALTH
FOR THE YEAR ENDED JUNE 30, 1996**

COMMONWEALTH OF VIRGINIA

**FINANCIAL AND OTHER
INFORMATION**

COMMONWEALTH OF VIRGINIA

**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

FORM OF BOND COUNSEL OPINION

**FORM OF COMMONWEALTH OF VIRGINIA
CONTINUING DISCLOSURE AGREEMENT**

**FORM OF CITY OF CHESAPEAKE
CONTINUING DISCLOSURE AGREEMENT**

NOTICE OF SALE

NOTICE OF SALE
Commonwealth Transportation Board
533,500,000'
Commonwealth of Virginia
Transportation Program Revenue Bonds, Series 1997A
(Oak Grove Connector, City of Chesapeake)

Sealed bids for the purchase of \$33,500,000' preliminary aggregate principal amount of Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake) ("the "Series 1997A Bonds") will be received by the Commonwealth Transportation Board (the "Transportation Board") until the following time at the following location:

Time: 11:00 a.m. (Richmond Time)
 June 18, 1997
 Unless postponed as described below

Location: Treasury Board Conference Room
 James Monroe Building
 3rd Floor
 101 North 14th Street
 Richmond, Virginia 23219

Such bids will be publicly opened at such time and such location.

Description of Bonds; Interest Payment Dates

The Series 1997A Bonds will be dated June 15, 1997 and will be issued only as fully registered bonds in book-entry form. Interest on the Series 1997A Bonds will be calculated on a 30/360 basis and will be payable semiannually on May 15 and November 15, commencing November 15, 1997.

Principal Amortization

Principal on the Series 1997A Bonds will be paid (subject to the right of prior redemption) through serial maturities and/or term maturities with annual sinking fund redemptions on the following dates and in the following amounts:

<u>May 15</u>	Preliminary Annual Principal Amounts*	<u>May 15</u>	Preliminary Annual Principal Amounts*
1998		2011	
1999		2012	
2000		2013	
2001		2014	
2002		2015	
2003		2016	
2004		2017	
2005		2018	
2006		2019	
2007		2020	
2008		2021	
2009		2022	
2010			

* Preliminary, subject to adjustment both before and after award of the Series 1997A Bonds as described herein under "Adjustments to Principal Amounts".

Optional Redemption

The Series 1997A Bonds maturing on or before May 15, 2007 will not be subject to optional redemption. The Series 1997A Bonds maturing on and after May 15, 2008 will be subject to redemption before maturity at the Transportation Board's option on and after May 15, 2007, from any money available for such purpose, in whole or in part in increments of \$5,000 or any integral multiple of \$5,000, at any time during the following redemption periods, upon payment of the following redemption prices, which are expressed as percentages of the principal amount of the Series 1997A Bonds to be redeemed, plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u>
May 15, 2007 through May 14, 2008	101 %
May 15, 2008 through May 14, 2009	100 ½
May 15, 2009 and thereafter	100

Serial Bonds, Term Bonds and Mandatory Sinking Fund Redemption

The successful bidder may provide in the bid form for all of the Series 1997A Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Series 1997A Bonds to be combined into up to two 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 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 above under the caption "Adjustments to Principal Amount." Series 1997A 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 Series 1997A Bonds of the same maturity.

Selection of Series 1997A Bonds for Redemption

If less than all of the Series 1997A Bonds are called for optional redemption, the maturities of the Series 1997A Bonds to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the Series 1997A Bonds of any maturity are called for optional or mandatory redemption, the Series 1997A Bonds to be redeemed will be selected by DTC, as hereafter defined, 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 Series 1997A Bond for such purpose.

Notice of Redemption

Notice of redemption will be given by the Paying Agent by first class mail, postage prepaid, not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Series 1997A Bonds, to the substitute securities depository, or if none, to the registered owners of the Series 1997A Bonds to be redeemed at their addresses shown on the registration books maintained by the Paying Agent. Such notice of redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices. During the period that DTC or its nominee, or any substitute securities depository or its nominee, is the registered owner of the Series 1997A Bonds, the paying agent will not be responsible for mailing notices of redemption to the Beneficial Owners.

Book-Entry Only

Initially, one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC") or its nominee, which will be designated as the securities depository for the Series 1997A Bonds. So long as DTC is acting as securities depository for the Series 1997A Bonds, a book-entry system will be employed, evidencing ownership of the Series 1997A 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 Series 1997A Bonds will be payable to DTC or its nominee as registered owner of the Series 1997A Bonds. Principal of, redemption premium, if any, and interest on the Series 1997A Bonds will be payable in lawful money of the United States of America by the Paying Agent. Transfer

42 FFFFF

of principal, redemption premium, if any, and interest payments to beneficial owners (the "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 Series 1997A 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 issuance of the Series 1997A Bonds is authorized by the provisions of the State Revenue Bond Act, §§ 33.1-267 *et seq.* (the "Revenue Bond Act") of the Code of Virginia of 1950, as amended (the "Virginia Code"); Chapters 233 and 662 of the Acts of the General Assembly of Virginia, 1994 General Session, (the "Bond Legislation"); a resolution adopted by the Transportation Board on April 17, 1997 (the "Series 1997A Bond Resolution"); and a resolution adopted by the Treasury Board of the Commonwealth (the "Treasury Board") on May 21, 1997. The Series 1997A Bonds are being issued pursuant to a Master Agreement of Trust dated as of June 15, 1997, and a First Supplemental Agreement of Trust dated as of June 15, 1997, each between the Transportation Board and Crestar Bank, Richmond, Virginia, as trustee (the "Trustee"). The Trustee is also the initial paying agent for the Series 1997A Bonds (the "Paying Agent").

The Series 1997A Bonds are secured, subject to their appropriation by the General Assembly, first from (i) any revenues received from the Set-aside Fund established by the General Assembly, pursuant to §58.1-816.1 of the Virginia Code, (ii) to the extent required, revenues received pursuant to a contract with the City of Chesapeake (the "City") or any alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Transportation Board, (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the project being financed is located, (iv) to the extent required, legally available revenues of the Transportation Trust Fund, and (v) such other funds which may be appropriated by the General Assembly.

The Series 1997A 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 are not a debt, nor is there a pledge of the faith and credit of the Commonwealth or of any of its political subdivisions. The Series 1997A Bonds are not obligations of the City. The obligations of the City under the Supplemental Payments Agreement are not a debt of the City. Such obligations are not secured by a pledge of the City's full faith and credit, but are specifically subject to an annual appropriation by the City.

Bid Specifications

Bidders are invited to name the rate or rates of interest that the Series 1997A Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named. Each bidder must specify in its bid a single rate for each maturity date. For maturities in the years 2008 to 2022, no interest rate named may exceed the interest rate in a subsequent year. Bids must be for not less than 99% or greater than 101% of the par value of the aggregate principal amount of the Series 1997A Bonds (based on the Revised Amounts as described below), plus accrued interest from the dated date (June 15, 1997) to the date of delivery of the Series 1997A Bonds. No bid for other than all of the Series 1997A Bonds will be considered.

All bids must be unconditional and must be on the official bid form which may be obtained from the Transportation Board or the office of the financial advisor at the addresses shown in the last paragraph of this Notice of Sale. Each bid should be enclosed in a sealed envelope, marked on the outside "Bid for Commonwealth of Virginia Transportation Program Revenue Bonds", addressed to the Commonwealth Transportation Board, Treasury Board Conference Room, James Monroe Building 101 North 14th Street, 3rd Floor, Richmond, Virginia 23219. A good faith deposit (the "Deposit"), in the form of a certified or bank cashier's check payable unconditionally to the order of the Transportation Board or a Financial Surety Bond, in the amount of \$_____ is required for each bid to be considered. If a check is used, it must be drawn upon an incorporated bank or trust company, and it must accompany the bid. If a Financial Surety Bond is used, it must be from an insurance company acceptable to the Transportation Board and licensed

to issue such a bond in the Commonwealth of Virginia, and such Financial Surety Bond must be submitted to the Transportation Board prior to the opening of the bids and must be in the form and substance acceptable to the Transportation Board. The Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Series 1997A Bonds are awarded to a bidder utilizing a Financial Surety Bond, then such successful bidder is required to submit its Deposit to the Transportation Board in the form of a wire transfer not later than 12:00 P.M. Richmond time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Transportation Board to satisfy the Deposit requirement.

The Deposit of the successful bidder will be deposited and credited to the purchase price and no interest will be allowed thereon. Proceeds of the Deposit will be retained by the Transportation Board as liquidated damages in case the successful bidder fails to comply with the terms of its bid. Checks of unsuccessful bidders will be returned upon award of the Series 1997A Bonds to the successful bidder.

Adjustments to Principal Amount

Changes Prior to Bidding. The preliminary aggregate principal amount of the Series 1997A 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 Series 1997A Bonds. Any such revisions (the "Revised Aggregate Principal Amount" and the "Revised Annual Principal Amounts," respectively; collectively, the "Revised Amounts") WILL BE ANNOUNCED ON MUNIFACTS NOT LATER THAN 1:00 P.M. (RICHMOND TIME) ON THE LAST BUSINESS DAY PRIOR TO 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 Series 1997A 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 10% of such amount or increase or reduce any Revised Annual Principal Amount by more than 10% of such amount or \$100,000, whichever is greater. 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 Series 1997A 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 bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices. 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. (Richmond Time) on the date following the sale.

Basis of Award

ALL BIDS SHALL REMAIN FIRM UNTIL 3:00 P.M. (RICHMOND TIME) ON THE DATE OF THE SALE. An award of the Series 1997A Bonds, if made, will be made by the Transportation Board within such four hour period of time. Unless all bids are rejected, the Series 1997A 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 Series 1997A Bonds, will equate the sum of such discounted semi-annual payments to the total purchase price (exclusive of accrued interest). The true interest cost shall be calculated from the dated date of the Series 1997A Bonds (June 15, 1997). In case of a tie, the Transportation Board may select the successful bidder. THE TRANSPORTATION BOARD RESERVES THE RIGHT TO WAIVE IRREGULARITIES IN ANY BID AND TO REJECT ANY OR ALL BIDS.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the Series 1997A Bonds and shall, within 30 minutes after being notified of the award of the Series 1997A Bonds, advise the Transportation Board in writing (via

facsimile transmission) of the initial public offering prices of the Series 1997A Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the Transportation Board within 24 hours after notification of the Final Amounts, furnish the following information to the Transportation Board to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Series 1997A Bonds are sold at the prices or yields at which the successful bidder advised the Transportation Board that the Series 1997A Bonds were initially offered to the public).
- B. The identity of the other 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 Official Statement in final form.

Prior to the delivery of the Series 1997A Bonds, the successful bidder shall furnish to the Transportation Board a "Certificate Regarding Issue Price," substantially in a form acceptable to Bond Counsel, establishing that the successful bidder has made a bona fide public offering of the Series 1997A Bonds at the Initial Reoffering Prices set forth in such certificate and that a substantial amount of the Series 1997A Bonds of each maturity was sold to the public (excluding bond houses, brokers and other intermediaries) at such Initial Reoffering Prices.

Delivery of Bonds

The Series 1997A Bonds are expected to be delivered on or about July 9, 1997 (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS ANNOUNCED ON MUNITACTS NOT LATER THAN 1:00 P.M. (RICHMOND TIME) ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) in New York City at 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 a certificate by the officials who signed the Series 1997A Bonds (1) 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 Series 1997A Bonds or in any manner questioning the proceedings and authority under which the Series 1997A Bonds are issued, or affecting the validity of the Series 1997A Bonds and (2) relating to the Official Statement, as described in the Preliminary Official Statement.

Legal Opinion

The approving opinion of Hawkins, Delafield & Wood, New York, New York, Bond Counsel, in substantially the form set forth in 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 exclusion from gross income of interest on the Series 1997A Bonds and a discussion of Bond Counsel's opinion insofar as it concerns such exclusion.

CUSIP Numbers

CUSIP numbers will be applied for with respect to the Series 1997A Bonds, but the Transportation Board will assume no obligation for the assignment or printing of such numbers on the Series 1997A Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Series 1997A 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 Series 1997A 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 Official Statement in final form (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 Series 1997A Bonds, within seven

business days of the award of the Series 1997A 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 Municipal Securities Rulemaking Board (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 Series 1997A 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 each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") and the relevant state information depository (if any) and (ii) notice of various events described in Rule 15c2-12, if material ("Event Notices"), to each NRMSIR or the MSRB and to any such state information depository.

The Transportation Board will covenant, as described in the First Supplemental Agreement for the benefit of the holders of the Series 1997A Bonds, to provide, to each NRMSIR and to any Virginia information depository that has been formed, Annual Reports with respect to itself, as issuer. Similarly, the Transportation Board will provide Event Notices to the MSRB and to any Virginia information depository. The continuing disclosure undertakings of the Commonwealth and the City, which the Transportation Board has determined to be MOP's for purposes of the Amendments, will be evidenced by Continuing Disclosure Agreements, for the benefit of the holders of the Series 1997A Bonds, to be executed and delivered prior to the delivery of the Series 1997A Bonds, pursuant to which the Commonwealth and the City also will provide Annual Reports and Event Notices on rating changes.

Change of Date and Time for Receipt of Bids

The Transportation Board expects to take bids on the Series 1997A Bonds on June 18, 1997. 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 facsimile transmission of any such change by so advising, and furnishing their telecopier numbers to, Public Resources Advisory Group at 212-566-7800 by 12 o'clock Noon on June 16, 1997.

If such revised date for receipt of bids is to be subsequent to June 18, 1997, the revised date and time for receipt of bids will be announced by Munifacts not later than 1:00 p.m. (Richmond Time), on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced by Munifacts at least 48 hours prior to such alternative sale date.

On any such alternative sale date and time, the Transportation Board will accept sealed bids for the purchase of the Series 1997A 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 Munifacts at the time the sale date and time are announced.

Additional Information

For further information relating to the Series 1997A Bonds, reference is made to the Preliminary Official Statement, dated the date hereof, prepared for and authorized by the Transportation Board. Bidders are required to use the Bid Form which, together with the Preliminary Official Statement, may be obtained from the undersigned at the Transportation Board, 1401 East Broad Street, Richmond, VA 23219 (telephone 804-786-5128; telecopy 804-786-6250) or from the financial advisor Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, NY 10006 (telephone 212-566-7800; telecopy 212-566-7816).

Dated: _____, 1997

Commonwealth Transportation Board
By: Robert E. Martinez

42 JJJJJ

BID FORM
Commonwealth Transportation Board
\$33,500,000*
Commonwealth of Virginia
Transportation Program Revenue Bonds
(Oak Grove Connector, City of Chesapeake)

June 18, 1997*

Commonwealth Transportation Board
 Treasury Board Conference Room
 James Monroe Building, Third Floor
 101 North 14th Street
 Richmond, Virginia 23219

Dear Ladies and Gentlemen:

Subject to the provisions and in accordance with the terms of the official Notice of Sale, dated _____, 1997 which is hereby made a part of this bid, we hereby offer to purchase the \$33,500,000* Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake) (the "Series 1997A Bonds"), described in said Notice of Sale and in the Preliminary Official Statement which has been furnished to us and as revised through Munifacts no later than 1:00 P.M. (Richmond Time) on the day prior to today.

We offer to purchase the Series 1997A Bonds at a price of \$ _____, which is not less than 99% or greater than 101% of the Revised Aggregate Principal Amount of \$ _____, at the interest rates set out below.

Serial Bonds

<u>Date</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Interest Rate</u>
May 15, 1998	_____ %	May 15, 2007	_____ %	May 15, 2015	_____ %
May 15, 1999	_____	May 15, 2008	_____	May 15, 2016	_____
May 15, 2000	_____	May 15, 2009	_____	May 15, 2017	_____
May 15, 2001	_____	May 15, 2010	_____	May 15, 2018	_____
May 15, 2002	_____	May 15, 2011	_____	May 15, 2019	_____
May 15, 2003	_____	May 15, 2012	_____	May 15, 2020	_____
May 15, 2004	_____	May 15, 2013	_____	May 15, 2021	_____
May 15, 2005	_____	May 15, 2014	_____	May 15, 2022	_____
May 15, 2006	_____				

(CROSS OUT THE SERIAL BOND MATURITIES BEING BID AS TERM BONDS.)

Term Bonds (Optional - No More Than Two Term Bonds)

<u>First Year of Mandatory Redemption</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
_____	_____	_____ %
_____	_____	_____ %

(LEAVE BLANK IF NO TERM BONDS ARE SPECIFIED.)

If term bond(s) are included in this bid, the sinking fund installments and maturity of each term bond(s) shall correspond to the Revised Annual Principal Amounts, as defined in the Notice of Sale, for the applicable years as adjusted in accordance with the Notice of Sale.

We will pay accrued interest on the Series 1997A Bonds from June 15, 1997 to the date of delivery and will accept delivery of the Series 1997A Bonds at DTC in New York City on or about July 9, 1997.*

Please indicate (X) the appropriate choice regarding the good faith deposit:

- _____ We have posted a surety bond in the amount of \$ _____ in accordance with the detailed Notice of Sale
 _____ We enclose a certified or cashier's check for \$ _____ in accordance with the detailed Notice of Sale.

We, if the successful bidder, will, (a) within 30 minutes after being notified of the award of the Series 1997A Bonds, advise the Transportation Board of the Initial Redefining Prices of the Series 1997A Bonds, and (b) within 24 hours after notification of the Final Amounts of the Series 1997A Bonds, as defined in the Notice of Sale, furnish the Transportation Board the information described in the section of the Notice of Sale entitled "Undertakings of the Successful Bidder."

Attached is a list of the members of our account on whose behalf this bid is made.

By: _____
 Name of Firm _____ Address _____

 Signature _____ City, State, Zip _____

(No addition or alteration, except as provided above, is to be made to this bid.)

(NOTE: The following is issued for information only and is not a part of the above bid: The true interest cost for the above bid is _____%. If we are to be notified that we have been awarded the Series 1997A Bonds, you may contact and rely on the information provided by _____, whose telephone number is _____.)

The above good faith check, if applicable, has been returned and receipt thereof is hereby duly acknowledged.

Subject to change, as described in the Notice of Sale. By: _____

42 KKKKK

4/10/97

PAYMENT AGREEMENT

by and among

COMMONWEALTH TRANSPORTATION BOARD

and

TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA

and

SECRETARY OF FINANCE OF THE COMMONWEALTH OF VIRGINIA

Dated as of June 15, 1997

Relating to \$33,500,000*
Commonwealth of Virginia Transportation
Program Revenue Bonds, Series 1997A
(Oak Grove Connector, City of Chesapeake)

*Preliminary, subject to change.

42 LILL

11908L4 016741 A0087

PAYMENT AGREEMENT

THIS PAYMENT AGREEMENT, dated as of June 15, 1997, by and among the **COMMONWEALTH TRANSPORTATION BOARD** (the "Board") and the **TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA** (the "Treasury Board") and the **SECRETARY OF FINANCE OF THE COMMONWEALTH OF VIRGINIA** (the "Secretary of Finance");

WITNESSETH:

WHEREAS, pursuant to the State Revenue Bond Act, Section 33.1-267 *et seq.*, of the Code of Virginia, 1950 (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"), and issuance costs and related expenses; and

WHEREAS, pursuant to the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994, Chapters 233 and 662 of the Acts of Assembly of 1994 ("Chapter 223" and "Chapter 662", respectively), the Board is authorized to issue pursuant to the State Revenue Bond Act revenue bonds of the Commonwealth of Virginia to be designated "Commonwealth of Virginia Transportation Program Revenue Bonds" (the "Bonds"), in an aggregate principal amount not exceeding \$32,500,000, plus an amount for issuance costs, capitalized interest, reserve funds and other financing expenses (including, without limitation, original issue discount), to finance the costs of the project known as the Oak Grove Connector in the City of Chesapeake, Virginia (the "City"), consisting of a four-lane divided highway connecting Dominion Boulevard (Route 104) and the Great Bridge Bypass (Route 168) and as established in Article 5 (Section 33.1-267 *et seq.*) of Chapter 3 of Title 33.1 of the Virginia Code, consisting of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, construction and related improvements (the "Project"), the cost of which may include the payment of interest on the Bonds for a period during construction and not exceeding one year after completion of the Project; and

WHEREAS, Section 11 of each of Chapter 233 and Chapter 662 provides that the Board, prior to the issuance of the Bonds, shall establish a sinking fund for the payment of the Bonds to the credit of which there shall be deposited such amounts as are required to pay debt service on the Bonds due and payable first from (i) any revenues received from any Set-aside Fund established pursuant to Section 58.1-816.1 of the Virginia Code; (ii) to the extent required, revenues received pursuant to a contract with the City or any alternate mechanism for generation of local revenues for specific funding of the Project satisfactory to the Board; (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located; (iv) to the extent required, legally available revenues of the Transportation Trust Fund; and (v) such other funds which may be appropriated by the General Assembly; and

WHEREAS, Section 58.1-816.1 of the Virginia Code provides for the creation in the Department of the Treasury of a special nonreverting fund which shall be a part of the

Transportation Trust Fund and which shall be known as the Transportation Improvement Program Set-aside Fund (the "Set-aside Fund"), consisting of transfers pursuant to Section 58.1-816 of the Virginia Code of annual collections of the State recordation taxes attributable to any local jurisdiction which adopts an ordinance to dedicate and use its share of State recordation tax distributions for transportation purposes, subject to the proviso that the election of any local jurisdiction to participate in the Set-aside Fund shall be revocable by the passage of an ordinance to that effect, and subject to the further proviso that, if debt has been issued or other obligations incurred on the local jurisdiction's behalf, the election to participate shall be irrevocable so long as such bonds, or other obligations, are outstanding; and

WHEREAS, on March 28, 1995, the Council of the City adopted an ordinance (the "Ordinance") providing for the dedication to the Set-aside Fund pursuant to Section 58.1-816.1 of the Virginia Code of the City's quarterly distributions of State recordation taxes transferred pursuant to Section 58.1-816 of the Virginia Code, for the purpose of paying the costs of any Transportation Improvement Project in which the City elects to participate; and

WHEREAS, the Board and the City have entered into an Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, dated as of _____, 1997 (the "Supplemental Payments Agreement"), providing that, it having been determined that the City's portion of the State recordation taxes dedicated by the City Council pursuant to the Ordinance to pay the principal of and premium, if any, and interest on the Bonds (also referred to as "Debt Service") for the Project will not be sufficient to cover the projected annual debt service on the Bonds, in accordance with Section 33.1-269(4b) of the Virginia Code, the City will allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual Debt Service on the Bonds, less the City's share of State recordation taxes that have been previously dedicated therefor to the Set-aside Fund and are available for such purpose; and

WHEREAS, the Board has entered into the Supplemental Payments Agreement for the purpose of satisfying the requirements of clause (ii) of Section 11 of each of Chapter 233 and Chapter 662, clause (ii) of Section 33.1-269(4b) of the Virginia Code and clause (ii) of Section 33.1-277.B of the Virginia Code; and

WHEREAS, the Board is issuing its \$33,500,000* Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake) (the "Series 1997A Bonds"), to pay costs related to the Project; and

WHEREAS, the Treasury Board is sales and paying agent for the Bonds;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

*Preliminary, subject to change.

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions. Except as otherwise defined herein, words defined in the Trust Agreement are used in this Agreement with the meanings assigned to them in the Trust Agreement. In addition, the following words as used in this Agreement shall have the following meanings unless a different meaning clearly appears from the context:

"Agreement" shall mean this Payment Agreement, dated as of June 15, 1997, by and among the Board, the Treasury Board and the Secretary of Finance.

"Payment Date" shall mean the date that is five days prior to any principal or interest payment date on the Bonds.

"Supplemental Payments Agreement" shall mean the Agreement for Supplemental Payments for Debt Service and Use of Bond Proceeds, dated as of _____, 1997, by and between the Board and the City.

"Trust Agreement" shall mean the Master Agreement of Trust and the First Supplemental Agreement of Trust, each dated as of June 15, 1997, by and between the Board and the Trustee, and any additional supplements thereto.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Agreement.

(c) The headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS OF BOARD AND TREASURY BOARD

Section 201. Board. The Board and the Treasury Board each makes the following representations in connection with its undertakings under this Agreement:

(a) It (1) is duly organized under the Board Statute and the Virginia Code, as applicable, (2) has the power to enter into this Agreement and the transactions contemplated hereby and to perform its obligations hereunder, and (3) by proper action has duly authorized the execution and delivery of, and performance of its obligations under, this Agreement.

(b) Its execution and delivery of and compliance with the terms and conditions of this Agreement will not conflict with, or constitute or result in a default under or violation of, (1) the Board Statute or the Virginia Code, as applicable, or any other existing law, rule or regulation applicable to it, or (2) any indenture, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which it or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation, it being understood that the execution and delivery of this Agreement by the parties hereto shall not preclude the parties hereto from entering into other agreements providing for the application of funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the City in which the Project being financed is located, to other purposes to which such funds may be applied, including the payment of principal of and premium, if any, and interest on bonds or other evidences of indebtedness of the Board other than the Bonds.

(c) To the best of its knowledge, no further approval, consent or withholding of objection on the part of any regulatory body or any federal, state or local official is required as a condition precedent to the execution or delivery of, or performance by it with the terms and conditions of, this Agreement.

(d) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against it with respect to (1) its creation and existence, (2) its authority to execute and deliver this Agreement, (3) the validity or enforceability of this Agreement, (4) the title of its officer who is to execute this Agreement, or (5) any authority or proceedings related to the execution and delivery of this Agreement on its behalf, and no such authority or proceeding has been repealed, revoked, rescinded or amended, but each is in full force and effect.

Section 202. Representations of Secretary of Finance. The Secretary of Finance makes the following representations in connection with his undertakings under this Agreement:

(a) He has the power to enter into this Agreement and the transactions contemplated hereby and to perform his obligations hereunder and is duly authorized to execute and deliver this Agreement and to perform his obligations hereunder.

(b) No further approval, consent or withholding of objection on the part of any regulatory body or any federal, state or local official is required as a condition precedent to the execution or delivery of, or performance by him with the terms and conditions of, this Agreement.

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to his knowledge, threatened against him with respect to (1) his authority to execute and deliver this Agreement, (2) the validity or enforceability of this Agreement, (3) the title to his office, or (4) any authority or proceedings related to his execution of this Agreement and no such authority or proceeding has been repealed, revoked, rescinded or amended, but each is in full force and effect.

ARTICLE III

OBLIGATIONS OF PARTIES

Section 301. Obligations of Board. (a) The Board or the Board's designee shall deliver, or shall cause to be delivered, to the Governor and the Director of the Department of Planning and Budget of the Commonwealth, annually by December 1, the following:

(1) A request that the Governor include in the budget to be delivered to the next session of the General Assembly a provision that there be deposited in the Set-aside Fund the collections of State recordation taxes distributable to the City pursuant to Section 58.1-816 of the Virginia Code or any successor provision of law and to retain in such Fund the unexpended amounts on deposit in such Fund.

(2) A statement of the amount of Debt Service coming due on the Bonds and all other amounts required to be paid under the Trust Agreement during the next succeeding fiscal or biennial period, as applicable, and a request that the Governor include in the 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 State recordation taxes distributable to the City pursuant to Section 58.1-816 of the Virginia Code which shall have been transferred to the Set-aside Fund pursuant to Section 58.1-816.1 of the Virginia Code and held in the Set-aside Fund for the account of the City; (ii) to the extent required, from revenues received pursuant to the Supplemental Payments Agreement with the City; (iii) to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, being the city in which the Project being financed is located; (iv) to the extent required, from legally available revenues of the Transportation Trust Fund; and (v) from such other funds which may be appropriated by the General Assembly.

(3) A request that the Governor include in the budget to be delivered to the next session of the General Assembly a provision that the balance remaining in the Set-aside Fund, after the appropriation, if any, described in Section 301(a)(2) is made, be appropriated for Costs of the Project.

(b) The Board shall use its best efforts to have (1) the Governor include, in each biennial or any supplemental budget he or she presents to the General Assembly, the amounts set forth in this Section 301, and (2) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

(c) If no appropriation is made for the amounts set forth in this Section 301 or if any such appropriation is insufficient in amount, the Board shall, to the extent permitted by law, make all action necessary (1) to the extent required, have such amounts set aside from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the City, as the Board shall determine, and (2) cause the amounts set aside to be paid by the Treasury Board to the Trustee.

(d) The Board shall 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 from funds appropriated pursuant to clauses (i), (ii), (iii), (iv) and (v) of subsection (a)(2) of this Section 301, or from funds set aside by the Board pursuant to subsection (c) of this Section 301, all amounts due hereunder and to direct the Treasury Board to make from such funds all Debt Service payments due under the Trust Agreement to the Trustee on the Payment Dates.

(e) The Board shall take all actions necessary to have payments which are made from the sources referred to in subsection (d) of this Section 301 charged against the proper appropriation made by the General Assembly.

Section 302. Obligations of Treasury Board. (a) The Treasury Board shall use its best efforts to have (1) the Governor include in each biennial or any supplemental budget of the Commonwealth the amounts described in Section 301(a)(2), and (2) the General Assembly appropriate such amount.

(b) The Treasury Board shall use its best efforts to obtain by May 1 and November 1 of each year the appropriate requisitions and documents needed from the Board to make the payments to the Trustee in accordance with Section 301(c).

(c) The Treasury Board shall make all principal and interest payments on the Bonds to the Trustee on the Payment Dates solely from moneys made available to it pursuant to Section 301.

Section 303. Obligation of Secretary of Finance. The Secretary of Finance shall use his best efforts to have (1) the Governor include in each biennial or any supplemental budget of the Commonwealth the amounts described in Section 301(a)(2), and (2) the General Assembly appropriate such amount.

ARTICLE IV

MISCELLANEOUS

Section 401. Term of Agreement. The term for this Agreement shall commence on the date of delivery of the Bonds and shall terminate on the earlier of the date of payment in full of the Series 1997A Bonds or the date on which the Series 1997A Bonds are no longer Outstanding.

Section 402. Trustee as Third Party Beneficiary. By its acceptance noted below the Trustee shall become a third party beneficiary of this Agreement and shall be entitled to enforce, on behalf of the Holders, all of the obligations and rights of the parties hereto to the same extent as if the Trustee were one of the contracting parties.

Section 403. Amendments. Upon receipt of the written consent of the Trustee, this Agreement may be amended by the parties hereto so long as such amendment complies with the requirements set forth in Article XIII of the Trust Agreement.

Section 404. Successors. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors.

Section 405. Severability. If any provision of this Agreement shall be held to be illegal or invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Agreement shall be construed and enforced as if such illegal provision had not been contained in it.

Section 406. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 407. Notices. Unless otherwise provided in this Agreement, all notices, approvals, consents, requests and other communications under this Agreement shall be in writing and shall be deemed to be given when delivered in person, or when sent by Federal Express or a comparable express courier service, or when mailed by registered or certified mail, postage prepaid, addressed (a) if to the Board, at 1401 East Broad Street, Richmond, Virginia 23219 (Attention: Chairman), (b) if to the Treasury Board, at James Monroe Building, Third Floor, 101 North 14th Street, Richmond, Virginia 23219 (Attention: Director of Debt Management) or (c) if to the Secretary of Finance, at 9th Street Office Building, 202 North 9th Street, Room 635, Richmond, Virginia 23219. The Board, the Treasury Board and the Secretary of Finance may, by notice given under this Agreement, designate any additional or different addresses or persons to which subsequent demands, notices, approvals, consents, requests and other communications shall be sent.

IN WITNESS WHEREOF, the Board and the Treasury Board have caused this Agreement to be duly executed on their behalf by their duly authorized officers and the Secretary of Finance has duly executed this Agreement in his official capacity.

COMMONWEALTH TRANSPORTATION BOARD

By _____
Chairman

TREASURY BOARD OF THE COMMONWEALTH
OF VIRGINIA

By _____
Chairman

Secretary of Finance of the
Commonwealth of Virginia

Accepted:

CRESTAR BANK,
as Trustee

By _____
Vice President

**AGREEMENT FOR SUPPLEMENTAL PAYMENTS
FOR DEBT SERVICE AND USE OF BOND PROCEEDS**

THIS AGREEMENT, made and executed in triplicate as of this ___ day of _____, 1997, between the COMMONWEALTH TRANSPORTATION BOARD, hereinafter referred to as the "Board" and the CITY OF CHESAPEAKE, VIRGINIA, a municipal corporation of the Commonwealth of Virginia, hereinafter referred to as the "City".

WITNESSETH:

WHEREAS, the General Assembly of Virginia enacted the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994, Chapters 233 and 662 of the Virginia Acts of Assembly 1994 Session, (hereinafter referred to as the "Acts"); and

WHEREAS, pursuant to the Acts and Section 33.1-267 et seq. of the Code of Virginia the Board is authorized to issue Commonwealth of Virginia Transportation Program Revenue Bonds in an aggregate principal amount not exceeding \$32,500,000 plus an amount for issuance costs, capitalized interest, reserve funds and other financing expenses (including, without limitations, original issue discount) (hereinafter referred to as the "Bonds") to fund the Oak Grove Connector in the City consisting of a four-lane divided highway connecting Dominion Boulevard (Route 104) and the Great Bridge Bypass (Route 168) (hereinafter referred to as the "Project"); and

WHEREAS, the Acts provide that the Project will be a state highway operated and maintained by the Board; however, the Board and the City understand and agree that the Project will be operated and maintained by the City as an urban highway; and

WHEREAS, pursuant to Section 58.1-816.1 of the Code, the Chesapeake City Council adopted an ordinance on March 28, 1995 and transmitted this ordinance to the State Treasurer dedicating the City's portion of state recordation taxes to the Transportation Improvement Program Set-aside Fund (hereinafter referred to as the "Set-aside Fund") to pay the principal of and premium, if any, and interest on the Bonds (also referred to as "Debt Service") in accordance with Section 33.1-269(4b) of the Code for the Project; and

WHEREAS, it has been determined that the City's portion of the state recordation taxes so dedicated by the City Council will not be sufficient to cover the projected annual Debt Service on the Bonds; and

WHEREAS, in accordance with Section 33.1-269(4b) of the Code, the City has agreed to enter into this agreement with the Board to allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual Debt Service on the Bonds less the City's share of state recordation taxes that have been previously dedicated therefor to the Set-Aside Fund and available for such purposes; and

WHEREAS, on July 20, 1995, the Commonwealth Transportation Board passed a resolution of official intent to reimburse expenditures for capital improvements related to the Project with proceeds from the Bonds issued under the Acts; and

WHEREAS, the estimated cost of the Project as of April 1997 is \$3,775,400 for preliminary engineering, \$4,536,000 for right-of-way acquisition and utility relocations, and \$31,062,500 for construction; for a total of \$39,373,900, which exceeds the amount to be provided from Bond proceeds; and

WHEREAS, the City agrees to complete the Project and, in addition to its obligations under this Agreement, to pay all additional costs above the amount being made available by the Board to complete the Project.

WHEREAS, the City has agreed to enter into this agreement with the Board for the use of Bond proceeds and investment earnings that reside in a trust fund for the purpose of paying costs of the Project.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. The City covenants and agrees to make annual payments on or before July 15 of each fiscal year to the Board an amount sufficient to enable the Board to pay the Debt Service on the Bonds, in accordance with Section 33.1-269(4b) of the Code, computed after first applying to such Debt Service the revenues received from the Set-aside Fund which represent the City's portion of state recordation taxes dedicated to the Set-aside Fund.

The City's obligation to make payments to the Board in any fiscal year under this agreement is, however, subject to and conditioned on an annual appropriation by the Chesapeake City Council in an amount equal to the Debt Service on the Bonds in such year less the revenues received from the Set-aside Fund which represent the City's share of the state recordation taxes that have been previously dedicated to the Set-Aside Fund and available for such purposes. The obligation of the City to make the payments under this agreement does not constitute a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the City beyond any fiscal year for which the City has appropriated moneys to make such payments.

The City Manager or other officer charged with the responsibility for preparing the City's annual budget shall include in the budget for each fiscal year the amount equal to the Debt Service on the Bonds in such year, less the projected amount of the revenues received from the Set-aside Fund which represent the City's share of the state recordation taxes for such year as agreed to by the Assistant Commissioner for Finance of the Virginia Department of Transportation, or his successor, on behalf of the Board.

While recognizing that it is not empowered to make any binding commitment to make payment to the Board beyond the current fiscal year, the Chesapeake City Council, in authorizing the execution of this agreement, states its intent to make annual appropriations sufficient to make the required payments and will recommend that its successors continue to do so during the term of this agreement.

If any adopted City budget does not include an appropriation of funds sufficient when combined with the revenues received from the Set-aside Fund which represent the City's share of the state recordation taxes previously dedicated to pay the Debt Service on the Bonds for the current fiscal year, the City Manager shall immediately give written notice to the Chesapeake City Council, with a copy to the Board, of the consequence of such failure to appropriate.

2. Should the City not make the required payment to the Board when due, the Board may, upon written notice to the City Manager, apply those funds appropriated and allocated pursuant to the highway allocation formula to the City as provided in Article 1.1 of Title 33.1 of the Code, to make the payment owed by the City under this agreement for that current fiscal year. The Board may only apply that amount of the City's state highway allocation money that is necessary to pay the Debt Service on the Bonds for that current fiscal year.

3. Notwithstanding anything contained herein, in accordance with Section 33.1-269(4b) of the Code, the Board shall have the right to apply funds that are legally available from the Transportation Trust Fund, or any other funds that may be appropriated by the Virginia General Assembly, to assist in paying the annual Debt Service on the Bonds.

4. The Board agrees to make the proceeds of the Bonds, including investment earnings not subject to rebate to the United States, available to the City under the indenture of trust pursuant to which the Bonds will be issued (the "Indenture") as follows: (a) the proceeds of the Bonds will be deposited with the trustee under the Indenture (the "Trustee") and will be held in a segregated trust fund or account (the "Project Fund") to be used for costs of the Project, (b) the City will be permitted to submit requisitions to the Trustee for obligations to be paid with respect to the Project to the construction contractor for the Project or other third parties and such requisitions will be accompanied by a certificate of an authorized representative of the City that such obligations have been incurred with respect to the Project and by an invoice or invoices establishing that such obligations have been incurred with respect to the Project, (c) a copy of the requisition will be submitted to an authorized representative of the Board at the same time as it is submitted to the Trustee, (d) the Trustee will pay the requisition within a 5 day period from receipt, (e) the Virginia Department of Transportation ("VDOT") will have a 30 day period to review the requisition and accompanying invoice or invoices, (f) if VDOT objects to any of the costs paid in the requisition it shall advise the City and of such objection, (g) if the City and VDOT can agree how to resolve VDOT's objection, the next requisition

DRAFT
4/10/97

submitted by the City will have adjustments to reflect this agreement, (h) if agreement cannot be reached, an authorized representative of the CTB will notify the Trustee of the amount in dispute (with a copy to the City) and the Trustee will retain an amount equal to such disputed amount in the Project Fund until notified by authorized representatives of the CTB and the City that the dispute is resolved.

5. The City shall maintain accurate records of the Project and documentation of all Project expenditures incurred or paid for which payment from the Bond proceeds and investment earnings will be requested, and make such records available for inspection and/or audit by the Board at any time.

6. The City shall be responsible for the payment of all Project costs in excess of the amount made available from the issuance of the Bonds authorized for issuance and issued under the Acts and any investment earnings thereon held by a trustee for the purpose of the Project after the payment or the provision for payment of any required arbitrage rebate payments to the United States.

7. This agreement shall remain in effect for so long as there are any outstanding Bonds issued by the Board pursuant to the Acts.

8. Nothing herein shall be construed as creating any personal liability on the part of any officer, employee, or agent of the parties, nor shall it be construed as giving any rights or benefits to anyone other than the parties hereto.

9. This agreement shall be binding upon the parties hereto, and their respective successors and assigns.

10. The agreement may only be amended in writing and signed by an authorized representative of the Board and the City.

IN WITNESSETH WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized offices.

CITY OF CHESAPEAKE, VIRGINIA

City Manager

ATTEST:

City Clerk

DRAFT
4/10/97

Approved as to form:

Assistant City Attorney

COMMONWEALTH TRANSPORTATION BOARD

Chairperson, or authorized representative

4-17-97

Meeting adjourned at 11:55 a.m.

The next meeting will be held on May 15, 1997, in
Verona, Virginia.

Approved:



A handwritten signature in black ink, appearing to read "D. M. Hart", is written over a horizontal line.

Attested:



A handwritten signature in black ink, consisting of several loops, is written over a horizontal line.