



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

AGENDA

MEETING OF THE COMMONWEALTH TRANSPORTATION BOARD

Omni Homestead Resort
Mount Vernon and Straford Rooms
1766 Homestead Drive
Hot Springs, Virginia 24445

October 24, 2017

8:30 a.m. or upon adjournment of the October 23, 2017 Workshop Meeting.

Public Comments:

Approval of Minutes September 20, 2017

MAINTENANCE DIVISION:

Presenting: Branco Vlacich
Division Administrator

1. Action on Commemorative Naming of the Bridge on Route 655, Tin Pot Run Lane, over Tin Pot Run, in Fauquier County Located in the Culpeper District as the "TSGT Harold J. Davis, US Army, Memorial Bridge".

LOCATION AND DESIGN DIVISION:

Presenting: Susan Keen
Division Administrator

2. Approval of Proposed Limited Access Control Changes for Route 17 over Interstate 95 Widening and Bridge Replacement, County of Spotsylvania Located in the Fredericksburg District.

INFRASTRUCTURE INVESTMENT DIVISION:

Presenting: Kimberly Pryor
Division Director

3. Action on Addition of Projects to the Six-Year Improvement Program for Fiscal Years 2018-2023.
4. Action on FY18-23 Six-Year Improvement Program Transfers For August 19, 2017 through September 19, 2017.

LOCAL ASSISTANCE DIVISION:

Presenting: Julie Brown
Division Administrator

5. Action on Economic Development Access to Patriot Centre at Beaver Creek, Lot 4, Project ECON-044-036 Henry County Located in the Salem District.
6. Action on Economic Development Access to Economic Development Access to New River Valley Commerce Park Project ECON-077-773, Pulaski County, Located in the Salem District.
7. Action on Recreational Access to Summit View Business and Recreational Park Project RECR-033-834, Franklin County, Located in the Salem District.
8. Action on Recreational Access to Westmoreland Recreational Complex Project RECR-096-613, Westmoreland County, Located in the Fredericksburg District.
9. Action on Adoption of Goals and Policies for the Designation of Scenic Highways and Virginia Byways.

PUBLIC PRIVATE PARTNERSHIP OFFICE:

Presenting: Morteza Farajian
Director

10. Action on A Resolution to Recommend Adoption of the 2017 Virginia PPTA Manual and Guidelines by the Virginia Department of Transportation and the Department of Rail and Public Transportation.

FINANCIAL PLANNING DIVISION:

Presenting: John Lawson
Chief Financial Officer

11. Authorizing the Issuance and Sale of Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017

RAIL AND PUBLIC TRANSPORTATION:

Presenting: Jeremy Latimer
Rail Transportation Programs
Administrator

12. Action on Rail Industrial Access Related to Steel Dynamics Located in Roanoke in the Salem District.

OFFICE OF THE SECRETARY OF TRANSPORTATION:

Presenting: Nick Donohue
Deputy Secretary of Transportation

13. Action on Adoption of Revised Policy and Approval of Guide for Implementation of the SMART SCALE Project Prioritization Process.

SCHEDULING AND CONTRACT:

Presenting: Garrett Moore
Chief Engineer

14. Bids.

NEW BUSINESS:

ADJOURNMENT:

###



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item #1

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

Title: Bridge Naming: “TSGT Harold J. Davis, US Army, Memorial Bridge”

WHEREAS, the Fauquier County Board of Supervisors wants to honor and memorialize the life and service to his country of Technical Sergeant Harold J. Davis; and

WHEREAS, in accordance with § 33.2-213 of the *Code of Virginia*, the Fauquier County Board of Supervisors has requested, by resolution, that the Commonwealth Transportation Board (CTB), to honor and memorialize the life and service to his country of Technical Sergeant Harold J. Davis, name the bridge on Route 655, Tin Pot Run Lane, over Tin Pot Run in Fauquier County as the “TSGT Harold J. Davis, US Army, Memorial Bridge”; and

WHEREAS, § 33.2-213 provides that the Virginia Department of Transportation (VDOT) shall place and maintain appropriate signs indicating the names of highways, bridges, interchanges, and other transportation facilities named by the CTB and requires that the costs of producing, placing, and maintaining such signs shall be paid by the localities in which they are located or by the private entity whose name is attached to the transportation facility so named; and

WHEREAS, by resolution, Fauquier County has agreed to pay VDOT for the costs of producing, placing, and maintaining the signs calling attention to this naming.

NOW, THEREFORE, BE IT RESOLVED, pursuant to § 33.2-213 of the *Code of Virginia*, the CTB hereby names the bridge on Route 655, Tin Pot Run Lane, over Tin Pot Run, in Fauquier County as the “TSGT Harold J. Davis, US Army, Memorial Bridge”; and

BE IT FURTHER RESOLVED, that VDOT is directed to produce, place, and maintain the signs calling attention to this naming, and secure payment from Fauquier County for these costs as required by law.

#####

CTB Decision Brief

Bridge Naming: “TSGT Harold J. Davis, US Army, Memorial Bridge”

Issue: Commemorative naming on Route 655, Tin Pot Run Lane, over Tin Pot Run in Fauquier County as the “TSGT Harold J. Davis, US Army, Memorial Bridge”.

Facts: Harold Davis was born in 1920 in Maryland but lived his entire life in Remington, VA. He worked for the Naval Radio Station in Annapolis, MD and on November 13, 1941 he was inducted into the United States Army. After basic training he was shipped off to battle in Europe during the Second World War.

Sergeant Davis served as a Platoon Sergeant and fought in Operation Torch, Crucifix Hill, Omaha Beach and the Battle of the Bulge. In each battle he was wounded, sent for medical care, treated and returned to battle. For his actions, Sergeant Davis was awarded four Purple Hearts and the Bronze Star. During his final battle, he was wounded, sent home and honorably discharged.

Sergeant Harold J. Davis died in 2010 at the age of 89 and was buried in a Masonic cemetery in Culpeper.

Recommendations: The Virginia Department of Transportation (VDOT) recommends this request be approved.

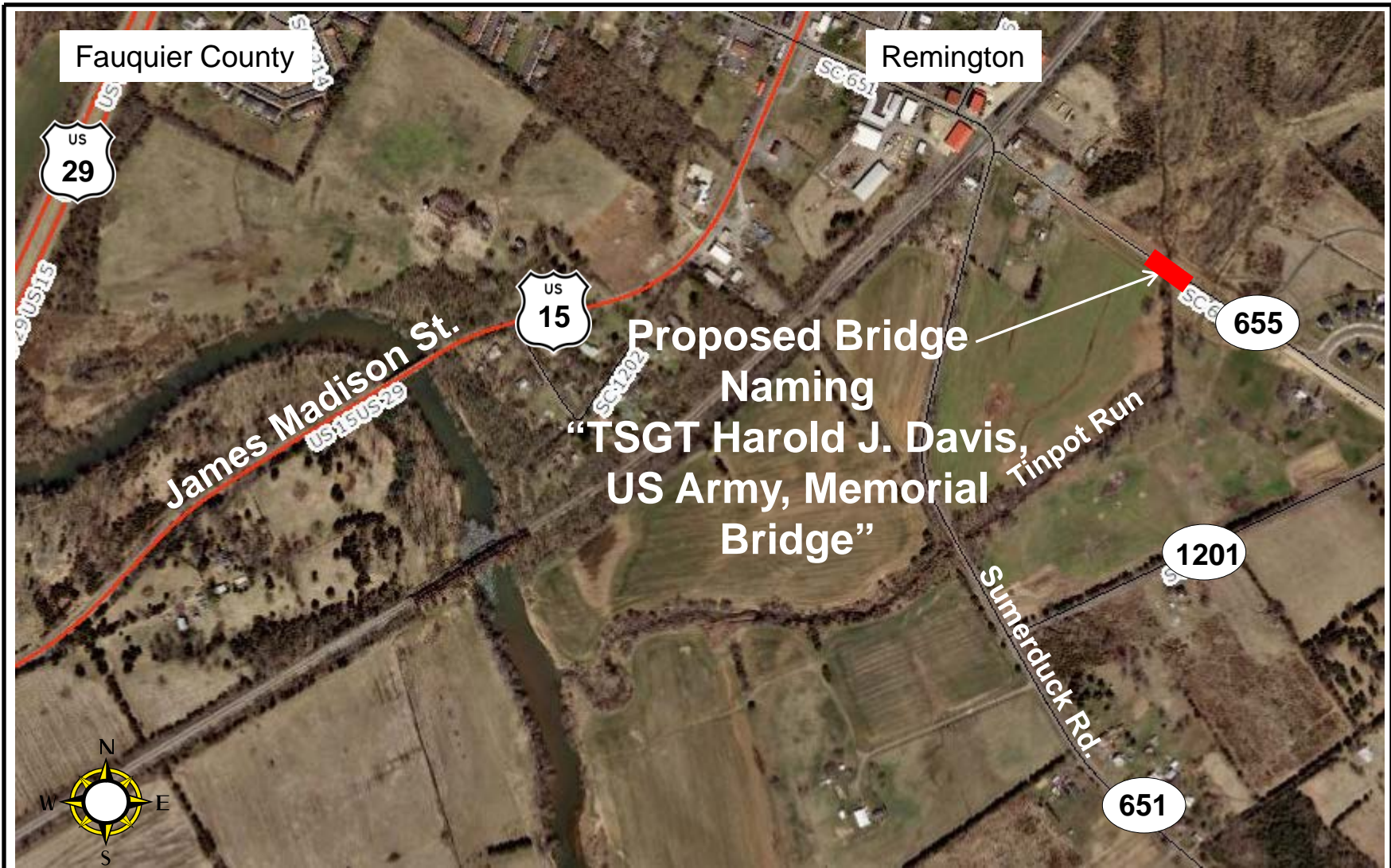
Action Required by CTB: The *Code of Virginia* requires a majority of the CTB members to approve a resolution naming a highway or bridge, as appropriate. A resolution will be provided for the Board’s consideration.

Result if Approved: The bridge located on Route 655, Tin Pot Run Lane, over Tin Pot Run in Fauquier County will be designated as the “TSGT Harold J. Davis Memorial Bridge”.

In accordance with law, Fauquier County agrees to pay the costs of producing, placing, and maintaining the signs calling attention to this naming.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: VDOT is not aware of any opposition to this proposal.



Maintenance Division

CTB MEETING: October 24, 2017

Fauquier County
Proposed Bridge Naming:

**"TSGT Harold J. Davis, US Army,
Memorial Bridge"**

RESOLUTION

A RESOLUTION PETITIONING THE VIRGINIA DEPARTMENT OF TRANSPORTATION TO NAME THE TIN POT RUN BRIDGE AFTER TECHNICAL SERGEANT HAROLD J. DAVIS

WHEREAS, on the 14th day of February, 2013 the Board of Supervisors, at the request of the Fauquier County Veterans' Council, agreed to petition the Virginia Department of Transportation (VDOT) for permission to name all bridges spanning primary and secondary roads in the County after military veterans; and

WHEREAS, the Fauquier County Veterans' Council has requested that the Board of Supervisors petition VDOT to name the Tin Pot Run Bridge on Route 651 in Remington in honor of United States Army Technical Sergeant Harold J. Davis; and

WHEREAS, Sergeant Davis was born June 4, 1920 in Sparrows Point, Maryland, but lived his entire life in Remington, Virginia; and

WHEREAS, Sergeant Davis worked for the Naval Radio Station in Annapolis Maryland and, on November 13, 1941, he was inducted into the United States Army, and;

WHEREAS, after 13 weeks of basic training, Sergeant Davis was shipped off to battle in Europe; and

WHEREAS, during the Second World War, Sergeant Davis served as a Platoon Sergeant and fought in Operation Torch, Crucifix Hill, Omaha Beach and the Battle of the Bulge; and

WHEREAS, in each battle, Sergeant Davis was wounded, sent for medical care, treated and returned to battle; and

WHEREAS, for his actions, Sergeant Davis was awarded four Purple Hearts and the Bronze Star; and

WHEREAS, during his final battle, Sergeant Davis was wounded, sent home, and honorably discharged; and

WHEREAS, Sergeant Davis died in 2010 at 89 years of age and was buried in a Masonic cemetery in Culpeper; now, therefore, be it

RESOLVED this 10th day of August 2017 That the Fauquier County Board of Supervisors does hereby petition the Virginia Department of Transportation to name the Tin Pot Run Bridge the "TSGT Harold J. Davis, US Army, Memorial Bridge" in honor of Sergeant Harold J. Davis.



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 2

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: Seconded By:

Action:

**Title: Approval of Proposed Limited Access Control Changes
(LACCs) for Route 17 over Interstate 95 Widening and Bridge Replacement
County of Spotsylvania**

WHEREAS, on October 4, 1956, the State Highway Commission, predecessor to the Commonwealth Transportation Board (CTB), designated the Interstate Highway System, including I-95, to be Limited Access Highways in accordance with then Article 3, Chapter 1, Title 33 of the Code of Virginia of 1950, as amended, and established the limited access line locations and limits as “the final locations of said routes, including all necessary grade separations, interchanges, ramps, etc.”; and

WHEREAS, on August 17, 1967 the State Highway Commission designated Route 17 south of Fredericksburg, in Spotsylvania County, to be a limited access highway from the intersection with U. S. Route 1 to a point approximately .086 miles east of the intersection with State Route 2, including all interchanges, ramps and connections; and

WHEREAS, the proposed State Highway Project 0017-088-R72, UPC 107140 (“Route 17 over I-95 Widening and Bridge Replacement” or “Project”) now involves providing additional capacity, reducing congestion and replacing the structurally deficient bridge over I-95, increasing the number of lanes from two to four on Route 17; and

WHEREAS, the Project will require modification to the Limited Access Control Line along I-95 and Glenwood Drive and the Limited Access Control Lines along Route 17; and

WHEREAS, A Design Public Hearing was held on Wednesday August 23, 2017, between 5:00 pm and 7:00 pm at Lee Hill Elementary School Auditorium at 3600 Lee Hill School Drive, Fredericksburg, VA 22408 for the purpose of considering the Project; and

WHEREAS, proper notice of the Design Public Hearing 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, their statements being duly recorded; and

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

WHEREAS, the traffic analysis for the project was completed by VDOT and was approved January 12, 2017; and

WHEREAS, this project is in compliance with the National Environmental Policy Act (NEPA) requirements and a Categorical Exclusion was developed on March 29, 2017 in cooperation with the Federal Highway Administration (FHWA) in accordance with federal guidelines and it has been determined that the proposed project will not have any significant environmental impacts; and

WHEREAS, the Board of Supervisors of the County of Spotsylvania has, by resolution adopted on September 12, 2017, endorsed the project as presented; and

WHEREAS, the FHWA has provided the requisite approval on October 2, 2017 for State Highway Project 0017-088-R72, UPC 107140 and the proposed LACC; and

WHEREAS, this project is located in an attainment area for all the National Ambient Air Quality Standards and therefore the regional conformity requirements do not apply; and

WHEREAS, the Chief Engineer has determined that the proposed change will not adversely affect the safety or operation of the highways; and

WHEREAS, the Department has reviewed the requested change and determined that all requirements of 24 VAC 30-401-20 have been met; and

WHEREAS, VDOT recommends approval of the LACC as proposed and set forth in the exhibits attached hereto and seeks authorization for the Commissioner to take all actions necessary to implement that decision.

Resolution of the Board
Proposed Limited Access Control Changes (LACCs)
Route 17 over I-95 Widening and Bridge Replacement
County of Spotsylvania
October 24, 2017
Page Three

NOW, THEREFORE, BE IT RESOLVED, in accordance with section 33.2-401 of the *Code of Virginia* (1950), as amended, and 24 VAC 30-401-20, the CTB hereby finds and concurs with the determinations and recommendations made by VDOT and approves the limited access control change as recommended by VDOT.

BE IT FURTHER RESOLVED, that the Commissioner of Highways is hereby authorized to take all actions and execute any and all documents needed to comply with this resolution.

####

CTB Decision Brief
Proposed Limited Access Control Changes
Route 17 over Interstate 95 Widening and Bridge Replacement
Project 0017-088-R72, P101, C501, B616, R201
UPC 107140
County of Spotsylvania

Issues: State Highway Project 0017-088-R72, C501 UPC 107140 (“Route 17 over I-95 Widening and Bridge Replacement” or “Project”) will provide additional capacity, reduce congestion and replace the structurally deficient bridge over I-95, increasing the number of lanes from two to four on Route 17.

The project will require modification to the Limited Access Control Line along I-95 and Glenwood Drive and the Limited Access Control Lines along Route 17, (Limited Access Control Change or LACC) in the County of Spotsylvania, as proposed and noted in the attachments. Pursuant to The *Code of Virginia* §33.2-401, approval of these LACCs and authorization for the Commissioner of Highways to take action to implement this change is required from the Commonwealth Transportation Board (CTB).

Facts:

- On October 4, 1956, the State Highway Commission, predecessor to the Commonwealth Transportation Board (CTB), designated the Interstate Highway System, including I-95, to be Limited Access Highways in accordance with then Article 3, Chapter 1, Title 33 of the Code of Virginia of 1950, as amended, and established the limited access line locations and limits as “the final locations of said routes, including all necessary grade separations, interchanges, ramps, etc.”
- On August 17, 1967 the State Highway Commission designated Route 17 south of Fredericksburg, in Spotsylvania County, to be a limited access highway from the intersection with U. S. Route 1 to a point approximately .086 miles east of the intersection with State Route 2, including all interchanges, ramps and connections.
- A Design Public Hearing was held on Wednesday August 23, 2017, between 5:00 pm and 7:00 pm at Lee Hill Elementary School Auditorium at 3600 Lee Hill School Drive, Fredericksburg, VA 22408 for the Project.
- Proper notice of the Design Public Hearing 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, their statements being duly recorded in emails and comment sheets.
- The written determination of the Chief Engineer regarding this proposed project is attached for your consideration.
- The economic, social and environmental effects of the proposed project have been duly examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.
- The traffic analysis for the project was completed by VDOT and was approved January 12, 2017.
- This project is in compliance with the National Environmental Policy Act (NEPA) requirements and a Categorical Exclusion was developed on March 29, 2017 in

cooperation with the Federal Highway Administration (FHWA) in accordance with federal guidelines and it has been determined that the proposed project will not have any significant environmental impacts.

- The Project is in the County of Spotsylvania which has, by resolution of the Board of Supervisors adopted on September 12, 2017, endorsed the project as presented.
- FHWA has provided the requisite approval on October 2, 2017 for State Highway Project 0017-088-R72, UPC 107140 and the proposed LACC.
- This project is located in an attainment area for all the National Ambient Air Quality Standards, therefore regional conformity requirements do not apply.
- The Chief Engineer has determined that the proposed change will not adversely affect the safety or operation of the highways.
- The proposed LACC is in compliance with the policies and requirements of the CTB contained in Title 24, Agency 30, Chapter 401 of the *Virginia Administrative Code*.

Recommendations: It is recommended that the CTB approve the resolution authorizing the LACC on Route 17 over I-95 Widening and Bridge Replacement as reflected in the exhibits attached hereto. VDOT further recommends that the CTB authorize the Commissioner to take all actions necessary to implement that decision.

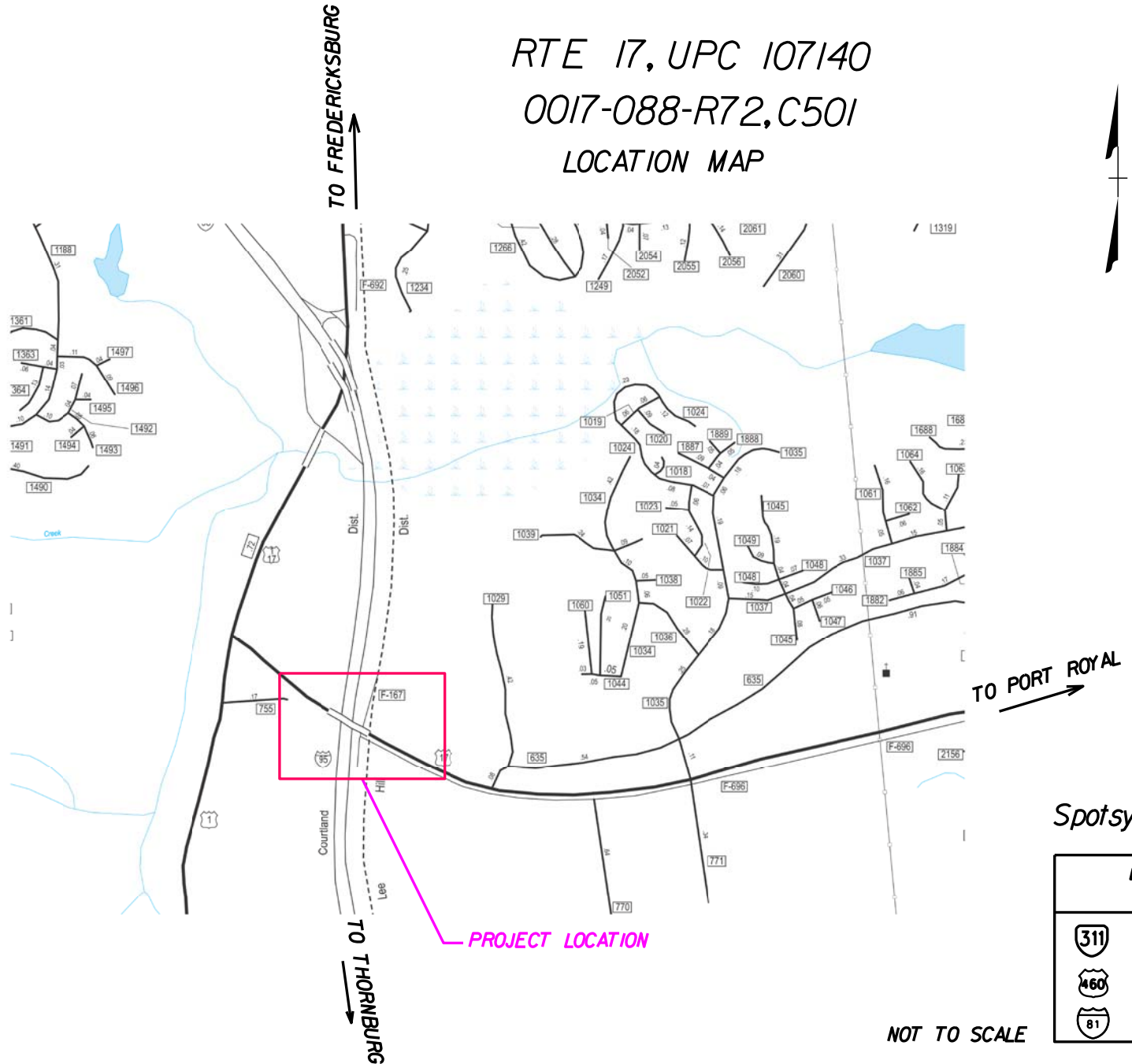
Action Required by CTB: The *Code of Virginia* § 33.2-401 requires a majority vote of the CTB to approve the recommended LACC. The CTB will be presented with a resolution for a formal vote to approve the LACC and to provide the Commissioner of Highways the requisite authority to execute all documents necessary to implement the LACC.

Result, if Approved: The limited access control change will be authorized and the Commissioner of Highways will be authorized to execute any and all documents needed to comply with the resolution, and the Project Intersection at the Interstate 95 and Route 17 Interchange will move forward.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: Twenty four (24) citizens signed the sign-in sheet provided at the hearing. There were eight (8) written comments received for the record. All comments supported the project.

RTE 17, UPC 107140
 0017-088-R72,C501
 LOCATION MAP



Spotsylvania County

LOCATION MAP LEGEND	
	VA. Primary Highway
	U.S. Highway
	Interstate Highway

NOT TO SCALE

PROJECT LOCATION

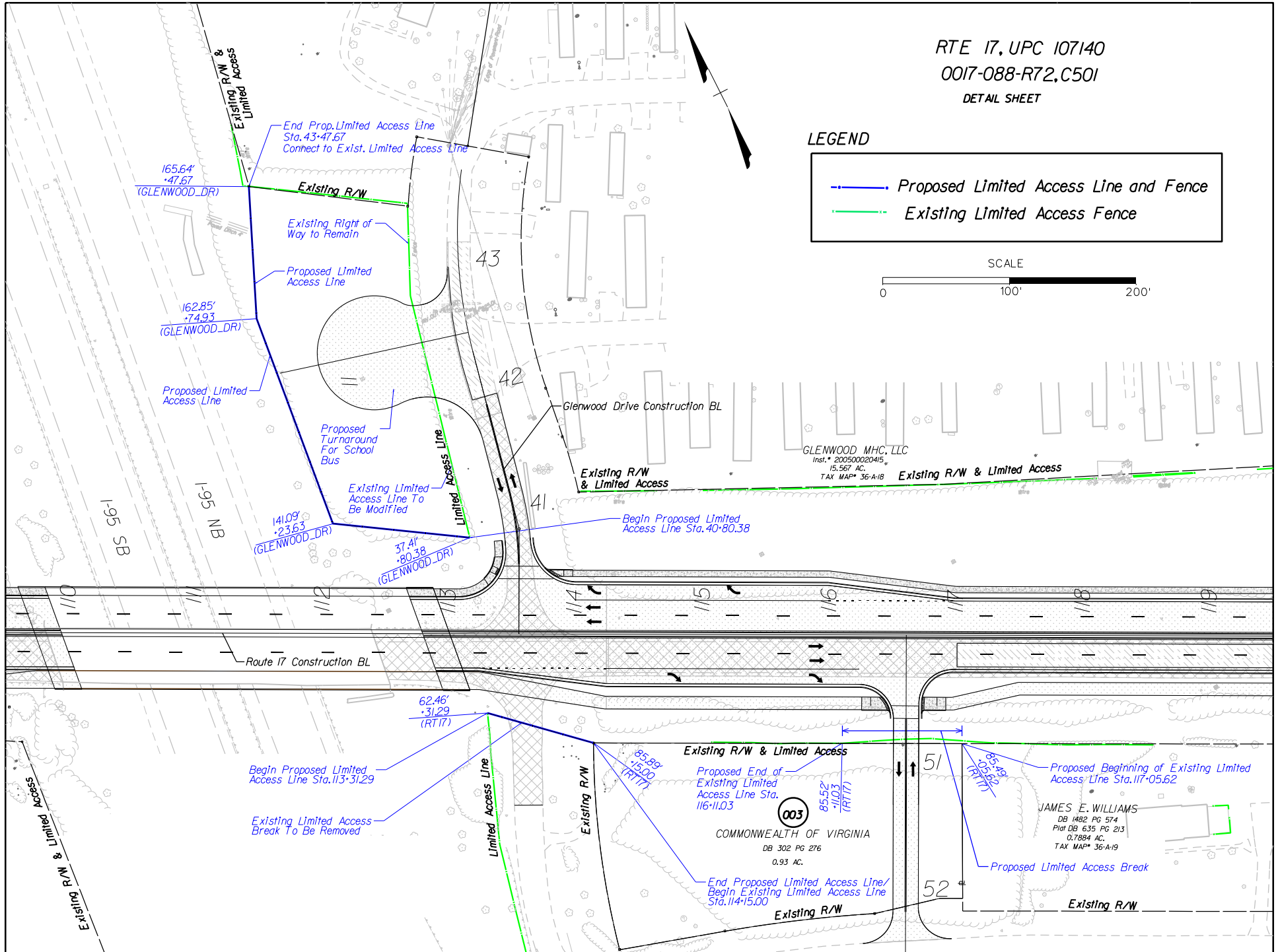
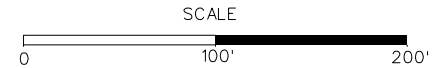
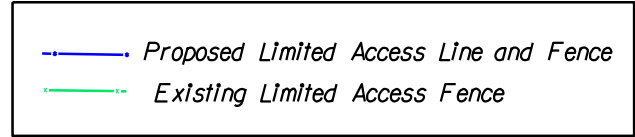
TO FREDERICKSBURG

TO THORNBUURG

TO PORT ROYAL

RTE 17, UPC 107140
 0017-088-R72,C501
 DETAIL SHEET

LEGEND



UPC 107140 Limited Access Point Table

<i>Revision Description</i>	<i>Alignment</i>	<i>Station</i>	<i>Offset</i>	<i>Description of Point</i>
Revision to L/A for cul-de-sac on Glenwood Drive	Glenwood Dr.	43+47.67	165.64' LT	Existing corner of Limited Access Line along I-95
	Glenwood Dr.	42+74.93	162.85' LT	Proposed L/A corner
	Glenwood Dr.	41+23.63	141.09' LT	Proposed L/A corner
	Glenwood Dr.	40+80.38	37.41' LT	Existing Limited Access line end point along I-95 at Glenwood Drive / Route 17 intersection
Close L/A break for existing Overview Drive	Mills Drive	113+31.29	62.46' RT	Existing Limited Access line end point along I-95 at Ex Overview Drive / Route 17 intersection
	Mills Drive	114+15.00	85.89' RT	Existing Limited Access line end point along Route 17 at Ex Overview Drive / Route 17 intersection
New L/A break for relocated Overview Drive	Mills Drive	116+11.03	85.52' RT	New End Limited Access Line (new break) for relocated Overview Drive
	Mills Drive	117+05.62	85.49' RT	New Begin Limited Access (new break end) for relocated Overview Drive

**MINUTES
OF
MEETING OF STATE HIGHWAY COMMISSION
RICHMOND, VIRGINIA
AUGUST 17, 1967**

The monthly meeting of the State Highway Commission was held at the Central Highway Office Building in Richmond, Virginia on August 17, 1967, at 10:00 A. M. The Chairman, Douglas B. Fugate, presided.

Present: Messrs. Baughan, Chilton, Fitzpatrick, Holland, Landrith, McWane, Solster, and Weaver.

On motion of Mr. Solster, seconded by Mr. McWane, minutes of the meeting of July 30, 1967, were approved.

Motion was made by Mr. Solster, seconded by Mr. McWane, that permits issued from July 20, 1967, to August 16, 1967, inclusive, as shown by records of the Department, be approved. Motion carried.

On motion of Mr. Solster, seconded by Mr. McWane, cancellation of permits from July 20, 1967, to August 16, 1967, inclusive, as shown by records of the Department, was approved.

Moved by Mr. Landrith, seconded by Mr. Chilton,
that,

the section of proposed U. S. Route 460 in Appomattox and Prince Edward Counties, by passing the town of Pamplin City, Virginia, beginning at a point on existing U. S. Route 460 northwest of Pamplin City, said point being shown on the plans for State Project 0480-006-107-RW-202 and extending in a southeasterly direction 2.438 miles to a point on existing U. S. Route 460 northeast of Pamplin City, said point being shown on the plans for State Project 0480-073-104-RW-201, including any necessary relocations, interchanges, ramps, connections, etc., as shown on the plans be designated as a limited access highway in accordance with Article 3, Chapter 1, Title 33 of the 1950 Code of Virginia as amended.

At-grade, points of access are to be permitted at the following locations:
Point 1, Connection to existing U. S. Route 460 and connection to State Route 601.
Point 2, Connection to State Route 600.
Point 3, Connection to existing U. S. Route 460.

These points are to be made a part of the right of way transaction and record.

MOTION CARRIED.

Moved by Mr. Landrith, seconded by Mr. Chilton,
that,

the proposed relocation of U. S. Route 17 south of Fredericksburg, in Spotsylvania County, as shown on the plans for State Project 6017-088-101-RW-201, beginning at the intersection of U. S. Route 1 and extending in an easterly direction to a point approximately 0.086 miles east of the intersection of State Route 2, including any necessary relocations, interchanges, ramps, connections, etc., as shown on the plans be designated as a limited access highway in accordance with Article 3, Chapter 1, Title 33 of the 1950 Code of Virginia as amended.

At-grade, points of access are to be permitted at the following locations:

Point 1, Relocation of State Route 835
Point 2, Relocation of State Route 808
Point 3, State Route 609
Point 4, State Route 2

These points are to be made a part of the right of way transaction and record.

MOTION CARRIED.



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219 2000

Charles A. Kilpatrick, P.E.
Commissioner

September 21, 2017

Ms. Jessie Yung, P.E.
Division Administrator
Federal Highway Administration
P.O. Box 10249
400 N. 8th Street Room 750
Richmond, Virginia 23240-0249

Attention Ms. Janice L. Williams

U. S. Route 17 Widening and Bridge over I-95
Project 0017-088-R72, P101, P102, R201, C501, B616
Federal Project Number NHPP-5111(298)
Spotsylvania County
Request for Modified Limited Access Line

Dear Ms. Yung,

As you are aware, The Virginia Department of Transportation is developing plans for the reconstruction and widening of Route 17 between Route 1 and Hospital Boulevard, including a new bridge over Interstate I-95 in the Cosner's Corner area of Spotsylvania County. Interstate I-95 was designated a Limited Access Highway by the State Highway Commission, predecessor to the Commonwealth Transportation Board (CTB), on October 4, 1956. U.S. route 17 in this area was designated a Limited Access Highway by the State Highway Commission, predecessor to the Commonwealth Transportation Board (CTB), on August 17, 1967.

The current design of the project was developed for which the FHWA approved the Categorical Exclusion on August 22, 2017. The Public Hearing for this project was held August 23, 2017 and the project is being prepared for design approval by the Deputy Chief Engineer.

As a result of the design of the project, the Limited Access Line along Interstate I-95 needs to be modified from the existing condition and an existing limited access break on Route 17 will be closed and a new break on Route 17 will be provided.

The change of Limited Access along I-95 is required for safety reasons, as school busses currently stop on Route 17 to pick up and discharge students who live at the Mobile Home Park on Glenwood Drive, which is a private road. County school policy does not allow school buses on private roadways. The current design provides for VDOT to take over a portion of Glenwood drive and to provide a turnaround for the busses, necessitating the relocation of the Limited Access Line along I-95.

The Limited Access change along U. S. Route 17, an NHS highway, involves closing a break in limited access at the east end of the bridge over I-95 providing access to Overview Drive and relocating this access break approximately 300' to the east, providing room for a dedicated right turn lane to Overview Drive.

Attached please find a copy of the Location Map, exhibits showing the changes to the Limited Access Lines, the Limited Access Control Point Table, and a letter of support from Spotsylvania County.

VDOT approves of the Limited Access Control Changes as shown on the exhibits and control point table. We are requesting a quick review and approval of these limited access changes no later than October 5 so that the Commonwealth Transportation Board can approve the changes at their next meeting on October 24, 2017.

If additional information is needed, please contact Mr. Richard C. Worssam, P.E. at 804.786.2501.

Sincerely,



Susan H. Keen, P.E.
State Location and Design Engineer

Approved: Janice Williams Date 10-2-2017

Enclosure
Location Map
Layout Exhibits
Control Point Table
Spotsylvania County Letter of Support



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219 2000

Charles A. Kilpatrick, P.E.
Commissioner

October 1, 2017

The Honorable Aubrey L. Layne, Jr.
The Honorable Charles A. Kilpatrick, P. E.
The Honorable Jennifer Mitchell
The Honorable Jerry L. Stinson II
The Honorable Henry "Hap" Connors, Jr.
The Honorable Mary Hughes Hynes
The Honorable Allison DeTuncq
The Honorable Shannon Valentine
The Honorable F. Gary Garczynski
The Honorable Carlos M. Brown
The Honorable William H. Fralin, Jr.
The Honorable F. Dixon Whitworth, Jr.
The Honorable E. Scott Kasprowicz
The Honorable Court G. Rosen
The Honorable Marty Williams
The Honorable John Malbon
The Honorable Greg Yates

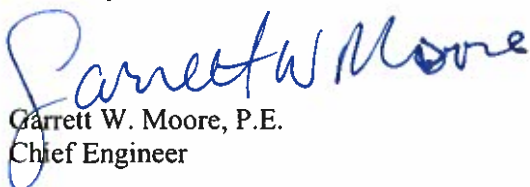
Subject: Approval of Limited Access Control Changes (LACCs) on Route 17 over I-95 Widening and Bridge Replacement in the County of Spotsylvania.

Dear Commonwealth Transportation Board Members:

The Department has initiated the above request for limited access control changes (LACCs) for your consideration. The proposed limited access control changes on State Highway Project 0017-088-R72, C501, B616, R201 provides for an adjustment in the limited access on Interstate 95 and Route 17 at the interchange. These adjustments in limited access control are needed to provide road improvements on Route 17 over I-95 in the County of Spotsylvania. It has been determined that these adjustments in limited access control are required for the project and are recommended for approval by the Department's staff.

I have reviewed the staff's recommendations and determined that approving these limited access control changes will not adversely affect the safety or operation of the affected highway network. I have determined that this request should be considered by the Board.

Sincerely,


Garrett W. Moore, P.E.
Chief Engineer

County of Spotsylvania
Founded 1721

Board of Supervisors
GREG BENTON
GREG CEBULA
TIMOTHY J. McLAUGHLIN
DAVID ROSS
GARY F. SKINNER
PAUL D. TRAMPE
CHRIS YAKABOUSKI



County Administrator
MARK B. TAYLOR
Deputy County Administrators
MARK L. COLE
ED PETROVITCH
P.O. BOX 99, SPOTSYLVANIA, VA 22553
Voice: (540) 507-7010
Fax: (540) 507-7019

Service, Integrity, Pride

September 12, 2017

Catherine C. Coffey, P.E.
Project Manager
Virginia Department of Transportation
Fredericksburg District
87 Deacon Road
Fredericksburg, VA 22405

Dear Ms. Coffey,

I am writing to confirm that Spotsylvania County enthusiastically supports the Route 17 (Mills Drive) over I-95 Overpass Replacement and Route 17 Widening project.

We understand that the proposed improvements are as presented at a Design Public Hearing on August 23, 2017.

Likewise, the County understands that the location of Limited Access Right of Way in the vicinity of Glenwood Drive and Overview Drive will be revised as part of this project and supports these revisions.

Spotsylvania County looks forward to the successful completion of this project and appreciates VDOT's outreach and coordination efforts.

Should you need additional input or comments from the County, please let me know.

Sincerely,

Mark B. Taylor
Spotsylvania County Administrator



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 3

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By:

Seconded By:

Action:

Title: Addition of Projects to the Six-Year Improvement Program for Fiscal Years 2018-2023

WHEREAS, Section 33.2-214(B) of the *Code of Virginia* requires the Commonwealth Transportation Board (Board) to adopt by July 1st of each year a Six-Year Improvement Program (Program) of anticipated projects and programs and that the Program shall be based on the most recent official revenue forecasts and a debt management policy; and

WHEREAS, after due consideration the Board adopted a Final Fiscal Years 2018-2023 Program on June 20, 2017; and

WHEREAS, the Board is required by Sections 33.2-214(B) and 33.2-221(C) of the *Code of Virginia* to administer and allocate funds in the Transportation Trust Fund; and

WHEREAS, Section 33.2-214(B) of the *Code of Virginia* provides that the Board is to coordinate the planning for financing of transportation needs, including needs for highways, railways, seaports, airports, and public transportation and is to allocate funds for these needs pursuant to Sections 33.2-358 and 58.1-638 of the *Code of Virginia*, by adopting a Program; and

Resolution of the Board
Addition of Projects to the SYIP
October 24, 2017
Page Two

WHEREAS, Section 58.1-638 authorizes allocations to local governing bodies, transportation district commissions, or public service corporations for, among other things, capital project costs for public transportation and ridesharing equipment, facilities, and associated costs; and

WHEREAS, the projects shown in Appendix A were not included in the FY 2018-2023 Program adopted by the Board on June 20, 2017; and

WHEREAS, the Board recognizes that the projects are appropriate for the efficient movement of people and freight and, therefore, for the common good of the Commonwealth.

NOW, THEREFORE, BE IT RESOLVED, by the Commonwealth Transportation Board, that the projects shown in Appendix A are added to the Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 and are approved.

####

CTB Decision Brief

Addition of Projects to the Six-Year Improvement Program for Fiscal Years 2018 - 2023

Issue: Each year the Commonwealth Transportation Board (CTB) must adopt a Six-Year Improvement Program (Program) and allocations in accordance with the statutory formula.

Facts: The CTB must adopt a Program of anticipated projects and programs by July 1st of each year in accordance with Section 33.2-214(B) of the *Code of Virginia*. On June 20, 2017, after due consideration, the CTB adopted a Final FY 2018-2023 Program. The projects shown in Appendix A were not in the Final FY 2018-2023 Program adopted by the CTB.

Recommendations: The Virginia Department of Transportation (VDOT) recommends the addition of the projects in Appendix A to the Program for FY 2018–2023.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to add the projects listed in Appendix A to the Program for FY 2018–2023 to meet the CTB’s statutory requirements.

Result, if Approved: If the resolution is approved, the projects listed in Appendix A will be added to the Program for FY 2018-2023.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None

**Appendix A
Amendments to the FY2018-2023 SYIP**

Row	UPC	District	Jurisdiction	Route	Project Description	Total Cost	Total Allocation	Balance	Major Fund Source	Fully Funded
N/A	112046	Fredericksburg	Stafford County	95	I-95 SB AT RTE 17 - FRED EX CONNECTION	\$4,000,000	\$4,000,000	\$0	Accounts Receivable	Yes
NA	T-20744	Hampton	City of Williamsburg	5	Capitol Landing Road Corridor Improvements	\$6,360,000	\$6,360,000	\$0	Urban Formula; Accounts Receivable	Yes
4	111976	Lynchburg	Campbell County	501	PM3B18 CAMPBELL COUNTY - RTE 501 - CENTERLINE RUMBLE STRIPS	\$100,000	\$100,000	\$0	MAP-21 Safety Federal/Match	Yes
5	111977	Lynchburg	Halifax County	501	PM3E18 HALIFAX COUNTY - RTE 501 - CENTERLINE RUMBLE STRIPS	\$100,000	\$100,000	\$0	MAP-21 Safety Federal/Match	Yes
7	111278	Richmond	Districtwide	-	INSTALL SCOUR PROTECTION TO BRIDGES IN THE RICHMOND DISTRICT	\$1,500,000	\$1,500,000	\$0	MAP-21 Bridge Federal/Match; CTB Formula Bridge-State	Yes
10	112213	Statewide	Statewide	-	Highway-Rail Section 130 Pre Scoping PE Only	\$300,000	\$300,000	\$0	Rail Highway Crossing Federal/Match	Yes
11	112286	Statewide	Statewide	-	Safety Circuit Rider PE Only	\$1,200,000	\$1,200,000	\$0	MAP-21 Safety Federal/Match	Yes
Total						\$9,560,000	\$9,560,000	\$0		

**Appendix A - Comments
Amendments to the FY2018-2023 SYIP**

Row	UPC	District	Jurisdiction	Route	Project Description	Comment
N/A	112046	Fredericksburg	Stafford County	95	I-95 SB AT RTE 17 - FRED EX CONNECTION	Bid option - pending award of Fred Ex.
NA	T-20744	Hampton	Williamsburg	5	Capitol Landing Road Corridor Improvements	Replacement of existing 4' sidewalks with 10' paths; replacement of curb & gutter and entrances; underground wiring; landscaping; street lighting; resurfacing and restriping of surface; & road diet with center TWLT lane with bike lanes and on-street parking.
4	111976	Lynchburg	Campbell County	501	PM3B18 CAMPBELL COUNTY - RTE 501 - CENTERLINE RUMBLE STRIPS	Install centerline rumble strips along various sections of Route 501 in Campbell County from MP 39.22 - Halifax / Campbell County Line to MP 62.46 - 0.04 miles north of Route 898 (Trestle Rd) during the PM3B18 Plant Mix Resurfacing Project.
5	111977	Lynchburg	Halifax County	501	PM3E18 HALIFAX COUNTY - RTE 501 - CENTERLINE RUMBLE STRIPS	Install centerline rumble strips along various sections of Route 501 in Halifax County from MP 17.70 - Route VA 360 (Bethel Road) to MP 39.22 - Halifax / Campbell County Line during the PM3E18 Plant Mix Resurfacing Project.
7	111278	Richmond	Districtwide	-	INSTALL SCOUR PROTECTION TO BRIDGES IN THE RICHMOND DISTRICT	TO INSTALL SCOUR PROTECTION AND REMOVE SCOUR CRITICAL STATUS FROM 5 BRIDGES IN THE RICHMOND DISTRICT (FED ID # 1231, 1266, 12050, 12865, AND 13857)
10	112213	Statewide	Statewide	-	Highway-Rail Section 130 Pre Scoping PE Only	Highway Rail Section 130 Administrative / Project - PE Only.
11	112286	Statewide	Statewide	-	Safety Circuit Rider PE Only	To support HSIP Program implementation and planning activities.



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 4

RESOLUTION
OF THE
COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: Seconded By:

Action:

Title: FY18-23 Six-Year Improvement Program Transfers
for August 19 through September 19, 2017

WHEREAS, Section 33.2-214(B) of the Code of Virginia requires the Commonwealth Transportation Board (Board) to adopt by July 1st of each year a Six-Year Improvement Program (Program) of anticipated projects and programs. On June 20, 2017, a resolution was approved to allocate funds for the Fiscal Years 2018 through 2023 Program; and

WHEREAS, the Board authorized the Commissioner, or his designee, to make transfers of allocations programmed to projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 to release funds no longer needed for the delivery of the projects and to provide additional allocations to support the delivery of eligible projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 consistent with Commonwealth Transportation Board priorities for programming funds, federal/state eligibility requirements, and according to the following thresholds based on the recipient project; and

Table with 2 columns: Total Cost Estimate and Threshold. Rows include categories like <\$5 million, \$5 million to \$10 million, and >\$10 million with corresponding allocation increase thresholds.

Resolution of the Board

FY18-23 Six-Year Improvement Program Transfers for August 19 through September 19, 2017

October 24, 2017

Page Two

WHEREAS, the Board directed that (a) the Commissioner shall notify the Board on a monthly basis should such transfers or allocations be made; and (b) the Commissioner shall bring requests for transfers of allocations exceeding the established thresholds to the Board on a monthly basis for its approval prior to taking any action to record or award such action; and

WHEREAS, the Board is being presented a list of the transfers exceeding the established thresholds attached to this resolution and agrees that the transfers are appropriate.

NOW, THEREFORE, BE IT RESOLVED, by the Commonwealth Transportation Board, that the attached list of transfer requests exceeding the established thresholds is approved and the specified funds shall be transferred to the recipient project(s) as set forth in the attached list to meet the Board's statutory requirements and policy goals.

####

CTB Decision Brief

FY2018-2023 Six-Year Improvement Program Transfers for August 19 through September 19, 2017

Issue: Each year the Commonwealth Transportation Board (CTB) must adopt a Six-Year Improvement Program (Program) in accordance with statutes and federal regulations. Throughout the year, it may become necessary to transfer funds between projects to have allocations available to continue and/or initiate projects and programs adopted in the Program.

Facts: On June 20, 2017, the CTB granted authority to the Commissioner of Highways (Commissioner), or his designee, to make transfers of allocations programmed to projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 to release funds no longer needed for the delivery of the projects and to provide additional allocations to support the delivery of eligible projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 consistent with Commonwealth Transportation Board priorities for programming funds, federal/state eligibility requirements, and according to the following thresholds based on the recipient project:

Total Cost Estimate	Threshold
<\$5 million	up to a 20% increase in total allocations
\$5 million to \$10 million	up to a \$1 million increase in total allocations
>\$10 million	up to a 10% increase in total allocations up to a maximum of \$5 million increase in total allocations

In addition, the CTB resolved that the Commissioner should bring requests for transfers of allocations exceeding the established thresholds to the CTB on a monthly basis for its approval prior to taking any action to record or award such action.

The CTB will be presented with a resolution for formal vote to approve the transfer of funds exceeding the established thresholds. The list of transfers from August 19 through September 19, 2017 is attached.

Recommendations: VDOT recommends the approval of the transfers exceeding the established thresholds from donor projects to projects that meet the CTB's statutory requirements and policy goals.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to adopt changes to the Program for Fiscal Years 2018 – 2023 that include transfers of allocated funds exceeding the established thresholds from donor projects to projects that meet the CTB's statutory requirements and policy goals.

Result, if Approved: If approved, the funds will be transferred from the donor projects to projects that meet the CTB's statutory requirements and policy goals.

CTB Decision Brief

FY18-23 Six-Year Improvement Program Transfers for August 19, 2017 through September 19, 2017

October 24, 2017

Page Two

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None

Six-Year Improvement Program Allocation Transfer Threshold Report

Row	Donor District	Donor Description	Donor UPC	Recipient District	Recipient Description	Recipient UPC	Fund Source	Transfer Amount	Total Allocation	Total Estimate	Transfer Percent	Comment
1	Hampton Roads	CITY OF NEWPORT NEWS - SIGNAL SYSTEM UPGRADE; Lower Jefferson Ave Corridor Improvements	52350; 98829	Hampton Roads	CITYWIDE ITS UPGRADES - MULTI LOCATIONS	100608	CMAQ:Federal; CMAQ:State Match	\$2,531,737	\$2,831,737	\$2,847,127	89.4%	Transfer of surplus funds recommended by District and MPO from completed projects to a scheduled project.
2	Statewide	ADA REQUIREMENTS	-15522	Lynchburg	DISTRICTWIDE - ADA COMPLIANCE CURB RAMP IMPROVEMENTS	108054	STP:Statewide - Federal; STP:STP Statewide - Soft Match	\$250,000	\$700,000	\$872,976	35.7%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the Statewide ADA Balance Entry line item to fund an underway project.
3	Lynchburg	RTE 20 - SHOULDER WIDENING / RUMBLE STRIPES / GR UPGRADES	110108	Lynchburg	RTE 630 - SPOT SHOULDER WIDENING AND GUARDRAIL UPGRADES	108103	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$1,127,257	\$1,902,301	\$1,902,301	59.3%	Transfer of surplus funds recommended by District and Traffic Engineering Division from a scheduled project to fund a scheduled project.
4	Lynchburg	DISTRICTWIDE - SYSTEMIC RD COUNTERMEASURES W/ RESURFACING	-17676	Lynchburg	PM3B18 CAMPBELL COUNTY - RTE 501 - CENTERLINE RUMBLE STRIPS	111976	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$100,000	\$100,000	\$100,000	100.0%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the Districtwide Safety Countermeasures line item to fund a scheduled project.
5	Lynchburg	DISTRICTWIDE - SYSTEMIC RD COUNTERMEASURES W/ RESURFACING	-17676	Lynchburg	PM3E18 HALIFAX COUNTY - RTE 501 - CENTERLINE RUMBLE STRIPS	111977	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$100,000	\$100,000	\$100,000	100.0%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the Districtwide Safety Countermeasures line item to fund a scheduled project.
6	Richmond	HSIP DISTRICTWIDE ROADWAY SAFETY ASSESSMENT	81373	Richmond	SAFETY PRESCOPING-RICHMOND DISTRICT	108890	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$461,642	\$561,642	\$561,642	82.2%	Transfer of surplus funds recommended by District and Traffic Engineering Division from an underway project to complete funding on an underway project.
7	Richmond; Statewide	RICHMOND DISTRICT BRIDGE BALANCE ENTRY; STATEWIDE BRIDGE BALANCE ENTRY; ROUTE 681 - BRIDGE REPAIR OVER APPOMATTOX RIVER; RTE 684 - BRIDGE-ONLY REPLACEMENT (FED ID 13863)	-16985; -16981; 101246; 93089	Richmond	INSTALL SCOUR PROTECTION TO BRIDGES IN THE RICHMOND DISTRICT	111278	CTB Formula:Bridge - State; STP:Bridge - Federal; STP:BROS - Federal; STP:BROS - Soft Match; STP:STP Bridge - Soft Match	\$1,500,000	\$1,500,000	\$1,500,000	100.0%	Transfer of surplus funds recommended by District and Structure and Bridge Division from the District and Statewide Bridge Balance Entry line items and scheduled projects to fund a scheduled project.

Six-Year Improvement Program Allocation Transfer Threshold Report

Row	Donor District	Donor Description	Donor UPC	Recipient District	Recipient Description	Recipient UPC	Fund Source	Transfer Amount	Total Allocation	Total Estimate	Transfer Percent	Comment
8	Bristol; Culpeper; Fredericksburg; Hampton Roads; Lynchburg; Northern Virginia; Richmond; Salem; Statewide; Staunton	Committed Safety Projects-Bristol; Committed Safety Projects-Culpeper; Committed Safety Projects-Fredericksburg; Committed Safety Projects-Hampton Roads; Committed Safety Projects-Lynchburg; Committed Safety Projects-Northern Virginia; Committed Safety Projects-Richmond; Committed Safety Projects-Salem; Committed Safety Projects-Staunton; Committed Safety Projects-Local Safety; Support for HSIP Program and Planning	106548; 106549; 106551; 106552; 106553; 106554; 106555; 106556; 106557; 106558; 110368	Statewide	SHSP DEVELOPMENT AND IMPLEMENTATION	110369	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$2,800,000	\$4,800,000	\$4,800,000	58.3%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the District Committed Safety line items and Safety Planning and Support line item to fund a scheduled statewide project.
9	Bristol; Culpeper; Fredericksburg; Hampton Roads; Lynchburg; Northern Virginia; Richmond; Salem; Statewide; Staunton	Committed Safety Projects-Bristol; Committed Safety Projects-Culpeper; Committed Safety Projects-Fredericksburg; Committed Safety Projects-Hampton Roads; Committed Safety Projects-Lynchburg; Committed Safety Projects-Northern Virginia; Committed Safety Projects-Richmond; Committed Safety Projects-Salem; Committed Safety Projects-Staunton; Committed Safety Projects-Local Safety; Support for HSIP Program and Planning	106548; 106549; 106551; 106552; 106553; 106554; 106555; 106556; 106557; 106558; 110368	Statewide	Support for HSIP Crash and Data Analysis	110370	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$4,630,000	\$6,130,000	\$6,130,000	75.5%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the District Committed Safety line items and Safety Support and Planning line item to fund a scheduled statewide project.
10	Statewide	STATEWIDE RAIL SAFETY BALANCE ENTRY	70704	Statewide	Highway-Rail Section 130 Pre Scoping PE Only	112213	Rail Highway Crossings:Statewide - Federal; Rail Highway Crossings:Statewide - Soft Match	\$300,000	\$300,000	\$300,000	100.0%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the Statewide Rail Balance Entry line item to fund a scheduled project.
11	Statewide	Support for HSIP Program and Planning	110368	Statewide	Safety Circuit Rider	112286	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$1,200,000	\$1,200,000	\$1,200,000	100.0%	Transfer of surplus funds recommended by District and Traffic Engineering Division from the Statewide Safety Support and Planning line item to fund a scheduled project.

Six-Year Improvement Program Allocation Transfer Threshold Report

Row	Donor District	Donor Description	Donor UPC	Recipient District	Recipient Description	Recipient UPC	Fund Source	Transfer Amount	Total Allocation	Total Estimate	Transfer Percent	Comment
A	Statewide	STATEWIDE BRIDGE BALANCE ENTRY	-16981	Bristol	Fed ID 22547 Rte. 61 E Riverside Drive@Clinch River Va#1805	86292	STP:Bridge - Federal; STP:STP Bridge - Soft Match	\$9,199	\$1,586,171	\$1,507,522	0.6%	Transfer of surplus funds recommended by the District and Structure and Bridge Division from the Statewide Bridge Balance Entry line item to fund a scheduled project.
B	Bristol	Dotson Ridge Rd over N Fork Holston River Va#6023 Fed ID17568	86295	Bristol	Route 72 Structure 1017 over Laurel Branch Fed ID 5798	109672	CTB Formula:Bridge - State; STP:Bridge - Federal; STP:STP Bridge - Soft Match	\$26,702	\$593,404	\$623,000	4.5%	Transfer of surplus funds recommended by District and Structure and Bridge Division from a completed project to fund a scheduled project.
C	Statewide	FERRY BOAT PROGRAM	110839	Hampton Roads	Replace Ferry Boat Pocahontas Engines and Drive Systems	108490	Ferry Boat Program:Soft Match	\$612,636	\$6,245,811	\$900,000	9.8%	Transfer of surplus funds recommended by District from the Ferryboat Balance Entry line item to fund a scheduled project.
D	Statewide	ADA REQUIREMENTS	-15522	Hampton Roads	ADA Compliance - Hampton Roads	110328	STP:Statewide - Federal; STP:STP Statewide - Soft Match	\$59,910	\$531,653	\$471,743	11.3%	Transfer of surplus funds recommended by the District and Traffic Engineering from the Statewide ADA Balance Entry line item to underway project for award.
E	Lynchburg	RTE 151 - SHOULDER WIDENING / RUMBLE STRIPS / GR UPGRADES	109593	Lynchburg	SAFETY PRESCOPING - LYNCHBURG	109817	Highway Safety Improvements:Federal; Highway Safety Improvements:Soft Match	\$102,535	\$554,144	\$554,144	18.5%	Transfer of surplus funds recommended by District and Traffic Engineering Division from an underway project to fund an underway project.
F	Northern Virginia	MAJOR BRIDGE REHABILITATION ON WASHINGTON BLVD/RT 27 @RT 110	82131	Northern Virginia	I-395 HOV Ramp @ Seminary Road	96261	Residue Parcel Revenue:State	\$115,438	\$56,343,139	\$56,227,701	0.2%	Transfer of surplus funds recommended by District from an underway project to a completed project.
G	Northern Virginia	ITS Integration Phase II; RTE 236 - DUKE STREET PEDESTRIAN ACCESS IMPROVEMENTS	63364; 103932	Northern Virginia	ITS INTEGRATION - PHASE IV	106562	CMAQ:Federal; CMAQ:PM 2.5 - Federal; CMAQ:PM 2.5 - State Match; Project Contributions:Various Sources	\$118,106	\$2,676,311	\$2,158,205	4.4%	Transfer of surplus funds recommended by District and MPO from a completed project and an underway project to fund a scheduled project.
H	Northern Virginia	UPGRADE EXISTING SIGNAL LEESBURG PK & SOUTH GEORGE MASON DR	-17873	Northern Virginia	NOVA REGIONAL SIGNAL UPGRADES PROGRAM - FY17	106990	Discretionary Grants:State Match; Highway Safety Improvements:Federal; Highway Safety Improvements:State Match	\$410,000	\$3,460,150	\$3,460,150	11.8%	Transfer of surplus funds recommended by District and Traffic Engineering Division from a canceled project to the District Regional Signal Upgrades line item.

Six-Year Improvement Program Allocation Transfer Threshold Report

Row	Donor District	Donor Description	Donor UPC	Recipient District	Recipient Description	Recipient UPC	Fund Source	Transfer Amount	Total Allocation	Total Estimate	Transfer Percent	Comment
i	Richmond	RTE 684 - BRIDGE-ONLY REPLACEMENT (FED ID 13863)	93089	Richmond	RTE 651 (GEORGETOWN RD) - BRIDGE REPLACEMENT	51261	STP:BROS - Federal; STP:BROS - Soft Match	\$77,572	\$2,597,513	\$2,371,989	3.0%	Transfer of surplus funds recommended by the District and Structure and Bridge Division from a scheduled project to fund a completed project.
j	Staunton	Formula Fund Balance Entry- Staunton	-11524	Staunton	Rte. 638 – Replace Bridge 01154 & Appr over Jackson River	88564	Bond Match:State Bond Match; Bridge Replacement:Federal	\$11,368	\$3,662,495	\$3,662,495	0.3%	Transfer of surplus funds recommended by District And Structure and Bridge Division from the District Formula Balance Entry line item to fund a scheduled project.



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 5

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

Title: Economic Development Access to
Patriot Centre at Beaver Creek, Lot 4
Project ECON-044-036 Henry County

WHEREAS, § 33.2-1509 of the *Code of Virginia* provides a fund to "...be expended by the Board for constructing, reconstructing, maintaining or improving access roads within localities to economic development sites on which manufacturing, processing, research and development facilities, distribution centers, regional service centers, corporate headquarters, or other establishments that also meet basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Small Business and Supplier Diversity will be built under firm contract or are already constructed ..." and, "in the event there is no such establishment or... firm contract, a locality may guarantee to the Board by bond or other acceptable device that such will occur and, should no establishment or airport acceptable to the Board be constructed or under firm contract within the time limits of the bond, such bond shall be forfeited."; and

WHEREAS, the Henry County Board of Supervisors has, by appropriate resolution, requested Economic Development Access Program funds to serve eligible property within the development of Patriot Centre at Beaver Creek, off of Route 1188 and said access is estimated to cost approximately \$876,000; and

WHEREAS, it appears that this request falls within the intent of § 33.2-1509 of the *Code of Virginia* and complies with the provisions of the Commonwealth Transportation Board's (CTB) policy on Economic Development Access.

NOW, THEREFORE, BE IT RESOLVED, that \$650,000 (\$500,000 unmatched, \$150,000 matched) of the Economic Development, Airport and Rail Access Fund is allocated to provide adequate access to eligible property within Patriot Centre at Beaver Creek, located off of Route 1188, Project ECON-044-036, contingent upon:

1. All right of way, environmental assessments and remediation, and utility adjustments being provided at no cost to the Commonwealth; and
2. Execution of an appropriate contractual agreement between the County of Henry (LOCALITY) and the Virginia Department of Transportation (VDOT), to provide for the:
 - a. Design, administration, construction and maintenance of this project; and
 - b. Payment of all ineligible costs, and of any eligible costs in excess of this allocation, from sources other than those administered by VDOT; and
 - c. Provision by the LOCALITY of either i) documentation of a least \$3,250,000 of eligible capital outlay attributed to qualifying business on property served exclusively by this project, or ii) should documentation of capital outlay be insufficient, an appropriate bond or other acceptable surety device by the LOCALITY to VDOT, not to expire before November 24, 2022, without written permission of VDOT. Such surety device shall provide for reimbursement to VDOT of any expenses incurred by the Economic Development, Airport and Rail Access Fund for this project's construction not justified by the eligible capital outlay of establishments served by the project. If, by October 24, 2022, at least \$3,250,000 of eligible capital outlay on property served exclusively by this project has not been expended or committed by firm contract by a qualified establishment or establishments, then an amount equal to 20% of the eligible capital outlay of up to \$3,250,000 will be credited toward the project's Economic Development Access Program allocation utilized in the project's construction and the balance of the utilized allocation not justified by eligible capital outlay will be returned to VDOT and the Economic Development, Airport and Rail Access Fund. This surety may be released or reduced accordingly at an earlier date upon provision of documentation of eligible capital outlay by a qualified establishment, or establishments; and
3. Determination by VDOT of eligible capital outlay in accordance with current policy and procedures for administering the Economic Development Access Program.

#####

CTB Decision Brief

Economic Development Access – Henry County Patriot Centre at Beaver Creek, Lot 4

Issue: Pursuant to § 33.2-1509 of the *Code of Virginia* and the Economic Development Access Policy of the Commonwealth Transportation Board (CTB), the Henry County Board of Supervisors has requested funds from the Economic Development Access (EDA) Program to assist in constructing road access to eligible property located within Patriot Centre at Beaver Creek. Allocation of the requested funds by the CTB is sought.

Facts: § 33.2-1509 of the *Code of Virginia* authorizes the CTB to expend funds set aside for constructing access roads to economic development sites on which certain establishments as prescribed by the *Code* or other establishments that meet the basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Small Business and Supplier Diversity will be built under firm contract or are already constructed. In the event there is no such establishment already constructed or construction of such establishment is not under firm contract, a locality may guarantee to the CTB by bond or other acceptable device that such will occur.

On June 20, 2012 the Commonwealth Transportation Board (CTB) adopted the Economic Development Access Fund Policy (CTB Policy) that sets forth certain criteria which must be met for projects to be eligible for such funding and directed the Commonwealth Transportation Commissioner (now Commissioner of Highways) to establish administrative procedures to administer to assure adherence to the CTB Policy and legislative requirements. The Commissioner established such administrative procedures in the Economic Development Access Program Guide (Guide) administered by the Local Assistance Division of the Virginia Department of Transportation (VDOT).

Henry County plans to continue its development within Patriot Centre at Beaver Creek to access property located west of Route 663, off of Route 1188. The property does not currently have access to a public road system. The County proposes to construct a new roadway to provide access to three parcels totaling approximately 16.9 acres. Henry County will administer design and construction of the proposed access road project.

The Local Assistance Division has consulted with the Virginia Economic Development Partnership (VEDP) regarding Henry County's plans for this development and VEDP staff has provided support for the County's plans to attract qualifying business operations to this site.

The proposed access road is planned to provide for a 24-foot wide asphalt roadway with curb and gutter within a 50-foot right of way, extending from Route 1188 and continuing east approximately 0.31 mile in length to provide appropriate and adequate access to planned operation entrances. VDOT District staff recommends the project and concurs in the estimated project cost of \$876,000 for eligible items and quantities. Henry County will be responsible for financial arrangements to provide for the required EDA Program matching funds, as appropriate, and all project costs exceeding the state EDA Program allocation to fully fund the project. Documentation of qualifying capital investments of \$3,250,000 or receipt of appropriate bonding from the County will be required.

CTB Decision Brief

Economic Development Access – Patriot Centre at Beaver Creek, Lot 4 – Henry County

July 24, 2017

Page Two

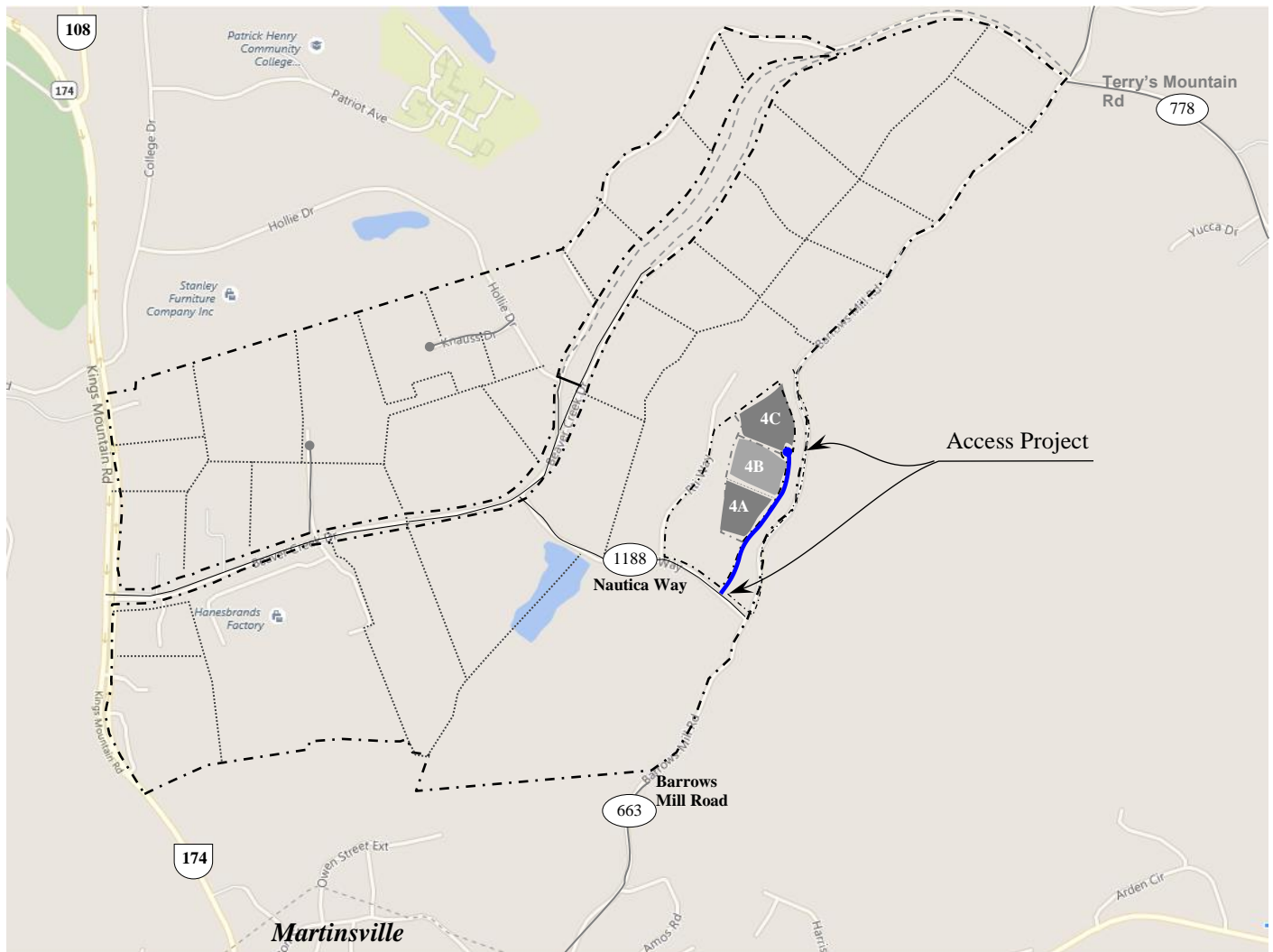
Recommendations: VDOT recommends that the maximum allocation of \$650,000 (\$500,000 unmatched, \$150,000 matched) from the Economic Development, Airport and Rail Access Fund be approved for construction of this project, subject to certain contingencies as set forth in the accompanying resolution.

Action Required by the CTB: The *Code of Virginia* and the CTB's Economic Development Access Fund Policy specify that the CTB shall approve of the allocation of funds for the construction of the access road project. A resolution is provided for formal vote.

Result, if Approved: VDOT and the County of Henry will proceed with the Economic Development Access road project.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None



PROPOSED ECONOMIC DEVELOPMENT ACCESS PROJECT
Patriot Centre at Beaver Creek, Lot 4
Project ECON-044-036
Henry County

<u>Economic Development Facility / Site</u>	<u>Access Facility</u>
Development of 3 parcel subdivision totaling 16.9 acres	Project Length: 0.31 mile
	Pavement Width: 24 feet
	R/W Width: 60 feet
	Estimated Cost: \$876,000
	Proposed Allocation: \$650,000
	\$500,000 unmatched, \$150,000 matched)

RESOLUTION OF THE HENRY COUNTY BOARD OF SUPERVISORS

At a regularly scheduled meeting of the Henry County Board of Supervisors held on July 25, 2017:

WHEREAS, the Henry County Board of Supervisors desires to assist in the development of property for the purpose of economic development located off of Nautica Way (Route 1188) in the County of Henry, Virginia, within the Patriot Centre at Beaver Creek; and

WHEREAS, this property is expected to be the sites of new private capital investment in land, building, and manufacturing equipment which will provide substantial employment; and

WHEREAS, the subject property has no access to a public street or highway and will require the construction of a new roadway to connect with Nautica Way (Route 1188); and

WHEREAS, the County of Henry guarantees that the necessary environmental analysis, mitigation, fee simple right of way and utility relocations or adjustments, if necessary, for this project will be provided at no cost to the Economic Development, Airport and Rail Access Fund; and

WHEREAS, the County of Henry hereby acknowledges that no land disturbance activities may occur within the limits of the proposed access project prior to appropriate notification from the Department of Transportation; and

WHEREAS, the County of Henry hereby acknowledges that the Virginia Department of Transportation's Economic Development Access (EDA) Program may provide up to a maximum of \$650,000 for a project and requires matching funding, up to \$150,000 from the County of Henry, for estimated eligible project costs over \$500,000, up to \$800,000.

WHEREAS, the County of Henry hereby guarantees that the financing of all ineligible project costs, project costs exceeding the maximum EDA Program project allocation and all costs not justified by eligible capital outlay will be provided from sources other than those administered by the Virginia Department of Transportation:

NOW, THEREFORE, BE IT RESOLVED THAT: The Henry County Board of Supervisors hereby requests that the Commonwealth Transportation Board provide Economic Development Access Program funding to provide an adequate road to this property; and

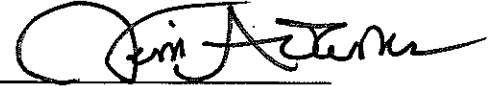
BE IT FURTHER RESOLVED THAT: The Henry County Board of Supervisors hereby agrees to provide a surety or bond, acceptable to and payable to the Virginia Department of Transportation, in the full amount of the Commonwealth Transportation Board's allocation less eligible private capital outlay credit as determined by VDOT; this surety shall be exercised by the Department of Transportation in the event that sufficient qualifying capital investment does not occur on Lots 4A, 4B, and 4C, Patriot Centre at Beaver Creek within five years of the Commonwealth Transportation Board's allocation of funds pursuant to this request; and

BE IT FURTHER RESOLVED THAT: The County Administrator and/or his designee(s) be authorized to act on behalf of the Henry County Board of Supervisors to execute any and all documents necessary to secure the funding sought through the Economic Development Access (EDA) Program and commit the requisite amount of matching funds and additional project financing, as necessary, to comply with the EDA Program to fully fund the project; and

BE IT FURTHER RESOLVED THAT: The Henry County Board of Supervisors hereby requests that the new roadway so constructed will be added to and become a part of the secondary system of state highways; County of Henry pursuant to Section 33.2-1509, paragraph C., of the *Code of Virginia*.

(SEAL)

A COPY TESTE:



Chairperson



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 6

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

Title: Economic Development Access to
New River Valley Commerce Park
Project ECON-077-773, Pulaski County

WHEREAS, § 33.2-1509 of the *Code of Virginia* provides a fund to "...be expended by the Board for constructing, reconstructing, maintaining or improving access roads within localities to economic development sites on which manufacturing, processing, research and development facilities, distribution centers, regional service centers, corporate headquarters, or other establishments that also meet basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Small Business and Supplier Diversity will be built under firm contract or are already constructed ..." and, "in the event there is no such establishment or... firm contract, a locality may guarantee to the Board by bond or other acceptable device that such will occur and, should no establishment or airport acceptable to the Board be constructed or under firm contract within the time limits of the bond, such bond shall be forfeited."; and

WHEREAS, the Pulaski County Board of Supervisors has, by appropriate resolution, requested Economic Development Access Program funds to serve eligible property within the development of New River Valley Commerce Park, off of Route 100 and said access is estimated to cost approximately \$500,000; and

WHEREAS, it appears that this request falls within the intent of § 33.2-1509 of the *Code of Virginia* and complies with the provisions of the Commonwealth Transportation Board's (CTB) policy on Economic Development Access.

NOW, THEREFORE, BE IT RESOLVED, that \$500,000 of the Economic Development, Airport and Rail Access Fund is allocated to provide adequate access to eligible property within New River Valley Commerce Park, located off of Route 100, Project ECON-077-773, contingent upon:

1. All right of way, environmental assessments and remediation, and utility adjustments being provided at no cost to the Commonwealth; and
2. Execution of an appropriate contractual agreement between the County of Pulaski (LOCALITY) and the Virginia Department of Transportation (VDOT), to provide for the:
 - a. Design, administration, construction and maintenance of this project; and
 - b. Payment of all ineligible costs, and of any eligible costs in excess of this allocation, from sources other than those administered by VDOT; and
 - c. Provision by the LOCALITY of either i) documentation of a least \$2,500,000 of eligible capital outlay attributed to qualifying business on property served exclusively by this project, or ii) should documentation of capital outlay be insufficient, an appropriate bond or other acceptable surety device by the LOCALITY to VDOT, not to expire before November 24, 2022, without written permission of VDOT. Such surety device shall provide for reimbursement to VDOT of any expenses incurred by the Economic Development, Airport and Rail Access Fund for this project's construction not justified by the eligible capital outlay of establishments served by the project. If, by October 24, 2022, at least \$2,500,000 of eligible capital outlay on property served exclusively by this project has not been expended or committed by firm contract by a qualified establishment or establishments, then an amount equal to 20% of the eligible capital outlay of up to \$2,500,000 will be credited toward the project's Economic Development Access Program allocation utilized in the project's construction and the balance of the utilized allocation not justified by eligible capital outlay will be returned to VDOT and the Economic Development, Airport and Rail Access Fund. This surety may be released or reduced accordingly at an earlier date upon provision of documentation of eligible capital outlay by a qualified establishment, or establishments; and
3. Determination by VDOT of eligible capital outlay in accordance with current policy and procedures for administering the Economic Development Access Program.

#####

CTB Decision Brief

Economic Development Access – Pulaski County New River Valley Commerce Park

Issue: Pursuant to § 33.2-1509 of the *Code of Virginia* and the Economic Development Access Policy of the Commonwealth Transportation Board (CTB), the Pulaski County Board of Supervisors has requested funds from the Economic Development Access (EDA) Program to assist in constructing road access to eligible property located within New River Valley Commerce Park. Allocation of the requested funds by the CTB is sought.

Facts: § 33.2-1509 of the *Code of Virginia* authorizes the CTB to expend funds set aside for constructing access roads to economic development sites on which certain establishments as prescribed by the *Code* or other establishments that meet the basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Small Business and Supplier Diversity will be built under firm contract or are already constructed. In the event there is no such establishment already constructed or construction of such establishment is not under firm contract, a locality may guarantee to the CTB by bond or other acceptable device that such will occur.

On June 20, 2012 the Commonwealth Transportation Board (CTB) adopted the Economic Development Access Fund Policy (CTB Policy) that sets forth certain criteria which must be met for projects to be eligible for such funding and directed the Commonwealth Transportation Commissioner (now Commissioner of Highways) to establish administrative procedures to administer to assure adherence to the CTB Policy and legislative requirements. The Commissioner established such administrative procedures in the Economic Development Access Program Guide (Guide) administered by the Local Assistance Division of the Virginia Department of Transportation (VDOT).

Pulaski County plans to develop 95.83 acres within the New River Valley Commerce Park, located north of the Town of Dublin off of Route 100. The property does not have adequate, access to a public road system. The County proposes to improve International Boulevard east from Route 100 to the primary entrance of the site development. The Virginia Economic Development Partnership (VEDP) will determine whether any future identified business(es) are qualifying establishment(s) warranting the use of Economic Development Access Program funds. Currently, while the County is in preliminary negotiations with potential qualifying businesses, none have offered a formal commitment. Pulaski County will administer design and construction of the proposed access road project.

The proposed access road is planned to provide for improvement to the existing roadway substructure, and provide an asphalt overlay to a 48-foot wide section for 0.23 miles east of Route 100 and then reduce the asphalt overlay to a 24-foot wide section for an approximate distance of 0.34 miles; terminating at the primary entrance of the site development. Right of way is 125 feet wide for the four-lane buildout of the road to allow for future development. VDOT District staff recommends the project and have estimated project costs for eligible items and quantities to be \$500,000. Pulaski County will be responsible for financial arrangements to provide for all project costs exceeding the state EDA Program allocation. Documentation of qualifying capital investments of \$2,500,000 or receipt of appropriate bonding from the County will be required.

CTB Decision Brief

Economic Development Access – New River Valley Commerce Park – Pulaski County

October 24, 2017

Page Two

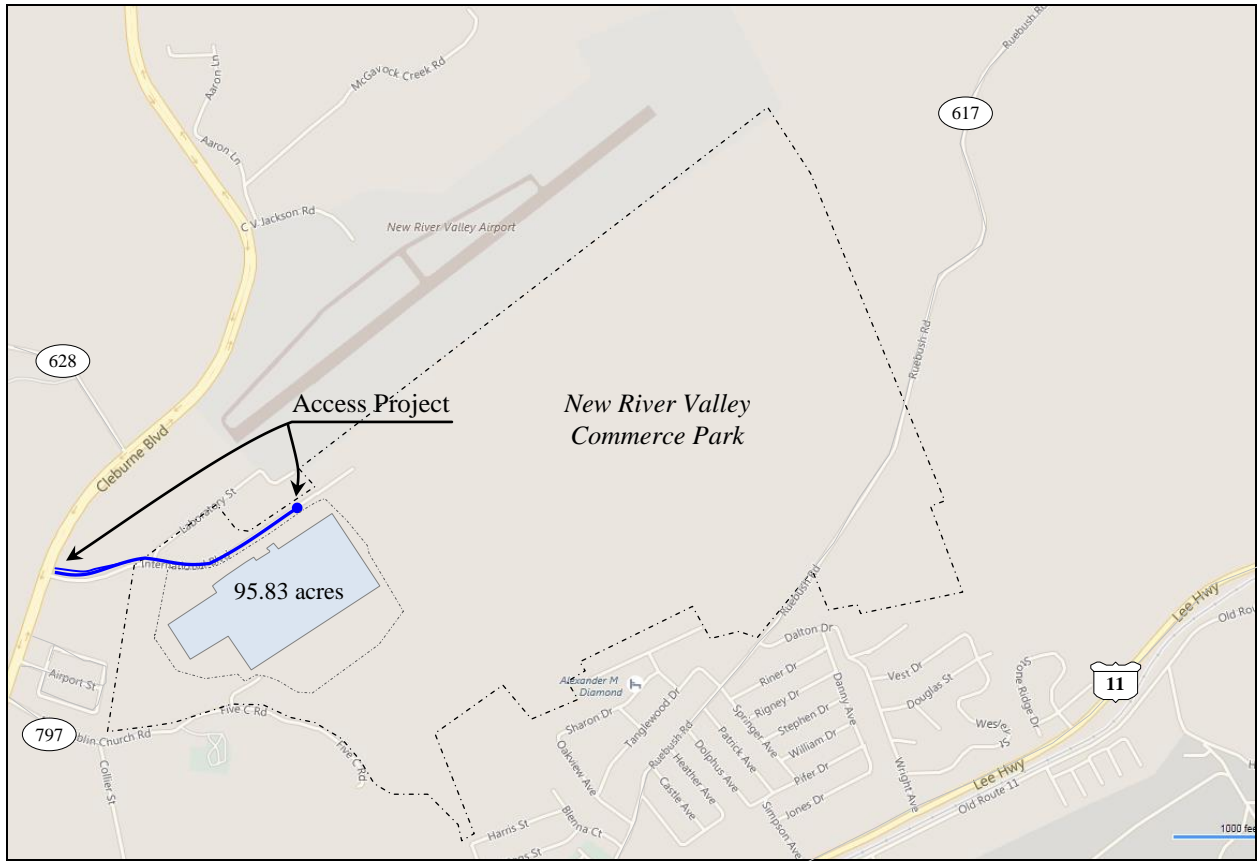
Recommendations: VDOT recommends that the maximum allocation of \$500,000 from the Economic Development, Airport and Rail Access Fund be approved for construction of this project, subject to certain contingencies as set forth in the accompanying resolution.

Action Required by the CTB: The *Code of Virginia* and the CTB's Economic Development Access Fund Policy specify that the CTB shall approve of the allocation of funds for the construction of the access road project. A resolution is provided for formal vote.

Result, if Approved: VDOT and Pulaski County will proceed with the Economic Development Access road project.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None



PROPOSED INDUSTRIAL ACCESS PROJECT
New River Valley Commerce Park
Project EDA-077-773
Pulaski County

Economic Development Facility / Site

Proposed development on 95.83 acres within 1,000+ acre regional industrial facility park.

Access Facility

Access Project Length: 0.57 mile
 Pavement Width: 48' (0.23 mile)
 24' (0.34 mile)
 R/W Width: 125 Feet
 Estimated Cost: \$500,000
 Proposed Allocation: \$500,000 (bonded)

RESOLUTION - INTERNATIONAL BOULEVARD IMPROVEMENTS

At a regularly scheduled meeting of the Pulaski County Board of Supervisors held on February 27, 2017, on a motion by Mr. Dean K. Pratt, seconded by Mr. Charles R. Bopp, the following resolution was adopted by a vote of 5 to 0:

WHEREAS, the Virginia's First Regional Industrial Facility Authority has acquired property for the purpose of economic development located off of International Boulevard in the County of Pulaski, Virginia, within the New River Valley Commerce Park; and

WHEREAS, this property is expected to be the site of new private capital investment in land, building, and manufacturing equipment which will provide substantial employment; and

WHEREAS, the existing public road network does not provide for adequate access to this property and it is deemed necessary that improvements be made to International Boulevard; and

WHEREAS, the County of Pulaski hereby guarantees that the necessary environmental analysis, mitigation, fee simple right-of-way and utility relocations or adjustments, if necessary, for this project will be provided at no cost to the Economic Development, Airport and Rail Access Fund; and

WHEREAS, the County of Pulaski acknowledges that no land disturbance activities may occur within the limits of the proposed access project prior to appropriate notification from the Department of Transportation; and

WHEREAS, the County of Pulaski must provide for additional funding as necessary for projects where costs are expected to exceed the capital investment credit or the EDA state allocation (and local matching funds, if applicable).

NOW, THEREFORE, BE IT RESOLVED THAT: The Pulaski County Board of Supervisors hereby requests that the Commonwealth Transportation Board provide Economic Development Access Program funding to provide an adequate road to this property; and

BE IT FURTHER RESOLVED THAT: The Pulaski County Board of Supervisors hereby agrees to provide a surety or bond, acceptable to and payable to the Virginia Department of Transportation, in the full amount of the Commonwealth Transportation Board's allocation less eligible private capital outlay credit as determined by VDOT; this surety shall be exercised by the Department of Transportation in the event that sufficient qualifying capital investment does not occur on Parcel No. 036-005-0000-0005 within five years of the Commonwealth Transportation Board's allocation of funds pursuant to this request; and

BE IT FURTHER RESOLVED THAT: The County Administrator and/or his designee(s) be authorized to act on behalf of the Pulaski County Board of Supervisors to execute any and all documents necessary to secure the funding sought through the Economic Development Access Program up to, but not exceeding, \$500,000 state funds.



A COPY TESTE:



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 7

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

Title: Recreational Access to Summit View Business and Recreational Park Project RECR-033-834, Franklin County

WHEREAS, § 33.2-1510 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 to public recreational areas and historical sites be provided..." and sets aside highway funds for such purpose, "... [w]hen the Director of the Department of Conservation and Recreation has designated a public recreational area as such ... and recommends to the [Commonwealth Transportation] Board that an access road or bikeway be provided or maintained to that area"; and

WHEREAS, the Director of the Department of Conservation and Recreation (DCR) and the Commonwealth Transportation Board (CTB) have adopted a joint policy to govern the use of the Recreational Access Fund pursuant to § 33.2-1510 of the *Code of Virginia*; and

WHEREAS, the Franklin County Board of Supervisors has, by appropriate resolution, requested Recreational Access funds to provide road access to serve new recreational facilities proposed to be located off of Route 696 within the planned Summit View Business and Recreational Park in Franklin County and said road access is estimated to cost \$350,000; and

WHEREAS, this request is under consideration by the Director of DCR for full compliance with the provisions of § 33.2-1510 of the *Code of Virginia*; and

NOW, THEREFORE, BE IT RESOLVED, that from the Recreational Access Fund \$300,000 (\$250,000 unmatched and \$50,000 matched) for road construction be allocated to provide adequate access to new recreational facilities within the proposed planned Summit View Business and Recreational Park to be located off of Route 696 in Franklin County, Project RECR-033-834, contingent upon:

1. The Director of DCR recommending the use of the Recreational Access Fund for the construction of the access roadway and bikeway to the proposed new facilities within Summit View Business and Recreational Park; and
2. All right of way, environmental assessments and remediation, and utility adjustments being provided at no cost to the Commonwealth; and
3. Execution of an appropriate contractual agreement between the County of Franklin (LOCALITY) and the Virginia Department of Transportation (VDOT) to provide for the:
 - a. design, administration, construction and maintenance of this project; and
 - b. provision of up to \$50,000 in matching funds, as necessary, by the LOCALITY for construction of the access road; and
 - c. payment of all ineligible project costs, and of any eligible project costs in excess of the respective allocation amount for the roadway access project from sources other than those administered by VDOT.

####

CTB Decision Brief

Recreational Access – Franklin County Summit View Business and Recreational Park

Issue: Pursuant to § 33.2-1510 of the *Code of Virginia*, the Franklin County Board of Supervisors has requested funds from the Recreational Access Program to provide adequate road access to proposed new facilities within the planned Summit View Business and Recreational Park.

Facts: Section 33.2-1510 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall expend from funds set aside for the construction of access roads and bikeways to public recreational areas and historical sites under this section of the *Code of Virginia*. Further, this section of the *Code of Virginia* grants the CTB the authority to construct access roads and bikeways to public recreational areas and historical sites when the governing body of the county in which the access road is to be provided passes a resolution requesting the road and when the Director of the Department of Conservation and Recreation (DCR) has designated the public recreational area as such and recommends to the CTB that an access road be provided to that area.

Franklin County plans to develop the Summit View Business and Recreational Park off of Route 696. Recreational facilities proposed to be accessed by the requested project include a recreational pavilion and sports fields to be built in 2018. Passive recreation spaces and multi-use trails are planned to be placed throughout the park as well. The road access project recommended by staff as adequate to serve proposed facilities within Summit View Business and Recreational Park involves construction of a 24-foot wide asphalt roadway, within 50 feet of right of way, from Route 696 and continuing southeast, approximately 0.18 miles, to the proposed parking lot. The locality will administer the design and construction of the proposed road project. Salem District staff has estimated the cost of the road access project to be \$350,000. Franklin County will be responsible for financial arrangements to fully fund the estimated project costs exceeding the Recreational Access Program allocation from sources other than those administered by VDOT.

The Local Assistance Division has coordinated with DCR staff to confirm support for the project. It is anticipated that the Director will recommend utilization of Recreational Access funds to provide adequate access to the park.

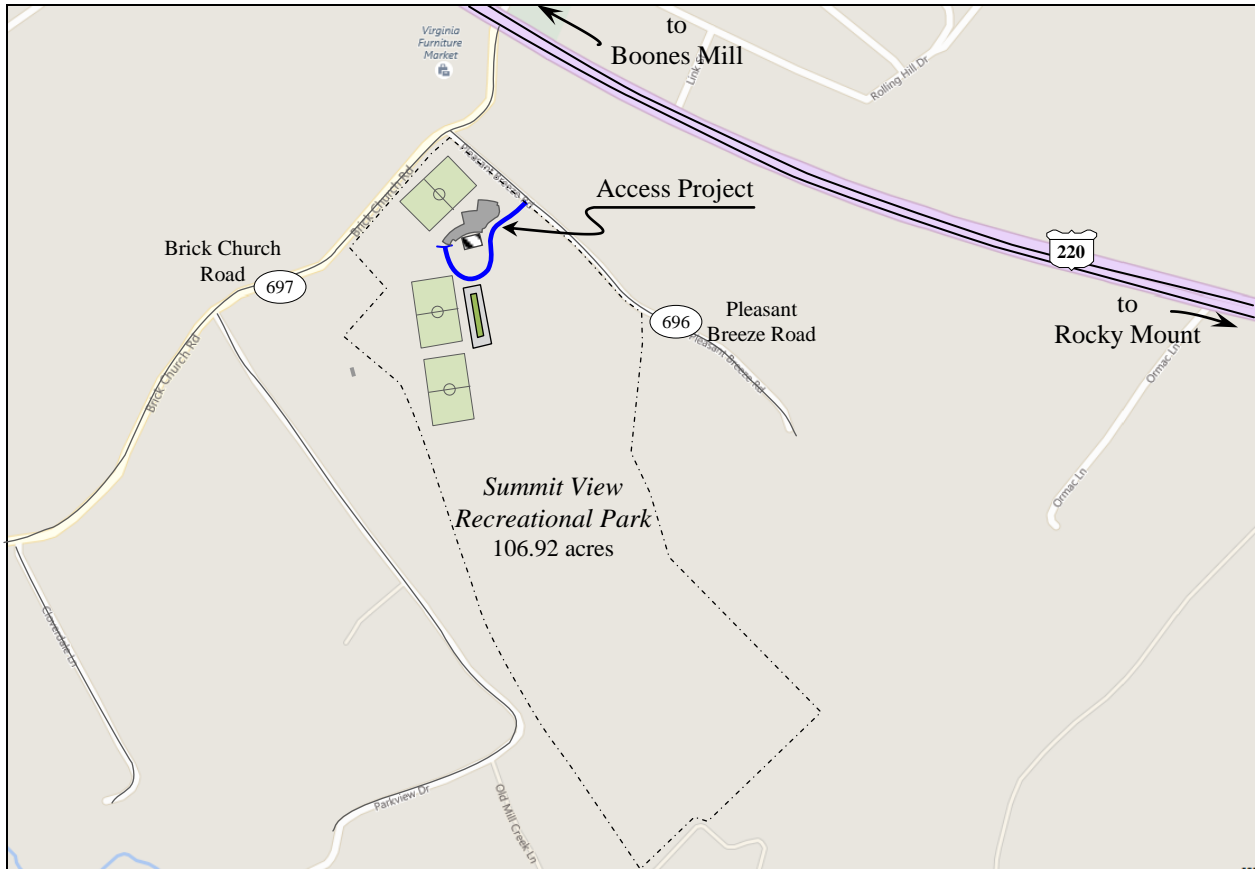
Recommendations: VDOT recommends that Recreational Access Program funding in the amount of \$300,000 (\$250,000 unmatched and \$50,000 matched) from the Recreational Access Fund for the construction of this project, subject to certain contingencies as set forth in the accompanying resolution.

Action Required by the CTB: Prior to expending funds set aside for access roads to public recreational areas and historical sites, the *Code of Virginia* specifies that the CTB shall declare by resolution that the access road project be provided. A resolution is provided for formal vote.

Result, if Approved: VDOT and Franklin County will proceed with the recreational access road project.

Options: Approve, Deny, or Defer.

Public Comments/Reaction: None



PROPOSED RECREATIONAL ACCESS PROJECT
Summit View Recreational Park
Project RECR-011-834
Franklin County

Recreational Facility

Planned development within 106.92-acre park consisting of a multi-use pavilion, 3 athletic fields, splash park, bike park and trails, and parking lots.

Estimated traffic: 135 vpd

Access Facility

Length: 0.18 mile

Pavement Width: 24 feet

R/W Width: 50 feet

Estimated Cost: \$350,000

Proposed Allocation: \$300,000

(\$250,000 unmatched, \$50,000 matched)



Franklin County

A Natural Setting for Opportunity

Combined Recreational Access Road and Bikeway

COUNTY OF FRANKLIN BOARD OF SUPERVISORS

Date April 18, 2017

At a regularly scheduled meeting of the County of Franklin Board of Supervisors held on April 18, 2017, on a motion by Charles Wagner seconded by Leland Mitchell for the following resolution was adopted by a vote of 7-0 vote:

WHEREAS, The Franklin County Business and Recreational Park is owned and is to be developed by the County of Franklin as a recreational facility serving the residents of the County of Franklin and adjoining localities; and

WHEREAS, the property on which this facility is located has no access to a public street or roadway and will require the construction of a new roadway and bikeway which will connect to Pleasant Breeze Road (Route 696); and

WHEREAS, the procedure governing the allocation of recreational access funds as set forth in Section [33.1-223](#) of the *Code of Virginia* requires joint action by the Director of the Department of Conservation and Recreation and the Commonwealth Transportation Board; and

WHEREAS, a statement of policy agreed upon between the said Director and Board approves the use of such funds for the construction of access facilities to publicly-owned recreational or historical areas; and

WHEREAS, the Board has duly adopted a zoning ordinance pursuant to Article 7 (Section [15.2-2280](#) et seq), Chapter 22, Title 15.2 of the *Code of Virginia*; and

WHEREAS, it appears to this Board that all requirements of the law have been met to permit the Director of the Department of Conservation and Recreation to designate the Franklin County Business and Recreational Park as a public recreational facility and further permit the Commonwealth Transportation Board to provide funds for access to this public recreation/historical area in accordance with Section [33.1-223](#) of the *Code of Virginia*; and

WHEREAS, the Board agrees, in keeping with the intent of Section [33.1-63](#) of the *Code of Virginia*, to use its good offices to reasonably protect the aesthetic or cultural value of this road leading to or within areas of historical, natural or recreational significance; and

WHEREAS, the County of Franklin acknowledges that the State Environmental Review Process (SERP) must be completed prior to any construction activity on this project as a condition of the use of the Recreational Access Fund; and


WHEREAS, the County of Franklin hereby guarantees that the necessary environmental analysis, mitigation, and fee simple right of way for this improvement, and utility relocations or adjustments, if necessary, will be provided at no cost to the Virginia Department of Transportation; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Supervisors of the County of Franklin hereby requests the Director of the Department of Conservation and Recreation to designate the Franklin County Business and Recreational Park as a public recreational area and to recommend to the Commonwealth Transportation Board that recreational access funds be allocated for an adequate access road to serve said park area.

BE IT FURTHER RESOLVED, that the Commonwealth Transportation Board is hereby requested to allocate the necessary recreational access funds to provide a suitable access road and bikeway as hereinbefore described.

BE IT FURTHER RESOLVED, that the County Administrator and/or his designee(s) be authorized to act on behalf of the Board of Supervisors to execute any and all documents necessary to secure the funding sought through the Recreational Access Program up to, but not exceeding, \$410,000 state funds.

BE IT FURTHER RESOLVED, that the County of Franklin hereby agrees that the new roadway including the bikeway so constructed will be added to and become a part of the secondary system of highways.


Cline Brubaker, Chairman
Franklin County Board of Supervisors

ATTEST:



Brent Robertson, County Administrator
Franklin County





COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 8

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

**Title: Recreational Access to Westmoreland Recreational Complex
Project RECR-096-613, Westmoreland County**

WHEREAS, § 33.2-1510 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 to public recreational areas and historical sites be provided..." and sets aside highway funds for such purpose, "... [w]hen the Director of the Department of Conservation and Recreation has designated a public recreational area as such ... and recommends to the [Commonwealth Transportation] Board that an access road or bikeway be provided or maintained to that area"; and

WHEREAS, the Director of the Department of Conservation and Recreation (DCR) and the Commonwealth Transportation Board (CTB) have adopted a joint policy to govern the use of the Recreational Access Fund pursuant to § 33.2-1510 of the *Code of Virginia*; and

WHEREAS, the Westmoreland County Board of Supervisors has, by appropriate resolution, requested Recreational Access funds to provide road access to serve new recreational facilities proposed to be located off of Kings Highway (Route 3) within the planned Westmoreland Recreational Complex in Westmoreland County and said road access is estimated to cost \$762,000; and

WHEREAS, this request is under consideration by the Director of DCR for full compliance with the provisions of § 33.2-1510 of the *Code of Virginia*; and

WHEREAS, it is anticipated that the Director of DCR will recommend the construction of the aforementioned access; and

NOW, THEREFORE, BE IT RESOLVED, that from the Recreational Access Fund \$350,000 (\$250,000 unmatched and \$100,000 matched) for road construction be allocated to provide adequate access to new recreational facilities within the proposed Westmoreland Recreational Complex to be located off of Kings Highway in Westmoreland County, Project RECR-096-613, contingent upon:

1. The Director of DCR recommending the use of the Recreational Access Fund for the construction of the access roadway and bikeway to the proposed new facilities within Westmoreland Recreational Complex; and
2. All right of way, environmental assessments and remediation, and utility adjustments being provided at no cost to the Commonwealth; and
3. Execution of an appropriate contractual agreement between the County of Westmoreland (LOCALITY) and the Virginia Department of Transportation (VDOT) to provide for the:
 - a. Design, administration, construction and maintenance of this project; and
 - b. Provision of up to \$100,000 in matching funds, as necessary, by the LOCALITY for construction of the access road; and
 - c. Payment of all ineligible project costs, and of any eligible project costs in excess of the respective allocation amount for the roadway access project from sources other than those administered by VDOT.

#####

CTB Decision Brief

Recreational Access – Westmoreland County Westmoreland Recreational Complex

Issue: Pursuant to § 33.2-1510 of the *Code of Virginia*, the Westmoreland County Board of Supervisors has requested funds from the Recreational Access Program to provide adequate road access to proposed new facilities within the planned Westmoreland Recreational Complex.

Facts: Section 33.2-1510 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall expend from funds set aside for the construction of access roads and bikeways to public recreational areas and historical sites under this section of the *Code of Virginia*. Further, this section of the *Code of Virginia* grants the CTB the authority to construct access roads and bikeways to public recreational areas and historical sites when the governing body of the county in which the access road is to be provided passes a resolution requesting the road and when the Director of the Department of Conservation and Recreation (DCR) has designated the public recreational area as such and recommends to the CTB that an access road be provided to that area.

Westmoreland County plans to develop the Westmoreland Recreational Complex on 60 acres off of Kings Highway (Route 3). Recreational facilities proposed to be access by the requested project include six ball fields, open multi-use areas that can be used for soccer, two volleyball courts, picnic areas, playgrounds, and ADA accessible trails. The Locality will administer the design and construction of the proposed road project.

The County's plans for the proposed access road will provide for the connection of 640 feet of road with Route 3, which will be designed and constructed to provide access to the last entrance for the County's planned new high school. This portion will be built in conjunction with the access road to the Westmoreland Recreational Complex; however, the Westmoreland Recreational Complex access road will not be considered a part of the Recreational Access project. The County's plans for the access road are to construct a 24-foot wide asphalt roadway with appropriate shoulders and ditches, within 60-feet of right of way, continuing south approximately 0.41 mile and ending at a proposed parking lot. VDOT Fredericksburg District Staff concurs in the plans for the project and has determined that the project costs for eligible items and quantities represented in the County's \$762,000 estimate exceed the maximum Recreational Access Program project allocation. Westmoreland County will be responsible for financial arrangements to provide for the required Program matching funds, as appropriate, and all project costs exceeding the state Recreational Access Program allocation to fully fund the project.

The Local Assistance Division has coordinated with DCR staff to confirm support for the project. It is anticipated that the Director will designate the Westmoreland Recreational Complex as a public recreational area and will recommend utilization of Recreational Access funds to provide adequate access to the recreational area.

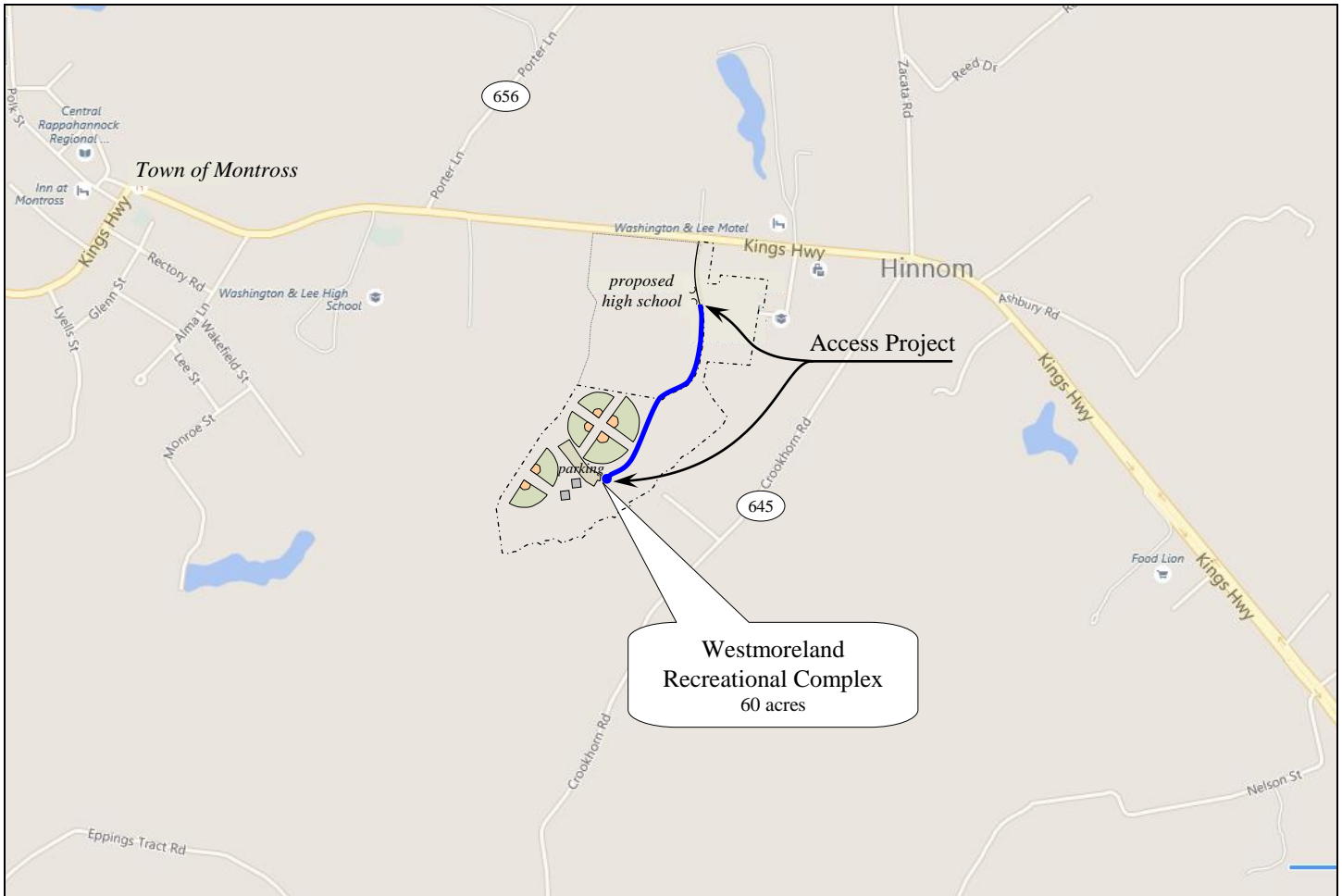
Recommendations: VDOT recommends Recreational Access Program funding in the maximum allocation of \$350,000 (\$250,000 unmatched and \$100,000 matched) from the Recreational Access Fund for construction of this project, subject to certain contingencies as set forth in the accompanying resolution.

Action Required by the CTB: Prior to expending funds set aside for access roads to public recreational areas and historical sites, the *Code of Virginia* specifies that the CTB shall declare by resolution that the access road project be provided. A resolution is provided for formal vote.

Result, if Approved: VDOT and Westmoreland County will proceed with the recreational access road project.

Options: Approve, Deny, or Defer.

Public Comments/Reaction: None



PROPOSED RECREATIONAL ACCESS PROJECT
Westmoreland Recreational Complex
Project RECR-096-613
Westmoreland County

Recreational Facility

Proposed facilities on 60 acres include 6 fields for baseball, softball and T-ball, 2 volleyball courts, multi-purpose field area, picnic areas, ADA accessible trail system, and parking area

Access Facility

Length: 0.41 mile
 Pavement Width: 24 feet
 R/W Width: 60 feet
 Estimated Cost: \$1.35 million
 Proposed Allocation: \$350,000
 (\$250,000 unmatched and \$100,000 matched)

DARRYL E. FISHER, CHAIRMAN
ELECTION DISTRICT NO. 1
HAGUE, VIRGINIA 22469

W. W. HYNSON, VICE CHAIRMAN
ELECTION DISTRICT NO. 4
COLONIAL BEACH, VIRGINIA 22443

RUSS CULVER
ELECTION DISTRICT NO. 2
MONTROSS, VIRGINIA 22520

DOROTHY DICKERSON TATE
ELECTION DISTRICT NO. 3
MONTROSS, VIRGINIA 22520

LARRY ROBERSON
ELECTION DISTRICT NO. 5
COLONIAL BEACH, VIRGINIA 22443



NORM RISAVI
County Administrator
P. O. BOX 1000
MONTROSS, VIRGINIA 22520-1000
PHONE: 804/493-0130
FAX: 804/493-0134
E-mail: nrisavi@westmoreland-county.org
Web Page: www.westmoreland-county.org

WESTMORELAND COUNTY, VIRGINIA

Board of Supervisors

MONTROSS, VIRGINIA 22520-1000

**RESOLUTION
RECREATION ACCESS FUND APPLICATION**

WHEREAS, the Westmoreland Recreational Complex is owned and is to be developed by the County of Westmoreland as a recreational facility serving the residents of Westmoreland County and adjoining localities; and

WHEREAS, the property on which this facility will be located has no access to a public street or roadway and will require the construction of a new roadway which will connect to State Route 3; and

WHEREAS, the procedure governing the allocation of recreational access funds as set forth in Section 33.2-1510 of the *Code of Virginia* requires joint action by the Director of the Department of Conservation and Recreation and the Commonwealth Transportation Board; and

WHEREAS, a statement of policy agreed upon between the said Director and Board approves the use of such funds for the construction of access roads to publicly-owned recreational or historical areas; and

WHEREAS, the Board of Supervisors has duly adopted a zoning ordinance pursuant to Article 7 (Section 15.2-2280 et seq), Chapter 22, Title 15.2 of the *Code of Virginia*; and

WHEREAS, it appears to this Board of Supervisors that all requirements of the law have been met to permit the Director of the Department of Conservation and Recreation to designate the Westmoreland Recreational Complex as a public recreational facility and further permit the Commonwealth Transportation Board to provide funds for access to this public recreation/historical area in accordance with Section 33.2-1510 of the *Code of Virginia*; and

WHEREAS, the Board of Supervisors agrees, in keeping with the intent of Section 33.2-405 of the *Code of Virginia*, to use its good offices to reasonably protect the aesthetic or cultural value of this road leading to or within areas of historical, natural or recreational significance; and

WHEREAS, the County of Westmoreland acknowledges that no land disturbance activities may occur within the limits of the proposed access project without the permission of the Department of Transportation as a condition of the use of the Recreational Access Fund; and

WHEREAS, the County of Westmoreland hereby guarantees that the necessary environmental analysis, mitigation, and fee simple right of way for this improvement, and utility relocations or adjustments, if necessary, will be provided at no cost to the Virginia Department of Transportation;

NOW, THEREFORE BE IT RESOLVED, that the Board of Supervisors of Westmoreland County hereby requests the Director of the Department of Conservation and Recreation to designate the Westmoreland Recreational Complex as a public recreational area and to recommend to the Commonwealth Transportation Board that recreational access funds be allocated for an adequate access road to serve said park area; and

BE IT FURTHER RESOLVED, that the Commonwealth Transportation Board is hereby requested to allocate the necessary recreational access funds to provide a suitable access road as hereinbefore described; and

BE IT FURTHER RESOLVED, that the Westmoreland County Board of Supervisors hereby agrees that the new roadway so constructed will be added to and become a part of the secondary system of highways.

Date of Adoption: February 13, 2017



**Darryl E. Fisher, Chairman
Board of Supervisors
Westmoreland County**

ATTEST:



Norm Risavi, County Administrator



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 9

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: Seconded By:

Action:

Title: Adoption of Goals and Policies for the Designation of Scenic Highways and Virginia Byways

WHEREAS, the Virginia Department of Transportation and the Virginia Department of Conservation and Recreation are mutually interested in the scenic, historic, cultural, and recreational assets of the Commonwealth; and

WHEREAS, the 1966 General Assembly enacted the Scenic Highways and Virginia Byways Act, which is currently codified at Section 33.2-405 et seq. of the Code of Virginia. This legislation charged the Commonwealth Transportation Board (CTB, originally the State Highway Commission) with responsibility for designating roads as Scenic Highways or Virginia Byways in cooperation with the Department of Conservation and Recreation (DCR, originally the Commission of Outdoor Recreation); and

WHEREAS, as defined in Virginia Code, Scenic Highways and Virginia Byways are intended to preserve highway corridors with high aesthetic or cultural values leading to or within area of historical, natural or recreational values, and to preserve and enhance the natural beauty and cultural value of lands through which state highways traverse; and

WHEREAS, it is in the best interest of the Virginia Department of Transportation to continue cooperation in this popular program as now more than 3500 miles of roads in the Commonwealth have received such designation; and

WHEREAS, on January 18, 1973, the State Highway Commission adopted a Resolution which approved the procedures, criteria, and objectives for the designation of Scenic Highways and Virginia Byways previously adopted by the Commission of Outdoor Recreation on December 18, 1972; and

WHEREAS, on May 19, 1988, the CTB adopted a resolution acknowledging the action taken in 1973 and further stating that the designation of a highway as a Scenic Highway or Virginia Byway should not limit the Virginia Department of Transportation from exercising its general power and duties to locate, construct, improve, and maintain all highways in the Commonwealth; and

WHEREAS, the Department of Conservation and Recreation and the Virginia Department of Transportation executed a Memorandum of Agreement (MOA) dated July 6, 1995 that outlined the general responsibilities and obligations of each party in recommending Scenic Highways and Virginia Byways to the CTB; and

WHEREAS, the Virginia Outdoors Plan adopted by the Board for Conservation and Recreation recommends that the MOA be updated and VDOT concurs that changes are necessary to provide clarity to the recommendation process and that documents defining the relationship with DCR and the overall direction of the program should be updated; and,

WHEREAS, technical changes to the Virginia Code have rendered the 1973 Resolution inaccurate and VDOT has recommended that a new Resolution, establishing criteria for the designation of Scenic Highways and Virginia Byways and consistent with current Code, be adopted; and

WHEREAS, in order to achieve the overall goals of the program, VDOT recommends that the CTB establish broad policies applicable to consideration of such designations and authorize and require VDOT to work with DCR to develop a revised MOA that will establish the procedures and protocols for the two agencies to work together to bring recommendations to the CTB for the designation of Scenic Highways and Virginia Byways.

NOW, THEREFORE BE IT RESOLVED that, in order to establish updated procedures and protocols to bring recommendations to the CTB for the designation of Scenic Highways and Virginia Byways, the 1973 State Highway Commission Resolution is hereby rescinded.

BE IT FURTHER RESOLVED that the goals and policies for the designation of Scenic Highways and Virginia Byways, as set out on Exhibit A, are hereby adopted as guiding principles for decisions of the CTB regarding this program.

BE IT FURTHER RESOLVED, that the designation of highways as Scenic Highways or Virginia Byways shall in no way limit the right of the Virginia Department of Transportation

Resolution of the Board
Adoption of Goals and Policies for the
Designation of Scenic Highways and Virginia Byways
October 24, 2017
Page Three

to exercise all of its power and duties in locating, constructing, improving, and maintaining highways in the Commonwealth.

BE IT FURTHER RESOLVED, that VDOT is directed to work with DCR to develop a revised MOA that will establish the procedures and protocols for the two agencies to work together to bring recommendations to the CTB for the designation of Scenic Highways and Virginia Byways, and the Commissioner of Highways is hereby authorized to take all actions and execute any and all documents needed to comply with this resolution

#####

Exhibit A

Goals and Policies Related to the Designation of Scenic Highways and Virginia Byways

1. A Scenic Highway shall be within a protected scenic corridor located, designed, and constructed to preserve and enhance the natural beauty and cultural value of the countryside.
2. A Virginia Byway shall have relatively high aesthetic or cultural value, leading to or within areas of historical, natural, or recreational significance.
3. The support of the local government for the designation of a Scenic Highway or Virginia Byway is critical and must be assessed and documented as part of the designation process.
4. The interest of civic and other citizen groups, as well as the overall support of the public for the designation, is an important consideration and must be assessed and documented as part of the designation process.
5. Highway corridors controlled by zoning or other land use control mechanisms designed to reasonably protect the aesthetic or cultural value of the highway are preferred.
6. The criteria utilized by VDOT and DCR to recommend a road segment for designation or de-designation shall be set forth in guidelines or other policy documents that provide clear guidance for those wishing to support or oppose a designation or the continuation of a designation. In addition to the elements above, additional factors may include, but are not limited to:
 - a. The route provides important scenic, historic, cultural or natural values and experiences.
 - b. There is a diversity of experiences as in transition from one landscape scene to another.
 - c. The route links together or provides access to significant scenic, historic, cultural, natural or recreational points.
 - d. The route bypasses major roads or provides opportunity to leave high-speed routes for variety and leisure in motoring.
 - e. Landscape control or management along the route is feasible.
 - f. The route is susceptible to techniques to improve user enjoyment of the road and safety.
 - g. The route contributes to the mixture of experiences available in the scenic highway and byway system.

CTB Decision Brief

Adoption of Goals and Policies for the Designation of Scenic Highways and Virginia Byways

Issue: On January 18, 1973, the State Highway Commission adopted a Resolution which approved the procedures, criteria, and objectives for the designation of Scenic Highways and Virginia Byways previously adopted by the Commission of Outdoor Recreation on December 18, 1972. Technical changes to the Virginia Code have rendered the 1973 Resolution inaccurate and VDOT has recommended that a new Resolution, establishing criteria for designation of Scenic Highways and Virginia Byways and consistent with current Code, be adopted.

Facts: The 1966 General Assembly enacted the Scenic Highways and Virginia Byways Act, which is currently codified at Section 33.2-405 et seq. of the Code of Virginia. This legislation charged the Commonwealth Transportation Board (CTB, originally the State Highway Commission) with responsibility for designating roads as Scenic Highways or Virginia Byways in cooperation with the Department of Conservation and Recreation (DCR, originally the Commission of Outdoor Recreation).

Following adoption of the Resolution by the CTB in 1973, the CTB adopted a resolution on May 19, 1988, acknowledging the action taken in 1973 and further stating that the designation of a highway as a Scenic Highway or Virginia Byway should not limit the Virginia Department of Transportation from exercising its general power and duties to locate, construct, improve, and maintain all highways in the Commonwealth. DCR and the Virginia Department of Transportation (VDOT) then executed a Memorandum of Agreement (MOA) dated July 6, 1995 that outlined the general responsibilities and obligations of each party in recommending Scenic Highways and Virginia Byways to the CTB. The Virginia Outdoors Plan adopted by the Board for Conservation and Recreation recommends that the MOA be updated and VDOT concurs that changes are necessary to provide clarity to the recommendation process and that documents defining the relationship with DCR and the overall direction of the program should be updated.

In order to achieve the overall goals of the program, VDOT recommends that the CTB establish broad policies applicable to consideration of such designations and authorize and require VDOT to work with DCR to develop a revised MOA that will establish the procedures and protocols for the two agencies to work together to bring recommendations to the CTB for the designation of Scenic Highways and Virginia Byways. Proposed goals and policies are set out in Exhibit A hereto.

Recommendations: VDOT recommends the CTB approve the resolution titled “Adoption of Goals and Policies for the Designation of Scenic Highways and Virginia Byways.”

Action Required by CTB: Approve by majority vote the resolution adopting the Goals and Policies and providing the authorization recommended herein.

Result, if approved: VDOT will pursue a revised MOA with DCR consistent with the Goals and Policies adopted by the CTB.

CTB Decision Brief
Adoption of Goals and Policies for the
Designation of Scenic Highways and Virginia Byways
October 24, 2017
Page 2

Options: Approve, Deny, or Defer

Public Comments/Reactions: NA

Exhibit A

Goals and Policies Related to the Designation of Scenic Highways and Virginia Byways

1. A Scenic Highway shall be within a protected scenic corridor located, designed, and constructed to preserve and enhance the natural beauty and cultural value of the countryside.
2. A Virginia Byway shall have relatively high aesthetic or cultural value, leading to or within areas of historical, natural, or recreational significance.
3. The support of the local government for the designation of a Scenic Highway or Virginia Byway is critical and must be assessed and documented as part of the designation process.
4. The interest of civic and other citizen groups, as well as the overall support of the public for the designation, is an important consideration and must be assessed and documented as part of the designation process.
5. Highway corridors controlled by zoning or other land use control mechanisms designed to reasonably protect the aesthetic or cultural value of the highway are preferred.
6. The criteria utilized by VDOT and DCR to recommend a road segment for designation or de-designation shall be set forth in guidelines or other policy documents that provide clear guidance for those wishing to support or oppose a designation or the continuation of a designation. In addition to the elements above, additional factors may include, but are not limited to:
 - a. The road segment provides good opportunity for a pleasant motoring experience.
 - b. There is a diversity of experiences, visual and otherwise, available on the road segment.
 - c. There is good linkage between or access to the program elements available on the route.
 - d. The route bypasses major roads or provides opportunities for leisurely motoring.
 - e. Additional features may be available to enhance motorist experience and safety.
 - f. The road segment provides a good addition to the mixture of experiences available in the Scenic Highways/Virginia Byways program.

Summary of Update for Policy for Designating Byways

The CTB's initial resolution establishing the Byway program guidelines was approved in 1973. This policy update includes the basic principles of qualifying byway designations established by the Board in 1973 but cleans up the CTB Policy to follow current form and updates terminology and information no longer relevant and eliminates the more detailed procedures. The actual procedures were incorporated into a MOA between DCR and VDOT in 1995 and those details are no longer recommended to be included in the CTB Policy. The new policy focuses on the criteria which are highlighted in the Attachment A of the resolution. A comparison of the qualifying elements for designation is summarized below.

Designation Criteria in New CTB Proposed Policy

The criteria utilized by VDOT and DCR to recommend a road segment for designation or de-designation shall be set forth in guidelines or other policy documents that provide clear guidance for those wishing to support or oppose a designation or the continuation of a designation. In addition to the elements above, additional factors may include, but are not limited to:

- a. The route provides important scenic, historic, cultural or natural values and experiences.
- b. There is a diversity of experiences as in transition from one landscape scene to another.
- c. The route links together or provides access to significant scenic, historic, cultural, natural or recreational points.
- d. The route bypasses major roads or provides opportunity to leave high-speed routes for variety and leisure in motoring.
- e. Landscape control or management along the route is feasible.
- f. The route is susceptible to techniques to improve user enjoyment of the road and safety.
- g. The route contributes to the mixture of experiences available in the scenic highway and byway system.

Designation Criteria in 1973 CTB Resolution

In order to be considered for designation as a scenic highway or Virginia byways, a segment of road must substantially meet the tests of the following physical criteria:

1. The route provides important scenic values and experiences.
2. There is a diversity of experiences as in transition from one landscape scene to another.
3. The route links together or provides access to significant scenic, scientific, historic, or recreational points.
4. The route bypasses major roads or provides opportunity to leave high-speed routes for variety and leisure in motoring.
5. Landscape control or management along the route is feasible.
6. The route is susceptible to techniques to provide for user safety.
7. The route contributes to good distribution within the State of elements of the scenic highway and byway system.

**MEMORANDUM OF AGREEMENT
TO COOPERATE ON THE ADMINISTRATION
OF THE
SCENIC HIGHWAY AND VIRGINIA BYWAY PROGRAM
BETWEEN THE
VIRGINIA DEPARTMENT OF TRANSPORTATION
AND THE
DEPARTMENT OF CONSERVATION AND RECREATION**

WHEREAS, the Virginia Department of Transportation (“VDOT”) and the Virginia Department of Conservation and Recreation (“DCR”), (collectively referred to hereinafter as the “Parties”), are mutually interested in the scenic assets of the Commonwealth; and

WHEREAS, the 1966 General Assembly enacted the Scenic Highways and Virginia Byways Act and this legislation charged the Commonwealth Transportation Board, (hereinafter “Board”), with responsibility for designating roads as Scenic Highways or Virginia Byways.

WHEREAS, the Board is authorized to designate scenic highways and Virginia byways with the cooperation of VDOT and the Director of the Department of Conservation and Recreation (DCR) under the provisions of Chapter 4, Section 33.2-405 of the Code of Virginia (See Attachment 1); and

WHEREAS, the Commonwealth of Virginia, in its *Virginia Outdoors Plan (VOP)*, documented that nationally driving for pleasure is one of the highest rated activities, indicating that identified byways help facilitate visitors to small communities across the Commonwealth and most of the *Virginia Outdoors Surveys (VOS)* found driving for pleasure as one of the top practiced activities of Virginians; and

WHEREAS, driving for pleasure has historically been among the top ranking recreational activities of Virginia’s citizens, and the Commonwealth’s byways draw tourists for their scenic values or to interpret the rich history of Virginia and to provide alternative driving experiences for its citizens; and

WHEREAS, the development of driving byways encourages visitors to experience remote Virginia towns and villages and appreciate Virginia’s beautiful, scenic, and unique landscapes:

NOW, THEREFORE, the Commissioner of Highways and the Director of the Department of Conservation and Recreation, in consideration of the potential benefits to the parties, the Commonwealth, and the public, do hereby agree to the following procedures and criteria for evaluating and designating roads as Scenic Highways or Virginia Byways and presenting them to the Board for such designations:

SECTION 1

A. Joint Responsibilities of DCR and VDOT

DCR and VDOT jointly will:

1. Collaboratively initiate the field review and evaluation of the corridor of potential scenic highway or Virginia byway corridors, as a measure of implementing the Virginia Outdoors Plan (VOP), and upon the request of a local governing body make relevant contact with knowledgeable sources as appropriate. **[Consistent with Procedure 1 of 1973 Resolution.]**
2. Review and evaluate the road corridor, including local input, to determine if the road(s) meet(s) the Scenic Highways or Virginia Byways designation criteria as adopted by the Board. **[Consistent with Procedure 2 of 1973 Resolution.]**
3. Develop a comprehensive and qualitative evaluation process which verifies the presence of historic, recreational, cultural or scenic resources, and ensures that the localities have comprehensive plans or zoning in place that provide reasonable protection to the cultural or scenic value of the highway. **[Consistent with Procedures 4 and 8, Criteria 1 and 3, and Objectives]**
4. Work with localities to insure scenic qualities of the Scenic Highways or Virginia Byways corridors are maintained. **[Consistent with Procedure 8 and Objectives]**
5. If thereafter the unique qualities of the Scenic Highways or Virginia Byways corridor that are substantially altered so that the corridor no longer meets the designation criteria, the Director of DCR will recommend to the Commissioner of Highways that the designation be revoked. **[Consistent with steps for revocation under Procedures]**

B. Responsibilities of the Director, or designee, and the Department of Conservation and Recreation

DCR will:

1. Coordinate with the Department of Historic Resources, other appropriate state agencies, and stakeholders to determine the location and significance of cultural, recreational, historic sites, and/or natural resources in close proximity to road and highway corridors. **[Consistent generally with Criteria and Objectives, but not specifically addressed in 1973 Resolution]**
2. Determine that zoning and comprehensive planning programs of the locality and the planning district commissions are consistent with industry accepted management practices. **[Consistent with Procedures 4 and Objectives]**

3. Recommend the designation of Scenic Highways or Virginia Byways for the road corridor to the Commissioner of Highways for consideration by the Board. [Consistent with Procedures 7]

C. Responsibilities of the Commissioner of Highways, or designee, and the Virginia Department of Transportation

VDOT will:

1. Advise the locality of outdoor advertising issues. [Consistent with Objectives]
2. In coordination with DCR, perform field reviews and evaluations of the road corridor. [Consistent with Procedures 2]
3. Request a suitable resolution indicating that the local governing body supports the Scenic Highways or Virginia Byways designation. [Consistent with Procedures 5]
4. Upon request by the local governing body, assist in holding a public hearing or multiple public hearings on the proposed Scenic Highway or Virginia Byway. [Not addressed in 1973 Resolution, but required by Va. Code § 33.2-405]
5. Present a resolution to the Board for their consideration regarding designations of Scenic Highways or Virginia Byways. Potential Scenic Highways or Virginia Byways proposals are to be based upon their unique attributes, endorsements from local governments, and a letter of recommendation from the Director of DCR. [Not specifically addressed by 1973 Resolution or by statute]
6. Advise the Director of DCR and local jurisdictions of said Board actions on Scenic Highways or Virginia Byways designations. [Consistent with Procedures 6 and 8]
7. Erect Scenic Highways or Virginia Byways signs or ensure that this action is completed. [Consistent with Procedures 8 and required by Va. Code 33.2-407]
8. Promote the designation of Scenic Highways or Virginia Byways by placing the routes on the Virginia Highway Map and the Scenic Roads and Byways in Virginia Map. [Not specifically addressed by 1973 Resolution or by statute]
9. Notify Scenic Highways or Virginia Byways sign owners of any nonconforming status if applicable. [Consistent with Procedures 8 and Va. Code § 33.2-407]

SECTION 2 - Criteria for Designation:

In order for a road to be considered for designation as a Scenic Highway or Virginia Byway, a segment of road must substantially meet the following criteria:

1. Provides important scenic, historic, cultural, or natural values and experiences. [Adds “historic, cultural or natural” to 1973 criteria]

2. Provides a diversity of visual experiences, transitioning from one landscape scene to another. [Paraphrase of 1973]
3. Links together or provides access to those significant scenic, historic, cultural, natural, archeological, or recreational elements. [Changes 1973 criteria. Deletes scientific, adds “cultural, natural, archeological” and changes points to elements.]
4. Bypasses major roads, or provides an opportunity to leave high-speed road or highway routes for variety and leisure in motoring/travel. [Rephrase of Criteria 4]
5. Has the feasibility for landscape control or management. [Slight rephrase of Criteria 5]
6. Affords opportunities for the provision of additional road or highway features, which will enhance the motorist/traveler’s enjoyment of the road or highway and provides for improved safety of the visitor. [Elaborates on Criteria 6]
7. Contributes to a good distribution of driving experiences within the elements of the Scenic Highway and Virginia Byway system. [Slight rephrase of Criteria 7]
8. The local government(s) has (have) initiated zoning or other land use controls to reasonably protect the aesthetic and cultural values of the road or highway route corridor. [Adapted from Procedures 4 and the Management Objectives]

SECTION 3 - Procedure for Revoking the Designation [In 1973 Resolution, this procedure is linked ONLY to the results of the annual inspection]

- A. Should any party (DCR, VDOT or a local jurisdiction) desire to revoke a section of a Scenic Highway or Virginia Byway designation for any reason, (after receipt of a resolution from the local jurisdiction), DCR, or VDOT, will notify the other agency to initiate a byway revocation process as follows:
 1. The Department which receives the resolution will notify the local governments, the planning district commission, interested individuals, and organizations that an inquiry into the revocation of the Scenic Highways or Virginia Byways status is under consideration. [Consistent with Revocation 1]
 2. In coordination with the local governments, the Departments will conduct an on-site evaluation of the route, provide suggestions as appropriate for corrections, improvements, or restorations necessary to maintain designation, and recommend a timeframe for action. [Consistent with Revocation 2]
 3. If the unique qualities of the Scenic Highways or Virginia Byways corridor are substantially altered so that the route no longer meets the adopted criteria, and cannot be restored, the Director of DCR will recommend to the Commissioner of Highways that the designation be revoked. [Consistent with Revocation 3]
 4. VDOT will provide written notification to the impacted locality or localities that they will assist in holding a public hearing regarding the revocation of the Scenic Highways or Virginia Byways designation at the request of the local government. [Not in 1973 Resolution or in statute]

5. VDOT will compile a report with the evaluation results, recommendations, and the public hearing results, to the Board upon a finding that the quality of the road segment cannot be restored to meet the minimum criteria for designation as a Scenic Highways or Virginia Byways. [Not in 1973 Resolution or in statute]

6. Upon recommendation of the Director of DCR and the Commissioner of Highways, the Board may take action concerning revocation of the designation. [Consistent with Revocation 4 and Va. Code § 33.2-405]

7. If the Board takes action to revoke the Scenic Highways or Virginia Byways designation, then VDOT will notify DCR, all affected localities, and VDOT divisions and district officials of the official action(s) taken. [Not addressed by 1973 Resolution or by statute]

B. If the Scenic Highways or Virginia Byways designation is revoked VDOT will have the following responsibilities:

1. Remove the Scenic Highways or Virginia Byways signs and identification from the official Virginia Highway Map and the Map of Scenic Roads and Byways in Virginia. [Not addressed by 1973 Resolution or by statute]

2. Communicate the change in Scenic Highways or Virginia Byways sign status to impacted localities. It is further understood that not all steps are required to fall in the exact order presented herein. [Consistent with Va. Code § 33.2-407]

This MOU for cooperative action replaces the July 6, 1995, Memorandum of Agreement to administer the Scenic Highways and Virginia Byways Program. This agreement shall be in effect until updated or terminated by agreement of both parties.

SECTION 4 – Key Officials

Key officials essential to ensure coordination and communications among the parties are:

For the Virginia Department of Conservation and Recreation:

Administrative/Signatory

DCR Director
600 E Main Street, 24th Floor
Richmond, VA 23219
804-786-6124

Coordinating

DCR Director of Planning and Recreation
Resources
600 E Main Street, 24th Floor
Richmond, VA 23219
804-786-1119

For the Virginia Department of Transportation:

Administrative/Signatory

VDOT Commissioner of Highways
1401 E. Broad St.
Richmond, VA 23219
804-786-2700

Coordinating

Virginia Byways Administrator
VDOT
1401 E. Broad St.
Richmond, VA 23219
804-786-2586

SIGNATURES

IN WITNESS THEREOF, the parties have caused this Agreement to be executed by their undersigned officials as duly authorized.

Charles Kilpatrick, P.E.
Commissioner of Highways

Date

Clyde E. Cristman
Director, Department of Conservation and Recreation

Date

MINUTES
OF
MEETING OF STATE HIGHWAY COMMISSION

Richmond, Virginia

January 18, 1973

The monthly meeting of the State Highway Commission was held at the Central Highway Office in Richmond, Virginia, on January 18, 1973, at 10 a.m. The Chairman, Mr. Douglas B. Fugate, presided.

Present: Messrs. Fugate, Crowe, Eakin, Fitzpatrick, Janney and Ross.

Absent: Messrs. Glass, Hall and Landes.

In opening the meeting, the chairman recognized Mr. Rufus T. Hairston, member of the Commission from the Bristol District from 1968 through 1972. On behalf of the Commission members who served with Mr. Hairston, Mr. Fitzpatrick presented Mr. Hairston a suitably inscribed silver tray.

Motion was made by Mr. Fitzpatrick, seconded by Mr. Crowe, that permits issued from December 21, 1972, to January 17, 1973, inclusive, as shown by records of the Department, be approved. Motion carried.

On motion of Mr. Fitzpatrick, seconded by Mr. Crowe, cancellation of permits from December 21, 1972, to January 17, 1973, inclusive, as shown by records of the Department, was approved.

The chairman stated the law provides that the Commission of Outdoor Recreation and the State Highway Commission shall coordinate in selecting scenic highways and byways but does not specify what standards might be established. He said the Commission of Outdoor Recreation had made a study and on December 18, 1972, approved procedures for selection of such highways. After some discussion, the Commission, on motion of Mr. Fitzpatrick, seconded by Mr. Ross, approved procedures, criteria and objectives outlined by the Commission of Outdoor Recreation, as attached.

VIRGINIA SCENIC HIGHWAYS AND BYWAYS

PROCEDURES

1. The study of a potential scenic highway or Virginia byway may be initiated by the Department of Highways or the Commission of Outdoor Recreation as a measure implementing the Virginia Outdoors Plan or upon the request of a local governing body.
2. The Department of Highways and the Commission of Outdoor Recreation will make an on-site inspection of the route to determine if it meets the physical criteria.
3. The Commission of Outdoor Recreation will obtain assurance from the local governing body that it is interested in scenic designation.
4. The Commission of Outdoor Recreation will determine that local zoning and comprehensive planning programs of the locality and the planning district commission are consistent with the management objectives established for scenic highways or Virginia byways.
5. The Department of Highways will secure approval of the designation from the local governing body.
6. The Department of Highways will advise the Commission of Outdoor Recreation when the approval has been received.
7. The Commission of Outdoor Recreation will recommend designation to the Highway Commission.
8. The Highway Commission will designate the road, and the Department of Highways will work with the local governing agency to achieve the management objectives.
9. The Department of Highways will take an annual inspection of the maintenance and improvements of the route.

If the Department of Highway's annual inspection indicates a scenic highway or Virginia byway no longer meets minimum standards, the Highway Commission will request an investigation by the Commission of Outdoor Recreation. Listed below are the procedural steps which should be followed:

1. The Commission of Outdoor Recreation will notify the local governing body, the planning district commission, interested individuals and organizations of the requested investigation.
2. In coordination with the local governing body, the Commission of Outdoor Recreation will make an on-site inspection of the route.
3. The Commission of Outdoor Recreation will recommend that the designation be revoked upon finding that the quality of the road segment cannot be restored to meet minimum standards.
4. The Highway Commission will revoke the designation.

CRITERIA

In order to be considered for designation as a scenic highway or Virginia byway, a segment of road must substantially meet the tests of the following physical criteria:

1. The route provides important scenic values and experiences.
2. There is a diversity of experiences as in transition from one landscape scene to another.
3. The route links together or provides access to significant scenic, scientific, historic or recreational points.
4. The route bypasses major roads or provides opportunity to leave high-speed routes for variety and leisure in motoring.
5. Landscape control or management along the route is feasible.
6. The route is susceptible to techniques to provide for user safety.
7. The route contributes to good distribution within the State of elements of the scenic highway and byway system.

OBJECTIVES

To achieve the purposes of scenic highways and Virginia byways, the Department of Highways has established the following management objectives.

Development - improvement necessitated by traffic safety and conveniences should be carried out in conformance with the following recommendation of the Virginia Outdoor Plan for upgrading Virginia's highway system.

"Everything that can be done within the limitation of available funds should be done toward providing wide rights-of-way, adopting corridor zoning and designing for visual enjoyment."

Development Control - to prevent undesirable development on adjacent property or in sight of the road through sign control, by using Virginia's Outdoor Advertising Law, and by cooperating with local governments in the achievement of proper zoning, land use controls, and assisting in the development of adequate standards and easements.



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 10

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

Title: A Resolution to Recommend Adoption of the 2017 Virginia PPTA Manual and Guidelines by the Virginia Department of Transportation and the Department of Rail and Public Transportation

WHEREAS, pursuant to the Public-Private Transportation Act of 1995 (“PPTA”), (*Code of Virginia* §§ 33.2-1800 *et seq.*), the Virginia Department of Transportation (“VDOT”) and the Department of Rail and Public Transportation (“DRPT”) are defined as Responsible Public Entities (“RPEs”) and are required, in accordance with § 33.2-1819, to develop guidelines that establish a process for acceptance and review of proposals to develop and/or operate qualifying transportation facilities (“P3 Projects”); and

WHEREAS, an extensive revision of the PPTA Implementation Guidelines and Manual (“PPTA Manual and Guidelines”) was undertaken beginning in May 2014, at the direction of the Commonwealth Transportation Board (the “Board”); and

WHEREAS, the Board, by resolution dated November 12, 2014, recommended VDOT and DRPT, as RPEs pursuant to the PPTA, adopt the 2014 version of the PPTA Manual and Guidelines; and

WHEREAS, VDOT and DRPT subsequent to the Board’s resolution and recommendation adopted the 2014 version of the PPTA Manual and Guidelines; and

Resolution of the Board

Recommending Adoption of the 2017 Virginia PPTA Manual and Guidelines by the Virginia Department of Transportation and the Department of Rail and Public Transportation

October 24, 2017

Page Two

WHEREAS, the Virginia General Assembly amended the PPTA pursuant to Chapter 612 of the Acts of Assembly (2015 Session) to include, among others, provisions to require a Finding of Public Interest (“FOPI”) by the Chief Executive Officer (“CEO”) of the RPE, create the Transportation Public-Private Partnership Advisory Committee, and establish a 30-day public comment period on draft comprehensive agreements for P3 Projects; and

WHEREAS, the Virginia General Assembly further amended the PPTA pursuant to Chapter 539 of the Acts of Assembly (2017 Session) to include, among others, provisions to ensure competition throughout the procurement process by developing a public sector option based on a public sector analysis of the cost for the RPE to develop and/or operate the transportation facility or facilities, require the concurrence of the Secretary of Transportation on the FOPI by the CEO of the RPE, and reorganize the Transportation Public-Private Partnership Advisory Committee as the Transportation Public-Private Partnership Steering Committee; and

WHEREAS, the VDOT Transportation Public-Private Partnership Office (“VDOT P3 Office”), has proposed revisions to the 2014 PPTA Manual and Guidelines that will render the PPTA Manual and Guidelines consistent with the statutory amendments made by the 2015 and 2017 Virginia General Assemblies (“2017 PPTA Manual and Guidelines”).

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby accepts the recommendations of the VDOT P3 Office and endorses the 2017 PPTA Manual and Guidelines as presented to the Board (attached hereto as Appendix A); and

BE IT FURTHER RESOLVED, that the Board hereby recommends that VDOT and DRPT, as RPEs pursuant to the PPTA, adopt the 2017 PPTA Manual and Guidelines; and

BE IT FURTHER RESOLVED, that the Board hereby prescribes compliance with the 2017 PPTA Manual and Guidelines for all P3 Projects requiring funding authorization from the Board.

####

CTB Decision Brief

Issue: Pursuant to §§ 33.2-1800 *et seq.* of the *Code of Virginia* (otherwise known as the Public-Private Partnership Transportation Act of 1995, (“PPTA”)), the Virginia Department of Transportation (“VDOT”) and the Department of Rail and Public Transportation (“DRPT”) are defined as Responsible Public Entities (“RPEs”) and are required (in accordance with § 33.2-1803) to develop guidelines that establish a process for acceptance and review of proposals to develop and/or operate qualifying transportation facilities. Since adoption of the 2014 PPTA Manual and Guidelines, the PPTA has been amended by the General Assembly, such that the 2014 PPTA Manual and Guidelines needs to be revised.

Facts: The Virginia General Assembly amended the PPTA, in Chapter 612 of the 2015 Acts of Assembly, to include, among others, provisions to require a Finding of Public Interest (“FOPI”) by the Chief Executive Officer (“CEO”) of the RPE, create the Transportation Public-Private Partnership Advisory Committee, and establish a 30-day public comment period on draft comprehensive agreements for P3s.

The Virginia General Assembly amended the PPTA, in Chapter 539 of the 2017 Acts of Assembly, to include, among others, provisions to ensure competition throughout the procurement process by developing a public sector option based on a public sector analysis of the cost for the responsible entity to develop and/or operate the transportation facility or facilities (“Public Sector Analysis and Competition” , require the concurrence of the Secretary of Transportation on the FOPI by the CEO of the RPE, and reorganize the Transportation Public-Private Partnership Advisory Committee as the Transportation Public-Private Partnership Steering Committee (“Steering Committee”),.

The VDOT P3 Office’s process for revising the PPTA Manual and Guidelines included consultations with the Office of the Attorney General and a public outreach and comment solicitation process on the draft 2017 PPTA Manual and Guidelines.

Significant revisions included in the 2017 PPTA Manual and Guidelines (attached as Appendix A) include:

- Global Changes:
 - Defines CEO as referring to the Commissioner of Highways and the Director of DRPT, respectively; and
 - Deletes references to Value for Money (VfM) analysis, considering introduction of the Public Sector Analysis and Competition, a comparable study to the VfM analysis.
- Executive Summary - Discusses new organization of the VDOT P3 Office’s procedures for the acceptance and review of unsolicited proposals and solicited projects.
- Chapter 2 combines the Project Identification phase and Project Screening phase into a single Project Identification and Screening phase:

Decision Brief of the Board

Recommendation to Adopt the 2017 Virginia PPTA Manual and Guidelines by the Virginia Department of Transportation and the Department of Rail and Public Transportation

October 24, 2017

Page Two

- Provides for a single Project Screening Report at the end of the Project Screening and Identification phase;
 - Distinguishes the procedures for an unsolicited proposal and a solicited project;
 - Discusses the start of the Public Sector Analysis and Competition, and the Risk Assessment – which are processes that continue throughout the other phases of the process; and
 - Emphasizes that projects identified for development must address a public need developed in accordance with the Statewide Transportation Plan.
- Chapter 3 Project Development:
 - Discusses the continuation of the Public Sector Analysis and Competition, and the Risk Assessment;
 - Incorporates 2015 and 2017 amendments to the PPTA provisions on the FOPI;
 - Incorporates 2017 amendments to the PPTA provisions on the Steering Committee; and
 - Describes the report to the CTB on the FOPI and the Public Sector Analysis and Competition.
 - Chapter 4 Project Procurement:
 - Introduces the two-step RFQ stage in procurements where multiple project delivery models are being considered. The first step consists of submission of Statements of Qualification, and the second step consists of the submission of Conceptual Financial Proposals;
 - Introduces the optional step of releasing a draft RFQ;
 - Discusses the “best public interest” determination by VDOT/DRPT in its selection and award of the best value proposal;
 - Discusses the continuation of the Public Sector Analysis and Competition, and the Risk Assessment and describes how information from the Conceptual Financial Proposal forms part of the ongoing Public Sector Analysis and Competition;
 - Incorporates 2017 amendments to the PPTA provisions on the PPTA Steering Committee; and
 - Describes the report to the CTB on the preferred delivery model in procurements with a two-step RFQ stage and on the decision to execute a Comprehensive Agreement.
 - Chapter 5 introduces the new Project Implementation phase:
 - Figure 1/General P3 Process Flowchart
 - Features extensive revisions that introduce the Public Sector Analysis and Competition, the optional two-step RFQ stage, the three mandatory meetings of the Steering Committee, and points in the process where the CEO, PPTA

Decision Brief of the Board

Recommending Adoption of the 2017 Virginia PPTA Manual and Guidelines by the Virginia Department of Transportation and the Department of Rail and Public Transportation

October 24, 2017

Page Three

Steering Committee, and/or the Secretary determine that the project will not advance further; and

- Clarifies that the flowchart prescribes a process for a typical P3 project, and does not proscribe flexibility to modify the process for unique P3 projects.

Recommendations: The VDOT P3 Office recommends that the 2017 PPTA Manual and Guidelines be endorsed by the Board and that the Board recommend the 2017 PPTA Manual and Guidelines for adoption by VDOT and DRPT as RPEs. The VDOT P3 Office further recommends that the Board prescribes compliance with the 2017 PPTA Manual and Guidelines for all P3 Projects requiring funding authorization from the Board.

Actions Required by Board: The CTB will be presented with a resolution for a formal vote to endorse the 2017 PPTA Manual and Guidelines and recommend that VDOT and DRPT adopt the 2017 PPTA Manual and Guidelines.

Options: Approve, Deny, or Defer.

The Commonwealth of Virginia



PPTA Implementation 2017 Manual and Guidelines

For the
Public-Private Transportation Act of 1995
(As Amended)

October 2017

Document Version control

Version	Date Issued
1.0	October 2005
2.0	December 2008
3.0	December 2010
4.0	May 2012
5.0	November 2014
6.0	October 2017

Table of Contents

EXECUTIVE SUMMARY	5
1. INTRODUCTION	6
1.1 PURPOSE OF THE MANUAL AND GUIDELINES	6
1.2 ORGANIZATION OF THE MANUAL AND GUIDELINES	6
1.3 P3 PROGRAM OBJECTIVES	7
1.4 ORGANIZATIONAL STRUCTURE	7
1.5 GENERAL P3 PROCESS.....	8
1.6 PUBLIC PARTICIPATION	11
1.7 FUNDING FOR P3 PROJECT DEVELOPMENT	11
2. PROJECT IDENTIFICATION & SCREENING.....	12
2.1 PROJECT IDENTIFICATION AND SCREENING PROCESS.....	12
2.2 SOLICITED PROJECTS	12
2.3 UNSOLICITED PROPOSALS.....	14
2.4 REPORT TO CTB	16
2.5 KEY ACTION ITEMS	16
3. PROJECT DEVELOPMENT.....	18
3.1 PROJECT DEVELOPMENT PROCESS	18
3.2 PUBLIC SECTOR ANALYSIS AND COMPETITION (CONTINUED)	19
3.3 RISK ASSESSMENT (CONTINUED)	20
3.4 FINDING OF PUBLIC INTEREST (FOPI).....	20
3.5 REQUEST FOR INFORMATION	21
3.6 REPORT TO PPTA STEERING COMMITTEE AND THE CTB.....	21
3.7 KEY ACTION ITEMS	22
4. PROJECT PROCUREMENT	24
4.1 TWO-STAGE PPTA PROCUREMENT PROCESS	24
4.2 REQUEST FOR QUALIFICATIONS.....	25
4.3 REQUEST FOR PROPOSALS	27
4.4 MATERIAL CHANGES	28
4.5 PUBLIC SECTOR ANALYSIS AND COMPETITION (FINAL).....	28
4.6 BASIS FOR AWARD & SELECTION OF PREFERRED PROPOSER	29
4.7 RISK ASSESSMENT (CONTINUED)	29
4.8 PPTA AUDIT REQUIREMENTS.....	29
4.9 CERTIFICATION TO GOVERNOR AND GENERAL ASSEMBLY	30
4.10 REPORT TO CTB	30
4.11 CONTRACT FINALIZATION AND AWARD	30
4.12 REPORT TO PPTA STEERING COMMITTEE	31
4.13 PROCUREMENT FOR UNSOLICITED PROPOSALS	31
4.14 KEY ACTION ITEMS	31
5. PROJECT IMPLEMENTATION	35
5.1 POST-COMMERCIAL CLOSE.....	35
5.2 POST-FINANCIAL CLOSE	35

5.3 KEY ACTION ITEMS	35
APPENDICES.....	37
APPENDIX A	38
APPENDIX B	40
APPENDIX C	45
APPENDIX D	48
APPENDIX E	52
APPENDIX F	54
APPENDIX G	56
APPENDIX H	59
APPENDIX I.....	60
APPENDIX J.....	67
APPENDIX K.....	71

Page left intentionally blank

EXECUTIVE SUMMARY

Under the Public-Private Transportation Act of 1995 (PPTA; Va. Code §§ 33.2-1800, *et seq.*), public and Private Entities may collaborate to develop and operate qualifying transportation facilities. This *PPTA Implementation Manual and Guidelines for the Public-Private Transportation Act of 1995* (Manual and Guidelines) applies to the Virginia Department of Transportation (VDOT) and the Virginia Department of Rail and Public Transportation (DRPT). Other public entities that want to deliver projects under the PPTA must adopt their own guidelines (Va. Code § 33.2-1819).

This version of the Manual and Guidelines was developed in accordance with legislative changes to the PPTA as of July 1, 2017.

The VDOT P3 project delivery process, shown in **Figure 1**, streamlines and standardizes the process to deliver transportation projects under the PPTA. It shows the processes, decision points, transparency, public engagement, and competitive nature of PPTA procurements.

The Manual and Guidelines is organized into chapters that provide details on the P3 activities within the process, and addresses roles and responsibilities under Solicited Projects (*i.e.*, projects initiated by the Commonwealth). It is anticipated that majority of projects developed under the Manual and Guidelines will be Solicited Projects. However, the Manual and Guidelines also provides procedures for evaluation and procurement of an Unsolicited Proposal (*i.e.*, when a Private Entity introduces new or innovative solutions to Commonwealth transportation needs).

Chapter 1 is an **introduction** that explains the organizational structure of the Manual and Guidelines and the P3 program objectives. Chapter 1 also provides a description of the roles of the VDOT P3 Office, the Transportation Public Private Partnership Steering Committee (PPTA Steering Committee), the VDOT / DRPT Chief Executive Officers (CEO), and the Commonwealth Transportation Board (CTB).

Chapter 2 contains information on the **project screening and identification** phase for potential P3 projects. At the conclusion of this phase, the VDOT P3 Office develops a Project Screening Report, which is an assessment of whether a potential P3 project is desirable, feasible, and is in the best interest of the public based on qualitative and quantitative criteria.

Chapter 3 describes the P3 **project development** phase, which prepares the project for P3 procurement. The project scope is refined during the project development phase.

Chapter 4 describes the P3 **project procurement** phase – which is generally a two-stage process that may be modified if necessitated by the unique characteristics of a P3 project.

Chapter 5 describes the **project implementation** phase, which commences after the execution of the Comprehensive Agreement until the completion of both (i) VDOT / DRPT and (ii) the selected Proposer's contractual obligations.

1. INTRODUCTION

The PPTA is a law that allows public entities to enter public-private partnership (P3) agreements with the private sector to develop and/or operate transportation facilities.

This Manual and Guidelines replaces earlier versions and constitutes the guidelines required by Va. Code § 33.2-1803. For previous versions of this Manual and Guidelines, refer to the VDOT P3 Office's website – www.virginiadot.org/p3.

The Manual and Guidelines is updated periodically at the discretion of the Secretary of Transportation and VDOT / DRPT CEO to reflect changes in legislation, policies, procedures, and industry practice.

This chapter describes the purpose and organization of the Manual and Guidelines, summarizes the Commonwealth's objectives for the P3 program, and presents the P3 Project delivery process. This chapter also describes the VDOT P3 Office's organizational structure and reporting, public participation opportunities within the process, and addresses the funding mechanism for the VDOT P3 Office.

In the remainder of the Manual and Guidelines, the term PPTA will refer to the legislative act. When referring to projects in the Manual and Guidelines, the more general industry term of "P3" is used.

Capitalized terms (e.g., Project Screening Report) represent defined terms and can be found in Appendix B.

1.1 PURPOSE OF THE MANUAL AND GUIDELINES

The processes outlined in the Manual and Guidelines are specifically designed for use by VDOT and DRPT, and may also be used by other agencies as a basis to adopt their own PPTA guidelines. Please note a number of the specific changes made in 2017, affect VDOT / DRPT alone.

The Manual and Guidelines should be used by members of the private sector interested in submitting Proposals for P3 projects to VDOT or DRPT.

Each P3 project is unique, and the processes set forth in this Manual and Guidelines may not apply in all circumstances. Therefore, VDOT / DRPT retains the flexibility to modify the processes set forth herein to address the specific needs of a particular P3 project. Any deviation from the processes set forth in this Manual and Guidelines shall not give recourse to any individual or entity for such deviation. The public, Proposers, and other stakeholders will be notified of modifications to procurement and implementation processes set forth in this Manual and Guidelines by means of a statement issued with the Request for Proposals (RFP) document, outlining and explaining the modifications.

In no way does the Manual and Guidelines modify or override requirements of the PPTA, and the PPTA governs in the event of any conflicts between the PPTA and the Manual and Guidelines. The processes and requirements included in the Manual and Guidelines will not apply retroactively to P3 projects for which either an Interim Agreement or Comprehensive Agreement has been entered into by VDOT / DRPT prior to July 1, 2017.

1.2 ORGANIZATION OF THE MANUAL AND GUIDELINES

This Manual and Guidelines is organized into chapters that specifically address the roles and responsibilities associated with the Process. These chapters include: 2. **Project Identification and**

Screening; 3. Project Development; 4. Project Procurement, and 5. Project Implementation. At the end of chapters 2-5 are summaries of key action items and the entities responsible for each item. Supporting technical documentation is provided in the **Appendices**.

1.3 P3 PROGRAM OBJECTIVES

The Commonwealth's transportation goals are: improving safety and security; reducing congestion; system maintenance and preservation; mobility, connectivity, and accessibility; environmental stewardship; economic vitality; and coordination of transportation, land use, and program delivery. To ensure that P3 projects are consistent with these goals the following objectives for the P3 program have been established.

- Create investment opportunities that increase the quality of transportation services in the Commonwealth;
- Administer a fair, transparent and competitive project development and procurement process that encourages innovation, private sector investment and creates long-term value for the Commonwealth;
- Achieve capital and lifecycle cost efficiencies through appropriate risk transfer;
- Establish reliable and uniform processes and procedures to encourage private sector investment;
- Facilitate timely delivery of P3 projects, within established laws, regulations and this Manual and Guidelines;
- Promote transparency and accountability, coupled with informed and timely decision making;
- Foster efficient management of Commonwealth financial and organizational resources through a Public Sector Analysis and Competition;
- Ensure that the projects pursued under the P3 program serve the best interests of the public.

1.4 ORGANIZATIONAL STRUCTURE

The VDOT P3 Office reports directly to the VDOT Chief of Innovation, who in turn, reports to the Chief Deputy Commissioner. The VDOT P3 Office also supports DRPT in multi-modal projects undertaken through the P3 process.

1.4.1 PPTA Steering Committee

The PPTA Steering Committee consists of the following representatives:

- A Deputy Secretary of Transportation, serving as chairperson;
- Two members of the CTB;
- Staff Director of the House Committee on Appropriations, or designee;
- Staff Director of the Senate Committee on Finance, or designee;
- Chief Financial Officer (CFO) of VDOT / DRPT, as appropriate; and
- Non-Agency public financial expert, as selected by Secretary of Transportation.

The PPTA Steering Committee will meet on an as-needed basis, will be briefed by VDOT / DRPT, and its meetings are generally open to the public. The PPTA Steering Committee may consult with resident experts and external advisors on an as-needed basis.

The PPTA Steering Committee: (i) reviews the Public Sector Analysis and Competition, (ii) decided whether to concur that the Public Sector Option is fully and reasonably developed, financially sound and reflects the best interest of the public, and that the terms sheet contains all the necessary elements, (iii) votes whether a potential P3 project serves the public interest, and (iv) is briefed within 60 days of the execution of a Comprehensive Agreement.

A notice of PPTA Steering Committee meetings will be posted on the Commonwealth Calendar of Events and the VDOT P3 Office website prior to a meeting. Documentation for PPTA Steering Committee meetings will be posted to the VDOT P3 Office website at least 5 days prior to the meeting.

1.4.2 Commonwealth Transportation Board

The CTB has the power to promote private investment in the Commonwealth's transportation infrastructure, and to develop a statewide transportation plan. Generally, the CTB serves as the oversight board for VDOT / DRPT and makes recommendations concerning P3 projects.

1.4.3 CEOs

Each agency's CEO has the responsibility and legal authority to make decisions on the P3 project delivery model, and business and contractual terms related to the P3 projects. At VDOT, the CEO is the Commissioner of Highways; at DRPT, the CEO is the Director.

1.4.4 VDOT P3 Office Director

The VDOT P3 Office Director is responsible for overseeing all phases of the P3 program (project identification and screening, project development, procurement, and implementation). This includes ensuring compliance with applicable policies, regulations and statutes, conducting public outreach, stake holder engagement, and acting as the liaison to the P3 industry.

The VDOT P3 Office Director reports all program and project activities to the Chief of Innovation and CEOs, and may also provide periodic briefings to the Secretary of Transportation and the PPTA Steering Committee.

1.5 GENERAL P3 PROCESS

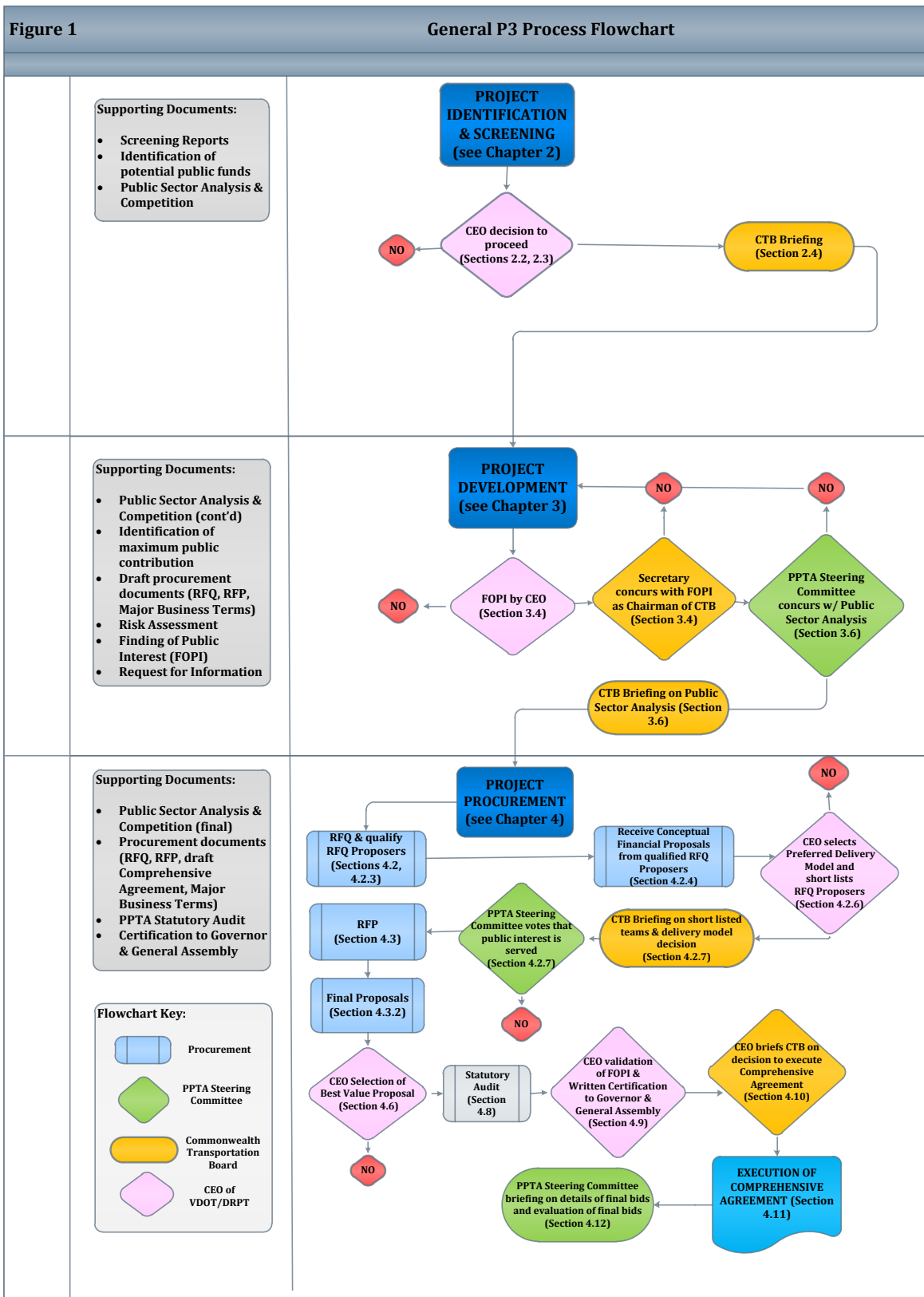
The General P3 process (Figure 1) is intended to streamline and standardize the overall process to enhance the delivery of P3 transportation projects within the Commonwealth. It was developed to capture the processes and decision points inherent in a P3 project involving both Solicited Projects and Unsolicited Proposals, namely **project identification and screening, project development, project procurement, and project implementation.**

In Figure 1, there are certain elements that benefit from additional information:

- The General P3 Process Flowchart (Figure 1) depicts at a high level, the steps and decision points.
- This flowchart is the "general" process for screening, developing, and procuring P3 projects. However, the PPTA allows flexibility to modify the process for unique projects.
- "No" symbols on the flowchart can indicate a point in the process where the CEO, PPTA Steering Committee, and/or Secretary determine a P3 project will not advance further. Or, in other circumstances, "No" arrows take the process back to a previous phase (e.g. Project

Development), indicating that decision makers require additional studies and analyses before they are able to make their decision.

- There are citations in the flowchart that allow readers to quickly find more detailed information on that element of the flowchart.



1.6 PUBLIC PARTICIPATION

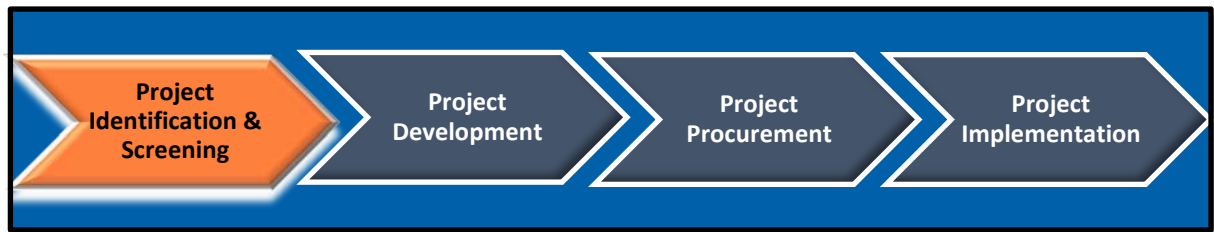
Numerous opportunities exist for public engagement at different times during the identification and screening, development, procurement and implementation phases of transportation projects. The VDOT / DRPT have a Public Involvement Manual and VDOT's P3 Office developed P3 Public Engagement Guidance that outlines the processes to comply with law and regulation. For further details on public participation throughout the P3 process for both Solicited Projects and Unsolicited Proposals, see Chapters 2 to 4 of this Manual and Guidelines.

For all projects requiring federal action, VDOT / DRPT targets completion of an environmental document in accordance with the National Environmental Policy Act (NEPA) prior to the issuance of the final RFP . At this point, the purpose and need for the project has been well-established, alternative design concepts and scopes have been analyzed, and operational features are identified. The concepts and analyses are submitted to the public and various other stakeholders for review and comment at citizen information meetings, community meetings and, on project-specific websites. Ultimately, a preferred alternative is selected and a determination such as a Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), or Record of Decision (ROD) is issued by the appropriate lead federal agency which also has provisions for public comment. The VDOT P3 Office is present at these meetings to answer P3-related questions.

1.7 FUNDING FOR P3 PROJECT DEVELOPMENT

The VDOT P3 Office funds the work to advance candidate Solicited Projects and Unsolicited Proposals to the end of the project identification and screening phase. If the CEO elects to advance to the project development phase, a dedicated fund for the project should be identified to support the project development (*i.e.*, preliminary engineering and studies) and project procurement phase activities.

2. PROJECT IDENTIFICATION & SCREENING



This chapter describes the project identification and screening phase, and discusses the procedures and related activities for P3 projects initiated as a Solicited Project or as an Unsolicited Proposal.

2.1 PROJECT IDENTIFICATION AND SCREENING PROCESS

The VDOT P3 Office is responsible for the project identification and screening process. The project identification and screening phase is designed to assist VDOT / DRPT in determining the desirability, suitability, and feasibility of delivering projects as P3's. The P3 project identification and screening methodology is also a means of systematically and consistently applying evaluation criteria to Solicited Projects and Unsolicited Proposals submitted as candidates for consideration. Projects that are identified for development must address the needs outlined in the Statewide Transportation Plan (<http://www.vtrans.org>), and local and regional programs on safety, reducing congestion, increasing capacity and enhancing economic efficiency.

P3 candidate projects are identified from two primary sources:

- **Solicited Projects**

A Solicited Project is when VDOT / DRPT develops a project concept and invites Private Entities to compete for the right to develop/operate the project.

- **Unsolicited Proposals**

An Unsolicited Proposal is when a Private Entity develops a project concept on its own and submits a proposal to VDOT / DRPT for consideration.

Both Solicited Projects and Unsolicited Proposals are assessed in two-parts. The first part is different depending on whether it is a Solicited Project (for which a Qualitative Project Screening is used) or an Unsolicited Proposal (for which a Policy Review is used). But the second part is the same for both. The specific identification and screening steps are outlined in more detail below.

2.2 SOLICITED PROJECTS

The project identification and screening phase is a two-part assessment (Qualitative and Quantitative screenings) to determine whether a project is a potential candidate for P3 project delivery. The VDOT P3 Office relies on both qualitative, and quantitative criteria (see Appendix D). The criteria may be modified by the VDOT P3 Office, in consultation with the CEO to address each project's unique aspects.

At the conclusion of its assessment, the VDOT P3 Office will prepare a Project Screening Report. The Project Screening Report will provide a recommendation to the CEO on whether a project should advance to the project development phase. The CEO makes the final decision. Should the CEO disagree with the recommendation, the project may be re-submitted if new information demonstrates the criteria have now been adequately addressed. A copy of the Project Screening Report is posted on the VDOT P3 Office website.

2.2.1 Qualitative Project Screening

Qualitative Project Screening is a process that examines whether a project meets broader, policy considerations including the criteria in Appendix D. The criteria may also take into account such considerations as mode of transportation, Greenfield project versus Brownfield project characteristics, revenue versus non-revenue risk profile, or changes in the Commonwealth's transportation goals or policies.

2.2.2 Quantitative Project Screening

If the findings from the Qualitative Project Screening indicate that the project remains suitable for P3 project delivery, the VDOT P3 Office will continue to look at the technical and financial feasibility of the project under a Quantitative Screening process. Other considerations during the Quantitative Screening process are described in Appendix D.

2.2.2.1 Public Sector Analysis and Competition

The VDOT P3 Office, in cooperation with the Secretary of Transportation and Secretary of Finance, is responsible for conducting a Public Sector Analysis and Competition to determine whether a project provides more benefits to its users and to the Commonwealth when delivered through the P3 delivery model than when delivered through a traditional procurement method. The Public Sector Analysis and Competition is comparable to a Value for Money Analysis that is required prior to deciding to advance the project as a P3 (49 USC 116 (e)(3)(A)), and provides a useful decision-making tool for the CEO when determining whether value is gained by continuing to develop a project using a P3 delivery model.

The Public Sector Analysis is an ongoing process that is initiated during the Quantitative Project Screening, and continues to the project development and project procurement phases until the Comprehensive Agreement is executed. At a minimum, the Public Sector Analysis contains the following information:

1. How the risk of user-fee financing is mitigated. This information is based on assumptions on competing facilities, projected compensation for high usage of the facility by high-occupancy vehicles (HOV), or other considerations.
2. Whether VDOT / DRPT intends to maintain/operate the facility itself, or if the Public Sector Option is based on the transfer of these responsibilities to the private sector.
3. The amount, if any, of public contributions in excess of revenue-producing capital project debt authorized under Article X Section 9 (c) of the Constitution of Virginia would still be required to cover project costs. This analysis assumes such revenue-producing capital project debt would be authorized.
4. Whether funds to support non-user fee generating components of the project will contribute to increased person throughput, reduction in congestion, improved safety and other expected benefits under Va. Code §33.2-1803.1(B)(1).

During Quantitative Project Screening, a Public Sector Option will be defined based on available public funding and financing options. The Public Sector Option will be used to set a maximum amount of public contribution to the proposed project.

The VDOT P3 Office will be issuing guidelines providing further details on the conduct of a Public Sector Analysis and Competition.

2.2.2.2 Risk Assessment

As part of the Quantitative Project Screening, the VDOT P3 Office will hold an initial risk workshop to identify and assess risks relating to the development, procurement, implementation and operation of the project. A Risk Register is created, which is a tool to capture risk information, consequences, responses and potential risk allocations (see VDOT P3 Office Risk Management Guidelines). Risks identified during this phase will be updated and refined as the project moves through subsequent phases of the process.

2.2.3 Notification to Affected Localities and public entities

As part of the Qualitative Project Screening, the VDOT P3 Office coordinates with identified Affected Localities and public entities to determine the extent of stakeholder support for the Solicited Project. This is a continuation of the coordination with these stakeholders (including Planning District Committees (PDCs) and Municipal Planning Organization (MPOs)) commenced during the development of long-range state, regional, and local plans. Coordination between VDOT and DRPT is crucial in projects with identified transit components. See the P3 Public Engagement Guidelines for further information.

2.3 UNSOLICITED PROPOSALS

The PPTA allows VDOT / DRPT to receive and evaluate Unsolicited Proposals from the private sector to develop/operate P3 projects. Unsolicited Proposals allow innovation and new technologies to be potentially introduced into transportation facilities. Persons interested in applying to VDOT / DRPT with an Unsolicited Proposal should coordinate with the VDOT P3 Office prior to their submission. Further information on the procedure for the submission of Unsolicited Proposals may be found in Appendix E.

The private sector may submit Unsolicited Proposals to the CEO (Va. Code § 33.2-1803(A)), with a copy sent to the attention of the VDOT P3 Office Director at the following address:

Commissioner of Highways/Director of Rail and Public Transit
ATTENTION: Director of VDOT P3 Office
Virginia Department of Transportation
1401 E. Broad Street, Suite 1306
Richmond, VA 23219
(804) 786-0455

The VDOT P3 Office shall be responsible for the evaluation of an Unsolicited Proposal. Evaluation of Unsolicited Proposals also follows a two-part assessment which involves looking into Policy Review criteria and Quantitative Screening criteria. The VDOT P3 Office's findings will also be documented in a Project Screening Report. Based on the Project Screening Report, the VDOT P3 Office Director will submit a recommendation to the CEO on whether a project should advance to the project development

phase. The CEO makes the final decision. If the CEO does not approve the advancement of the Unsolicited Proposal to the project development phase, or if the Unsolicited Proposal pertains to a project for which the VDOT P3 Office plans to issue a Request for Qualifications (RFQ), the VDOT P3 Office will return the Unsolicited Proposal to the Proposer that submitted it.

2.3.1 Policy Review

Within 90 calendar days of receiving an Unsolicited Proposal from a Proposer to VDOT / DRPT, the VDOT P3 Office will initiate a Policy Review. The Policy Review is a brief evaluation of the Unsolicited Proposal's concept and benefits to determine that it is in accordance with the Code of Virginia and this Manual and Guidelines, and is consistent with the Commonwealth's transportation policy goals. Table 1 provides some criteria used for the VDOT P3 Office's Policy Review.

Table 1 provides guidance for the Policy Review criteria intended to assess whether a project is a potential candidate P3 project.

Policy Review Criteria
<ul style="list-style-type: none"> ▪ Does the Proposal conform to the Commonwealth's transportation goals and the policy objectives of the administration?
<ul style="list-style-type: none"> ▪ Does the Proposal satisfy a public need for timely development and/or operation of a transportation facility?
<ul style="list-style-type: none"> ▪ Does the Proposal address a demonstrated need as identified in a state, regional, and/or local transportation plans?
<ul style="list-style-type: none"> ▪ Does the Proposal interface with existing and planned transportation systems?
<ul style="list-style-type: none"> ▪ Is the Proposal at a sufficient level of development that a procurement process can be run including an element of price competition?
<ul style="list-style-type: none"> ▪ Will the Proposal make the transportation facility available to the public in a more efficient and/or less costly fashion as compared to the traditional procurement method and procurement would be in the best interest of the public?
<ul style="list-style-type: none"> ▪ Is the Proposal consistent with federal requirements and potential agreements for federal funding and/or approval for P3 projects?
<ul style="list-style-type: none"> ▪ Is the Proposal not currently on the list of proposed Solicited Projects?

2.3.2 Quantitative Project Screening

If the findings from the Policy Review indicate the project remains suitable for P3 project delivery, the VDOT P3 Office will continue to look at the technical and financial feasibility of the project under a Quantitative Screening process similar to that for Solicited Projects, as provided in Section 2.2.1 and in Appendix D.

2.3.3 Proposal Review Fee

The VDOT P3 Office may charge reasonable amounts to cover the costs of processing, review, and evaluation of the Unsolicited Proposal. Evaluation will commence upon payment of an initial, non-refundable, and non-negotiable fee of \$50,000. During its evaluation, the VDOT P3 Office will assess whether additional fees will be needed to cover the costs to complete the evaluation. The assessment will

include coordination with the Proposer of the Unsolicited Proposal to determine a reasonable fee to cover additional costs.

Proposers submitting multiple Proposals will be required to submit a Proposal Review Fee for each Unsolicited Proposal submission.

2.3.4 Notification to Affected Localities and public entities

Any Proposer requesting approval for an Unsolicited Proposal shall furnish a copy of its proposal to each Affected Locality or public entity identified in its proposal. Prior to furnishing a copy of its proposal, the Proposer shall coordinate with the VDOT P3 Office Director. Within sixty (60) calendar days of receipt of the Unsolicited Proposal, the Affected Locality or public entity shall submit any comments in writing to the VDOT P3 Office.

The VDOT P3 Office will notify the Proposer and each Affected Locality identified in the Proposal of the CEO's decision to advance the Unsolicited Proposal to the project development phase. If the project is advanced and located in a metropolitan area, coordination with the Metropolitan Planning Organization (MPO) may be required to ensure that the project is included in the financial plan that accompanies the MPO's transportation plan.

2.4 REPORT TO CTB

If the CEO approves a project to be advanced to the project development phase, then VDOT / DRPT will present a briefing to the CTB on the results of the Project Screening Report.

The project briefing will be posted on the VDOT P3 Office website and the CTB's website for public awareness and feedback.

2.5 KEY ACTION ITEMS

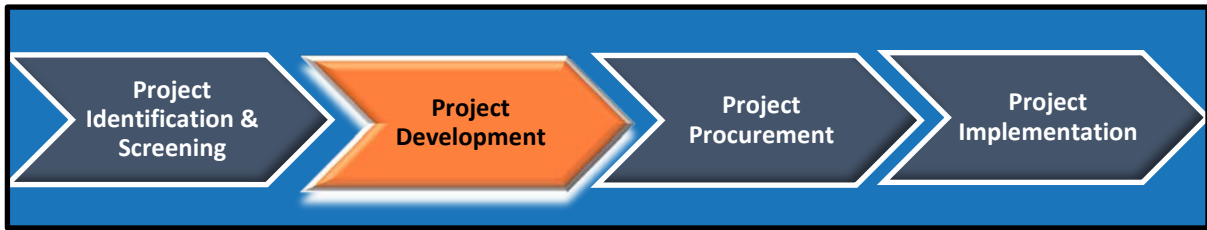
Key Action Items

Table 2

Project Screening Activity	Responsibility	Targeted Timeframe
<i>Solicited Projects</i>		
Conduct Qualitative Screening of Solicited Projects	VDOT P3 Office	As appropriate
Continue coordination with Affected localities and public entities	VDOT / DRPT (especially in projects with identified transit components)	As appropriate
<i>Unsolicited Proposals</i>		
Initiate a Policy Review of Unsolicited Proposals	VDOT P3 Office	Within 90 calendar days of receipt of an Unsolicited Proposal

Obtain comments from each Affected Locality and public entity	VDOT P3 Office	Within 60 calendar days of release of Unsolicited Proposal to each Affected Locality and public entity
<i>Solicited Projects and Unsolicited Proposals</i>		
Conduct Quantitative Project Screening of Unsolicited Proposals	VDOT P3 Office	As appropriate
Prepare Project Screening Report	VDOT P3 Office	As appropriate
Recommend advancement to project development phase	VDOT P3 Office Director	As appropriate
Approve advancement of project to project development phase	CEO	Within 10 calendar days of recommendation of VDOT P3 Office Director
Report to the CTB	VDOT / DRPT	After CEO's approval to advance to project development phase
Notify the relevant Affected Locality (for Unsolicited Proposals)	VDOT P3 Office Director	Within 5 calendar days of the CEO's decision

3. PROJECT DEVELOPMENT



This chapter describes the project development process and related activities for projects that are initiated either as a Solicited Project or an Unsolicited Proposal during the project identification and screening phase.

3.1 PROJECT DEVELOPMENT PROCESS

The VDOT P3 Office Director appoints a project manager for each project selected for development. The project manager is responsible for getting the project ready for procurement with assistance from relevant disciplines within VDOT / DRPT and external advisors as necessary.

The VDOT P3 Office Director is responsible for maintaining appropriate coordination with other agencies, the PPTA Steering Committee and the CTB throughout the project development lifecycle and for providing, as appropriate, project information such as budget, scope, and schedule, to the CEO.

During the project development phase, a number of activities typically take place to prepare the project for the project procurement phase depending on the characteristics of the project. These include, but are not limited to:

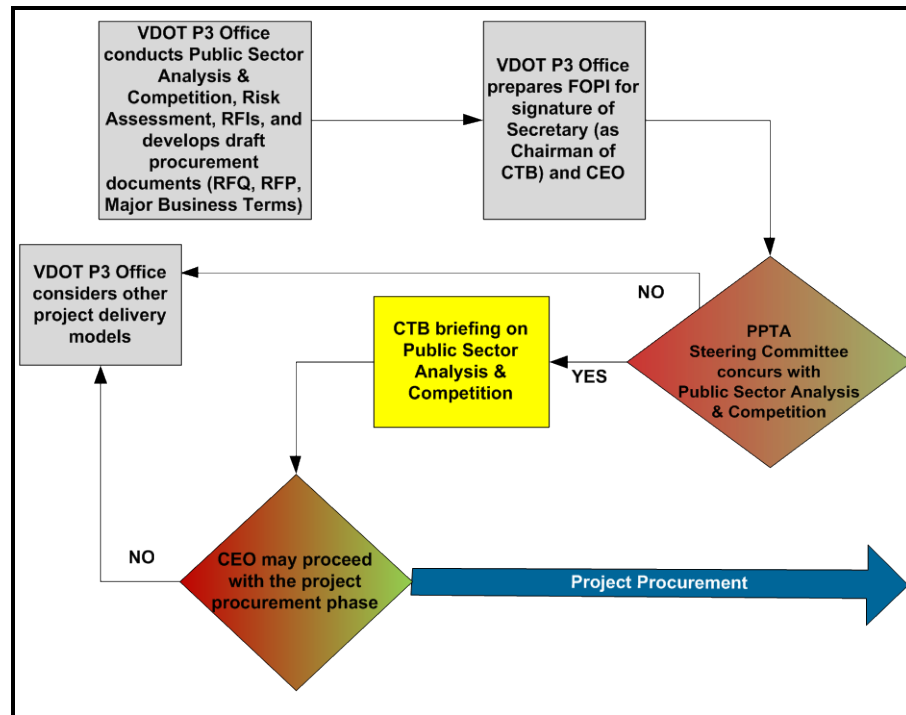
Table 3

Project Development Activities
▪ Further defining project scope, design concept and phasing schedule
▪ Analyzing compliance with environmental and transportation planning requirements
▪ Analyzing technical feasibility and operations and maintenance evaluations
▪ Refining project cost, revenue estimates and lifecycle costing
▪ Submitting funding and grant applications, as required
▪ Performing outreach, coordinating public involvement and building stakeholder support
▪ Defining an approach to risk allocation and management (see VDOT P3 Office Risk Management Guidelines)
▪ Continuing the Public Sector Analysis and Competition initiated at the project identification and screening phase
▪ Continue to determine the optimal procurement delivery method(s)
▪ Soliciting information from the private sector through a Request for Information (RFI)

- Soliciting comments/feedback from the public through the VDOT P3 Office website

For P3 projects requiring federal action, the VDOT P3 Office will ensure that decisions regarding mode, location, user-fees and capacity are made after adequate consideration of potential alternatives to address needs and impacts of the project. The VDOT / DRPT may modify the project scope to meet the Commonwealth's transportation goals and the priorities of the administration.

Figure 2 represents the steps during the project development process for P3 projects.



Note that “No” symbols on the flowchart can indicate a point in the process where the CEO or the PPTA Steering Committee determine a P3 project will not advance further. Or, in other circumstances, “No” arrows take the process back to previous steps or the previous phase (i.e., Project Identification and Screening), indicating that decision makers require additional studies and analyses before they are able to make their decision.

3.2 PUBLIC SECTOR ANALYSIS AND COMPETITION (CONTINUED)

The VDOT P3 office further refines project cost, revenue estimates and lifecycle costing of alternative scenarios under both a traditional procurement and a P3 delivery model. The analysis is supplemented with data on risk allocation, traffic revenue and other studies. The appropriate methodology for the analysis will vary across modes and payment mechanisms (e.g., the analysis for privately-tolled concessions will differ from an availability payment transaction in which VDOT / DRPT retains some or all revenue risk). The analysis should be applied to all P3 projects in the project development phase to ensure that the P3 delivery method continues to offer the Best Value as the preferred delivery method.

3.3 RISK ASSESSMENT (CONTINUED)

During the project development phase, the VDOT P3 Office will conduct an interim risk workshop to update the Risk Register. The Risk Register is updated through a quantitative assessment of all risks identified, the corresponding risk response and preferred risk allocation. Identified risks include risks already identified in the initial risk workshop (Section 2.2.2.2), as well as additional risks identified through project development activities. In addition, the VDOT P3 Office develops a Risk Management Plan which is a detailed plan of action for the management of project risks, and includes the recommended levels of contingency to maintain for a project in order to reflect its risk exposure.

3.4 FINDING OF PUBLIC INTEREST (FOPI)

During the project development phase, the VDOT P3 Office, in coordination with the CEO, will prepare a FOPI document for the signature of the CEO and the Secretary of Transportation (in his capacity as Chairman of the CTB), which is an affirmation the P3 delivery method is being conducted in a manner that brings value and is in the best interest of the public pursuant to the PPTA and this Manual and Guidelines. In addition, the FOPI will include all relevant analyses and information supporting the use of a P3 delivery method with a statement that the CEO has a clear understanding regarding the elements included in the FOPI.

At a minimum, the FOPI shall provide the following information:

1. A description of the benefits expected to be realized by VDOT / DRPT through the development and/or operation of the transportation facility, including person throughput, congestion mitigation, safety, economic development, environmental quality, and land use.
2. An analysis of the public contribution necessary for the development and/or operation of the facility or facilities identified under the Public Sector Analysis and Competition, including a maximum public contribution that will be allowed under the procurement.
3. A description of the benefits expected to be realized by VDOT / DRPT through a procurement under the PPTA compared with the development and/or operation of the transportation facility through other options available.
4. A statement of the risks, liabilities, and responsibilities to be transferred, assigned, or assumed by the Private Entity, which shall include the following:
 - a. A discussion of whether revenue risk will be transferred to the Preferred Proposer and the degree to which any such transfer may be mitigated through other provisions in the Interim or Comprehensive Agreements;
 - b. A description of the risks, liabilities, and responsibilities to be retained by VDOT / DRPT; and
 - c. Other items determined appropriate by VDOT / DRPT.
5. The determination of whether the project has a high, medium, or low level of project delivery risk and a description of how such determination was made. If the project is determined to contain high risk, a description of how the public's interest will be protected through the transfer, assignment, or assumption of risks or responsibilities by the Preferred Proposer in the event that issues arise with the development and/or operation of the transportation facility.

6. If VDOT / DRPT proposes to enter into an Interim or Comprehensive Agreement using competitive negotiations, information and the rationale demonstrating that proceeding in this manner is more beneficial than proceeding pursuant to a competitive sealed bidding.

Changes to the project scope that do not impact the assignment of risks or liabilities or the mitigation of revenue risk will not be considered material changes to the FOPI, provided that such changes were presented in a public meeting to the CTB.

3.5 REQUEST FOR INFORMATION

At the discretion of the CEO, a RFI may be issued to obtain additional information and comment from the private sector and other interested stakeholders. RFIs may also include public briefings to further discuss elements of the project under consideration. These forums offer opportunities for public comments and private sector input which improve or refine the scope, risk allocation and technical requirements of the project being developed.

3.6 REPORT TO PPTA STEERING COMMITTEE AND THE CTB

At the conclusion of P3 project development, and before initiating the project procurement phase, the CEO and the VDOT P3 Director will brief the PPTA Steering Committee on studies and activities, including the results of a Request for Information (RFI); an initial schedule for project delivery; preliminary procurement documents; activities related to risk assessment for the project; an initial estimation of the project cost; the potential economic benefits for the project, and the preliminary business points for the project to determine whether the project should continue to the procurement phase.

Pursuant to Va. Code § 33.2-1803.2(B), VDOT / DRPT will present the Public Sector Analysis and Competition at a meeting of the PPTA Steering Committee. At this meeting, the PPTA Steering Committee will decide whether to concur that:

1. The assumptions regarding the project scope, benefits, and costs of the Public Sector Option were fully and reasonably developed;
2. The assumed financing costs and valuation of both financial and construction risk mitigation included in the Public Sector Option are financially sound and reflect the best interest of the public; and
3. The terms sheet developed for the proposed procurement contains all necessary elements.

The project briefing and the decision of the PPTA Steering Committee is posted on the Commonwealth Calendar and the VDOT P3 Office website for public awareness and feedback five calendar days prior to/after the PPTA Steering Committee meeting.

VDOT / DRPT will also brief the CTB on the FOPI and the Public Sector Analysis and Competition prior to proceeding with the project procurement phase. The project briefing to the CTB will likewise be posted on the VDOT P3 Office website five calendar days prior to/after CTB meeting.

3.7 KEY ACTION ITEMS

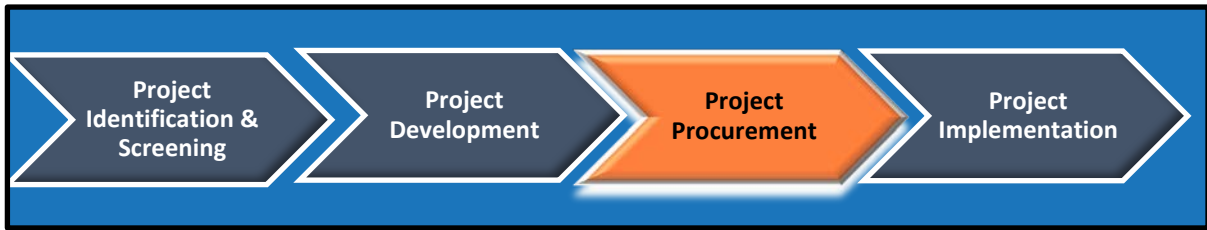
Key Action Items

Table 4

Project Development Activity	Responsibility	Targeted Timeframe
Perform project development activities (e.g., geotechnical testing, environmental, preliminary engineering, risk assessment, etc.)	The VDOT / DRPT with assistance from the VDOT P3 Office	Determined by project specific scope
Continue Public Sector Analysis and Competition	VDOT P3 Office	During project development phase
Update Risk Register	VDOT P3 Office	Continuous through project development phase
Conduct an RFI to solicit private sector feedback	VDOT P3 Office	As appropriate
Continue to solicit public comment on the Project Screening Report, project briefing to the PPTA Steering Committee, and decision of the PPTA Steering Committee	VDOT P3 Office	Continuous through project development phase
Present the Public Sector Analysis and Competition to the PPTA Steering Committee PPTA Steering Committee concurs with Public Sector Analysis and Competition	VDOT / DRPT PPTA Steering Committee	Determined by completion of project development activities
Post project briefing and decision of the PPTA Steering Committee on the VDOT P3 Office website for public comment	VDOT P3 Office	5 calendar days prior to/after the PPTA Steering Committee meeting
Brief the CTB on the FOPI and the Public Sector Analysis and Competition	VDOT / DRPT	Determined by completion of project development activities

Project Development Activity	Responsibility	Targeted Timeframe
Post project briefing on the VDOT P3 Office website for public comment	VDOT P3 Office	5 calendar days prior to/after the CTB meeting

4. PROJECT PROCUREMENT

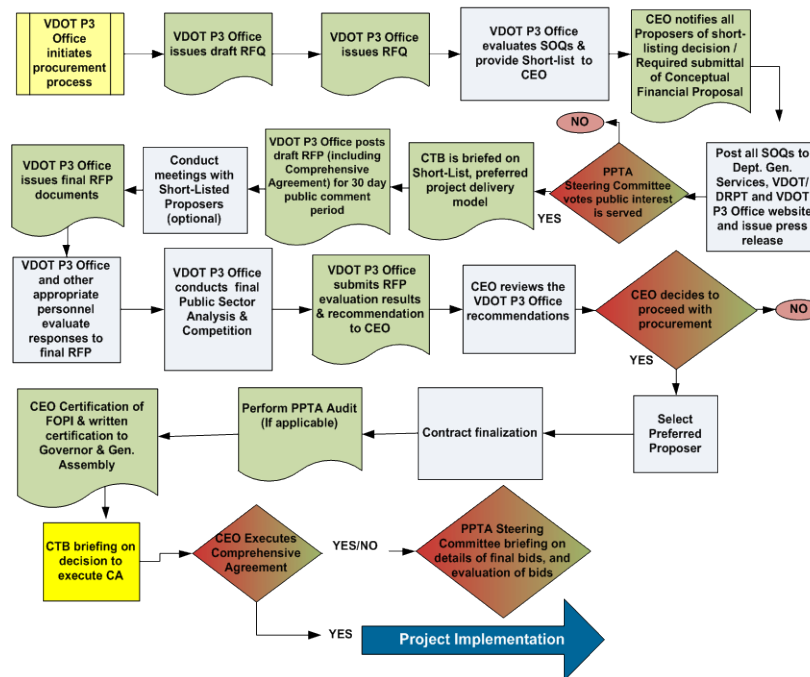


This chapter describes the competitive P3 procurement phase and provides guidance on related activities for all projects that have been selected for procurement under the PPTA.

4.1 TWO-STAGE PPTA PROCUREMENT PROCESS

The VDOT P3 Office serves as the primary point of contact for P3 procurements, and acts in consultation with the Office of the Attorney General (OAG) to ensure that the procurement process is administered in accordance with applicable law and this Manual and Guidelines. The VDOT P3 Office Director is responsible for managing a consistent, transparent, competitive, and well-defined procurement process.

The P3 procurement phase (Figure 3) generally consists of: 1) issuing a RFQ, and 2) issuing a RFP. As an exception and as determined by the CEO, it may be more beneficial in certain cases to use a single-stage procurement. A single-stage procurement may be appropriate if a RFQ can be omitted to streamline the process and is in the best interest of the public (*e.g.*, when an Unsolicited Proposal is submitted, or for less complex P3 projects). In either case, the VDOT P3 Office is responsible for leading the procurement with support from appropriate District(s).

Figure 3 below of the Procurement Process:

Note that “No” symbols on the flowchart can indicate a point in the process where the CEO or the PPTA Steering Committee determine a P3 project will not advance further. Or, in other circumstances, “No” arrows take the process back to previous steps or the previous phase (i.e., Project Development), indicating that decision makers require additional studies and analyses before they are able to make their decision.

4.2 REQUEST FOR QUALIFICATIONS

The VDOT P3 Office initiates the first stage of the P3 procurement process by issuing the RFQ. The primary objective of the RFQ is to define a pool of qualified, potential Proposers for the project. An RFQ requires the submission of a Statement of Qualification. In procurements where multiple delivery models are being considered, the RFQ may require, as a second step, the submission of a Conceptual Financial Proposal. Conceptual Financial Proposals inform VDOT / DRPT’s decision on the preferred project delivery model.

4.2.1 Draft RFQ and RFQ

Prior to the issuance of the RFQ, the VDOT P3 Office may post the RFQ in a draft format in the VDOT P3 website. The public has the opportunity to provide comments on a continuous basis by making use of the VDOT P3 Office website comment form during the process.

The RFQ documents will be posted on the Department of General Services (DGS) central procurement website and the VDOT P3 Office website. These documents will: 1) provide for a 30 to 60 day competition period, and 2) include information regarding the scope, nature and timing of development and/or operation of the proposed project.

4.2.2 SOQ Evaluation

The RFQ documents will specify the evaluation criteria and the methodology used to evaluate such criteria so Proposers will know how submissions will be evaluated. In procurements involving multiple project delivery models, Proposers may opt to submit an SOQ for either or all delivery models.

If VDOT / DRPT receives only one responsive Statement of Qualification, then the VDOT P3 Office will conduct an evaluation and market assessment to support a recommendation to the CEO if advancing the procurement is still in the best interest of the public, and if the proposed procurement should continue with one Proposer, be terminated or be modified.

4.2.3 Qualification of Proposers

The VDOT P3 Office leads the review of all responsive SOQs. The CEO, or his designees, will be responsible for scoring and ranking the Proposers. Scoring of qualifications and any ranking of the SOQs will not be carried over to the evaluation of the Final RFP responses. While the CEO will make the final decision, it is expected that no more than five Proposers will be qualified. In procurements with multiple project delivery models, it is expected that no more than five Proposers will be qualified for each delivery model. Qualified Proposers will be invited to submit a Conceptual Financial Proposal.

The VDOT P3 Office will notify all Proposers in writing whether they have been qualified. In procurements where the submission of a Conceptual Financial Proposal is required, the notification will indicate whether a Proposer is qualified to submit a Conceptual Financial Proposal. Additionally, the VDOT P3 Office will inform other state and federal Agencies, Affected Localities and other stakeholders that Proposers have been qualified and invited to submit a Conceptual Financial Proposal.

Electronic copies of the public information included in the SOQs submitted by all Proposers will be posted on the DGS central procurement website and the VDOT P3 Office website within 10 business days of the completion of the SOQ evaluation.

4.2.4 Evaluation of Conceptual Financial Proposal

If multiple project delivery models are being considered as part of the RFQ stage, the Qualified Proposers will be invited to submit Conceptual Financial Proposals for the project delivery model they have been qualified. The Conceptual Financial Proposals may include information on a preliminary financial model, sources and use of funds, and indicative pricing.

If VDOT / DRPT receives only one responsive Conceptual Financial Proposal, then the VDOT P3 Office will conduct an evaluation and market assessment to support a recommendation to the CEO if advancing the procurement is still in the best interest of the public, and if the proposed procurement should continue with one Proposer, be terminated or be modified.

4.2.5 Public Sector Analysis and Competition (Continued)

Among other things, the information in Conceptual Financial Proposals received will be used for the ongoing Public Sector Analysis and Competition process (see Sections 2.2.2.1, 3.2, and 4.5). Findings from the Public Sector Analysis and Competition will be the basis for a final determination by the CEO of the preferred project delivery model.

4.2.6 Short-Listing Qualified Proposers

Once the CEO has made a determination, Qualified Proposers that had submitted Conceptual Financial Proposals under the preferred project delivery model will be short-listed. Short-Listed Proposers will advance to the RFP stage.

4.2.7 Presentation to the CTB and to the PPTA Steering Committee

After the CEO has made a final determination of the preferred project delivery model, the VDOT / DRPT will brief the CTB on the results of its evaluation of the SOQs and the Conceptual Financial Proposals, and its selection of the preferred project delivery model.

Prior to the issuance of the Draft RFP (Section 4.3.1), at a meeting of the PPTA Steering Committee, the VDOT / DRPT will also present the results of its evaluation of the SOQs and the Conceptual Financial Proposals, as well as its determination to continue with, terminate, or pursue a modified procurement (including its selection of a preferred project delivery model). If the PPTA Steering Committee makes an affirmative determination that the proposals serve a public interest pursuant to the Va. Code § 33.2-1803.2(C), as evidenced by a majority vote of its members, the VDOT / DRPT may proceed with the procurement, or modified procurement. The PPTA Steering Committee may convene a closed door session to review the SOQs received.

4.2.8 Interim Agreement

Prior to or in connection with the negotiation of a Comprehensive Agreement, VDOT / DRPT may enter into an Interim Agreement with a Proposer or multiple Proposers if VDOT / DRPT determines in writing that it is in the public interest to do so (Va. Code § 33.2-1809).

The interim agreement (i) permits the Proposer to commence activities for which it may be compensated relating to the proposed transportation facility (including project planning and development, advance right-of-way acquisition, design and engineering, environmental analysis and mitigation, survey, conducting transportation and revenue studies, and ascertaining the availability of financing for the proposed facility or facilities); and (ii) contain provisions related to any aspect of the development and/or operation of a transportation facility that the parties may deem appropriate. But, such interim agreement shall not (i) establish a process and timing of the negotiations of the Comprehensive Agreement or (ii) allow for competitive negotiations as set forth in Va. Code § 2.2-4302.2.

VDOT / DRPT shall provide an opportunity for public comment on the proposals 30 days prior to entering into an interim agreement. The public comment period may include a public hearing, at the sole discretion of VDOT / DRPT.

Once the negotiation phase for the development of the interim agreement is complete and a decision to award has been made, VDOT / DRPT shall post the major business points of the interim agreement in accordance with Va. Code § 33.2-1820(C).

4.3 REQUEST FOR PROPOSALS

The second stage of procurement consists of the issuance of the RFP, the evaluation of proposals submitted pursuant to the RFP, and the selection of the Apparent Best Value Proposal which offers the most overall public benefits.

During this stage, the VDOT P3 Office provides opportunities for public comment on the project and proposals on a continuous basis by making use of the VDOT P3 Office and/or project website. The RFP documents will be posted to the VDOT P3 Office and project website.

4.3.1 Draft RFP

VDOT / DRPT may choose to issue the RFP in draft format to Short-Listed Proposers (Draft RFP) and hold proprietary one-on-one meetings to solicit feedback on these proposed documents.

The Draft RFP will be issued together with the draft Comprehensive Agreement. Pursuant to Va. Code § 33.2-1820(B)(2), 30 calendar days prior to issuance of the Final RFP (Section 4.3.2), VDOT / DRPT must post the draft Comprehensive Agreement and provide an opportunity for public comments. The public has the opportunity to provide comments on a continuous basis by making use of the VDOT P3 Office website comment form during the process.

VDOT / DRPT will also notify Affected Localities and public entities that a copy of the Draft RFP has been posted for comment.

4.3.2 Final RFP

After receipt and due consideration of feedback and comments, the VDOT P3 Office will issue the finalized RFP documents (Final RFP) to Short-Listed RFQ Proposers.

4.3.3 Evaluation of responses to Final RFP

The VDOT P3 Office and other appropriate personnel will evaluate responses to the Final RFP based on defined criteria in the RFP documents. The VDOT P3 Office reserves the right to run a Best and Final Offer (BAFO) process with the Short-Listed Proposers (see Appendix G).

If after the competitive response period, VDOT / DRPT receives at least a single responsive Proposal, the VDOT P3 Office will conduct an assessment to determine if the Proposal received is in the best interest of the public. This assessment will include, at a minimum, an evaluation of risk allocations. VDOT / DRPT may decide to continue, terminate or modify the procurement.

4.4 MATERIAL CHANGES

If VDOT / DRPT modifies the procurement documents in such a manner as to materially change the project scope, assignment of risks or liabilities, or mitigation of revenue risk, VDOT / DRPT will report such modifications to the CTB and seek a resolution to continue the procurement with the material changes. The report will include an assessment on the original and modified procurements.

The presentation to the CTB will be at a scheduled meeting on the Commonwealth Calendar and open to the public.

4.5 PUBLIC SECTOR ANALYSIS AND COMPETITION (FINAL)

Prior to contract finalization and award, the VDOT P3 Office will perform a final Public Sector Analysis and Competition, taking into account any additional project information that has become available since the initial Public Sector Analysis and Competition was performed. This final Public Sector Analysis and Competition compares the VDOT / DRPT updated Public Sector Option and the Apparent Best Value

Proposal. The final Public Sector Analysis and Competition is a final check to ensure the award of the project as a P3 project remains in the best interest of the public.

4.6 BASIS FOR AWARD & SELECTION OF PREFERRED PROPOSER

The CEO's selection of the Apparent Best Value Proposal VDOT / DRPT shall also be based upon a determination that it is in the best interest of the public. An Apparent Best Value Proposal is in the best interest of the public if:

1. The Preferred Proposer can develop and/or operate the transportation facility or facilities with a public contribution amount that is less than the maximum public contribution determined under the Public Sector Analysis and Competition;
2. There is a public need for the transportation facility or facilities and they meet a need included in the Statewide Transportation Plan;
3. The Apparent Best Value Proposal is anticipated to have significant benefits as determined under the FOPI;
4. The Apparent Best Value Proposal will result in the timely development and/or operation of the transportation facility or facilities or their more efficient operation;
5. The risks, liabilities, and responsibilities transferred, assigned, or assumed by the Preferred Proposer provide sufficient benefits to the public to not proceed with the development and/or operation of the transportation facility through other means of procurement available to VDOT / DRPT.

The CEO will also take into account the recommendation of the VDOT P3 Office, the evaluation criteria and the Public Sector Analysis and Competition when selecting a Preferred Proposer. The VDOT P3 Office will inform the Preferred Proposer that it has been selected and initiate the finalization of the terms of the CA. The VDOT P3 Office will notify all other Proposers in writing regarding the CEO's decision to award the project to the Preferred Proposer. The VDOT P3 Office will also provide briefings to the PPTA Steering Committee, CTB members, and other previously-identified stakeholders.

4.7 RISK ASSESSMENT (CONTINUED)

During the project procurement phase, the VDOT P3 Office will conduct a risk workshop/s to again update the Risk Register (Section 2.2.2.2) and the Risk Management Plan (Section 3.3). The Risk Register and the Risk Management Plan are also updated to reflect new project information, mitigations that have been carried out, and market factors.

4.8 PPTA AUDIT REQUIREMENTS

For P3 projects with estimated Construction Costs over \$50 million dollars, Va. Code § 33.2-1803(F) requires the Preferred Proposer to pay for an independent audit of any and all traffic and cost estimates associated with the Preferred Proposer's Proposal, and a review of all public costs and potential liabilities to which taxpayers could be exposed. This includes improvements to other transportation facilities that may be needed as a result of the Proposal, failure by the Preferred Proposer to reimburse the VDOT /

DRPT for services provided, and potential risk and liability in the event the Preferred Proposer defaults on the Comprehensive Agreement or on bonds issued for the project. The VDOT P3 Office will appoint an independent consultant to conduct this audit prior to the final contract award to the Preferred Proposer. Additionally, the VDOT P3 Office will disclose all information from such a review within 30 calendar days of completion of the audit by posting it on the VDOT P3 Office website. See Appendix J for further information.

4.9 CERTIFICATION TO GOVERNOR AND GENERAL ASSEMBLY

During the project procurement phase, the VDOT P3 Office, in coordination with VDOT / DRPT, will prepare a Certification for the signature of the CEO, and addressed to the Governor and the General Assembly. The Certification to Governor and General Assembly confirms the P3 delivery method is being conducted in a manner that is consistent with the intent of the FOPI. Namely, the Certification to Governor and General Assembly must indicate that the project continues to bring value, the transfer, assignment, and assumption of risks, liabilities, and permitting responsibilities by the private sector have not materially changed since the initial FOPI was issued, and finally that the public contribution requested by the Proposer does not exceed the maximum public contribution (identified under the Public Sector Option), and the project remains in the best interest of the public.

4.10 REPORT TO CTB

After the completion of the PPTA audit, the CEO will report to the CTB: the final schedule for project delivery, the Risk Management Plan, the final Public Sector Analysis and Competition, the projected final and total project cost (including the projected public contribution for the project), the updated economic benefits, and the major business points in the draft Comprehensive Agreement.

During the briefing, the CEO will seek the CTB's endorsement of the Certification to Governor and General Assembly indicating support of the CEO's execution of a Comprehensive Agreement. The briefing documentation and CTB's endorsement of the Certification to Governor and General Assembly are posted on the VDOT P3 Office website for public awareness five calendar days prior to/after the CTB meeting.

4.11 CONTRACT FINALIZATION AND AWARD

Prior to developing or operating a P3 project, the Preferred Proposer must enter into a Comprehensive Agreement with VDOT / DRPT. The CEO has the statutory authority to enter into the Comprehensive Agreement pursuant to the PPTA.

If, at any point in during contract finalization, the CEO determines that the Preferred Proposer will not provide services in the best interest of the public, then the CEO may suspend or terminate the procurement, or choose to finalize a contract with the next highest ranking Proposer. This process may continue until the CEO reaches an agreement or ultimately decides to terminate the procurement.

During contract finalization, no changes to the major business terms in the draft Comprehensive Agreement will be permitted. The final authorization to develop and/or operate any P3 project is contingent upon the successful finalization and execution of the Comprehensive Agreement between the Preferred Proposer and the CEO.

Once the negotiation phase for the development of a CA is complete and a decision to award has been made, VDOT / DRPT shall post the major business points of the CA including the projected use of any

public funds on the DGS' central electronic procurement website, and outline how the public can submit commentes on those major business points.

4.11.1 Risk Assessment (Final)

During contract finalization, the Risk Register and Risk Management Plan are again updated with information from the selection of the Preferred Proposer. The current Risk Register and Risk Management Plan are certified to by the VDOT P3 Office Director and endorsed by the CEO for use during the project implementation phase.

4.12 REPORT TO PPTA STEERING COMMITTEE

Within 60 days of the execution of the CA, the VDOT / DRPT CEO, will in closed session brief the PPTA Steering Committee on the details of the final bids received and the details of the evaluation of such bids.

4.13 PROCUREMENT FOR UNSOLICITED PROPOSALS

Following the PPTA Steering Committee's concurrence with the Public Sector Analysis and Competition (Section 3.5), VDOT / DRPT may decide to accept the Unsolicited Proposal and initiate procurement. Within 10 days from the acceptance of the Unsolicited Proposal, the VDOT P3 Office will post the Unsolicited Proposal on the DGS central procurement website and the VDOT P3 Office website.

A notice will also be posted (i) providing for a period of 120 days for the submission of competing proposals, (ii) including specific information regarding the proposed nature, timing, and scope of the facility subject of the Unsolicited Proposal; and (iii) outlining the opportunities that will be provided for public comments during the review process.

At the end of the 120-day period for submission of competing proposals, VDOT / DRPT shall conduct an evaluation and proceed in accordance with the procedures in Sections 4.2.2 to 4.12 above.

4.14 KEY ACTION ITEMS

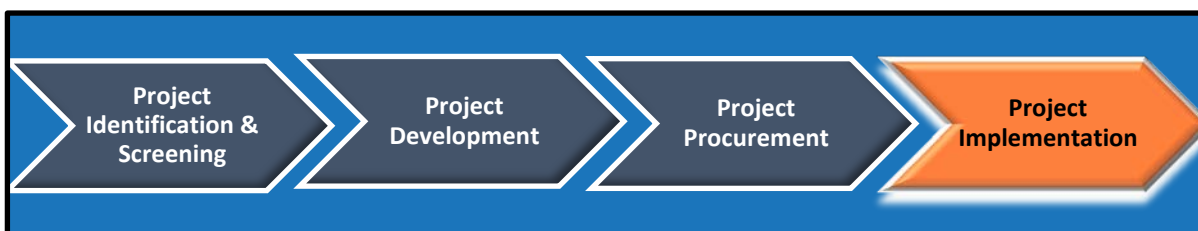
Table 5

Project Procurement Activity	Responsibility	Targeted Timeframe
<i>Solicited Projects</i>		
Issue Draft RFQ	VDOT P3 Office	Prior to issuance of RFQ
Post Draft RFQ on VDOT P3 Office for public comment	VDOT P3 Office	Prior to issuance of RFQ
Issue RFQ	VDOT P3 Office	After approval by PPTA Steering Committee of initiation of procurement
Receive SOQs	VDOT P3 Office	Between 30 and 60 calendar days after release of RFQ
<i>Unsolicited Proposals</i>		

Post the Unsolicited Proposal	VDOT P3 Office	10 days from acceptance of Unsolicited Proposal
Issue notice for submission of competing proposals	VDOT P3 Office	As appropriate
Receive competing proposals	VDOT P3 Office	120 days from issuance of notice
<i>Solicited Projects/Unsolicited Proposals</i>		
Evaluate SOQs/competing proposals and qualify Proposers.	VDOT / DRPT	Completion targeted for 60 calendar days after receipt of SOQs
Agency qualifies Proposers	CEO	Within 10 business days of completion of evaluation of SOQs/competing proposals
Notification of Qualified Proposers Posting of Qualified Proposers	VDOT P3 Office	Within 10 business days of CEO's qualification of Proposers
Require submission of Conceptual Financial Proposals by Qualified Proposers	VDOT P3 Office	Upon notification to Qualified Proposers that Conceptual Financial Proposals are required
Receive Conceptual Financial Proposals	VDOT P3 Office	Between 60 and 90 calendar days from notification of Qualified Proposers that Conceptual Financial Proposals are required
Evaluate Conceptual Financial Proposals	VDOT P3 Office	10 business days from receipt of Conceptual Financial Proposals
Update Public Sector Analysis and Competition based on information in Conceptual Financial Proposals	VDOT P3 Office	As appropriate
Agency selects preferred project delivery model. Qualified Proposers are short-listed.	CEO	10 business days from end of evaluation of the Conceptual Financial Proposals
CTB briefing on the Short-List, the results of the evaluation of the SOQs and Conceptual Financial Proposals, and the selection of the preferred project delivery model.	VDOT / DRPT	After the CEO's selection of the preferred project delivery model
PPTA Steering Committee briefing on the Short-List, the results of the evaluation of the SOQs and Conceptual Financial	VDOT / DRPT	After briefing of the CTB

Proposals, and the selection of the preferred project delivery model. Vote on whether the project serves public interest, and whether to proceed to the project procurement phase.	PPTA Steering Committee	
Issue draft RFP	VDOT P3 Office	Within 60 calendar days after affirmative vote in meeting of the PPTA Steering Committee
Release draft RFP to Qualified Proposers	VDOT P3 Office	Release targeted 30 calendar days after affirmative vote in meeting of the PPTA Steering Committee
Post draft Comprehensive Agreement and draft RFP for public comment	VDOT P3 Office	30 calendar days before Final RFP release
Release Final RFP	VDOT P3 Office	30 calendar days after posting of draft Comprehensive Agreement
Evaluate the responses to the RFPs	VDOT / DRPT	Completion targeted 90 calendar days after receipt of RFP
Conduct the final Public Sector Analysis and Competition	VDOT P3 Office	Completion targeted 60 calendar days after completion of evaluation of RFPs
Select a Preferred Proposer	CEO	Targeted 90 calendar days after receipt of RFP
Conduct PPTA Audit	VDOT P3 Office	Completion targeted 30 calendar days after selection of Preferred Proposer
Post results of PPTA Audit	VDOT P3 Office	Within 30 calendar days of completion of PPTA Audit
Issue Certification to Governor and General Assembly	CEO and Secretary of Transportation	After conduct of PPTA Audit but before entering into the Comprehensive Agreement
Report to CTB on decision to execute Comprehensive Agreement	VDOT P3 Office Director and CEO	Determined by completion of project procurement activities and timing of next public meeting
Finalize and Award the Comprehensive Agreement	VDOT P3 Office (finalize) and CEO (execute)	30 calendar days after CTB briefing
Brief PPTA Steering Committee on Comprehensive Agreement	CEO	Within 60 calendar days of execution of CA

5. PROJECT IMPLEMENTATION



5.1 POST-COMMERCIAL CLOSE

Once a Comprehensive Agreement is executed for a P3 project by the CEO and Preferred Proposer, the VDOT P3 Office begins preparing for the transition from leading project procurement to supporting the responsible VDOT District project manager leading the project's implementation.

During this transition phase, the VDOT P3 Office will also continue to lead coordination efforts related to achieving Financial Close.

5.2 POST-FINANCIAL CLOSE

After Financial Close is reached, project design and construction begins with leadership from the VDOT District project manager. The VDOT P3 Office project manager assumes a supporting role during this phase, assisting with contract interpretations, documentation submittals, etc.

A checklist will be developed by the VDOT P3 Office to ensure that the appropriate party (e.g., FHWA, VDOT, TIFIA office, etc.) receives timely submittals or evidence of commitments addressed as stipulated in the Comprehensive Agreement, and other contract documents.

A database will also be developed during the project procurement phase to house all appropriate project documentation. This will continue to be maintained during the project implementation phase by submittals of documentation to the VDOT P3 Office.

5.3 KEY ACTION ITEMS

Table 6

Project Implementation Activity	Responsibility	Targeted Timeframe
Coordination to reach Financial Close	VDOT P3 Office	6 to 9 months after award
Support District Implementation of the Comprehensive Agreement	VDOT P3 Office	Ongoing after Financial Close
Lessons Learned Workshop	VDOT P3 Office / VDOT District	60 days after Financial Close/after Project Completion
Document Control database	VDOT P3 Office/VDOT	Begin during Project

Project Implementation Activity	Responsibility	Targeted Timeframe
	District	Procurement & continued until Project Completion
Performance Monitoring	VDOT P3 Office/ VDOT District	As stipulated in CA
Conduct a review of whether the Preferred Proposer is meeting the terms of the Comprehensive Agreement	VDOT P3 Office/ VDOT District	Not later than 3 years after the date of completion of the project.
Provide a publicly available summary of the total level of Federal assistance in the project	VDOT P3 Office/ VDOT District	As appropriate

APPENDICES

Appendix A – Rights and Disclaimers

Appendix B – P3 Definitions

Appendix C – Guidance on Approach to Commercial Terms

Appendix D – Guidance on Project Identification and Screening

Appendix E – Guidance for Unsolicited Proposal Preparation

Appendix F – Guidance for the RFQ Process

Appendix G – Guidance for the RFP Process

Appendix H – Guidance for the PPTA Audit Requirements

Appendix I – Summary of Changes to PPTA Legislation

Appendix J – PPTA Statutory Requirements

Appendix K – Confidentiality and Security of Information

APPENDIX A

Rights and Disclaimers

RIGHTS RESERVED

1. The VDOT P3 Office, in coordination with VDOT / DRPT, reserves all rights available by law in procuring PPTA Proposals, including, without limitation, the sole and unfettered right to:
2. Alter the schedule of review or scope of evaluation, including components thereof, of any Proposal if they deem changes are necessary because of the scope or complexity of a Proposal they receive;
3. Reject any and all Proposals at any time;
4. Terminate evaluation of any and all Proposals at any time;
5. Suspend, discontinue and/or terminate Interim or Comprehensive Agreement negotiations with any Proposer at any time prior to the actual authorized execution of such agreement by all parties, subject to appropriate documentation;
6. Negotiate with a Proposer without being bound by any provision in the Proposal;
7. Request or obtain additional information about any Proposals;
8. Waive minor errors, omissions or irregularities in a response to an RFQ or RFP;
9. Issue Addenda to, and/or cancel, any RFQ or RFP;
10. Revise, supplement or withdraw all or any part of the guidelines included in this 2017 Manual and Guidelines;
11. Decline to return any and all fees required to be paid by Proposers as part of the evaluation process for Unsolicited Proposals;
12. Request clarifications to Unsolicited Proposals; and
13. Modify the process and submission requirements for reviewing Proposals in connection with a re-sale, re-tendering, transfer or other disposition of a project pursuant to the provisions of an existing Comprehensive Agreement.

DISCLAIMERS AND CONDITIONS FOR SUBMISSIONS UNDER THE PPTA

1. Neither the Commonwealth nor any of its political subdivisions, agencies, or employees shall be liable for, or reimburse, the costs incurred by Respondents or Proposers, whether or not selected for negotiations, in developing and submitting Proposals or in negotiating agreements. Any and all information made available to Respondents and Proposers is made for convenience purposes only and is without representation or warranty of any kind.

2. Respondents and Proposers must submit questions concerning the PPTA process in writing to the point of contact referenced in the procurement documents, who will coordinate a response in writing; Proposers may not rely on oral responses to inquiries.
3. The Commonwealth, the Secretary of Transportation, the VDOT P3 Office Director or the CEO shall not be liable to a Respondent or Proposer for the disclosure of all or a portion of a response to RFQ, RFP or a Proposal submitted pursuant to this Manual and Guidelines.

APPENDIX B

P3 DEFINITIONS

Provided below are terms used in this Manual and Guidelines.

- **Addenda or Addendum** means supplemental additions, deletions, and modifications to the provisions of the solicitation documents issued by the VDOT P3 Office or a Responsible Public Entity.
- **Affected Locality** means any county, city or town in which all or a portion of a Qualifying Transportation Facility is located and any other Responsible Public Entity directly affected by the Qualifying Transportation Facility.
- **Agency** means VDOT or DRPT.
- **Apparent Best Value Proposal** means the Proposal offering the Best Value.
- **BAFO** means Best and Final Offer. A BAFO is submitted by Proposers in response to a Request for Proposal revisions issued by VDOT / DRPT. After evaluation of responses to a final RFP, VDOT / DRPT reserves the right to request that Proposers submit Proposal revisions (also known as a BAFO). Typically, only those Proposers who have provided responsive proposals to the final RFP and/or fall within a competitive range will be permitted to submit BAFOs.
- **Best Value** means the most overall public benefits as determined through an evaluation of the amount of the concession payment, the amount of public contribution, and other appropriate considerations in proposals received from Proposers. Such other appropriate considerations may include, but are not limited to, qualifications and experience of the private sector, expected quality of services to be provided, the history or track record of the private sector in providing the services, timelines for the delivery of services, performance standards and revenue sharing. Such appropriate considerations may also include, but are not limited to, policy considerations that are important, but not quantifiable, such as retaining a desired level of oversight over the project, ensuring a certain level of maintenance and operations for the project, considerations relative to the structure and amount of the toll rates, economic development impacts and considerations, or social and environmental benefits and impacts.
- **Brownfield Project** means the modification and/or replacement of an existing transportation facility where the new project may need to take into consideration existing structures and services already in place.
- **CEO** means the Commissioner of Highways for VDOT and the Director of DRPT for DRPT.
- **Certification to Governor and General Assembly** is a document where the CEO certifies that the P3 delivery method is being conducted in a manner that is consistent with the intent of the FOPI submitted prior to the project procurement phase.
- **Comprehensive Agreement (CA)** means the Comprehensive Agreement between the Proposer and the VDOT / DRPT, required by § 33.2-1808 of the Code of Virginia.

- **Conceptual Financial Proposal** means, a submission by Qualified Proposers, in a procurement where multiple project delivery models are being considered. The submission may include information on a preliminary financial model, sources and use of funds, and indicative pricing relating to the specific project delivery model for which the Qualified Proposer has been qualified.
- **Construction costs** means capital costs incurred and expended in completing the construction of a project, including labor, materials, construction equipment, site preparation, construction management, typical contingencies, etc.
- **CTB** means the Commonwealth Transportation Board.
- **Develop or Development** means to plan, design, finance, lease, acquire, install, construct or expand.
- **Final RFP** means the final request for proposals issued by VDOT / DRPT during the procurement of a P3 project.
- **Finding of Public Interest (FOPI)** means a document signed by the CEO and the Secretary of Transportation, and contains at a minimum the information provided in Va. Code § 33.2-1803.1.
- **FONSI** means Finding of No Significant Impact as defined in 40 CFR 1508.13. A FONSI is issued by the lead federal agency when environmental analysis and interagency review during the environmental assessment process determines a project has no significant impacts on the environment.
- **Greenfield Project** means the development of a new transportation facility.
- **Interim Agreement** means an agreement, including a memorandum of understanding or binding preliminary agreement, between the Proposer and the Responsible Public Entity that provides for the completion of studies and any other activities to advance the development and/or operation of a Qualifying Transportation Facility (as defined under the PPTA).
- **Metropolitan Planning Organization (MPO)** means a transportation policy-making organization made up of representatives from local government and transportation authorities.
- **NEPA** means the National Environmental Policy Act of 1969. The law is interpreted by the Council on Environmental Quality (CEQ); each federal agency has developed its own set of regulations and guidance implementing NEPA (e.g. Federal Highway Administration's implementing regulation is found at 23 CFR 771).
- **NEPA process** means the statutory process to assess the environmental impacts of alternative options carried out in accordance with the requirements of the National Environmental Policy Act.
- **Operate or Operation** means to finance, maintain, improve, equip, modify, repair, or operate a facility.
- **PDC** means Planning District Committee.

- **Policy Review** means a brief evaluation of an Unsolicited Proposal's concept and benefits to determine that it is in accordance with the Code of Virginia, and this Manual and Guidelines, and is consistent with the Commonwealth's transportation policy goals.
- **PPTA** means the Public-Private Transportation Act of 1995, as amended, which is a legislative process enabling Responsible Public Entities to enter into agreements authorizing Proposers to develop and/or operate Qualifying Transportation Facilities.
- **PPTA Steering Committee** means the committee established under Va. § 33.2-1803.2, whose members are stated in Section 1.4.1.
- **Preferred Proposer** means the Proposer whose proposal is selected as the Apparent Best Value Proposal by VDOT / DRPT in coordination with the VDOT P3 Office.
- **Private Entity** means any natural person, corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, non-profit entity or other business entity.
- **Project Screening Report** is a document prepared at the conclusion of the project identification and screening phase that reflects the VDOT P3 Office's assessment of the Solicited Project based on qualitative and quantitative criteria.
- **Proposal** means an Unsolicited Proposal or the documents submitted by a Proposer in response to an RFP issued by the VDOT P3 Office.
- **Proposal Review Fee** means the non-refundable, non-negotiable fee to be remitted to the VDOT / DRPT with the submission of an Unsolicited Proposal.
- **Proposer** means a Private Entity submitting an Unsolicited Proposal, or a Proposal for a PPTA project in response to an RFP issued by the VDOT P3 Office.
- **Public-Private Partnership (P3)** means a project or service which is funded and operated through a partnership of government and one or more Proposers. In Virginia, the PPTA is the enabling legislation that enables P3 agreements related to transportation.
- **Public Sector Analysis and Competition** means the analysis undertaken by the VDOT P3 Office, in cooperation with the Secretary of Transportation and the Secretary of Finance, pursuant to Va. Code § 33.2-1803.1:1.
- **Public Sector Option** means the procurement option defined based on available public funding and financing options. The Public Sector Option will be used to set a maximum amount of public contribution to the proposed project.
- **Qualified Proposer** means, in a procurement with multiple delivery models, a Proposer who has submitted a responsive Statement of Qualifications, as determined by the CEO, after an evaluation by VDOT / DRP. A Qualified Proposer is invited to submit a Conceptual Financial Proposal.
- **Qualifying Transportation Facility** has the meaning ascribed to that term within the PPTA.

- **Request for Proposals (RFP)** means the documents constituting the Request for Proposals and identifying the P3 project, the work to be performed and materials to be furnished, in response to which a Proposer may submit a Proposal. VDOT / DRPT may choose to issue a Draft RFP to solicit feedback prior to the issuance of the Final RFP.
- **Request for Qualifications (RFQ)** means the documents constituting the Request for Qualifications issued for a PPTA project by VDOT / DRPT in coordination with the VDOT P3 Office.
- **Respondent** means any Private Entity, company, firm, consortium or other legal entity that submits a response to a document issued by the VDOT / DRPT and VDOT P3 Office.
- **Responsible Public Entity** means a public entity, including local government and regional authority that has the power to develop and/or operate the Qualifying Transportation Facility in accordance with the PPTA.
- **Revenue Risk** means the risks associated with the realization of tolling revenues.
- **RFI** means a Request for Information which is issued, at the discretion of the CEO, to obtain additional information and comment from the private sector and other interested stakeholders. RFIs may include public briefings to discuss the project under consideration.
- **Risk Assessment** means the overall process of risk identification, risk analysis and risk evaluation, including risk response.
- **Risk Management Plan** is a detailed plan of action for the management of project risks, and should include recommended levels of contingency to maintain for a project in order to reflect its risk exposure.
- **Risk Register** means a detailed table or chart that lists the conceivable quantifiable risks for each project. These risks range from cost overrun and design risks to planning and regulatory risks. Each project risk is described in detail along with the probability of the risk occurring and a range of probable cost impacts as a result of the risk occurring.
- **ROD** means Record of Decision as defined in 40 CFR 1508.11. The ROD identifies the selected alternative from the environmental impact statement (EIS), specifies the “environmentally preferable alternative,” and provides information on the adopted means to avoid, minimize, and compensate for environmental impacts.
- **Short-List** as used in a two-phase selection process, means the narrowing of the field of Proposers through ranking of the most highly qualified Proposers who have responded to an RFQ with the intent to advance to the RFP stage of the P3 procurement process. Only short-listed firms will be invited to submit a proposal in response to an RFP. In procurements where the submission of a Conceptual Financial Proposal is required, a Short-List is issued once the CEO has determined a preferred project delivery model.
- **Short-Listed Proposer** means a Proposer who has submitted a responsive Statement of Qualification and/or a Conceptual Financial Proposal, as determined by the CEO, after an evaluation by VDOT / DRPT. A Short-Listed Proposer advances to the RFP stage of procurement.

- **Solicited Project** means a project developed and procured by the VDOT / DRPT and VDOT P3 Office through the issuance of an RFQ or RFP to develop and/or operate a Qualifying Transportation Facility by the Private Entity in accordance with the PPTA.
- **Stakeholder(s)** means individuals and/or organizations who may affect, be affected by, or perceive themselves to be affected by a decision(s) associated with the project, its objectives and goals.
- **Statement of Qualifications (SOQ)** means the documents constituting the Statement of Qualifications and supporting information, including all clarifications thereto, submitted by Respondents in response to RFQs issued by the VDOT / DRPT in coordination with the VDOT P3 Office.
- **Transportation Infrastructure Finance and Innovation Act (TIFIA)** means the Federal program that provides credit assistance, in the form of loans, loan guarantees and standby lines of credit, for qualified large-scale, surface transportation, projects of regional and national significance.
- **Transportation Facility** means any road, bridge, tunnel, overpass, ferry, airport, mass transit facility, vehicle parking facility, port facility, or similar commercial facility used for the transportation of persons or goods, together with any buildings, structures, parking areas, appurtenances and other property needed to operate such facility. A commercial or retail use or enterprise not essential to the transportation of persons or goods shall not be a "transportation facility".
- **Unsolicited Proposal** means a Proposal to develop and/or operate a Qualifying Transportation Facility submitted by a Proposer not in response to an RFQ or RFP.
- **VDOT P3 Office** means the VDOT Office of Public-Private Partnerships, responsible for identifying, screening, developing, procuring, and implementing P3 projects.
- **VDOT P3 Office Director** means the highest ranking individual within the VDOT P3 Office responsible for overseeing all aspects of the P3 program.

APPENDIX C

Guidance on Approach to Commercial Terms

The PPTA provides flexibility in contracting to public and Private Entities for the provision of public services. A Comprehensive Agreement between the Private Entity and the agency governs the development and operation of the Qualifying Transportation Facility (Va. Code § 33.2-1808). The Comprehensive Agreement establishes the duties of the Private Entity and may contain commercial terms and conditions that the agency determines serve the public purpose of the PPTA. The development of commercial terms is a fluid, bi-lateral process governed by considerations of public policy and market conditions. In certain circumstances, the agency may elect to enter into an Interim Agreement with one or more Private Entities to pre-develop certain aspects of a particular project.

The guidance below presents the VDOT P3 Office's approach to developing commercial terms that forms the basis for Interim Agreements and Comprehensive Agreements governing P3 projects. In developing commercial terms, the VDOT P3 Office seeks to strike a balance between (i) providing the private sector with enough transparency regarding the Commonwealth's principles and processes so as to promote and preserve its confidence and participation in the P3 program and (ii) preserving the P3 Office's flexibility across modes and projects to negotiate fair, market-based transactions that reflect the best interests of the Commonwealth.

While each P3 project is different and will have its own unique challenges, the guiding principles identified below remain constant and the P3 Office intends to apply these principles during the process of developing commercial terms for P3 projects across modes and methods of project delivery:

- **Protect the Public Interest** by being an effective steward of public resources and ensuring that the Commonwealth and its transportation agencies satisfy their statutory and legal duties to the public;
- **Deliver Transportation Solutions** to solve the Commonwealth's transportation challenges;
- **Promote Transparency and Efficiency** within the process in order to generate and preserve confidence of key stakeholders in the P3 program;
- **Maximize Competition** through constant, early communication with the private sector, and during development and procurement, managing an efficient project selection process and administering a uniform and transparent procurement process;
- **Execute P3 projects in a Timely and Efficient Manner** through decisive process management and efficient decision-making;
- **Encourage Creativity and Innovation** to generate meaningful participation by the private sector;
- **Collaborate, Cooperate and Communicate** with private partners within the process as well as federal and state agencies and other key stakeholders to identify shared goals, key concerns and criticisms and resolve issues and challenges on a programmatic and project-specific basis;
- **Advocate Reasonable and Fair Commercial Terms** to ensure marketability of P3 projects by adopting market-based risk allocations that are appropriate for the complexity and scope of a specific P3 project – and are in the best interest of the Commonwealth;

- **Standardize Terms, Procedures and Documents** as appropriate to enhance speed of project execution and establish common understanding of key commercial terms and uniform treatment of general matters while remaining flexible to address the unique elements of a project on a transaction-specific basis; and
- **Lead the Public-Private Partnership Community** by developing and preserving a reputation for managing P3 projects effectively and successfully to promote confidence in the P3 program and realize the benefits of a long term investment in the Commonwealth.

The VDOT P3 Office intends to apply these guiding principles and values to each P3 project through the processes utilized to develop commercial terms as outlined below; however, due to the uniqueness of each P3 project, certain principles and values may weigh and factor differently when developing commercial terms and finalizing an Interim or Comprehensive Agreement, as applicable, for a specific P3 project.

DEVELOPMENT OF COMMERCIAL TERMS

During the pre-solicitation stage of the PPTA procurement phase, the VDOT P3 Office, in conjunction with the VDOT / DRPT, may conduct project-specific industry workshops in order to measure the private sector's interest in the proposed P3 project and to gauge the potential scope of the project risks, allocation of those risks and related commercial terms. The VDOT P3 Office and the VDOT / DRPT may follow up, hold industry workshops, or conduct independent one-on-one meetings with potential developer teams to further develop the scope of the proposed P3 project and advance the consideration of potential commercial terms for the project.

Prior to the issuance of the Final RFP documents for a particular P3 project, the VDOT P3 Office will maintain open lines of communication within the parameters and restrictions set forth in the procurement documents with Short-Listed Proposers. The VDOT P3 Office will consider the input received from Short-Listed Proposers related to the project scope to ensure that the project and its corresponding commercial terms are financeable and consistent with prevailing market conditions.

The VDOT P3 Office expects the key commercial terms that will form the basis for an Interim Agreement or Comprehensive Agreement will be determined prior to issuance of the Final RFP documents. The contract finalization phase will provide an opportunity to make modifications necessary to react to events, such as changes in law, litigation, significant shifts in market conditions, new facts, and considerations raised by significant third party participants as appropriate. During the contract finalization phase, the VDOT P3 Office, in coordination with VDOT / DRPT will work with the Preferred Proposer to agree upon an ordered and efficient review and comment process to resolve any outstanding issues and/or refine the language of the documents in a manner which is timely, cost effective and reflects the importance of achieving commercial and financial closings.

The VDOT P3 Office, in conjunction with VDOT / DRPT, the OAG, and external legal, financial and technical advisors, will, in most circumstances, be primarily responsible for drafting, issuing and managing the P3 project's primary commercial documents, such as term sheets, Interim Agreements, Comprehensive Agreements, technical requirements and related documents.

During the process of drafting the primary commercial documents, the VDOT P3 Office, VDOT / DRPT, the OAG, and external advisors will be guided by the PPTA principles and consider the following factors:

1. The transportation mode and asset classification;

2. Whether the project is a Greenfield construction or Brownfield monetization;
3. The proposed financial structure;
4. The commercial terms and risk allocations reflected in past P3 projects in the Commonwealth, parties that are best able to manage each risk and recent transactions of similar complexity and scope in other jurisdictions;
5. Current economic and financial conditions; and
6. Political and cultural issues.

For certain terms, the VDOT P3 Office will develop standard contractual language to address matters that will be part of any transaction, regardless of the nature of the P3 project.

The VDOT P3 Office, in conjunction with its constituent agencies and external advisors, will engage the private sector on an ongoing basis to evaluate shifting market conditions and will conduct periodic internal reviews of its principles and processes. Furthermore, the VDOT P3 Office will reach out to both the private sector and similar public-private partnership offices in other states to discuss shifting market dynamics and/or conditions that may impact the P3 program.

The VDOT P3 Office views its approach to developing commercial terms as a dynamic process that will evolve over time in an effort to continually reflect the best practices of using public-private partnerships to develop transportation infrastructure in the Commonwealth.

APPENDIX D

Guidance on Project Identification and Screening

The criteria below provide an indication of what information the VDOT P3 Office will evaluate as they make their briefing to the CTB on whether the Solicited Project or Unsolicited Proposal should proceed to the project development phase. These criteria are not intended to be an exhaustive listing, and may be modified to better address the unique aspects of a project. The findings of the evaluation will be reflected in a two (2)-part Project Screening Report, with each part corresponding to the qualitative (Table A) and quantitative (Table B) criteria below.

Table A

Qualitative Project Screening Criteria – Desirability and Suitability of the Project		
I	Public Need	<ul style="list-style-type: none"> ▪ Is the project part of the Statewide Transportation Plan, regional, and other local plans/programs? ▪ Is the project in Smart Scale? ▪ Is the project consistent with the overall transportation objectives of VDOT / DRPT? ▪ Does the project address the needs outlined in the above plans including safety and security, system maintenance and preservation, mobility, connectivity and accessibility, environmental stewardship, economic vitality, coordination of transportation and land use, and program delivery? ▪ Does the project address other needs?
II	Public Benefits	<ul style="list-style-type: none"> ▪ Are there anticipated transportation benefits to the community, the region and/or the Commonwealth? ▪ Are there potential project benefits to Affected Localities and their transportation system? ▪ Are there anticipated enhancements to adjacent or existing transportation facilities? ▪ Are there anticipated enhancements to planned transportation facilities?
III	Economic Development	<ul style="list-style-type: none"> ▪ Will the project enhance the Commonwealth's economic development efforts? ▪ Is the project helpful to attracting or maintaining competitive industries and businesses to the region, consistent with stated objectives?
IV	Market Demand for PPTA Delivery (Should this be deleted?)	<ul style="list-style-type: none"> ▪ If private sector feedback has been solicited, what is the level of interest that has been expressed? (This measure applies to Solicited Projects only. The submission of an Unsolicited Proposal demonstrates market demand.)

Qualitative Project Screening Criteria – Desirability and Suitability of the Project		
V	Stakeholder Support	<ul style="list-style-type: none"> ▪ What is the extent of public support or opposition for/to the project? ▪ What strategies are proposed during project development to involve Affected Localities and the general public? Affected public entities and concerned local, state and/or federal officials? ▪ Does the project have a transit component? Has there been coordination between VDOT and DRPT?
VI	Project Efficiencies (from a P3 project delivery process)	<ul style="list-style-type: none"> ▪ Is the project sufficiently complex (in terms of technical and/or financial requirements) to effectively leverage private sector innovation and expertise? ▪ If the required public funding is not currently available, could using a P3 project delivery process accelerate project delivery? ▪ Would delivering the project under the P3 delivery process free up funding to apply to other transportation priorities within the Commonwealth?
VII	Legal Considerations	<ul style="list-style-type: none"> ▪ Does the PPTA provide statutory basis for the development procurement and operation of the project? ▪ Is the project consistent with applicable state and federal statutes?
VIII	Legislative Considerations	<ul style="list-style-type: none"> ▪ Is new legislation needed to complete the project? ▪ Will the project require General Assembly approval for tolls, user fees, or public funds? ▪ Are any other actions required from the General Assembly to complete the project?

Table B

Quantitative Project Screening Criteria – Feasibility of the Project		
I	<i>Technical Feasibility</i>	
1	Project Approach	<ul style="list-style-type: none"> ▪ Is there sufficient information to determine the following information? <ol style="list-style-type: none"> a. Scope of the project b. Location of the project c. All proposed interconnections with other transportation facilities d. Affected Localities e. Alternatives for further evaluation ▪ Does the project have any key constraints or assumptions?
2	Proposed Project Schedule	<ul style="list-style-type: none"> ▪ Is the proposed schedule for project completion clearly outlined and feasible?
3	Operation	<ul style="list-style-type: none"> ▪ Does the project include a plan to operate the facility?
4	Maintenance	<ul style="list-style-type: none"> ▪ Does the project include a plan to maintain this facility?

Quantitative Project Screening Criteria – Feasibility of the Project		
5	Life Cycle Management	<ul style="list-style-type: none"> ▪ Does the project include a life cycle management plan? This may include a proposed term of concession for operation and maintenance, long-term performance management, inventory and hand back.
6	Technology	<ul style="list-style-type: none"> ▪ Is the project based on proven technology?
7	Design Standards	<ul style="list-style-type: none"> ▪ Does the conceptual design appear to be consistent with the appropriate state and federal standards?
8	Environmental Standards	<ul style="list-style-type: none"> ▪ Is the proposed project consistent with applicable state and federal environmental statutes and regulations?
9	Federal, State, and Local Permits and Approvals	<ul style="list-style-type: none"> ▪ Will the project require some level of federal involvement or oversight? ▪ Have the required permits and regulatory approvals been identified? ▪ Is there a reasonable plan and schedule for obtaining them?
10	Rights of Way	<ul style="list-style-type: none"> ▪ Does the project set forth the method by which all property interests required for the transportation facility will be secured and by whom?
11	Utilities	<ul style="list-style-type: none"> ▪ Does the project set forth the method by which utility relocations will be identified and managed?
12	Land Use Impacts	<ul style="list-style-type: none"> ▪ Is the project compatible with local land use and comprehensive plans?
13	System Interface	<ul style="list-style-type: none"> ▪ Does the project provide continuity with existing and planned state and local facilities?
II	<i>Financial Feasibility</i>	
1	Funding sources	<ul style="list-style-type: none"> ▪ Is the preliminary financial plan feasible in that the sources of funding and financing can reasonably be expected to be obtained? ▪ What is the level of private financial equity/debt within the preliminary financial plan? ▪ Are there public funds required and, if so, are the Commonwealth's financial responsibilities clearly stated? ▪ Does the project have the revenue generation potential to partially or completely offset the public funding requirement?
2	Federal funding requirements	<ul style="list-style-type: none"> ▪ Is the project consistent with federal transportation agency programs or grants?
III	<i>Public Sector Analysis and Competition</i>	

Quantitative Project Screening Criteria – Feasibility of the Project		
Va. Code § 33.2-1803.1.1(B)		<ul style="list-style-type: none"> ▪ What is the Public Sector Option? ▪ What is the maximum amount of public contribution? ▪ How can the risks of user-fee financing be mitigated? This information is based on assumptions on competing facilities, projected compensation for high usage of the facility by high-occupancy vehicles (HOV), or other considerations. ▪ Will VDOT / DRPT maintain/operate the facility itself, or will these responsibilities be transferred to the private sector? ▪ Will public contributions be required to cover costs not covered by financing obtained for the project? ▪ Will funds to support non-user fee generating components of the project contribute to increased person throughput, reduction in congestion, improved safety and other expected benefits?
III	<i>Risk Assessment</i>	
1	Risk Identification	<ul style="list-style-type: none"> ▪ Are there any particular risks unique to the project that have not been outlined above that could impair project viability?
2	Risk Allocation	<ul style="list-style-type: none"> ▪ Would the P3 delivery process help transfer project risks and potential future responsibilities to the private sector on a long-term basis? ▪ Are there any project risks proposed to be transferred to VDOT / DRPT that are likely to be unacceptable? ▪ Would the P3 delivery process promote efficiencies through the most appropriate transfer of risk over the project lifecycle?

APPENDIX E

Guidance for Unsolicited Proposal Preparation

Proposers may submit Unsolicited Proposals to develop and/or operate P3 projects at any time, pursuant to the PPTA and this Manual and Guidelines. Private Entities are discouraged from submitting the anticipated Proposal to the Secretary of Transportation for pre-submission review. Rather, in an effort to streamline the PPTA process, all Unsolicited Proposals should be submitted directly to the CEO with a copy to the VDOT P3 Office.

PROPOSAL PREPARATION

Proposers submitting an Unsolicited Proposal should ensure that the Proposal includes a comprehensive project description and provides enough information about the proposed project for the VDOT P3 Office to determine whether the Proposal satisfies the review and evaluation criteria as set out in Va. Code § 33.2-1801 and § 33.2-1803 of the Code of Virginia. Proposers should also provide sufficient information to facilitate a Policy Review as detailed in Section 2.3.1 of this Manual and Guidelines and the Quantitative Project Screening Criteria as described in Appendix D. In addition, the financial plan for the project must contain enough detail so that an analysis could be performed to determine whether the proposed project is financially feasible. The financial plan shall disclose the full extent of any forecasted public financing and/or funding commitments that are required to enable the proposed project.

To promote standardization of the evaluation procedure, Proposers are required to organize contents of the Unsolicited Proposal as follows:

- Table of Contents
- Executive Summary
- TAB 1: Project Description and Approach
- TAB 2: Desirability of the Project
- TAB 3: Feasibility of the Project
- Appendices – Additional Information (if applicable)

The VDOT P3 Office may require Proposers submitting an Unsolicited Proposal to give one or more oral presentations of their Proposal to the VDOT / DRPT and/or the public. Such presentations will provide opportunities to educate the VDOT / DRPT and the public and/or to clarify aspects of the Proposal. All pages of the Proposal should be numbered. Each copy of the Proposal should be placed in a three-ring binder and contained in a single volume where practical.

PROPOSAL SUBMISSION

Proposers submitting Unsolicited Proposals are required to deliver ten (10) hard copies and one (1) electronic copy in Portable Document Format (PDF). Proposals must be sealed in mailing envelopes or packages bearing the Proposer's name, address and the words "Public-Private Transportation Act Proposal" clearly written on the outside. The cover page must include the title of the Proposal, the name

and address of the Proposer, the person authorized to act on behalf of the Proposer and his or her email address and telephone and facsimile numbers.

All Unsolicited Proposals should be submitted to VDOT / DRPT CEO's, with a copy sent to the attention of the VDOT P3 Office Director at the address listed above for the P3 Office Point of Contact.

Upon receipt, the VDOT P3 Office will notify any appropriate federal agency, and other stakeholders that the Unsolicited Proposal has been submitted for a given transportation project and that the VDOT P3 Office will initiate a Policy Review within 90 calendar days to determine if the Proposal meets all legal and policy requirements for further evaluation, as set out in §§ 33.2-1801 and 33.2-1803 of the Code of Virginia and this 2017 Manual and Guidelines.

The Proposer submitting a copy of the Unsolicited Proposal to VDOT / DRPT pursuant to § 33.2-1803 of the Code of Virginia shall coordinate with the VDOT P3 Office Director prior to furnishing a copy of its Proposal to Affected Locality identified in the Proposal.

If an Unsolicited Proposal is submitted during a period when the VDOT P3 Office is unable to review and evaluate that Proposal by virtue of being committed to the development, evaluation, and negotiation of other priority transportation projects, or for any other reason as determined by the VDOT / DRPT at its sole discretion, the Proposer will be notified by the VDOT P3 Office so that the Proposal may be resubmitted at a later date.

APPENDIX F

Guidance for the RFQ Process

This Appendix provides guidance on the processes for issuance of RFQ documents and submitting SOQs.

ISSUANCE OF RFQ DOCUMENTS

The VDOT P3 Office, in consultation with the CEO, and other state and federal agencies, as appropriate, is responsible for the development and issuance of the RFQ documents. The VDOT P3 Office will issue a public notice on the VDOT P3 Office website and the state eVA system to announce the issuance of the RFQ documents. The eVA system is a web-based purchasing system used by state agencies to announce bid opportunities, invite bidders and receive quotes. The public notice may be issued by publication in a newspaper or newspapers of general circulation in the area in which the project is to be performed, so as to provide reasonable notice to the maximum number of Respondents that can be reasonably anticipated to submit responses to the RFQ.

The procurement documents, including any required forms, Addenda and other related information will be made available electronically on the eVA system and the VDOT P3 Office website. The VDOT P3 Office may arrange for a pre-Proposal conference or webinar, as deemed appropriate, to present and clarify information about the project and procurement process and respond to any questions that prospective Respondents may have about the RFQ. A notice for such event will be made known within the RFQ documents, on the eVA system and on the VDOT P3 Office website.

At any time during the procurement process, the need to issue one or more Addenda to the procurement documents may arise following interaction with the industry or in the event the underlying conditions of a particular project change or more information becomes available. Proposers are encouraged to check the eVA system and the VDOT P3 Office website frequently and before submitting their responses.

SUBMISSION OF SOQS

In response to the issuance of an RFQ, Proposers that are interested in the project will be required to submit an SOQ. SOQs should be prepared in accordance with the timelines and requirements of the RFQ document. For those Unsolicited Proposals that have been accepted by the VDOT / DRPT for a competitive procurement, the individual or Proposer that submitted the original Unsolicited Proposal will be required to submit a SOQ with other prospective Respondents to an RFQ if the Proposer remains interested in developing the project.

As a part of the SOQ, Respondents may be required to provide information related to the structure of the respondent team, the qualification and experience of the Respondent, individual team members and key personnel with developing, designing, constructing, financing, operating and/or maintaining projects comparable to the project. The specific nature of experience, key personnel and background sought will depend on the specific project as well as the project delivery model used. Respondent will also be required to identify a Responsible Charge Engineer who will accept full professional responsibility for engineering decisions relating to the final work product. Additionally, the RFQ may require submittal of certain financial information from the Respondent and its affiliates. The intent of financial qualification submittal requirements is to determine whether the Proposer submitting a response has sufficient financial capacity to assume the responsibilities and obligations required to deliver the project on

schedule. The VDOT P3 Office in coordination with the VDOT / DRPT may require the submission of financial statements (including audited financial statements), letters of support from providers of payment and performance security and/or disclosure of material changes in the Respondent's financial position during a specified period of time or reporting period identified in the RFQ.

Respondents are encouraged to become familiar with the Virginia Freedom of Information Act (FOIA) provisions to ensure that documents identified as confidential or proprietary will not be subject to disclosure pursuant to FOIA prior to submitting their responses and to otherwise understand which documents may be subject to disclosure pursuant to the FOIA.

APPENDIX G

Guidance for the RFP Process

This Appendix provides guidance on the process for developing RFP documents, the contents of Proposals and evaluation methodology.

Upon making the determination of Short-Listed Proposers the VDOT / DRPT in coordination with the VDOT P3 Office may begin the RFP process. The purpose of the RFP process is to create competition among a short-list of the most qualified Proposers to ensure the best interests of the public are served.

The VDOT / DRPT, in coordination with the VDOT P3 Office, may choose to issue the RFP documents in draft format to Short-Listed Proposers and hold one-on-one meetings in order to solicit feedback on the proposed RFP documents and draft Comprehensive Agreement. Once consideration has been given to feedback from the Short-Listed Proposers and other appropriate parties, the VDOT / DRPT, in coordination with the VDOT P3 Office, will issue Final RFP documents to Short-Listed Proposers.

The VDOT / DRPT, in coordination with the VDOT P3 Office, will evaluate responses to the RFP from Short-Listed Proposers based on appropriate criteria. The VDOT / DRPT, in coordination with the VDOT P3 Office, reserves the right to run a Best and Final Offer (BAFO) process with some or all of the Short-Listed Proposers.

CONTENTS OF RFP DOCUMENTS

The RFP documents may include specific requirements for the detailed Proposals, as well as the selection criteria to be met. Depending on the project, the RFP documents may also include, among other things:

- Technical requirements for the design, construction, environmental commitments, operations and maintenance components of the project;
- The scope of the services to be provided;
- VDOT / DRPT's preferred allocation of project risks and commercial terms via a draft Comprehensive Agreement;
- Clear instructions on the content and format of each Proposal; and
- A clear and reasonable timetable for submitting the Proposals.

PROPOSAL SUBMISSION

In response to the issuance of the Final RFP documents, Short-Listed Proposers will be invited to submit a detailed Proposal containing at least two basic components, a Technical Proposal and a Financial Proposal, in accordance with the requirements stated in the RFP documents. The RFP may require Proposers to submit information different from or in addition to such information referenced in this Manual and Guidelines.

Additionally, the extent and type of information requested may vary depending upon the complexity of the P3 project; however, the information and supporting documents provided should be sufficient to allow VDOT / DRPT to determine the most suitable Proposer for delivering the P3 project.

TECHNICAL PROPOSAL

The VDOT P3 Office may require the Proposer to provide a Technical Proposal regarding the project's scope of work and technical requirements as the VDOT / DRPT deems appropriate. Such required information may include, without limitation, design elements and approach, construction approach, operations approach, maintenance approach, approach for maintenance of traffic during construction, project management approach, schedule, phasing, quality control and assurance approach, environmental requirements, communication and public involvement approach and other information as is appropriate for the project's implementation.

The intent of the Technical Proposal is to provide assurance that the selected Preferred Proposer has a sufficient understanding of the project and/or desired service; an approach that fosters innovation and creativity; an approach that meets technical and contractual requirements; and the ability to deliver the project and/or desired service in accordance with technical and contractual requirements stated in the RFP documents in a timely and efficient manner. If compliance with NEPA is required, the Technical Proposal must be consistent with any existing NEPA approvals or additional NEPA documentation may be required.

FINANCIAL PROPOSAL

The content requirements of the Financial Proposal will vary with the type of PPTA delivery structure and the transportation mode and nature of a particular P3 project. If the RFP and project scope requires the Proposer to finance any part of the project, the RFP will require that the Financial Proposal include a financial plan and financial model. Depending upon the nature of the project, the project delivery model and current market conditions, the requirements for the contents and level of detail of the financial plan could be substantially different. The Financial Proposal may require that the Proposer update the financial qualification information provided with the SOQ. The RFP documents will include the financial plan requirements.

The VDOT P3 Office will seek Proposals that demonstrate the private sector can develop and/or operate the transportation facility with a public contribution amount less than the maximum public contribution. If a Proposal including public or private debt is submitted, then the RFP will require that the Proposal identify the amount of public funds required and a plan for complying with any requirements associated with using public funds.

PROPOSAL EVALUATION CRITERIA

The evaluation methodology for Proposals will depend largely on the nature of the project, the scope of work and details set forth in the RFP documents. The VDOT P3 Office is encouraged to use Best Value as the basis for award. However, the VDOT P3 Office reserves the right to utilize other basis for award, including low bid, lowest lifecycle cost, highest concession payment, lowest public subsidy and any other basis that is appropriate and deemed by the VDOT P3 Office in coordination with the VDOT / DRPT to be in the best interests of the public.

The specific criteria and methodology for evaluating Proposals will be included in the RFP documents of the specific PPTA procurement and will vary depending on the scope and complexity of a project,

transportation mode and project delivery model. The RFP evaluation criteria allow the VDOT P3 Office, the CEO, and the Commonwealth to clearly communicate the project objectives and priorities of the VDOT / DRPT to the private sector.

Upon receipt of Proposals, the VDOT P3 Office will commence the evaluation and selection process. The VDOT / DRPT may hold interviews, ask written questions of the Proposers, seek written clarifications and conduct discussions on the Proposals during the evaluation and selection process.

After evaluation of the Proposals, VDOT / DRPT, reserves the right to request that Proposers submit Proposal revisions (also known as a Best and Final Offer (BAFO)). Typically, only those Proposers that are responsive and/or which fall within a competitive range will be permitted to submit BAFOs. The request for Proposal revisions or BAFOs is intended to provide Proposers an opportunity to revise their Proposals (both the Technical Proposal and Financial Proposal) in light of the BAFO request issued by the VDOT P3 Office. Upon receipt of the Proposal revisions or BAFOs, the Proposal evaluation process will be repeated by the VDOT P3 Office. It is important to note that BAFOs are not mandatory and may not be useful or appropriate for a given project. If BAFO is to be used, it will be specifically stated in the RFP.

APPENDIX H

Guidance for the PPTA Audit Requirements

GENERAL AUDIT SCOPE

1. Audit of the traffic and cost estimates provided by the the preferred Proposer in its Proposal to the Agency;
2. Identification and quantitative assessment of anticipated public costs and potential liabilities; and
3. Qualitative assessment of the cost and revenue projections relative to other, similar projects and assessment of the potential for increased costs and liabilities to the P3 Office or the Agency.

The level of audit shall be specific to the scope and type of agreement, whether Interim or Comprehensive Agreement.

AUDIT TIMING

The audit will be conducted prior to the execution of an Interim or Comprehensive Agreement by the VDOT P3 Office. The audit for an Interim Agreement may be limited in scope due to the preliminary and undeveloped nature of the contractual documents as well as limited availability of the project cost and traffic data.

AUDIT PAYMENT

The VDOT P3 Office will engage the consultant, commission and pay for the audit. The Preferred Proposer will reimburse the VDOT P3 Office for the cost of the audit. The payment due date will be as determined by the VDOT P3 Office, but in no event later than financial close.

AUDITOR SELECTION

The VDOT P3 Office will select a consultant to conduct the required audit and determine their independence utilizing its reasonable good faith judgment, as well as the following criteria:

1. In regards to auditing the cost estimates and traffic data, the consultant will have been determined not to have any actual, potential or perceived conflict of interest;
2. In regards to auditing documents to address the public cost and potential liabilities, the proposed independent consultant will not have had any responsibilities associated with the development of contractual documents or allocation of the risk as defined by those documents on behalf of either the P3 Office or the Preferred Proposer; and
3. The consultant shall not have otherwise performed services or have other relationships with either the VDOT P3 Office or the Preferred Proposer (or the Preferred Proposer's affiliates) that, in the VDOT P3 Office's judgment, may affect the objectivity of the consultant.

APPENDIX I

Summary of Changes to PPTA Legislation

Bill	Date Approved by Governor	Summary
SB 856 Chapter 647, Virginia Acts of Assembly (1995 session)	March 1995	<ul style="list-style-type: none"> - Rewrote the Qualifying Transportation Facilities Act of 1994 which permitted privatization of transportation facilities and granted the State Corporation Commission (SCC) certificate of authority and rate of approval function - Eliminated the regulatory role of the SCC, expanded the definition of transportation facilities to include parking and port facilities, deleted the provision that no tolls or user fees may be imposed by an operator on an existing road without consent of the affected locality, and clarified that the provisions of the Virginia Public Procurement Act (VPPA) did not apply to the Transportation Act - Provides for timely acquisition of needed transportation facilities by enabling Private Entities to acquire, construct, improve, maintain and/or operate transportation facilities upon authorization of a Responsible Public Entity (RPE) and to arrange financing for the acquisition, construction, and improvement of toll roads, bridges, tunnels, airports, and mass transit and port facilities - Requires approval of "privatization" by public entities that have responsibility for the applicable transportation projects and an agreement between the private operator and the applicable public entity to ensure that the private transportation facility is properly constructed and maintained. - Authorized governmental bodies to take advantage of new federal assistance for innovative financing projects by facilitating the pooling and funding mechanisms of the Intermodal Surface Transportation Efficiency Act of 1991 - Provides method to return private transportation facility to public use upon default - Provides that the private transportation facility becomes dedicated to public use within 10 years after the financing for the facility has been retired - Permits a governmental entity to convey public property to the Private Entity permitting privatization of existing facilities - Does not allow tolls on existing interstate highway and requires that user fees could be imposed on other existing highways only if they are reconstructed to provide for increased capacity - Privatized transportation facilities will be governed by the terms of individual comprehensive agreements negotiated between the applicable RPE and the Private Entity for each such transportation facility
HB 2717 Chapter 286, Virginia	March 2001	<ul style="list-style-type: none"> - Repealed the prohibition on considering "rail mass transit facilities owned by an interstate compact agency" to be transportation facilities for purpose of the Act

Acts of Assembly (2001 session)		
SB 674 Chapter 570, Virginia Acts of Assembly (2002 session)	April 2002	<ul style="list-style-type: none"> - Defined “asset management,” “competitive sealed bidding,” and “construction” and provides limitations on how certain VDOT maintenance contracts are to be procured - Provides that under certain conditions maintenance and asset management services are not subject to the VPPA
HB 1373 Chapter 593, Virginia Acts of Assembly (2002 session)	April 2002	<ul style="list-style-type: none"> - Authorized tolling for use of Interstate 81 by vehicles other than passenger cars, pickup or panel trucks, and motorcycles, in connection with a facility operated under the Public-Private Transportation Act of 1995 (PPTA) - Allows tolling on any interstate to provide for increased capacity. - Requires that an RPE may enter into a comprehensive agreement in accordance with the following procedure: <ol style="list-style-type: none"> 1. an RPE may enter into a comprehensive agreement in accordance with procedures that are consistent with procurement through “competitive sealed bidding,” and 2. an RPE may enter into a comprehensive agreement in accordance with procedures that are consistent with procurement of “other than professional services” through competitive negotiation - If a state agency is the RPE, the approval of the Secretary of Transportation is required before the comprehensive agreement is signed. - Defined “asset management” and “maintenance” as used in the PPTA.
SB 1229 Chapter 289, Virginia Acts of Assembly (2003 session)	March 2003	<ul style="list-style-type: none"> - Eliminated proposal application or submission fees for solicited transportation projects under the PPTA
HB 1545 Chapter 968, Virginia Acts of Assembly	April 2003	<ul style="list-style-type: none"> - Amended PPTA and the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA) to enable public access to procurement records once a comprehensive agreement has been made - Procurement records are not to be interpreted to include proprietary, commercial or financial information, balance sheets, financial statements, or trade secrets that may be provided by the Private Entity as evidence of its qualifications

(2003 session)		
SB 1108 Chapter 562, Virginia Acts of Assembly (2005 session)	March 2005	<ul style="list-style-type: none"> - Authorized the establishment of an interim agreement to provide for partial planning and development activities while other aspects of a project are being negotiated - Authorized a Private Entity to request approval of multiple RPEs in proposed projects involving multimodal transportation facilities - Authorized RPEs to enter into comprehensive agreements with multiple Private Entities - Requires the RPE to protect confidential information submitted by a Private Entity - Adds factors that an RPE may consider when selecting proposals - Identical to HB 2666
HB 2666 Chapter 562, Virginia Acts of Assembly (2005 session)	March 2005	<ul style="list-style-type: none"> - Authorized the establishment of an interim agreement to provide for partial planning and development activities while other aspects of a project are being negotiated and analyzed - Authorized a Private Entity to request approval of multiple RPEs - Authorized RPEs to enter into comprehensive agreements with multiple Private Entities - Requires the RPE to protect confidential information submitted by a Private Entity - Adds factors that an RPE may consider when selecting proposals - Identical to SB 1108
SB 5011 Chapter 001, Virginia Acts of Assembly (2006 session)	March 2006	<ul style="list-style-type: none"> - During periods when the financial interest or bargaining position of the public or Private Entity could be adversely affected memorandum, staff evaluations, or other records are excluded from public disclosure - An independent review panel may meet in closed session to review confidential information - All procurement records of an interim or comprehensive agreement entered into by an RPE become public upon completion of all bargaining of the agreement under the PPTA or PPEA - Allowed procurement records under PPTA to be withheld, even after a comprehensive agreement has been signed, if the process of bargaining of other interim agreements related to the qualifying transportation facility or all phases or aspects of the comprehensive agreement are not complete - Provisions expired on July 1, 2007
SB 666 Chapter 922, Virginia Acts of Assembly (2006 session)	April 2006	<ul style="list-style-type: none"> - Authorized "concessions" agreements under the PPTA - Defined "concession" and described the rights and requirements of the Private Entity as relates to the impacted jurisdiction's comprehensive plan - Defined how concessions are to be taxed, gave direction on how concession payments are to be fiscally administered and provided guidance on allocations by the Commonwealth Transportation Board (CTB) - Revised definition of "transportation facility" to state that a commercial or retail use or enterprise not essential to transportation of persons or goods shall not be a "transportation facility"

SB 76 Chapter 936, Virginia Acts of Assembly (2006 session)	May 2006	<ul style="list-style-type: none"> - Revised FOIA exemption for records submitted by a Private Entity to an RPE under the PPTA and PPEA and formalized the earmarking process or the protection of trade secrets, financial records, and other records submitted by a Private Entity, by requiring a written request for an exclusion from disclosure by the Private Entity and a written determination by the RPE that such records will be protected from disclosure - Requires a public entity to post all accepted conceptual proposals - Requires RPEs that are state agencies, departments, and institutions to post to post a summary of the proposals and the location where copies of the proposals are available for public inspection on the Department of General Service's web-based electronic procurement program (eVA) - Requires RPEs that are local public bodies to post a summary of the proposals and the location where copies of the proposals are available for public inspection on the RPE's website or by publication in a newspaper of general circulation in the area where the contract is to be performed - At least one copy of the proposal shall be made available for public inspection - Provides that nothing shall be construed to prohibit the posting of the conceptual proposals by additional means deemed appropriate by the RPE so as to provide maximum notice to the public of the opportunity to inspect the proposals - Requires the RPE to provide an opportunity for public comment 30 days before the execution of an interim or comprehensive agreement - Provides that once the process of bargaining of all phases or aspects of an interim or comprehensive agreement is complete, but before the agreement is entered into, an RPE shall post the proposed agreement - After an interim or comprehensive agreement has been executed, all procurement records, excluding trade secrets, financial information, and cost estimates, shall be available to the public upon request
SB 1002 Chapter 374, Virginia Acts of Assembly (2007 session)	March 2007	<ul style="list-style-type: none"> - Removed the sunset clause of SB 5011 so the provisions would not expire - Allows memoranda, staff evaluation, or other records prepared by the RPE, its staff, outside advisors, or consultants exclusively for the evaluation and negotiation of proposals filed under the PPTA and PPEA to be withheld from public disclosure if such records would adversely affect the financial interest or bargaining position of the public entity - Allows for closed meetings of the Independent Review Panel to discuss confidential information
HB 627 Chapter 296, Virginia Acts of	March 2008	<ul style="list-style-type: none"> - Requires proposals presented pursuant to the PPTA with an estimated construction of over \$50 million be subject to an independent audit of any and all traffic and cost estimates associated with the proposal. The RPE must require the Private Entity to pay the costs for the audit - The Private Entity must provide a full accounting of all public costs and potential liabilities and such information must be disclosed prior to entering into any interim agreement.

Assembly (2008 session)		<ul style="list-style-type: none"> - The independent audit must be conducted by an independent consultant selected by the RPE - Provisions apply to solicited and unsolicited proposals - Requires projects undertaken pursuant to the PPTA to be part of the CTB's six year improvement program - Requires the RPE to conduct a traditional public hearing prior to executing agreement - Requires the RPE to give priority to proposals that provide for equity investment in a toll project by the Private Entity or the agreement by the Private Entity to purchase certain percentage of bonds to be issued in connection with a toll project
HB 1516 Chapter 602, Virginia Acts of Assembly (2008 session)	March 2008	<ul style="list-style-type: none"> - Identical to SB 754 - Prohibits CTB or a Private Entity from imposing tolls or user fees under the PPTA on all or part of I-81 without prior approval of the General Assembly
SB 754 Chapter 602, Virginia Acts of Assembly (2008 session)	April 2008	<ul style="list-style-type: none"> - Identical to HB 1516 - Prohibits CTB or a Private Entity from imposing tolls or user fees under the PPTA on all or part of I-81 without prior approval of the General Assembly
SB 506 Chapter 732, Virginia Acts of Assembly (2010 session)	April 2010	<ul style="list-style-type: none"> - Neither the Governor, his political action committee, nor any pertinent Secretaries shall knowingly solicit or accept a contribution, gift, or other item with a value greater than \$50 from any bidder, Offerors, or Private Entity who has submitted a bid or proposal pursuant to the VPPA, the PPTA, or the PPEA during the bidding period - Restrictions only apply if the stated or expected value of the contract is \$5 million or more and do not apply to contracts awarded as the result of competitive sealed bidding - No bidder, offeror, or Private Entity who has submitted a bid or proposal under such acts shall offer or promise to make a gift to the Governor, his political action committee, or any of his pertinent Secretaries - Any violation shall be a civil penalty of \$500 or up to two times the amount of the contribution or gift
HB 1658 Chapter	March 2011	<ul style="list-style-type: none"> - Provides that any RPE that is a state agency receiving a detailed proposal from a Private Entity for a qualifying transportation facility that is a port facility shall provide notice to the Public-Private Partnership

589, Virginia Acts of Assembly (2011 session)		Advisory Commission
HB 1592 Chapter 332, Virginia Acts of Assembly (2011 session)	March 2011	<ul style="list-style-type: none"> - Requires all state authorities, agencies, institutions, departments, and other units of state government to put requests for proposals and invitations to bid on the Department of General Services' website - Encourages, but does not require, local public bodies to do the same
HB 2448 Chapter 624, Virginia Acts of Assembly (2011 session)	March 2011	<ul style="list-style-type: none"> - Clarifies that a person must knowingly violate the prohibition against making or soliciting certain political contributions during the procurement process to the Governor, his political action committee, or the Governor's Secretaries in order to be subject to the civil penalty - Requires that the party receiving a prohibited contribution must return it or, if the contributor cannot be identified, donate it to charity - In order to trigger the prohibition against political contributions, the bid or proposal must be submitted to an executive branch agency that is directly responsible to the Governor
SB 977 Chapter 622, Virginia Acts of Assembly (2013 session)	March 2013	<ul style="list-style-type: none"> - Requires public entities to post a notice, when they receive an Unsolicited Proposal under the PPTA, and allow a 120-day submission period for competing proposals. - Requires the notice to include information on the proposal and the public comment opportunities. - Requires that after negotiations are complete and a decision to award is made, that the public entity post the major business points of the agreement and outline how the public can submit comments. - This bill is identical to HB 1692
HB 2276 Chapter 762, Virginia Acts of Assembly (2013	April 2013	<ul style="list-style-type: none"> - Prevents the Commonwealth and the Virginia Port Authority from accepting any unsolicited proposal under the Public-Private Transportation Act regarding the ownership or operation of any seaport or port facility. - This bill is identical to SB 1305

session)		
HB 1886 Chapter 612, Virginia Acts of Assembly (2015 session)	2015	<ul style="list-style-type: none"> - Establishes the requirements for a finding of public interest and requires such a finding prior to an initiation of procurement. - Establishes the Transportation Public-Private Partnership Advisory Committee to determine by a majority vote whether a VDOT or Department of Rail and Public Transportation project meets the finding of public interest and to report such determination to the General Assembly. - Certification of the finding prior to the execution of a comprehensive agreement and requires the public-private partnership guidelines to incorporate the finding. - Requires VDOT to establish (i) a process for identifying high-risk projects and (ii) procurement processes and guidelines for such projects to ensure that the public interest is protected.
HB 2244/SB 1322 Chapter 539, Virginia Acts of Assembly (2017 session)	2017	<ul style="list-style-type: none"> - Changes to the Transportation Public-Private Partnership Advisory Committee to the Transportation Public-Private Partnership Steering Committee and provides that a Deputy Secretary of Transportation serves as chairperson. - Responsible public entity may grant approval for the development/operation of a transportation facility by private entity if that entity can develop/operate the transportation facility for less cost than VDOT / DRPT. - Requires the CEO of VDOT / DRPT to certify in writing to the Governor and the General Assembly that there has been no material change since the finding of public interest and that the public contribution requested by the Private Entity does not exceed the maximum public contribution. - Clarifies that the Finding of Public Interest by the Steering Committee shall be made after receipt of responses to the request for qualifications and prior to the issuance of the first draft request for proposals. - Requires VDOT / DRPT to ensure competition through the procurement process and develop a public sector analysis of the cost for the VDOT / DRPT to develop a public sector analysis of the cost to VDOT / DRPT to develop/operate the transportation facility. - VDOT / DRPT and the Steering Committee to review the public sector analysis prior to the initiation of any procurement.

APPENDIX J

PPTA STATUTORY REQUIREMENTS & TIME CONSTRAINTS FOR VDOT

No.	Requirement	Relevant Statute(s)	Time Constraint	Manual & Guidelines References
1	Public Sector Analysis and Competition	Va. Code §33.2-1803.1:1	Must precede the first Steering Committee meeting	See Section 2.2.2.1 Public Sector Analysis and Competition, Section 3.2 Public Sector Analysis and Competition (Continued); Section 4.2.5 Public Sector Analysis and Competition; Short-listing of Qualified RFQ Proposers; Section 4.5 Public Sector Analysis and Competition (Final)
2	Finding of public interest ("FOPI") by CEO & concurrence of Secretary	Va. Code §33.2-1803(B)(2) Va. Code §33.2-1803.1	Must precede issuance of RFP Must also precede Voting Meeting of the Steering Committee	See Section 3.4 Finding of Public Interest

3	Immaterial changes to FOPI presented to CTB	Va. Code §33.2-1803(D)	Timing not specified but logically should precede execution of Comprehensive Agreement	See Section 3.4 Finding of Public Interest
4	Written determination by CEO to use the competitive negotiation process	Va. Code §33.2-1819(2)	Timing not specified but logically should precede issuance of draft RFP	See Section 3.4 Finding of Public Interest
5	First Steering Committee meeting to concur with the Public Sector Analysis and Competition ("Concurrence Meeting")	Va. Code §33.2-1803.2(B)	Must precede the initiation of any procurement	See Section 3.5 Report to PPTA Steering Committee

6	Post SOQs (for Solicited Projects) and Conceptual Proposals (for Unsolicited Proposals) to DGS website	Va. Code §33.2-1820(A)	Timing not clear for Solicited Proposals but would likely be 10 days from evaluation of responses to RFQ Within 10 working days after acceptance of Unsolicited Proposal.	For Solicited Projects, see Section 4.2.3 Qualification of Proposers For Unsolicited Proposals, see Section 4.13 Procurement for Unsolicited Proposals
7	Second Steering Committee meeting to vote on whether public interest is served and whether to proceed with procurement (“Voting Meeting”)	Va. Code §33.2-1803.2(C)	After responses to RFQ are received but before draft RFP is issued	See Section 4.2.7 Presentation to the CTB and to the PPTA Steering Committee
8	Steering Committee meeting to determine “best interest of public”	Va. Code §33.2-1803(B)(1)	Must precede issuance of RFP. Considered the same as the Voting Meeting. An affirmative vote at the Voting Meeting (described in No. 7 above) is considered a “best interest” determination.	See Section 4.2.7 Presentation to the CTB and to the PPTA Steering Committee
9	Post draft Comprehensive Agreement for public comment	Va. Code §33.2-1820(B)	30 days prior to issuance of Final RFP	See Section 4.3.1 Draft RFP

10	Post major business terms on DGS website, outline how public can submit comments, present major business points to CTB	Va. Code §33.2-1820(C)	Once decision to award has been made	See Section 4.11 Contract Finalization and Award
11	CEO written certification to Governor and General Assembly that FOPI still valid	Va. Code §33.2-1803(D)	Must precede execution of the Comprehensive Agreement	See Section 4.9 Certification of Finding of Public Interest
12	VDOT / DRPT approval of a qualifying transportation facility upon determination that is in "best interest of public"	Va. Code §33.2-1803(C)	Timing is not specified but logically should precede contract finalization and award	See Section 4.6 Basis for Award & Selection of Preferred Proposer
13	Audit of proposal's traffic and cost estimates	Va. Code §33.2-1803(F)	Timing not specified but logically should precede execution of Comprehensive Agreement	See Section 4.8 PPTA Audit Requirement
14	Third Steering Committee meeting ("Agreement Briefing Meeting")	Va. Code §1803.2(F)	Within 60 days of execution of a Comprehensive Agreement	See Section 4.12 Report to PPTA Steering Committee

APPENDIX K

CONFIDENTIALITY AND SECURITY OF INFORMATION

All Proposals submitted by Private Entities to the VDOT / DRPT pursuant to the PPTA become the property of the Commonwealth and are subject to disclosure pursuant to the Virginia Freedom of Information Act (Va. Code §§ 2.2-3700 *et seq.*) (VFOIA).

Private Entities submitting Unsolicited Proposals or responding to solicitation requests issued by VDOT / DRPT are advised to familiarize themselves with the VFOIA provisions to ensure that they are taking the necessary steps to protect documents identified as confidential or proprietary from disclosure pursuant to the VFOIA.

VDOT / DRPT, the Office of the Attorney General, and other state, local and federal agencies, as appropriate, will determine whether the materials requested by the Private Entities are exempt from disclosure under applicable law and, if appropriate, the scope of such protection. In the event that the agency elects to disclose the requested materials, the agency will provide the Proposer notice of its intent to disclose.

In no event shall the Commonwealth, the Secretary of Transportation, or VDOT / DRPT be liable to a Proposer for the disclosure of all or a portion of a Proposal submitted to the VDOT P3 Office pursuant to the PPTA and guidelines included in this Manual and Guidelines.

To assert that any material submitted by a Private Entity should be deemed confidential and proprietary information, a Private Entity must make a written request to the P3 Office:

1. Invoking the claimed VFOIA exclusion upon submission of the data or other materials for which protection from disclosure is sought;
2. Identifying with specificity the data or other materials for which protection is sought; and;
3. Stating the reasons why protection is necessary.

Failure to take such precautions prior to the submission of a Proposal or other such documentation may subject all information to disclosure under the VFOIA.

Va. Code §§ 2.2-3705.6 and 33.2-1820 outline the application of the VFOIA to the PPTA process:

Once a Comprehensive Agreement has been executed and the process of negotiating all phases or aspects of the Comprehensive Agreement is complete, VDOT / DRPT will make procurement records available in accordance VFOIA. However, trade secrets and financial information of the Private Entity may be excluded from the disclosed procurement record if such exception is properly invoked by the Private Entity at the time the relevant records are delivered to VDOT / DRPT.

Where interpretation of these statutes is required, the policy goals of transparency and accountability in this Manual and Guidelines shall prevail.

Pledge of Confidentiality

Each member of VDOT / DRPT that is associated with developing, reviewing or selecting submitted project Proposals has access to proprietary and confidential information. Any misuse by employees or representatives of the agency of such information or other materials, information and data provided to the agency by a Proposer is strictly prohibited.

The VDOT P3 Office will institute proper safeguards concerning Proposal security for each P3 project, including where materials will be stored, who can have access to them and under what circumstances. Anyone assisting in the evaluation of the Proposals will be required to execute confidentiality/non-disclosure that provide for the confidential treatment of evaluation and procurement materials. These agreements may be executed at the commencement of procurement as well as during the Proposal evaluation period.



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 11

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____ Seconded By: _____

Action: _____

AUTHORIZING THE ISSUANCE AND SALE OF COMMONWEALTH OF VIRGINIA FEDERAL TRANSPORTATION GRANT ANTICIPATION REVENUE NOTES, SERIES 2017 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$250,000,000

WHEREAS, from time to time the Commonwealth of Virginia (the “Commonwealth”) receives federal-aid highway construction reimbursements and other federal highway assistance under or in accordance with Title 23 of the United States Code, or any successor program established under federal law, from the Federal Highway Administration (“FHWA”) or any successor or additional federal agencies (“Federal Highway Reimbursements”);

WHEREAS, the receipt of Federal Highway Reimbursements is expected to continue;

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

WHEREAS, the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Act of 2011, Article 4, Chapter 15, Title 33.2 of the Virginia Code (the “GARVEEs Act” and, together with the State Revenue Bond Act, the “Act”), authorizes the Board, by and with the consent of the Governor of the Commonwealth (the “Governor”), to

Resolution of the Board

October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017

Page 2 of 9

issue, pursuant to the provisions of the State Revenue Bond Act, in one or more series from time to time, revenue obligations of the Commonwealth to be designated “Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series ____ (the “GARVEEs”); provided that the aggregate amount outstanding shall not exceed \$1,200,000,000, exclusive of (i) the amount of any revenue obligations that may be issued to refund GARVEEs issued under the GARVEEs Act in accordance with Section 33.2-1512 of the Virginia Code, and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount);

WHEREAS, bond counsel to the Board, Kutak Rock LLP (“Bond Counsel”), and the staff of the Virginia Department of Transportation (the “Department”) have advised that any GARVEEs issued after July 1, 2012, will be subject to the requirement of Section 2.2-5002.1 of the Virginia Code that any net original issue premium in excess of a *de minimis* amount received on such GARVEEs be treated as principal for purposes of determining compliance with the principal amount limitations to which the GARVEEs are subject;

WHEREAS, Section 33.2-1520 of the Virginia Code provides that in connection with each series of GARVEEs issued, the Board shall establish a fund in accordance with Section 33.2-1720 of the Virginia Code either in the state treasury or with a trustee in accordance with Section 33.2-1716 of the Virginia Code, which fund secures and is used for the payment of such series of GARVEEs to the credit of which there shall be deposited such amounts, appropriated therefor by the General Assembly, as are required to pay principal or purchase price of, and redemption premium, if any, and interest on GARVEEs, as and when due and payable, and the amounts deposited in such fund shall be derived (i) first from Federal Highway Reimbursements received by the Commonwealth from time to time only with respect to the project or projects to be financed by the GARVEEs (the “Project-Specific Reimbursements”); (ii) then, at the discretion of the Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose;

WHEREAS, the Board has entered into a Master Trust Indenture (as supplemented and amended, the “Master Indenture”) dated as of February 1, 2012, between the Board and U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, the Board wishes to authorize the issuance of one or more series of GARVEEs to be known as the “Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes,” with one or more series designations, as appropriate (collectively, the “2017 GARVEEs”) and to take such action as may be necessary or advisable in order to effect the issuance and sale of the 2017 GARVEEs;

WHEREAS, Section 33.2-1513 of the Virginia Code provides that the net proceeds of the GARVEEs shall be used exclusively for the purpose of providing funds, together with any other available funds, for paying the costs incurred or to be incurred for construction or funding of such

Resolution of the Board

October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017

Page 3 of 9

projects to be designated by the Board, and the Board intends that the net proceeds of the 2017 GARVEEs are to be used to pay costs of the projects listed on Schedule 1 to this Resolution (collectively, the “Projects”);

WHEREAS, Section 33.2-1727 of the Virginia Code authorizes the Board to issue revenue refunding bonds to refund any revenue bonds issued pursuant to the State Revenue Bond Act;

WHEREAS, by resolution adopted on December 7, 2016 (the “Refunding Resolution”), the Board authorized the issuance of one or more series of revenue refunding bonds to refund, redeem and/or defease some or all of the revenue bonds, notes or other obligations previously issued by the Board, and in connection with such authorization the Board has determined, in consultation with the Board’s financial advisor, that current market conditions may enable the Board to achieve debt service savings by refunding all or a portion of the Series 2012A GARVEE Bonds and Series 2012B GARVEE Bonds (collectively, the “2012 GARVEEs”) previously issued by the Board, and the Board desires to proceed with the refunding of such 2012 GARVEEs under authorization provided by, and subject to the conditions set forth in, the Refunding Resolution; and

WHEREAS, the provisions for the foregoing arrangements and transactions will be set forth in the following documents, forms of which have been presented to the Board at this meeting:

(1) a Fifth Supplemental Trust Indenture expected to be dated as of December 1, 2017 (the “Fifth Supplement” and together with the Master Indenture, the “Indenture”), between the Board and the Trustee;

(2) a Preliminary Official Statement of the Board containing, among other things, information relating to the Commonwealth, the Board, the Virginia Department of Transportation (the “Department”) and the terms of the 2017 GARVEEs to be used in the public offering for sale of the 2017 GARVEEs (the “Preliminary Official Statement”);

(3) a Note Purchase Agreement, to be dated as of the sale date of the 2017 GARVEEs (the “Note Purchase Agreement”), between the Board and the underwriters of the 2017 GARVEEs (collectively, the “Underwriters”), to be used if the 2017 GARVEEs are sold at a negotiated sale; and

(4) a Continuing Disclosure Agreement of the Board relating to the obligations of the Board to disclose certain information on an ongoing basis in connection with the 2017 GARVEEs (the “Continuing Disclosure Agreement” and, together with the Fifth Supplement, the Preliminary Official Statement and the Note Purchase Agreement, the “Basic Documents”).

Resolution of the Board
October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation
Grant Anticipation Revenue Notes, Series 2017

Page 4 of 9

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

1. Authorization of the 2017 GARVEEs. The Board finds and determines that it is in the best interest of the Commonwealth and the Board for the Board (i) to enter into the Fifth Supplement to provide for the issuance of the 2017 GARVEEs, (ii) to issue the 2017 GARVEEs in accordance with the provisions of the Act, the Indenture and the Basic Documents, (iii) to sell the 2017 GARVEEs in the manner provided herein, and (iv) to use the a portion of the proceeds of the 2017 GARVEEs to pay costs of the Projects, including such other project or projects as may be designated by the Board and approved by FHWA. The Board authorizes the issuance and sale of the 2017 GARVEEs within the following parameters: (i) the aggregate principal amount of the 2017 GARVEEs shall not exceed \$250,000,000, (ii) the final maturity date of the 2017 GARVEEs shall not exceed 20 years from their date of issuance, and (iii) the aggregate true interest cost of the GARVEEs shall not exceed the maximum true interest cost approved by the Treasury Board of the Commonwealth (the "Treasury Board"). The Treasury Board is required pursuant to Section 2.2- 2416 of the Virginia Code to approve the terms and structure of the 2017 GARVEEs. The Board hereby finds and determines that the issuance and sale of the 2017 GARVEEs in accordance with this Resolution conforms with the purposes set forth in the Act and the Master Indenture

2. Limited Obligations. The 2017 GARVEEs shall be limited obligations of the Board and the Commonwealth, payable from and secured by a pledge of the Federal Highway Reimbursements and the other Revenues (as defined in the Indenture) and amounts in certain funds established pursuant to the Indenture. Nothing in this Resolution, the 2017 GARVEEs, the Indenture or the Basic Documents shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof.

3. Determination of Final Terms and Details and Delivery of the 2017 GARVEEs. The Board authorizes the Chairman of the Board (the "Chairman"), subject to the parameters set forth in paragraph 1 of this Resolution, to determine the final terms and details of the 2017 GARVEEs, including, without limitation, the final series designation, the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the offering prices. Further, once the terms and details of the 2017 GARVEEs have been determined, the Board authorizes and directs the Chairman and the Secretary of the Board (the "Secretary") (i) to have the 2017 GARVEEs prepared and executed in accordance with the Indenture, (ii) to deliver the 2017 GARVEEs to the Trustee for authentication, and (iii) to cause the 2017 GARVEEs so executed and authenticated to be delivered to or for the account of the Underwriters upon payment of the purchase price of the 2017 GARVEEs, all in accordance with the executed Note Purchase Agreement. Execution and delivery by the Chairman and the Secretary of the 2017 GARVEEs shall constitute conclusive

Resolution of the Board
October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation
Grant Anticipation Revenue Notes, Series 2017

Page 5 of 9

evidence of the approval of the 2017 GARVEEs and the terms and details thereof by the Chairman and the Secretary on behalf of the Board.

4. Basic Documents. The Board approves each of the Basic Documents in substantially the form presented at this meeting. The Board authorizes and directs the Chairman to prepare, execute, and deliver the final forms of the Basic Documents with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2017 GARVEEs, including without limitation changes to the dated dates thereof, as the Chairman may approve. The Board further authorizes changes to the Basic Documents to include terms and provisions that are necessary or appropriate to effect the refunding of all or a portion of the 2012 GARVEEs in accordance with the Refunding Resolution. The Chairman's execution and delivery of the Basic Documents shall constitute conclusive evidence of the approval of the final forms of such documents by the Chairman on behalf of the Board.

5. Sale of the 2017 GARVEEs. The Chairman is authorized to sell the 2017 Bonds pursuant to a competitive sale and to prepare, publish and distribute a Notice of Sale in connection therewith (the "Notice of Sale"), provided that the Notice of Sale may not be published or distributed prior to the approval of the 2017 Bonds by resolution of the Treasury Board. Alternatively, if determined by the Chairman to be in the best interest of the Commonwealth, the Board authorizes the Chairman to solicit and consider proposals for a negotiated sale of the 2017 Bonds and to negotiate the terms of such sale. Subject to paragraph (4), the Chairman is authorized to execute and deliver the Note Purchase Agreement, provided that no such purchase contract or agreement may be executed prior to approval of the terms and structure of the 2017 Bonds by resolution of the Treasury Board.

6. Preliminary Official Statement. The Board approves the Preliminary Official Statement in substantially the form presented at this meeting. The Board authorizes and directs the Chairman, in collaboration with Department staff, Bond Counsel, the Underwriters, and Public Resources Advisory Group, the Board's financial advisor (the "Financial Advisor"), to prepare the final form of the Preliminary Official Statement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2017 GARVEEs, as the Chairman may approve. The Board authorizes the Chairman to deem the Preliminary Official Statement to be final for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof, provided that the Preliminary Official Statement may not be distributed prior to approval of the terms and structure of the 2017 GARVEEs in accordance with a resolution of the Treasury Board.

7. Official Statement. The Board authorizes and directs the Chairman, in collaboration with Department staff, Bond Counsel, the Underwriters, and the Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") in accordance with the Rule and any Note Purchase Agreement. The Board authorizes and directs the Chairman to execute the Official Statement, which execution

Resolution of the Board
October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation
Grant Anticipation Revenue Notes, Series 2017

Page 6 of 9

shall constitute conclusive evidence of the approval of the Official Statement by the Chairman on behalf of the Board and that it has been deemed final within the meaning of the Rule. The Board authorizes and directs Department staff to arrange for delivery to the Underwriters within seven business days after the sale date of the 2017 GARVEEs, a sufficient number of copies of the Official Statement for the Underwriters to distribute to each potential investor requesting a copy and to each person to whom the Underwriters initially sell the 2017 GARVEEs and the Municipal Securities Rulemaking Board (“MSRB”) via the MSRB’s Electronic Municipal Market Access system (“EMMA”). The Board authorizes and approves the distribution by the Underwriters of the Official Statement as executed by the Chairman.

8. Continuing Disclosure. The Board covenants to undertake ongoing disclosure and to provide “annual financial information” and “event notices” for the benefit of holders of the 2017 GARVEEs and to assist the Underwriters in complying with the Rule, all in accordance with the Continuing Disclosure Agreement. The Chief Financial Officer of the Department is designated as the initial Dissemination Agent under the Continuing Disclosure Agreement. Execution and delivery by the Chairman of the Continuing Disclosure Agreement shall constitute conclusive evidence of the approval of the Continuing Disclosure Agreement by the Chairman on behalf of the Board.

9. Authorization of Further Action. The Board authorizes Department staff (i) to request the Treasury Board to approve the terms and structure of the 2017 GARVEEs in accordance with Section 2.2-2416 of the Virginia Code and the Act, (ii) to request the Governor to approve the issuance of the 2017 GARVEEs in accordance with the Act, (iii) if determined by Department staff to be cost beneficial, to procure and negotiate a contract with a credit facility provider to issue a credit facility with respect to some or all of the 2017 GARVEEs and to execute such contract, together with any other documents related to such credit facility, and (iv) to collaborate with the staff of the Department of the Treasury of the Commonwealth or the State Treasurer to procure and to negotiate investments and investment contracts for any of the proceeds of the 2017 GARVEEs. The Board further authorizes the Chairman to execute and deliver all documents and certificates and to take all such further action as he may consider necessary or desirable in connection with the issuance and sale of the 2017 GARVEEs, including, without limitation, the execution and delivery of documents, certificates or instruments that include without limitation (x) agreements or amendments to existing agreements concerning Federal Highway Reimbursements or the GARVEEs generally to account for the 2017 GARVEEs or the proceeds of the 2017 GARVEEs or other GARVEEs in a manner consistent with the intent of this Resolution, and (y) certificates or agreements concerning tax items related to the 2017 GARVEEs, such as: (A) the expected use and investment of the proceeds of the 2017 GARVEEs to show that such expected use and investment will not cause the 2017 GARVEEs to be deemed to be “private activity bonds” or “arbitrage bonds” under Section 141 or Section 148 of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and (B) providing for the computation and payment to the United States of any arbitrage rebate liability under Section

Resolution of the Board

October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation
Grant Anticipation Revenue Notes, Series 2017

Page 7 of 9

148(f) of the Tax Code. The Chairman is further authorized to make on behalf of the Board such elections under the Tax Code and the applicable Treasury Regulations with respect to the 2017 GARVEEs as the Chairman may deem to be in the best interests of the Commonwealth and the Board, in consultation with Bond Counsel and the Financial Advisor.

10. Authorizations and Directions to Certain Officers. Any authorization of or direction to the Chairman or the Secretary under this Resolution shall also be deemed to be an authorization of or a direction to (i) the Vice-Chairman of the Board or any Assistant Secretary of the Board, respectively, and (ii) any other officer or employee of the Board or the Department designated for such purpose by the Chairman or the Secretary, respectively, including without limitation the Commonwealth's Commissioner of Highways or the Chief Financial Officer of the Department. Any and all action previously taken by any officer, employee or Department staff herein authorized in furtherance of the purposes of this Resolution are ratified and affirmed.

11. Effective Date. This Resolution is effective upon adoption.

Resolution of the Board

October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation
Grant Anticipation Revenue Notes, Series 2017

Page 8 of 9

The undersigned Secretary of the Commonwealth Transportation Board certifies that the foregoing is a true and correct copy of a Resolution adopted by the Board, upon the vote as noted below, at a duly called meeting of the Board held on October 24, 2017.

Secretary, Commonwealth Transportation Board

Date: October ____, 2017

Resolution of the Board

October 24, 2017

Authorizing the Issuance and Sale of the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017

Page 9 of 9

SCHEDULE 1

List of Projects

1. Route 29/460 – D/B Interchange & Extension (Odd Fellows Road)
2. I-66/Route 15 Interchange Reconstruction
3. Route 95 – Relocation of Interchange at Route 630 with Southbound General Purpose Lane Option Between Exits 143 & 140
4. Route 165 – 6 & 8 Lanes
5. Route 13 – 8 Lanes
6. I-66 Inside the Beltway Initiatives
7. Route 7 Corridor Improvements – Phase 1 and Phase 2
8. Emmet Street Corridor Streetscape & Intersections
9. Route 10 (Bermuda Triangle Road to Meadowville Road)
10. Route 64 – Major Widening
11. I-81 at State Route 75 (Exit 17) Interchange Mod.
12. I-64 Southside Widening & High-Rise Bridge Ph 1
13. Route 29 Widening - Phase II
14. I-95 Auxiliary Lanes (Northbound & Southbound) between Route 288 & Route 10
15. Route 11 S. Valley Pike Roadway Improvements
16. Oddfellows Road Segment B2-Reconstruction

(each as described in the Board’s Six-Year Improvement Plan, as amended from time to time)

If any of the foregoing or the related financing plan is delayed, altered, or terminated, such other project or projects as may be designated by the Board and approved by FHWA.

FIFTH SUPPLEMENTAL TRUST INDENTURE

between

COMMONWEALTH TRANSPORTATION BOARD

and

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

authorizing

\$ _____
Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes
Series 2017

Dated as of December 1, 2017

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	DEFINITIONS..... 1
Section 1.1	Definitions..... 1
ARTICLE II	AUTHORIZATION AND TERMS OF NOTES; CREATION OF ACCOUNTS 2
Section 2.1	Authorization, Purpose and Name 2
Section 2.2	Principal Amounts, Dated Dates, Maturity Dates and Interest 2
Section 2.3	Redemption Provisions 3
Section 2.4	Limited Obligations 3
Section 2.5	Form of 2017 Notes 4
Section 2.6	Application of Proceeds; Establishment of Certain Accounts and Subaccounts; Exclusion from Trust Estate 4
Section 2.7	Flow of Funds 4
ARTICLE III	CERTIFICATIONS AND COVENANTS OF THE BOARD 4
Section 3.1	Findings, Determinations and Certifications 4
Section 3.2	Representations, Covenants and Warranties 5
ARTICLE IV	REPRESENTATIONS, COVENANTS AND WARRANTIES OF TRUSTEE..... 6
Section 4.1	Representations, Covenants and Warranties 6
ARTICLE V	MISCELLANEOUS 7
Section 5.1	Amendment to the Master Indenture 7
Section 5.2	Table of Contents, Titles and Headings 7
Section 5.3	Interpretation and Construction 7
Section 5.4	Further Assurances and Corrective Instruments 8
Section 5.5	Tax Covenants 8
Section 5.6	Parties Interested Herein 8
Section 5.7	Severability 8
Section 5.8	Applicable Law 9
Section 5.9	Identifying Information..... 9
Section 5.10	Execution in Counterparts..... 9
APPENDIX A	FORM OF 2017 NOTE
APPENDIX B	DESCRIPTION OF 2017 PROJECT
APPENDIX C	AMENDMENTS TO MASTER INDENTURE

THIS FIFTH SUPPLEMENTAL TRUST INDENTURE (this "Fifth Supplemental Indenture") is dated as of December 1, 2017, and is entered into by the **COMMONWEALTH TRANSPORTATION BOARD** (the "Board") and **U.S. BANK NATIONAL ASSOCIATION** (the "Trustee"), a national banking association, having power and authority to accept and execute trusts, as trustee, paying agent and registrar.

RECITALS

WHEREAS, the Board and the Trustee have entered into a Master Trust Indenture dated as of February 1, 2012, as previously supplemented and amended (the "Master Indenture"), under which the Board has provided for (i) the issuance of Notes to finance certain costs of Projects and any other such purposes as may be authorized under the Act, and (ii) the security for and the sources of payment of the debt service on the Notes;

WHEREAS, pursuant to the Master Indenture, certain terms of and other matters relating to each Series of Notes are to be specified in a Supplemental Indenture;

WHEREAS, this Fifth Supplemental Indenture is a Supplemental Indenture that is being entered into to authorize and to set forth certain terms of and other matters relating to the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "2017 Notes");

WHEREAS, the Board has full power and authority, pursuant to the Act and the Master Indenture to enter into this Fifth Supplemental Indenture and to issue the 2017 Notes; and

WHEREAS, the Board has found and determined the issuance and sale of the 2017 Notes to be in conformity with the purposes set forth in the Act and the Master Indenture and in the best interest of the Commonwealth and the Board.

NOW, THEREFORE, for and in consideration of the mutual covenants, and the representations and warranties, set forth herein, the Board and the Trustee agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, capitalized terms used in this Fifth Supplemental Indenture have the meanings assigned to them in the Master Indenture, except that if any term is defined in both the Master Indenture and this Article, the definition set forth in this Article controls for purposes of this Fifth Supplemental Indenture and the 2017 Notes. In addition to the foregoing, the following capitalized terms have the following meanings unless the context otherwise requires:

"*2017 Notes*" means the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017, which are authorized by this Fifth Supplemental Indenture.

"2017 Notes COI Account" means the account by that name in the Project Fund established under Section 2.6 below.

"2017 Project" means collectively the projects described in Appendix B.

"Interest Payment Date" means March 15 and September 15 of each calendar year, commencing [March 15, 2018].

"Master Indenture" means the Master Trust Indenture, dated as of February 1, 2012, between the Board and the Trustee, as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

"Note Purchase Agreement" means the Note Purchase Agreement dated _____, 2017, between the Board and the Original Purchasers pursuant to which the Original Purchasers have agreed to purchase the 2017 Notes from the Board.

"Original Purchasers" means _____, as representative of the underwriting group composed of itself and the other underwriters named in the Note Purchase Agreement.

"Second Supplemental Indenture" means the Second Supplemental Trust Indenture dated as of July 1, 2012, between the Board and the Trustee, as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

"Tax Certificate" means the Non-Arbitrage Certificate and Tax Compliance Agreement executed by an Authorized Board Representative in connection with the issuance of the 2017 Notes.

"Fifth Supplemental Indenture" means this Fifth Supplemental Indenture and any amendment hereto adopted in accordance with the terms hereof.

"VDOT Funding Account" means the account by that name in the Project Fund established under Section 2.6.

ARTICLE II

AUTHORIZATION AND TERMS OF NOTES; CREATION OF ACCOUNTS

Section 2.1 Authorization, Purpose and Name. The Board hereby authorizes the issuance of the 2017 Notes as New Money Notes for the purpose of financing the 2017 Project in accordance with the Act and the Master Indenture. The 2017 Notes shall be named "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017."

Section 2.2 Principal Amounts, Dated Dates, Maturity Dates and Interest.

(a) The aggregate principal amount of the 2017 Notes shall be \$_____.

(b) The 2017 Notes issued on the date the 2017 Notes are first issued shall be dated as of their date of delivery and shall bear interest from their dated date, which is December __, 2017. Any 2017 Note issued upon transfer and exchange of another 2017 Note shall be dated as of its date of authentication and shall bear interest from the Interest Payment Date next preceding its date of authentication, unless the date of authentication is an Interest Payment Date in which case such Note shall bear interest from such Interest Payment Date or unless the date of authentication precedes the first Interest Payment Date in which case such Note shall bear interest from its dated date.

(c) Interest on the 2017 Notes shall be calculated based on a 360-day year consisting of twelve 30-day months.

(d) The 2017 Notes shall mature on [March 15] and [September 15] of the years and in the principal amounts, and shall bear interest at the per annum rates, set forth below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-----------------	-------------------------	----------------------

(e) The 2017 Notes shall be numbered consecutively from 1 upward with the prefix "R-" preceding such number.

Section 2.3 Redemption Provisions. (a) The 2017 Notes maturing on or before _____, 20__, are not subject to optional redemption prior to their respective maturity dates. The 2017 Notes maturing on and after _____, 20__, are subject to optional redemption prior to their maturity at the option of the Board on and after _____, 20__, in whole or in part at any time, in whole multiples of \$5,000, and if in part from the maturities of 2017 Notes as the Board shall determine and from any of the 2017 Notes with the same maturity date and interest rate in a manner determined by the Trustee (or DTC if then registered in the name of a nominee of DTC), at a redemption price equal to 100% of the principal amount of the 2017 Notes redeemed, plus accrued interest to the date fixed for redemption.

(b) The 2017 Notes are not subject to mandatory redemption.

Section 2.4 Limited Obligations. (a) The Note Payments for the 2017 Notes are payable solely from Revenues and moneys held in the Debt Service Fund. The Owners of the

2017 Notes may not look to any other revenues of the Board or the Commonwealth for the payment of the 2017 Notes.

(b) All financial obligations of the Board under the Master Indenture, this Fifth Supplemental Indenture and every other Supplemental Indenture and the 2017 Notes shall not be deemed to constitute a debt of the Commonwealth or a pledge of the full faith and credit of the Commonwealth within the meaning of the Constitution of Virginia or the laws of the Commonwealth concerning or limiting the creation of indebtedness by the Commonwealth, and the 2017 Notes shall be payable solely, subject to their appropriation by the General Assembly, from the Revenues and certain funds and accounts pledged therefor in the Master Indenture.

Section 2.5 Form of 2017 Notes. The 2017 Notes shall be in substantially the form set forth in Appendix A hereto, with such changes thereto, not inconsistent with the Master Indenture and this Fifth Supplemental Indenture, as may be necessary or desirable and approved by an Authorized Board Representative whose signature appears thereon (and whose manual or facsimile signature thereon shall constitute conclusive evidence of such approval). All statements set forth in the 2017 Notes are hereby approved and adopted as statements of the Board.

Section 2.6 Application of Proceeds; Establishment of Certain Accounts and Subaccounts; Exclusion from Trust Estate. (a) There is hereby established in the Project Fund two accounts to be called the "2017 Notes COI Account," the "VDOT Funding Account."

(b) On the issuance date of the 2017 Notes, the Original Purchasers will deposit into the State Treasury \$_____, pursuant to the terms of the Note Purchase Agreement and the Board will immediately cause the purchase price to be transferred to the Trustee. The Trustee will immediately upon receipt of the purchase price deposit (i) \$_____ thereof into the 2017 Notes COI Account, (ii) \$_____ thereof into the VDOT Funding Account.

(c) The amounts in the 2017 Notes COI Account, together with the investment earnings thereon, shall be applied to pay the costs of issuance of the 2017 Notes.

(d) The amounts in the VDOT Funding Account, together with the investment earnings thereon, shall be applied to pay the costs of the 2017 Project. The Trustee shall disburse sums from the VDOT Funding Account in accordance with the terms of Section 5.3(c) of the Master Indenture.

(e) As permitted by Section 2.1(b) of the Master Indenture, neither the 2017 Notes COI Account nor the VDOT Funding Account nor any money or investments held therein shall be part of the Trust Estate.

Section 2.7 Flow of Funds. As provided in Section 5.2(a) of the Master Indenture, the Board shall provide for the transfer to the Trustee on or before the last day of each month, of Federal Highway Reimbursements from the Federal Fund for deposit in the Series 2017 Account of the Debt Service Fund in an amount equal to one-sixth of the Note Payment due on the 2017 Notes on the next ensuing Interest Payment Date; provided however, that for the months

preceding the first Interest Payment Date, the Board shall transfer an amount equal to one-third of the Note Payment due on the 2017 Notes.

ARTICLE III

CERTIFICATIONS AND COVENANTS OF THE BOARD

Section 3.1 Findings, Determinations and Certifications. An Authorized Board Representative, by executing this Fifth Supplemental Indenture on behalf of the Board, hereby finds, determines and certifies that:

- (a) The 2017 Notes are authorized by the Act and the Master Indenture.
- (b) As of the date of issuance of the 2017 Notes, the conditions set forth in Section 3.2 of the Master Indenture have been satisfied.
- (c) This Fifth Supplemental Indenture contains all information required to be included in a Supplemental Indenture authorizing a Series of Notes under the Master Indenture.
- (d) This Fifth Supplemental Indenture is authorized by and is being executed and delivered pursuant to and in accordance with Section 9.1(g) of the Master Indenture for the purpose of authorizing the issuance of the 2017 Notes in accordance with Article III of the Master Indenture and the Act and will, as provided in Section 9.3 of the Master Indenture, become effective when (i) it has been executed by an Authorized Board Representative and an authorized representative of the Trustee and (ii) Bond Counsel has delivered a written opinion to the effect that it complies with the provisions of Article IX of the Master Indenture.
- (e) The 2017 Notes will not be issued until Bond Counsel has delivered a written opinion to the effect (which may be subject to customary assumptions and limitations) that (i) the 2017 Notes have been duly authorized, executed and delivered by the Board and are valid and binding limited obligations of the Board, payable solely from the sources provided in the Master Indenture and this Fifth Supplemental Indenture; (ii) the Master Indenture creates a valid pledge of and lien on Revenues and the Trust Estate, subject to the terms thereof; and (iii) the interest on the 2017 Notes is excludable from gross income for federal income tax purposes under Section 103 of the Code.
- (f) Except for actions being taken pursuant to the terms hereof, all conditions to the execution and delivery of this Fifth Supplemental Indenture and the issuance of the 2017 Notes have been satisfied.

Section 3.2 Representations, Covenants and Warranties. The Board represents, covenants and warrants, as applicable, that:

- (a) The execution, delivery and performance of this Fifth Supplemental Indenture and the issuance, execution, delivery and performance of the 2017 Notes by the Board is authorized by the Act and, upon the execution and delivery of this Fifth Supplemental Indenture by the Trustee and an Authorized Board Representative, this Fifth Supplemental Indenture and the 2017 Notes will be enforceable against the Board in accordance with their terms, limited only by

bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the Board of its powers under the laws of the Commonwealth and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States.

(b) The execution, delivery and performance of its obligations under this Fifth Supplemental Indenture and the issuance, execution, delivery and performance of its obligations under the 2017 Notes by the Board does not and will not conflict with or result in violation or a breach of any law or the terms, conditions or provisions of any restriction or any agreement or instrument to which the Board is now a party or by which the Board is bound, or constitute a default under any of the foregoing, or, except as specifically provided in the Master Indenture or this Fifth Supplemental Indenture, result in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the Board.

(c) There is no litigation or proceeding pending or threatened against the Board affecting the right of the Board to execute, deliver or perform its obligations under this Fifth Supplemental Indenture or to issue, execute, deliver or perform its obligations under the 2017 Notes.

ARTICLE IV

REPRESENTATIONS, COVENANTS AND WARRANTIES OF TRUSTEE

Section 4.1 Representations, Covenants and Warranties. The Trustee represents, covenants and warrants that:

(a) The Trustee (i) is a national banking association with full trust powers that is duly organized, validly existing and in good standing under the laws of the United States of America, (ii) is duly qualified to do business in the Commonwealth and (iii) is authorized, under its articles of association, action of its board of directors and applicable law, to own and manage its properties, to conduct its affairs in the Commonwealth, to execute, deliver and perform its obligations under this Fifth Supplemental Indenture and to authenticate and deliver the 2017 Notes.

(b) The execution, delivery and performance of this Fifth Supplemental Indenture and the authentication and delivery of the 2017 Notes by the Trustee have been duly authorized by the Trustee.

(c) This Fifth Supplemental Indenture is enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the Board of its powers under laws of the Commonwealth and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States.

(d) The execution, delivery and performance of this Fifth Supplemental Indenture and the authentication and delivery of the 2017 Notes by the Trustee do not and will not conflict with or result in a violation or a breach of any law or the terms, conditions or provisions of any

restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitute a default under any of the foregoing or, except as specifically provided in the Master Indenture or this Fifth Supplemental Indenture, result in the creation or imposition of any lien or encumbrance whatsoever upon the Trust Estate or any of the property or assets of the Trustee.

(e) There is no litigation or proceeding pending or threatened against the Trustee affecting the right of the Trustee to execute, deliver or perform its obligations under this Fifth Supplemental Indenture or to authenticate or deliver the 2017 Notes.

(f) Except for actions to be taken pursuant to the terms hereof, all conditions to the execution and delivery of this Fifth Supplemental Indenture and the authentication and delivery of the 2017 Notes by the Trustee have been satisfied.

ARTICLE V MISCELLANEOUS

Section 5.1 Amendment to the Master Indenture. Reference is hereby made to the amendment to the Master Indenture contained in Article V of the Second Supplemental Indenture, which provision is incorporated in the Master Indenture and made a part thereof. The amended provision is set forth in Appendix C.

Section 5.2 Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Fifth Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Fifth Supplemental Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 5.3 Interpretation and Construction. This Fifth Supplemental Indenture and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Fifth Supplemental Indenture. For purposes of this Fifth Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Fifth Supplemental Indenture to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Fifth Supplemental Indenture;

(b) The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Fifth Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;

(c) The terms defined in Article I hereof have the meanings assigned to them in that Article and include the plural as well as the singular;

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time;

(e) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder;

(f) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding;" and

(g) Although attached hereto as appendices for the convenience of the reader, the appendices attached hereto are integral parts of this Fifth Supplemental Indenture and are incorporated herein as if set forth in full in the body hereof.

Section 5.4 Further Assurances and Corrective Instruments. The Board and the Trustee agree that so long as this Fifth Supplemental Indenture is in full force and effect, the Board and the Trustee shall have full power to carry out the acts and agreements provided herein and they will, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may be required for correcting any inadequate or incorrect description of the Trust Estate, or for otherwise carrying out the intention of or facilitating the performance of this Fifth Supplemental Indenture.

Section 5.5 Tax Covenants. The Board agrees that it will not directly or indirectly use or permit the use of any proceeds of the 2017 Notes or any other funds of the Board or take or omit to take any action that would cause the 2017 Notes to be "arbitrage bonds" under Section 148(a) of the Code. To these ends, the Board will comply with all requirements of Sections 141 through 150 of the Code, including the rebate requirement. Without limiting the generality of the foregoing, the Board agrees that (i) it will not directly or indirectly use or permit the use of the proceeds of the 2017 Notes except in accordance with the Tax Certificate and (ii) insofar as the Tax Certificate imposes duties and obligations on the Board, the Tax Certificate is specifically incorporated by reference into this Section. The Trustee agrees to comply with all written instructions of a the Board given in accordance with the Tax Certificate, but the Trustee shall not be required to ascertain that the instructions comply with the Tax Certificate. The Trustee shall be entitled to receive and may request from time to time from the Board written instructions from Bond Counsel or other nationally-recognized bond counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Code, and the Trustee agrees that it will comply with such directions (upon which the Trustee and the Board may conclusively rely) so as to enable the Board to perform its covenants under this Section. Notwithstanding any provisions of this Section, if the Board shall provide to the Trustee an opinion of Bond Counsel or other nationally-recognized bond counsel addressed and acceptable to the Board and the Trustee to the effect that any action required under this Section by incorporation or otherwise is not required to maintain the excludability from gross income of the interest on the 2017 Notes under Section 103 of the Code, the Board and the Trustee may rely conclusively on such opinion in complying with the provisions of this Section.

Section 5.6 Parties Interested Herein. This Fifth Supplemental Indenture shall be for the sole and exclusive benefit of the Board, the Trustee, the Owners and their respective successors and assigns. Nothing in this Fifth Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Board, the Trustee and the Owners, any right, remedy or claim under or by reason of this Fifth Supplemental Indenture or any terms hereof.

Section 5.7 Severability. In the event that any provision of this Fifth Supplemental Indenture, other than the grant of the Trust Estate to the Trustee, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5.8 Applicable Law. The laws of the Commonwealth shall be applied in the interpretation, execution and enforcement of this Fifth Supplemental Indenture.

Section 5.9 Identifying Information. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Trustee will ask for documentation to verify its formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Section 5.10 Execution in Counterparts. This Fifth Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Commonwealth Transportation Board has caused this Fifth Supplemental Indenture to be executed in its name by its Chairman, and to evidence its acceptance of the trusts hereby created the Trustee has caused this Fifth Supplemental Indenture to be executed in its corporate name by its authorized officer, all as of the date first above written.

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Chairman

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[Signature Page of Fifth Supplemental Trust Indenture]

APPENDIX A

FORM OF 2017 NOTE

R-__ \$ _____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

COMMONWEALTH TRANSPORTATION BOARD

**COMMONWEALTH OF VIRGINIA FEDERAL TRANSPORTATION GRANT
ANTICIPATION REVENUE NOTES, SERIES 2017**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	[March][September] 15, 20__	December __, 2017	927790 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS (\$)

The Commonwealth Transportation Board (the "Board"), for value received, promises to pay, solely from the revenues and other property pledged to the payment of this Note, to the registered owner of this Note or legal representative, the principal sum stated above on the maturity date stated above, and to pay solely from such source, interest on the principal amount of this Note at the annual rate stated above, payable semi-annually on each March 15 and September 15, commencing on [March 15, 2018]. This Note shall bear interest (a) from December __, 2017, if this Note is authenticated before [March 15, 2018], or (b) otherwise, from the March 15 or September 15 that is, or immediately precedes, the date on which this Note is authenticated (unless the payment of the interest on this Note is in default, in which case this Note shall bear interest from the date to which interest has been paid). The final installment of principal of this Note shall be payable upon presentation and surrender of this Note at a corporate trust office of U.S. Bank National Association, Richmond, Virginia, as trustee under the Indenture, as hereinafter defined, or its successor in trust (the "Trustee"). Principal of, other than the final installment thereof, and interest on this Note shall be paid by check or draft mailed to the person registered on March 1 or September 1, as appropriate, next preceding the interest payment date as the registered owner of this Note at the address of such person on the registration books of the Board maintained by the Trustee, provided, however, that when the 2017 Notes, as hereinafter defined, are held in book-entry form through a securities depository such amounts shall be paid by wire transfer to or as directed by such securities depository. Interest on this Note shall be computed on the basis of a year of 360 days and twelve 30-day months. Principal of and interest on this Note are payable in lawful money of the United States of America. In case the date of maturity of the principal of this Note or the date fixed for the payment of interest on this Note is a date on which banking institutions are authorized or

obligated by law to close at the place where the principal office of the Trustee is located, then payment of the principal and interest need not be made on such date, but may be made on the next succeeding date which is not such a date at the place where the principal office of the Trustee is located, and if made on such next succeeding date no additional interest shall accrue for the period after such date of maturity or the date fixed for the payment of interest.

This Note and the issue of which it is a part and interest on this Note are limited obligations of the Board and payable solely from the revenues and other property pledged and assigned to the Trustee under the terms of the Indenture to secure payment of this Note. The principal of and interest on this Note shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia nor any of its political subdivisions. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Board, shall be obligated to pay the principal of or interest on this Note or other costs incident to it except from the revenues, money or property pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions is pledged to the payment of the principal or interest on this Note.

This Note is one of an issue of \$_____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "2017 Notes"), of like tenor, except as to number, denomination, interest rate and maturity, authorized and issued by the Board, pursuant to the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Act of 2011, Section 33.2-1511 et seq. of the Code of Virginia of 1950, as amended (the "Virginia Code") and the Transportation Development and Revenue Bond Act, Sections 33.2-1700 et seq. of the Virginia Code, to pay the costs of certain transportation projects designated by the Board and located in the Commonwealth of Virginia and the costs related to the issuance of the 2017 Notes (the "Project"). The 2017 Notes are issued under a Master Trust Indenture, dated as of February 1, 2012 (the "Master Indenture"), as previously supplemented and amended and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of December 1, 2017 (the "Fifth Supplemental Indenture"), each between the Board and the Trustee. The Master Indenture, together with all of the supplements and amendments thereto (including the Fifth Supplemental Indenture), is referred to collectively in this Note as the "Indenture." The 2017 Notes, together with all other notes issued or to be issued by the Board under the Indenture (collectively, the "Notes"), are equally and ratably secured by the Indenture. Reference is made to the Indenture for a description of the revenues and property pledged and assigned and the provisions, among other things, with respect to the nature and extent of the security, the rights and obligations of the Board and the Trustee, the terms on which the Notes are issued and secured, the rights of the registered owners of the Notes and the provisions for defeasance of such rights. Additional Notes equally and ratably secured with the 2017 Notes may be issued on the terms provided in the Indenture.

The 2017 Notes maturing on or before _____, are not subject to optional redemption prior to their respective maturity dates. The 2017 Notes maturing on and after _____, are subject to redemption prior to their maturity at the option of the Board on and after _____, in whole or in part at any time, in whole multiples of \$5,000, and if in part from the maturities of the 2017 Notes as the Board shall determine and within any group of 2017 Notes with the same maturity date and interest rate in a manner determined by the Trustee (or The Depository Trust Company ("DTC") if then registered in the name of a nominee of DTC), at a redemption price equal to ___% of the principal amount of the 2017 Notes redeemed, plus accrued interest to the

date fixed for redemption. The Trustee shall provide all notices of redemption in accordance with the terms of the Indenture.

The registered owner of this Note shall have no right to enforce the provisions of the Indenture or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect to the Indenture, except as provided in the Indenture. Upon the occurrence of certain events or upon certain conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the 2017 Notes issued under the Indenture and then outstanding, together with any accrued interest on them, may become or may be declared due and payable before their stated maturities. Modifications or alterations in the Indenture, or any supplements to it, may be made only to the extent and under the circumstances provided by the Master Indenture.

The 2017 Notes are issued as registered bonds without coupons. The 2017 Notes are issued in denominations of \$5,000 (or any integral multiple of \$5,000). At a corporate trust office of the Trustee, in the manner and subject to the limitations and conditions upon payment of charges provided for in the Indenture, 2017 Notes may be exchanged for an equal aggregate principal amount of 2017 Notes of like date and tenor and of authorized denominations and bearing interest at the same rate.

The transfer of this Note may be registered by the registered owner in person or by his or her duly authorized attorney or legal representative at the corporate trust office of the Trustee, but only in the manner and subject to the limitations and conditions provided for in the Indenture and upon surrender and cancellation of this Note. Upon any such registration of transfer, the Board shall execute and the Trustee shall authenticate and deliver in exchange for this Note a new 2017 Note or 2017 Notes, registered in the name of the transferee, of like date and tenor and of authorized denominations for the aggregate principal amount which the registered owner is entitled to receive. The Trustee shall before due presentment of registration of transfer treat the registered owner as the person exclusively entitled to payment of principal of, premium, if any, and interest on this Note, and the exercise of all other rights and powers of the owner.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Commonwealth Transportation Board has caused this Note to be executed by its Chairman, its seal to be affixed to this Note and attested by its Secretary.

**COMMONWEALTH TRANSPORTATION
BOARD**

By: _____
Aubrey L. Layne, Jr., Chairman

[SEAL]

ATTEST:

By: _____
F. Gary Garczynski, Secretary

CERTIFICATE OF AUTHENTICATION

AUTHENTICATION DATE: December __, 2017

This Note is one of the 2017 Notes described in the within-mentioned Master Indenture, as supplemented by the Fifth Supplemental Trust Indenture dated as of December 1, 2017, between the Commonwealth Transportation Board and U.S. Bank National Association, as Trustee.

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

By: _____
Authorized Officer

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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

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

Dated: _____

Registered Owner

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

Signature guaranteed:

(**NOTICE:** The signature of the transferor of this Note must be guaranteed by an institution participating in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.)

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

APPENDIX B

DESCRIPTION OF 2017 PROJECT

1. Route 29/460 – D/B Interchange & Extension (Odd Fellows Road)
2. I-66/Route 15 Interchange Reconstruction
3. Route 95 – Relocation of Interchange at Route 630 with Southbound General Purpose Lane Option Between Exits 143 & 140
4. Route 165 – 6 & 8 Lanes
5. Route 13 – 8 Lanes
6. I-66 Inside the Beltway Initiatives
7. Route 7 Corridor Improvements – Phase 1 and Phase 2
8. Emmet Street Corridor Streetscape & Intersections
9. Route 10 (Bermuda Triangle Road to Meadowville Road)
10. Route 64 – Major Widening
11. I-81 at State Route 75 (Exit 17) Interchange Mod.
12. I-64 Southside Widening & High-Rise Bridge Phase 1
13. Route 29 Widening - Phase II
14. I-95 Auxiliary Lanes (Northbound & Southbound) between Route 288 & Route 10
15. Route 11 S. Valley Pike Roadway Improvements
16. Oddfellows Road Segment B2-Reconstruction

(each as described in the Board's Six-Year Improvement Plan, as amended from time to time)

if any of the foregoing or the related financing plan is delayed, altered, or terminated, such other project or projects as may be designated by the Board and approved by FHWA.

APPENDIX C

AMENDMENTS TO MASTER INDENTURE

1. Section 1.1 of the Master Indenture was amended by Article V of the Second Supplemental Indenture by removing the existing definition for "Program Costs" and inserting the following therefor:

"Program Costs" means costs of the following types, including ongoing expenses of the type described in items (b), (c) and (d):

(a) financing costs, including, but not limited to, costs and expenses that an Authorized Board Representative deems necessary or advantageous in connection with the sale of the Notes and the administration of the Notes, the Trust Estate, this Master Indenture and any Supplemental Indenture, including, but not limited to, costs and expenses relating to the engagement of consultants, financial advisors, underwriters, bond insurers, letter of credit banks, rating agencies, attorneys, trustees, paying agents, registrars, remarketing or auction agents, other agents and other Persons in connection with the issuance of the Notes, the Trust Estate, this Master Indenture or any Supplemental Indenture;

(b) costs and expenses relating to any Credit Facility entered into in accordance with Section 6.6 hereof, whether initial or ongoing costs and expenses, including the reimbursement of the provider of any Credit Facility as provided in Section 6.6 hereof, unless the reimbursement is treated as a Note Payment pursuant to item (c) of the definition of Note Payments;

(c) payments, costs and expenses relating to any Interest Rate Exchange Agreement entered into in accordance with Section 6.6 hereof, whether initial or ongoing payments, costs or expenses, unless such payments are treated as Note Payments pursuant to item (c) of the definition of Note Payments; and

(d) arbitrage rebate payments payable to the United States with respect to any of the Notes.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

NEW ISSUE
BOOK-ENTRY ONLY

Ratings:
Moody's: _____
S&P: _____
[Fitch:] _____
(See the section "Ratings")

In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants and the accuracy of certain representations and certifications made by the Transportation Board and other persons described herein, interest on the 2017 Notes (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed under the Code on individuals and corporations. However, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Code), interest on the 2017 Notes must be included in computing adjusted current earnings. Bond Counsel is also of the opinion that interest on the 2017 Notes is exempt from income taxation by the Commonwealth of Virginia. See the section "Tax Matters" regarding certain other tax considerations.

Commonwealth Transportation Board

\$230,330,000*

Commonwealth of Virginia

Federal Transportation Grant Anticipation Revenue Notes, Series 2017

Dated: Date of Delivery

Due: March 15 and September 15, as shown on the inside front cover

This Official Statement has been prepared by the Commonwealth Transportation Board of the Commonwealth of Virginia (the "Transportation Board") to provide information on the above-referenced notes (the "2017 Notes"). Selected information is presented on this cover page as a matter of convenience. To make an informed decision regarding the 2017 Notes, a prospective investor should read this Official Statement in its entirety.

Security	The 2017 Notes are limited obligations of the Commonwealth of Virginia (the "Commonwealth") and the Transportation Board, secured by and payable from certain federal highway assistance and other revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth (the "General Assembly") or allocated for such purpose by the Transportation Board from certain amounts appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or any of its political subdivisions. See the section "Sources of Payment and Security for the GARVEE Notes."
Issued Pursuant to	The 2017 Notes will be issued pursuant to a Master Trust Indenture dated as of February 1, 2012, as previously supplemented and amended, and a Fifth Supplemental Trust Indenture dated as of December 1, 2017, each between the Transportation Board and U.S. Bank National Association, as trustee.
Purpose	The 2017 Note proceeds are being used to pay (i) certain costs of certain eligible transportation projects in the Commonwealth and (ii) certain costs related to the issuance of the 2017 Notes. See the sections "Introduction" "GARVEE Notes Program" and "Estimated Sources and Uses of Proceeds of the 2017 Notes."
Interest Rates/Yields	See inside front cover.
Interest Payment Dates	March 15 and September 15, commencing March 15, 2018.
Denomination	\$5,000 or multiples thereof.
Redemption	See inside front cover and the section "The 2017 Notes."
Closing/Delivery Date	On or about December 20, 2017.*
Registration	Book-entry only through the facilities of The Depository Trust Company.
Trustee/Paying Agent	U.S. Bank National Association, Richmond, Virginia.
Financial Advisor	Public Resources Advisory Group, New York, New York.
Bond Counsel	Kutak Rock LLP, Richmond, Virginia.
Underwriters' Counsel	Christian & Barton, L.L.P., Richmond, Virginia.

WELLS FARGO SECURITIES

BofA Merrill Lynch

Citigroup

Raymond James

Loop Capital Markets

* Preliminary, subject to change.

Dated: _____, 2017

COMMONWEALTH TRANSPORTATION BOARD

\$ _____ *

Commonwealth of Virginia

Federal Transportation Grant Anticipation Revenue Notes, Series 2017

(Base CUSIP** Number 927790)

<u>Maturity*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP** Suffix</u>
March 15, 2018		%	%	
September 15, 2018				
March 15, 2019				
September 15, 2019				
March 15, 2020				
September 15, 2020				
March 15, 2021				
September 15, 2021				
March 15, 2022				
September 15, 2022				
March 15, 2023				
September 15, 2023				
March 15, 2024				
September 15, 2024				
March 15, 2025				
September 15, 2025				
March 15, 2026				
September 15, 2026				
March 15, 2027				
September 15, 2027				
March 15, 2028				
September 15, 2028				
March 15, 2029				
September 15, 2029				
March 15, 2030				
September 15, 2030				
March 15, 2031				
September 15, 2031				
March 15, 2032				
September 15, 2032				

Optional Redemption

The 2017 Notes maturing on or before _____, 20__, are not subject to optional redemption prior to their respective maturity dates. The 2017 Notes maturing on and after _____, 20__, are subject to redemption prior to their maturity at the option of the Transportation Board on and after _____, 20__, in whole or in part at any time, at a redemption price equal to 100% of the principal amount of the 2017 Notes redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the Transportation Board and the Underwriters determine to combine serial maturities into one or more term notes.

* Preliminary, subject to change.

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

COMMONWEALTH TRANSPORTATION BOARD

Aubrey L. Layne, Jr., *Chairman and Secretary of Transportation*
F. Gary Garczynski, *Vice Chairman*

Carlos M. Brown	Jennifer Mitchell
Henry Connors, Jr.	Court G. Rosen
Alison DeTuncq	Jerry L. Stinson, II
Mary Hughes Hynes	Shannon Valentine
E. Scott Kasprowicz*	F. Dixon Whitworth, Jr.
Charles A. Kilpatrick	Marty Williams
John Malbon*	Greg Yates

VIRGINIA DEPARTMENT OF TRANSPORTATION

Charles A. Kilpatrick, *Commissioner of Highways*
John W. Lawson, *Chief Financial Officer*

OFFICE OF THE ATTORNEY GENERAL

Mark R. Herring, *Attorney General*
Jeffrey R. Allen, *Senior Assistant Attorney General*

TRUSTEE

U.S. Bank National Association
Richmond, Virginia

FINANCIAL ADVISOR

Public Resources Advisory Group
New York, New York

BOND COUNSEL

Kutak Rock LLP
Richmond, Virginia

* The terms of Messrs. Kasprowicz and Malbon expired on June 30, 2017. Messrs. Malbon and Kasprowicz are eligible for reappointment and will remain on the Transportation Board until reappointed or a successor is appointed.

The 2017 Notes are exempt from registration under the Securities Act of 1933, as amended. The 2017 Notes are also exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by the Transportation Board to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Transportation Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2017 Notes by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Transportation Board and the purchasers or owners of any of the 2017 Notes. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement or any sale made under it will, under any circumstances, create any implication that there has been no change in the affairs of the Transportation Board since the date of this Official Statement.

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

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

_____, _____, _____ and _____ (collectively, the "Underwriters") may engage in transactions that stabilize, maintain or otherwise affect the price of the 2017 Notes, including transactions to (i) overallot in arranging the sales of the 2017 Notes and (ii) make purchases in sales of 2017 Notes, for long or short accounts, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the Underwriters may determine. Such stabilization, if commenced, may be discontinued at any time.

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, as that term is defined in, SEC rule 15c2-12.

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

TABLE OF CONTENTS

INTRODUCTION	1
GARVEE NOTES PROGRAM	3
THE 2017 NOTES.....	4
ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2017 NOTES.....	6
SOURCES OF PAYMENT AND SECURITY FOR THE GARVEE NOTES.....	6
DEBT SERVICE REQUIREMENTS	12
DEBT SERVICE COVERAGE	13
INFORMATION CONCERNING THE FUNDING OF FEDERAL-AID HIGHWAYS.....	13
COMMONWEALTH RECEIPTS OF FEDERAL TRANSPORTATION FUNDS	23
TRANSPORTATION TRUST FUND	23
AUTHORIZED, ISSUED AND UNISSUED BONDS PAYABLE FROM TRANSPORTATION TRUST FUND.....	29
COMMONWEALTH TRANSPORTATION BOARD AND VIRGINIA DEPARTMENT OF TRANSPORTATION	32
THE 2017 PROJECT.....	35
CERTAIN LEGAL MATTERS	36
TAX MATTERS	36
LEGALITY FOR INVESTMENT	39
LITIGATION	39
CONTINUING DISCLOSURE.....	39
RATINGS.....	40
UNDERWRITING	40
FINANCIAL ADVISOR.....	41
RELATIONSHIP OF PARTIES	41
MISCELLANEOUS.....	41
APPENDIX A: Definitions and Summaries of the Indenture and the Payment Agreement.....	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: Financial Statements of the Commonwealth of Virginia for the Fiscal Year ended June 30, 2016.....	D-1
APPENDIX E: Form of Bond Counsel Opinion	E-1
APPENDIX F: Continuing Disclosure Undertakings of the Commonwealth Transportation Board and the Commonwealth of Virginia.....	F-1
APPENDIX G: Book-Entry Only System	G-1

OFFICIAL STATEMENT
Commonwealth Transportation Board
\$230,330,000*
Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes, Series 2017

INTRODUCTION

This Official Statement is provided by the Commonwealth Transportation Board (the "Transportation Board"), a board created and existing pursuant to the laws of the Commonwealth of Virginia (the "Commonwealth" or "Virginia"), to furnish information with respect to the offering of \$230,330,000* aggregate principal amount of the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "2017 Notes"). Terms used in this Official Statement and not defined herein are defined in Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

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

Commonwealth Transportation Board

The Transportation Board was created by the enactment of Chapter 2, Title 33.2 of the Code of Virginia of 1950, as amended (the "Virginia Code"), and establishes the administrative policies for Virginia's transportation system. The powers and duties of the Transportation Board include, among other things, the allocation of funds in the Transportation Trust Fund, as hereinafter defined, and the issuance of bonds, notes and other obligations to finance transportation needs, including needs for highway and public transportation. See the section *"Commonwealth Transportation Board and Virginia Department of Transportation."*

The 2017 Notes

The issuance of the 2017 Notes is authorized by the provisions of (i) the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Act of 2011, Article 4, Chapter 15, Title 33.2 of the Virginia Code (the "GARVEE Act"); (ii) the Transportation Development and Revenue Bond Act, Article 4, Chapter 17, Title 33.2 of the Virginia Code (the "Revenue Bond Act"); and (iii) a resolution adopted by the Transportation Board on [October 24,] 2017. The 2017 Notes are being issued pursuant to a Master Trust Indenture dated as of February 1, 2012, as previously supplemented and amended (the "Master Indenture"), and as further supplemented by a Fifth Supplemental Trust Indenture dated as of December 1, 2017 (the "Fifth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each between the Transportation Board and U.S. Bank National Association, as trustee (the "Trustee").

The 2017 Notes are the fifth series of notes issued by the Transportation Board under the GARVEE Act. See the section *"GARVEE Notes Program."* The 2017 Notes, the previous notes issued under the Master Indenture and any additional notes issued in the future under the Master Indenture will be referred to collectively as the "GARVEE Notes."

Purpose of the 2017 Notes

The Transportation Board will use the net proceeds of the 2017 Notes to provide for the payment of certain costs of the 2017 Project, as hereinafter defined, and costs related to the issuance of the 2017 Notes. The Transportation Board expects to pay costs associated with approximately, 16 transportation projects with the net proceeds of the 2017 Notes (the "2017 Project"). See the section *"The 2017 Project."*

* Preliminary, subject to change.

Pursuant to the Fifth Supplemental Indenture, the Transportation Board will deposit portions of the proceeds of the 2017 Notes into the 2017 Notes COI Account and the VDOT Funding Account, each within the Project Fund established pursuant to the Indenture. See the section *"Estimated Sources and Uses of Proceeds of the 2017 Notes."* From time to time, the Transportation Board will requisition funds from the 2017 Notes COI Account or the VDOT Funding Account pursuant to the terms of the Indenture to pay the issuance costs of the 2017 Notes or a portion of the costs of the 2017 Project, respectively.

Limited Obligations; Security and Sources of Payment

The 2017 Notes are limited obligations of the Commonwealth and the Transportation Board payable solely from and secured by certain federal highway assistance and other revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth (the "General Assembly"), or allocated for such purpose by the Transportation Board from certain amounts appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or any of its political subdivisions.

Specifically, the 2017 Notes are payable, subject to appropriation by the General Assembly, (i) first from federal-aid highway construction reimbursements and any other federal highway assistance received from time to time by the Commonwealth under or in accordance with Title 23 of the United States Code ("Title 23"), or any successor program established under federal law, from the Federal Highway Administration ("FHWA") and any successor or additional federal agencies (the "Federal Highway Reimbursements") with respect to the project or projects to be financed by the GARVEE Notes (the "Project-Specific Reimbursements"); (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund established pursuant to Section 33.2-1524 of the Virginia Code (the "Transportation Trust Fund"), including without limitation Federal Highway Reimbursements other than Project-Specific Reimbursements (the "Indirect Reimbursements"); and (iii) then from such other funds, if any, designated by the General Assembly for such purpose (collectively, the "Revenues"). The Transportation Board has pledged and granted a lien on the Revenues to secure the 2017 Notes pursuant to the Indenture. In addition, the 2017 Notes are payable from and secured by moneys held in certain funds established under the Indenture. The 2017 Notes are being issued on parity with the Outstanding Notes, as hereinafter defined, and all future series of GARVEE Notes issued under the Indenture.

Pursuant to the Indenture, any moneys and investments held in the Project Fund, including the 2017 Notes COI Account and the VDOT Funding Account, are expressly excluded from the Trust Estate and do not secure the 2017 Notes. See the section *"Sources of Payment and Security for the GARVEE Notes"* and Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

The 2017 Notes are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the 2017 Notes when due, neither the Trustee nor the registered owners of the 2017 Notes shall have any right to take possession of, or to exclude the Commonwealth or the Transportation Board from, any transportation facilities. See the section *"Sources of Payment and Security for the GARVEE Notes."*

Approval of Issuance of 2017 Notes and Terms and Structure of the 2017 Notes

Under the GARVEE Act, the Transportation Board must obtain the consent of the Governor of the Commonwealth (the "Governor") prior to the issuance of all GARVEE Notes. In addition, Section 2.2-2416(7) of the Virginia Code vests the Treasury Board of the Commonwealth (the "Treasury Board") with the power, among other things, to approve the terms and structure of bonds and notes issued by state agencies, including any GARVEE Notes. On [November 15, 2017], the Treasury Board adopted a resolution approving the terms and structure of the 2017 Notes within certain parameters and delegated to the State Treasurer of the Commonwealth (the "State Treasurer") the power to approve the final terms and structure of the 2017 Notes within such parameters. The Transportation Board must still obtain the consent and approval, respectively, of the Governor and the State Treasurer prior to the issuance of the 2017 Notes, which the Transportation Board expects to obtain in advance of the anticipated issuance date.

GARVEE NOTES PROGRAM

General

The GARVEE Act authorizes the Transportation Board to issue GARVEE Notes as revenue obligations of the Commonwealth pursuant to the Revenue Bond Act, in one or more series from time to time, provided that the aggregate principal amount outstanding at any time shall not exceed \$1.2 billion, and exclusive of (i) the aggregate principal amount of any revenue obligations that may be issued to refund GARVEE Notes in accordance with Section 33.2-1512 of the Virginia Code and (ii) any amounts issued for financing expenses, including, without limitation, any original issue discount) (collectively, the "GARVEE Notes Program").

Proceeds of GARVEE Notes will be used exclusively for the purpose of providing funds, together with any other available funds, for paying costs incurred or to be incurred for construction or funding of eligible projects designated by the Transportation Board. Proceeds of GARVEE Notes, including any premium received on the sale thereof, shall be made available by the Transportation Board to pay costs of the projects and, where appropriate, may be paid to any authority, locality, commission, or other entity for the purposes of paying costs of the projects. Proceeds of GARVEE Notes may be so used together with any federal, local, or private funds that may be made available for such purpose.

The GARVEE Notes Program is expected to be used to fund eligible projects selected by the Transportation Board through the Six-Year Improvement Program. Beginning in 2016, the projects selected for the GARVEE Notes Program are funded through the High Priority Projects Program pursuant to Section 33.2-370 of the Virginia Code or the Construction District Grant Program pursuant to Section 33.2-371 of the Virginia Code. The Secretary of Transportation must ensure that available GARVEE proceeds are allocated to projects in these program areas (Chapter 836, 2017 General Assembly Session, Item 436.11.). Other state and federal funding sources are also provided to these program areas.

High Priority Projects are projects of regional or statewide significance, such as projects that reduce congestion or increase safety, accessibility, environmental quality, or economic development. The Transportation Board uses funds allocated to the High Priority Projects Program for projects and strategies that address a transportation need identified for a corridor of statewide significance or a regional network in the Statewide Transportation Plan.

The Construction District Grant Program is established in each highway construction district to fund projects and strategies that address a need in the Statewide Transportation Plan. The Transportation Board solicits candidate projects and strategies from local governments for consideration in the applicable highway construction district's grant program. Funds available to each Construction District are determined by a distribution formula outlined in the Virginia Code.

The Transportation Board does not expect to issue additional GARVEE Notes in 2017, but the Transportation Board may elect to do so and may elect to issue New Money GARVEE Notes, as hereinafter defined, in future years to support transportation projects in the Commonwealth.

Memorandum of Agreement

The Transportation Board, FHWA and the Virginia Department of Transportation ("VDOT") have entered into a Memorandum of Agreement dated December 28, 2011 (as amended from time to time, the "MOA"), which sets forth the procedures for managing the eligible highway projects to be financed under the GARVEE Notes Program. Prior to construction of, or acquisition of right of way for, an eligible project, the Transportation Board, VDOT and FHWA will enter into a project agreement to reflect the respective portion of actual debt service on related GARVEE Notes and the agreement of FHWA to pay such costs. VDOT and FHWA have agreed to amend the MOA to memorialize FHWA's agreement to pay costs of the 2017 Project. VDOT and FHWA may amend the MOA to account for overruns or shortages on projects based on actual expenditures and for the purpose of substituting or adding one or more eligible projects. The MOA and such project agreements relating to the GARVEE Notes Program collectively comprise the "Federal Aid Agreement."

Outstanding Notes

Set forth in the following chart are the issue dates, original principal amounts and outstanding principal amounts of each Series of GARVEE Notes Outstanding (the "Outstanding Notes") prior to the issuance of the 2017 Notes:

<u>Series of GARVEE Notes Outstanding</u>	<u>Issue Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount as of December 1, 2017</u>
Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2012A (the "2012A Notes")	March 1, 2012	\$297,590,000	\$215,370,000
Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2012B (the "2012B Notes")	July 26, 2012	120,625,000	90,005,000
Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2013A (the "2013A Notes")	November 21, 2013	\$273,390,000	216,990,000
Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2016 (the "2016" Notes")	November 9, 2016	\$316,930,000	304,250,000
Total:		<u>\$1,008,535,000</u>	<u>\$826,615,000</u>

See the section "*Debt Service Requirements.*"

THE 2017 NOTES

Description of the 2017 Notes

The 2017 Notes will be issued as fully registered obligations in book-entry form. The 2017 Notes will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof, payable semiannually on each March 15 and September 15, commencing March 15, 2018, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement.

The principal of and interest on the 2017 Notes will be payable at the corporate trust office of the Trustee in Richmond, Virginia, or at the office designated therefor by the Trustee or any successor Trustee. Interest on the 2017 Notes will be payable to the person appearing in the registration books of the Trustee as the registered owner thereof on the Record Date, as hereinafter defined, by check or draft mailed on the interest payment date to the registered owner or, following appropriate notice to the Trustee, by wire transfer on the interest payment date to any registered owner of at least \$1,000,000 in aggregate principal amount of the 2017 Notes. For so long as the 2017 Notes are registered in the name of The Depository Trust Company ("DTC"), or its nominee, principal and interest will be payable solely to DTC or its nominee as the sole registered owner of the 2017 Notes, and references herein to the registered owner shall be to DTC or its nominee.

The Indenture establishes the first day of the month in which each interest payment date occurs as the record date (the "Record Date") for the 2017 Notes.

The 2017 Notes may be transferred or exchanged, upon presentation or surrender, as the case may be, at the corporate trust office of the Trustee in Richmond, Virginia, or at the office designated therefor by the Trustee or any

successor Trustee, as provided in the Master Indenture. Any 2017 Notes, upon surrender thereof at said corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2017 Notes of the same Series, maturity and initial rate of any other authorized denominations. For every exchange or transfer of 2017 Notes, the Transportation Board or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other government charge required to be paid with respect to such exchange or transfer.

One fully registered 2017 Note for each maturity, in the applicable aggregate principal amount of such maturity, will be registered in the name of DTC or its nominee and held in book-entry form, in accordance with the Fifth Supplemental Indenture. So long as 2017 Notes are required to be registered in the name of DTC or its nominee, or a successor securities depository or a nominee therefor, transfers of beneficial ownership interests in the 2017 Notes will be settled through the book-entry-only system of DTC or such successor securities depository, if any. For a description of DTC and its book-entry-only system, see Appendix G.

Optional Redemption

The 2017 Notes maturing on or before _____, 20__, are not subject to optional redemption prior to their respective maturity dates. The 2017 Notes maturing on and after _____, 20__, are subject to redemption prior to their maturity at the option of the Transportation Board on and after _____, 20__, in whole or in part at any time, in whole multiples of \$5,000, and if in part from the maturities of the 2017 Notes as the Transportation Board shall determine and from any of the 2017 Notes with the same maturity date and interest rate in a manner determined by the Trustee (or DTC if then registered in the name of a nominee of DTC), at a redemption price equal to 100% of the principal amount of the 2017 Notes redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the Transportation Board and the Underwriters elect to combine serial maturities into term notes.

Selection of Notes for Redemption

If less than all of the 2017 Notes are called for optional redemption, the maturities of the 2017 Notes to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the 2017 Notes of any maturity are called for optional or mandatory redemption, the 2017 Notes to be redeemed will be selected by the Trustee (or DTC if then registered in the name of a nominee of DTC, or any successor securities depository), pursuant to DTC's 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 2017 Note for such purpose.

Notice of Redemption

Notice of the call for any redemption, identifying the 2017 Notes or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by mailing a copy of the redemption notice by United States certified or registered first-class mail, at least 30 and not more than 60 days prior to the date fixed for redemption, to DTC, or, if DTC is no longer serving as securities depository for the 2017 Notes, to the substitute securities depository, or if none, to each registered owner of the 2017 Notes to be redeemed at the address shown on the registration books maintained by the Trustee; provided however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings of any GARVEE Notes as to which no such failure has occurred. Such notice of redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices. Any notice mailed in such manner shall be conclusively presumed to have been duly given, whether or not any registered owner receives the notice.

If at the time of mailing of notice of any redemption of the 2017 Notes at the option of the Transportation Board there shall not have been deposited with the Trustee moneys sufficient to redeem all the 2017 Notes called for redemption, which moneys are or will be available for redemption of Notes, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

All 2017 Notes called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such 2017 Notes in accordance with the Indenture are on deposit with the Trustee. If such moneys are not available on the redemption date, such 2017 Notes or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. On presentation and surrender of the 2017 Notes called for redemption at the place or places of payment, such 2017 Notes will be paid and redeemed provided sufficient funds are on deposit therefor with the Trustee.

So long as DTC or its nominee is the registered owner of the 2017 Notes, any such notices of redemption will be mailed solely to DTC and distribution of such notices to Direct Participants (as defined in Appendix G) or Indirect Participants (as defined in Appendix G) will be the sole responsibility of DTC, and distribution of such notices to Beneficial Owners (as defined in Appendix G) will be the sole responsibility of the Direct Participants, Indirect Participants, or both.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2017 NOTES

Set forth below are the amount and components of the proceeds of the sale of the 2017 Notes and the application of such proceeds on the date of delivery of the 2017 Notes:

Sources:	
Principal Amount of Notes	\$
[Net] Original Issue [Premium/Discount]	_____
Total	\$ =====
 Uses:	
Deposit to VDOT Funding Account (for the 2017 Project)	\$
Deposit to 2017 Notes COI Account (for the Costs of Issuance)	_____
Underwriters' Discount	_____
Total	\$ =====

SOURCES OF PAYMENT AND SECURITY FOR THE GARVEE NOTES

Limited Obligations; Security and Sources of Payment

The GARVEE Notes, including the 2017 Notes, are payable, subject to appropriation by the General Assembly, from the Revenues, which are comprised of (i) Project-Specific Reimbursements; (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund, including without limitation Indirect Reimbursements, and (iii) such other funds as may be appropriated by the General Assembly for such purpose. The Transportation Board has pledged and granted a lien on the Revenues to secure the 2017 Notes pursuant to the Indenture. In addition, the 2017 Notes are payable from and secured by moneys held in certain funds established under the Indenture. The 2017 Notes are being issued on parity with the Outstanding Notes and all future series of GARVEE Notes issued under the Indenture. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."* The GARVEE Notes, including the 2017 Notes are limited obligations of the Commonwealth and the Transportation Board and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions.

Pursuant to the Indenture, any moneys and investments held in the Project Fund, including the 2017 Notes COI Account and the VDOT Funding Account, are expressly excluded from the Trust Estate and do not secure the 2017 Notes. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

The 2017 Notes are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the 2017 Notes when due, neither the

Trustee nor the registered owners of the 2017 Notes shall have any right to take possession of, or to exclude the Commonwealth or the Transportation Board from, any transportation facilities.

Information Pertaining to Federal Highway Reimbursements

Federal Highway Reimbursements historically have been authorized by Congress under multiple-year authorizing legislation. The Fixing America's Surface Transportation Act (the "FAST Act"), enacted December 4, 2015, provides legislative authorization through September 30, 2020. Currently, the FAST Act includes provisions designed to provide continuity in the flow of Federal Highway Reimbursements to states, including the Commonwealth. There can be no assurance that such provisions will be included in any future federal highway funding authorization program or that, if included, such provisions will be sufficient to assure that Federal Highway Reimbursements will be available as needed if in the future Congress amends existing laws or fails to enact future funding legislation upon expiration of the current federal highway funding legislation, or if future legislation or federal administrative action reduces the amount of Federal Highway Reimbursements available to the Commonwealth. See the subsection *"Information Concerning the Funding of Federal-Aid Highways – Authorization."*

The primary funding mechanism for Federal Highway Reimbursements is the Federal Highway Trust Fund ("FHTF"). Fuel taxes and other fees flow into the FHTF and therefore its status and the viability of the entire program for Federal Highway Reimbursements can be adversely affected by certain events. See the section *"Information Concerning the Funding of Federal-Aid Highways."*

Changes in law, regulation or policy or a decrease in federal revenues may materially adversely affect the availability of Federal Highway Reimbursements. There can be no assurance that there will not be future changes in law, regulation, policy, or the availability of revenues at the federal level which may materially adversely affect the future availability of Federal Highway Reimbursements to pay debt service on the 2017 Notes and any other GARVEE Notes.

Flow of Revenues under the Indenture; "Back-Stop" Pledge of Indirect Reimbursements

In accordance with Article X, Section 7 of the Constitution of Virginia, and Section 2.2-1802 of the Virginia Code, all Federal Highway Reimbursements are paid into the Commonwealth's treasury. Specifically, all Federal Highway Reimbursements, including the Project-Specific Reimbursements and the Indirect Reimbursements, are deposited into the Federal Fund. The Federal Fund is a sub-fund within the Transportation Trust Fund maintained to account for the receipt of all Federal Highway Reimbursements and the reimbursement of related maintenance expenditures from the HMO Fund, as hereinafter defined, and expenditures from various other subfunds within the Transportation Trust Fund after provision is made for the payment of Program Costs (as defined in the Master Indenture). See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

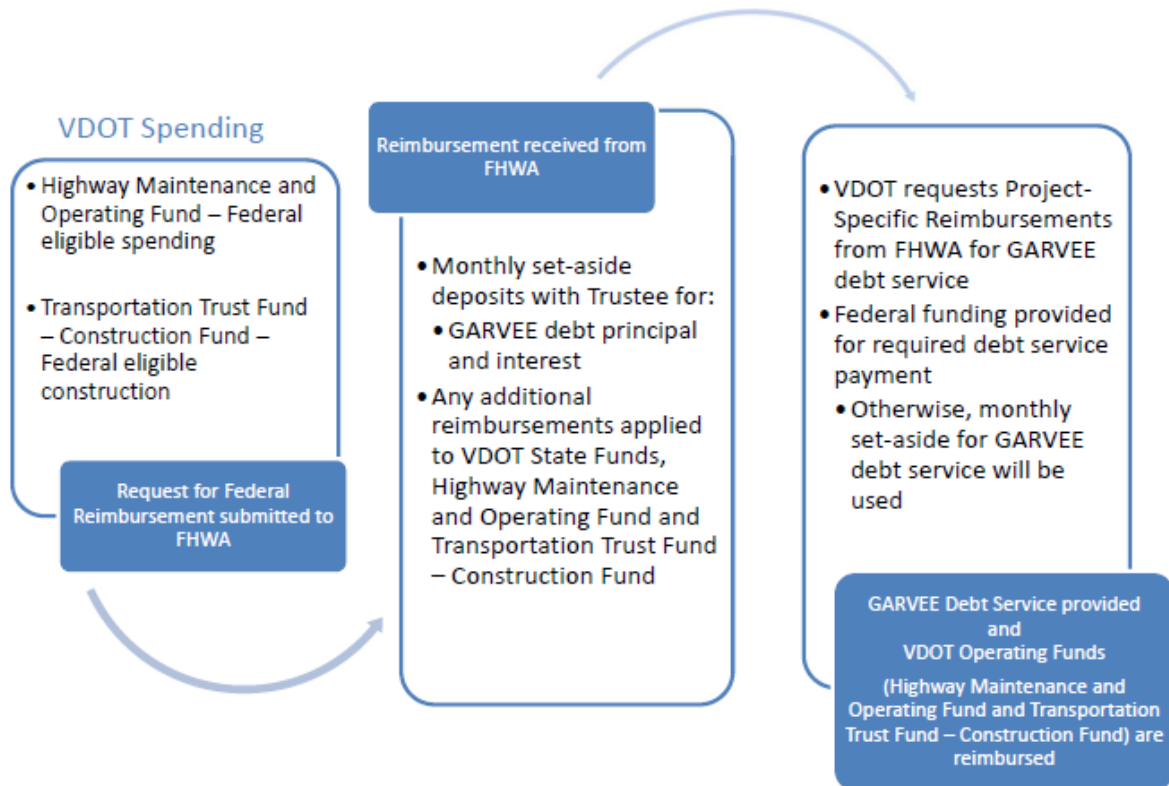
[CONSIDERATION OF DISCLOSURE CONCERNING PROPOSED CONSTITUTIONAL AMENDMENT ADDING ARTICLE X, SECTION 7-B TRANSPORTATION FUNDS]

Pursuant to the Master Indenture, the Transportation Board has agreed, to the extent permitted by law, to maintain the Federal Fund and the deposit of Federal Highway Reimbursements therein, including both the Project-Specific Reimbursements and the Indirect Reimbursements. As more specifically described below, all Federal Highway Reimbursements constitute a portion of the Revenues pledged to the payment of the 2017 Notes and all other GARVEE Notes. Since all of the Federal Highway Reimbursements are expected to flow through the Transportation Trust Fund, the Transportation Board has exercised its discretion to make all of them available for the payment of the GARVEE Notes to the extent that the Project-Specific Reimbursements alone are insufficient for such purpose.

In connection with each series of GARVEE Notes, including the 2017 Notes, the Master Indenture requires the Transportation Board to establish an account within the Debt Service Fund (each a "Series Account"). Each such account is used to provide for the collection of Revenues and the payment of debt service on the respective series of GARVEE Notes.

The Master Indenture provides that the use of the Federal Fund each month is to make a monthly deposit into each Series Account towards the next ensuing debt service payments on the respective series of the GARVEE Notes. The Transportation Board expects to receive each Project-Specific Reimbursement within a few days before the corresponding payment of debt service on the GARVEE Notes. To the extent such Project-Specific Reimbursement covers the payment of the corresponding GARVEE Note debt service payment, the other Federal Highway Reimbursements in the respective Series Account will be transferred back to the Federal Fund. See Appendix A, "Definitions and Summaries of the Indenture and the Payment Agreement."

The following chart presents the flow of Federal Highway Reimbursements through the Federal Fund, and the Series Accounts in the Debt Service Fund established under the Indenture.



The Federal Aid Agreement

Under the MOA, the Transportation Board, VDOT and FHWA have agreed to procedures for managing the eligible highway projects to be financed under the GARVEE Notes Program. The Transportation Board has determined to apply funding received under the Federal Aid Agreement to pay debt service on the Outstanding Notes, the 2017 Notes and any other GARVEE Notes. The Transportation Board is responsible for paying any costs of the projects not funded from GARVEE Note proceeds using other funds. Under the MOA, the Transportation Board and VDOT agree to obligate the funds received from the FHWA to pay debt service on the GARVEE Notes, prior to obligating funds for any other purpose. See the section "Information Concerning the Funding of Federal-Aid Highways." VDOT and FHWA have agreed to amend the MOA to memorialize FHWA's agreement to pay costs of the 2017 Project. Upon the issuance of additional GARVEE Notes, an amendment to the MOA and separate agreements relating to the projects financed from the proceeds thereof and a debt service schedule relating to such additional GARVEE Notes will be entered into and become part of the Federal Aid Agreement.

Federal law provides that the Federal Aid Agreement (i) does not constitute a commitment, guarantee or obligation on the part of the United States to provide for the payment of debt service on the 2017 Notes or any

other GARVEE Notes and (ii) does not create any rights in any party, other than the Transportation Board and VDOT, against FHWA.

Indenture Covenants Concerning Federal Highway Reimbursements

In the Master Indenture, the Transportation Board covenants to annually apply for and cooperate with FHWA in order to receive the greatest amount of Federal Highway Reimbursements reasonably available to the Commonwealth that will become Revenues for payment of GARVEE Notes, Program Costs or Subordinated Obligations, if any. See the section *"Information Concerning the Funding of Federal-Aid Highways"* and Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."* For each federal fiscal year (each, a "FFY") during which GARVEE Notes are or will be Outstanding, as soon as practicable prior to or in such FFY, the Transportation Board will request Obligation Authority (as defined in the Master Indenture) sufficient to make the payments on the GARVEE Notes and Program Costs coming due in that FFY prior to obligating Federal Highway Reimbursements for any other purpose. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

The Master Indenture provides that the Transportation Board will comply with its obligations under the Federal Aid Agreement and will take all other actions required to maintain the Federal Aid Agreement in full force and effect. The Master Indenture further provides that the Transportation Board will take all necessary actions to ensure that (i) each project at all times qualifies as a Qualified Federal Aid Transportation Project; (ii) each project that may be financed, in whole or in part, with Federal Highway Reimbursements paid pursuant to the Federal Aid Agreement, at all times qualifies as a project with respect to which the Commonwealth is entitled to reimbursement of previously-expended funds under 23 U.S.C. Section 115, as amended, and the regulations promulgated thereunder (or any successor provision thereto); and (iii) the Federal Aid Agreement is maintained in full force and effect for payments of Federal Highway Reimbursements in an amount at least equal to the payments due on the GARVEE Notes. The Master Indenture also provides that the pledge by the Transportation Board of the Revenues for the payment of the GARVEE Notes and Program Costs shall be irrevocable at least until all the GARVEE Notes have been paid or deemed paid in full, and that the Transportation Board is prohibited from granting of any lien senior to the lien on the Project-Specific Reimbursements securing the GARVEE Notes. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

For a discussion of how Federal Highway Reimbursements are obligated under Title 23 and other requirements of federal law that must be satisfied before FHWA pays Federal Highway Reimbursements to the Commonwealth, see the section *"Information Concerning the Funding of Federal-Aid Highways."*

Additional GARVEE Notes

The Transportation Board may issue additional Series of GARVEE Notes under the Master Indenture on parity with the 2017 Notes and the Outstanding Notes upon satisfaction of various conditions. The Master Indenture provides that additional GARVEE Notes may be issued only (i) to pay costs of the projects designated by the Transportation Board pursuant to the GARVEE Act or other costs authorized under the GARVEE Act ("New Money GARVEE Notes"); (ii) to refund any GARVEE Notes issued under the Master Indenture ("Refunding GARVEE Notes"); and (iii) for a combination of such purposes. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

The Master Indenture provides that before any Series of New Money GARVEE Notes are issued, an Authorized Board Representative must certify that, among other things, the amount of Federal Highway Reimbursements to be received and actually received in either the FFY in which the proposed Series of New Money GARVEE Notes are to be issued or in the immediately preceding FFY, as shown in the certificate, shall have been sufficient to pay an amount representing at least four times the sum of (i) the maximum combined annual Note Payments of any Outstanding GARVEE Notes (other than Notes constituting Subordinated Obligations) and the Series of New Money GARVEE Notes proposed to be issued (unless such Notes are Subordinated Obligations) and (ii) any payments to be paid in such year for Program Costs, including without limitation payments to the provider of a Credit Facility or an Interest Rate Exchange Agreement which are payable on a parity with Note Payments on Outstanding GARVEE Notes (other than Notes constituting Subordinated Obligations) pursuant to the Master Indenture. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

Under the GARVEE Act, the Transportation Board must obtain the consent of the Governor prior to the issuance of any GARVEE Notes. In addition, Section 2.2-2416(7) of the Virginia Code requires that the Treasury Board provide its approval of the terms and structure of all GARVEE Notes prior to the issuance of such GARVEE Notes. See the subsection *"Introduction – Approval of Issuance of 2017 Notes and Terms and Structure of the 2017 Notes."*

The GARVEE Act authorizes the Transportation Board to issue additional GARVEE Notes, provided that the aggregate principal amount outstanding at any time shall not exceed \$1.2 billion, exclusive of (i) the aggregate principal amount of any revenue obligations that may be issued to refund GARVEE Notes in accordance with Section 33.2-1512 of the Virginia Code and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount).

The aforementioned limitations on the issuance of GARVEE Notes under the GARVEE Act could be changed by the General Assembly at any time.

Other Revenues

If Federal Highway Reimbursements are insufficient to pay debt service on the GARVEE Notes, the GARVEE Act provides that, subject to appropriation by the General Assembly and at the discretion of the Transportation Board, other legally available revenues in the Transportation Trust Fund may be used to pay the debt service and further, other funds may be designated by the General Assembly to pay debt service. The Transportation Board, the Treasury Board and the Secretary of Finance of the Commonwealth (the "Secretary of Finance") have entered into a Payment Agreement, as hereinafter defined, under which each party agreed to cooperate and use best efforts to have the General Assembly make the necessary appropriations of Federal Highway Reimbursements and, to the extent required, other revenues in the Transportation Trust Fund to pay debt service on the GARVEE Notes. See the subsection *"Sources of Payment and Security for the GARVEE Notes – Payment Agreement,"* and the section *"Transportation Trust Fund."*

Information Pertaining to the Commonwealth [UPDATE]

Appendices B and C contain, respectively, certain financial and demographic/economic information pertaining to the Commonwealth, and Appendix D contains the comprehensive financial statements of the Commonwealth for its fiscal year ending June 30, 2016 (each, a "FY"). See the subsections *"Transportation Trust Fund – Sources of Revenues"* and *"– Economic Conditions Affecting the Transportation Trust Fund."*

For further discussion, see the subsection entitled *"Budgetary Process"* in Appendix B.

Payment Agreement

The Transportation Board has entered into a Payment Agreement dated as of February 1, 2012 (the "Payment Agreement"), with the Treasury Board and the Secretary of Finance. The Payment Agreement provides, among other things, the procedures for requesting appropriations of funds sufficient to pay debt service on the GARVEE Notes and for the payment of such debt service.

The Payment Agreement requires the Transportation Board and the Treasury Board to use their best efforts to have (i) the Governor include a sufficient appropriation request in each biennial or any supplemental budget of the Commonwealth and (ii) the General Assembly appropriate the amount requested by the Governor. See Appendix A, *"Definitions and Summaries of the Indenture and the Payment Agreement."*

[Remainder of Page Intentionally Left Blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth for FYs the amounts needed in each annual period for payment of principal of and interest on the Outstanding Notes. For a description of the debt service requirements of bonds that may be paid from the Transportation Trust Fund other than the GARVEE Notes, see the section "Authorized, Issued, and Unissued Bonds Payable from the Transportation Trust Fund." Figures may not add due to rounding.

Fiscal Year Ending June 30	Outstanding GARVEE Notes Debt Service	2017 Notes Principal	2017 Notes Interest	2017 Notes Debt Service	Total Fiscal Year Debt Service
2018 ¹	\$47,831,031	\$	\$	\$	\$
2019	95,297,363				
2020	94,391,063				
2021	95,002,613				
2022	95,049,813				
2023	94,912,138				
2024	94,959,013				
2025	94,990,263				
2026	94,982,413				
2027	94,884,238				
2028	75,633,806				
2029	43,355,875				
2030	30,472,625				
2031	30,472,000				
2032	15,236,625				
2033	--				
Total	<u>\$1,097,470,875</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

¹ Excludes debt service payment made on September 15, 2017.

DEBT SERVICE COVERAGE

The following table compares annual debt service on the Outstanding Notes and the 2017 Notes to the Commonwealth's average annual Federal Highway Reimbursements over the last five FFYs (2012-2016). Historical Federal Highway Reimbursements may not be indicative of future Federal Highway Reimbursements. The resulting ratios are given solely for general information and actual results will be different. See the section "*Commonwealth Receipts of Federal Transportation Funds.*"

Debt Service Coverage on GARVEE Notes

Fiscal Year Ending June 30	Outstanding GARVEE Notes Debt Service	2017 Notes Debt Service	Average Historical Federal Highway Reimbursements (FFYs 2012-2016)	Coverage Ratio
2018	\$47,831,031		\$1,283,000,000	-
2019	95,297,363		1,283,000,000	-
2020	94,391,063		1,283,000,000	-
2021	95,002,613		1,283,000,000	-
2022	95,049,813		1,283,000,000	-
2023	94,912,138		1,283,000,000	-
2024	94,959,013		1,283,000,000	-
2025	94,990,263		1,283,000,000	-
2026	94,982,413		1,283,000,000	-
2027	94,884,238		1,283,000,000	-
2028	75,633,806		1,283,000,000	-
2029	43,355,875		1,283,000,000	-
2030	30,472,625		1,283,000,000	-
2031	30,472,000		1,283,000,000	-
2032	15,236,625		1,283,000,000	-
2033	--		1,283,000,000	-

Source: Virginia Department of Transportation.

INFORMATION CONCERNING THE FUNDING OF FEDERAL-AID HIGHWAYS

Revenues consist in part of the legally available portion of Federal Highway Reimbursements, generically described as federal aid revenues, received by the Commonwealth under Title 23 and appropriated by the General Assembly for the payment of GARVEE Notes. See also the subsection "*Sources of Payment and Security for the GARVEE Notes.*" The following information relates to the provisions of Title 23 and mechanisms, rules and practices which are relevant to the receipt of Federal Highway Reimbursements by the Commonwealth.

The Federal-Aid Highway Program Generally

The Federal Aid Highway Program (the "FAHP") is an "umbrella" term that encompasses most of the federal programs providing highway funds to the states. FHWA is the federal agency within the U.S. Department of Transportation responsible for administering the FAHP. The FAHP is funded from transportation user-related revenues deposited in the FHTF. The primary source of revenues in the FHTF is derived from the federal excise

taxes on motor fuels. Other taxes include excise taxes on tires, trucks and trailers, and truck use taxes. The FAHP is a reimbursement program. Once projects are approved by FHWA and funds are obligated, the federal government makes payments to the states for costs as they are incurred on projects, which may include debt service on obligations issued to finance a project. Federal reimbursements are typically matched with state and/or local funds. The maximum federal share is specified in the federal legislation authorizing the program. Most projects have an 80% base federal share, while interstate construction, highway safety and maintenance projects typically have been funded with a 90% base federal share.

Funding under the FAHP is provided to states through a multi-step funding cycle that includes: (i) multiyear authorization by Congress of the funding for various highway programs; (ii) apportionment and allocation of funds to the states each FFY according to statutory formulas or, for some funding categories through administrative action; (iii) obligation of funds, which is the federal government's legal commitment (or promise) to pay or reimburse states for the federal share of a project's eligible costs; (iv) appropriations acts by Congress specifying the amount of funds available for the year to liquidate obligations; (v) program implementation which covers the programming and authorization phases; and (vi) reimbursement by the federal government of the eligible project costs. Each of these steps is described in more detail under "*Federal Aid Funding Procedures*" below.

These provisions may be considered for amendment when and if FAHP is reauthorized. Reauthorization has tended to be evolutionary, with a moderate number of sections of the Federal Act being amended or repealed during each reauthorization.

The terms and conditions of participation in the FAHP as described herein are subject to change at the discretion of Congress. Changes in law, regulation or policy or a decrease in federal revenues may materially adversely affect the availability of Federal Highway Reimbursements. There can be no assurance that there will not be future changes in law, regulation, policy, or the availability of revenues at the federal level which may materially adversely affect the future availability of Federal Highway Reimbursements to pay debt service on the 2017 Notes and any other GARVEE Notes.

Title 23, United States Code, entitled "Highways," includes most of the laws that govern the FAHP. Generally, Title 23 embodies those substantive provisions of highway law that Congress considers to be continuing and which need not be reenacted each time the FAHP is reauthorized. Periodically, sections of Title 23 are amended or repealed through surface transportation acts.

Authorization

Generally. The FAHP must be periodically reauthorized by Congress, and has historically been authorized under multi-year authorizing legislation. The most recent legislation, entitled the "Fixing America's Surface Transportation Act," or the FAST Act, enacted December 4, 2015, provides for funding of FAHP through 2022, with obligation authority through 2020.

Lapsing of Authorization. All federal programs must be authorized through enacted legislation that defines the programs and establishes maximum funding levels, and for most programs annual appropriations acts are necessary in order to create budget authority. Indeed, for most federal domestic discretionary programs, a lapsed authorization may have little or no effect on a program, so long as revenues are appropriated. For the FAHP, the consequences of lapsed authorization caused when Congress fails to enact reauthorization legislation are somewhat different. While Congress may pass interim legislation, the existence of contract authority and a dedicated revenue stream means that the FHWA usually can continue to provide Obligation Authority (as more particularly defined below, "OA") by administrative action.

In periods in which the previous authorizing legislation has expired and the future legislation has yet to be enacted, Congress and/or the FHWA have historically found ways to avoid disruptions to state highway programs and, more importantly, have been able to maintain the flow of federal revenues to states in each instance. Examples of the two mechanisms in particular that have kept revenues flowing follow:

Access to Unobligated Balances: The 1987 Surface Transportation and Uniform Relocation Assistance Act expired on September 30, 1991 and Intermodal Surface Transportation Efficiency Act ("ISTEA") was not enacted until December 18, 1991. The FHWA was able to act administratively to keep federal-aid funding flowing because states could use their unobligated balances to provide contract authority to use new OA.

Short-Term Authorization: ISTEA expired on September 30, 1997 and until approval of the Transportation Equity Act for the 21st Century ("TEA-21") on June 9, 1998, no new long-term authorization legislation was enacted. Despite the lack of long-term authorizing legislation, states were provided an upper limit on OA through passage of an appropriations act plus access to their unobligated balances. On November 13, 1997, Congress passed the Surface Transportation Extension Act of 1997 ("STEA"), which provided a six-month authorization for highway funding and established a limit on the amount of new OA states could use at funding levels equal to about a quarter of FFY 1997 authorization levels. Since most states have unobligated balances of at least half their normal annual OA levels and an authorization act need not be in place for the FHWA to give states new OA, states were able to spend down prior unfunded federal apportionments (contract authority) with newly allocated OA. The lack of an enacted authorization act during this period did not pose a threat to the continued flow of revenues, because dedicated highway user fees continued to flow into the FHTF. Similarly, TEA-21 expired on September 30, 2003 and until approval of the Safe, Accountable, Flexible, Efficient Transportation Act: A Legacy for Users ("SAFETEA-LU") on August 10, 2005, Congress passed several authorization extension acts that reauthorized the FAHP through May 31, 2005 and, through passage of a combination of continuing resolutions and appropriations bills, states were provided OA to ensure the continuation of the FAHP. Following the expiration of SAFETEA-LU on September 30, 2009, Congress passed several authorization extension acts that reauthorized the FAHP through June 30, 2012. The last multi-year authorization of the FAHP prior to the FAST Act was the Moving Ahead for Progress in the 21st Century Act ("MAP-21"), which provided funding through September 30, 2014. Since August 2014, Congress used a series of five short-term authorizations to fund the FAHP until passage of the FAST Act.

Although measures have been taken by Congress and FHWA in the past, no assurance can be given that such measures would or could be taken in the future to maintain the flow of federal-aid funding upon termination of the current funding authorization.

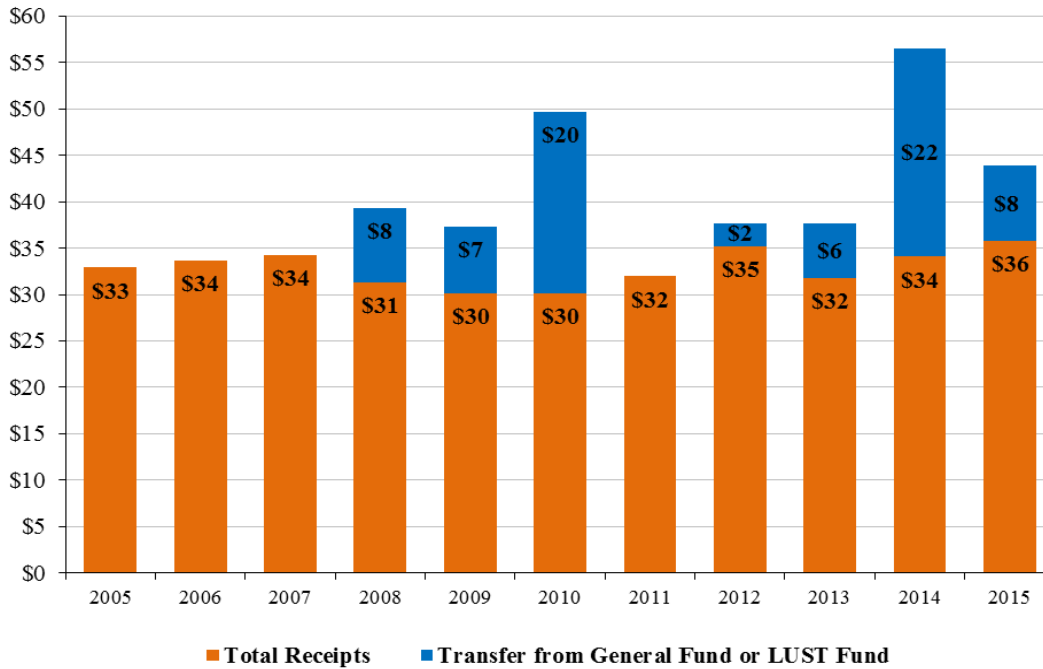
The Federal Highway Trust Fund

The FHTF provides the primary funding for the FAHP. Funded by a collection of federally-imposed motor vehicle user fees, primarily fuel taxes, the FHTF is a fund established by law to hold dedicated highway-user revenues that are used for reimbursement of the state's cost of eligible transportation projects (which may include debt service on obligations issued to finance a federal-aid project), including highway projects.

The FHTF is composed of two accounts: the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. The Highway Account receives approximately 84% of gasoline tax revenues and 88% of diesel fuel revenues, with the remaining share of such revenues deposited in the Mass Transit Account.

Federal gasoline excise taxes are the largest revenue source for the FHTF. The majority of these tax revenues, including 15.44 cents per gallon out of the current 18.4 cents per gallon tax, go to the Highway Account. The following graph shows annual FHTF collections in the Highway Account for FFYs 2005-2015.

Payments into the Highway Account of the Federal Highway Trust Fund⁽¹⁾
Federal Fiscal Years 2005-2015
(in billions)



Source: Federal Highway Administration, August 2016 Table FE-210. 2015 is the most recent year for which data is available.

⁽¹⁾ Transfers from the General Fund, to the Highway Trust Fund, and Transfers between Highway Trust Fund Accounts (Highway and Mass Transit). In FFY 2012, transfers were made from the Leaking Underground Storage Tank (LUST) Fund. The transfers in FFY 2014 were from LUST and the General Fund.

Statutory authority (i) to impose the taxes that are dedicated to the FHTF; (ii) to place the revenues resulting from those taxes in the FHTF; and (iii) to expend moneys from the FHTF all have expiration dates which must be extended periodically. The life of the FHTF has been extended several times since its inception, most recently by the FAST Act, which reauthorized imposing the taxes dedicated to the FHTF, generally through September 30, 2022, and allocated the resulting revenues to the FHTF, and the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, which extended authority to expend funds from the FHTF.

The Congressional Budget Office (“CBO”), in its Budget and Economic Outlook: 2016 to 2026, dated January 2016, reports in the prior nine year period, spending exceeded the FHTF’s revenues by a total of \$74 billion. Since 2008, Congress has authorized a series of transfers to the FHTF to avoid delaying payments to state and local governments. Most recently, the FAST Act authorized the transfer of \$70 billion, largely from the general fund of the United States Treasury, to the FHTF in December 2015 as the FHTF fund balance neared exhaustion. Including that amount, transfers into the FHTF since 2008 have totaled about \$143 billion.

Based on a CBO report dated December 2, 2015, the FAST Act is projected to reduce budget deficits in the FHTF by \$71 billion over the FFY 2016-2025 period, mostly due to the December 2015 transfer to the FHTF referenced above. Implementing the major provisions of the FAST Act is expected to result in additional discretionary spending totaling \$201 billion over the period from FFY 2016 through FFY 2020, with spending from the FHTF in that period expected to total \$280 billion, and revenues and interest credited to the FHTF over that period expected to amount to \$208 billion.

Although the user-taxes that fund the FHTF will continue to be collected and allocated to the FHTF under the FAST Act, and despite the \$70 billion transfer to the FHTF provided for by the FAST Act, the FHTF faces projected revenue shortfalls in the future. Because the primary source of funds in the FHTF is federal excise taxes on motor

fuels, per capita declines in total vehicle miles traveled in conjunction with the increasing fuel efficiency of automobiles and trucks in the United States has resulted in the FHTF receiving less revenue from gasoline and diesel sales. The CBO, in its Budget and Economic Outlook: 2016 to 2026, projects that the FHTF will be able to meet all obligations through FFY 2020, but that the FHTF balance will be exhausted in FFY 2021. Under current federal law, a positive balance is required to be maintained in the FHTF to ensure that prior commitments for distribution of federal revenues can be met. Unless Congress enacts a measure to address revenue generation for the FHTF, the FHTF is expected to face another revenue shortfall when the FAST Act expires, which may impact the availability of federal transportation funds to pay debt service on the 2017 Notes.

Various proposals are being considered to address the FHTF's future funding, including an increase in fuel taxes, a variety of new taxes and other funding sources for the FHTF. There can be no assurance that Congress will enact any of these proposals.

The United States Treasury Offset Program (the "TOP") is administered pursuant to the Debt Collection Improvement Act of 1996 ("DCIA"), which requires the Department of the Treasury and other disbursing agencies to collect delinquent debts owed to the federal government. Under the DCIA, if a "person" is in debt to the federal government, the federal agency payments may be offset through the TOP by the amount of the debt owed and up to the amount of the scheduled payment. "Person" is defined to include a state or local government. Administrative offset under the DCIA is precluded only when another law specifically prohibits the offset. In the last five years, VDOT had 4 offset actions totaling \$45,848 related to civil penalties. Subsequent to the offset action, VDOT recovered the amounts. VDOT has a separate taxpayer identification number from other state departments and agencies. It is VDOT's understanding that the United States Treasury only offsets amounts owed to the federal government from entities with the same taxpayer identification number. In addition, the Administrator of FHWA is authorized to withhold payment of federal funds to a state for a project if the Administrator of FHWA determines that the state has violated or failed to comply with federal laws or regulations with respect to that project.

The FHWA operates under contract authority authorized by the FAST Act, and accordingly, a lapse in annual appropriations does not materially disrupt operations. Thus, the failure of the Congress to enact an annual appropriation prior to the start of a FFY, which would result in a "government shutdown," typically does not impact FHWA operations. Further, FHWA has sufficient liquidated cash to continue operations due to a lapse in annual appropriations. However, any lapse in annual appropriations or a partial-year budget can reduce the amount of Obligation Authority that would otherwise be made available to the Commonwealth. See the subsections "*Federal Aid Funding Procedures – Obligation*" and "*Federal Aid Funding Procedures – Obligation Ceiling*."

Federal Aid Funding Procedures

The FAHP continues to enable the construction of an extensive national transportation system through reimbursement of a large percentage of state expenditures for approved highway projects. The FAHP is unusual among federal programs in that:

- (a) the FAHP is funded by dedicated revenues from user-tax sources deposited in a special trust fund, the FHTF;
- (b) the contract authority of the FHWA has historically been established by a multi-year authorization act rather than through annual appropriation acts; and
- (c) contract authority is not at risk during the annual appropriations process (as budget authority is in most other federal programs), although an appropriations act is required in order to liquidate obligations.

The following summarizes the major steps in funding the FAHP.

Authorization. The first and most important step in funding the FAHP is the development and enactment of authorizing legislation. Authorizing legislation for federal highways began with the Federal Aid Road Act of 1916 and the Federal Highway Act of 1921. These acts provided the foundation for the FAHP as it exists today. Since that time, the FAHP, as then in existence, has been continued or renewed through the passage of multi-year authorization acts. Since 1978, Congress has passed highway legislation as part of larger, more comprehensive, multi-year (i.e.

four or more years) surface transportation acts. There is no guarantee, however, that reauthorization of the FAHP will continue to occur on a multi-year basis. The current reauthorization is for the period ending September 30, 2020.

The authorization act not only shapes and defines programs, but also sets limits (authorizations) on the funding for programs and includes provisions related to the operation of the FHTF.

Once Congress has established authorizations, the next step involves how funds are made available to states. Typically, federal programs operate using appropriated budget authority, which means that funds, although authorized, are not available until passage of an appropriations act. However, most programs within the FAHP do not require this two-step process. Through what is termed "contract authority" (a special type of budget authority), authorized amounts become available for obligation according to the provisions of the authorization act without further legislative action. For the FAHP, funds authorized for a FFY are available for distribution through apportionments or allocations. The use of contract authority gives the states advance notice of the level of federal funding at the time an authorization act is enacted, eliminating much of the uncertainty associated with the authorization-appropriation sequence.

The existence of dedicated revenues in the FHTF and of multi-year contract authorizations are designed to provide a predictable and uninterrupted flow of reimbursements to the states. The risk of contract authority lapsing between authorizing acts has historically been limited, since sufficient unobligated balances generally exist that can be used by the states, with the approval of Congress, to cover gaps in funding between multi-year reauthorization acts, but there can be no assurance that federal authorizations will not lapse. See the subsection "*Authorization – Lapsing of Authorization.*"

Apportionment and Allocations. For most components of the FAHP, the authorization act sets the distribution of contract authority to be apportioned and/or allocated to the states. The authorized amount for a given FFY is distributed to the states through apportionments and allocations.

Apportionments. The distribution of funds using a formula provided in law is called an apportionment. Most federal-aid highway funds are distributed to states through apportionments. Each FFY, the FHWA has responsibility for apportioning authorized funding for the various highway programs among the states according to formulas established in the authorizing statute. Annual apportionments are generally made on the first day of the FFY (which is October 1). VDOT strives to use the oldest apportionment available when obligating funds to prevent the lapsing of apportionment.

Allocations. Some categories of funds do not have a legislatively mandated distribution formula. When there are no formulas in law, the distributions of funds are termed "allocations," which may be made at any time during the FFY. In most cases, allocated funds are divided among states with qualifying projects applying general administrative criteria provided in the law.

Federal-aid highway apportionments are available to states for use for more than one year. Their availability does not terminate at the end of the FFY, as is the case with most other federal programs. In general, apportionments are available for three years plus the year that they are apportioned. Consequently, when new apportionments or allocations are made, the amounts are added to a state's carryover apportionments from the previous year. Should a state fail to obligate a year's apportionments within the period of availability (usually a total of four years) specified for a given program, the funds will lapse.

Obligation. Obligation is the legal commitment (or promise) of the federal government to pay, through reimbursement to a state, the federal share of an approved project's eligible costs, which may include debt service on obligations issued to finance a project. This process is important to the states because it allows states to award contracts with assurance that the federal government will reimburse its share of incurred costs. Once an obligation is made, the federal government is to reimburse the states when bills or payments become due. However, Congress places a restriction or "ceiling" on the amount of federal assistance that may be promised (obligated). See "*Obligation Ceiling*" below.

Once Congress establishes an overall obligation limitation, FHWA distributes obligation authority ("OA") to states proportionately based on each state's share of apportioned and allocated revenues. The actual ratio of OA to apportionment and allocations may vary from state to state, since some federal-aid programs are exempt from the obligation limitation. During the FFY, states submit requests to FHWA to obligate funds, representing the federal share of specific projects. As a state obligates funds, its balance of OA is reduced. A state's OA (unlike its apportionments and allocations of authorized funding) must be used before the end of the FFY for which it is made available. If it is not used, the unused OA will be distributed to other states to ensure that the total limitation nationwide will be used. A state may receive additional OA through a redistribution process each year in August that reallocates OA from states or programs unable to obligate fully their share to other states that are able to obligate more than their initial share. [The Commonwealth typically uses all of its OA in each FFY and has in each of the last 20 years received additional OA that has been redistributed by FHWA.] See "*Federal Aid Revenues*" for Virginia's OA, apportionments and total Federal Aid Revenues received in prior FFYs.

Obligation Ceiling. Most of the FAHP does not receive budget authority through appropriations acts as do most other federal programs. Congressional appropriations committees use Obligation Authority as a means of balancing the annual level of highway spending with other federal budget priorities. Thus, Congress may place a restriction or "ceiling" on the amount of federal assistance that may be obligated during a specified time period. The obligation limitation is the amount of authorized funding that Congress allows states to obligate in an individual year. This is a statutory budgetary control that does not affect the apportionment or allocation of funds. Rather, it controls the rate at which these funds can be used, and, in effect, can limit the amount of funds that can be used. See the subsection "*The Federal Highway Trust Fund.*"

Although a ceiling on obligations restricts how much funding may be used in a FFY, generally a state has flexibility within the overall limitation to transfer among certain apportioned highway programs, as long as it does not exceed the ceiling in total. Certain sums may be used only for special purposes once they are apportioned to the states. Generally, the unobligated balance of apportionments or allocations that a state has remaining at the end of any FFY is carried forward into the subsequent FFY and is available for use, contingent upon the availability of Obligation Authority issued in each year. Generally, if a state does not obligate a particular year's funding within the period of availability, the authority to obligate any remaining amount lapses. VDOT has been successful in obligating its full amount of Obligation Authority and the additional Obligation Authority made available to the state through the annual process of redistributing federal funds from those states and programs that are unable to utilize all of their obligation authority.

Rescission of Unobligated Balances. Congress took ten separate actions to reduce previously authorized spending levels, between FFYs 2006 through 2011 by issuing rescissions. Each such action rescinded unobligated balances of apportionments among the states on a proportional basis based upon each state's apportionment exclusive of certain identified funds or programs. The aggregate amount for these rescissions for the Commonwealth was \$349.46 million, which was applied to reduce any unobligated apportionment balances for prior years. Further rescissions are possible and may have a more adverse effect on the Commonwealth and its highway program, but the Commonwealth bases its budget upon its expected Obligation Authority and Federal Highway Reimbursements not expected apportionments. Although rescissions could be large enough to impact Obligation Authority, to date they have not. If Congress continues to require rescissions, the balances of unobligated apportionment for those federal programs that would support the 2017 Project may be reduced. See the section "*Sources of Payment and Security for the GARVEE Notes.*" **[UPDATE]**

Highway Program Implementation. To receive federal reimbursements for transportation projects, states are required to develop long-range transportation plans that are based on realistic projections of state and federal funding. Projects are not eligible for federal reimbursements unless they are either directly identified in a long-range plan or consistent with policies and objectives identified in long-range plans and are included in the five-year State Transportation Improvement Program ("STIP") that lists all projects proposed for financing in that five-year period. The STIP must be approved by FHWA.

States are required to follow federal fiscal management procedures as they implement projects that are included in the STIP. These fiscal management processes ensure that the process is managed efficiently from project authorization to actual payment of FHWA reimbursements to the state. Further, states are required to use a detailed

accounting system to track project expenditures and reimbursements. In addition, a federal system tracks payments to states.

Fiscal constraint in the Federal Aid Highway Program is a requirement of 23 U.S.C. Section 135(f) (2)(D) and (E). Fiscal constraint requires that the STIP only include projects for which funding is committed or reasonably expected to be available. VDOT implements this requirement through the annual adoption by the Transportation Board of a financially balanced STIP. The STIP summarizes current estimated costs for all projects and all phases for the next five years. Total available resources are based on best estimates of Federal Aid Revenues and state revenues. Within the STIP for Federal Fiscal Years 2018 through 2021, debt service on the Series 2017 Notes is or will be included as an anticipated expenditure along with other anticipated expenditures for the National Highway System.

States may request FHWA approval for eligible projects either through the traditional process or through the Advance Construction procedure as discussed below:

Traditional Approach. Under the traditional highway funding approach, FHWA approves the full federal share of funding for a project at the beginning of the project, concurrent with project authorization. The first step in the fiscal management process begins when a state requests authorization to use federal funds on a project. The project sponsor submits plans, specifications and estimates ("PS&Es") for a project to FHWA, and requests that FHWA approve the use of federal funding for the appropriate federal share of the project. The project must be in the STIP and PS&Es must identify the category of federal funding that will be used.

FHWA evaluates the PS&Es to ensure that the project is eligible for federal funding and meets a variety of federal requirements. Provided all requirements are satisfied, FHWA authorizes federal participation in the project, and obligates the federal share of project costs. By obligating the funds, FHWA makes a commitment to reimburse the state for the federal share of eligible project costs. It sets aside the appropriate amount of the state's Obligation Authority and also sets aside an equivalent amount of apportionments by program. Accordingly, the state must have sufficient Obligation Authority to cover the level of federal participation it requests.

Once authorization for a project has been obtained, the state advertises the project and receives bids. The state awards the contract to the lowest responsive bidder and submits a modified agreement to FHWA requesting any necessary adjustments to federal funding to reflect the actual bid amount. The project agreement identifies the funds that are estimated to be expended by the state and the amount that will be reimbursed by the FHWA.

Virginia's Stewardship and Oversight Agreement. While the FHWA is charged with administering the Federal-Aid Highway Program, the Virginia State Division of the FHWA has entered into a Stewardship and Oversight Agreement with VDOT whereby VDOT may assume certain project approval authority. The latest agreement is dated June 2, 2015. Under certain conditions, FHWA has delegated to VDOT authority for design activities, PS&E approval, concurrence in award, construction activities and other related actions that FHWA typically approves under Title 23.

Advance Construction Approach. FHWA has implemented several fiscal management techniques that provide states additional flexibility in managing their Obligation Authority and cash flow. Advance construction ("Advance Construction" or "AC") and partial conversion of AC are two key techniques that facilitate federal-aid project funding.

The AC approach for authorizing projects allows states to finance projects eligible for federal aid without obligating the full federal share of costs at the beginning of the project. This allows states to begin a project before accumulating all of the Obligation Authority needed to cover the federal share of the project. Similar to the traditional approach, the state submits PS&Es to FHWA and requests project authorization. Under AC, however, FHWA is asked to authorize the project without obligating federal funds. The state will provide the up-front financing for the project and then at a later date "convert" the AC project to a regular federal-aid project and obligate the full federal share of the project costs, when sufficient Obligation Authority is available. At the time of conversion, the state can be reimbursed for the federal share of costs incurred up to the point of conversion.

Under the partial conversion of AC approach, the state converts, obligates, and receives reimbursement for only a portion of its funding of an AC project in a given year. This removes any requirement to wait until the full amount of Obligation Authority for the project is available. The state therefore can obligate varying amounts for the project's eligible cost in each year, depending on how much of the state's Obligation Authority is available. Using the technique to partially convert the federal share makes bond and note financing more viable and federal-aid funds available to support a greater number of projects. The National Highway System Designation Act of 1995 (the "NHS Act") provided additional flexibility in the use of AC by allowing partial conversion of AC as implemented through a Federal Register Notice dated July 19, 1995.

Under the FAHP, as projects are approved by FHWA, the aggregate dollar amount of each contract relating thereto will be obligated against the remaining annual amount of Obligation Authority available to the state. The state will then pay the amounts owed under each contract as work progresses and receive reimbursement from the federal government for the federal share of the total costs. The aggregate amount of reimbursement received by the state in any year is not necessarily equal to the state's apportionment for such year. Many projects and contracts extend over a number of years which means the aggregate amount made available to the state in any one year, if fully obligated, may be received as reimbursement over a longer period of time relating to the actual pace of construction. The Commonwealth expects to have sufficient projects which will qualify to allow it to access all Federal Highway Reimbursements made available to it.

Reimbursement. The FAHP is a reimbursement program. As work progresses on a federal-aid highway project, a state pays the contractor for completed work from available state funds. The state electronically transmits vouchers for the federal share of completed work and certifies to FHWA that the claims for payment are in accordance with the terms of the applicable project agreements and state and federal laws or regulations. After review and approval by FHWA Division office, payment is scheduled for the date requested by the state. Payment is transferred directly from the United States Treasury to the state's account at a financial institution by wire transfer, and is generally scheduled to be made within two days of the submission of the state's electronic bill.

Special Federal Provisions Relating to Debt-Financed Projects

The NHS Act made several changes affecting the financing of federal-aid highway projects, including AC procedures and payments to states for debt financing.

Section 311 of the NHS Act significantly expanded the eligibility of bond, notes and other debt instrument financing costs for federal-aid reimbursement. This change to the FAHP was codified into permanent highway law as an amendment to Section 122 of Title 23 of the United States Code. Under Section 122, various debt-related costs are eligible for reimbursement, including principal and interest payments, issuance costs, insurance, and other costs incidental to a financing.

FHWA has issued guidelines for debt-financed projects. Key provisions of these guidelines are as follows:

- The project must be approved as a federal-aid, debt-financed (bond, certificate, note or other debt instrument) project to receive payments for eligible debt-related costs under Section 122. Once a project is selected for debt financing, the project is submitted to FHWA for approval as an AC project under Section 115 of Title 23. The AC designation ensures the project follows federal-aid procedures and preserves the eligibility to reimburse debt-related costs through future federal-aid fund obligations.
- Debt-financed projects are subject to requirements of the Federal Clean Air Act and federal air quality conformity requirements.
- At the time the project agreement is signed, a state may elect to seek reimbursement for debt service and/or related issuance costs in lieu of reimbursement for construction costs. If a state elects to receive debt service reimbursements, a debt service schedule will be included in the project agreement. If multiple projects are funded with proceeds of a debt issue, each project will be assigned a prorated share of debt-related costs.
- To comply with the intent of the fiscally constrained planning process, the federal share of debt-related costs (e.g., interest and principal payments, associated issuance costs, and on-going debt servicing expenses)

anticipated to be reimbursed with federal-aid funds over the life of the debt obligations should be designated as AC. The planned amount of federal-aid reimbursements (AC conversion) should be included in the STIP, in accordance with FHWA procedures.

- Periodic debt service payments (federal-aid reimbursements) on the debt obligations would represent partial conversions of designated AC amounts to federal aid. A state can obligate such federal aid annually over the life of the permanent financing or a state can make the conversion in one lump sum upon project completion to help take out construction financing. A state would follow the normal procedures for conversion of an AC project.
- A state may seek federal-aid reimbursements for eligible debt-related costs as these costs are incurred. Issuance costs, debt service payments, and incidental costs represent costs incurred that may be reimbursed with federal-aid funds to the extent such costs are deemed eligible.
- A state may make arrangements with FHWA regarding the procedures under which it would submit a billing to FHWA for debt-related costs. A request for debt service payment can be timed so that reimbursements can be received shortly before the debt service payment date.
- A state may designate a trustee or other depository to receive federal-aid debt service payments directly from FHWA.

Once the project agreement with respect to each GARVEE Note project becomes a part of the Federal Aid Agreement, it will be a "debt-financed project."

[Remainder of page intentionally left blank]

COMMONWEALTH RECEIPTS OF FEDERAL TRANSPORTATION FUNDS

The following table identifies prior and projected Apportionments, Obligation Authority, and Receipts of Federal Highway Aid Revenues by VDOT from FFY 2006 through FFY 2016. The ability to pay the 2017 Notes and other GARVEE Notes will depend upon the amount of actual funding provided to the Commonwealth under the FAHP, the legal availability thereof and the Commonwealth's ability to use such funding.

FEDERAL AID REVENUES, APPORTIONMENTS, OBLIGATION AUTHORITY AND RECEIPTS FOR THE VIRGINIA DEPARTMENT OF TRANSPORTATION

Under SAFETEA-LU, MAP-21 and FAST Act Federal Fiscal Years 2006 Through 2016

<u>Federal Fiscal Year</u>	<u>Apportionments (in millions)</u>	<u>Obligation Authority (in millions)</u>	<u>Federal Reimbursements Actual Receipts⁽¹⁾ (in millions)</u>
2006	\$835	\$832	\$524
2007	960	950	661
2008	940	974	811
2009	1,648	1,653	809
2010	1,056	938	946
2011 ⁽¹⁾	1,056	974	1,110
2012	986	934	1,360
2013	981	941	1,475
2014	982	941	1,269
2015	982	925	1,273
2016	1,032	1,012	1,036
Totals 2006 - 2016 ⁽¹⁾	<u>\$11,458</u>	<u>\$11,074</u>	<u>\$11,274</u>
Annual Average 2006 - 2016 ⁽¹⁾	<u>\$1,042</u>	<u>\$1,007</u>	<u>\$1,025</u>

Source: Virginia Department of Transportation.

⁽¹⁾ Actual receipts column may include amounts from prior years and does include amounts which are not eligible and do not constitute Revenues. The amounts listed in each of the columns herein are after taking into account rescissions of unobligated balances incurred to date. See the subsection "Information Concerning the Funding of Federal-Aid Highways – Federal Aid Funding Procedures – Rescission of Unobligated Balances." Actual receipt amounts differ from those reported in the Transportation Board's Annual Report, as hereinafter defined, as a result of adjustments and recalculation that occurred after the Annual Report was prepared.

TRANSPORTATION TRUST FUND

General

The Transportation Trust Fund was established by the General Assembly in Chapters 11, 12, 13 and 15 of the Acts of the Assembly, 1986 Special Session (the "1986 Special Session Acts"), as a special non-reverting fund administered and allocated by the Transportation Board for the purpose of increased funding for construction and other capital needs of state highways, airports, mass transit and ports. The Transportation Trust Fund is funded primarily from additional revenues generated by increases in the retail sales and use tax, motor fuels tax and motor vehicle related taxes and fees effected by the 1986 Special Session Acts, as amended by Chapter 766 of the Acts of the General Assembly of the Commonwealth of Virginia 2013 Regular Session ("Chapter 766"), and as amended by Chapter 684 of the Acts of the General Assembly of the Commonwealth of Virginia 2015 Regular Session ("Chapter 684") and designated for deposit in the Transportation Trust Fund. The 1986 Special Session Acts allocated 85% of these additional revenues to highway purposes with the balance being divided among airports (2.4%), mass transit

(8.4%) and ports (4.2%). Legislation passed by the General Assembly in the 1998 Regular Session revised the formula for distribution of funds to the mass transit fund, increasing the allocation from 8.4% to 14.5% for Fiscal Year 1999 and to 14.7% for Fiscal Year 2000 and thereafter and thereby changing the allocation to highway purposes from 85% to 78.9% in Fiscal Year 1999 and to 78.7% for Fiscal Year 2000 and thereafter. The amendments contained in Chapter 766 allocate a 0.3% increase in the retail sales and use tax, of which components are dedicated to the Transportation Trust Fund (passenger rail and mass transit). The revenue is distributed in the following manner: (i) 0.175% of the 0.3% increase is allocated to the HMO Fund; (ii) 0.05% of the 0.3% increase is allocated to passenger rail; and (iii) 0.075% of the 0.3% increase is allocated to mass transit.

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.

Chapter 766 and 684 and the Transportation Trust Fund

Under Chapter 766, the Transportation Trust Fund receives an amount equal to 15% of the revenues generated from motor fuels taxes after making specified disbursements to various preservation and conservation programs. After making those initial disbursements and disbursing 15% (through Fiscal Year 2016) of the revenues generated from the motor fuels taxes to the Transportation Trust Fund, 80% of such revenues shall be deposited into the HMO Fund, (i) 4% shall be deposited into the Priority Transportation Fund, and (ii) 1% shall be used to meet the necessary expenses of the Department of Motor Vehicles ("DMV"). This disbursement was effective through Fiscal Year 2016. Chapter 684 changes the distribution of fuel tax revenue beginning in Fiscal Year 2017. The Transportation Trust Fund will receive 11.3% of the revenues generated from motor fuels taxes after making the above-referenced initial disbursements. The total distribution is: (i) 80% to the HMO Fund; (ii) 11.3% to the Transportation Trust Fund; (iii) 4% to the Priority Transportation Fund; and (iv) 3.11% to the Commonwealth Transit Capital Fund established pursuant to Section 58.1-638 of the Virginia Code, (v) 1% to a special fund within the Commonwealth Transportation Fund in the state treasury, to be used to meet the necessary expenses of DMV, (vi) 0.35% to the Commonwealth Mass Transit Fund established pursuant to Section 58.1-638 of the Virginia Code and allocated transit operations, and (vii) 0.24% to the Commonwealth Mass Transit Fund and allocated to transit special programs.

Also included in Chapter 766 were specific taxes that affect the Northern Virginia and Hampton Roads regions of the Commonwealth. Pursuant to Chapter 766 the local sales tax, grantor's tax and transit and occupancy taxes were each increased in Northern Virginia and the local sales tax and fuel sales tax were each increased in Hampton Roads. The additional revenues generated from these increases have been dedicated to pay the costs of transportation projects in each region. It is anticipated that these revenues will enhance the ability of the Commonwealth to address transportation needs outside of the Transportation Trust Fund.

The Transportation Board makes no representation (i) that the General Assembly will maintain the Transportation Trust Fund or (ii) that the General Assembly will not repeal or materially modify the 1986 Special Session Acts, Chapter 766, Chapter 684 or any other legislation affecting the Transportation Trust Fund. Without limiting the generality of the foregoing, the provisions of Chapter 766 and Chapter 896, as herein defined, that generate additional revenue for transportation purposes, including revenues for deposit in the Transportation Trust Fund, shall expire on December 31 of any year in which the General Assembly appropriates any of such revenues for any non-transportation-related purpose.

Highway Maintenance and Operating Fund

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 ("HMO Fund") was created as successor to the Highway Maintenance and Construction Fund for maintenance.

Prior to the enactment of Chapter 766, the HMO Fund received certain motor vehicle related taxes and fees (principally the motor fuels 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 was directed to the

Transportation Trust Fund. See the subsection below "*Sources of Revenues.*" In Fiscal Year 2017, the HMO Fund received approximately \$2.0 billion in such taxes and fees.

Pursuant to Chapter 766, the HMO Fund receives (i) an amount equal to 20% of the revenue generated by a 0.5% sales and use tax effected by Chapter 766; (ii) an amount equal to a 0.175% sales and use tax from the 0.3% increase in such tax effected by Chapter 766; (iii) an amount equal to 80% of the revenues generated from the motor fuels tax as described in the preceding subsection; and (iv) certain revenues related to an increase in the vehicle sales tax.

The construction funds available for allocation in Fiscal Years 2018 through 2023 Six-Year Improvement Program (the "Current SYIP") were reduced by \$121.7 million in Fiscal Year 2017 to provide the revenues needed to meet the obligations of the HMO Fund which includes the maintenance and operations of Virginia's highways.

The Transportation Board makes no representation that the General Assembly will maintain the HMO Fund. Without limiting the generality of the foregoing, the provisions of Chapter 766 and Chapter 684 that generate additional revenue for transportation purposes, including revenues for deposit in the HMO Fund, shall expire on December 31 of any year in which the General Assembly appropriates any of such revenues for any non-transportation-related purpose.

Sunset Provision

The provisions of Chapter 766 and Chapter 896 that generate additional revenue for transportation purposes, including revenues for deposit in the Transportation Trust Fund, the HMO Fund and other transportation-related funds, expire on December 31 of any year in which the General Assembly appropriates any of such revenues for any non-transportation-related purpose (the "Sunset Provisions").

The General Assembly has from time to time made appropriations of portions of such additional revenue for non-transportation-related purposes, which would have activated one or both of the Sunset Provisions had the General Assembly not also enacted a savings clause to override the Sunset Provisions (a "Savings Clause"). The appropriations act for the 2014-2016 biennium, as adopted in June 2014 and amended in November 2014, includes both a non-transportation-related appropriation of a portion of the additional revenue generated by Chapter 896 and a Savings Clause.

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

Highway Allocation Formula

The Transportation Board is required by the Virginia Code to allocate each year all funds made available for highway purposes in accordance with the priorities established by Section 33.2-358 of the Virginia Code. Highway funds are allocated first for maintenance of interstate, primary, secondary and certain local roads and highways, administrative and general expenses, and other payments. The distribution of funding after this allocation was changed by Chapter 684 of the 2015 General Assembly Session.

After the first allocation of funds as described above, effective July 1, 2020, 45% is allocated to the Transportation Board's "State of Good Repair Program", 27.5% is allocated to its "High Priority Project Program" and 27.5% is allocated to its "Construction District Grant Program." However, during the period prior to this effective date, the Transportation Board shall allocate an amount determined by the Transportation Board, not to exceed \$500 million in any given year, as follows: 25% to bridge reconstruction and rehabilitation; 25% to advancing high priority projects statewide; 25% to reconstructing deteriorated Interstate System, primary state highway system and municipality maintained primary extension pavements determined to have a Combined Condition Index of less than 60; 15% to projects undertaken pursuant to the Public-Private Transportation Act of 1995 (Section 33.2-1800 et seq.) (the "PPTA"); 5% to paving unpaved roads carrying more than 50 vehicles per day; and 5% to the Innovative and Technology Transportation Fund established pursuant to Section 33.2-1531 for high-tech infrastructure improvements (the "CTB Formula"). At the discretion of the Transportation Board, such percentages of funds may be adjusted in any given year to meet project cash flow needs or when funds cannot be expended due to legal, environmental or other project management considerations and provided that such allocations

shall cease beginning July 1, 2020. After such allocations are made, the Transportation Board may allocate each year up to 10% of the funds remaining for highway purposes for the undertaking and financing of rail projects that, in the Board's determination, will result in mitigation of highway congestion. Through July 1, 2020, any funds remaining after the CTB Formula distribution will be distributed equally to the High Priority Project Program and the Construction District Grant Program.

The Transportation Board approved an amount to be provided through this alternate distribution process totaling \$353.1 million in the Fiscal Year 2017 Budget. Additional allocations were provided through the life of the Six-Year Improvement Program using this alternate formula. While the Virginia Code establishes the priorities by which the Transportation Board must allocate the funds made available to it, the Transportation Board, VDOT and other transportation agencies are responsible for allocating such funds among transportation projects throughout the Commonwealth. In the normal course of business, the Transportation Board, VDOT and the other agencies procure and enter into contracts with private parties for the rehabilitation, construction and improvement of transportation projects. The procurements are conducted in various ways as permitted under the Virginia Code, including traditional sealed bidding, design-build arrangements and procurements under the PPTA. The PPTA encourages investment in the Commonwealth by private entities to facilitate the development and/or operation of transportation facilities, and PPTA contracts typically involve an allocation of financial, completion and other risks between the private entity and the Commonwealth that differ from the risk allocation in more traditional procurement formats. If any of these contracts were terminated or if the applicable project were delayed or altered, the Transportation Board, VDOT or the other applicable agency could be contractually obligated to pay certain costs associated with the delay or determination of the project incurred by the private party and to pay other related expenses and fees, which may or may not exceed the funding currently allocated to the applicable project. The payment obligation of the Transportation Board, VDOT or the other applicable agency is generally subject to appropriation by the General Assembly. While no specific funding source is identified, the Transportation Trust Fund is one possible funding source for such payments. If such a payment were to be made from the Transportation Trust Fund, the funds for such payment would be made available by changing the allocation of available funds among the projects in the Six-Year Improvement Plan. A change in the allocation of funds would not impact the revenues appropriated to the Transportation Trust Fund, but the change could impact the planned schedules of other projects. The Transportation Board, VDOT and the other agencies regularly adjust the allocation of the funds among transportation projects to account for variety of factors. See the section *"Commonwealth Transportation Board, Virginia Department of Transportation – Financial Accountability and Program Delivery."*

Sources of Revenues

The following table summarizes the actual revenues for Fiscal Years 2012 through 2017 and the projected revenues for Fiscal Year 2018, received or to be received in the Transportation Trust Fund. Historical receipts of the Transportation Trust Fund may not be indicative of future receipts, especially because Chapter 766 changed how some of the taxes listed in the table are charged, and a portion of the revenues generated from those taxes are dedicated to the Transportation Trust Fund.

Total Transportation Trust Fund Revenues – All Modes
(in millions)⁽¹⁾

Fiscal Year Ending June 30:	2012	2013	2014	2015	2016	2017	2018⁽⁶⁾
Retail Sales and Use Tax	\$503.1	\$521.2	\$631.3	\$717.0	\$723.7	\$743.3	\$760.7
Motor Vehicle Sales and Use Tax ⁽²⁾	223.1	235.2	240.8	251.8	265.4	275.4	278.7
Motor Fuels Taxes ⁽³⁾	115.5	115.2	106.7	118.8	138.9	138.6	139.9
Motor Vehicle Registration Fees	21.1	21.7	21.7	21.8	21.6	22.2	22.8
Recordation Tax ⁽⁴⁾	26.1	30.9	24.9	28.0	29.5	48.1	49.2
Investment Income	12.2	7.5	6.2	6.4	2.4	3.9	3.5
Priority Transportation Fund ⁽⁵⁾	<u>159.1</u>	<u>151.8</u>	<u>157.5</u>	<u>180.8</u>	<u>186.0</u>	<u>199.9</u>	<u>203.7</u>
Total Transportation Trust Fund Revenues	<u>\$1,060.2</u>	<u>\$1,083.6</u>	<u>\$1,189.0</u>	<u>\$1,324.5</u>	<u>\$1,367.5</u>	<u>\$1,431.4</u>	<u>\$1,458.5</u>

Sources: Department of Accounts and Department of Motor Vehicles for FYs 2012 through 2017. Department of Motor Vehicles, Department of Taxation and Department of Transportation for revenue estimates for FY 2018.

(1) Net of moneys deposited in the Federal Fund, which is part of the Transportation Trust Fund.

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

(3) Motor Fuels Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax. Note these taxes were amended by the Chapter 766.

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

(5) Reflects the deposits into the Priority Transportation Fund on and after July 1, 2008 of one-third of the revenues of the Insurance Tax and incremental motor fuels tax revenues (as described under the heading below "Priority Transportation Fund Revenues"). Amounts shown include estimated investment income.

(6) Based on Commonwealth Transportation Fund Forecast provided in August 2017. Includes the share of the increased Retail Sales and Use Tax dedicated to passenger rail and mass transit as a component of the Transportation Trust Fund. Preliminary estimates and actual results may vary.

The following is a brief description of the taxes and fees designated for deposit into the Transportation Trust Fund.

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

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

The state and local retail sales and use taxes were increased from 4.0% to 4.5% by the General Assembly in the 1986 Special Session Acts, and increased again in 2004 from 4.5% to 5.0%. The 1986 Special Session Acts designated the tax revenues from a 0.5% sales and use tax to the Transportation Trust Fund. Pursuant to Chapter

766, the 2013 General Assembly increased taxes by 0.3% to 5.3% (a portion of which is allocated to the HMO Fund), and pursuant to Chapter 766 the Commonwealth can collect the tax on online sales, if there is a change in federal law.

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

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

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

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

Motor Fuels Tax. A tax is levied on motor fuels sold and delivered or used in the Commonwealth. Certain categories of motor fuels, however, are exempt from this tax under Virginia Code Section 58.1-2226, including, but not limited to, fuel for the exclusive use of the governments of the United States, the Commonwealth and the Commonwealth's political subdivisions and diesel fuel used for certain purposes. The motor fuels tax is collected by and paid to the Commonwealth only once with respect to any motor fuels. All aviation fuels that are sold and delivered or used in the Commonwealth are taxed. Synthetic motor fuel produced in the Commonwealth from coal is subject to an incremental tax. Likewise, motor fuels refined in the Commonwealth exclusively from crude oil produced in the Commonwealth in a refinery meeting certain specifications are subject to an incremental tax.

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

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

Other Motor Vehicle Related Taxes. Pursuant to Chapter 766, certain other taxes related to motor vehicles are levied and a portion of the revenues are appropriated to the Transportation Trust Fund. Such taxes include items (ii) through (v) of the Fuels Tax described in the subsection "*– Chapters 766 and 684 and the Transportation Trust Fund.*"

Recordation Taxes. Recordation taxes are imposed on every deed and deed of trust (mortgage) admitted to record in the Commonwealth subject to certain exceptions and exemptions. Chapter 896 of the Acts of Assembly, 2007 Regular Session ("Chapter 896"), effective July 1, 2008, provides that, of the state recordation taxes imposed pursuant to Sections 58.1-801 and 58.1-803 of the Virginia Code, the revenues collected each Fiscal Year from \$0.02 of the total tax imposed under each section are appropriated for and deposited into the Transportation Trust Fund for the Commonwealth Mass Transit Fund. Chapter 684 of the Acts of Assembly, 2015 Regular Session, effective July 1, 2017, provides that, of the state recordation taxes imposed pursuant to Section 58.1-801 and Section

58.1-803 of the Virginia Code, the revenues collected each Fiscal Year from \$0.01 of the total tax are appropriated for and deposited into the Transportation Trust Fund for use in the Commonwealth Transit Capital Fund..

Priority Transportation Fund Revenues. The General Assembly established the Priority Transportation Fund in 2000 under Section 33.2-1527 of the Virginia Code, which was amended in (i) the first enactment clause of Chapter 896 and (ii) the first enactment clause of Chapter 766. The Priority Transportation Fund is a special non-reverting fund of the Transportation Trust Fund held in the state treasury. All revenues as may be designated in an appropriation act by the General Assembly for deposit to the Priority Transportation Fund shall be paid into the state treasury and credited to the Priority Transportation Fund. Effective July 1, 2013, such revenues include:

(1) One-third of the revenues derived from the annual license tax imposed on insurance companies doing business in the Commonwealth under Chapter 25 of Title 58.1 of the Virginia Code, with certain adjustments as described below (the "PTF Insurance Tax Revenues");

(2) A certain portion of the revenues derived from taxes imposed on motor fuels under the Virginia Fuels Tax Act, Chapter 22 (Section 58.1-2200 et seq.) of Title 58.1 of the Virginia Code (the "PTF Motor Fuels Tax Revenues");

(3) All revenues that exceed the official forecast, pursuant to Section 2.2-1503 of the Virginia Code, for (i) the Highway Maintenance and Operating Fund and (ii) the allocation to highway and mass transit improvement projects as set forth in Section 33.2-1526 of the Virginia Code, but not including any amounts that are allocated to the Commonwealth Port Fund and the Commonwealth Airport Fund under such section; and

(4) Any other such funds as may be transferred, allocated, or appropriated

Economic Conditions Affecting the Transportation Trust Fund

The availability of revenues in the Transportation Trust Fund is dependent on a number of economic factors. The bulk of such revenues consists of the motor fuels taxes, motor vehicle sales and use taxes and retail sales and use taxes described above in this Section, which may fluctuate based on, among other things, the condition of the Commonwealth and national economies, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, vehicle fuel efficiency, road conditions, and the availability of alternate modes of transportation. There can be no assurance that downturns in any of the numerous factors affecting these revenues will not significantly affect the availability of revenues in the Transportation Trust Fund to make timely payments on the GARVEE Notes, including the 2017 Notes, if tax collections and other elements of the Priority Transportation Fund are not available therefor. See Appendix C, "*Commonwealth of Virginia, Demographic and Economic Information*" for certain information regarding some of these factors. The availability of revenues in the Transportation Trust Fund is also subject to appropriation by the General Assembly, and the expected initial source of repayment of the 2017 Notes is Federal Highway Reimbursements. See the section "*Sources of Payment and Security for the GARVEE Notes.*"

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, Chapter 766 or Chapter 896 to the Transportation Trust Fund as for other transportation-related purposes. Further unanticipated costs related to delayed, altered or terminated major transportation projects may be paid from the Transportation Trust Fund.

AUTHORIZED, ISSUED AND UNISSUED BONDS PAYABLE FROM TRANSPORTATION TRUST FUND

The General Assembly has enacted from time to time legislation providing for the issuance of revenue bonds for transportation facilities which are payable from various sources, including appropriations from the Transportation Trust Fund. Set forth below are descriptions of the financing programs for highway projects, the bonds for which the General Assembly has committed, subject to appropriation, to pay from Transportation Trust

Fund revenues. The descriptions include the credit structure of and the authorized, issued and unissued bonds under each such program. **The Transportation Board makes no representation that the General Assembly will maintain the Transportation Trust Fund or that the General Assembly will not repeal or materially modify the statutes governing any of the programs described below, including the amount of bonds authorized thereunder, or the Transportation Trust Fund.** See the subsections "*Transportation Trust Fund – General,*" "*Chapters 766 and 684*" and "*– Sources of Revenues.*"

Transportation Revenue Bonds

Northern Virginia Transportation District Program. The General Assembly enacted legislation in 1993, as amended in the 1994, 1998, 1999, 2002 and 2005 Regular Sessions ("NVTD Bond Legislation") that authorized the Transportation Board to issue Transportation Revenue Bonds ("NVTD Bonds"), pursuant to the Revenue Bond Act, as amended, in the amount of up to \$500,200,000, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses for certain projects in the Northern Virginia Highway Construction District (the "NVTD Program"). Refunding bonds are not included in this limit. It is expected that revenue for payment of the debt service on the NVTD Bonds will be provided from funds appropriated by the General Assembly from (i) the Northern Virginia Transportation District Fund (the "NVTD Fund"); (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or the city or county in which the project or projects to be financed by the NVTD Bonds are located; (iii) to the extent required, legally available revenues of the Transportation Trust Fund; and (iv) such other funds which may be appropriated by the General Assembly. The legislation creating the NVTD Fund currently provides that annually on July 1, there is to be transferred to the NVTD Fund, subject to appropriation by the General Assembly, (i) a portion of the collections of the state recordation taxes that are attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William (the "NVTD Jurisdictions"); (ii) any public rights-of-way use fees appropriated by the General Assembly; (iii) any state or local revenues which may be deposited to the NVTD Fund pursuant to a contract between an NVTD Jurisdiction and the Transportation Board; and (iv) any other funds as may be appropriated by the General Assembly and designated for the NVTD Fund and all earnings on the NVTD Fund. Since its first issuance in 1993, the Transportation Board has issued \$477,870,000 in NVTD Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of the NVTD Program plus an additional \$462,055,000 to refund NVTD Bonds that had been previously issued. Of the total amount of NVTD Bonds issued, \$156,655,000 is currently outstanding.

U.S. Route 58 Corridor Development Program. The General Assembly enacted legislation in 1989, as amended in the 1999 Regular Session ("U.S. Route 58 Bond Legislation"), that authorized the Transportation Board to issue Transportation Revenue Bonds ("U.S. Route 58 Bonds"), pursuant to the Revenue Bond Act, in an amount not to exceed \$704,300,000, plus an amount for issuance costs, reserve funds and other financing expenses, to finance a portion of the costs of the development of a modern, safe and efficient highway system generally along the U.S. Route 58 Corridor ("U.S. Route 58 Program"). Refunding bonds are not included in this limit. The U.S. Route 58 Bonds are payable from funds appropriated by the General Assembly from (i) the first \$40,000,000 of annual collections of the state recordation taxes imposed on deeds, deeds of trust, mortgages and certain other instruments; (ii) to the extent required, other revenues legally available from the Transportation Trust Fund; and (iii) to the extent required, other legally available funds. Since its first issuance in 1989, the Transportation Board has issued \$720,110,000 in U.S. Route 58 Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of U.S. Route 58 Program plus an additional \$741,815,000 to refund U.S. Route 58 Bonds that had been previously issued. The Transportation Board has issued all the U.S. Route 58 Bonds authorized, not including refunding bonds, under the U.S. Route 58 Bond Legislation. Of the total amount of U.S. Route 58 Bonds issued, \$174,270,000 is currently outstanding.

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

issued by the Transportation Board to finance the cost of the improvements. Before any bonds may be issued, the improvements to be financed must be approved by the General Assembly.

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

The 1994 Session of the General Assembly authorized the issuance of \$32,500,000 Transportation Program Revenue Bonds, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses, to finance the cost of the Oak Grove Connector project. In July 1997, the Transportation Board issued bonds to finance the Oak Grove Connector, a portion of which was refunded by the Transportation Program Revenue Bonds Series 2006A, which was refunded by the Transportation Program Revenue Bonds, Series 2016A (the "Oak Grove Connector Bonds"). Of the total amount of Oak Grove Connector Bonds issued, \$8,615,000, in the aggregate, is currently outstanding. These Transportation Program Revenue Bonds are the only bonds authorized to be paid from the Set-aside Fund.

Transportation Contract Revenue Bonds. In the 1988 Regular Session, the General Assembly enacted legislation which authorized the Transportation Board to issue Transportation Contract Revenue Bonds pursuant to the Revenue Bond Act in an amount not to exceed \$160,700,000 to finance the costs of Phase I of the Route 28 project, plus an amount for issuance costs, reserve funds and other financing expenses. Due to a subsequent reduction in the estimated Phase I cost, the Transportation Board issued \$138,483,372.25 of Transportation Contract Revenue Bonds, Series 1988 (the "Series 1988 Bonds"). The balance of the authorization was not required to complete Phase I of the Route 28 project. In the 1990 Session, the General Assembly amended the legislation to permit any proceeds of the Series 1988 Bonds remaining after the completion of Phase I and any of the unissued Transportation Contract Revenue Bonds authorized under the legislation to be applied to Phase II of the Route 28 project. No other bonds have been authorized for Phase II. In 1992, the Transportation Board refunded all of the outstanding Series 1988 Bonds by issuing \$111,680,000 of Transportation Contract Revenue Bonds, Series 1992 (the "Series 1992 Bonds"). The 1993 Session of the General Assembly provided for the rezoning of commercial and industrial property within the Route 28 Transportation Improvement District to residential property, provided the property owner makes a one-time payment equal to the projected tax revenues over the life of the Series 1992 Bonds as if the property had remained zoned for commercial or industrial use. In October 2002, the Transportation Board issued bonds in the amount of \$83,820,000 to refund the outstanding principal balance on the Series 1992 Bonds and issued Transportation Contract Revenue Bonds in the amount of \$36,823,667.45 to finance a portion of the costs of Phase II improvements plus an amount for issuance costs. These Transportation Contract Revenue Bonds were issued under a new Master Indenture of Trust, dated as of October 1, 2002 (the "Route 28 Indenture"), with security features similar to those for the Series 1988 Bonds and Series 1992 Bonds. The Series 2002 Bonds are payable from funds appropriated by the General Assembly for such purpose from the following three sources: (i) special tax revenues collected from a tax levied on commercial and industrial property in the Route 28 Transportation Improvement District; (ii) money appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or to the Counties of Fairfax or Loudoun; and (iii) other legally available money in the Transportation Trust Fund. In the Route 28 Indenture, the Transportation Board agrees that it shall issue no further notes, bonds or other evidence of indebtedness under the provisions of the Master Indenture of Trust, dated as of September 1, 1988, pursuant to which the Series 1988 Bonds and Series 1992 Bonds were issued. In May 2012, the Transportation Board issued bonds in the amount of \$50,620,000 to refund a portion of the outstanding Series 2002 Bonds. Of the total amount of Transportation Contract Revenue Bonds issued 78,213,804 is outstanding (as of October 1, 2017).

Capital Projects Revenue Bonds. The Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of Assembly, 2007 Regular Session, as amended by Chapters 830 and 868 of the Acts of Assembly, 2011 Regular Session (the "2007 Act"), authorizes the Transportation Board to issue Capital Projects Revenue Bonds as revenue obligations of the Commonwealth at one or more times in an aggregate principal amount not to exceed \$3 billion, excluding any refunding Capital Projects Revenue Bonds. The 2007 Act further provides that if the aggregate principal amount issued in any FY is less than \$300,000,000, then the amount by which the issuance is less than \$300,000,000 may be issued in any subsequent FY in addition to the \$300,000,000 authorized in the subsequent FY. Chapters 830 and 868 of the Acts of Assembly, 2011 Regular Session, amended the 2007 Act to increase the annual issuance limitation in FY 2012 and FY 2013 to \$500,000,000

and \$600,000,000, respectively. The proceeds of the Capital Projects Revenue Bonds authorized by the 2007 Act are to be used to pay the costs of transportation projects and, where appropriate, may be paid to any authority, locality, commission or other entity for the purposes of paying for the costs of transportation projects. A minimum of 20% of the proceeds is required to be used for transit capital, a minimum of 4.3% of the proceeds is required to be used for rail capital and the remaining amount of proceeds is required to be used for paying the costs of transportation projects, with such proceeds used or allocated (i) first to match certain federal highway funds; (ii) next to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds; and (iii) third to pay or fund the costs of statewide or regional projects throughout the Commonwealth. Costs for construction or funding of these transportation projects include, but are not limited to, the costs of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs or other financing expenses related to the Capital Projects Revenue Bonds. The 2007 Act allows the Transportation Board flexibility, within the statutory requirements, to determine the amount of Capital Projects Revenue Bonds to be used to match federal highway funds and to support the revenue sharing program. The Capital Projects Revenue Bonds are payable from and secured by revenues, receipts and funds appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, (i) from the revenues deposited into the Priority Transportation Fund, which is a part of the Transportation Trust Fund; (ii) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund; and (iii) to the extent required, from any other legally available funds.

Item 456.H. of Chapter 874 of the Acts of Assembly, 2010 Regular Session, as amended by Chapter 890 of the Acts of Assembly, 2011 Regular Session (collectively, the "Appropriation Acts") authorizes the Transportation Board to issue Capital Projects Revenue Bonds at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs, with the net proceeds of the Appropriation Act bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of Assembly, 2007 Regular Session, including, but not limited to, environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs and other financing expenses.

The Transportation Board has issued six series of Capital Projects Revenue Bonds in the aggregate principal amount of \$2,502,055,000, of which \$2,225,575,000 is currently outstanding.

COMMONWEALTH TRANSPORTATION BOARD AND VIRGINIA DEPARTMENT OF TRANSPORTATION

Commonwealth Transportation Board

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

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>
Aubrey L. Layne, Jr.	At the Pleasure of the Governor	Chairman, Transportation Board; Secretary of Transportation
Gary Garczynski	June 30, 2020	Vice Chairman, Transportation Board; At-Large Urban
Charles A. Kilpatrick	At the Pleasure of the Governor	Commissioner of Highways
Jennifer Mitchell	At the Pleasure of the Governor	Director, Department of Rail and Public Transportation
Carlos M. Brown	June 30, 2019	Richmond District
Henry Connors, Jr.	June 30, 2018	Fredericksburg District
Alison DeTuncq	June 30, 2018	Culpeper District
Mary Hughes Hynes	June 30, 2020	Northern Virginia District
E. Scott Kasproicz	June 30, 2017*	At Large Urban
John Malbon	June 30, 2017*	Hampton Roads District
Court G. Rosen	June 30, 2018	At-Large Rural
Jerry L. Stinson, II	June 30, 2020	Bristol District
Shannon Valentine	June 30, 2019	Lynchburg District
F. Dixon Whitworth, Jr.	June 30, 2020	Staunton District
Marty Williams	June 30, 2018	At-Large Urban
Greg Yates	June 30, 2020	At-Large Rural
Vacant		Salem District

*Members whose terms have expired continue to serve until re-appointment or appointment of a replacement.

Aubrey L. Layne, Jr. was appointed as Secretary of Transportation of the Commonwealth by Governor Terence R. McAuliffe in November 2013. The Transportation Secretariat provides a wide array of products and services including road construction and repairs, rest area maintenance, regulating sea ports, airports and rail, and issuing license plates and driver's licenses. Prior to being named Secretary, Mr. Layne was President of An Achievable Dream Academy in Newport News, Virginia. He began his association with An Achievable Dream over ten years ago as a Board Member and Endowment Fund Chairman. Prior to joining An Achievable Dream, Mr. Layne was President and Principle Broker of Great Atlantic Properties. He joined the company in 1994 and was responsible for the operational activities, new business acquisition and capital improvement strategy, as well as banking and investor relationships. Before joining Great Atlantic, Mr. Layne worked in a retail business, Hofheimer's Inc., for ten years, most recently as its president. Prior thereto he was a CPA with KPMG where he began his professional career after college. Mr. Layne earned a B.S. in Accounting from The University of Richmond (1979), is a Virginia Certified Public Accountant and received an MBA from Old Dominion University with a concentration in International Business (1997). In 2011, Mr. Layne completed the University of Virginia's Sorensen Institute for Political Leaders program.

Virginia Department of Transportation

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

VDOT's budget for FY 2018 is approximately \$5.4 billion. As of October 1, 2017, VDOT had 143 construction projects underway for an aggregate amount of approximately \$2.1 billion, with an outstanding balance to be paid of approximately \$1 billion as these projects progress towards completion. Additionally, VDOT had 309 maintenance projects underway for an aggregate amount of approximately \$940.5 million, with an outstanding balance to be paid of approximately \$458.2 million as these projects progress towards completion.

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

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

The Commonwealth is divided geographically into the following nine construction districts for highway purposes:

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

These districts are divided into 29 residencies, each typically consisting of one to four counties. The field organization is further subdivided into 248 other locations across the Commonwealth that provide area maintenance. About 81% of VDOT's 7,486 employees (as of October 1, 2017) are assigned to the field organization. The remainder is assigned to the central office in Richmond or to units associated with the central office that serve an administrative function.

Financial Accountability and Program Delivery

VDOT has been focused on the continuous improvement of its financial accountability and program delivery processes for more than a decade now. The agency has developed a long-term strategic vision and uses a business plan with performance goals and strategies. Transparency of operations has been enhanced through the creation of a public Dashboard, and the streamlining of operations, reorganization and the improvement of business practices have been a major focus.

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

For FY 2017, the agency attained on-time and on-budget performance goals by delivering more than 92% of all construction and maintenance projects on or before their original due dates, and by completing more than 95% of those projects within their budgets. In comparison, when tracking started in 2001 only 20% of construction contracts and 38% of maintenance contracts were delivered on time, while less than 60% were completed within budget.

The Current SYIP for Fiscal Years 2018 through 2023, adopted by the Transportation Board in June 2017, is based on the official revenue forecast updates and cost estimates available. The issuance of Capital Projects Revenue Bonds and the utilization of existing authorization for the issuance of GARVEEs are reflected in the adopted Current SYIP. The program reflects the Transportation Board's commitment to citizen safety by prioritizing critical safety and maintenance needs of the existing transportation system. The priorities of the update to the Current SYIP include: funding complete project phases, maximizing the use of federal funding, funding deficient bridges and paving projects, and adjustments for the preparation of implementing project prioritization as called for in House Bill 2 (2014 General Assembly Session). The Transportation Board and VDOT strive to be flexible with their project selection and implementation by proceeding with projects in phases. By doing so, the Transportation Board and VDOT remain able to allocate resources between projects in the event that funding decreases or is interrupted.

Virginia Department of Transportation Staff

Charles A. Kilpatrick was named Commissioner of Highways in January 2014, having previously served as Chief Deputy Commissioner since July 2010. Mr. Kilpatrick graduated from Virginia Tech in 1986 with a bachelor's degree in civil engineering and is a licensed professional engineer. Mr. Kilpatrick began his professional career with Fairfax County government, reviewing, and then managing, land development and public improvement projects in the county. After seven years, he joined VDOT in Fredericksburg as the Assistant Resident Engineer. He later became Resident Engineer, managing and directing land development, maintenance and construction. During his ten-year tenure, Mr. Kilpatrick became a Leadership Development and Customer Service Coach and served as the Chair of the Statewide Resident Engineers Committee. In 2004, Mr. Kilpatrick left state service to work for the Silver Companies, a major mixed-use and commercial development company headquartered in Fredericksburg, Virginia and Boca Raton, Florida. As the Vice President for Construction, he managed all

commercial construction activities in Virginia. These projects included significant public roadway and infrastructure improvements, as well as innovative financing techniques.

Quintin D. Elliott was named Chief Deputy Commissioner of VDOT in January 2014. Previously, he served as the administrator of VDOT's Fredericksburg district. In that capacity, he oversaw VDOT's construction and maintenance on more than 11,500 miles of state-maintained roads in the 14-county region and directed approximately 460 employees. He served as acting district administrator in VDOT's Culpeper District for a year and as VDOT's state asset management division administrator from 2002-2007, where he directed the maintenance and inventory of the Commonwealth's state highways and VDOT's assets in the state highway system, such as bridges, tunnels and equipment. He served as special assistant to the assistant commissioner for operations and the chief engineer in 2002. After graduating from college and starting his VDOT career as a transportation engineer trainee in 1985, he was an assistant resident engineer in VDOT's Franklin and Williamsburg residencies, becoming Williamsburg resident engineer in 1991. He holds a bachelor's degree in civil engineering from the Virginia Military Institute. During his VDOT career, Elliott served in the Virginia Air National Guard. He retired in 2008 as Commander/Officer in Charge of the 192 Civil Engineering Squadron and the 203 Red Horse Squadron Heavy Equipment Flight. He earned several awards and decorations for his military service, most notably the Meritorious Service Medal for his service during Operation Iraqi Freedom.

John W. Lawson became VDOT's Chief Financial Officer in October 2010. In his position, he oversees the agency's \$5.4 billion budget and is responsible for the leadership and execution of the agency's financial planning, fiscal management, debt and toll operations programs. Mr. Lawson holds an associate degree of science and arts from Rappahannock Community College and a bachelor's degree in accounting from Christopher Newport University. In addition, he is a graduate of the Virginia Executive Institute. Mr. Lawson worked as an accountant with Engineering Incorporated in Hampton before joining VDOT in 1987. He served in several financial positions with VDOT in the fiscal division, starting as an accountant and advancing to an assistant division administrator. In 2001, Mr. Lawson became Director of Financial Planning, a position he held until 2010. He has served in a senior advisor role to several administrations and has provided strategic financial oversight to VDOT's senior management, the Secretary of Transportation and the Commonwealth Transportation Board for more than two decades.

THE 2017 PROJECT

The Transportation Board expects to use the proceeds of the 2017 Notes to pay a portion of costs associated with the transportation projects set forth below.

- Route 29/460 – D/B Interchange & Extension (Odd Fellows Road)
- I-66/Route 15 Interchange Reconstruction
- Route 95 – Relocation of Interchange at Route 630 with Southbound General Purpose Lane Option Between Exits 143 & 140
- Route 165 – 6 & 8 Lanes
- Route 13 – 8 Lanes
- I-66 Inside the Beltway Initiatives
- Route 7 Corridor Improvements – Phase 1 and Phase 2
- Emmet Street Corridor Streetscape & Intersections
- Route 64 – Major Widening
- I-81 at State Route 75 (Exit 17) Interchange Mod.
- I-64 Southside Widening & High-Rise Bridge Phase 1
- Route 29 Widening - Phase II
- I-95 Auxiliary Lanes (Northbound & Southbound) between Route 288 & Route 10
- Route 11 S. Valley Pike Roadway Improvements
- Oddfellows Road Segment B2-Reconstruction
- Route 10 (Bermuda Triangle Road to Meadowville Road)

In the event that any component of the 2017 Project is delayed, altered or terminated, VDOT and the Transportation Board expect (i) as contemplated by the Indenture, to pay the debt service on the 2017 Notes, without interruption, from the monies pledged as part of the Trust Estate, which include: (A) all reimbursements and assistance received by the Transportation Board from the Federal Highway Administration including Indirect Reimbursements unrelated to projects associated with GARVEE Notes, and (B) funds from the Transportation Trust Fund appropriated for such purposes by the General Assembly, and (ii) if necessary, to substitute or add an

additional eligible project or projects and use proceeds of the 2017 Notes that were expected to be used to pay certain costs of the 2017 Project for such project or projects in accordance with the requirements of the GARVEE Notes Program and the MOA. See the subsections "*The GARVEE Notes Program – Memorandum of Agreement*," and "*Sources of Payment and Security for the GARVEE Notes – Flow of Revenues under the Indenture; 'Back-Stop' Pledge of Indirect Reimbursements*" and "*– Payment Agreement*" and the section "*Debt Service Coverage*."

CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2017 Notes will be subject to the approving opinion of Kutak Rock LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the Transportation Board upon delivery of the 2017 Notes, substantially in the form set forth in Appendix E. Bond Counsel's opinion will be limited to matters relating to the authorization and the validity of the 2017 Notes and to the federal income status of interest on the 2017 Notes, 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 2017 Notes, and Bond Counsel's opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the 2017 Notes.

Certain legal matters will be passed upon for the Commonwealth by the Office of the Attorney General of Virginia and for the Underwriters by Christian & Barton, L.L.P., Richmond, Virginia

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

Bond Counsel's opinion will state that, under current law, interest on the 2017 Notes (including any accrued "original issue discount" properly allocable to the owners of the 2017 Notes) (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code, and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item"). However, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Code), interest on the 2017 Notes must be included in computing adjusted current earnings. See Appendix E, "*Form of Bond Counsel Opinion*."

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the 2017 Notes.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the 2017 Notes for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Transportation Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service ("IRS"). The Transportation Board has covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the treatment of interest on the 2017 Notes, Bond Counsel is relying upon certifications of representatives of the Transportation Board, the Underwriters and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants, as hereinafter defined, by the Transportation Board. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the 2017 Notes in order for interest on the 2017 Notes to be and remain excludable from gross income for purposes of federal income taxation and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and

investment of the proceeds of the 2017 Notes and the use of the property financed or refinanced by the 2017 Notes, limitations on the source of the payment of and the security for the 2017 Notes and the obligation to rebate certain excess earnings on the gross proceeds of the 2017 Notes to the United States Treasury. The tax compliance agreement to be entered into by the Transportation Board with respect to the 2017 Notes contains covenants (the "Covenants") under which the Transportation Board has agreed to comply with such requirements. Failure by the Transportation Board to comply with the Covenants could cause interest on the 2017 Notes to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the 2017 Notes from becoming includable in gross income for Federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the 2017 Notes.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the 2017 Notes from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2017 Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the 2017 Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the 2017 Notes.

Prospective purchasers of the 2017 Notes should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the 2017 Notes, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any 2017 Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2017 Note owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

The "original issue discount" ("OID") on any 2017 Note is the excess of such 2017 Note's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such 2017 Note. The "issue price" of a 2017 Note is the initial offering price to the public at which price a substantial amount of such 2017 Notes of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The issue price for each maturity of the 2017 Notes is expected to be the initial public offering price set forth on the inside front cover page of this Official Statement (or, in the case of Notes sold on a yield basis, the initial offering price derived from such yield), but is subject to change based on actual sales. OID on the 2017 Notes with OID (the "OID Notes") represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued

to the owner of an OID Note in each year may be included in determining the alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Notes should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

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

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

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

Note Premium

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

Possible Legislative or Regulatory Action

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. Such legislation may effect changes in federal or State income tax rates and the application of federal or State income tax laws (including the substitution of another type of tax), or may repeal or reduce the

benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or State income tax purposes. The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or State tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

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

Opinion of Bond Counsel – Virginia Income Tax Consequences

Bond Counsel's opinion also will state that, under current law, interest on the 2017 Notes is exempt from income taxation within by the Commonwealth. Bond Counsel will express no opinion regarding (i) other Virginia tax consequences arising with respect to the 2017 Notes or (ii) any consequences arising with respect to the 2017 Notes under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the 2017 Notes should consult their own tax advisors regarding such other Commonwealth tax consequences or the tax status of interest on the 2017 Notes in a particular state or local jurisdiction other than the Commonwealth.

LEGALITY FOR INVESTMENT

The GARVEE Act provides that the 2017 Notes 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 2017 Notes 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 2017 Notes or in any way contest or affect the validity of the 2017 Notes, 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 2017 Notes.

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

CONTINUING DISCLOSURE

Rule 15c2-12 in General

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

Transportation Board Continuing Disclosure

The Transportation Board will covenant in a Continuing Disclosure Agreement in substantially the form set forth in Appendix F, for the benefit of the holders of the 2017 Notes, to provide to the MSRB Annual Reports with respect to itself as issuer and the GARVEE Notes Program. Similarly, the Transportation Board will provide Event Notices to the MSRB.

The Transportation Board is aware that it has not complied with certain continuing disclosure undertakings in that (i) it did not timely file notice of a rating upgrade for one of its bond programs and (ii) its Annual Reports for Fiscal Years 2012-2015 may not have contained all the information that was required to be included. The Transportation Board has taken steps to ensure future compliance with its undertakings regarding Rule 15c2-12.

Commonwealth Continuing Disclosure

The Commonwealth, which the Transportation Board has determined to be a MOP for purposes of Rule 15c2-12, will covenant in a Continuing Disclosure Agreement, in substantially the form set forth in Appendix F, to be executed prior to the issuance of the 2017 Notes for the benefit of the holders of the 2017 Notes, to provide to the MSRB Annual Reports with respect to the Commonwealth. Similarly, the State Treasurer will provide Event Notices to the MSRB on rating changes with respect to the Commonwealth's general obligation bonds.

In making timely filings of its Annual Reports for Fiscal Years 2012-2013, the CUSIP information necessary to link such filings to each series of the Virginia Resources Authority's Infrastructure Revenue Bonds and Moral Obligation Bonds was inadvertently omitted from such filings. In making timely filings of its Annual Reports for Fiscal Years 2012-2014, the CUSIP information necessary to link such filings to the Virginia Biotechnology Research Park Authority's Lease Revenue Refunding Bonds (Consolidated Laboratories Project), Series 2009 was also inadvertently omitted from such filings. All such filings were otherwise available from the MSRB with respect to other Commonwealth undertakings. The Commonwealth has taken steps to ensure future compliance with its undertakings regarding Rule 15c2-12.

RATINGS

Fitch Ratings, Moody's Investors Service, Inc., and S&P Global Ratings assigned the 2017 Notes ratings of "____" (with a _____ outlook), "____" (with a _____ outlook), and "____" (with a _____ outlook), respectively.

Such ratings reflect only the respective views of such organizations. Reference should be made to the individual rating agency for a fuller explanation of the significance of the rating assigned by such rating agency. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by any of the rating agencies if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of ratings may have an adverse effect on the market price of the 2017 Notes.

UNDERWRITING

The 2017 Notes are being purchased by the Underwriters. The purchase contract for the 2017 Notes (the "Note Purchase Agreement") sets forth the obligation of the Underwriters to purchase the 2017 Notes at a price equal to \$_____ (which reflects the par amount of the 2017 Notes [plus/minus net original issue premium/discount] of \$_____ and less an underwriting discount of \$_____) and is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Note Purchase Agreement provides that the Underwriters will purchase all of the 2017 Notes if any are purchased. The Underwriters may offer and sell the 2017 Notes to certain dealers (including dealers depositing the 2017 Notes into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Underwriters.

[The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment

management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Transportation Board or the Commonwealth, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Transportation Board or the Commonwealth.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.]

FINANCIAL ADVISOR

Public Resources Advisory Group ("PRAG"), New York, New York, is serving as financial advisor to the Transportation Board on the issuance of the 2017 Notes. PRAG has assisted in the preparation of this Official Statement and in matters relating to the planning, structuring and issuance of the 2017 Notes and has provided other advice. PRAG is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal or any other negotiable instruments.

RELATIONSHIP OF PARTIES

Bond Counsel represents _____ and the Trustee) from time to time in unrelated matters.

Christian & Barton, L.L.P., counsel to the Underwriters, represents _____ from time to time in unrelated matters.

MISCELLANEOUS

The references in this Preliminary Official Statement to the Indenture, the Payment Agreement and other documents are brief outlines of certain of their provisions. These outlines do not purport to be complete and reference is made to such documents, copies of which will be furnished by the Transportation Board upon request made to John W. Lawson, Chief Financial Officer, Virginia Department of Transportation, 1401 East Broad Street, Richmond, Virginia 23219 (telephone: 804-786-2707).

So far as any statements made in this Preliminary Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Preliminary Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the 2017 Notes.

The purpose of this Preliminary Official Statement is to supply information to prospective buyers of the 2017 Notes. All quotations from and summaries and explanations of laws contained in this Preliminary Official Statement do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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

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

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Aubrey L. Layne, Jr., Chairman

APPENDIX A

**DEFINITIONS AND SUMMARIES OF THE INDENTURE
AND THE PAYMENT AGREEMENT**

**DEFINITIONS AND SUMMARIES OF
THE INDENTURE AND THE PAYMENT AGREEMENT**

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:

"Accreted Value" means any amount defined as such in a Supplemental Indenture for purposes of determining the Note Payments on, certain rights of the Owner of or certain other matters with respect to a Capital Appreciation Note.

"Accretion Date" means any date defined as such in a Supplemental Indenture for purposes of determining the Accreted Value or Maturity Value of a Capital Appreciation Note.

"Act" means, collectively, the Transportation Development and Revenue Bond Act and the Note Act.

"Authorized Board Representative" means (i) the Chairman or (ii) any other officer or employee of the Transportation Board authorized by law or by a writing signed by the Chairman to act as an Authorized Board Representative under the Master Indenture or any Supplemental Indenture.

"Balloon Indebtedness" means any Notes 25% or more of the principal payments of which are due in a single Federal Fiscal Year, which portion of the principal is not required by the Supplemental Indenture authorizing the issuance of such Notes to be amortized by payment or redemption prior to such Federal Fiscal Year.

"Bond Counsel" means a firm of attorneys with nationally recognized expertise in the issuance of municipal securities, the interest on which is excluded from gross income for federal income tax purposes.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York, Richmond, Virginia or any city identified in a Supplemental Indenture are authorized by law to remain closed.

"Capital Appreciation Note" means a Note the interest on which is compounded and accumulated at the rate and on the dates set forth in the related Supplemental Indenture and is payable upon redemption or on the maturity date of such Note or on the date, if any, upon which such Note becomes a Current Interest Note.

"Chairman" means the Chairman or Vice Chairman of the Transportation Board.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute. Each citation to a Code section shall include the applicable Treasury Regulations, revenue procedures, revenue rulings and notices.

"Commonwealth" means the Commonwealth of Virginia.

"Costs" or **"Costs of the Project"** means, with respect to a Project, any or all costs described in subsection (5) or (6), as applicable, of Section 33.2-1700 of the Virginia Code.

"Credit Facility" means any letter of credit, insurance, stand-by credit or liquidity agreement or other form of credit ensuring timely payment of any Notes, including the Note Payments on or the purchase price of such Notes, which is entered into in accordance with the Master Indenture.

"Current Interest Note" means a Note on which interest is payable on Interest Payment Dates prior to maturity or redemption prior to maturity.

"Debt Service Fund" means the Debt Service Fund, a special fund created by the Master Indenture in accordance with the Act.

"Defeasance Escrow Account" means any trust account into which money and/or Defeasance Securities are deposited for the purpose of defeasing any Notes in accordance with the Master Indenture.

"Defeasance Securities" means Permitted Investments that, at the time they are deposited into a Defeasance Escrow Account:

(a) either (i) cannot be redeemed prior to maturity at the option of any Person other than the owner thereof or (ii) the redemption date of which has been irrevocably fixed by an irrevocable exercise of an option to redeem on such date or an irrevocable covenant to exercise an option to redeem on such date (in which case the fixed redemption date shall be treated as the maturity date); and

(b) either (i) are direct obligations of the United States government or (ii) obligations the principal of and interest on which are unconditionally guaranteed by the United States government, or any combination thereof.

"Department" means the Virginia Department of Transportation.

"Event of Default" means any one or more of those events set forth in the Master Indenture as follows: (i) default in the payment of any portion of the Note Payments on any Note when due; (ii) subject to certain provisions of the Master Indenture, failure by the Transportation Board to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Master Indenture; and (iii) any additional Event of Default set forth in a Supplemental Indenture.

"Expenditures" means expenditures made from the Highway Maintenance and Operating Fund and the Transportation Trust Fund that may be reimbursed from Federal Highway Reimbursements in the Federal Fund after provision for the payments and deposits is set forth in the Master Indenture and described below in the subsection *"Creation of Funds – Flow of Funds from Federal Fund to Debt Service Fund."*

"Federal Aid Agreement" means one or more agreements, including the Memorandum of Agreement, or memoranda of understanding between the Transportation Board and FHWA pursuant to which FHWA agrees to pay Federal Highway Reimbursements to pay or to reimburse the Transportation Board for Note Payments for Notes issued to finance specific Projects, as such agreement or agreements may be supplemented, amended or modified or replaced by another agreement or instrument regarding the payment of Federal Highway Reimbursements by FHWA to pay or to reimburse the Transportation Board for Note Payments.

"Federal Fiscal Year" means the period commencing on October 1 in each calendar year and ending on the last day of September of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the federal government as its fiscal year.

"Federal Fund" means the subaccount with the Transportation Trust Fund, established according to Sections 33.2-1524 and 33.2-1525 of the Virginia Code, into which all Federal Highway Reimbursements are deposited. The Federal Fund is sometimes referred to the "Federal Highway Fund" in the Department's annual reports and other documentation.

"Federal Highway Reimbursements" means all federal-aid highway construction reimbursements and any other federal highway assistance received from time to time by the Commonwealth under or in accordance with Title 23 of the United States Code or any successor program established under federal law from the Federal Highway Administration and any successor or additional federal agencies.

"FHWA" means the United States Department of Transportation, Federal Highway Administration, its successors and assigns and any other agency or branch of government of the United States which succeeds to the powers of FHWA, which term includes the United States Secretary of Transportation and any other appropriate officer of FHWA with authority to grant approvals or consents or to take other appropriate action as is necessary to approve the Projects, federal grants to finance the Projects and the payment of Note Payments and to take such other action as is necessary for those purposes under Title 23.

"Fifth Supplemental Indenture" means the Fifth Supplemental Trust Indenture dated as of December 1, 2017 between the Transportation Board and the Trustee.

"Highway Maintenance and Operating Fund" means the fund by that name maintained by the Department to account for revenues and expenditures for the general administration of the Department, the maintenance of highways, assistance to localities in the Commonwealth, and support to other state agencies. The Highway Maintenance and Operating Fund is not part of the Transportation Trust Fund.

"Indirect Reimbursements" means Federal Highway Reimbursements other than Project-Specific Reimbursements.

"Interest Payment Date" means any date defined as such in a Supplemental Indenture for purposes of paying the interest on a Series of Current Interest Notes.

"Interest Rate Exchange Agreement" means any interest rate exchange agreement authorized by law and entered into with respect to the Notes or any portion of the Trust Estate that is entered into in accordance with the Master Indenture.

"Master Indenture" means the Master Trust Indenture dated as of February 1, 2012 between the Transportation Board and the Trustee, and any supplement or amendment hereto.

"Maturity Value" means any amount defined as such in a Supplemental Indenture for purposes of determining the amount payable to the Owner of a Capital Appreciation Note at the maturity of such Capital Appreciation Note.

"Memorandum of Agreement" or "MOA" means the Memorandum of Agreement between FHWA and the Transportation Board, dated as of December 28, 2011, as supplemented or amended from time to time in accordance with the terms thereof.

"New Money Notes" means Notes issued for the purpose of financing the Projects.

"Note Act" means the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Act of 2011, Article 4, Chapter 15, Title 33.2 of the Virginia Code.

"Note Payment Date" means each date on which Note Payments are due and includes, but is not limited to, the maturity date of any Note; each Interest Payment Date for each Current Interest Note; and the mandatory sinking fund redemption dates of term Notes that are subject to mandatory sinking fund redemption in accordance with a mandatory sinking fund redemption schedule set forth in a Supplemental Indenture.

"Note Payments" means (i) with respect to a Current Interest Note, the interest due on such Note on each Interest Payment Date and the principal, redemption premium, if any, and interest due on such Note at maturity or on the redemption date; (ii) with respect to a Capital Appreciation Note, the Maturity Value due on such Note at maturity; (iii) with respect to term Notes that are subject to mandatory sinking fund redemption in accordance with a schedule set forth in a Supplemental Indenture, the principal, redemption premium, if any, and interest or the Accreted Value payable on such Notes on the date on which they are subject to mandatory sinking fund redemption in accordance with such schedule; and (iv) any amounts payable to the provider of a Credit Facility or an Interest Rate Exchange Agreement that are treated as Note Payments pursuant to clause (c) below.

For purposes of this definition:

(a) Note Payments due on any Interest Payment Date that are payable from accrued interest or capitalized interest held in the Debt Service Fund pursuant to the Master Indenture will be excluded in determining the amount of Note Payments due in the Federal Fiscal Year in which such Interest Payment Date occurs for purposes of determining the amount of Federal Highway Reimbursements for which Federal Aid Agreements are to be in force and effect pursuant to the Master Indenture.

(b) If any Notes bear interest at an adjustable or variable interest rate such that the Note Payments due in a Federal Fiscal Year or on a Note Payment Date cannot be determined with certainty on the date on which Federal Highway Reimbursements are to be paid to the Trustee pursuant to the Master Indenture, the amount of interest included in the Note Payments due on such Notes in such Federal Fiscal Year or on such Note Payment Date shall be based on the interest rate estimated by the Transportation Board, or as stated in any Supplemental Indenture relating thereto.

(c) If the Transportation Board purchases or arranges for a Credit Facility or an Interest Rate Exchange Agreement with respect to any Notes pursuant to the Master Indenture, (i) moneys paid to the provider of the Credit Facility to reimburse the provider for moneys paid by the provider that are used to make Note Payments (as defined in (i) and (ii) of the first paragraph of this definition) and (ii) moneys paid to the provider of the Interest Rate Exchange Agreement may, if and to the extent provided in a Supplemental Indenture or in a separate agreement between the Transportation Board and the Credit Facility or Interest Rate Exchange Agreement provider entered into pursuant to the Master Indenture, be treated as Note Payments on the Notes to which the Credit Facility or Interest Rate Exchange Agreement relates.

(d) With respect to Balloon Indebtedness, there shall be excluded from Note Payments due in any period any principal installment of Balloon Indebtedness due in such period, whether at maturity or pursuant to mandatory redemption, if the Transportation Board has designated prior to the payment or redemption date available and unrestricted funds for such payment or redemption or has received a binding commitment from a recognized financial institution to refinance such principal on reasonable terms.

"Notes" means the Federal Transportation Grant Anticipation Revenue Notes authorized by the Act and the Master Indenture, and which are commonly referred to as "GARVEEs."

"Obligation Authority" means a limitation placed on Federal-aid highway program obligations to act as a ceiling on the obligation of contract authority that can be made within a specified time period, usually a fiscal year, regardless of the year in which the funds are authorized.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel to the effect (which may be subject to customary assumptions and limitations) that (i) the additional Notes have been duly authorized, executed and delivered by the Transportation Board and are valid and binding special, limited obligations of the Transportation Board, payable from the sources provided in the Master Indenture and the applicable Supplemental Indenture; (ii) the Master Indenture and the applicable Supplemental Indenture create a valid pledge of and lien on the Trust Estate, subject to the terms thereof; and (iii) if the interest on the additional Notes is intended by the Transportation Board to be excludable from gross income for federal income tax purposes, interest on the additional Notes is excludable from gross income for federal income tax purposes.

"Original Principal Amount" means any amount defined as such in a Supplemental Indenture for purposes of determining certain rights of the Owner of, or certain other matters with respect to, a Capital Appreciation Note.

"Outstanding" means all Notes that have been executed and delivered, except:

(a) any Note on which all Note Payments due or to become due have been paid at maturity or earlier redemption;

(b) Notes in lieu of which other Notes have been executed and delivered pursuant to the provisions the Master Indenture or any Supplemental Indenture relating to the transfer and exchange of Notes or the replacement of mutilated, lost, stolen or destroyed Notes;

(c) Notes that have been canceled by the Trustee or that have been surrendered to the Trustee for cancellation;

(d) Notes on which all Note Payments is due and for which the Trustee holds moneys sufficient to pay the Note Payments for the benefit of the Owner thereof pursuant to the Master Indenture; and

- (e) Notes that have been defeased pursuant to the Master Indenture.

"Owner" of a Note means the registered owner of such Note as shown in the registration records of the Trustee.

"Payment Agreement" means the Payment Agreement dated as of February 1, 2012, by and among the Transportation Board, the Treasury Board of the Commonwealth, and the Secretary of Finance of the Commonwealth.

"Permitted Investments" means with respect to the investment of any fund created under the Master Indenture, the following to the extent permitted by law:

- (a) Defeasance Securities; and
- (b) any other investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Act and the Investment of Public Funds Act, Chapter 45, Title 2.2 of the Virginia Code, as amended from time to time, or any successor provision of law.

"Person" means any natural person, firm, corporation, partnership, limited liability company, state, political subdivision of any state, other public body or other organization or association.

"Principal" or **"principal"** means (i) with respect to any Outstanding Current Interest Note, the principal amount due at maturity of such Note; (ii) with respect to any Outstanding Capital Appreciation Note, the Accreted Value of such Note as of the date on which the principal amount thereof is being determined; and (iii) with respect to all the Outstanding Notes together, the sum of the amounts determined pursuant to clauses (i) and (ii).

"Program Costs" means costs of the following types, including ongoing expenses of the type described in items (b), (c) and (d):

- (a) financing costs, including, but not limited to, costs and expenses that an Authorized Board Representative deems necessary or advantageous in connection with the sale of the Notes and the administration of the Notes, the Trust Estate, the Master Indenture and any Supplemental Indenture, including, but not limited to, costs and expenses relating to the engagement of consultants, financial advisors, underwriters, bond insurers, letter of credit banks, rating agencies, attorneys, trustees, paying agents, registrars, remarketing or auction agents, other agents and other Persons in connection with the issuance of the Notes, the Trust Estate, the Master Indenture or any Supplemental Indenture;

- (b) costs and expenses relating to any Credit Facility entered into in accordance with the Master Indenture, whether initial or ongoing costs and expenses, including the reimbursement of the provider of any Credit Facility as provided in the Master Indenture, unless the reimbursement is treated as a Note Payment pursuant to item (c) of the definition of Note Payments;

- (c) payments, costs and expenses relating to any Interest Rate Exchange Agreement entered into in accordance with the Master Indenture, whether initial or ongoing payments, costs or expenses, unless such payments are treated as Note Payments pursuant to item (c) of the definition of Note Payments; and

- (d) arbitrage rebate payments payable to the United States with respect to any of the Notes.

"Project" means any Qualified Federal Aid Transportation Project (i) that is designated by the Transportation Board from time to time, and (ii) with respect to which a Federal Aid Agreement is in full force and effect.

"Project Fund" means the Project Fund, a special fund created under the Master Indenture and the Act.

"Project-Specific Reimbursements" means the Federal Highway Reimbursements received by the Commonwealth from time to time only with respect to the Project or Projects to be financed by the Notes or any Series thereof.

"Qualified Federal Aid Transportation Project" means any project that may be financed, in whole or in part, with Federal Highway Reimbursements.

"Rating Agency" means, with respect to the Notes, each nationally recognized securities rating service that has, at the request of the Transportation Board, a rating then in effect for the unenhanced Notes.

"Rating Confirmation" means, with respect to the Notes, written evidence from a Rating Agency that no rating then in effect for unenhanced Notes from such Rating Agency will be withdrawn, reduced or suspended solely as a result of an action to be taken under the Master Indenture.

"Refunding Notes" means Notes issued for the purpose of refunding, and proceeds of which are used to refund, New Money Notes or other Refunding Notes.

"Revenues" means amounts, appropriated therefor by the General Assembly, as are required to pay Note Payments and Program Costs, as and when due and payable, (i) first from the Project-Specific Reimbursements; (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund, including without limitation Indirect Reimbursements deposited from time to time in the Federal Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose.

"Series" means the Notes designated as a separate series in a Supplemental Indenture and any Notes authenticated and delivered in lieu of or in substitution for such Notes pursuant to the Master Indenture or any Supplemental Indenture.

"Subordinated Obligation" means any obligation, including without limitation any Note, which is secured on a subordinated basis by the lien of the pledge and security interest on the Revenues created under the Master Indenture and the payment of which is expressly subordinated in any manner to the payment of any other Notes or obligations secured Under the Master Indenture. Any such obligation shall be expressly designated as a "Subordinated Obligation" in the Supplemental Indenture or other instrument providing for its issuance or incurrence.

"Supplemental Indenture" means any indenture supplementing or amending the Master Indenture that is adopted pursuant to the Master Indenture.

"Title 23" means Chapter 1 of Title 23, United States Code, Highways, as amended and supplemented from time to time and any successor or replacement provision of law.

"Transfer Date" means (i) each date that is five days prior to any Note Payment Date on the Notes or (ii) each date any deposit to the Debt Service Fund or other deposit or payment is due to be made to the Trustee under the Master Indenture.

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

"Trustee" means U.S. Bank National Association, a national banking association, acting in its capacity as trustee under the Master Indenture, and any successor thereto appointed under the Master Indenture.

"Trust Estate" means the property granted to the Trustee, described in the granting clauses of the Master Indenture as follows: (i) the Revenues and (ii) all money from time to time held by the Trustee under the Master Indenture or any Supplemental Indenture in any fund or account other than (a) any Defeasance Escrow Account and (b) any fund or account created by a Supplemental Indenture that is expressly excluded from the Trust Estate.

"2017 Notes" means the Commonwealth Transportation Board Federal Transportation Grant Anticipation Revenue Notes, Series 2017 that are authorized by the Fifth Supplemental Indenture.

"2017 Notes COI Account" means the account by that name in the Project Fund established under the Fifth Supplemental Indenture.

"2017 Project" means the Project described in Appendix B to the Fifth Supplemental Indenture to be financed with the proceeds of the 2017 Notes.

"VDOT Funding Account" means the account by that name in the Project Fund established under the Fifth Supplemental Indenture.

"Virginia Code" means the Code of Virginia of 1950, as the same may be amended from time to time.

THE INDENTURE

The 2017 Notes are being issued pursuant to the Master Indenture and the Fifth Supplemental Indenture. The 2017 Notes will be the fifth Series of Notes issued under the Master Indenture and will be equally and ratably secured by the Indenture with the first Series of Notes and any other additional subsequent Series of Notes, without preference, priority or distinction.

The following, in addition to the information presented in the sections *"The 2017 Notes"* and *"Sources Of Payment and Security for the GARVEE Notes"* in this Official Statement, summarizes certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive and is qualified by references to the Indenture in its entirety, copies of which may be obtained at the offices of the Transportation Board or the Trustee.

Pledge of Trust Estate; Parity of Pledge; Limited Obligation

The Transportation Board, pursuant to the Master Indenture and any Supplemental Indenture, pledges to the Owners of the Notes the Trust Estate. The Trust Estate shall be held by the Trustee for the equal and proportionate benefit of the Owners of all Outstanding Notes, and any of them, without preference, priority or distinction as to lien or otherwise, except as expressly set forth in the Master Indenture or any Supplemental Indenture.

The Note Payments and Program Costs shall be payable solely from Revenues and moneys held in the Debt Service Fund or other funds and accounts pledged or described under the Master Indenture. The Owners and holders of the Notes may not look to any other revenues of the Transportation Board or the Commonwealth for the payment of the Notes. All financial obligations of the Transportation Board under the Master Indenture, every Supplemental Indenture, the Notes and any other contract entered into pursuant to the Master Indenture, any Supplemental Indenture or the Notes or otherwise pursuant to the Act, including, without limitation, Note Payments and Program Costs, (i) are special, limited obligations of the Transportation Board payable solely from the Trust Estate and (ii) shall not be deemed or construed as creating debt of the Commonwealth or a pledge of the full faith and credit of the Commonwealth within the meaning of the Virginia Constitution or the laws of the Commonwealth concerning or limiting the creation of indebtedness by the Commonwealth.

The Master Indenture constitutes a contract authorized by the Act among the Transportation Board, the Trustee, and the Owners from time to time of the Notes and the pledge, covenants and agreements of the Transportation Board set forth in the Master Indenture are for the equal and ratable benefit, protection and security of the Owners of any and all of the Notes, all of which, regardless of maturity, shall be of equal rank without preference, priority or distinction of any of such Notes over any other thereof, except as expressly provided in or permitted by the Master Indenture.

Issuance of Notes

Notes may be issued under the Master Indenture for the purpose of financing the Projects or refunding Notes that were issued to finance the Projects or other Refunding Notes.

Conditions to Issuance of Notes

No Series of Notes may be issued unless each of the conditions applicable thereto under the Master Indenture and any applicable Supplemental Indenture have been satisfied, including the following (i) until all Note Payments and Program Costs are paid in full and while any Notes (other than Notes constituting Subordinated Obligations) are Outstanding, no bonds, notes, debentures or other obligations shall be issued or incurred or create a lien on the Revenues prior and superior to the lien created under the Master Indenture for the benefit of the initial Series of Notes; (ii) the Trustee shall have received an Opinion of Bond Counsel; (iii) a Federal Aid Agreement shall have been entered into providing for the authorization of the Project or Projects to be financed or refinanced with the Series of Notes to be issued; and (iv) an Authorized Board Representative and the Trustee shall have entered into a Supplemental Indenture authorizing the issuance of the additional Series of Notes.

Additional Conditions to the Issuance of New Money Notes. Before any New Money Notes are issued a certificate of an Authorized Board Representative to the effect that, as of the date of issuance of such Series:

(1) (i) There exists no Event of Default or (ii) if there exists an Event of Default, the Event of Default will be cured upon the issuance of the additional Notes and the application of the proceeds of the additional Notes in accordance with the Supplemental Indenture authorizing the issuance of the additional Notes.

(2) There is compliance with all applicable provisions of Title 23 and any other applicable law necessary on the date of the delivery of a Series of Notes to receive and continue to receive Federal Highway Reimbursements for the payment of the Notes pursuant to Title 23 without penalty.

(3) The amount of Federal Highway Reimbursements to be received and actually received, if that is the case, as shown in a certificate of an Authorized Board Representative, in either the Federal Fiscal Year in which the proposed Series of Notes are to be issued or in the immediately preceding Federal Fiscal Year, shall have been sufficient to pay an amount representing at least 4.00 times the sum of (i) the maximum combined annual Note Payments of all Outstanding Notes (other than Notes constituting Subordinated Obligations) and the Series of Notes proposed to be issued (unless such Notes are Subordinated Obligations) and (ii) any payments to be paid in such year for Program Costs.

Additional Conditions to the Issuance of Refunding Notes. Before any Series of Notes constituting Refunding Notes are issued, all of the following additional conditions shall be satisfied:

(1) The Notes to be refunded are defeased in accordance with the Master Indenture.

(2) If any of the Notes to be refunded are to be redeemed prior to their scheduled maturity date, an Authorized Board Representative has directed the Trustee to deliver redemption notices and to redeem the Notes to be refunded in accordance with the provisions of the Master Indenture and any applicable provisions of any Supplemental Indenture.

(3) FHWA has agreed, through modification of the related Federal Aid Agreements or otherwise, that Federal Highway Reimbursements will be paid with respect to the Note Payments on the Refunding Notes.

Creation of Funds

The Master Indenture establishes the Debt Service Fund and the Project Fund to be held by the Trustee for the benefit of the Owners as specified in the Master Indenture, subject to the terms thereof and any Supplemental Indenture.

Debt Service Fund. The Trustee shall create and maintain separate accounts within the Debt Service Fund for each Series of Notes issued under the Master Indenture. Moneys in the Debt Service Fund are to be used to pay the principal or purchase price of and redemption premium, if any, and interest on Notes then Outstanding, to redeem or purchase Notes and to make payments under any applicable Credit Facility.

Flow of Funds from Federal Fund to Debt Service Fund. Not later than the last day of each month, the Transportation Board shall transfer from the Federal Fund to the Trustee for deposit in each account of the Debt

Service Fund the amount provided for such month pursuant to the respective Supplemental Indenture. The Transportation Board shall cause each Project-Specific Reimbursement to be transferred upon receipt in the Federal Fund to the appropriate account of the Debt Service Fund. The Trustee shall return to the Transportation Board for re-deposit in the Federal Fund all Indirect Reimbursements in such account to the extent the Project-Specific Reimbursement is sufficient to make the corresponding Note Payment on the Notes. Each month, any remaining Indirect Reimbursements in the Federal Fund may be applied to pay Program Costs, to reimburse Expenditures or to any other purpose permitted by law.

If and to the extent an account in the Debt Service Fund does not contain Federal Highway Reimbursements in an amount sufficient to pay the next ensuing Note Payment ten days before the Note Payment Date, the Trustee shall notify the Transportation Board and the Transportation Board will, subject to appropriation by the General Assembly, pay or cause to be paid to the Trustee from Revenues an amount sufficient to make the Note Payment pursuant to the Payment Agreement within 24 hours after the receipt of such notice.

Project Fund. The Trustee shall create and maintain separate accounts within the Project Fund to account for the receipt and disbursement of proceeds of each Series of Notes, but such separate accounts shall not, unless otherwise specifically provided by Supplemental Indenture, affect the rights of the Owners of the Notes with respect to moneys in the Project Fund. There shall be deposited into the appropriate account of the Project Fund, proceeds of each Series of Notes as provided in the applicable Supplemental Indenture. So long as no Event of Default then exists, moneys held in the Project Fund shall be disbursed to or upon the direction of the Transportation Board to pay Costs upon receipt of a requisition signed by an Authorized Board Representative.

2017 Notes COI Account and VDOT Funding Account and Certain Subaccounts; Exclusion from Trust Estate. The Fifth Supplemental Indenture establishes in the Project Fund three accounts to be called the "2017 Notes COI Account," "VDOT Funding Account." On the issuance date of the 2017 Notes, the Transportation Board shall cause to be deposited the proceeds from the sale of the 2017 Notes into the 2017 Notes COI Account and the VDOT Funding Account. Pursuant to the Fifth Supplemental Indenture, as permitted by the Master Indenture, the 2017 Notes COI Account and the VDOT Funding Account, and any money or investments held therein shall not be part of the Trust Estate.

Security for Deposits; Investment of Funds

All moneys held as part of any fund or account created under the Master Indenture shall be deposited or invested and reinvested by the Trustee, at the written direction of an Authorized Board Representative, in Permitted Investments. The Trustee shall, when and as directed by an Authorized Board Representative, sell and reduce to cash a sufficient amount of the investments held in any fund or account whenever the cash balance therein is insufficient to make any payment to be made therefrom. In computing the amount in any fund or account for any purpose under the Master Indenture, investments shall be valued at cost (exclusive of accrued interest) or par, whichever is less.

Indenture Covenants Concerning Federal Highway Reimbursements

In the Master Indenture, the Transportation Board makes certain covenants related to the Projects and Federal Highway Reimbursements, including but not limited to the following:

Qualification of Projects and Federal Aid Agreements. To the extent permitted by law, the Transportation Board covenants that it will take all action necessary to ensure that (i) each Project at all times qualifies as a Qualified Federal Aid Transportation Project; (ii) each Project that may be financed, in whole or in part, with Federal Highway Reimbursements paid pursuant to Title 23, at all times qualifies as a project with respect to which the Transportation Board is entitled to reimbursement of previously-expended funds under 23 U.S.C. Section 115, as amended, and the regulations promulgated thereunder (or any successor provision thereto); and (iii) Federal Aid Agreements are maintained in full force and effect pursuant to which FHWA has agreed to make payments of Project-Specific Reimbursements with respect to the Note Payments due on each Note Payment Date. Such action shall include, but shall not be limited to (i) entering into any modification of a Federal Aid Agreement required to assure that Federal Highway Reimbursements payable thereunder are payable with respect to any Refunding Notes;

and (ii) the repayment to FHWA, from moneys other than moneys included in the Trust Estate, of any Federal Highway Reimbursements paid pursuant to a Federal Aid Agreement during any period in which the Project did not qualify under clause (i) or (ii) above.

Application for Federal Highway Reimbursements. To the extent permitted by law, the Transportation Board covenants that it will annually apply for, and reasonably cooperate with FHWA in order to receive, the greatest amount of Federal Highway Reimbursements reasonably available to the Commonwealth that will become Revenues for payment of the principal of and interest on the Note Payments, any Program Costs and the debt service on any Subordinated Obligations.

Requests for Obligation Authority. For each of the Federal Fiscal Years during which Notes are or will be Outstanding, (i) as soon as practicable prior to or in such Federal Fiscal Year the Transportation Board will request Obligation Authority sufficient to pay the principal of and interest on the Note Payments and any Program Costs coming due in that Federal Fiscal Year, and (ii) the Transportation Board will obligate (to the extent not previously obligated) FHWA to pay Federal Highway Reimbursements sufficient to pay the principal of and interest on the Note Payments and any Program Costs coming due in that Federal Fiscal Year prior to obligating Federal Highway Reimbursements for any other purpose. Additionally, the Transportation Board covenants that all Notes are, or will be, eligible debt financing instruments under Title 23 and the payment of Note Payments and Program Costs are all eligible for payment or reimbursement from Federal Highway Reimbursements.

Construction of Projects. The Transportation Board covenants to ensure that each Project will be constructed expeditiously. Upon completion of construction for each Project, the Transportation Board will take all steps necessary to obtain any required approval of FHWA of such Project so that the Transportation Board may receive the maximum amount of Project-Specific Reimbursements with respect thereto.

General Assembly Appropriations. The Transportation Board, pursuant to the Payment Agreement, will utilize its best efforts to have included in each Commonwealth appropriations act an appropriation for any amounts required for Note Payments and Program Costs coming due during the period covered by each such act; provided, however, and notwithstanding any provision of the Master Indenture which may be to the contrary, no failure of the General Assembly to include in any appropriation act an appropriation for any amounts required for Note Payments and Program Costs coming due during the period covered by such act shall constitute an Event of Default under the Master Indenture.

Remedies Upon Default

Upon the occurrence of any Event of Default (other than such an Event of Default relating to payment of Notes constituting Subordinated Obligations), the Trustee shall, without further demand or notice, transfer such amount of moneys held in the Project Fund as is necessary and available to the Debt Service Fund. Further, upon the occurrence of any Event of Default, the Trustee may (i) proceed by mandamus or other action or proceeding or suit at law or in equity to enforce any rights under the Master Indenture against the Transportation Board and compel the Transportation Board to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained in the Master Indenture, and (ii) take whatever action at law or in equity may appear necessary or desirable to enforce the rights of the Owners and shall deposit any moneys received as a result of such action in the Debt Service Fund.

Notwithstanding any other provision of the Master Indenture which may be to the contrary, neither the Trustee, any Owner of a Note, any provider of a Credit Facility, any provider of an Interest Rate Exchange Agreement nor any holder of any Subordinated Obligation shall have the right to declare any Note Payments or other payments to be immediately due and payable upon the occurrence of an Event of Default. A judgment requiring a payment of money entered against the Transportation Board arising under the Master Indenture may be satisfied only from the Trust Estate.

Application of Moneys After Default

Moneys received by the Trustee resulting from the exercise of remedies following an Event of Default shall be deposited in the Debt Service Fund and shall, together with other moneys in the Debt Service Fund and other moneys available for such purpose, be applied in the following order of priority:

First, to the payment of the reasonable and proper fees and expenses of the Trustee determined in accordance with the Master Indenture.

Second, to the payment of (i) interest due on the Notes (other than Notes constituting Subordinated Obligations), including interest on past due interest on any Note at the interest rate borne by such Note, compounded on each Interest Payment Date, (ii) the interest component of any unpaid draws on a Credit Facility that are treated as Note Payments and (iii) any unpaid regularly scheduled payments (but excluding any termination payments or settlement amounts) that are treated as Note Payments. If more than one installment of interest is due on such Notes, such installments shall be paid in the order in which they were due, with the first installment being paid first. If more than one draw is unpaid on a Credit Facility or more than one regularly scheduled payment is unpaid under an Interest Rate Exchange Agreement, such amounts shall also be repaid in the order in which they were originally due. If the amount available is insufficient to pay all of any particular installment of interest due on such Notes, unpaid draw on a Credit Facility or unpaid regularly scheduled payment under an Interest Rate Exchange Agreement (including interest on the past due amounts), the amount available shall be paid ratably, based on the ratio of the amount due as interest on each such Note, to each such provider of a Credit Facility or to each provider of an Interest Rate Exchange Agreement to the total amount due.

Third, to the payment of (i) principal due on the Notes (other than Notes constituting Subordinated Obligations) (ii) the principal component of any unpaid draws on a Credit Facility that are treated as Note Payments and (iii) any unpaid termination payments or settlement amounts (but excluding any regularly scheduled payments) that are treated as Note Payments. If any of such amounts is due that was to have been paid on more than one date, the amount due on the earliest dates shall be paid first. If the amount available is insufficient to pay all such amounts due on any particular date, the amount available shall be paid ratably, based on the ratio of the amount due on each such Note, to each such provider of a Credit Facility or to each such provider of an Interest Rate Exchange Agreement to the total amount due.

After payment of all amounts set forth above, the amount remaining in the Debt Service Fund, if any, will be applied to the payment of any Subordinated Obligations, in the manner and priority set forth in such Subordinated Obligations.

Control of Proceedings

Notwithstanding any other provision of the Master Indenture, the Owners of a majority in aggregate principal amount of Notes Outstanding (but not including Notes constituting Subordinated Obligations so long as any senior Notes are Outstanding) shall always have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in pursuit of remedies following an Event of Default or otherwise in connection with the enforcement of the terms of the Master Indenture.

Individual Noteholder Action Restricted

No Owner shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any remedy under the Master Indenture or for the enforcement of the terms thereof, unless an Event of Default under the Master Indenture has occurred and the Owners of not less than a majority of the Notes Outstanding (but not including Notes constituting Subordinated Obligations) have made a written request to the Trustee, have agreed to indemnify the Trustee as provided in the Master Indenture and have given the Trustee a reasonable opportunity to take such action in its capacity as Trustee, but the Trustee has failed to take such action. The purpose of the preceding sentence is to assure that no Owner or Owners shall have the right to affect, disturb or prejudice the lien of the Master Indenture by his, her, its or their action or to enforce any right under the Master Indenture except in the manner provided in the Master Indenture and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Master Indenture and for the equal benefit of the Owners of all

Outstanding Notes. Nothing contained in the Master Indenture shall, however, affect or impair the right of any Owner to enforce the payment of the Note Payments on any Note at and after the date such payment is due.

Waiver of Event of Default

The Trustee may in its discretion waive any Event of Default and its consequences under the Master Indenture, and notwithstanding anything else to the contrary contained in the Master Indenture shall do so upon the written request of the Owners of a majority in aggregate principal amount of the Notes then Outstanding (but not including Notes constituting Subordinated Obligations); provided, however, that there shall not be waived without the consent of the Owners of 100% of the aggregate principal amount of Notes then Outstanding any Event of Default in the payment of the Note Payments when due, unless, prior to such waiver, all such amounts (with interest on amounts past due on any Note at the interest rate on such Note or, in the case of a Capital Appreciation Note, the interest rate determined by straight-line interpolation between Accretion Dates) and all expenses of the Trustee in connection with such Event of Default have been paid or provided for. In case of any such waiver, then and in every such case the Transportation Board, the Trustee and the Owners shall be restored to their former positions and rights under the Master Indenture, but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Removal and Resignation of Trustee; Successor Trustee

The Trustee may resign by giving 60 days' written notice to the Transportation Board. Such resignation shall take effect only upon the appointment of a successor qualified as provided in the Master Indenture. If no successor is appointed within 60 days following the date designated in the notice, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor. The Trustee may be removed at any time (i) by the Transportation Board, provided that the Trustee may not be removed during the pendency of an Event of Default without the written consent of the Owners of a majority in aggregate principal amount of Notes then Outstanding; or (ii) by an instrument in writing executed by the Owners of a majority in aggregate principal amount of Notes Outstanding, for any reason or for no reason.

In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Transportation Board. Upon making any such appointment, an Authorized Board Representative shall give notice thereof to each Owner. Subject to the provisions of the Master Indenture, any successor Trustee appointed by an Authorized Board Representative pursuant to the Master Indenture shall be removed by the Transportation Board if the Owners of a majority in aggregate principal amount of Notes then Outstanding object to the appointment within 60 days following the date of the Transportation Board's notice of the appointment of such successor. If the Owners of a majority in aggregate principal amount of Notes then Outstanding object to the appointment of a successor Trustee pursuant to the Master Indenture, the Transportation Board shall appoint another successor Trustee and the Owners shall have the same right to object to the new successor Trustee.

Consolidation, Conversion or Merger of Trustee

Any bank or trust company that otherwise meets the requirements set forth in the Master Indenture into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under the Master Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties to the Master Indenture.

Supplemental Indentures Not Requiring Consent of Owners

The Transportation Board and the Trustee may, without the consent of, or notice to, the Owners, enter into a Supplemental Indenture for any one or more or all of the following purposes:

(a) to add additional covenants to the covenants and agreements of the Transportation Board set forth in the Master Indenture;

- (b) to add additional revenues, properties or collateral to the Trust Estate;
- (c) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Master Indenture;
- (d) to amend any existing provision of the Master Indenture or to add additional provisions which, in the opinion of Bond Counsel, are necessary or advisable (i) to qualify, or to preserve the qualification of, the interest on any Notes for exclusion from gross income for federal income tax purposes or for exclusion from federal alternative minimum tax; (ii) to qualify any Notes for exemption from taxation and assessment in the Transportation Board; (iii) to qualify, or to preserve the qualification of, the Master Indenture or any Supplemental Indenture under the federal Trust Indenture Act of 1939, as amended; or (iv) to qualify, or preserve the qualification of, any Notes for an exemption from registration or other limitations under the laws of any state or territory of the United States;
- (e) to provide for or eliminate book-entry registration of any of the Notes;
- (f) to obtain or maintain a rating of the Notes by a nationally recognized securities rating agency;
- (g) to authorize the issuance of any Series of Notes in accordance with the Master Indenture;
- (h) to facilitate the provision of a Credit Facility or an Interest Rate Exchange Agreement in accordance with the Master Indenture and the treatment of reimbursements or payments thereunder as Note Payments;
- (i) to facilitate the receipt or use of Federal Highway Reimbursements that will become Revenues to pay Note Payments, Program Costs or Subordinated Obligations;
- (j) to establish additional funds, accounts or subaccounts necessary or useful in connection with any Supplemental Indenture;
- (k) to authorize the issuance of notes or other obligations secured by a pledge of the Trust Estate expressly subordinate to the pledge thereof in favor of the Notes and, in connection therewith, specify and determine (or provide procedures for an Authorized Board Representative to specify or determine) the matters and things required or permitted by the Master Indenture in connection therewith, and also any other matters and things relative to such Subordinated Obligations which are not contrary to or inconsistent with the Master Indenture;
- (l) to make any amendment, with Rating Confirmation from each Rating Agency, that such amendment will not, in itself, result in the uninsured, underlying rating on the Notes following such amendment being lower than such rating on the Notes immediately prior to such amendment;
- (m) to modify any of the provisions in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Notes of each Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Notes of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Notes issued in exchange therefor or in place thereof;
- (n) to make any amendment required to comply with any continuing disclosure undertaking or obligation applicable to any of the Notes; or
- (o) for any other purpose, provided that Bond Counsel has delivered a written opinion stating that the provisions of the Supplemental Indenture do not materially adversely affect the rights of the Owners of any Notes.

Supplemental Indentures Requiring Consent of Owners

Except as expressly provided in the Master Indenture, the Transportation Board and the Trustee may not enter into a Supplemental Indenture without the written consent of the Owners of not less than a majority of the aggregate

principal amount of Notes then Outstanding (but not including Notes constituting Subordinated Obligations); provided, however, that no Supplemental Indenture containing any of the provisions described below may be entered into without the written consent of the Owner of each Note affected thereby:

- (a) a reduction of the interest rate or Note Payments payable on any Note, a change in the maturity date of any Note, a change in the Original Principal Amount of any Capital Appreciation Note, a change in any Interest Payment Date for any Current Interest Note or any Accretion Date for any Capital Appreciation Note or a change in the redemption provisions applicable to any Note;
- (b) the deprivation of an Owner to the lien on the Trust Estate granted in the Master Indenture;
- (c) the creation of a priority right in the Trust Estate of another Note over the right of the affected Note, except as permitted in the Master Indenture; or
- (d) a reduction in the percentage of the aggregate principal amount of Notes then Outstanding whose Owners are required to consent to any Supplemental Indenture.

Discharge of Master Indenture

If 100% of the Note Payments due, or to become due, on all the Notes, the fees and expenses due to the Trustee and all other amounts payable under the Master Indenture have been paid, or provision shall have been made for the payment thereof in accordance with the Master Indenture, then (i) the right, title and interest of the Trustee in and to the Trust Estate shall terminate and be discharged; (ii) the Trustee shall transfer and convey to or to the order of the Transportation Board all excess property that was part of the Trust Estate, including but not limited to any moneys held in any fund or account under the Master Indenture, except any escrow account created pursuant to the Master Indenture (which escrow account shall continue to be held in accordance with the agreement governing the administration thereof); and (iii) the Trustee shall execute any instrument requested by the Transportation Board to evidence such discharge, transfer and conveyance.

Defeasance of Notes

All or any portion of the Outstanding Notes shall be deemed to have been paid (referred to herein as "defeased") prior to their maturity or earlier redemption if:

- (a) the defeased Notes are to be redeemed prior to their maturity, an Authorized Board Representative has irrevocably instructed the Trustee to give notice of redemption of such Notes in accordance with the Master Indenture and any applicable Supplemental Indenture;
- (b) there has been deposited in trust in a Defeasance Escrow Account either (i) money in an amount which shall be sufficient, or (ii) Defeasance Securities, the principal of and the interest on which when due, without any reinvestment thereof, will provide moneys which, together with the money, if any, deposited into or held in the Defeasance Escrow Account, shall be sufficient, to pay when due the Note Payments due and to become due on the defeased Notes on and prior to the redemption date or maturity date thereof, as the case may be; and
- (c) a certified public accountant or other verification agent acceptable to the Transportation Board and the Trustee has delivered a verification report verifying the deposit described in clause (2) above.

Applicable Law

The laws of the Commonwealth shall be applied in the interpretation, execution and enforcement of the Master Indenture.

THE PAYMENT AGREEMENT

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

Obligations of the Transportation Board

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

(a) Each year and in accordance with the schedule of the Department of Planning and Budget of the Commonwealth, the Transportation Board or the Transportation Board's designee shall request that the Governor include in the budget to be delivered to the General Assembly during their next session a provision that there be appropriated Revenues sufficient to pay the Principal and Interest Requirements coming due on the GARVEE Notes and all other amounts required to be paid under the Master Indenture during the next succeeding FY or biennial period, as applicable.

(b) The Transportation Board shall use its best efforts to have (i) the Governor include, in each biennial or any supplemental budget that is presented to the General Assembly, the amounts described in (a) above and (ii) the General Assembly appropriate and reappropriate, as applicable, such amounts.

(c) The Transportation Board shall provide to the Treasury Board, as and when reasonably requested by the Treasury Board, all requisitions and documents and shall take all actions necessary to have paid to the Treasury Board from Revenues appropriated as described in (a) above all amounts due under the Payment Agreement and to direct the Treasury Board to make from such funds all payments due under the Master Indenture to the Trustee not later than the respective Transfer Date.

(d) The Transportation Board shall take all actions necessary to have payments which are made pursuant to (c) above charged against the proper appropriation made by the General Assembly.

(e) The Transportation Board shall notify the Treasury Board, the Secretary of Finance, and the Trustee promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding FY or biennial period, as applicable, amounts sufficient to pay all debt service on the GARVEE Notes coming due or expected to come due and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Obligations of the Treasury Board

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

(a) The Treasury Board shall use its best efforts to have (i) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Note Payments coming due on the GARVEE Notes and all other amounts required to be paid under the Master Indenture during the next succeeding FY or biennial period, as applicable, and (ii) the General Assembly appropriate and reappropriate, as applicable, such amounts.

(b) The Treasury Board shall use its best efforts to obtain each year the appropriate requisitions and documents needed from the Transportation Board to make all payments due under the Master Indenture to the Trustee not later than the respective Transfer Date.

(c) The Treasury Board shall make all payments described in the Payment Agreement solely from moneys appropriated or reappropriated by the General Assembly.

(d) The Treasury Board shall notify the Transportation Board, the Secretary of Finance, and the Trustee promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding FY or biennial period, as applicable, amounts sufficient to pay all Note Payments coming due or expected to come due on the GARVEE Notes and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Obligations of the Secretary of Finance

Under the Payment Agreement, the Secretary of Finance is obligated to use his best efforts to have (i) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Note Payments coming due on the GARVEE Notes and all other amounts required to be paid under the Master Indenture during the next succeeding FY or biennial period, as applicable, and (ii) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

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

Trustee as Third Party Beneficiary

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

[Remainder of page intentionally left blank]

COMMONWEALTH OF VIRGINIA

**FINANCIAL AND OTHER
INFORMATION**

COMMONWEALTH OF VIRGINIA

**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

APPENDIX D

COMMONWEALTH OF VIRGINIA

**FINANCIAL STATEMENTS OF THE COMMONWEALTH
FOR THE YEAR ENDED JUNE 30, 2016**

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

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

APPENDIX F
TABLE OF CONTENTS

	<u>PAGE</u>
FORM OF CONTINUING DISCLOSURE UNDERTAKING - COMMONWEALTH TRANSPORTATION BOARD	F-1
FORM OF CONTINUING DISCLOSURE UNDERTAKING - COMMONWEALTH OF VIRGINIA.....	F-8

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

APPENDIX G

Book-Entry-Only System

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the 2017 Notes, payments of principal and interest on the 2017 Notes to DTC, its nominee, Direct Participants, as hereinafter defined, Indirect Participants, as hereinafter defined, or Beneficial Owners, as hereinafter defined, confirmation and transfer of beneficial ownership interest in the 2017 Notes and other bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners is based solely on information furnished by DTC and is not, and should not be construed as, a representation by the Transportation Board as to its accuracy, completeness or otherwise.

DTC will act as securities depository for the 2017 Notes. The 2017 Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each maturity of the 2017 Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3,500,000 issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2017 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Notes on DTC's records. The ownership interest of each actual purchaser of each 2017 Note ("Beneficial Owner") is in turn to be recorded on the Direct Participants and Indirect Participants' records. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Notes are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017 Notes, except in the event that use of the book-entry system for the 2017 Notes is discontinued.

To facilitate subsequent transfers, all 2017 Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts the 2017 Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the 2017 Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of the 2017 Notes to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017 Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2017 NOTES FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE TRANSPORTATION BOARD, THE COMMONWEALTH OR DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2017 NOTES THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Principal and interest payments on the 2017 Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Transportation Board or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the Transportation Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Transportation Board or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants. THE TRANSPORTATION BOARD AND THE COMMONWEALTH CAN GIVE NO ASSURANCES THAT DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENT TO BENEFICIAL OWNERS.

So long as Cede & Co. is the registered owner of the 2017 Notes, as nominee of DTC, references herein to the 2017 Note owners or registered owners of the 2017 Notes shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2017 Notes.

DTC may discontinue providing its services as securities depository with respect to the 2017 Notes 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, 2017 Note certificates are required to be printed and delivered.

The Transportation Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2017 Note certificates will be printed and delivered.

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

So long as Cede & Co., as nominee for DTC, is the sole noteholder of the 2017 Notes, the Transportation Board and the Trustee shall treat Cede & Co. as the only noteholder of the 2017 Notes for all purposes under the Indenture, including receipt of all principal of and interest on the 2017 Notes, receipt of notices, voting

and requesting or directing the Transportation Board and the Trustee to take or not to take, or consenting to, certain actions under the Indenture.

The Transportation Board and the Trustee have no responsibility or obligation to the Direct Participants, Indirect Participants or the Beneficial Owners with respect to (i) the accuracy or the maintenance of any records maintained by DTC or any Direct Participant or Indirect Participant; (ii) the payment by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner with respect to the principal of and interest on the 2017 Notes or the sending of any transaction statements; (iii) the delivery or timeliness of delivery by DTC or any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to noteholders of the 2017 Notes; (iv) the selection of the Beneficial Owners to receive payments upon any partial redemption of the 2017 Notes; or (v) other action taken by DTC or Cede & Co. as noteholder of the 2017 Notes, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

The Transportation Board or the Trustee may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2017 Notes without the consent of Beneficial Owners or Noteholders of the 2017 Notes.

COMMONWEALTH TRANSPORTATION BOARD

\$ _____
Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes, Series 2017

NOTE PURCHASE AGREEMENT

_____, 2017

Commonwealth Transportation Board
Richmond, Virginia

Ladies and Gentlemen:

_____ (collectively, the "Underwriters"), represented by _____ (the "Representative"), offer to enter into this Agreement with the COMMONWEALTH TRANSPORTATION BOARD (the "Transportation Board") concerning the sale by the Transportation Board and the purchase by the Underwriters of the \$ _____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "2017 Notes"). The 2017 Notes are being issued to finance certain eligible transportation projects in the Commonwealth of Virginia (the "Commonwealth") and to pay costs of issuing the 2017 Notes.

This offer is made subject to acceptance by the Transportation Board before 5:00 p.m., Richmond, Virginia time, on the date of this Agreement. Acceptance of this offer must be evidenced by the execution and delivery to the Representative of this Agreement by the Chairman of the Transportation Board or other authorized officer satisfactory to the Representative. Upon such acceptance, this Agreement will be in full force and effect in accordance with its terms and will be binding upon the Transportation Board and the Underwriters. This offer may be revoked by the Underwriters upon written notice delivered to the Transportation Board at any time before acceptance.

The Transportation Board acknowledges that in connection with the purchase and sale of the 2017 Notes, (i) such purchase and sale pursuant to this Agreement is an arm's length commercial transaction between the Transportation Board and the Underwriters and the Underwriters have financial and other interests that differ from those of the Transportation Board, (ii) each Underwriter is acting solely as a principal and not as an agent, municipal advisor, financial advisor or a fiduciary of the Transportation Board, (iii) the Underwriters have not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the Transportation Board with respect to the offering of the 2017 Notes (whether or not any Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the Transportation Board on matters unrelated to the offering of the 2017 Notes), except as may be expressly set forth in this Agreement and (iv) the Transportation Board has consulted with its own legal, financial or other advisors to the extent it deemed appropriate in connection with the offering of the 2017 Notes.

Capitalized terms used in this Agreement which are not otherwise defined have the meaning set forth in the Indenture (as hereafter defined).

1. Purchase and Sale of the 2017 Notes. In reliance upon the representations, warranties and covenants contained in this Agreement, and subject to its terms and conditions, the Transportation Board agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Transportation Board, all of the 2017 Notes at a price of \$_____.

The 2017 Notes will be issued pursuant to a Master Indenture of Trust dated as of February 1, 2012 (the "Master Indenture"), as previously supplemented and amended and as further supplemented by a Fifth Supplemental Indenture of Trust dated as of December 1, 2017 (collectively with the Master Indenture, the "Indenture"), between the Transportation Board and U.S. Bank National Association, as trustee (the "Trustee"). The 2017 Notes will be dated, bear interest and mature on the dates and in the amounts as set forth in Exhibit A, and will be as described in the Indenture in all other respects.

The Underwriters agree to make a bona fide public offering of all of the 2017 Notes, at prices not in excess of the initial public offering prices set forth in Exhibit A, but reserve the right to change initial offering prices as the Underwriters deem necessary in connection with the offering of the 2017 Notes. The Underwriters may offer and sell the 2017 Notes to certain dealers (including dealers depositing the 2017 Notes into investment trusts) at prices lower than the public offering prices set forth in the Official Statement (as hereinafter defined).

2. Liquidated Damages. The Representative is delivering to the Transportation Board a corporate check of the Representative in the amount of \$_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligations to accept and pay for the 2017 Notes on the Closing Date in accordance with the provisions hereof. Such check shall be held uncashed until the Closing Date. Concurrently with the delivery of and payment for the 2017 Notes on the Closing Date, such check shall be returned to the Representative by the Transportation Board. If the Transportation Board does not accept this offer or if the Transportation Board fails to deliver the 2017 Notes on the Closing Date or if the Transportation Board is unable to satisfy the conditions contained in this Agreement (unless waived by the Representative) or if this Agreement is terminated for any reason permitted by this Agreement, such check shall be immediately returned to the Representative. If the Underwriters fail (other than for a reason permitted under this Agreement) to accept and pay for the 2017 Notes on the Closing Date, the Transportation Board may retain the Good Faith Deposit as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters. The Underwriters understand that in such event the actual damages of the Transportation Board may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the actual damages of the Transportation Board are less than such amount, and the approval by the Transportation Board of the amount set forth herein as and for liquidated damages shall constitute a waiver of any right the Transportation Board may have to additional damages from the Underwriters.

3. Delivery of the 2017 Notes. By 10:00 a.m., New York City time, on December ____, 2017, or such other time as the Transportation Board and the Underwriters may agree in writing (the "Closing Date"), the Transportation Board will cause the 2017 Notes to be delivered

to or at the direction of the Underwriters through the facilities of The Depository Trust Company ("DTC"), or such other place as the Representative may specify. The other documents mentioned in this Agreement will be delivered at such time and on such date at the offices of Kutak Rock LLP, Richmond, Virginia, or at such other place as the Representative and the Transportation Board may agree. On the Closing Date, the Underwriters will pay the purchase price of the 2017 Notes by wire transfer of immediately available funds payable to the order of the State Treasurer for the account of the Transportation Board at the office of the Trustee in Richmond, Virginia. Notwithstanding the foregoing, if the Transportation Board prepares an amendment or supplement to the Official Statement pursuant to Section 6(i) below, the Closing Date may be postponed by the Underwriters to the tenth business day after the preparation of such amendment or such other time as the Representative and the Transportation Board determine.

The 2017 Notes will be delivered in book-entry form, with one typewritten note for each maturity, registered in the name of Cede & Co., nominee for DTC, as registered owner of all the 2017 Notes, duly executed and authenticated, with CUSIP identification numbers typed on them. Neither the failure to type such numbers on any 2017 Note nor any error in such numbers or the typing will constitute cause for a failure or refusal by the Underwriters to accept delivery and pay the purchase price of the 2017 Notes.

4. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Transportation Board in establishing the issue price of the 2017 Notes and shall execute and deliver to the Transportation Board at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit H, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Transportation Board and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2017 Notes.

(b) Except as otherwise set forth in Schedule [] attached hereto,] the Transportation Board will treat the first price at which 10% of each maturity of the 2017 Notes (the "10% test" is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Representative shall report to the Transportation Board the price or prices at which the Underwriters have sold to the public each maturity of 2017 Notes. If at that time the 10% test has not been satisfied as to any maturity of the 2017 Notes, the Representative agrees to promptly report to the Transportation Board the prices at which 2017 Notes of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2017 Notes of that maturity or until all 2017 Notes of that maturity have been sold to the public.

(c) The Representative confirms that the Underwriters have offered the 2017 Notes to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule [] attached hereto, except as otherwise set forth therein. Schedule [] also sets forth, as of the date of this

Agreement, the maturities, if any, of the 2017 Notes for which the 10% test has not been satisfied and for which the Transportation Board and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Transportation Board to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2017 Notes, the Underwriters will neither offer nor sell unsold 2017 Notes of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the 2017 Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Transportation Board when the Underwriters have sold 10% of that maturity of the 2017 Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Transportation Board acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2017 Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2017 Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Transportation Board further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2017 Notes.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the 2017 Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold 2017 Notes of each maturity allotted to it until it is notified by the Representative that either the 10%

test has been satisfied as to the 2017 Notes of that maturity or all 2017 Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the 2017 Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2017 Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold 2017 Notes of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the 2017 Notes of that maturity or all 2017 Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any 2017 Notes to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Transportation Board (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2017 Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2017 Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2017 Notes to the public),
- (iii) a purchaser of any of the 2017 Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Agreement by all parties.

5. Official Statement; Offering by the Underwriters. Subsequent to the acceptance of this Agreement, when reasonably requested by the Representative, the Transportation Board will deliver to the Underwriters two manually signed copies of the Official Statement in substantially the form of the Transportation Board's Preliminary Official Statement dated _____, 2017 (the "Preliminary Official Statement"), revised to include only such changes as have been accepted by the Underwriters and are necessary or desirable to reflect the terms of this Agreement and to complete the document as an Official Statement in final form, executed on behalf of the Transportation Board (together with any amendment or supplement to it, the "Official Statement"). The Transportation Board deems the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof. In addition, the Transportation Board will furnish or cause to be furnished to the Underwriters, within six business days after the date of this Agreement and in any event not later than two business days before the Closing Date, printed and electronic copies of the Official Statement, and all amendments and supplements to it, in such quantities as the Underwriters may reasonably request to comply with Rule 15c2-12 and rules of the Municipal Securities Rulemaking Board and to meet potential customer requests for copies of the Official Statement.

The Underwriters represent and warrant that they will offer the 2017 Notes only pursuant to the Official Statement and only in states where the offer and sale of the 2017 Notes are legal, either as exempt securities or exempt transactions or as a result of due registration of the 2017 Notes for sale in any such state.

The Transportation Board will assist, if necessary, in the qualification of the 2017 Notes for sale under the "blue sky" or other securities laws of such jurisdictions as the Representative designates and will assist, if necessary, in the continuance of such qualifications in effect so long as required for the distribution of the 2017 Notes; provided, however, that the Transportation Board will not be required to qualify as a "foreign corporation" or to file any general consents to service of process under the laws of any state or to comply with any other requirements deemed by the Transportation Board to be unduly burdensome.

6. Representations, Warranties and Covenants of the Transportation Board. The Transportation Board represents, warrants and covenants with each of the Underwriters that:

(a) The Transportation Board is a board of the Commonwealth, duly created by the General Assembly of the Commonwealth, pursuant to, and with the power and authority set forth in Article 4, Chapter 15, Title 33.2 of the Code of Virginia of 1950, as amended (the "Virginia Code"), with power and authority to issue the 2017 Notes under the State Revenue Bond Act, Section 33.2-1700 et seq. of the Virginia Code, and the Virginia Federal Transportation Grant Anticipation Revenue Notes Act of 2011, as amended (collectively, the "Act").

(b) The Transportation Board has, and at the Closing Date will have, full legal right, power and authority to (i) enter into the Indenture, the Continuing Disclosure Agreement of the Transportation Board and this Agreement, (ii) issue, sell and deliver the 2017 Notes to the Underwriters as provided in this Agreement, and (iii) carry out and consummate the transactions

contemplated by this Agreement. The Transportation Board has taken or will take all action required by the Indenture, the Payment Agreement, the Act and all other applicable laws in connection with such matters.

(c) The execution and delivery of the Indenture, the Continuing Disclosure Agreement of the Transportation Board, the 2017 Notes, this Agreement and any other document used or contemplated for use in the consummation of the transactions contemplated by this Agreement or by the Official Statement do not and will not in any material respect conflict with or constitute on the part of the Transportation Board a breach of or default under any indenture, deed of trust, mortgage, agreement or other instrument to which the Transportation Board is a party, or conflict with, violate, or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Transportation Board is subject.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of its knowledge, threatened, (i) affecting or challenging the existence or powers of the Transportation Board, (ii) challenging the validity of the Indenture, the Payment Agreement, the Continuing Disclosure Agreement of the Transportation Board, the Memorandum of Agreement with the Federal Highway Administration dated as of December 28, 2011 (as amended from time to time, the "MOA"), the 2017 Notes or this Agreement, or of any other agreement or instrument to which the Transportation Board is a party or by which it is bound that would have a material adverse effect on or the transactions contemplated by the Indenture, the Payment Agreement, the MOA, the 2017 Notes, or this Agreement, or (iii) challenging the accuracy or completeness of or the validity of transactions described in the Preliminary Official Statement or the Official Statement.

(e) The Transportation Board has adopted all resolutions necessary to effect the transactions contemplated by the Indenture, the Payment Agreement, the MOA, the 2017 Notes, the Official Statement and this Agreement at a duly convened public meeting, with respect to which all notices were duly given to all members, and at which meeting a quorum was present and acting throughout.

(f) The Transportation Board has authorized all necessary action for:

(1) the issuance and sale of the 2017 Notes upon the terms set forth in this Agreement;

(2) the execution and delivery of the Indenture, the Continuing Disclosure Agreement of the Transportation Board, the 2017 Notes, the Official Statement and this Agreement by the Transportation Board; and

(3) the taking of any and all actions as may be required by the Transportation Board to carry out, give effect to and consummate the transactions to which the Transportation Board is a party contemplated in this Agreement, the Payment Agreement, the MOA and the Official Statement.

(g) The Transportation Board has authorized the distribution and use of the Preliminary Official Statement and has authorized the distribution of the Official Statement by

the Underwriters.

(h) The Transportation Board represents and warrants to the Underwriters that the 2017 Notes, as of the Closing Date will be, and each of the Payment Agreement, the MOA and this Agreement as of their respective dates and as of the Closing Date is and will be, duly authorized, executed and delivered by the Transportation Board and constitute valid and legally binding obligations of the Transportation Board enforceable against it in accordance with their terms.

(i) The Transportation Board will advise the Underwriters promptly of any proposal to amend or supplement the Official Statement. If at any time from the date of this Agreement until the date 25 days after the end of the underwriting period (as hereinafter defined) an event occurs as a result of which, in the reasonable opinion of the Underwriters after notification and discussion with the Transportation Board, the Official Statement as then amended or supplemented would contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained in it, in the light of the circumstances under which they were made, not misleading, then the Transportation Board, if the Underwriters so request, will promptly prepare an amendment or supplement to the Official Statement which will correct such statement or omission. Any such amendment or supplement will be subject to the written approval of the Representative. The "end of the underwriting period," for purposes of this Agreement, means the later of the Closing Date or when the Underwriters no longer retain an unsold balance of the 2017 Notes for sale to the public, provided that the end of the underwriting period shall in no event be later than the date 60 days after the Closing Date.

(j) Any certificate signed by any official of the Transportation Board or the Commonwealth and delivered to the Underwriters pursuant to this Agreement will be deemed a representation and warranty by the Transportation Board or the Commonwealth, as appropriate, to the Underwriters as to the truth of the statements made in such certificate.

(k) The Transportation Board has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

(l) No consent, approval, authorization or order of any governmental or regulatory authority which has not already been obtained is required to be obtained by the Transportation Board as a condition precedent to the issuance of the 2017 Notes or the execution and delivery by the Transportation Board of or the performance of its obligations under the Indenture, the Payment Agreement, the Continuing Disclosure Agreement of the Transportation Board, the MOA or this Agreement.

(m) The Transportation Board, except as set forth below, represents and warrants to the Underwriters that (i) the Preliminary Official Statement (except for the Sections entitled "TAX MATTERS" and "UNDERWRITING" and Appendices B, C and D, as to which no representation or warranty is expressed), as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained in it, in the light of the circumstances under which they were made, not misleading and

(ii) as of the date of this Agreement and at the Closing Date, the Official Statement (except for the Sections entitled "TAX MATTERS" and "UNDERWRITING" and Appendices B, C and D, as to which no representation or warranty is expressed) does not and will not contain any untrue statement of a material fact or omit to state any material fact which should be included in it for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained in it, in the light of the circumstances under which they were made, not misleading.

(n) Between the date of this Agreement and the Closing Date the Commonwealth and the Transportation Board will not have issued any bonds or notes or incurred any other obligations for borrowed money payable from Revenues.

(o) The Transportation Board is not in default in the payment of any bonds, notes or other obligations for borrowed money and, other than the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2012A, Series 2012B, Series 2013A and the 2016 Notes, the Commonwealth and the Transportation Board have not issued any outstanding bonds or notes or incurred any obligations for borrowed money payable from Federal Highway Reimbursements.

(p) During the last five years, the Transportation Board has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12, except as disclosed in the Official Statement.

7. Conditions of the Obligations of the Underwriters. The obligations of the Underwriters are subject to the accuracy of the representations and warranties of the Transportation Board contained in this Agreement and to the accuracy of the statements of the Transportation Board made pursuant to the provisions of this Agreement, in each case as of the date of this Agreement and as of the Closing Date, and are also subject, in the discretion of the Underwriters, to the following additional conditions precedent:

(a) The Transportation Board will have taken all action required for the valid sale, issuance and delivery of the 2017 Notes.

(b) At the Closing Date, the Indenture, the Payment Agreement, the Continuing Disclosure Agreement of the Transportation Board, the MOA and this Agreement will be in full force and effect and will not have been amended, modified or supplemented and the Official Statement will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative.

(c) The Underwriters may terminate this Agreement at any time before the Closing Date by written notice to the Transportation Board if between this date and the Closing Date:

(1) legislation has been enacted by the Congress or adopted by either House of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration or enacted or proposed by the President of the United States or the Joint Select Committee on Deficit Reduction, or introduced by the General Assembly of the

Commonwealth or adopted by either House of the General Assembly or favorably reported for passage to either House of the General Assembly by any committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States of America, including the Tax Court, has been rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States of America, the Internal Revenue Service, the Commonwealth or other governmental agency has been made or proposed, with respect to federal or Commonwealth taxation upon revenues or other income of the general character derived by the Transportation Board or upon interest received on obligations of the general character of the 2017 Notes or other action or events have transpired that (A) may have the purpose or effect, directly or indirectly, of making interest on the 2017 Notes includable in gross income for federal income tax purposes, or (B) in the reasonable opinion of the Underwriters materially adversely affects the market price of the 2017 Notes or the market price generally of obligations of the general character of the 2017 Notes;

(2) any legislation, ordinance, rule or regulation has been enacted or proposed or actively considered for enactment by any governmental body, department or agency of the Commonwealth, or any decision by any court of competent jurisdiction within the Commonwealth has been rendered that, in the reasonable opinion of the Underwriters, materially adversely affects the market price of the 2017 Notes;

(3) any legislation has been enacted or proposed or actively considered for enactment, any decision by a court of the United States of America has been rendered or any stop order, ruling, regulation, official statement or no-action letter by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made to the effect that the issuance, offering or sale of the 2017 Notes is or would be in violation of any provision of the federal securities laws on the Closing Date, including the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, or that the Indenture is required to be qualified under the Trust Indenture Act of 1939, as then in effect;

(4) any event has occurred or condition exists, that, in the reasonable opinion of the Underwriters, makes materially untrue or materially incorrect as of the Closing Date any statement or information contained in the Official Statement or that is not reflected in the Official Statement but should be reflected in it as of such time in connection with the offering and sale of the 2017 Notes in order to make the statements and information contained in the Official Statement, in light of the circumstances under which they were made, not misleading as of such time;

(5) in the reasonable opinion of the Underwriters the market price of the 2017 Notes, or the market price generally of obligations of the general character of the 2017 Notes, has been materially adversely affected because (A) additional material restrictions not in force as of this date have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (B) the New York Stock Exchange, other national securities exchange or any governmental authority has imposed as to the 2017 Notes or similar obligations any material restrictions

not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters, (C) a general banking moratorium has been established by federal, New York or Virginia authorities, or any devaluation of the dollar has been proposed or effected by any governmental authority of the United States of America or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, or (D) war or an outbreak of hostilities involving the United States of America or other national or international calamity has occurred or escalated or any conflict involving the armed forces of the United States of America has occurred or escalated to such a magnitude as, in the reasonable opinion of the Underwriters, to have a materially adverse effect on the ability of the Underwriters to market the 2017 Notes; or

(6) there has occurred either a financial crisis or a default with respect to the debt obligations or other material change in the affairs of either the Transportation Board or the Commonwealth the effect of which, in the reasonable judgment of the Underwriters, is such as to materially adversely affect the market price or the marketability of the 2017 Notes, or the ability of the Underwriters to enforce contracts for the sale of the 2017 Notes.

(d) At the Closing Date the Transportation Board will have performed all of its obligations required under or specified in this Agreement to be performed on or before the Closing Date.

(e) The Underwriters will have received the following documents:

(1) The approving opinion of Kutak Rock LLP, Richmond, Virginia, Bond Counsel, dated the Closing Date, substantially in the form attached as Appendix D to the Official Statement.

(2) A supplementary opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, substantially in the form attached as Exhibit B.

(3) An opinion or opinions of the Office of the Attorney General of the Commonwealth, counsel to the Commonwealth, acting through the Transportation Board, addressed to the Underwriters, dated the Closing Date, substantially in the form attached as Exhibit C.

(4) An opinion or opinions of the office of the Attorney General of the Commonwealth, counsel to the Commonwealth, acting through the Treasury Board (as hereinafter defined) and the Secretary of Finance of the Commonwealth addressed to the Underwriters, dated the Closing Date, substantially in the form attached as Exhibit D.

(5) An opinion of _____, _____, counsel to the Underwriters, addressed to the Underwriters, dated the Closing Date, substantially in the form attached as Exhibit E.

(6) A certificate of the Chairman of the Transportation Board, on behalf of the Transportation Board, substantially to the effect that (A) the representations

and warranties on behalf of the Transportation Board in this Agreement are true and correct in all material respects as of the Closing Date, (B) no litigation is pending (or to the best of his information, knowledge and belief threatened) affecting the validity of the 2017 Notes or the power of the Transportation Board to pay them, and (C) to the best of his information, knowledge and belief, the Preliminary Official Statement, as of its date, and the Official Statement as of its date and the Closing Date (except for the Sections entitled "TAX MATTERS" and "UNDERWRITING" and Appendices B, C and D as to which no view is expressed) does not contain any untrue statement of a material fact and does not omit to state a material fact in order to make the statements contained in it, in the light of the circumstances under which they were made, not misleading.

(7) A certificate of the Treasurer of the Commonwealth, dated the Closing Date, substantially in the form attached as Exhibit F.

(8) Two copies of the final Official Statement manually signed by the Chairman of the Transportation Board.

(9) Executed or certified copies of the Indenture, the Payment Agreement, the MOA, the Continuing Disclosure Agreement of the Transportation Board and the Continuing Disclosure Agreement of the Commonwealth.

(10) A certified copy of the resolution of the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") authorizing the execution and delivery of this Agreement and approving the plan of finance for the issuance of the 2017 Notes.

(11) Certified copies of the resolution of the Transportation Board authorizing the issuance of the 2017 Notes, the use and distribution of the Preliminary Official Statement and the execution and delivery of the Indenture, the Official Statement and this Agreement.

(12) An executed copy of Form 8038-G and evidence of timely filing of such form with the Internal Revenue Service.

(13) A certificate of the Comptroller of the Commonwealth substantially in the form attached as Exhibit G.

(14) Written consent to the issuance of the 2017 Notes by the Governor of the Commonwealth of Virginia.

(15) Confirmation satisfactory to the Underwriters that the ratings assigned by Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings to the 2017 Notes are the same as of the Closing Date as they are on the date of this Agreement and such ratings are "___," "___" and "___," respectively.

(16) A copy of the Blue Sky survey with respect to the 2017 Notes.

(17) Such additional certificates, legal opinion, instruments or

documents as the Underwriters or their counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of this date and as of the Closing Date, of information contained in the Official Statement and the representations and warranties of the Transportation Board contained in this Agreement, and the due satisfaction at or before the Closing Date of all conditions then to be satisfied in connection with the transactions contemplated by this Agreement.

If the Transportation Board or the Commonwealth are unable to satisfy any condition to the obligations of the Underwriters contained in this Agreement and the satisfaction of such condition is not waived by the Underwriters, this Agreement will terminate and neither the Underwriters nor the Transportation Board will have any further obligations or liabilities under this Agreement except for the continued obligations of the Transportation Board with respect to expenses as provided by Section 8.

8. Expenses. The Transportation Board will pay, or cause to be paid, from the proceeds of the 2017 Notes or other funds available to it all expenses incident to the performance of its obligations under and the fulfillment of the conditions imposed by this Agreement, including, but not limited to: (i) the cost, if any, of preparing and delivering the 2017 Notes; (ii) the cost of preparing, printing and delivering the Preliminary Official Statement, the Official Statement and any amendment or supplement to the Official Statement; (iii) the fees and expenses of Bond Counsel; (iv) any fees charged by the Trustee and its counsel for authentication and registration of the 2017 Notes and other services under the Indenture and any fees charged by DTC; (v) any fees charged by investment rating agencies for the rating of the 2017 Notes and any fees for providing CUSIP numbers; (vi) the cost of preparing, printing and delivering this Agreement; and (vii) all other costs and expenses incurred by the Transportation Board in connection with the issuance, sale and delivery of the 2017 Notes. All travel and other expenses of the Underwriters, the fees and disbursements of their counsel, the Preliminary and Final Blue Sky Surveys, and all advertising expenses in connection with the public offering of the 2017 Notes will be paid by the Underwriters.

9. Agreement to Supply Certain Information. The Underwriters agree to supply to Kutak Rock LLP on or prior to the Closing Date information reasonably requested of them in Underwriters' possession concerning the offering, sale and "issue price" of the 2017 Notes necessary in calculating the "yield" on the 2017 Notes for purposes of Section 148 of the Internal Revenue Code of 1986, as amended, and any applicable regulations or rulings, substantially in the form attached as Exhibit H.

10. Survival of Certain Representations, Warranties and Covenants. The respective representations, warranties, covenants and other statement of the Transportation Board and their officials and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results of any investigation, made by or on behalf of any Underwriter or the Transportation Board, and will survive delivery of and payment for the 2017 Notes or any termination of this Agreement.

11. Notices. Any notice or other communication to be given to the Transportation Board or the Underwriters under this Agreement may be given by mailing or delivering it in writing as follows:

COMMONWEALTH
TRANSPORTATION
BOARD:

Department of Transportation
1401 East Broad Street, Third Floor
Richmond, Virginia 23219
Attention: Chief Financial Officer

UNDERWRITERS:

12. Benefit of the Underwriters and the Transportation Board. The agreements set forth in this Agreement are made for the benefit of the Underwriters and the Transportation Board, and their legal successors, and no other person will acquire or have any right or obligation under or by virtue of this Agreement.

13. Authorization and Consent. The Transportation Board authorizes copies of the Indenture, the Payment Agreement, the MOA and the Official Statement to be used by the Underwriters in connection with the public offering and sale of the 2017 Notes.

14. Agent for the Underwriters. The Representative will act for the Underwriters in connection with this financing, and any action under this Agreement taken by the Representative will be binding upon all the Underwriters. The approval of the Underwriters when required under this Agreement or the determination of their satisfaction as to any action or the form and substance of any document referred to in this Agreement will be in writing signed by the Representative and delivered to the Transportation Board.

15. Severability. In case any one or more of the provisions of this Agreement, for any reason, is held to be illegal or invalid, such illegality or invalidity will not affect any other provisions of this Agreement, and this Agreement will be construed and enforced as if such illegal or invalid provisions had not been contained in it.

16. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the Commonwealth.

17. Counterparts. This Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

[Signature page follows]

Very truly yours,

By: _____

By: _____
Managing Director

Accepted:

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Aubrey L. Layne, Jr., Chairman

Acknowledgment and Consent:

**TREASURY BOARD OF THE
COMMONWEALTH OF VIRGINIA**

By: _____
Manju S. Ganeriwala, State Treasurer of the
Commonwealth of Virginia and Chairman,
Commonwealth of Virginia Treasury Board

EXHIBIT A

NOTE TERMS

Principal Amount: \$ _____

Purchase Price: \$ _____

Date of 2017 Notes: _____, 2017

Interest Payment Dates: March 15 and September 15, beginning [March 15, 2018],
except final interest payment at maturity on September 15, 20__

Maturity Dates, Amounts, Interest Rates and Prices:

Maturity	Amount	Interest Rate	Initial Offering Price
----------	--------	------------------	---------------------------

Redemption: The Series 2017 Notes maturing on or before _____ 15, 20__ are not

subject to optional redemption prior to maturity. The Series 2017 Notes maturing on or after _____ 15, 20__, are subject to optional redemption before maturity on or after _____ 15, 20__ at a redemption price equal to the principal amount to be redeemed plus accrued interest to the redemption date.

SUPPLEMENTAL BOND COUNSEL OPINION

_____, 2017

Commonwealth Transportation Board
\$_____ Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes, Series 2017

Dear Ladies and Gentlemen:

We have delivered to you a copy of our executed approving opinion as bond counsel, dated the date hereof, delivered in connection with the issuance by the Commonwealth Transportation Board (the "Board") of its \$_____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "Notes"). The Board is issuing the Notes under the terms of a Master Trust Indenture of Trust, dated as of February 1, 2012, between the Board and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented and amended and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of December 1, 2017, between the Board and the Trustee.

This letter will confirm that you may rely upon the opinions expressed in our approving opinion, subject to the qualifications set forth therein, as fully as if it were addressed to you.

At your request, we have reviewed, in addition to the proceedings and other documents described in our approving opinion, (a) a Note Purchase Agreement dated _____, 2017 (the "Note Purchase Agreement"), between you and the Board, (b) the Official Statement, dated _____, 2017, relating to the Notes (the "Official Statement"), and (c) certified copies of proceedings of the Board and the Treasury Board, as appropriate, with respect to the Note Purchase Agreement and the Official Statement, and such other matters as we consider relevant and necessary to deliver this opinion. Unless otherwise defined herein, each capitalized term used in this opinion shall have the meaning given it in the Note Purchase Agreement.

With respect to various factual matters material to our opinion we have relied upon certificates and representations of the Board and other public officials. We have assumed the genuineness of all signatures (other than officials of the Board) on all documents seen or reviewed by us, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies.

Whenever an opinion expressed herein is stated to be our knowledge, it means that during the course of our representation as bond counsel for the Board we have not acquired information giving us actual knowledge of the existence or absence of the facts forming the basis for such opinion. We note that we have not conducted an independent investigation to determine the existence or absence of such facts. We further note that we do not represent, and have not represented, the Board as general counsel.

Based on the foregoing, we are of the opinion that:

(1) The Note Purchase Agreement has been duly authorized, executed and delivered by the Board and, assuming its due authorization, execution and delivery by you, constitutes a legal, valid and binding obligation of each, and is enforceable against the Board in accordance with its terms. The enforceability of the obligations of the Board under the Note Purchase Agreement may be limited, however, by bankruptcy, insolvency, reorganization, moratorium and similar laws and by equity principles which may limit the specific enforcement of certain remedies.

(2) Distribution by the Underwriters of the Preliminary Official Statement, dated _____, 2017, relating to the Notes and the Official Statement has been duly authorized by the Board.

(3) The statements in the Official Statement in the sections entitled "Introduction," "The GARVEE Notes Program," "The 2017 Notes," "Sources of Payment and Security for the GARVEE Notes," "Tax Matters" and "Legality for Investment" and "Definitions and Summaries of the Indenture and the Payment Agreement" set forth as Appendix A to the Official Statement are fair and accurate summaries of certain provisions of the Notes, the Indenture, the Payment Agreement, the statutes referenced therein and our approving opinion as bond counsel.

(4) Such opinion as executed is in substantially the form set forth in Appendix E to the Official Statement. Nothing has come to our attention that leads us to believe that such statements contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading. We express no opinion as to any other parts of the Official Statement.

(5) The execution and delivery by the Board of the Notes, the Indenture, the Payment Agreement, the Note Purchase Agreement and the Official Statement and the compliance by the Board with the provisions thereof, under the circumstances contemplated thereby, are within the Board's powers and, to our knowledge, do not and will not conflict with, or constitute a breach or result in violation of, (i) any constitutional or statutory provisions, (ii) any agreement or other instrument to which the Board is a party or by which it is bound, or (iii) any order, rule, regulation, judgment, decree or ordinance of any court, government or governmental authority having jurisdiction over the Board or its properties.

We are furnishing this letter solely for your benefit, and it may not be relied on by any other person or firm.

Very truly yours,

B-2

OFFICE OF ATTORNEY GENERAL OPINION – TRANSPORTATION BOARD

_____, 2017

Commonwealth Transportation Board
Richmond, Virginia

Kutak Rock LLP
Richmond, Virginia

Commonwealth Transportation Board
\$ _____
Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes
Series 2017

Ladies and Gentlemen:

On behalf of the Office of the Attorney General of the Commonwealth of Virginia, _____, _____, is counsel to the Commonwealth Transportation Board (the "Transportation Board") in connection with the issuance by the Transportation Board of its \$ _____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "Notes"), pursuant to a Master Trust Indenture dated as of February 1, 2012 (the "Master Indenture"), between the Transportation Board and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by a Fifth Supplemental Trust Indenture dated as of December 1, 2017 (the "Fifth Supplemental Indenture" and together with the Master Indenture, the "Indenture"), between the Transportation Board and the Trustee. This opinion is delivered to you in accordance with Section 7(e) of a Note Purchase Agreement dated _____, 2017 (the "Note Purchase Agreement"), between the Transportation Board and the underwriters named therein.

I have examined, among other things, the Preliminary Official Statement of the Transportation Board dated _____, 2017 (the "Preliminary Official Statement"), and the Official Statement of the Transportation Board dated _____, 2017 (the "Official Statement").

With respect to various factual matters material to my opinion I have relied upon certificates and representations of the Transportation Board and other public officials. I have assumed the genuineness of all signatures (other than officials of the Transportation Board) on all documents seen or reviewed by me, the authenticity of all documents submitted to me as originals and the conformity with the original documents of all documents submitted to me as copies.

Whenever an opinion expressed herein is stated to be to my knowledge, or known to me, it means that during the course of my representation of the Transportation Board, I have not acquired information giving me actual knowledge of the existence or absence of the facts forming the basis for such opinion, and that except to the extent expressly set forth herein, I have not conducted an independent investigation to determine the existence or absence of such facts.

Based on the foregoing, I am of the opinion that:

1. To the best of my knowledge, after due inquiry, there is no litigation at law or in equity or any proceeding before any governmental agency pending or threatened against the Transportation Board with respect to (i) the organization or existence of the Transportation Board, (ii) the Transportation Board's authority to execute or deliver the Documents (as defined below), (iii) the validity or enforceability of the Documents, (iv) the ability of the Transportation Board to perform its obligations under the Documents, (v) the title of the officers of this Transportation Board executing any of the Documents, (vi) any authority or proceeding relating to the execution and delivery of the Documents, or (vii) the validity of the transactions described in the Documents.

2. To the best of my knowledge, the descriptions and statements relative to the Transportation Board contained in the Preliminary Official Statement and the Official Statement in the section entitled "LITIGATION" are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading.

"Documents" means, collectively, the Indenture, the Note Purchase Agreement, the Preliminary Official Statement, the Official Statement, and the Payment Agreement dated as of February 1, 2012, among the Transportation Board, the Treasury Board of the Commonwealth of Virginia and the Secretary of Finance of the Commonwealth of Virginia.

Very truly yours,

Senior Assistant Attorney General, as counsel
to the Commonwealth Transportation Board

OFFICE OF ATTORNEY GENERAL OPINION – TREASURY BOARD

_____, 2017

Treasury Board of the
Commonwealth of Virginia
Richmond, Virginia

Kutak Rock LLP
Richmond, Virginia

Secretary of Finance of the
Commonwealth of Virginia
Richmond, Virginia

Commonwealth Transportation Board
\$ _____
Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes
Series 2017

Ladies and Gentlemen:

On behalf of the Office of the Attorney General of the Commonwealth of Virginia, Special Counsel to the Attorney General, has represented the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") in connection with the issuance by the Commonwealth Transportation Board of its \$ _____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "Notes"). This opinion is delivered to you in accordance with Section 7(e) of a Note Purchase Agreement dated _____, 2017 (the "Note Purchase Agreement"), between the Commonwealth Transportation Board and the Underwriters.

I have examined, among other things, the following:

(a) a Payment Agreement dated as of February 1, 2012 (the "Payment Agreement"), among the Transportation Board, the Treasury Board and the Secretary of Finance of the Commonwealth of Virginia;

(b) a Preliminary Official Statement of the Transportation Board dated _____, 2017 (the "Preliminary Official Statement"), and an Official Statement of the Transportation Board dated _____, 2017 (the "Official Statement"); and

(c) a resolution of the Treasury Board adopted on _____, 2017 (the "Treasury Board Resolution"), approving the plan of finance for the issuance of the Notes and delegating approval and final terms and structure to the State Treasurer.

With respect to various factual matters material to my opinion I have relied upon certificates and representations of the Treasury Board and other public officials. I have assumed the genuineness of all signatures (other than those officials of the Treasury Board) on all documents seen or reviewed by me, the authenticity of all documents submitted to me as originals and the conformity with the original documents of all documents submitted to me as copies.

Whenever an opinion expressed herein is stated to be to my knowledge, or known to me, it means that during the course of my representation of the Treasury Board I have not acquired information giving me actual knowledge of the existence or absence of the facts forming the basis for such opinion, and that, except to the extent expressly set forth herein, I have not conducted an independent investigation to determine the existence or absence of such facts.

Based on the foregoing, I am of the opinion that:

1. The Payment Agreement has been duly authorized, executed and delivered by the Treasury Board, is a valid and binding agreement of the Treasury Board, and is enforceable against the Treasury Board in accordance with its terms.

2. The enforceability of the obligations of the Treasury Board with respect to the Payment Agreement is subject to and may be limited by the provisions of bankruptcy, insolvency, reorganization, moratorium or similar laws and may be limited by sovereign immunity or other applicable provisions of law relating to judgments against the Commonwealth or its agencies. The enforceability of such obligations is also subject to usual equity principles, which may limit the specific performance of certain remedies.

3. To the best of my knowledge, after due inquiry, there is no litigation at law or in equity or any proceeding before any governmental agency pending or threatened against the Treasury Board with respect to (i) the organization or existence of the Treasury Board, (ii) the authority of the Treasury Board to execute or deliver the Payment Agreement or adopt the Treasury Board Resolution, (iii) the validity or enforceability of the Payment Agreement, (iv) the ability of the Treasury Board to perform its obligations under the Payment Agreement, (e) the title of the officers of the Treasury Board executing the Payment Agreement, (f) any authority or proceeding relating to the execution and delivery of the Payment Agreement or the adoption of the Treasury Board Resolution, or (g) the validity of the transactions described in the Payment Agreement and the Treasury Board Resolution.

4. To the best of my knowledge, the descriptions and statements contained in the Preliminary Official Statement and the Official Statement in the section entitled "LITIGATION" (as to the Treasury Board) and in the section in Appendix B entitled "LITIGATION" are true and

correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading.

Very truly yours,

Special Counsel to the Attorney General,
as counsel to the Treasury Board of the
Commonwealth of Virginia

OPINION OF UNDERWRITERS COUNSEL

_____, 2017

COMMONWEALTH TRANSPORTATION BOARD

\$ _____

**Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes
Series 2017**

Ladies and Gentlemen:

We have acted as your counsel in connection with your purchase from the Commonwealth Transportation Board (the "Issuer"), subject to the terms and conditions set forth in the Note Purchase Agreement dated _____, 2017 (the "Note Purchase Agreement"), among you and the Issuer, of the above-referenced notes (the "Notes"). This letter is being furnished to you pursuant to Section 7(e)(5) of the Note Purchase Agreement. All capitalized terms used and not otherwise defined herein shall have the meanings set forth or referred to in the Note Purchase Agreement.

In connection with the issuance of the Notes and in accordance with our understanding with you, we rendered legal advice and assistance in the course of your review and participation in the preparation of the Official Statement dated _____, 2017 relating to the Notes (the "Official Statement"). In that connection, we have reviewed the resolution adopted by the Issuer on _____, 2017, authorizing issuance of the Notes; the resolution adopted by the Treasury Board on _____, 2017, approving issuance of the Notes; the Indenture under which the Notes are issued; the Official Statement; the Continuing Disclosure Agreement, dated _____, 2017 (the "Continuing Disclosure Agreement"); opinions dated the date hereof of Kutak Rock LLP, Bond Counsel; opinions of dated the date hereof of Virginia's Office of the Attorney General, counsel to the Issuer and to the Treasury Board; and such other records, certificates, opinions and documents; and we have made such investigation of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed.

In arriving at the opinions and conclusions hereinafter expressed, we have not, except as specifically identified above, made any independent review or investigation of factual or other matters, including the organization, existence, good standing, assets, business or affairs of the

Issuer. In reviewing the aforementioned certificates, records, proceedings, documents and opinions, we have assumed the due execution of, and genuineness of all signatures on, original and certified documents and the conformity of all documents submitted to us as conformed copies or photocopies to the respective original or certified documents. By offering the opinions and advice hereinafter expressed, we are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including, without limitation, the accuracy of all factual matters represented and legal conclusions contained therein, representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Notes and the tax status of interest on the Notes and all laws, documents and instruments providing for issuance and/or security or payment of the Notes). The opinions and advice expressed herein are based as to matters of law solely on the federal securities laws, and we express no opinion as to any other laws, statutes, ordinances, rules or regulations (including without limitation any federal or state tax or state securities laws or regulations).

Based upon, subject to and limited by the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

(a) The Notes are municipal securities under the Securities Exchange Act of 1934, as amended, and the offering, sale and delivery of the Notes do not require the registration of the Notes under the Securities Act of 1933, as amended, and the Note Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(b) The continuing disclosure undertaking of the Issuer contained in the Continuing Disclosure Agreement meets the requirements of Section (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

This letter does not purport to address the requirements under the laws of any jurisdiction with respect to the registration or licensing of dealers, brokers or salesmen, the form or substance of advertising or the filing requirements applicable thereto, or the legality of investments in the 2017 Notes by any institutional investor that is subject to statutory or other restrictions as to its investments.

We further advise you that we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In connection with the issuance of the Notes and in accordance with our understanding with you, we rendered legal advice and assistance in the course of your investigation pertaining to, and your participation in the preparation of the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and reviews of certain public and Issuer records, documents and proceedings. We have also participated in discussions, conversations and conferences with your representatives, representatives of the Issuer and Virginia's Office of the Attorney General, Kutak Rock LLP and certain other parties involved in the preparation of information for the Official Statement, at which conferences the contents of the Official Statement and related matters were discussed and revised. On the basis of the information made available to us in the course of our participation in the preparation of the Official Statement, and

without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, based on our discussions, inquiries, review and participation and in reliance thereon and on the records, proceedings and documents referred to above, nothing has come to the attention of the attorneys in our firm rendering legal services to you in connection with the issuance of the Notes which leads us to believe that the Official Statement, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no belief or opinion as to Appendices A through E to the Official Statement or as to any CUSIP numbers, financial, technical, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Official Statement or as to the information contained in the Official Statement under the captions "CERTAIN LEGAL MATTERS," "TAX MATTERS," "LEGALITY FOR INVESTMENT," "LITIGATION" and "RATINGS" or any information in the Official Statement about the book-entry system, Cede & Co., or DTC, including Appendix G to the Official Statement.

This letter is issued to and for the sole benefit of the addressees, in their role as underwriters of the Notes, and is issued for the sole purpose of the transaction specifically referred to herein. No person (including, but in no way by limitation, the owners (beneficial or registered) of the Notes, or the Issuer) other than the addressees, in their role as underwriters of the Notes, may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees for any other purpose whatsoever and may not be quoted by the addressees without our express prior written consent.

We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter.

Very truly yours,

**CERTIFICATE OF STATE TREASURER
OF THE COMMONWEALTH OF VIRGINIA**

The undersigned State Treasurer of the Commonwealth of Virginia (the "Commonwealth") certifies to the Underwriters identified in the Note Purchase Agreement dated _____, 2017 (the "Note Purchase Agreement"), relating to the \$ _____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "Series 2017 Notes"), issued by the Commonwealth Transportation Board (the "Transportation Board") under the terms of the Master Trust Indenture dated as of February 1, 2012, as supplemented by the Fifth Supplemental Trust Indenture dated as of _____ 1, 2017, between the Transportation Board and U.S. Bank National Association, as trustee (collectively, the "Indenture"), as follows:

1. I am the duly appointed, qualified and acting State Treasurer of the Commonwealth and as such am familiar with the books and records of the Treasury of the Commonwealth. By law the State Treasurer serves as Chairman of the Treasury Board of the Commonwealth (the "Treasury Board").

2. The information in the sections entitled "INTRODUCTION," "SOURCES OF PAYMENT AND SECURITY FOR THE GARVEE NOTES" and Appendices B and C of the Transportation Board's Official Statement dated _____, 2017 (the "Official Statement"), relating to the Series 2017 Notes (except for the section in Appendix B entitled "LITIGATION," as to which no view is expressed) does not contain any untrue statement of a material fact or omit to state a material fact relating to the Commonwealth necessary in order to make the statements contained in it, in light of the circumstances under which they were made, not misleading.

3. No event affecting the Commonwealth has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect, as of this date, any statement or information relating to the Commonwealth contained in the Official Statement or which is not reflected in the Official Statement but is necessary to make the statements and information contained in it not misleading.

4. Except for the Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017, and Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2012A, 2012B, 2013A and 2016, which the Transportation Board issued on March 1, 2012, July 26, 2012, November 21, 2013, and November 9, 2016, respectively, the Commonwealth and the Treasury Board have not issued any bonds or notes or incurred any other obligations for borrowed money payable from Federal Highway Reimbursements (as defined in the Indenture).

5. I, as State Treasurer, have full legal right, power and authority to enter into the Continuing Disclosure Agreement of the Commonwealth of Virginia, and carry out and

consummate the transactions contemplated by the Continuing Disclosure Agreement of the Commonwealth of Virginia.

6. The compliance with the provisions of the Payment Agreement and any other document used or contemplated for use in the consummation of the transactions contemplated by the Payment Agreement do not and will not in any material respect conflict with or constitute on the part of the Treasury Board a breach of or default under any indenture, deed of trust, mortgage, agreement or other instrument to which the Treasury Board is a party, or conflict with, violate or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Treasury Board is subject.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, (i) affecting or challenging the existence or powers of the Treasury Board, (ii) challenging the validity of the Payment Agreement, the Continuing Disclosure Agreement of the Commonwealth of Virginia or the Series 2017 Notes, or of any other agreement or instrument to which the Treasury Board is a party or by which it is bound that would have a material adverse affect on the transactions contemplated by the Payment Agreement or the Series 2017 Notes, or (iii) challenging the accuracy or completeness of or the validity of transactions described in the Preliminary Official Statement of the Transportation Board dated _____, 2017 or the Official Statement.

8. The Treasury Board has adopted all resolutions necessary to approve the plan of finance for the Series 2017 Notes at duly convened public meetings, with respect to which all notices were duly given to all members, and at each of which meetings a quorum was present and acting at the time of adoption, and no such resolution has been amended, modified or rescinded in whole or in part.

Dated: _____, 2017

Manju S. Ganeriwala, State Treasurer of the
Commonwealth of Virginia

**CERTIFICATE OF COMPTROLLER OF COMMONWEALTH
COMMONWEALTH OF VIRGINIA**

The Comptroller of the Commonwealth of Virginia (the "Commonwealth"), on behalf of the Commonwealth, certifies to the Underwriters identified in the Note Purchase Agreement dated _____, 2017 (the "Note Purchase Agreement"), relating to the \$_____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017, issued by the Commonwealth Transportation Board that the tables "Summary of General Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Variance of Actual-Budgetary Basis" and "Commonwealth Transportation Fund" in Appendix B to the Official Statement (as defined in the Note Purchase Agreement) accurately reflect the information concerning revenues, expenditures and other financing sources included in the Annual Report of the Comptroller for each of the fiscal years covered therein. I further certify that there has been no material adverse change in the financial condition of the Commonwealth between the date of the Financial Statements of the Commonwealth included in Appendix D to the Official Statement and this date.

Dated: _____, 2017

COMMONWEALTH OF VIRGINIA

By: _____
Comptroller of the Commonwealth of Virginia

UNDERWRITERS ISSUE PRICE CERTIFICATE

(See Attached)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed as of December __, 2017 (the "Closing Date"), by the Commonwealth Transportation Board (the "Board") of the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Board of its \$_____ Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series 2017 (the "Notes"), pursuant to the provisions of a Master Trust Indenture dated as of February 1, 2012, as previously supplemented and amended, and as further supplemented by a Fifth Supplemental Trust Indenture dated as of December 1, 2017 (collectively, the "Indenture"), both between the Board and U.S. Bank National Association, as trustee. The proceeds of the Notes are being used to provide for the payment of certain costs of certain transportation projects in the Commonwealth and certain costs related to the issuance of the Notes.

The Board hereby covenants and agrees as follows:

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

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

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

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

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

"Holder" means any person who is a record owner or beneficial owner of a Note.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the Board's Official Statement with respect to the Notes, dated _____, 2017.

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

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

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Board for the benefit of the Holders of the Notes and in order to assist each Participating Underwriter 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 Disclosure Agreement.

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

(a) By not later than April 30 following the end of each Fiscal Year of the Board, commencing with the Fiscal Year ending June 30, 2017, the Board shall submit, or shall cause the Dissemination Agent (if different from the Board) to submit, to EMMA an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, and (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement;

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

(c) If the Board fails to submit an Annual Report to EMMA by the date required in subsection (a) hereof, the Board shall send an appropriate notice to the MSRB in substantially the form attached hereto as Exhibit A.

Section 4. Content of Annual Reports. Each Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following information, all with a view toward assisting the Participating Underwriters in complying with the Rule:

(a) a chart detailing the funding of the Highway Account of the Federal Highway Trust Fund for the most recent Fiscal Year;

(b) a chart detailing the Obligation Authority provided to the Commonwealth for the most recent Fiscal Year;

(c) a chart detailing the revenues received into the Transportation Trust Fund for the most recent Fiscal Year;

(d) if other funds have been appropriated by the General Assembly with respect to the Notes, a chart detailing the sources of such funds for the most recent Fiscal Year.

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

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

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (g) Modifications to rights of Holders of the Notes, if material;
- (h) Note calls;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Board;
- (m) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary

course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

Section 6. Termination of Reporting Obligation. The obligations of the Board under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of the Notes.

Section 7. Dissemination Agent. The Board, as the initial Dissemination Agent, may, from time to time, appoint or engage another entity to act as Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any such successor Dissemination Agent will be deemed to be appointed pursuant to this Disclosure Agreement. It is currently anticipated that such successor Dissemination Agent may include, among others, Digital Assurance Certification LLC, or similar organizations that may exist from time to time. If at any time there is not any other designated Dissemination Agent, the Board shall be the Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Board may amend this Disclosure Agreement 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 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice described in Section 5 above, in addition to that which is required by this Disclosure Agreement. If the Board chooses to include any information in any Annual Report or notice described in Section 5 above, in addition to that which is specifically required by this Disclosure Agreement, the Board shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice.

Section 10. Default. Any person referred to in Section 11 (other than the Board) may take such action as may be permitted by law against the appropriate public official to secure

compliance with the obligation of the Board to file its Annual Report or to give notice as described in Section 5. In addition, Holders of not less than a majority in aggregate principal amount of the Notes Outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement or to enforce any other obligation of the Board hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or any applicable resolution or other debt authorization of the Board, and the sole remedy under this Disclosure Agreement in the event of any failure of the Board to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any Holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Board, the Participating Underwriters, and Holders from time to time of the Notes, and shall create no rights in any other person or entity.

[Signature Page Follows]

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

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Chairman

[Signature Page to Continuing Disclosure Agreement]

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

COMMONWEALTH TRANSPORTATION BOARD

in connection with

Commonwealth of Virginia
Federal Transportation Grant Anticipation Revenue Notes, Series 2017

CUSIP Numbers:
927790 ___ to ___

Dated: December __, 2017

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

Dated: _____, 20__

COMMONWEALTH TRANSPORTATION BOARD

By: _____

Printed Name: _____

Title: _____



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda Item #12

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: _____, Seconded By: _____,
Motion Carried,

Title: Rail Industrial Access – Steel Dynamics Roanoke Bar Division

Location: City of Roanoke, Virginia

WHEREAS, funding is provided by the General Assembly for Industrial, Airport, and Rail Access projects; and

WHEREAS, Section 33.2-1600 of the *Code of Virginia* declares it to be in the public interest that access railroad tracks and facilities be constructed to certain industrial commercial sites where rail freight service is or may be needed by new or substantially expanded industry; and

WHEREAS, Steel Dynamics Roanoke Bar Division has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 toward construction of 1,700 feet of track to serve a facility in the City of Roanoke; and

WHEREAS, the Department of Rail and Public Transportation (DRPT) has evaluated the project in accordance with the Board's Rail Industrial Access policy and, because the project scores 64 points, has recommended approval of the project; and

WHEREAS, the City of Roanoke, Virginia has, by resolution dated September 5, 2017, shown support for the application of up to \$450,000 in Industrial Access Railroad Track funds for assistance in expanding track facilities to serve the proposed Steel Dynamics Roanoke Bar Division facility located in the City of Roanoke; and

WHEREAS, Norfolk Southern, by letter dated August 7, 2017 has indicated its support for the project and has agreed to serve the facility; and

Resolution of the Board
Rail Industrial Access – City of Roanoke
Steel Dynamics Roanoke Bar Division
October 24, 2017
Page Two

WHEREAS, the funding request falls within the intent of Section 33.2-1600, and because the project is in accordance with the provisions of the Board’s policy on the use of Industrial Access Railroad Track funds, funding may be allocated to this project; and

WHEREAS, the Board believes that this project is for the common good of a region of the Commonwealth and serves a public purpose;

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves that \$450,000 of the Industrial, Airport, and Rail Access Fund with a \$150,000 requirement for local match be provided to construct approximately 1,700 linear feet of track subject to the following requirements:

1. All necessary right of way and utility adjustments must be provided at no cost to the Commonwealth.
2. All costs above the \$450,000 industrial rail access grant must be borne by Steel Dynamics Roanoke Bar Division or sources other than those administered by DRPT.
3. Execution of an agreement acceptable to the Director of DRPT.

#####

CTB Decision Brief

Rail Industrial Access Applicant

Location: City of Roanoke, Virginia

Steel Dynamics Roanoke Bar Division

Summary: Steel Dynamics Roanoke Bar Division has submitted an application for Rail Industrial Access grant funds in the amount of \$450,000 to construct a siding and for loading and unloading of materials to serve their City of Roanoke location. The project will support their manufacturing, scrap processing, and marketing of merchant steel products and billets. The facility will be served by Norfolk Southern Railroad.

The company is a state-of-the-art steel mini mill. The facility melts scrap steel in electric furnaces and continuously casts the molten steel into billets which are rolled into merchant steel products. The expansion of this facility will enable the Company to increase volume by 1,988 railcars per year and more efficiently serve Roanoke, Virginia.

Facts:

- DRPT has evaluated the project in accordance with the CTB's Rail Industrial Access policy. The project scores 64 points. Projects must reach a 50 point threshold to receive a recommendation by DRPT staff.
- The Applicant will commit to an additional 1,988 rail carloads annually.
- The minimum threshold for carloads is 401 carloads annually.
- The Applicant will commit to 12 new jobs (425 currently employed) with this expansion.
- The Applicant's track expansion of 1,700 feet will remove approximately 6,759 trucks from Virginia highways per year.
- Railcar versus truckload ratio for this project is approximately .409 (40% shipping by railcar).
- Total Capital Investment in the expanded facility is estimated at \$28 million.
- Total Track Construction is estimated at \$450,000.
- There will be a claw-back provision in the agreement for failure to meet performance requirements based on the new performance policies adopted by the CTB in April 2015.

Source of State Funds: FY 2018 Industrial, Airport, and Rail Access Fund

Recommendation: In accordance with the CTB Rail Industrial Access policy, DRPT recommends the Board approve the project.

Action Required by CTB: CTB policy for Rail Industrial Access requires Board action on the resolution.

Options: Approve, Deny, or Defer



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 786-2940

Agenda item # 13

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

October 24, 2017

MOTION

Made By: Seconded By:

Action:

Title: Adoption of Revised Policy and Approval of Guide for Implementation of the SMART SCALE Project Prioritization Process

WHEREAS, Section 33.2-214.1 of the *Code of Virginia*, provides that the Commonwealth Transportation Board (Board) shall develop a statewide prioritization process for certain projects funded by the Board, including those projects allocated funds pursuant to sections 33.2-358, 33.2-370 and 33.2-371 of the *Code of Virginia*, and

WHEREAS, Section 33.2-358 sets forth requirements relating to the allocations and establishment of a High Priority Projects Program established pursuant to section 33.2-370 and a Highway Construction District Grant Program established pursuant to section 33.2-371; and

WHEREAS, Chapter 726 of the 2014 Acts of Assembly, required the Board to select projects for funding utilizing the project prioritization process established pursuant to section 33.2-214.1; and

WHEREAS, Section 33.2-214.1 (B) requires the Board to solicit input from localities, metropolitan planning organizations, transit authorities, transportation authorities, and other stakeholders in its development of the prioritization process; and

WHEREAS, Section 33.2-214.2 requires the Office of Intermodal Planning and Investment to make public, in an accessible format, a recommended list of projects and strategies for inclusion in the Six-Year Improvement Program based on results of the evaluation of submitted projects and the results of screening and evaluation of such projects no later than 150 days prior to the Board's vote to adopt the Six-Year Improvement Plan.

WHEREAS on June 17, 2015 the Board adopted a statewide prioritization policy and process pursuant to Section 33.2-214.1 and directed the Commissioner of Highways, the Department of Rail and Public Transportation (DRPT) and the Office of Intermodal Planning and Investment (OIPI) to take all actions necessary to implement and administer the policy and process adopted on June 17, 2015 (collectively the HB2 Prioritization Policy and Process), including but not limited to issuance of a Policy Guide consistent with the intent of the policy and process; and

WHEREAS on July 28, 2016, the Board rescinded the HB2 Prioritization Policy and Process previously adopted on June 17, 2015 and adopted a revised policy and process to govern screening, scoring and selecting projects for funding pursuant to Section 33.2-214.1 (SMART SCALE Prioritization Process); and

WHEREAS since adoption of the SMART SCALE Prioritization Process, VDOT, OIPI and DRPT have conducted extensive outreach to identify opportunities to improve the prioritization process in subsequent rounds; and

WHEREAS, in its June 21, 2017 and July 18, 2017 workshops, the Board was presented with information and recommendations relating to the SMART SCALE Prioritization Policy and Process, gathered from internal and external stakeholders, to include the following proposed key changes: adjust the schedule to allow a longer application intake period and more time for evaluation and scoring; require basic information for early screening and eligibility determinations; increase project readiness requirements; require, for all applicants. resolutions of support from the relevant governing body; require a resolution of support from the metropolitan planning organization for candidate projects within metropolitan planning organization boundaries; establish a two-tiered population based limit on the number of applications that can be submitted; clarify eligibility of asset management projects; clarify eligibility that project components must be contiguous or of the same improvement type; clarify requirements of the Board's policy for fully funded projects; further clarify requirements of reevaluation if the project scope or cost estimate changes; require applicant to cover the additional cost attributable to the increase in scope regardless of budget impact; modify Land Use Factor to include a measure for the population and employment located in areas with high non-work accessibility and a measure of the increase in population and employment located in areas with high non-work accessibility, between present day and the horizon year of 2025; modify the Safety Measures to remove fatalities caused by driving under the influence and utilize a blended rate for fatalities and severe injuries; modify the Economic Development Factor to further limit the distance around certain types of projects where benefits may be considered for the Project Support for Economic Development Measure, require zoned properties must get primary access from project, modify the points available for projects that are consistent with local and regional plans, modify points for project specifically referenced in local comprehensive plan or regional economic development strategy, add points for projects within an economically distressed area, modify points depending on status of site plans, and scale the Intermodal Access Factor for freight tonnage-based on the length of the improvement; modify the Congestion Factor to utilize existing year traffic volumes to determine person throughput and delay.

WHEREAS, a revised draft technical guide (2017 SMART SCALE Technical Guide) has been developed, based on said information and recommendations; and

WHEREAS in August 2017, the draft 2017 SMART SCALE Technical Guide containing a proposed revised prioritization process was issued and posted at SmartScale.org for purposes of gathering public review and comment; and

WHEREAS, nine public meetings were held on August 28, 2017 in Fredericksburg, September 11, 2017 in Culpeper, September 14, 2017 in Chesapeake, September 18, 2017 in Fairfax, October 2, 2017 in Colonial Heights, October 4, 2017 in Lynchburg, October 10, 2017 in Weyers Cave, October 12, 2017 in Roanoke, and October 17, 2017 in Bristol to receive public comments prior to the Board's adoption of the SMART SCALE policy and process.

WHEREAS, such draft 2017 SMART SCALE Technical Guide incorporate the requirements and factors identified in Section 33.2-214.1 (B); and

WHEREAS, after due consideration of comments received, changes were made to the draft prioritization policy and process as set forth in the draft 2017 SMART SCALE Technical Guide and the Board believes the prioritization policy and process as set forth below should be adopted.

NOW THEREFORE BE IT RESOLVED, the Commonwealth Transportation Board hereby adopts the following policy and process to govern screening, scoring and selecting projects for funding pursuant to Section 33.2-214.1 (SMART SCALE Prioritization Process):

1. Application for funding through the SMART SCALE Prioritization Process must be made by qualifying entities based on project type and as follows:

Eligibility to Submit Projects

Project Type	Regional Entity (MPOs, PDCs)	Locality* (Counties, Cities, and Towns)	Public Transit Agencies
Corridor of Statewide Significance	Yes	Yes, with a resolution of support from relevant regional entity	Yes, with resolution of support from relevant regional entity
Regional Network	Yes	Yes, with a resolution of support from the MPO*	Yes, with resolution of support from relevant entity
Urban Development Area	No	Yes, with a resolution of support from the MPO*	No
Safety	No	Yes, with a resolution of support from the MPO*	No

Note*: For Regional Networks, Urban Development Areas, and Safety projects the resolution of support is required for projects within an MPO boundary.

2. Application for funding through the SMART SCALE Prioritization Process must be made for a qualifying need and, pursuant to Section 33.2-214.1 (B)(2) and 33.2-358, for the High Priority Projects Program applications must be consistent with the assessment of needs undertaken in the Statewide Transportation Plan in accordance with Section 33.2-353 for all corridors of statewide significance and regional networks, and for the construction District Grant Program applications must be consistent with the assessment of needs undertaken in the Statewide Transportation Plan in accordance with Section 33.2-353 for corridors of statewide significance, and regional networks, improvements to promote urban development areas established pursuant to Section 15.2-2223.1, and safety improvements.
3. Applications for funding through either the High Priority Projects Program or the Construction District Grant Programs must relate to projects located within the boundaries of the qualifying entity. Localities and regional planning bodies may submit joint applications for projects that cross boundaries.
4. By majority vote of the Board, the Board may choose to submit up to two projects to be evaluated for funding in each biennial application cycle.
5. The factors specified in Section 33.2-214.1 will be measured and weighted according to the following metrics:

ID	Measure Name	Measure Weight
Safety Factor		
S.1	Number of Fatal and Injury Crashes*	50%
S.2	Rate of Fatal and Injury Crashes	50%
Congestion Mitigation Factor		
C.1	Person Throughput	50%
C.2	Person Hours of Delay	50%
Accessibility Factor		
A.1	Access to Jobs	60%
A.2	Access to Jobs for Disadvantaged Populations	20%
A.3	Access to Multimodal Choices	20%
Environmental Quality Factor		
E.1	Air Quality and Energy Environmental Effect	50%
E.2	Impact to Natural and Cultural Resources	50%
Economic Development Factor		
ED.1	Project Support for Economic Development	60%

ID	Measure Name	Measure Weight
ED.2	Intermodal Access and Efficiency	20%
ED.3	Travel Time Reliability	20%
Land Use Factor		
L.1	Transportation Efficient Land Use	70%
L.2	Increase in Transportation Efficient Land Use	30%

Note*: 100% for Transit and Transportation Demand Management Projects

- The factors will be evaluated according to the following typology categories and weighting frameworks within the state’s highway construction districts:

Region in which the Project is Located	Typology	Construction District
Accomack-Northampton PDC	Category D	Hampton Roads
Bristol MPO	Category D	Bristol
Central Shenandoah PDC	Category D	Staunton
Central Virginia MPO	Category C	Lynchburg/Salem
Charlottesville-Albemarle MPO	Category B	Culpeper
Commonwealth RC	Category D	Lynchburg/Richmond
Crater PDC	Category D	Richmond/Hampton Roads
Cumberland Plateau PDC	Category D	Bristol
Danville MPO	Category D	Lynchburg
Fredericksburg Area MPO (FAMPO)	Category A	Fredericksburg
George Washington RC	Category D	Fredericksburg
Hampton Roads PDC	Category D	Hampton Roads
Hampton Roads TPO (HRTPO) ¹	Category A	Hampton Roads/Fredericksburg
Harrisonburg-Rockingham MPO	Category C	Staunton
Kingsport MPO	Category D	Bristol
Lenowisco PDC	Category D	Bristol
Middle Peninsula PDC ¹	Category D	Fredericksburg
Mount Rogers PDC	Category D	Bristol/Salem
New River Valley MPO	Category C	Salem
New River Valley PDC	Category C	Salem
Northern Neck PDC	Category D	Fredericksburg
Northern Shenandoah Valley RC	Category D	Staunton

Region in which the Project is Located	Typology	Construction District
Northern Virginia Transportation Authority (NVTA) / Transportation Planning Board (TPB) ²	Category A	Northern Virginia/Culpeper
Rappahannock-Rapidan RC ⁱⁱ	Category D	Culpeper
Region 2000 LGC	Category D	Salem/Lynchburg
Richmond Regional PDC	Category D	Richmond
Richmond Regional TPO (RRTPO)	Category B	Richmond
Roanoke Valley TPO (RVTPO)	Category B	Salem
Roanoke Valley-Alleghany PDC	Category D	Salem/Staunton
Southside PDC	Category D	Lynchburg/Richmond
Staunton-Augusta-Waynesboro MPO	Category C	Staunton
Thomas Jefferson PDC	Category C	Culpeper/Lynchburg
Tri-Cities MPO	Category C	Richmond
West Piedmont PDC	Category D	Salem/Lynchburg
WinFred MPO	Category C	Staunton

Note*: PDC is defined as the remainder of the region outside the MPO boundary. In many cases, these regions include partial counties (e.g. Goochland County is partially within RRTPO and the Richmond Regional PDC). If a project is within the MPO boundary in a partial county, the project shall use the weighting associated with the MPO with the following exceptions:

- i. The portion of Gloucester County within the Hampton Roads TPO boundary shall use the weighting associated with the Middle Peninsula PDC.
- ii. The portion of Fauquier County within the Transportation Planning Board Boundary shall use the weighting associated with the Rappahannock-Rapidan Regional Commission.

Note** For projects that cross multiple typology boundaries, the project shall use the weighting associated with the typology for which the majority of the project is located.

Weighting Frameworks

Factor	Congestion Mitigation	Economic Development	Accessibility	Safety	Environmental Quality	Land Use
Category A	45%**	5%	15%	5%	10%	20%*
Category B	15%	20%	25%	20%	10%	10%*
Category C	15%	25%	25%	25%	10%	

Factor	Congestion Mitigation	Economic Development	Accessibility	Safety	Environmental Quality	Land Use
Category D	10%	35%	15%	30%	10%	

Note* - Pursuant to Chapter 726 of the 2014 Acts of Assembly, 6th enactment clause, for certain metropolitan planning areas with a population over 200,000, the prioritization process shall also include a factor related to Land Use.

Note** - Pursuant to Chapter 726 of the 2014 Acts of Assembly, 6th enactment clause, for certain highway construction districts congestion mitigation must be weighted highest among the factors.

7. Qualifying entities are limited in the number of applications they may submit. The limits are based on population thresholds as defined in the table below. A Board member may allow one additional application from one county within their district if (i) the project is located within a town that is ineligible to submit projects and (ii) the county in which the town is located submitted the maximum number of applications allowed. Only one such additional application is allowed per district.

Application Limits

Tier	Localities*	MPOs/PDCs/ Transit Agencies*	Maximum Number of Applications
1	Less than 200K	Less than 500K	4
2	Greater than 200K	Greater than 500K	8

Note* - The source of population data for localities, MPOs and PDCs is the last preceding United States census (2010). Application limits for transit agencies were determined based on service area population in the 2010 National Transit Database (NTD). If service area population was not available in NTD, Census 2010 population was used to determine population in jurisdictions served by transit agency.

8. Candidate projects will be scored based on the factors and weights identified above relative to other projects submitted for evaluation, the cost of the project and based on information included in the project application.
9. The final project score is determined by calculating the anticipated benefits relative to the amount of funding requested pursuant to section 33.2-358 of the *Code of Virginia*.
10. A project that has been selected for funding must be re-scored and the funding decision re-evaluated if there are significant changes to either the scope or cost of the project, such that the anticipated benefits relative to funding requested would have substantially changed.

- a. If an estimate increases prior to project advertisement or contract award that exceeds the following thresholds, and the applicant is not covering the increased cost with other funds, Board action is required to approve the budget increase:
 - i. Total Cost Estimate <\$5 million: 20% increase in funding requested
 - ii. Total Cost Estimate \$5 million to \$10 million: \$1 million or greater increase in funding requested
 - iii. Total Cost Estimate > \$10 million: 10% increase in funding requested; \$5 million maximum increase in funding requested.
 - b. If the project scope is reduced or modified such that the revised score is less than the lowest ranked funded project in the district for that cohort of projects, Board action is required to approve the change in scope.
 - c. If the project scope is increased then the applicant is responsible for the additional cost attributable to the increase in scope regardless of budget impact. The scope of a project may not be substantially modified in such a manner that the proposed improvements do not accomplish the same benefits as the original scope.
11. A project that has been selected for funding must be initiated and at least a portion of the programmed funds expended within one year of the budgeted year of allocation or funding may be subject to reprogramming to other projects selected through the prioritization process. In the event the Project is not advanced to the next phase of construction when requested by the Commonwealth Transportation Board, the locality or metropolitan planning organization may be required, pursuant to § 33.2-214 of the *Code of Virginia*, to reimburse the Department for all state and federal funds expended on the project.
 12. A project that has been selected for funding cannot be resubmitted to address cost increases or loss of other sources of funding.
 13. Once a project is selected for funding, an entity must wait for two rounds of SMART SCALE following the end date of construction before submitting a new project application for the same location that meets the same need as the project that was selected for funding.
 14. Once a project is selected for funding, an entity may not resubmit the project with a revised scope in a subsequent round unless the previously selected project has been cancelled.
 15. In the cases where a project has been selected for funding which identified other sources of funding, the qualifying entity is committed to pay the difference if other sources of funding are not provided. An applicant may only identify State of Good Repair, Transportation Alternatives Set-Aside, Highway Safety Improvement Program and Revenue Sharing funds as committed funds if the funding has already been approved by the Board. Applicants must have an approved or pending application for other sources of committed funds, such as local/regional or other federal funds, at the time of the SMART SCALE application submission.

16. Applications for funding through the SMART SCALE Prioritization Process may not request funding to replace other committed funding sources identified in a local capital improvement program or a transportation improvement program, or required to be paid by a developer as a result of a local zoning process.
 - a. The CTB may waive this requirement for projects that:
 - i. have an anticipated total cost in excess of \$1 billion; and
 - ii. were not eligible for submission in the previous round of SMART SCALE due to readiness considerations, but initiated procurement prior to award of the current round of SMART SCALE.
 - b. If a fully funded project is submitted with additional features that are not yet funded, the benefits associated with the fully funded or committed project element(s) will be excluded from consideration in evaluating and rating the project benefits for SMART SCALE.
17. The Board may adjust the timing of funds programmed to projects selected in previous SMART SCALE cycles to meet the cash flow needs of the individual projects, but will not (1) reduce the total amount of state and federal funding committed to an individual project unless it is no longer needed for the delivery of the project or the project sponsor is unable to secure permits and environmental clearances for the project or (2) increase the total amount of state and federal funding committed to an individual project beyond the thresholds established in item 10. Projects from a subsequent round will not be advanced or accelerated by delaying projects selected in a previous SMART SCALE cycle.
18. In cases where programmed funds are no longer needed for delivery of a project due to estimate decreases, contract award savings, schedule changes, etc., the unexpended surplus funds are SMART SCALE unless superseded by the terms of a signed project agreement.
 - a. Surplus Construction District Grant Program funds no longer needed for delivery of a project will remain within the applicable Construction District Grant Program and may not be used in other districts.
 - b. Surplus High Priority Projects Program funds will remain within the High Priority Projects Program.
 - c. Such surplus funds will be reserved to address budget adjustments on existing SMART SCALE projects or reserved for allocation in the next solicitation cycle for SMART SCALE.

BE IT FURTHER RESOLVED, the methodology outlined in the SMART SCALE Technical Guide shall direct the screening, scoring and selection of projects for funding and may continue to evolve and improve based upon advances in technology, data collection and reporting tools, and to the extent that any such improvements modify or affect the policy and process set forth herein, they shall be brought to the Board for review and approval.

BE IT FURTHER RESOLVED, the Board hereby directs the Commissioner of Highways, the Director of the Department of Rail and Public Transportation, and the Office of Intermodal

Resolution of the Board

Adoption of Revised Policy and Approval of Guide for Implementation of the SMART SCALE Project
Prioritization Process

October 24, 2017

Page Ten

Planning and Investment to take all actions necessary to implement and administer this policy and process, including but not limited to preparation of a Policy Guide consistent with the SMART SCALE Prioritization Process adopted herein.

BE IT FURTHER RESOLVED, that the SMART SCALE Prioritization Policy and Process previously adopted on July 28, 2016 by the Board is hereby rescinded.

####

CTB Decision Brief

Title: Adoption of Revised Policy and Approval of Guide for Implementation of the SMART SCALE Project Prioritization Process

Issue: The Virginia Department of Transportation (VDOT), the Department of Rail and Public Transportation (DRPT), and the Office of Intermodal Planning and Investment (OIPI) implemented and administered the Commonwealth Transportation Board's (Board) policy and process for the two rounds of Virginia's project prioritization process. VDOT, DRPT, and OIPI conducted extensive outreach from internal and external stakeholders to identify opportunities to improve the prioritization process in subsequent rounds. Through such outreach, several opportunities to improve both the process and the evaluation process were identified. Robust analysis of the proposed improvements has been conducted and several items are recommended for implementation to further enhance the prioritization process for subsequent rounds. Accordingly, Board approval/adoption of a new prioritization policy and process is sought.

Facts: Section 33.2-214.1 of the *Code of Virginia* requires the Board to develop a prioritization process for certain projects funded by the Board. Section 33.2-214.1 (B) of the Code of Virginia requires the Board to solicit input from localities, metropolitan planning organizations, transit authorities, transportation authorities, and other stakeholders in its development of the prioritization process. In June 2015, the Board adopted a statewide prioritization policy and process and directed VDOT, DRPT, and OIPI to implement and administer the policy and process. In June 2017, the CTB adopted a Six-Year Improvement Program to include projects selected through the second round of the prioritization process. Since adoption of the prioritization policy and process, VDOT, DRPT, and OIPI have conducted extensive outreach to identify opportunities to improve the prioritization process in subsequent rounds. At its May 2017, June 2017, and September 2017 workshops, the Board was presented with information and recommendations relating to the prioritization policy and process gathered from internal and external stakeholders. Beginning in June, 2017 public feedback was requested and nine public meetings were held throughout the Commonwealth to obtain feedback. Based on the feedback gathered and robust analysis of proposed improvements, the following revisions to the Board's policy are recommended:

- Allow more time for application preparation and evaluation beginning application intake on March 1, 2018 with an application deadline by August 1, 2018;
 - Require submission of pre-applications with no new applications created after June 1, 2018,
 - Provide opportunity for pre-screening applications for eligibility and if they meet a VTrans needed
- Limit the number of applications allowed per applicant. Use a two tiered population-based approach to set application limits (4 for smaller applicants, 8 for larger)
 - Provide opportunity for one additional locality application within a district if (i) the town is ineligible to submit projects and (ii) the county in which the town is located submitted the maximum number of applications allowed;
- Clarify project eligibility requirements for repair or replacement of existing assets (not eligible for SMART SCALE funding)
- Clarify that projects that are fully funded through a proffer, CIP, or TIP are not eligible
- Clarify that benefits associated with a fully funded or committed project element(s) are excluded from the analysis
- Provide new guidance on

- required level of planning and supporting documents that are needed for major roadway projects
- applicants must coordinate with VDPT and DRPT on the level of environmental documentation needed if environmental work has not yet started
- requirements to demonstrate public support with a resolution of support from the relevant governing body
- project elements must be associated (contiguous or of the same improvement type)
- Modify guidance on rescoring projects and applicants responsible for cost attributable to increase in scope regardless of impact to the budget. Unexpended surplus funds are assumed to be SMART SCALE unless a project agreement supersedes the policy
- Modify the Safety Factor to remove DUI crashes and use a blended rate for fatal and severe injury crashes
- Modify Congestion Mitigation Factor for calculation of person throughput and delay analysis using existing year traffic volumes
- Modify the Economic Development Factor to:
 - limit the distance around certain types of projects where benefits may be considered for the Project Support for Economic Development Measure;
 - zoned properties must get primary access from the project;
 - require additional documentation for projects with more than 10 million square footage;
 - require projects to be referenced in local comprehensive plan or regional economic development strategy;
 - provide additional points for projects that are rated as economically distressed;
 - revise points related to readiness of development to focus on site plans with more points awarded for approved detailed site plans and less for pending and conceptual site plans; and
 - adjust the Intermodal Access and Efficiency Measure to scale by the length of the improvement
- Modify the Land Use Factor to replace subjective criteria related to which an area had transportation efficient development patterns with a non-work accessibility criteria.

A resolution reflecting the above referenced recommendations has been prepared for consideration by the Board. A draft technical guide (2017 SMART SCALE Technical Guide) includes the recommended changes and has been made available for public review and comment. The Technical Guide has been updated to incorporate public comment. A SMART SCALE Policy Guide has been developed as an executive summary of the CTB Policy and the SMART SCALE Technical Guide.

Recommendation: VDOT, DRPT, and OIPI recommend that the Board rescind its project prioritization policy and process adopted in July 2016 and adopt the revised prioritization policy and process (SMART SCALE Prioritization Process) to govern screening, scoring and selecting projects for funding with such modifications to be implemented for the third round of the prioritization process, which begins March 1, 2018. VDOT and DRPT further recommend that the Board direct that the revised 2017 SMART SCALE Technical Guide incorporating the Board's policy and process be utilized for implementing and administering the policy and process and serve to direct the screening, scoring and selection of projects for funding. Further it is requested that the Commissioner of Highways and the Director of DRPT be authorized to take all actions necessary to implement and administer the prioritization policy and process.

Action Required by the CTB: The Board will be presented with a resolution for a formal vote to rescind its policy adopted in July 2016 and to adopt the SMART SCALE Prioritization Process bearing proposed improvements to the Board's policy and process and to direct use of the 2017 SMART SCALE Technical Guide in implementation of the new prioritization policy and process. Approval by majority vote of the resolution is required.

Result, if Approved: VDOT, DRPT, and OIPI will implement the SMART SCALE Prioritization Process in accord with the 2017 SMART SCALE Technical Guide.

Options: Approve, Deny or Defer

Public Comments/Reactions: N/A

Bid Amount: Greater Than 5 Million

Letting Date: 9/27/2017

CTB'65 @CH

Report created on : 9/28/17

AWARD

PRIMARY

Order No.	UPC No. Project No.	Location and Work Type	Vendor Name	No Of Bidders	Bid Amount	Estimated Construction Cost.
M21	77300, 77302	VARIOUS LOCATIONS	ORDERS CONSTRUCTION COMPANY, INC.	8	\$5,342,080.97	\$5,897,058.18
	(NFO) 0011-011-109,M501,B605		ST. ALBANS			
	STP-5128(338)	BOTETOURT COUNTY	WV			
	Construction Funds	SALEM DISTRICT				
		BRIDGE REPLACEMENTS RTE. 11 (LEE HWY) OVER TINKER CREEK				

1 Recommended for AWARD \$5,342,080.97

BID RESULTS FOR THE CTB

September 8, 2017

DESIGN BUILD PROJECT

UPC No. & Project No.	Location and Work Type	RECOMMENDATION	Contractor	Number of Bids	Bid Amount	Estimated Construction Cost
109486 PR15-076-236	Park and Ride Lot at I-66/Route 15 Interchange (Northeast Quadrant)	AWARD	Tavares Concrete Company, Inc. Lorton, Virginia	5	\$4,213,401.00	\$4,406,431.00
Contract #C00109486DB99 Design, ROW, Construction & QA/QC	Town of Haymarket and Prince William County, Northern Virginia District The Project involves the design and construction of a new Park and Ride Lot at the I-66/Route 15 Interchange. The Project will include an access road/entrance, lighting, drainage and storm water management controls, and accommodations for pedestrians, bicycles, transit buses and related elements of a Park and Ride Lot.					

Recommended for Award: \$4,213,401.00

BID RESULTS FOR THE CTB

September 8, 2017

DESIGN-BUILD PROJECT

UPC No. & Project No.	Location and Work Type	RECOMMENDATION	Contractor	Number of Bids	Bid Amount	Estimated Construction Cost
106692 0064-131-811, P101, R201, C501, B662-B670, D637, D638 Contract #C00106692DB93 Design, ROW, Construction & QA/QC	I-64 Widening and High Rise Bridge, Phase 1 City of Chesapeake, Hampton Roads District The Project involves the widening of I-64 from 4 to 6 lanes from 0.6 mile east of the I-264 interchange to 0.9 mile east of the I- 464 interchange; construction of a new fixed span High Rise Bridge south of the existing bridge; and various other improvements within the project limits.	AWARD	Granite/Parsons/Corman, Joint Venture Tarrytown, New York	3	\$409,595,765.00	\$495,147,000.00

Recommended for Award: \$409,595,765.00

OCTOBER 2017 CTB MEETING

M21

0011-011-109, M501, B605

Botetourt County

This project is located on Lee Highway, Route 11, near Troutville just north of Route 1039, Gibson Lane. The purpose of the project is to replace the existing structurally deficient bridge over Tinker Creek. The existing Route 11 Bridge over Tinker Creek is approximately 83ft long, 47.6ft wide, and carries three lanes of traffic. The approach Route 11 roadway carries a single lane of traffic. The present Average Daily Traffic is 11,429. The construction will be three phased to facilitate one lane of through traffic in each direction. The construction is not expected to cause significant traffic disruptions.

Fixed completion November 1, 2019

DESIGN-BUILD PROJECT

PR15-076-236

Town of Haymarket

The project involves the design and construction of a new 230 space Park & Ride Lot located in the northeast quadrant of the I-66/Route 15 interchange. The project includes nine ADA accessible parking spaces, two bus bays with shelters, a kiss-and-ride area, bicycle racks, lockers, lighting, and an access/entrance road. The access road has a sidewalk on the north side and a graded shoulder with ditch on the south side that connects the Park & Ride Lot to Heathcote Boulevard at an existing pavement stub. The Project will also include drainage, storm water management, signing and pavement markings, eradication of pavement markings and restriping portions of Heathcote Boulevard to provide turn bays, benches and trash receptacles, parking management system, erosion and sediment control, acquisition of right of way, utility relocations (if needed), acquiring environmental permits, project management, stakeholder coordination, and public outreach.

Interim Milestone (parking management system testing and open to traffic) December 11, 2018.

Final Completion Date March 26, 2019

OFFERORS:

<u>Name</u>	<u>Bid Price</u>
Tavares Concrete Co. Inc.	\$4,213,401.00
General Excavation Inc.	\$4,665,572.00
Lane Construction Corp	\$4,998,800.00
Shirley Contracting Co. Inc.	\$5,066,015.00
Allan Myers VA. Inc.	\$5,797,777.00

The Southside Widening and High Rise Bridge, Phase 1 Project is located on Interstate 64 near Rotunda Avenue approximately one half mile east of the I-264 interchange at Bowers Hill and ending approximately 1 mile east of the I-464 interchange. The project includes widening of the existing interstate from 4 lanes to 6 lanes from the point east of the I-264 interchange where the existing lanes reduce from 6 lanes to 4 lanes to the point near I-464 where the existing lanes increase from 4 lanes to 6 lanes. The widening in the eastbound direction will accommodate one HOT lane, and two general purpose (GP) lanes, with an outside shoulder that can accommodate hard shoulder running. In the westbound direction the widening will accommodate one HOT lane, and two general purpose lanes, with an outside shoulder that can accommodate hard shoulder running. The hard shoulder running in the eastbound and westbound directions will be roughly between George Washington Highway (Route 17) and Great Bridge Blvd (Route 190).

The proposed improvements include: a new fixed-span high rise bridge south of the existing bridge with 100-foot vertical clearance over the Elizabeth River; realignment of the existing I-64 WB lanes immediately adjacent to the new High Rise bridge; sound barrier walls; asphalt overlay over the existing pavement; the addition of new asphalt or concrete 12-foot-wide travel lanes with 4-foot buffers and shoulders west of the High Rise Bridge; the addition of new asphalt 12-foot-wide travel lanes with 4-foot buffers and shoulders east of the High Rise Bridge; emergency pull-offs within the limits of hard shoulder running; replacement of the overpass bridge at Great Bridge Boulevard with a parallel bridge and associated realignment of Great Bridge Boulevard; widening of 6 existing I-64 bridges over Military Highway, Yadkin Road and Shell Road; extension of 2 box culverts and 14 pipe culverts; installation of storm drain pipes and stormwater management facilities; civil infrastructure for the new HOT lanes; and Intelligent Transportation Systems (ITS). Widening of the existing roadway and bridges is expected to occur in the median of the existing interstate (except at the location of the New High Rise Bridge), avoiding impacts to existing interchanges and minimizing impacts to right-of-way.

The scope of work for the HOT lanes will include the civil infrastructure only such as gantries and signs and will exclude the integration system. The integration system will be provided by others as part of a separate project.

Final Completion Date: July 30, 2021

<u>Name</u>	<u>Bid Price</u>	<u>Combined Score</u>
Granite/Parsons/Corman, a Joint Venture	\$409,595,765.00	86.7
Lane/McLean/Branch, Joint Venture.	\$489,019,000.00	80.2
Skanska/Archer Western, Joint Venture	\$454,520,856.00	77.6