



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

1401 East Broad Street
Richmond, Virginia 23219

(804) 786-2701
Fax: (804) 225-2940

Agenda item 11

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 19, 2017

AUTHORIZING THE ISSUANCE AND SALE OF COMMONWEALTH OF VIRGINIA TRANSPORTATION CAPITAL PROJECTS REVENUE BONDS, SERIES 2016

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

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

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

WHEREAS, pursuant to Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended (collectively, the "Appropriation Act" and, together with the Bond Act, the "Act"), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the State Revenue Bond Act, revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series XXXX" (the "Appropriation Act Bonds" and, together

Resolution of the Board

April 19, 2017

Authorizing the Issuance and Sale of Commonwealth of Virginia

Transportation Capital Projects Revenue Bonds, Series 2016

Page 2 of 6

with the Chapter 896 Bonds, the "Bonds") at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs, with the net proceeds of the Appropriation Act Bonds

to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of the General Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses;

WHEREAS, pursuant to the Act, the aggregate principal amount of Bonds that may be issued is \$3,180,000,000, consisting of \$3,000,000,000 in aggregate principal amount of Chapter 896 Bonds and \$180,000,000 in aggregate principal amount of Appropriation Act Bonds, and the Appropriation Act Bonds are not subject to the annual limitations to which the Chapter 896 Bonds are subject;

WHEREAS, bond counsel to the Board ("Bond Counsel") and the staff of the Virginia Department of Transportation (the "Department") have advised that any Bonds 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 Bonds be treated as principal for purposes of determining compliance with the aggregate and annual principal amount limitations to which the Bonds are subject;

WHEREAS, Section 33.2-1701 of the Virginia Code provides that the Bonds shall be secured, subject to their appropriation by the General Assembly, (i) by revenues deposited into the Priority Transportation Fund created under Section 33.2-1527 of the Virginia Code (the "Priority Transportation Fund"), (ii) to the extent required, by revenues legally available from the Transportation Trust Fund and (iii) to the extent required, by any other legally available funds;

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

WHEREAS, the Board wishes to authorize the issuance of one or more series of Bonds to be known as the "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds," with one or more series designations, as appropriate (the "2017 Bonds"); and

WHEREAS, the following documents that provide for the issuance and sale of the 2017 Bonds, which shall be filed with the records of the Board, have been prepared by Bond Counsel and the staff of the Department at the direction of the Board and have been presented at this meeting in substantially final form:

Resolution of the Board

April 19, 2017

Authorizing the Issuance and Sale of Commonwealth of Virginia

Transportation Capital Projects Revenue Bonds, Series 2016

Page 3 of 6

(1) a Sixth Supplemental Indenture of Trust (the "Sixth Supplement," together with the Master Indenture, the "Indenture"), between the Board and the Trustee, providing for the terms and structure of the 2017 Bonds;

(2) a Preliminary Official Statement of the Board relating to the offering for sale of the 2017 Bonds (the "Preliminary Official Statement"); and

(3) a Continuing Disclosure Agreement of the Board relating to the obligations of the Board to disclose certain information on an ongoing basis in connection with the 2017 Bonds (the "Continuing Disclosure Agreement").

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

1. Authorization of the 2017 Bonds. The Board hereby determines that it is in the best interest of the Commonwealth and the Board for the Board (i) to enter into the Sixth Supplement to provide for the issuance of the 2017 Bonds, (ii) to issue the 2017 Bonds for the purposes authorized under and in accordance with the provisions of the Act and the Indenture and (iii) to sell the 2017 Bonds. The aggregate principal amount of the 2017 Bonds shall not exceed \$300,000,000, the final maturity date of the 2017 Bonds shall not exceed 25 years from their date of issuance, and the aggregate true interest cost of the 2017 Bonds shall not exceed the maximum aggregate true interest cost approved by the Treasury Board, which is empowered pursuant to Section 2.2-2416(7) of the Virginia Code to approve the terms and structure of all proposed bond issues by state agencies, boards or authorities where debt service payments are expected by such agency, board or authority to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth. The Board expects the debt service payments to be made from appropriations of the Commonwealth.

2. Limited Obligations. The 2017 Bonds shall be limited obligations of the Board and the Commonwealth, payable from and secured by a pledge of the revenues pledged under the Indenture ("Revenues") and amounts in certain funds established pursuant to the Indenture. Nothing in this Resolution or the 2017 Bonds shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof.

3. Determination of Details of the 2017 Bonds. The Board authorizes the Chairman of the Board (the "Chairman"), subject to the criteria set forth in paragraph 1 of this Resolution, to determine the details of the 2017 Bonds, including, without limitation, the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the sale date, the sale price and the reoffering prices. In addition, the Board authorizes the Chairman to allocate portions of the 2017 Bonds to the authorizations provided by the Bond Act and the Appropriations Act, respectively, in accordance with the actual or projected application of the proceeds of the 2017 Bonds as provided by law and as he shall deem to be in the best interests of the Board, the Department and the

Commonwealth. The Board authorizes the Chief Financial Officer of the Department and the Director, Financial Planning Division of the Department (either of whom may act) to effect the Chairman's award of the 2017 Bonds (if the 2017 Bonds are sold by competitive bid).

4. Sale of the 2017 Bonds. 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. The Chairman is authorized to execute and deliver a purchase contract or an agreement reflecting such proposal, provided that no such purchase contract or agreement may be executed prior to approval of the terms and structure of the 2017 Bonds by resolution of the Treasury Board.

5. Preliminary Official Statement. The Board approves the Preliminary Official Statement in the substantially final form presented at this meeting. The Board authorizes and directs the Chairman, in collaboration with the staff of the Department and the Board's financial advisor (the "Financial Advisor") and Bond Counsel, to prepare the final form of the Preliminary Official Statement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2017 Bonds, 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 Bonds by resolution of the Treasury Board.

6. Official Statement. The Board authorizes and directs the Chairman, in collaboration with Bond Counsel, Department staff and Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") in order to reflect the provisions of the winning bid or the executed purchase contract, as appropriate, for the purchase and sale of the 2017 Bonds. The Board authorizes and directs the Chairman to execute the Official Statement, which execution 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 winning bidders or underwriters, as appropriate, within seven business days after the date thereof, a sufficient number of copies of the Official Statement for the winning bidders or underwriters to distribute to each potential investor requesting a copy and to each person to whom the winning bidders or underwriters initially sell the 2017 Bonds. The Board authorizes and approves the distribution by the winning bidders or underwriters of the Official Statement as executed by the Chairman.

7. Sixth Supplement. The Board approves the Sixth Supplement in its substantially final form presented at this meeting. The Board authorizes and directs the Chairman to prepare, execute, and deliver the final form of the Sixth Supplement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2017 Bonds, including without limitation changes to the dated dates thereof, as the Chairman may approve. Execution and delivery of the Sixth Supplement shall constitute conclusive evidence of the approval of such documents by the Chairman on behalf of the Board.

8. Execution and Delivery of the 2017 Bonds. The Board authorizes and directs the Chairman and the Secretary of the Board (the "Secretary") to have the 2017 Bonds prepared and to execute the 2017 Bonds in accordance with the Indenture, to deliver the 2017 Bonds to the Trustee for authentication, and to cause the 2017 Bonds so executed and authenticated to be delivered to or for the account of the winning bidders or underwriters upon payment of the purchase price of the 2017 Bonds, all in accordance with the Notice of Sale or executed purchase contract, as appropriate. Execution and delivery by the Chairman and the Secretary of the 2017 Bonds shall constitute conclusive evidence of the approval of the 2017 Bonds by the Chairman and the Secretary on behalf of the Board.

9. Continuing Disclosure. The Board approves the Continuing Disclosure Agreement in the substantially final form presented at this meeting. The Board covenants to undertake ongoing disclosure and to provide "annual financial information" and "event notices" for the benefit of holders of the 2017 Bonds and to assist the winning bidders or the underwriters, as appropriate, in complying with the Rule, all in accordance with the Continuing Disclosure Agreement. The Board authorizes and directs the Chairman to prepare, execute, and deliver the final form of the Continuing Disclosure Agreement, with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2017 Bonds, as the Chairman may approve. The Chief Financial Officer of the Department is designated as the Dissemination Agent under the Continuing Disclosure Agreement. Execution and delivery by the 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.

10. Authorization of Further Action. The Board authorizes Department staff (i) to request the Treasury Board to approve the terms and structure of the 2017 Bonds in accordance with Section 2.2-2416(7) of the Virginia Code and the Act, (ii) to request the Governor of the Commonwealth to approve the issuance of the 2017 Bonds in accordance with the Act, (iii) if determined by Department staff to be cost beneficial, to procure and negotiate a contract with a credit facility provider to issue a credit facility with respect to some or all of the 2017 Bonds and to execute such contract, together with any other documents related to such credit facility and (iv) to collaborate with the staff of the Department of the Treasury of the Commonwealth or the State Treasurer to procure and to negotiate investments and investment contracts for any of the proceeds of the 2017

Resolution of the Board

April 19, 2017

Authorizing the Issuance and Sale of Commonwealth of Virginia

Transportation Capital Projects Revenue Bonds, Series 2016

Page 6 of 6

Bonds. 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 Bonds, including, without limitation, execution and delivery of (a) an amendment to the Payment Agreement dated as of May 1, 2010, between the Board, the Treasury Board, and the Secretary of Finance of the Commonwealth, if necessary, to provide for the issuance and payment of debt service of the 2017 Bonds and (b) a document (i) setting forth the expected application and investment of the proceeds of the 2017 Bonds and the expected use of the property financed or refinanced thereby to show that such expected application, investment and use will not violate the provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the Treasury Regulations promulgated thereunder including the provisions applicable to "arbitrage bonds" (as defined in the Tax Code) and (ii) providing for the rebate of any "arbitrage rebate amounts" (as defined in the Tax Code) earned on the investment of the proceeds of the 2017 Bonds to the United States. 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 Bonds 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.

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

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

###

SIXTH SUPPLEMENTAL INDENTURE OF TRUST

between

COMMONWEALTH TRANSPORTATION BOARD

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Trustee

Dated as of July 1, 2017

Relating to

\$ _____

**Commonwealth of Virginia
Transportation Capital Projects Revenue Bonds,
Series 2017**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	SIXTH SUPPLEMENTAL INDENTURE..... 1
Section 1.1	Sixth Supplemental Indenture..... 1
Section 1.2	Definitions..... 1
Section 1.3	Representations of the Board 2
ARTICLE II	AUTHORIZATION AND DETAILS OF 2017 BONDS..... 3
Section 2.1	Authorization of 2017 Bonds..... 3
Section 2.2	Details of 2017 Bonds..... 3
Section 2.3	Book Entry Provisions for the 2017 Bonds 5
Section 2.4	Form of 2017 Bonds 6
Section 2.5	Authentication of 2017 Bonds 6
ARTICLE III	REDEMPTION OF 2017 BONDS 7
Section 3.1	Optional Redemption 7
Section 3.2	Mandatory Sinking Fund Redemption..... 7
Section 3.3	Selection of 2017 Bonds for Redemption..... 8
Section 3.4	Notice of Redemption 8
Section 3.5	Payment of Redemption Price 8
ARTICLE IV	ESTABLISHMENT OF FUNDS; APPLICATION OF SALE PROCEEDS 9
Section 4.1	Establishment of Funds for the 2017 Bonds..... 9
Section 4.2	Application of Sale Proceeds of the 2017 Bonds..... 9
ARTICLE V	APPLICATION OF CERTAIN FUNDS..... 9
Section 5.1	Project Fund 9
Section 5.2	2017 Cost of Issuance Fund..... 9
Section 5.3	2017 Rebate Fund 9
ARTICLE VI	SPECIAL COVENANTS 9
Section 6.1	2017 Tax Compliance Agreement 9
ARTICLE VII	MISCELLANEOUS 10
Section 7.1	Successors and Assigns..... 10
Section 7.2	Severability 10
Section 7.3	Governing Law 10
Section 7.4	Counterparts..... 10
Section 7.5	Parties Interested..... 10

Exhibit A – Form of 2017 Bond

SIXTH SUPPLEMENTAL INDENTURE OF TRUST

This **SIXTH SUPPLEMENTAL INDENTURE OF TRUST** (this "Sixth Supplemental Indenture") is made as of July 1, 2017, between the **COMMONWEALTH TRANSPORTATION BOARD**, created and existing under the laws of the Commonwealth of Virginia (the "Board") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, and its successors, as trustee (the "Trustee").

RECITALS

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

WHEREAS, the Board now desires to issue, sell, and deliver a Series of Bonds under the Master Indenture in the aggregate principal amount of \$_____; and

WHEREAS, the Board will use the proceeds of such Bonds to pay the issuance costs of such Bonds and to pay the Costs of the Projects; and

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

WHEREAS, all things necessary to make the 2017 Bonds valid and binding limited obligations of the Board, when authenticated and issued as provided in this Sixth Supplemental Indenture, and to constitute this Sixth Supplemental Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the 2017 Bonds, have been done and performed.

NOW, THEREFORE, the Board hereby covenants and agrees with the Trustee and with the Owners from time to time of the 2017 Bonds as follows:

ARTICLE I SIXTH SUPPLEMENTAL INDENTURE

Section 1.1 Sixth Supplemental Indenture. This Sixth Supplemental Indenture is authorized and executed by the Board and delivered to the Trustee pursuant to and in accordance with the Bond Resolution and Articles V and XII of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2017 Bonds, except as otherwise provided in this Sixth Supplemental Indenture.

Section 1.2 Definitions. All capitalized words and terms used but not defined in this Sixth Supplemental Indenture have the meanings set forth in Article I of the Master Indenture. In addition, the following words and terms have the following meanings unless the context clearly requires otherwise:

"2017 Bonds" means the Series of Bonds authorized to be issued under Section 2.1 hereof.

"2017 Cost of Issuance Fund" means the Cost of Issuance Fund related to the 2017 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.2 of this Sixth Supplemental Indenture.

"2017 Rebate Fund" means the Rebate Fund Related to the 2017 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Sixth Supplemental Indenture.

"2017 Tax Compliance Agreement" means the Federal Tax Certificate and Compliance Agreement dated the Closing Date made by the Board for the benefit of the Trustee and the Owners of the 2017 Bonds.

"Bond Resolution" means the resolution adopted by the Board on April 19, 2017, and entitled "Resolution of the Commonwealth Transportation Board Authorizing the Issuance and Sale of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017."

"Closing Date" means the date of the issuance and delivery of the 2017 Bonds.

"Dated Date" means the Closing Date.

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

"Sixth Supplemental Indenture" means this Sixth Supplemental Indenture of Trust, dated as of July 1, 2017, between the Board and the Trustee, as it may be modified, altered, amended or supplemented from time to time in accordance with the provisions herein and of the Master Indenture.

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

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

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

Section 1.3 Representations of the Board. The Board represents that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the 2017 Bonds, to execute this Sixth Supplemental Indenture, and to pledge and grant a security interest in the Revenues, the Bond Debt Service Fund, and the Project Fund as security for the 2017 Bonds in the manner and to the extent set forth in the Master Indenture and this Sixth Supplemental Indenture, (ii) all action on its part

necessary for the execution and delivery of this Sixth Supplemental Indenture has been taken, and (iii) the 2017 Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Board.

**ARTICLE II
AUTHORIZATION AND DETAILS OF 2017 BONDS**

Section 2.1 Authorization of 2017 Bonds. (a) There is authorized to be issued pursuant to the Master Indenture a Series of Bonds of the Board in the aggregate principal amount of \$_____ to be called the "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017." The proceeds of the 2017 Bonds shall be used for the purposes set forth in the recitals, including paying the Costs of the Projects.

Section 2.2 Details of 2017 Bonds. (a) The 2017 Bonds shall be dated the Dated Date, shall be issued in denominations of \$5,000 and integral multiples of \$5,000, shall be numbered from R-1 upwards, sequentially, and shall bear interest, payable on each May 15 and November 15, commencing on November 15, 2017 at the rates set forth below and shall mature on May 15 in the years and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018			2031		
2019			2032		
2020			2033		
2021			2034		
2022			2035		
2023			2036		
2024			2037		
2025			2038		
2026			2039		
2027			2040		
2028			2041		
2029			2042		
2030					

(b) The 2017 Bonds shall bear interest (i) from the Dated Date, if such 2017 Bond is authenticated before November 15, 2017, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2017 Bond is authenticated; provided, however, that if at the time of authentication any payment of interest is in default, such 2017 Bond shall bear interest from the date to which interest has been paid. Interest on the 2017 Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

(c) Interest on the 2017 Bonds shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on November 1 (with respect to the November 15 Payment Date) and May 1 (with respect to the May 15 Payment Date) on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of a 2017 Bond owns at least \$1,000,000 in aggregate principal amount of 2017 Bonds and (ii) such Owner

has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Principal of and premium, if any, on the 2017 Bonds shall be payable to the Owners thereof upon the surrender of the 2017 Bonds at the Trustee's corporate trust office in Columbia, Maryland or such other office as the Trustee may designate.

(d) Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is Owner of all of the 2017 Bonds, principal of and premium, if any, and interest on the 2017 Bonds shall be payable as provided in the Letter of Representations.

(e) The principal of and premium, if any, and interest on the 2017 Bonds shall be payable in lawful money of the United States of America.

(f) If the principal of any 2017 Bond is not paid when due (whether at maturity, by mandatory sinking fund redemption or call for redemption or otherwise), then the overdue principal shall continue to bear interest until paid at the rate set forth in the 2017 Bond.

Section 2.3 Book Entry Provisions for the 2017 Bonds. (a) The 2017 Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company ("DTC"), and immobilized in DTC's custody. One fully registered Bond for the original principal amount of each maturity of each Series will be registered to Cede & Co. Beneficial owners of the 2017 Bonds will not receive physical delivery of the 2017 Bonds. Individual purchases of the 2017 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. For as long as the 2017 Bonds are held in book-entry format, payments of principal of and premium, if any, and interest on the 2017 Bonds will be made to DTC or its nominee as the sole Owner on the applicable Payment Date in accordance with the Letter of Representations.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the 2017 Bonds to the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the "Participants"). Transfer of the payments of the principal of and premium, if any, and interest on the 2017 Bonds to the beneficial owners of the 2017 Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2017 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2017 Bonds, in accordance with rules specified by DTC and its Participants. Neither the Board nor the Trustee makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the 2017 Bonds will act in accordance with such rules or on a timely basis.

The Board and the Trustee disclaim any responsibility or obligations to the Participants or the beneficial owners with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount due to any beneficial owner in respect of the principal of and premium, if any, and interest on the 2017 Bonds, (iii) the delivery by DTC or any Participant of any notice to any beneficial owner that is required or permitted under the terms of the Master Indenture or

this Sixth Supplemental Indenture to be given to Owners of the 2017 Bonds, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2017 Bonds or (v) any consent given or other action taken by DTC as Owner.

So long as Cede & Co., as nominee of DTC, is the sole Owner of the 2017 Bonds, references in the Master Indenture or this Sixth Supplemental Indenture to the Owners or registered owners of the 2017 Bonds shall mean Cede & Co. and not the beneficial owners of the 2017 Bonds. Any notice to or consent requested of Owners of 2016 Bonds under the Master Indenture or this Sixth Supplemental Indenture shall be given to or requested of Cede & Co.

(b) Replacement Bonds (the "Replacement Bonds") will be registered in the name of and be issued directly to beneficial owners of the 2017 Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2017 Bonds; or

(2) The Trustee or the Board has advised DTC of the Board's determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the 2017 Bonds to discontinue the book-entry system of transfer.

(c) Upon the occurrence of an event described in subsection (b)(1) or (2) above (and the Trustee and the Board undertake no obligation to make any investigation regarding the matters described in subsection (b)(2) above), the Board may attempt to locate another qualified securities depository. If the Board fails to locate another qualified securities depository to replace DTC, the Board shall execute and the Trustee shall authenticate and deliver to the Participants the Replacement Bonds (substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Sixth Supplemental Indenture) to which the Participants are entitled for delivery to the beneficial owners of the 2017 Bonds. The Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The Owners of the Replacement Bonds shall be entitled to the lien and benefits of the Master Indenture and this Sixth Supplemental Indenture.

Section 2.4 Form of 2017 Bonds. Each of the 2017 Bonds shall be substantially in the form attached as Exhibit A to this Sixth Supplemental Indenture, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this Sixth Supplemental Indenture. There may be endorsed on any of the 2017 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

Section 2.5 Authentication of 2017 Bonds. Each 2017 Bond shall bear a certificate of authentication, substantially as set forth in the applicable form of the 2017 Bond attached as an exhibit, duly executed by the Trustee. The Trustee shall authenticate each 2017 Bond with the signature of one of its authorized officers or employees, but it shall not be necessary for the

same person to authenticate all of the 2017 Bonds. Only such authenticated 2017 Bonds shall be entitled to any right or benefit under the Master Indenture or this Sixth Supplemental Indenture, and such certificate on any 2017 Bond shall be conclusive evidence that the 2017 Bond has been duly issued under and is secured by the provisions of the Master Indenture and this Sixth Supplemental Indenture.

ARTICLE III REDEMPTION OF 2017 BONDS

Section 3.1 Optional Redemption. (a) The Board shall not call the 2017 Bonds for optional redemption except as provided in this section.

(b) The 2017 Bonds maturing on or before May 15, 2027, shall not be subject to redemption at the Board's option before their respective maturity dates.

(c) The 2017 Bonds maturing on or after May 15, 2028, may be redeemed prior to their respective maturities, at the option of the Board, from any moneys that may be made available for such purpose, either in whole or in part (in \$5,000 increments), on any date and in such order as the Board may determine on and after May 15, 2027, at 100% of the principal amount to be redeemed together with the interest accrued on the principal amount to be redeemed to the date fixed for redemption.

Section 3.2 Mandatory Redemption. [If needed]

Section 3.3 Selection of 2017 Bonds for Redemption. If less than all of the 2017 Bonds are called for optional redemption, the maturities of the 2017 Bonds to be redeemed will be called in such order as the Board may determine.

Section 3.4 Notice of Redemption. (a) When (i) required to redeem 2017 Bonds under any provision of the Master Indenture or this Sixth Supplemental Indenture or (ii) directed to do so by a Board Representative in writing at least 45 days before the date fixed for redemption, the Trustee shall cause notice of the redemption to be mailed by certified or registered mail, not less than thirty nor more than sixty days before the redemption date, to all Owners of 2017 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee; provided, however, that the failure to mail any such notice or any defect in the mailing to any one or more of the Owners shall not affect the validity of the redemption with respect to any Owners to whom such notice was properly mailed.

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

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

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

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

Section 3.5 Payment of Redemption Price. (a) On or before the date fixed for redemption, funds shall be deposited with the Trustee to pay the redemption price of the 2017 Bonds called for redemption. Provided funds for their redemption are on deposit at the place of payment on the redemption date and the required notice shall have been given, the 2017 Bonds called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by the Master Indenture and this Sixth Supplemental Indenture and shall not be deemed to be Outstanding under the provisions of the Master Indenture and this Sixth Supplemental Indenture.

(b) The Trustee shall ensure that CUSIP number identification accompanies all redemption payments on the 2017 Bonds.

ARTICLE IV ESTABLISHMENT OF FUNDS; APPLICATION OF SALE PROCEEDS

Section 4.1 Establishment of Funds for the 2017 Bonds. (a) In accordance with Section 7.1 of the Master Indenture, the 2017 Cost of Issuance Fund and the 2017 Rebate Fund are hereby established for the 2017 Bonds.

(b) The 2017 Rebate Fund shall be held by the Trustee. The 2017 Cost of Issuance Fund shall be held on behalf of the Board by the Trustee.

Section 4.2 Application of Sale Proceeds of the 2017 Bonds. On the Closing Date, the Trustee shall apply the total amount received for the 2017 Bonds in payment therefor (\$_____), consisting of \$_____ received from the underwriters on the Closing Date and \$_____ received from the Transportation Board on the Closing Date (such amount representing the good faith deposit from the underwriters), as follows:

(a) \$_____ shall be deposited in the 2017 Cost of Issuance Fund; and

(b) \$_____ shall be deposited in the Project Fund.

ARTICLE V APPLICATION OF CERTAIN FUNDS

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

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

Section 5.2 2017 Cost of Issuance Fund. (a) The Board shall apply the amounts in the 2017 Cost of Issuance Fund to pay the issuance costs of the 2017 Bonds.

(b) Any amounts deposited in the 2017 Cost of Issuance Fund as described in Section 4.2(a) that are not applied in accordance with this Section and Section 7.7 of the Master Indenture to pay the costs of issuance of the 2017 Bonds shall, at the written direction of the Board, be transferred by or on behalf of the Board to the Bond Debt Service Fund and applied by the Trustee to pay debt service on the 2017 Bonds before any other amounts therein are so used.

Section 5.3 2017 Rebate Fund. The Trustee shall invest and apply amounts on deposit in the 2017 Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the 2017 Tax Compliance Agreement. The Trustee shall have no continuing responsibility for amounts on deposit in the 2017 Rebate Fund other than to ensure that such amounts are not commingled with any other funds as required under the Master Indenture.

ARTICLE VI SPECIAL COVENANTS

Section 6.1 2017 Tax Compliance Agreement. (a) The Board shall not take any action, or omit to take any action, if any such action or omission would adversely affect the excludability from gross income of interest on the 2017 Bonds under Section 103 of the Tax Code. The Board shall not directly or indirectly use or permit the use of any proceeds of the 2017 Bonds or any other funds of the Board or take or omit to take any action that would cause the 2017 Bonds to be "arbitrage bonds" under Section 148(a) of the Tax Code. To these ends, the Board shall comply with all requirements of Sections 141 through 150 of the Tax Code, including the Rebate Requirement, to the extent applicable to the 2017 Bonds.

(b) Without limiting the generality of the foregoing, the Board: (i) shall not directly or indirectly use or permit the use of the proceeds of the 2017 Bonds except in accordance with the 2017 Tax Compliance Agreement and (ii) shall act as though the requirements of the 2017 Tax Compliance Agreement are specifically set forth herein.

(c) The Trustee shall comply with all written instructions of the Board Representative given in accordance with the 2017 Tax Compliance Agreement, but the Trustee shall not be required to ascertain whether the instructions comply with the 2017 Tax Compliance Agreement. If the Trustee requests, the Trustee shall receive written instructions from Bond Counsel regarding the interpretation of Sections 141 through 150 of the Tax Code, and the Trustee shall comply with such directions (upon which the Trustee and the Board may conclusively rely) so as to enable the Board to perform its covenants under this Section.

(d) Notwithstanding any provisions of this Section, if the Board provides to the Trustee an Opinion of Bond Counsel addressed and acceptable to the Board and the Trustee to the effect that any action required under this Section by incorporation or otherwise is not required to maintain the excludability from gross income of the interest on the 2017 Bonds under

Section 103 of the Tax Code, the Board and the Trustee shall rely conclusively on such opinion in complying with the provisions of this Section.

**ARTICLE VII
MISCELLANEOUS**

Section 7.1 Successors and Assigns. This Sixth Supplemental Indenture is binding upon, inures to the benefit of and is enforceable by the parties to it and their respective successors and assigns.

Section 7.2 Severability. If any provision of this Sixth Supplemental Indenture is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

Section 7.3 Governing Law. This Sixth Supplemental Indenture shall be governed by and construed under the applicable laws of the Commonwealth.

Section 7.4 Counterparts. This Sixth Supplemental Indenture may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

Section 7.5 Parties Interested. Nothing in this Sixth Supplemental Indenture expressed or implied is intended or will be construed to confer upon any Person, other than the Board, the Trustee and the Owners of the 2017 Bonds, any right, remedy or claim under or by reason of this Sixth Supplemental Indenture, this Sixth Supplemental Indenture being intended for the sole and exclusive benefit of the Board, the Trustee and the Owners of the 2017 Bonds.

[Signature page follows]

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

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Chairman

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

By: _____
Vice President

EXHIBIT A
FORM OF 2017 Bond

REGISTERED
R-___

CUSIP
927793 ___

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
COMMONWEALTH TRANSPORTATION BOARD
COMMONWEALTH OF VIRGINIA
TRANSPORTATION CAPITAL PROJECTS REVENUE BOND
SERIES 2017

INTEREST RATE	MATURITY DATE	DATED DATE
___%	May 15, 20__	_____, 2017

REGISTERED OWNER: CEDE & CO.

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

THE COMMONWEALTH TRANSPORTATION BOARD ("the Board"), for value received, promises to pay upon surrender of this Bond at the corporate trust office of Wells Fargo Bank, National Association, or its successor, as trustee and paying agent (the "Trustee") under the Indenture, as hereinafter defined, to the registered owner of this Bond (the "Owner") or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, and to pay interest on this Bond semiannually on each May 15 and November 15, commencing November 15, 2017, at the annual rate stated above, solely from the sources pledged for such purpose as described below. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

"Indenture" means the Master Indenture of Trust dated as of May 1, 2010, between the Board and the Trustee, as previously supplemented and amended (the "Master Indenture") and as further supplemented by the Sixth Supplemental Indenture of Trust dated as of July 1, 2017 (the "Sixth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the Board and the Trustee.

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

Interest is payable (i) from the dated date set forth above (the "Dated Date"), if this Bond is authenticated before November 15, 2017 or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond shall bear interest from the date to which interest has been paid). Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months.

Interest is payable by check or draft mailed to the holder of this Bond at the address that appears on November 1 (with respect to the November 15 payment date) and May 1 (with respect to the May 15 payment date) on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of this Bond owns at least \$1,000,000 in aggregate principal amount of the 2017 Bonds (as defined below) and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Notwithstanding anything to the contrary contained in this Bond or in the Indenture, for so long as Cede & Co. or any other nominee of DTC is the Owner of all of the 2017 Bonds, the principal of and premium, if any, and interest on this Bond shall be payable pursuant to the additional requirements provided under the Board's Blanket Issuer Letter of Representations to DTC.

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

This Bond is one of an issue of \$_____ Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017 Bonds (the "2017 Bonds"), of like date and tenor, except as to number, denomination, rate of interest, and maturity, authorized and issued by the Board pursuant to the Act, a resolution adopted by the Board on April 19, 2017, and the Indenture, to provide proceeds to be used to pay the issuance costs of the 2017 Bonds and to pay the Costs of the Projects.

The 2017 Bonds and the premium, if any, and the interest on thereon are limited obligations of the Board and payable solely from the revenues, moneys and other property pledged to the Trustee for such purpose under the Indenture. This Bond is secured on parity with the other 2017 Bonds, the Outstanding Bonds on the date hereof, and other Bonds hereafter to be issued and Outstanding under the Indenture. **THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. NOTHING IN THIS BOND OR IN THE INDENTURE SHALL BE DEEMED TO CREATE OR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF.**

Reference is made to the Indenture and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the 2017 Bonds, the rights, duties and obligations of the Board and the Trustee, the rights of the Owners of the 2017 Bonds and the terms upon which the 2017 Bonds are issued and secured. The Board has issued certain bonds and may from time to time hereafter issue additional bonds ranking equally with the 2017 Bonds for certain purposes on the terms provided in the Indenture.

The 2017 Bonds maturing on or before May 15, 2027, shall not be subject to redemption at the Board's option before their respective maturity dates.

The 2017 Bonds maturing on or after May 15, 2028, are subject to optional redemption prior to their respective maturities on or after May 15, 2027, at the option of the Board, in whole or in part (in increments of \$5,000) at any time, at a redemption price equal to 100% of the principal amount of the 2017 Bonds to be redeemed together plus unpaid interest accrued on the principal amount to be redeemed to the date fixed for redemption.

[Mandatory Redemption, if needed]

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

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

The 2017 Bonds are issuable as registered bonds in denominations of \$5,000 and integral multiples of \$5,000. Upon surrender for transfer or exchange of this Bond at the Trustee's designated corporate trust office, the Board shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees or Owner, as applicable, a new 2017 Bond or 2017 Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount any such transferee or Owner is entitled to receive, subject in each case to such reasonable regulations as the Board or the Trustee may prescribe. When presented for transfer, exchange, or payment, this Bond must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Board and the Trustee, duly executed by the Owner or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at the Board's expense, except that the Trustee may charge the person requesting such transfer or exchange the amount of any tax or other governmental charge required to be paid with respect to it.

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

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

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

[Signature Page Follows]

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

(SEAL)

**COMMONWEALTH TRANSPORTATION
BOARD**

By: _____
Chairman

ATTEST:

Secretary

[Signature Page of the Bond]

* * * * *

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2017 Bonds described in the above-mentioned Indenture.

Authentication Date: _____, 2017

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signature

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

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

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

Dated: _____

Tax I.D. No. _____

Signature Guaranteed:

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

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

NEW ISSUE
BOOK-ENTRY ONLY

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

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

Commonwealth Transportation Board

\$ _____ *

Commonwealth of Virginia

Transportation Capital Projects Revenue Bonds, Series 2017

Dated: Date of Delivery

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

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

Security

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

Issued Pursuant to

The Bonds will be issued pursuant to a Master Indenture of Trust dated as of May 1, 2010, and a Sixth Supplemental Indenture of Trust dated as of July 1, 2017.

Purpose

The Bond proceeds are being used to pay (i) certain costs of certain transportation projects in the Commonwealth of Virginia and (ii) certain costs related to the issuance of the Bonds. See the sections "Introduction," "Capital Projects Revenue Bonds Program," and "Application of Proceeds of the Bonds."

Interest Rates/Yields

See inside front cover.

Interest Payment Dates

May 15 and November 15, beginning November 15, 2017.

Denomination

\$5,000 or multiples thereof.

Redemption

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

Closing/Delivery Date

On or about July 12, 2017.*

Registration

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

Trustee/Paying Agent

Wells Fargo Bank, National Association, Columbia, Maryland.

Financial Advisor

Public Resources Advisory Group, New York, New York.

Bond Counsel

McGuireWoods LLP, Richmond, Virginia.

The Bonds will be awarded pursuant to electronic competitive bidding to be held via BiDCOMP/PARITY® on June __, 2017,* unless postponed, as set forth in the Notice of Sale contained in Appendix F to this Official Statement.

Dated: _____, 2017

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

* Preliminary, subject to change.
88602172_3.doc

COMMONWEALTH TRANSPORTATION BOARD

\$ _____ *

Commonwealth of Virginia

Transportation Capital Projects Revenue Bonds, Series 2017

(Base CUSIP[†] Number 927793)

<u>Maturity (May 15)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†] Suffix</u>
2018		%	%	
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				

Optional Redemption

The Bonds maturing on or before May 15, 2027, will not be subject to optional redemption. The Bonds maturing on and after May 15, 2028 will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2027, in whole or in part (in increments of \$5,000) at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

Mandatory Redemption

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

* 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*

Jennifer Mitchell	John Malbon
Carlos M. Brown	Court G. Rosen
Henry Connors, Jr.	Jerry L. Stinson II
Alison DeTuncq	Shannon Valentine
William H. Fralin, Jr.	Marty Williams
Mary Hughes Hynes	Greg Yates
E. Scott Kasprowicz	F. Dixon Whitworth, Jr.
Charles A. Kilpatrick	

VIRGINIA DEPARTMENT OF TRANSPORTATION

Charles A. Kilpatrick, *Commissioner of Highways*
John W. Lawson, *Chief Financial Officer*

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Jennifer Mitchell, *Director*
William S. Pittard, *Chief Financial Officer*

OFFICE OF THE ATTORNEY GENERAL

Mark R. Herring, *Attorney General*
Jeffrey R. Allen, *Senior Assistant Attorney General*

TRUSTEE

Wells Fargo Bank, National Association
Columbia, Maryland

BOND COUNSEL

McGuireWoods LLP
Richmond, Virginia

FINANCIAL ADVISOR

Public Resources Advisory Group
New York, New York

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

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

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

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

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

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

TABLE OF CONTENTS

INTRODUCTION..... 1

CAPITAL PROJECTS REVENUE BONDS PROGRAM..... 2

THE BONDS..... 4

APPLICATION OF PROCEEDS OF THE BONDS 7

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS 7

PRIORITY TRANSPORTATION FUND 8

DEBT SERVICE REQUIREMENTS 12

TRANSPORTATION TRUST FUND 12

AUTHORIZED, ISSUED AND UNISSUED BONDS PAYABLE FROM TRANSPORTATION TRUST
FUND..... 17

COMMONWEALTH TRANSPORTATION BOARD, VIRGINIA DEPARTMENT OF
TRANSPORTATION, AND VIRGINIA DEPARTMENT OF RAIL AND PUBLIC
TRANSPORTATION 19

SUMMARY OF THE INDENTURE..... 23

SUMMARY OF THE PAYMENT AGREEMENT..... 32

CERTAIN LEGAL MATTERS 33

TAX MATTERS 33

LEGALITY FOR INVESTMENT 36

LITIGATION 36

CERTIFICATE CONCERNING OFFICIAL STATEMENT 36

CONTINUING DISCLOSURE..... 36

RATINGS..... 37

SALE AT COMPETITIVE BIDDING..... 37

FINANCIAL ADVISOR..... 37

TRUSTEE..... 38

RELATIONSHIP OF PARTIES 38

MISCELLANEOUS..... 38

APPENDIX A: Financial Statements of the Commonwealth of Virginia for the
Fiscal Year ended June 30, 2016.....A-1

APPENDIX B: Commonwealth of Virginia, Financial and Other InformationB-1

APPENDIX C: Commonwealth of Virginia, Demographic and Economic InformationC-1

APPENDIX D: Form of Bond Counsel OpinionD-1

APPENDIX E: Continuing Disclosure Undertakings of the Commonwealth Transportation Board and the
Commonwealth of Virginia..... E-1

APPENDIX F Notice of Sale F-1

OFFICIAL STATEMENT

Commonwealth Transportation Board

\$ _____ *

Commonwealth of Virginia

Transportation Capital Projects Revenue Bonds, 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"), to furnish information with respect to the offering of \$ _____* aggregate principal amount of the Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017 (the "Bonds"). The Bonds are expected to be offered for sale at competitive bidding on June __, 2017.* See the section "*Sale at Competitive Bidding*."

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

Commonwealth Transportation Board

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

The Bonds

The issuance of the Bonds is authorized by the provisions of (i) the Commonwealth Transportation Capital Projects Revenue Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session (the "2007 Act"); (ii) Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session (collectively, the "Appropriation Acts"); (iii) Chapters 830 and 868 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session (the "2011 Amendments" and, together with the 2007 Act and the Appropriations Acts, the "Capital Projects Revenue Bond Act"); (iv) the Transportation Development and Revenue Bond Act, §§ 33.2-1700 *et seq.* of the Virginia Code (the "State Revenue Bond Act"); and (v) a resolution adopted by the Transportation Board on April 19, 2017 (the "Resolution"). The Bonds are being issued pursuant to a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented and amended (the "Master Indenture"), and as further supplemented by a Sixth Supplemental Indenture of Trust dated as of July 1, 2017 (the "Sixth Supplemental Indenture" and collectively, with the Master Indenture, the "Indenture"), each between the Transportation Board and Wells Fargo Bank, National Association, Columbia, Maryland, as trustee for the Bonds (the "Trustee").

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

* Preliminary, subject to change.

Purpose of the Bonds

The Transportation Board will use the net proceeds of the Bonds to provide for the payment of the costs (the "Costs") of certain transportation projects in the Commonwealth (the "Projects"), as authorized by the Capital Projects Revenue Bond Act and certain costs related to the issuance of the Bonds. See the sections "*Capital Projects Revenue Bonds Program*" and "*Application of Proceeds of the Bonds*."

Pursuant to the Sixth Supplemental Indenture, the Transportation Board will deposit a portion of the proceeds of the Bonds into the Project Fund, as hereinafter defined, established pursuant to the Master Indenture. See the section "*Application of Proceeds of the Bonds*." From time to time, the Transportation Board will requisition funds from the Project Fund pursuant to the terms of the Indenture to pay the Costs of the Projects.

Limited Obligations

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

Specifically, the Bonds are secured by and payable from revenues, receipts and funds (the "Revenues") as follows: (i) from the revenues deposited into the Priority Transportation Fund established pursuant to § 33.2-1527 of the Virginia Code (the "Priority Transportation Fund"), which is a part of the Transportation Trust Fund, established pursuant to § 33.2-1524 of the Virginia Code (the "Transportation Trust Fund"), (ii) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund and (iii) to the extent required, from any other legally available funds. In addition, the Bonds are payable from and secured by moneys held in certain funds established under the Indenture. The Prior Capital Projects Revenue Bonds, as hereinafter defined, are and future series of Capital Projects Revenue Bonds are expected to be payable and secured on a parity basis with the Bonds as provided under the Indenture. See the sections "*Sources of Payment and Security for the Bonds*" and "*Priority Transportation Fund*."

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

Approval of Issuance of Bonds and Terms and Structure of Bonds

Under the 2007 Act, the consent of the Governor of the Commonwealth of Virginia (the "Governor") must be obtained prior to the issuance of all Capital Projects Revenue Bonds. In addition, § 2.2-2416(7) of the Virginia Code requires the approval of the Treasury Board of the Commonwealth (the "Treasury Board") to the terms and structure of all proposed bond issues by state agencies, boards or authorities where debt service payments are expected by the issuing agency, board or authority to be made, in whole or in part, from appropriations of the Commonwealth. On May 17, 2017, the Treasury Board adopted a resolution approving the terms and structure of the Bonds within certain parameters and delegated to the State Treasurer of the Commonwealth (the "State Treasurer") the power to approve the final terms and structure of the Bonds within such parameters. The Transportation Board must obtain the consent of the Governor and the approval of the State Treasurer prior to the issuance of the Bonds, and the Transportation Board expects to receive both consents in a timely manner.

CAPITAL PROJECTS REVENUE BONDS PROGRAM

The 2007 Act authorizes the Transportation Board to issue Capital Projects Revenue Bonds at one or more times in an aggregate principal amount not to exceed \$3 billion (the "Overall Limitation"); provided that the aggregate principal amount issued in any one fiscal year (which for the Commonwealth and the Transportation Board ends on June 30) (a "Fiscal Year") will not exceed \$300 million (the "Annual Limitation"), except that the 2011 Amendments increased the Annual Limitation for the Fiscal Years ending June 30, 2012, and June 30, 2013, by \$200 million and \$300 million, respectively. If the aggregate principal amount issued in any Fiscal Year is less than the Annual Limitation, then the amount by which such issuance is less than the Annual Limitation may be issued in any subsequent fiscal year in addition to the Annual Limitation for the subsequent Fiscal Year. In determining compliance with either the Overall Limitation or any Annual Limitation the Transportation Board may

disregard (i) the principal amount of Capital Projects Revenue Bonds issued to pay issuance or financing expenses or costs (including any original issue discount) and (ii) the principal amount of Capital Projects Revenue Bonds issued to refund any outstanding Capital Projects Revenue Bonds.

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

The Appropriation Acts authorize the Transportation Board to issue additional Capital Projects Revenue Bonds above the \$3 billion authorized by the 2007 Act at one or more times in an aggregate principal amount not to exceed \$180,000,000 ("Appropriation Act Bonds"), after all costs, with the net proceeds of the Appropriation Act Bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of the General Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses. The \$180,000,000 in authorized additional Capital Projects Revenue Bonds increases the Overall Limitation to \$3.18 billion, but is disregarded in applying the Annual Limitation. Approximately, \$169 million of such Appropriation Act Bonds have been issued as part of the Prior Capital Projects Revenue Bonds, as defined below.

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

<u>Series of Capital Projects Revenue Bonds</u>	<u>Issue Date</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount as of June 1, 2017</u>
Transportation Capital Projects Revenue Bonds, Series 2010A-1 (Tax-Exempt) and Series 2010A-2 (Federally Taxable – Build America Bonds)	May 26, 2010	\$492,665,000	\$391,205,000
Transportation Capital Projects Revenue Bonds, Series 2011	May 25, 2011	600,000,000	519,040,000
Transportation Capital Projects Revenue Bonds, Series 2012	June 14, 2012	600,000,000	527,945,000
Transportation Capital Projects Revenue Bonds, Series 2014	December 3, 2014	274,980,000	259,070,000
Transportation Capital Projects Revenue Bonds, Series 2016	May 17, 2016	<u>273,740,000</u>	<u>267,645,000</u>
Total		<u>\$2,241,385,000</u>	<u>1,964,905,000</u>

Immediately before the issuance of the Bonds, the unused Overall Limitation is approximately \$895 million and the available Annual Limitation for the Fiscal Year ending June 30, 2018, is also approximately \$895 million.

THE BONDS

Description of the Bonds

The Bonds will be issued as fully registered Bonds in book-entry form. The Bonds will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof, payable semiannually on each May 15 and November 15, beginning November 15, 2017, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to The Depository Trust Company ("DTC") for distribution as described in the subsection "*Book-Entry Only System*" below. Interest on the Bonds is computed on the basis of a year of 360 days and twelve 30-day months. The record date for payments on May 15 is the preceding May 1 and the record date for payments on November 15 is the preceding November 1.

Optional Redemption

The Bonds maturing on or before May 15, 2027, will not be subject to optional redemption. The Bonds maturing on and after May 15, 2028, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2027, in whole or in part (in increments of \$5,000), at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

Mandatory Sinking Fund Redemption

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

Selection of Bonds for Redemption

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

Notice of Redemption

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

Book-Entry Only System

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payments of principal, premium, if any, and interest on the Bonds to DTC, its nominee, Direct Participants, as hereinafter defined, Indirect Participants, as hereinafter defined, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other Bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners is based solely on information

furnished by DTC and is not, and should not be construed as, a representation by the Transportation Board as to its accuracy, completeness or otherwise.

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

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

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

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

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

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

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

BECAUSE DTC IS TREATED AS THE OWNER OF THE BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF

REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE TRANSPORTATION BOARD, THE COMMONWEALTH OR DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

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

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

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

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

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

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

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

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

APPLICATION OF PROCEEDS OF THE BONDS

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

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

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Limited Obligations

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

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

The Bonds and Other Capital Projects Revenue Bonds

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

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

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

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

As described in the section "*Capital Projects Revenue Bond Program,*" the General Assembly has imposed an Overall Limitation and Annual Limitations on the principal amounts of Capital Projects Revenue Bonds the Transportation Board may issue. The Transportation Board anticipates issuing additional Capital Projects Revenue Bonds in 2018.

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

Additional Bonds In General

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

Information Pertaining to the Commonwealth

Appendices B and C contain, respectively, certain financial, demographic and economic information pertaining to the Commonwealth, and Appendix A contains the comprehensive financial statements of the Commonwealth for its Fiscal Year 2016. See also the section "*Transportation Trust Fund – Sources of Revenues – Economic Conditions Affecting the Commonwealth.*"

PRIORITY TRANSPORTATION FUND

General

The General Assembly established the Priority Transportation Fund in 2000 under § 33.2-1527 of the Virginia Code, which was amended in (i) the first enactment clause of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia 2007 Regular Session ("Chapter 896") and (ii) the first enactment clause of Chapter 766 of the Acts of the General Assembly of the Commonwealth of Virginia 2013 Regular Session ("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 (§ 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 § 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 § 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.

Detailed descriptions of the PTF Insurance Tax Revenues and the PTF Motor Fuels Tax Revenues are set forth in the subsections "*PTF Insurance Tax Revenues*" and "*PTF Motor Fuels Tax Revenues*." The Priority Transportation Fund is not projected to receive the revenues described in (3) or (4) above and such amounts are not budgeted for by the Transportation Board; however, on occasion, the Priority Transportation Fund has received the revenues described in (3) above, most recently in Fiscal Year 2016 when the Priority Transportation Fund received approximately \$52 million of such revenues from the prior year's results. See the subsection "*Historical and Projected Priority Transportation Fund Revenues*." Any moneys remaining in the Priority Transportation Fund, including interest thereon, at the end of each Fiscal Year will not revert to the Commonwealth's General Fund but will remain in the Priority Transportation Fund.

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

Moneys in the Priority Transportation Fund remaining after the payment of the above-described debt service shall be used by the Transportation Board to facilitate the financing of priority transportation projects throughout the Commonwealth. The Transportation Board may use the Priority Transportation Fund either (i) by expending amounts therein on such projects directly, (ii) by payment to any authority, locality, commission or other entity for the purpose of paying the costs thereof or (iii) by using such amounts to support, secure, or leverage financing for such projects. The Transportation Board shall use the Priority Transportation Fund to facilitate the financing of priority transportation projects as designated by the General Assembly; provided, however, that, at the discretion of the Transportation Board, funds allocated to projects within a transportation district may be allocated among projects within the same transportation district as needed to meet construction cash-flow needs. See the section "*Transportation Trust Fund – Highway Allocation Formula*."

PTF Insurance Tax Revenues

As provided in § 58.1-2531 of the Virginia Code, the PTF Insurance Tax Revenues will consist of one-third of the revenues of the annual license tax imposed on insurance companies doing business in the Commonwealth under Chapter 25 of Title 58.1 of the Virginia Code, which annual license tax is equal to a percentage of the insurance companies' direct gross income from its premiums or subscriber fees (the "Insurance Tax") collected in the most recently ended Fiscal Year, less one-third of the total amount of Insurance Tax refunded in the most recently ended Fiscal Year.

The following table shows the amounts of the Insurance Tax received by the Commonwealth for Fiscal Years 2007 through 2016.

**Historical Insurance Tax Receipts
(in millions)**

<u>Fiscal Year</u>	<u>Insurance Tax</u>	<u>Fiscal Year</u>	<u>Insurance Tax</u>
2007	\$384.9	2012	\$390.2
2008	396.9	2013	392.3
2009	387.3	2014	451.2
2010	391.0	2015	451.0
2011	411.9	2016	489.4

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

PTF Motor Fuels Tax Revenues

Subsection E of § 58.1-2289 of the Virginia Code provides that the PTF Motor Fuels Tax Revenues will constitute, after the disbursements listed in (a) through (d) of the next paragraph, 4% of the remaining revenues of the taxes imposed on motor fuels under the Virginia Fuels Tax Act, Chapter 22 (§ 58.1-2200 *et seq.*) of Title 58.1 of the Virginia Code ("Virginia Fuels Tax Act"), which motor fuel taxes (the "Motor Fuel Taxes") include (i) a tax on a gallon of gasoline and gasohol equal to 5.1% of the statewide average wholesale price of a gallon of self-serve unleaded regular gasoline for the applicable Base Period, as hereinafter defined, excluding federal and state excise

taxes; provided that the average wholesale price shall in no event be less than the statewide average wholesale price for a gallon of self-serve unleaded regular gasoline on February 20, 2013, (ii) a tax on a gallon of diesel fuel equal to 6% of the statewide average wholesale price of a gallon of self-serve diesel fuel for the applicable Base Period, excluding federal and state excise taxes; provided that the average wholesale price shall in no event be less than the statewide average wholesale price for a gallon of self-serve diesel fuel on February 20, 2013, (iii) a tax on a gallon of liquid alternative fuel that is used to operate a highway vehicle equal to the tax on gasoline and gasohol, (iv) a tax on a gallon of blended fuel that contains gasoline equal to the tax on gasoline and gasohol and (v) a tax on a gallon of blended fuel that contains diesel fuel equal to the tax on diesel fuel. The term "Base Period" means the period from December 1 through May 31 for the tax period beginning the following July 1 and ending on December 31, inclusive and means the period from June 1 through November 30 for the tax period beginning the following January 1 and ending June 30.

Prior to the disbursements into the Priority Transportation Fund of 4% of the Motor Fuel Taxes the following disbursements (the "Initial Fuel Tax Disbursements") shall be made: (a) one-half cent of the tax collected on each gallon of fuel on which a refund is paid under § 58.1-2259 of the Virginia Code for fuel consumed in tractors and unlicensed equipment used for agricultural purposes shall be paid into the Virginia Agricultural Foundation Fund, (b) one and one-half cents of the tax collected on each gallon of fuel used to propel a commercial watercraft on which a refund is paid under § 58.1-2259 of the Virginia Code shall be paid into the Game Protection Fund, (c) one and one-half cents of the tax collected for fuel used by commercial fishing, oystering, clamming and crabbing boats shall be paid to the Department of Transportation and (d) such sum as the General Assembly may determine from the tax collected from the sales of gasoline used for the propelling of watercraft for use by the Marine Resources Commission, the Virginia Soil and Water Conservation Board, the State Water Control Board, and the Transportation Board to (1) improve the public docks specified in § 58.1-2259 of the Virginia Code, (2) improve commercial and sports fisheries in tidal waters (3) make environmental improvements and (4) further the purposes set forth in § 33.2-1510 of the Virginia Code.

Chapter 766 and the Priority Transportation Fund

By enacting Chapter 766, the Commonwealth changed the manner in which it funds new transportation projects and the repair of existing transportation facilities. The amendments contained in Chapter 766 amended the Motor Fuels Taxes by eliminating the motor fuels tax that was charged as a per gallon tax on the retail sale of gasoline and replacing it with a motor fuels tax that is charged as a percentage of the statewide average wholesale price of gasoline, see the subsection "*PTF Motor Fuels Tax Revenues*." In addition, Chapter 766 amended the taxes that are deposited into the Highway Maintenance and Operating Fund (the "HMO Fund"), which funds the Commonwealth's repair of existing transportation projects, see the section "*Transportation Trust Fund – Highway Maintenance and Operating Fund*."

Historical and Projected Priority Transportation Fund Revenues

The following table shows the amounts of the PTF Insurance Tax Revenues and other sources that were deposited and are forecasted to be deposited into the Priority Transportation Fund for the Fiscal Years 2015 through 2022. The PTF Insurance Tax Revenues will be deposited into the Priority Transportation Fund quarterly, based on actual collections. The PTF Insurance Tax Revenues will be deposited into the Priority Transportation Fund first, before any other distributions are made of the Insurance Tax revenues to other recipients. It is anticipated that most, if not all, of the Insurance Tax revenues received during each Fiscal Year and due to be deposited into the Priority Transportation Fund will be deposited in September of each subsequent Fiscal Year, and the remaining balance due, if any, will be deposited in December. In addition, the Priority Transportation Fund has historically received revenues from motor fuel taxes and is projected to continue to receive some of the revenue of the Motor Fuel Taxes, which are now determined in accordance with Chapter 766. Finally, the Priority Transportation Fund retains the interest earned on its cash balance.

Historical and Projected Priority Transportation Fund Revenues
(in millions)¹

Fiscal Year :	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁴</u>	<u>2018⁴</u>	<u>2019⁴</u>	<u>2020⁴</u>	<u>2021⁴</u>
PTF Insurance Tax Revenues ²	\$130.8	\$150.6	\$150.3	\$163.1	\$169.1	\$174.7	\$183.3	\$192.5
PTF Motor Fuel Tax Revenues ³	25.8	28.6	34.4	34.6	34.9	35.3	35.5	35.9
Investment Income	<u>1.0</u>	<u>2.9</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Projected Priority Transportation Fund Revenues	<u>\$157.5</u>	<u>\$182.1</u>	<u>\$185.7</u>	<u>\$198.7</u>	<u>\$205.0</u>	<u>\$211.0</u>	<u>\$219.8</u>	<u>229.4</u>

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

- ¹ The sum of the revenue amounts may not equal the total amounts due to rounding.
- ² These amounts represent one-third of the total revenues of the Insurance Tax received or projected to be received by the Commonwealth and deposited into the Priority Transportation Fund in each respective year.
- ³ Prior to the adoption of Chapter 766, the funds deposited in the Priority Transportation Fund included a portion of the moneys actually collected, including penalty and interest, attributable to any increase in revenues from the motor fuel taxes and aviation fuel taxes imposed under Virginia Fuels Tax Act on a retail basis, with such increase being calculated as the difference between such motor fuel taxes and aviation fuel taxes revenues collected in the manner prescribed under the prior version of the Virginia Fuels Tax Act less such motor fuel taxes or aviation fuel taxes, as applicable, revenues that would have been collected using the prescribed manner in effect immediately before January 1, 2001, computed without regard to increases in the rates of the motor fuel taxes or the aviation fuel taxes under the Virginia Fuels Tax Act pursuant to enactments of the 2007 Regular Session of the General Assembly. The portion to be deposited to the Priority Transportation Fund was the moneys actually collected from such increase in revenues and allocated for highway and mass transit improvement projects, but not including any amounts that are allocated to the Commonwealth Port Fund and the Commonwealth Airport Fund under such section. All additional federal revenues attributable to the prior version of the Virginia Fuels Tax Act were also deposited into the Priority Transportation Fund.
- ⁴ Based on Commonwealth Transportation Fund Forecast provided in December 2016. Forecasts are issued several times a year, and the next forecast is expected in December 2017. Preliminary estimates and actual results may vary.

The Transportation Board makes no representation (i) that the General Assembly will maintain or continue to make transfers to the Priority Transportation Fund or (ii) that the General Assembly will not repeal or materially modify the legislation creating the Priority Transportation Fund or imposing the taxes of which the collections are deposited into the Priority Transportation Fund. Without limiting the generality of the foregoing, the provisions of Chapter 766 or Chapter 896 that generate additional revenue for transportation purposes, including revenues for deposit in the Priority Transportation 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. See the section "Transportation Trust Fund – Sunset Provision."

[Remainder of page intentionally left blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth for each Fiscal Year the amounts needed in each annual period for payment of principal of and interest on the Capital Projects Revenue Bonds, as of the date of the issuance of the Bonds. The Bonds are the sixth series of Capital Projects Revenue Bonds to be issued. See the section "*Capital Projects Revenue Bonds Program.*" For a description of the debt service requirements of bonds that may be paid from the Priority Transportation Fund other than the Capital Projects Revenue Bonds, see the section "*Priority Transportation Fund – Required Payments from the Priority Transportation Fund.*"

Fiscal Year	Outstanding Bond Debt Service ¹	2017 Bond Principal	2017 Bond Interest	2017 Bond Debt Service	Total Fiscal Year Debt Service
2018	\$153,503,773	\$	\$	\$	\$
2019	153,294,405				
2020	153,069,925				
2021	152,844,525				
2022	152,608,323				
2023	152,361,275				
2024	152,097,420				
2025	151,826,600				
2026	151,421,988				
2027	151,031,528				
2028	150,641,748				
2029	150,248,608				
2030	149,855,768				
2031	149,459,885				
2032	149,051,355				
2033	148,632,688				
2034	148,197,810				
2035	147,742,033				
2036	117,408,125				
2037	75,300,100				
2038	35,023,200				
2039	35,021,450				
2040	16,799,350				
2041	16,799,300				
2042	-				
Total	\$3,014,241,182	\$	\$	\$	\$

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

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 nonreverting 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% of the revenues generated from the motor fuel 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. This disbursement is 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 the Department of Motor Vehicles, (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 or Chapter 766, or any other legislation affecting the Transportation Trust Fund. Without limiting the generality of the foregoing, the provisions of Chapter 766 and Chapter 896 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 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 2016, 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 2017 through 2022 Six-Year Improvement Program (the "2017-2022 SYIP") were reduced by \$122.5 million in Fiscal Year 2016 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 896 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 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, 45% is allocated to State of Good Repair, 27.5% is allocated to the Transportation Board's "High Priority Project Program" and 27.5% is allocated to its "Construction District Grant Program." However, prior to this allocation, 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 \$325.7 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, the Virginia

Department of Transportation ("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 was delayed or altered, the Transportation Board, VDOT or the other applicable agency could be contractually obligated to pay certain costs associated with the delay or determination of the project incurred by the private party and to pay other related expenses and fees, which may or may not exceed the funding currently allocated to the applicable project. The payment obligation of the Transportation Board, VDOT or the other applicable agency is generally subject to appropriation by the General Assembly. While no specific funding source is identified, the Transportation Trust Fund is one possible funding source for such payments. If such a payment were to be made from the Transportation Trust Fund, the funds for such payment would be made available by changing the allocation of available funds among the projects in the Six-Year Improvement Plan. A change in the allocation of funds would not impact the revenues appropriated to the Transportation Trust Fund, but the change could impact the planned schedules of other projects. The Transportation Board, VDOT and the other agencies regularly adjust the allocation of the funds among transportation projects to account for 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 2011 through 2016 and the projected revenues for Fiscal Year 2017, 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:	2011	2012	2013	2014	2015	2016	2017 ⁶
Retail Sales and Use Tax	\$477.3	\$503.1	\$521.2	\$631.3	\$717.0	\$723.7	\$736.3
Motor Vehicle Sales and Use Tax ²	207.3	223.1	235.2	240.8	251.8	265.4	271.5
Motor Fuels Taxes ³	117.7	115.5	115.2	106.7	118.8	138.9	139.5
Motor Vehicle Registration Fees	21.2	21.1	21.7	21.7	21.8	21.6	21.4
Recordation Tax ⁴	23.3	26.1	30.9	24.9	28.0	29.5	47.2
Investment Income	16.3	12.2	7.5	6.2	6.4	2.4	1.3
Priority Transportation Fund ⁵	<u>152.3</u>	<u>159.1</u>	<u>151.8</u>	<u>157.5</u>	<u>180.8</u>	<u>186.0</u>	<u>199.7</u>
Total Transportation Trust Fund Revenues	<u>\$1,015.4</u>	<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>\$1,416.9</u>

Sources: Department of Accounts and Department of Motor Vehicles for Fiscal Years 2011 through 2016. Department of Motor Vehicles, Department of Taxation and Department of Transportation for revenue estimates for Fiscal Year 2017.

- (1) Net of moneys deposited in the Federal Fund, which is part of the Transportation Trust Fund. The sum of the revenue amounts may not equal the total amounts due to rounding.
- (2) Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax. Note these taxes were amended by Chapter 766.
- (3) Motor Fuels Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax. Note these taxes were amended by Chapter 766.
- (4) Reflects the deposits into the Transportation Trust Fund from the revenues collected each FY from \$0.02 of the total state recordation taxes imposed pursuant to Sections 58.1-801 and 58.1-803 of the Virginia Code.
- (5) Reflects the deposits into the Priority Transportation Fund. Amounts shown include estimated investment income.
- (6) Based on Commonwealth Transportation Fund Forecast provided in December 2016. 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 that are 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 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 the Department of Motor Vehicles at the time the owner applies to that Department for, and obtains, a certificate of title. No tax is levied or collected upon the sale or use of a motor vehicle for which no certificate is required by the Commonwealth.

As a result of the 1986 Special Session Acts, this tax increased from 2.0% 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 in 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 Commissioner of the Department of Motor Vehicles 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 Commissioner of the Department of Motor Vehicles for all motor vehicles, trailers and semi-trailers was increased \$3 per vehicle by the 1986 Special Session Acts, 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, effective July 1, 2008, provides that, of the state recordation taxes imposed pursuant to § 58.1-801 and § 58.1-803 of the Virginia Code, the revenues collected each Fiscal Year from \$0.02 of the total tax imposed under each section are appropriated for and deposited into the Transportation Trust Fund.

Priority Transportation Fund Revenues. See the section "*Priority Transportation Fund.*"

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 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, 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 Bonds 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. See the section "*Sources of Payment and Security for the Bonds.*"

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 the Transportation Trust Fund*" and "*– Sources of Revenues.*"

Transportation Revenue Bonds

Northern Virginia Transportation District Program. The General Assembly enacted legislation in 1993, which was amended in the 1994, 1998, 1999, 2002 and the 2005 Regular Sessions ("NVTD Bond Legislation") that authorized the Transportation Board to issue Transportation Revenue Bonds ("NVTD Bonds"), pursuant to the State Revenue Bond Act, as amended, in the amount of \$500,200,000, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses for certain projects in the Northern Virginia Highway Construction District (the "NVTD Program"). Refunding bonds are not included in this limit. It is expected that revenue for payment of the debt service on the NVTD Bonds will be provided from funds appropriated by the General Assembly from (i) the Northern Virginia Transportation District Fund (the "NVTD Fund"), (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or the city or county in which the project or projects to be financed by the NVTD Bonds are located, (iii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iv) such other funds which may be appropriated by the General Assembly. The 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, (1) 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"), (2) any public rights-of-way use fees appropriated by the General Assembly, (3) 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 (4) any other funds as may be appropriated by the General Assembly and designated for the NVTD Fund and all earnings on the NVTD Fund. Of the total amount of NVTD Bonds issued, \$_____ is outstanding as of June 1, 2017.

U.S. Route 58 Corridor Development Program. The General Assembly enacted legislation in 1989, which was amended in the 1999 Regular Session and 2013 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 State Revenue Bond Act, in an amount not to exceed \$1,300,000,000, plus an amount for issuance costs, reserve funds and other financing expenses, to finance a portion of the costs of the development of a modern, safe and efficient highway system generally along the U.S. Route 58 Corridor ("U.S. Route 58 Program"). Refunding bonds are not included in this limit. The U.S. Route 58 Bonds are payable from funds appropriated by the General Assembly from (i) the 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. Of the total amount of U.S. Route 58 Bonds issued, \$_____ is outstanding as of June 1, 2017.

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

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

The 1994 Session of the General Assembly authorized the issuance of \$32,500,000 Transportation Program Revenue Bonds, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses, to finance the cost of the Oak Grove Connector project. In July 1997, the Transportation Board issued bonds 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 is outstanding as of June 1, 2017. These Transportation Program Revenue Bonds are the only bonds authorized to be paid from the Set-aside Fund.

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

provisions of the Master Indenture of Trust, dated as of September 1, 1988, pursuant to which the Series 1988 Bonds and Series 1992 Bonds were issued. Of the total amount of Transportation Contract Revenue Bonds issued, as of June 1, 2017, \$77,315,996 is outstanding (net of unamortized discount on the outstanding Series 2002 capital appreciation bonds).

Federal Transportation Grant Anticipation Revenue Notes. In Chapters 830 and 868 of the 2011 Acts of Assembly, which became effective July 1, 2011, the General Assembly authorized the Transportation Board by and with the consent of the Governor, to issue, pursuant to the provisions of the Revenue Bond Act, in one or more series from time to time revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series" ("GARVEEs"). The aggregate principal amount of GARVEEs outstanding at any time shall not exceed \$1.2 billion, less the outstanding principal amount of FRANs issued prior to July 1, 2011, and exclusive of (i) the amount of any revenue obligations that may be issued to refund GARVEEs or FRANs, and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount). The net proceeds of GARVEEs shall be used exclusively for the purpose of providing funds, together with any other available funds, for paying the costs incurred or to be incurred for construction or funding of such projects to be designated by the Transportation Board. In connection with the issuance of each series of GARVEEs, the Transportation Board shall establish a fund, which secures and is used for the payment of such series of GARVEEs. In the fund there shall be deposited such amounts, appropriated therefor by the General Assembly, as are required to pay principal or purchase price of, and redemption premium, if any, and interest on such GARVEEs, as and when due and payable, (i) first from the federal highway reimbursements received by the Commonwealth from time to time only with respect to the project or projects to be financed by the series of GARVEEs; (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose. The Transportation Board has issued four series of GARVEEs totaling \$1,008,535,000 of which \$852,785,000 is outstanding as of June 1, 2017. The Transportation Board expects to issue "new money" GARVEEs in Fiscal Year 2018.

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

Commonwealth Transportation Board

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

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

<u>Member</u>	<u>Term Expires</u>	<u>Constituency</u>
Aubrey L. Layne, Jr.	At the Pleasure of the Governor	Chairman, Transportation Board; Secretary of Transportation
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
F. Gary Garczynski	June 30, 2018	Vice Chairman, Transportation Board, At-Large Urban
Carlos M. Brown	June 30, 2019	Richmond District
Henry Connors, Jr.	June 30, 2018	Fredericksburg District
Alison DeTuncq	June 30, 2018	Culpeper District
William H. Fralin, Jr.	June 30, 2017	Salem District
F. Gary Garczynski	June 30, 2020	Northern Virginia District
Mary Hughes Hynes	June 30, 2020	Northern Virginia District
E. Scott Kasprowicz	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

Aubrey L. Layne, Jr. was appointed as Secretary of Transportation of the Commonwealth by Governor Terence R. McAuliffe in January 2014. 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 Achievable Dream Academies 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 Principal 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 to Hofheimer's, 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 M.B.A. 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

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

VDOT's budget for Fiscal Year 2017 is approximately \$5.4 billion. As of April 1, 2017, VDOT had 147 construction projects underway for an aggregate amount of approximately \$2.3 billion, with an outstanding balance to be paid of approximately \$1.2 billion as these projects progress towards completion. Additionally, VDOT had 278 maintenance projects underway for an aggregate amount of approximately \$778.9 million, with an outstanding balance to be paid of approximately \$551.7 million as these projects progress towards completion.

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

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

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

These districts are divided into 29 residencies, each typically consisting of one to four counties. The field organization is further subdivided into 248 other locations across the Commonwealth that provide area maintenance. About 82% of VDOT's 7,366 employees (as of April 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 serves an administrative function.

Financial Accountability and Program Delivery

VDOT has been focused on the continuous improvement of its financial accountability and program delivery processes for more than a decade now. The agency has developed a long-term strategic vision and uses a business plan with performance goals and strategies. Transparency of operations has been enhanced through the creation of a public Dashboard, and the streamlining of operations, reorganization and the improvement of business practices have been a major focus.

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

For Fiscal Year 2016 the agency attained on-time and on-budget performance goals by delivering more than 84% of all construction and maintenance projects on or before their original due dates, and by completing more than 97% 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 2017-2022 SYIP, adopted by the Transportation Board in June 2016, is based on the interim revenue forecast updates and cost estimates available. The issuance of Capital Projects Revenue Bonds and the utilization of existing authorization for the issuance of GARVEEs are reflected in the adopted 2017-2022 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 2017-2022 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. The Fiscal Year 2018 through 2023 SYIP is expected to be adopted by the Transportation Board in June 2017.

Virginia Department of Transportation Staff

Charles A. Kilpatrick was named Commissioner of Highways of VDOT in January 2014. Previously, he served as Chief Deputy Commissioner since July 2010. Mr. Kilpatrick is a native Virginian, raised in Fairfax County. He 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 10-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 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. Mr. Elliott served 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 served as assistant resident engineer in VDOT's Franklin and Williamsburg residencies, becoming Williamsburg's 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, a bachelor's degree in accounting from Christopher Newport University, and 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 has 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.

Virginia Department of Rail and Public Transportation

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

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

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

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

DRPT Staff

Jennifer Mitchell was named Director of DPRT in January 2014. She has over 20 years of experience in the transportation industry, where she has specialized in the planning and implementation of public transit projects, with a particular emphasis on developing financial plans and advancing projects through planning, design and construction. Prior to joining DPRT, she was an Assistant Vice President with Parsons Brinckerhoff, a transportation consulting firm, where she advised transportation agencies across the country on funding strategies, capital program management and project development. She served as Deputy Project Director for the Dulles Corridor Metrorail Project with the Metropolitan Washington Airports Authority, and held several positions working on the Dulles project throughout its environmental and planning phases. Ms. Mitchell also held other consulting

positions in which she worked on public transit, highway, airport and port projects across the U.S. and internationally. Ms. Mitchell holds a master's degree in regional planning from the University of North Carolina - Chapel Hill, and a bachelor's degree in urban planning from University of Virginia. She is an incoming member of the APTA Board of Directors, Vice Chair of the American Public Transportation Foundation, and a member of APTA's Policy and Planning and Legislative Committees.

William S. Pittard was selected to become the Chief Financial Officer of DRPT in September 2004. He oversees DRPT's \$733 million annual budget as well as DRPT's activities and initiatives in finance, audit, general accounting, information technology, and procurement. Mr. Pittard previously served in financial management positions with the Virginia Information Technologies Agency and the Virginia Department of Accounts. Additionally, he has five years of experience with the public accounting firm KPMG. Mr. Pittard earned a B.S. in Commerce from the University of Virginia in 1987, and he is a certified public accountant and a certified government financial manager.

SUMMARY OF THE INDENTURE

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

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

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

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

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

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

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

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

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

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

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

"Bond" or **"Bonds"** means any or all Commonwealth of Virginia Transportation Capital Projects Revenue Bonds issued pursuant to Article V of the Master Indenture and any or all Bond Anticipation Notes.

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

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

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

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

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

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

"Commonwealth" means the Commonwealth of Virginia.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Owner" means the registered owner of any Bond.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Refunding Bonds" shall have the meaning set forth in Section 5.3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Events of Default and Remedies upon Default. Each of the following events shall constitute an Event of Default under the Master Indenture: (i) default in the payment of any installment of interest in respect of the Bonds

of any Series as the same shall become due and payable; (ii) default in the payment of the principal of or premium, if any, in respect of the Bonds of any Series as the same shall become due and payable either at maturity, upon redemption, or otherwise; (iii) default in the payment of any Amortization Requirement in respect of any Term Bond as the same shall become due and payable; (iv) subject to certain provisions of the Master Indenture, failure on the part of the Transportation Board duly to observe or perform any other of the covenants or agreements on the part of the Transportation Board contained in the Master Indenture, a Supplemental Indenture, a Tax Compliance Agreement, or any Bond or (v) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the Revenues and the other Funds and Accounts pledged pursuant to the Master Indenture, or the filing by the Transportation Board of any petition for reorganization of the Transportation Board or rearrangement or readjustment of the obligations of the Transportation Board under the provisions of any applicable bankruptcy or insolvency law.

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

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

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

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

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

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall upon being indemnified to its satisfaction therefore, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts or omissions to act which may be unlawful or in violation hereof or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Owners of Bonds not making such request.

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

Defeasance of Bonds. If the Transportation Board shall pay or provide for the payment of the entire indebtedness on all Bonds Outstanding in any one or more of the following ways: (i) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable; (ii) by delivering such Bonds to the Trustee for cancellation or (iii) by depositing with the Trustee (or an escrow agent), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue thereon (the "Payment Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds Outstanding at or before their respective maturity dates, without consideration of any reinvestment of the Payment Amount, as a firm of nationally-recognized independent verification agents or a firm of independent certified public accountants shall verify to the Trustee's satisfaction; and if the Transportation Board shall pay or provide for the payment of (on the date of defeasance or over time) all other

sums payable hereunder by the Transportation Board, and if any of the Bonds Outstanding are to be redeemed before their maturity, notice of such redemption shall have been given as provided in the Master Indenture (and the corresponding sections of the Supplemental Indentures) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the Master Indenture and the estate and rights granted hereunder (except for the provisions of the Master Indenture regarding the general terms and conditions of the Bonds and the redemption of the Bonds (and the corresponding sections of the Supplemental Indentures) and payment of the Bonds) shall cease, determine, and become null and void. Thereupon the Trustee shall, upon receipt by the Trustee of an Officer's Certificate and an Opinion of Bond Counsel each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Master Indenture as provided above have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Master Indenture (except for the provisions of the Master Indenture regarding the general terms and conditions of the Bonds and the redemption of the Bonds (and the corresponding sections of the Supplemental Indentures) and payment of the Bonds) and the lien hereof.

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

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

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

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

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

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

Bonds owned or held by or for the account of the Transportation Board or any Person controlling, controlled by or under common control with the Transportation Board shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds for purposes of entering into Supplemental Indentures. At the time of any

such calculation, the Transportation Board shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

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

SUMMARY OF THE PAYMENT AGREEMENT

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

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

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

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

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

debt service on the Bonds coming due or expected to come due and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Under the Payment Agreement, the Secretary of Finance is obligated to use his best efforts to have (i) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the Master Indenture during the next succeeding Fiscal Year or biennial period, as applicable, and (ii) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

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

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

CERTAIN LEGAL MATTERS

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

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

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

Bond Counsel's opinion will state that, under current law, interest on the Bonds (including any accrued "original issue discount" properly allocable to the owners of the Bonds) (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item"). However, for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Bonds must be included in determining adjusted current earnings. See "Form of Bond Counsel Opinion" in Appendix D hereto.

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

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

Reliance and Assumptions; Effect of Certain Changes

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

In addition, Bond Counsel is assuming continuing compliance with the Covenants, as hereinafter defined, by the Transportation Board. The Code and the regulations promulgated thereunder contain a number of requirements that

must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax compliance agreement to be entered into by the Transportation Board with respect to the Bonds contains covenants (the "Covenants") under which the Transportation Board has agreed to comply with such requirements. Failure by the Transportation Board to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for Federal income tax purposes.

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

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

Certain Collateral Federal Tax Consequences

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

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

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

Original Issue Discount

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

result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

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

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

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

Bond Premium

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

Possible Legislative or Regulatory Action

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

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

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

Opinion of Bond Counsel – Virginia Income Tax Consequences

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

LEGALITY FOR INVESTMENT

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

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

LITIGATION

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

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

CERTIFICATE CONCERNING OFFICIAL STATEMENT

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

CONTINUING DISCLOSURE

Rule 15c2-12 in General

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

Transportation Board Continuing Disclosure

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

The Transportation Board is aware that it may not have complied with certain continuing disclosure undertakings in that (1) it did not timely file notice of a rating upgrade for one of its bond programs and (2) its Annual Reports for the last five Fiscal Years 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 E, to be executed prior to the issuance of the Bonds for the benefit of the holders of the Bonds, to provide to the MSRB Annual Reports with respect to the Commonwealth. Similarly, the State Treasurer will provide Event Notices to the MSRB on rating changes with respect to the Commonwealth's general obligation bonds.

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. 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.

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

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") assigned the Bonds ratings of ___, ___, ___, respectively.

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

SALE AT COMPETITIVE BIDDING

The Bonds will be offered for sale at competitive bidding on June ___, 2017,* unless changed as described in the Notice of Sale in Appendix F hereto. This Preliminary Official Statement has been deemed final as of its date by the Transportation Board in accordance with the meaning and requirements of Rule 15c2-12, except for the omission of certain pricing and other information permitted to be omitted by Rule 15c2-12. After the Bonds have been awarded, the Transportation Board will deem the Official Statement final as of its date, and the Official Statement as so completed will be a final official statement within the meaning of Rule 15c2-12 (the "Final Official Statement"). The Final Official Statement will include, among other matters, the identity of the winning bidder and the managers of the syndicate, if any, submitting the winning bid (the "Underwriter"), the expected selling compensation to the Underwriter of the Bonds and other information on the interest rates and offering prices or yields of the Bonds, as supplied by the Underwriter.

FINANCIAL ADVISOR

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

* Preliminary, subject to change.

TRUSTEE

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

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

RELATIONSHIP OF PARTIES

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

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 Bonds.

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

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

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

COMMONWEALTH TRANSPORTATION BOARD

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

COMMONWEALTH OF VIRGINIA

**FINANCIAL STATEMENTS OF THE COMMONWEALTH
FOR THE YEAR ENDED JUNE 30, 2016**

COMMONWEALTH OF VIRGINIA

**FINANCIAL AND OTHER
INFORMATION**

COMMONWEALTH OF VIRGINIA

**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX E

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

APPENDIX E

TABLE OF CONTENTS

	<u>PAGE</u>
FORM OF CONTINUING DISCLOSURE UNDERTAKING - COMMONWEALTH TRANSPORTATION BOARD	E-1
FORM OF CONTINUING DISCLOSURE UNDERTAKING - COMMONWEALTH OF VIRGINIA	E-8

NOTICE OF SALE

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is dated _____, 2017 (the "Closing Date"), and is executed and delivered by the Commonwealth Transportation Board (the "Transportation Board") of the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Transportation Board of its \$_____ Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017 (the "Bonds"), pursuant to the provisions of a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented and amended, and as further supplemented by a Sixth Supplemental Indenture of Trust dated as of July 1, 2017 (collectively, the "Indenture"), entered into between the Transportation Board and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The Transportation Board hereby covenants and agrees as follows:

Section 1. Definitions. In addition to capitalized terms defined elsewhere in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

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

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the Transportation Board's Official Statement with respect to the Bonds, dated _____, 2017.

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

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

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

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Transportation Board for the benefit of the Holders and to assist the Participating Underwriters in complying with the Rule. The Transportation Board acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement.

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

(a) By not later than 10 months following the end of each Fiscal Year of the Transportation Board, commencing with the Fiscal Year ending June 30, 2017, the Transportation Board shall submit, or shall cause the Dissemination Agent (if different from the Transportation Board) to submit, to EMMA an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package and (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement;

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

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

Section 4. Content of Annual Reports. Each Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following information, all with a view toward assisting the Participating Underwriters in complying with the Rule:

(a) updated information contained in the charts titled "Historical Insurance Tax Receipts" and "Historical and Projected Priority Transportation Fund Revenues" in the section titled "Priority Transportation Fund;"

(b) updated information contained in the chart titled "Total Transportation Trust Fund Revenues – All Modes" in the section titled "Transportation Trust Fund;" and

(c) if other funds have been appropriated by the General Assembly with respect to the Bonds, a chart or other information 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 Transportation Board or the Commonwealth, that have been filed with the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Transportation Board shall clearly identify each such other document so incorporated by reference.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Transportation Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Transportation Board or the sale of all or

substantially all of the assets of the Transportation Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

Section 6. Termination of Reporting Obligation. The obligations of the Transportation Board under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of the Bonds.

Section 7. Dissemination Agent. The Transportation Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any such successor Dissemination Agent will be deemed to be appointed pursuant to this Disclosure Agreement. It is currently anticipated that such successor Dissemination Agent may include, among others, Digital Assurance Certification LLC, or similar organizations that may exist from time to time. If at any time there is not any other designated Dissemination Agent, the Transportation Board shall be the Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Transportation Board may amend this Disclosure Agreement if such amendment is supported by a written opinion of independent counsel to the Transportation Board with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Transportation Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice described in Section 5 above, in addition to that which is required by this Disclosure Agreement, including without limitation the Annual Financial Report of the Virginia Department of Transportation. If the Transportation Board chooses to include any information in any Annual Report or notice described in Section 5 above, in addition to that which is specifically required by this Disclosure Agreement, the Transportation Board shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice.

Section 10. Default. Any person referred to in Section 11 (other than the Transportation Board) may take such action as may be permitted by law against the appropriate public official to secure compliance with the obligation of the Transportation Board to file its Annual Report or to give notice as described in Section 5. In addition, Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement or to enforce any other obligation of the Transportation Board hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or any applicable resolution or other debt authorization of the Transportation Board, and the sole remedy under this Disclosure Agreement in the event of any failure of the Transportation Board to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any Holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Transportation Board, the Participating Underwriters, and the Holders and shall create no rights in any other person or entity.

Section 12. Identifying Information. If the Transportation Board is providing to EMMA the documents required under this Disclosure Agreement, the Transportation Board shall provide such documents with any identifying information prescribed by the MSRB.

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

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Aubrey L. Layne, Chairman

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

COMMONWEALTH TRANSPORTATION BOARD

in connection with

Commonwealth of Virginia
Transportation Capital Projects Revenue Bonds, Series 2017

CUSIP Numbers:
927793 ___ to ___

Dated: _____, 2017

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

Dated: _____

COMMONWEALTH TRANSPORTATION BOARD

By: _____
Its: _____