

Investor Presentation

Virginia Resources Authority



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Virginia Pooled Financing Program
Infrastructure and State Moral Obligation Revenue Bonds
Series 2010B
July 28, 2010

Transaction Participants

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Financing Overview

Virginia Pooled Financing Program

Series 2010B

Tax-Exempt

\$40,960,000* Infrastructure and State Moral Obligation (“Moral Obligation Series”) Revenue Bonds

Infrastructure Series

Moody’s: Aaa

S&P: AAA

\$28,060,000*

Series 2010B

Moral Obligation Series

Moody’s: Aa2

S&P: AA

\$12,900,000*

Series 2010B

Purpose of Bond Financing

- To make a loan to municipalities for a regional infrastructure project

Virginia Pooled Financing Program

- Loan repayments from all loans are pooled and pledged to repay the bonds

** Preliminary; subject to change*

Senior Manager

Morgan Keegan & Company, Inc.

Co-Senior Manager

J.P. Morgan Securities, Inc.

Co-Managers

Fidelity Capital Markets

M.R. Beal & Company

Wells Fargo Securities

Overview of Virginia Resources Authority

- Created by the Virginia General Assembly in 1984
- Over 26 years of underwriting experience
- VRA has funded nearly 1,000 critical projects across the Commonwealth exceeding \$5.3 billion of investment in Virginia's communities
- Provides low interest loans to municipalities
- Cost-effective loans make local and regional projects possible
- Assists with financing various infrastructure projects
- Over 285 municipal customers have utilized VRA's Loan Programs

Assigned Project Areas

- | | |
|---|---|
| <ul style="list-style-type: none">▪ Water▪ Wastewater▪ Solid Waste▪ Airports▪ Brownfield Remediation & Redevelopment▪ Public Safety▪ Local Government Buildings▪ Administrative & Operational Systems▪ Oyster Restoration | <ul style="list-style-type: none">▪ Federal Facility Development▪ Flood Prevention & Dam Safety▪ Transportation▪ Land Conservation & Preservation▪ Broadband▪ Energy Efficiency & Conservation▪ Parks & Recreation Facilities▪ Site Acquisition & Development▪ Defective Drywall Correction & Restoration |
|---|---|

Virginia Resources Authority Governance

Name	Jurisdiction	Board Title
William G. O'Brien	Port Republic	Director and Chairman
James H. Spencer, III	Bluefield	Director and Vice Chairman
Barbara McCarthy Donnellan	Clifton	Director
Philip J. Duke	Middleburg	Director
Dena Frith Moore	Richmond	Director
Thomas L. Hasty, III	Chesapeake	Director
J. Barry Purcell, III	Richmond	Director
Randall P. Burdette	Stafford County	Director Ex-Officio, Department of Aviation
David K. Paylor	Richmond	Director Ex-Officio, Department of Environmental Quality
Manju Ganeriwala	Henrico County	Director Ex-Officio, Treasurer of Virginia
Karen Remley, M.D., M.B.A	Virginia Beach	Director Ex-Officio, Virginia's State Health Commissioner
VRA Management		Title
Stephanie L. Hamlett		Executive Director
Brian D. DeProfio		Chief Operations Officer
VRA Financing Team		Role
McGuireWoods, LLP		Bond Counsel
Davenport & Company, LLC & Strategic Solutions Center, LLC		Financial Advisors
US Bank National Association		Trustee

Board of Directors



- VRA provides low cost and below market financing
- Lending programs include:
 - Virginia Pooled Financing Program
 - Current structure in place since November 2003
 - Through 2010, issued nearly \$1.5 billion on behalf of 88 participating localities (includes CRF Bonds)
 - 16 Series issued to date
 - Series 2010B includes 1 new borrower
 - Revolving Fund Programs
 - Clean Water State Revolving Fund
 - Drinking Water State Revolving Fund
 - Virginia Airports Revolving Fund
 - Dam Safety, Flood Prevention and Assistance Fund
 - Equipment and Term Financing
 - Expanded options for terms 1-15 years
 - Low rates and easy process

No borrower has ever defaulted on a loan underwritten by VRA

- Application process includes review of each applicant's:
 - Sources of funds available to pay for the project
 - Revenue and expense projections for revenue, double barrel and lease pledges
 - Assessed valuation, tax rate and collections for general obligation, double barrel and lease pledges
 - Aggregate borrower debt outstanding and historic and projected debt ratios and trends
 - Economic and demographic statistics and trends
 - Audited financial statements
- VRA performs in-depth credit analysis of each applicant
 - Assessment of project feasibility and general economic trends
 - Borrower's ability to fix rates, fees and other charges to meet debt service requirements
- VRA's continuous monitoring process includes:
 - Review of annual borrower audits
 - Consideration of borrower coverage certificate, if applicable
 - Identification of any borrowers with cash flow, leverage, or other problems

VRA has an established application and underwriting process that each applicant must undergo in order to borrow through the program

Pooled Financing Program Is Growing in Presence

Locality	Outstanding Amount	% of all Local Bonds	Pledge	Locality	Outstanding Amount*	% of all Local Bonds	Pledge
Accomack County	\$1,990,000	0.16%	Lease	Marion, Town of	\$3,720,000	0.30%	GO
Alexandria Sanitation Authority	9,135,000	0.73%	Revenue	Mathews County	4,885,000	0.39%	Lease
Amelia County	610,000	0.05%	Revenue, MO	Maury Service Authority	1,650,000	0.13%	Revenue
Bedford County PSA	20,575,000	1.64%	Revenue, MO	Meherin River Regional Jail Authority	40,090,000	3.19%	Revenue, MO
Bedford, City of	1,015,000	0.08%	Go, Revenue	Nelson County	1,990,000	0.16%	Lease
Blacksburg Christiansburg VPI Water Auth.	2,600,000	0.21%	Revenue	New Kent County	16,555,000	1.32%	Revenue, MO
Blue Ridge Regional Jail Authority	56,980,000	4.53%	Revenue	New Market, Town of	2,140,000	0.17%	GO
Botetourt County	16,785,000	1.34%	Revenue, MO	New River Regional Water Auth.	15,190,000	1.21%	Revenue, MO
Botetourt County	3,420,000	0.27%	Lease	Norton, City of	1,175,000	0.09%	GO
Boydton, Town of	1,580,000	0.13%	Revenue	Patrick County	6,295,000	0.50%	Lease
Broadway, Town of	2,390,000	0.19%	GO	Petersburg, City of	11,360,000	0.90%	GO
Buchanan PSA	1,135,000	0.09%	Revenue	Pocahontas, Town of	1,370,000	0.11%	GO
Caroline County	17,490,000	1.39%	Revenue	Poquoson, City of	740,000	0.06%	Go, Revenue
Caroline County	12,780,000	1.02%	Lease	Powhatan County	10,215,000	0.81%	Revenue, MO
Caroline County	560,000	0.04%	GO	Powhatan County	3,750,000	0.30%	Lease
Clarksville, Town	2,265,000	0.18%	Go, Revenue	Prince William County	92,895,000	7.39%	Lease
Craig-New Castle PSA	760,000	0.06%	Revenue	Prince William County	6,015,000	0.48%	Revenue
Culpeper County	3,925,000	0.31%	Lease	Pulaski County PSA	2,870,000	0.23%	Revenue, MO
Dickenson County	1,155,000	0.09%	Lease	Rapidan Service Authority	17,470,000	1.39%	Revenue
Dinwiddie County Water Auth.	285,000	0.02%	Revenue, MO	Rappahannock Regional Jail Authority	31,115,000	2.48%	Revenue
Dumfries, Town of	1,615,000	0.13%	GO	Roanoke County	20,110,000	1.60%	Lease
Edinburg, Town of	375,000	0.03%	GO	Roanoke, City of	11,640,000	0.93%	GO
Falls Church, City of	13,075,000	1.04%	GO	Rockingham County	14,530,000	1.16%	Revenue, MO
Fauquier County	3,565,000	0.28%	Lease	Round Hill, Town of	6,855,000	0.55%	GO
Fauquier County	2,105,000	0.17%	Revenue, MO	Shenandoah County	15,760,000	1.25%	Lease
Fincastle, Town of	670,000	0.05%	GO	Smithfield, Town of	1,315,000	0.10%	GO
Franklin County	2,905,000	0.23%	Revenue, MO	South Boston, Town of	3,230,000	0.26%	Go, Revenue
Frederick County San. Authority	20,470,000	1.63%	Revenue	South Hill, Town of	3,530,000	0.28%	Revenue
Frederick-Winchester Service Authority	19,355,000	1.54%	Revenue	Southampton County	32,060,000	2.55%	Revenue, MO
Front Royal, Town of	9,285,000	0.74%	GO	Southeastern Public Service Authority	37,445,000	2.98%	GO Guaranty
Gloucester County	8,235,000	0.66%	Revenue, MO	Southside Regional PSA	9,395,000	0.75%	Revenue
Goochland County	5,685,000	0.45%	Revenue, MO	Stafford County	775,000	0.06%	Lease
Greene County	23,045,000	1.83%	Revenue, MO	Staunton, City of	11,205,000	0.89%	GO
Greensville County Water and Sewer Auth.	4,910,000	0.39%	Revenue	Strasburg, Town of	1,970,000	0.16%	GO
Hamilton, Town of	1,125,000	0.09%	Go, Revenue	Suffolk, City of	180,620,000	14.37%	Revenue
Hampton Roads Regional Jail Authority	12,975,000	1.03%	Revenue	Sussex Service Authority	12,340,000	0.98%	Revenue
Hanover County	22,610,000	1.80%	Revenue	Tappahannock, Town of	4,165,000	0.33%	GO
Harrisonburg, City of	3,615,000	0.29%	GO	Tazewell County	2,400,000	0.19%	Revenue, MO
Harrisonburg-Rockingham Reg. Sewage Auth.	11,165,000	0.89%	Revenue	Trans. District Comm. of Hampton Roads	13,995,000	1.11%	Lease
Henry County PSA	1,030,000	0.08%	Revenue	Vinton, Town of	1,505,000	0.12%	GO
Hopewell, City of	7,410,000	0.59%	Revenue	Waynesboro, City of	5,700,000	0.45%	GO
John Flannagan Water Auth	895,000	0.07%	Revenue	Waynesboro, City of	2,065,000	0.16%	Revenue
King George County	33,861,450	2.69%	Lease	Western Virginia Water Auth.	54,665,000	4.35%	Revenue
King William County	1,445,000	0.11%	Revenue, MO	Western Virginia Water Auth.	5,310,000	0.42%	Revenue, MO
Lawrenceville, Town of	860,000	0.07%	Revenue	Winchester, City of	36,215,000	2.88%	Revenue
Loudoun County	95,050,000	7.56%	Lease	Wise County PSA	3,845,000	0.31%	Revenue, MO
Lovettsville, Town of	3,225,000	0.26%	Go, Revenue	Woodstock, Town of	2,390,000	0.19%	GO
Luray, Town of	3,120,000	0.25%	GO	York County	17,230,000	1.37%	Lease
Manassas, City of	1,850,000	0.15%	GO	Total	\$1,256,721,450	100.00%	

Virginia Pooled Financing Program

- Since November 2003 VRA has successfully issued nearly \$1.5 billion in municipal bonds through the Virginia Pooled Financing Program (VPFP) on behalf of 88 participating localities
- The Infrastructure Revenue Series 2010B Bonds will be payable and secured on a parity with all other Infrastructure Revenue bonds
- The Moral Obligation Series 2010B Bonds will be payable and secured on a parity with all other Moral Obligation bonds

<i>Series</i>	<i>Infrastructure Revenue</i>	<i>Moral Obligation</i>	<i>Total Bonds</i>
2003A	\$65,655,000	\$37,590,000	\$103,245,000
2004A	60,630,000	33,875,000	\$94,505,000
2004B	39,265,000	18,705,000	\$57,970,000
2005A	18,115,000	8,190,000	\$26,305,000
2005B	22,055,000	9,485,000	\$31,540,000
2005C	42,755,000	18,960,000	\$61,715,000
2006A	61,550,000	31,160,000	\$92,710,000
2006B	17,270,000	8,005,000	\$25,275,000
2006C	45,935,000	22,860,000	\$68,795,000
2007A	29,790,000	14,465,000	\$44,255,000
2007B	46,000,000	21,655,000	\$67,655,000
2008A	48,890,000	22,450,000	\$71,340,000
2008B	147,495,000	67,945,000	\$215,440,000
2009A	170,205,000	83,665,000	\$253,870,000
2009B	127,355,000	58,975,000	\$186,330,000
2010A	50,470,000	23,170,000	\$73,640,000
Total	\$993,435,000	\$481,155,000	\$1,474,590,000

Advantages of Virginia Pooled Financing Program

- Low borrowing rates
- Custom-tailored loan structures
 - Refunding capability
 - Interest-only periods
 - Capitalized interest
- No bond insurance premiums
- Low issuance costs
- Access to capital for infrequent borrowers
- Year-round application period
- Interim financing available
- Strong management and active oversight

**Cost effective and flexible programs have broadened
VRA's loan growth and continued high participation rates**

Virginia Pooled Financing Program Credit Structure

- Bonds are payable from borrower loan repayments (“Local Obligations”) due one month in advance of debt service payment dates
- According to Moody’s, 67% of loan principal made to borrowers with ratings of “A1” and higher
- Growing pool of diverse borrowers with good quality credit
- Infrastructure Revenue and Moral Obligation bonds are secured by:
 - Local Obligations that form a pool of borrowers
 - Reserves required by indenture
- Minimum Infrastructure Revenue bond debt service coverage of 1.43x
- Minimum 1.0x coverage for Moral Obligation bonds
- High default tolerance; 31% of the Local Obligations can default without affecting timely payment of Infrastructure Revenue Bonds
- State aid intercept program supports 72% of the program’s portfolio, providing additional security to both senior and subordinate bondholders
- Commonwealth of Virginia (Aaa/AAA/AAA) has moral obligation to make up reserve deficiency for Moral Obligation bonds

Strong Coverage for Infrastructure Revenue Bonds

Moral Obligation Pledge from Commonwealth for Moral Obligation Bonds

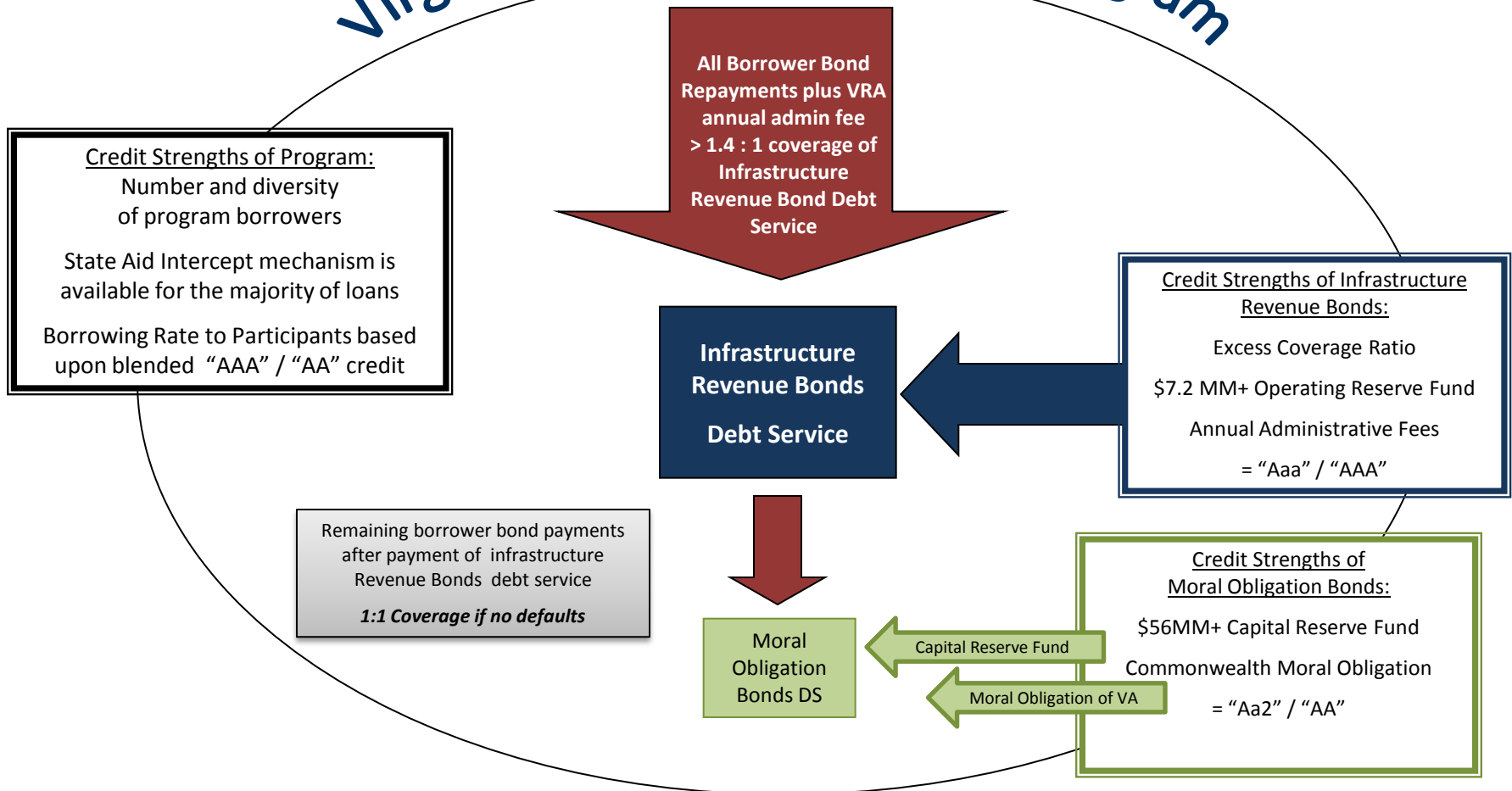
Infrastructure Revenue Bonds

- Rated “Aaa”/“AAA” without additional credit enhancements
- Secured by:
 - First lien on loan repayments
 - Secured by G.O. and/or Revenue pledges of borrowers
 - \$7.2 million+ Operating Reserve Fund
 - State aid intercept mechanism
- 1.4x coverage of Infrastructure Revenue debt
- Structure provides *Natural* “AAA” Rating

Moral Obligation Bonds

- Rated “Aa2”/“AA”
- Secured by:
 - Junior lien on loan repayments
 - Supported by G.O. and/or Revenue pledges of borrowers
 - State aid intercept mechanism
 - State aid can be diverted to pay debt service
 - Never been called upon
 - At least 1.0x debt service coverage
 - Capital Reserve Fund – MADS
 - Commonwealth’s Moral Obligation Pledge
 - Available to replenish Capital Reserve if needed
 - Never been called upon
- Commonwealth has a moral obligation to make annual appropriations to replenish Capital Reserve Fund
- Bond payments coordinate with the timing of reserve replenishment

Virginia Pooled Financing Program



- The State Aid Intercept Mechanism provides credit strength
- Comptroller can intercept state aid payments to cover overdue debt service on Local Obligations
- Authorized and managed by the State Comptroller
- Available to GO, Revenue and Lease-backed obligations
- Provides credit enhancement for certain cities, counties and towns
- Payment is made within 24 hours of notification

**Largest sources of tax revenue from
the Commonwealth enhance local obligations**

Financing Details

VRA Virginia Pooled Financing Program
Series 2010B

Meherrin River Regional Jail Authority

- The Meherrin River Regional Jail is the only project included as a local government in the Series 2010B Virginia Pooled Financing Program.
- The proceeds of the bonds will be used to finance a portion of the cost of acquiring, constructing, and equipping a regional jail facility.

\$40,960,000*

**Infrastructure and State Moral Obligation
Revenue Bonds Series 2010B
(Virginia Pooled Financing Program)**

Consisting of:

\$28,060,000* Infrastructure Revenue Series

\$12,900,000* Moral Obligation Series

Purpose of Bond Financing

- To make a loan to municipalities for a regional infrastructure project

Confirmed Credit Ratings

- Infrastructure Revenue Bonds: Natural "Aaa" / "AAA" (Moody's/S&P)
- Moral Obligation Bonds: Natural "Aa2" / "AA" (Moody's S&P)

** Preliminary, Subject to Change (Non-AMT Bonds)*

Projected Maturity Schedule

\$28,060,000*

\$28,060,000 Infrastructure Revenue Bonds Series 2010B					
Maturity	Principal*	Maturity	Principal*	Maturity	Principal*
11/1/2014	\$535,000	11/1/2023	\$790,000	11/1/2032	\$1,235,000
11/1/2015	550,000	11/1/2024	825,000	11/1/2033	1,295,000
11/1/2016	575,000	11/1/2025	865,000	11/1/2034	1,360,000
11/1/2017	605,000	11/1/2026	905,000	11/1/2035	1,435,000
11/1/2018	630,000	11/1/2027	960,000	11/1/2036	1,500,000
11/1/2019	660,000	11/1/2028	1,005,000	11/1/2037	1,580,000
11/1/2020	695,000	11/1/2029	1,060,000	11/1/2038	1,660,000
11/1/2021	720,000	11/1/2030	1,115,000	11/1/2039	1,740,000
11/1/2022	750,000	11/1/2031	1,175,000	11/1/2040	1,835,000

\$12,900,000*

\$12,900,000 Moral Obligation Revenue Bonds Series 2010B					
Maturity	Principal*	Maturity	Principal*	Maturity	Principal*
11/1/2014	\$230,000	11/1/2023	\$335,000	11/1/2032	\$525,000
11/1/2015	240,000	11/1/2024	355,000	11/1/2033	555,000
11/1/2016	245,000	11/1/2025	\$370,000	11/1/2034	585,000
11/1/2017	255,000	11/1/2026	390,000	11/1/2035	610,000
11/1/2018	275,000	11/1/2027	405,000	11/1/2036	\$650,000
11/1/2019	285,000	11/1/2028	430,000	11/1/2037	680,000
11/1/2020	295,000	11/1/2029	450,000	11/1/2038	715,000
11/1/2021	310,000	11/1/2030	475,000	11/1/2039	755,000
11/1/2022	325,000	11/1/2031	500,000	11/1/2040	1,655,000

*Preliminary; subject to change

July-10						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August-10						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Date	Activity
July 28	POS Mailing
July 28	Investor Presentation Availability
August 3	Retail & Institutional Order Period
August 18	Bonds Delivered

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