

**THIRD SUPPLEMENTAL SERIES TRUST INDENTURE**

**Between**

**VIRGINIA RESOURCES AUTHORITY**

**And**

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

**Dated as of September 1, 2011**

**\$3,015,000**

**Virginia Resources Authority  
Clean Water State Match Revenue Bonds,  
Series 2011A**

**\$34,655,000**

**Virginia Resources Authority  
Clean Water State Revolving Fund Revenue Bonds,  
Series 2011B**

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**VIRGINIA WATER FACILITIES REVOLVING FUND PROGRAM**



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### THIRD SUPPLEMENTAL SERIES TRUST INDENTURE

This **THIRD SUPPLEMENTAL SERIES TRUST INDENTURE** (this "Third Series Supplement") is made as of September 1, 2011, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association with a corporate trust office in Richmond, Virginia, and its successors, as trustee (the "Trustee").

#### RECITALS

**A.** VRA has entered into an Amended and Restated Master Trust Indenture dated as of April 1, 2010 (the "Master Indenture"), between VRA and the Trustee, under which VRA has provided for the issuance from time to time of bonds of VRA (as more particularly defined in the Master Indenture, the "Bonds") for such purposes as may be authorized under and pursuant to the VRA Act and the VWFRF Act.

**B.** VRA has now determined to issue (i) the fourth Series of Bonds under the Master Indenture in the aggregate principal amount of \$34,655,000 (the "2011B Bonds"), and (ii) the fifth Series of Bonds, which will be issued as the second Series of State Match Bonds, under the Master Indenture in the aggregate principal amount of \$3,015,000 (the "2011A State Match Bonds" and together with the 2011B Bonds, the "2011 Bonds").

**C.** VRA will use the proceeds of the 2011B Bonds to (i) purchase and acquire local obligations issued or incurred by local governments within the Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates and (ii) pay the Costs of Issuance of the 2011B Bonds.

**D.** VRA will use the proceeds of the 2011A State Match Bonds to (i) provide state matching funds equal to 20% of the federal capitalization grants expected to be received by the Commonwealth of Virginia from the federal government in Federal Fiscal Year 2011 and (ii) pay the Costs of Issuance of the 2011A State Match Bonds.

**E.** The Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture.

**F.** All things necessary to make the 2011 Bonds valid and binding limited obligations of VRA, when authenticated by the Paying Agent and issued as provided in this Third Series Supplement, and to constitute this Third Series Supplement a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the 2011 Bonds have been done and performed.

**NOW, THEREFORE**, VRA hereby covenants and agrees with the Trustee and with the holders, from time to time, of the 2011 Bonds and any other Bonds that are and may be Outstanding under the Master Indenture, as follows:

**ARTICLE I**  
**THIRD SUPPLEMENTAL SERIES TRUST INDENTURE**

**Section 1.1 Authorization of Third Series Supplement; Effect of Master Indenture.** This Third Series Supplement is authorized and executed by VRA and delivered to the Trustee as a Supplemental Series Indenture pursuant to and in accordance with Articles V and XVI of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2011 Bonds, except as otherwise provided in this Third Series Supplement.

**Section 1.2 Definitions.** All capitalized words and terms used in this Third Series Supplement have the meanings set forth in Article I of the Master Indenture. In addition, the following words and terms have the following meanings in this Third Series Supplement unless the context clearly requires otherwise:

**"Agreement"** means, when used with respect to a 2011B Local Bond, the financing agreement between the Related Local Government and VRA.

**"Allocable Share"** shall have the meaning set forth in the 2011 Tax Regulatory Agreement.

**"DTC"** shall have the meaning set forth in Section 2.3.

**"Letter of Representations"** means VRA's Blanket Letter of Representations to DTC dated January 8, 1997.

**"Master Indenture"** means the Amended and Restated Master Trust Indenture dated as of April 1, 2010, between VRA and the Trustee, as hereby supplemented and as it may be supplemented and amended from time to time after the 2011 Closing Date in accordance with its terms.

**"Net Proceeds"** shall have the meaning set forth in Section 149(f)(2)(C) of the Code.

**"Third Series Supplement"** means this Third Series Supplement Series Trust Indenture dated as of September 1, 2011, between VRA and the Trustee, as it may be amended from time to time in accordance with the provisions of the Master Indenture.

**"2011 Bonds"** mean the Series of Bonds of VRA issued pursuant to Article II of this Third Series Supplement.

**"2011 Closing Date"** means September 28, 2011.

**"2011 Dated Date"** means September 28, 2011.

**"2011 Tax Regulatory Agreement"** means the Series 2011A Tax Certificate and Regulatory Agreement dated the 2011 Closing Date and entered into by VRA with the Trustee for the benefit of the Owners of the 2011 Bonds.

**"2011A State Match Bond Yield"** shall have the meaning set forth in the 2011 Tax Regulatory Agreement.

**"2011A State Match Costs of Issuance Account"** means the Account in the Costs of Issuance Fund established for the 2011A State Match Bonds pursuant to Section 10.1 of the Master Indenture and Section 7.3 of this Third Series Supplement.

**"2011A State Match Rebate Account"** means the Account in the Rebate Fund established for the 2011A State Match Bonds pursuant to Section 10.2 of the Master Indenture and Section 7.4 of this Third Series Supplement.

**"2011B Acquisition Fund"** means the Fund by that name established for the 2011B Bonds pursuant to Section 10.1 of the Master Indenture and Section 6.3 of this Third Series Supplement.

**"2011B Bond Yield"** shall have the meaning set forth in the 2011 Tax Regulatory Agreement.

**"2011B Costs of Issuance Account"** means the Account in the Costs of Issuance Fund established for the 2011B Bonds pursuant to Section 10.1 of the Master Indenture and Section 7.3 of this Third Series Supplement.

**"2011B Local Bonds"** means the Local Bonds issued or incurred by Local Governments to finance or refinance qualified Sewer Projects at below-market interest rates and purchased or acquired by VRA pursuant to Article VI of this Third Series Supplement.

**"2011B Rebate Account"** means the Account in the Rebate Fund established for the 2011B Bonds pursuant to Section 10.2 of the Master Indenture and Section 7.4 of this Third Series Supplement.

**Section 1.3 Representations of VRA.** VRA 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 2011 Bonds, to execute this Third Series Supplement, and to pledge, assign and grant a security interest in the Net Revenues and the other Funds, Accounts, money and other property as security for the 2011 Bonds in the manner and to the extent set forth in the Master Indenture and this Third Series Supplement, (ii) all action on its part necessary for the execution and delivery of this Third Series Supplement has been taken, and (iii) the 2011 Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of VRA.

## ARTICLE II AUTHORIZATION AND DETAILS OF BONDS

**Section 2.1 Authorization of 2011 Bonds.** (a) There are authorized to be issued pursuant to the Master Indenture a Series of State Match Bonds of VRA in the aggregate principal amount of \$3,015,000. The 2011A State Match Bonds shall be issued substantially in the form of Exhibit A and designated "Virginia Resources Authority Clean Water State Match Revenue Bonds, Series 2011A." The 2011A State Match Bonds are issued to provide funds to

(i) provide state matching funds equal to 20% of the federal capitalization grants expected to be received by the Commonwealth of Virginia from the federal government in 2011 and (ii) pay the Costs of Issuance related to the 2011A State Match Bonds.

(b) There are authorized to be issued pursuant to the Master Indenture a Series of Bonds of VRA in the aggregate principal amount of \$34,655,000. The 2011B Bonds shall be issued substantially in the form of Exhibit B and designated "Virginia Resources Authority Clean Water State Revolving Fund Revenue Bonds, Series 2011B." The 2011B Bonds are issued to provide funds to (i) purchase and acquire the 2011B Local Bonds and (ii) pay the Costs of Issuance related to the 2011B Bonds.

**Section 2.2 Details of 2011 Bonds.** (a) The 2011 Bonds shall be dated the 2011 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 April 1 and October 1, commencing on April 1, 2012, at the rates set forth below. The 2011B Bonds shall mature, subject to prior redemption, on October 1 in each of the years and in the amounts set forth below, and the 2011A State Match Bonds shall mature on April 1 in the year and in the amount set forth below:

(1) For the 2011A State Match Bonds:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$3,015,000	1.000%

(2) For the 2011B Bonds:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2014	\$295,000	2.000%
2015	1,220,000	2.000
2016	1,250,000	3.000
2017	1,290,000	3.000
2018	1,335,000	4.000
2019	1,390,000	4.000
2020	1,450,000	4.000
2021	1,510,000	4.000
2022	1,575,000	5.000
2023	1,660,000	5.000
2025	3,545,000	3.000
2026	1,860,000	3.000
2027	1,920,000	3.250
2028	1,985,000	4.000
2029	2,070,000	4.000
2030	2,160,000	4.000
2031	2,250,000	4.000
2032	2,345,000	4.000
2033	2,445,000	4.000
2034	1,100,000	4.000

(b) Each 2011 Bond shall bear interest (i) from the 2011 Dated Date, if such 2011 Bond is authenticated before April 1, 2012 or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2011 Bond is authenticated; provided, however, that if at the time of authentication any payment of interest is in default, such 2011 Bond shall bear interest from the date to which interest has been paid. Interest on the 2011 Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

(c) Interest on the 2011 Bonds shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on the fifteenth day of the month preceding the Interest Payment Date on the registration books kept by the Paying Agent. Notwithstanding the foregoing, if (i) the Owner of a 2011A State Match Bond or the Owner of a 2011B Bond, as applicable, owns at least \$1,000,000 in aggregate principal amount of 2011A State Match Bonds or 2011B Bonds, as applicable, and (ii) such Owner has provided satisfactory prior notice to the Paying Agent regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Principal of and premium, if any, on the 2011 Bonds shall be payable to the Owners thereof upon the surrender of the 2011 Bonds at the Paying Agent's designated corporate trust office.

(d) Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is Owner of all of the 2011 Bonds, principal of and premium, if any, and interest on the 2011 Bonds shall be payable as provided in the Letter of Representations.

(e) The principal of and premium, if any, and interest on the 2011 Bonds shall be payable in lawful money of the United States of America.

(f) If the principal of any 2011 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 2011 Bond.

**Section 2.3 Book Entry Provisions for the 2011 Bonds.** (a) The 2011 Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in DTC's custody. One fully registered 2011 Bond for the original principal amount of each maturity will be registered to Cede & Co. Beneficial owners of the 2011 Bonds will not receive physical delivery of the 2011 Bonds. Individual purchases of the 2011 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 2011 Bonds are held in this book-entry format, payments of principal of and premium, if any, and interest on the 2011 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 2011 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 2011 Bonds to the beneficial owners of the 2011 Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2011 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2011 Bonds, in accordance with rules specified by DTC and its Participants. Neither VRA, the Trustee nor the Paying Agent makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the 2011 Bonds will act in accordance with such rules or on a timely basis.

**VRA, the Trustee and the Paying Agent 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 2011 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 Third Series Supplement to be given to Owners of the 2011 Bonds, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2011 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 2011 Bonds, references in the Master Indenture or this Third Series Supplement to the Owners or registered owners of the 2011 Bonds shall mean Cede & Co. and not the beneficial owners of the 2011 Bonds. Any notice to or consent requested of Owners of 2011 Bonds under the Master Indenture or this Third Series Supplement 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 2011 Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2011 Bonds; or

(2) The Trustee or VRA has advised DTC of the Trustee's or VRA'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 2011 Bonds to discontinue the book-entry system of transfer.

Upon the occurrence of an event described in clause (1) or (2) (and the Trustee and VRA undertake no obligation to make any investigation regarding the matters described in clause (2)), VRA may attempt to locate another qualified securities depository. If VRA fails to locate another qualified securities depository to replace DTC, VRA shall execute and the Paying Agent 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 Third Series Supplement) to which the Participants are entitled for delivery to the beneficial owners of the 2011 Bonds. The Paying Agent 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 Third Series Supplement.

**Section 2.4 Authentication of 2011 Bonds.** Each 2011 Bond shall bear a certificate of authentication, substantially as set forth in the forms of the 2011A State Match Bond and the 2011B Bond attached as Exhibits A and B, respectively, duly executed by the Paying Agent. The Paying Agent shall authenticate each 2011 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 2011 Bonds. Only such authenticated 2011 Bonds shall be entitled to any right or benefit under the Master Indenture or this Third Series Supplement, and such certificate on any 2011 Bond shall be conclusive evidence that the 2011 Bond has been duly issued under and is secured by the provisions of the Master Indenture and this Third Series Supplement.

**Section 2.5 Form of 2011 Bonds.** Each of the 2011A State Match Bonds and the 2011B Bonds shall be substantially in the forms attached as Exhibit A and Exhibit B, respectively, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this Third Series Supplement. There may be endorsed on the 2011 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 2.6 Additional Conditions to Issuance and Authentication of 2011 Bonds.** Pursuant to Section 5.3(I) of the Master Indenture, before the issuance and authentication of the 2011 Bonds by the Paying Agent, VRA shall deliver or cause to be delivered to the Trustee:

(a) \$10,000,000.00 transferred from the Virginia Water Facilities Revolving Fund to be deposited into the Reserve Fund on the 2011 Closing Date, as described in Section 5.2 of this Third Series Supplement; and

(b) \$3,030,326.25 currently on deposit in the State Match Reserve Fund to be retained therein on the 2011 Closing Date, as described in Section 5.3 of this Third Series Supplement.

### ARTICLE III REDEMPTION OF 2011 BONDS

**Section 3.1 Optional Redemption.** (a) VRA may call the 2011 Bonds for optional redemption only as provided in this Section.

(b) The 2011A State Match Bonds will not be subject to redemption at VRA's option before their maturity date.

(c) The 2011B Bonds maturing on or before October 1, 2021, will not be subject to redemption at VRA's option before their respective maturity dates.

(d) The 2011B Bonds maturing on or after October 1, 2022, are subject to redemption before maturity at the option of VRA from any available moneys on and after October 1, 2021, in whole or in part in \$5,000 increments on any date, at a redemption price equal to 100% of the principal amount of the 2011 Bonds or portions thereof to be redeemed, plus accrued and unpaid interest to the date fixed for redemption.

**Section 3.2 Mandatory Redemption.** The 2011B Bonds maturing on October 1, 2025, will be subject to mandatory redemption in part by lot on October 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount of such 2011B Bonds to be redeemed, together with accrued and unpaid interest to the date fixed for redemption.

<u>Year</u>	<u>Amount</u>
2024	\$1,745,000
2025*	1,800,000

\* Final Maturity

**Section 3.3 Extraordinary Mandatory Redemption.**

(a) The 2011B Bonds are subject to extraordinary mandatory redemption on December 15, 2012, at the redemption prices set forth below, plus accrued and unpaid interest to December 15, 2012. The principal amount of the 2011B Bonds to be redeemed will be in the amount (rounded upward to the next highest \$5,000 increment) that VRA deems necessary to satisfy the redemption requirement of Section 149(f)(5) of the Code arising if less than 30 percent of the Net Proceeds have been loaned to ultimate borrowers as of September 28, 2012. The particular 2011B Bonds to be redeemed will be selected from such maturities as shall be determined by VRA.

<u>Year</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
2014	2.000%	104.821%
2015	2.000	105.922
2016	3.000	109.773
2017	3.000	110.478
2018	4.000	116.160
2019	4.000	116.569
2020	4.000	116.652
2021	4.000	116.869
2022	5.000	123.359
2023	5.000	121.749
2025	3.000	101.352
2026	3.000	99.848
2027	3.250	100.814
2028	4.000	106.613
2029	4.000	105.827
2030	4.000	105.125
2031	4.000	104.429
2032	4.000	103.737
2033	4.000	103.204
2034	4.000	102.672

(b) The 2011B Bonds are subject to extraordinary mandatory redemption on December 15, 2014, at the redemption prices set forth below, plus accrued and unpaid interest to December 15, 2014. The principal amount of the 2011B Bonds to be redeemed will be in the amount (rounded upward to the next highest \$5,000 increment) that VRA deems necessary to satisfy the redemption requirement of Section 149(f)(5) of the Code arising if less than 95 percent of the Net Proceeds have been loaned to ultimate borrowers as of September 28, 2014. The particular 2011B Bonds to be redeemed shall be selected from such maturities as shall be determined by VRA.

<u>Year</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
2015	2.000%	103.121%
2016	3.000	105.711
2017	3.000	107.000
2018	4.000	111.408
2019	4.000	112.458
2020	4.000	113.106
2021	4.000	113.730
2022	5.000	118.879
2023	5.000	117.633
2025	3.000	101.438
2026	3.000	100.104
2027	3.250	100.942
2028	4.000	105.680
2029	4.000	105.056
2030	4.000	104.497
2031	4.000	103.941
2032	4.000	103.389
2033	4.000	102.963
2034	4.000	102.538

(c) The redemption prices set forth in subsections (a) and (b) above represent approximately 102% of the accreted value of each maturity of the 2011B Bonds on December 15, 2012, and December 15, 2014, respectively.

**Section 3.4 Selection of 2011 Bonds for Redemption.** (a) The maturities of the 2011 Bonds to be redeemed by optional redemption or extraordinary mandatory redemption shall be selected by VRA.

(b) In the case of any partial redemption of a maturity of the 2011 Bonds, the particular 2011 Bonds to be redeemed shall be selected by DTC in accordance with its policies or, if the book-entry system is discontinued, by lot in such manner as the Paying Agent shall determine.

(c) Each increment of \$5,000 of principal amount of 2011 Bonds shall be counted as one 2011 Bond for purposes of selecting 2011 Bonds for a partial redemption.

(d) If a 2011 Bond shall be called for partial redemption, upon its surrender a new 2011 Bond representing the unredeemed balance of the principal amount of the 2011 Bond shall be issued to its Owner.

**Section 3.5 Notice of Redemption.** (a) When required to redeem 2011 Bonds under any provision of the Master Indenture or this Third Series Supplement or directed to do so by VRA, the Paying Agent 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 2011 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Paying Agent; 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) The Trustee shall give further notice of such redemption not less than one day before the date on which it gives notice of redemption to the Owners by certified or registered mail to (i) all registered national securities depositories then in the business of holding substantial amounts of obligations of types similar to the 2011 Bonds and (ii) to at least one national information service that disseminates notices of redemption of obligations such as the 2011 Bonds. Notwithstanding the foregoing, no defect in such further notice and no failure to give all or any portion of such further notice shall in any manner affect the effectiveness of a call for redemption.

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

(d) In preparing any notice of redemption, the Paying Agent shall take into account, to the extent applicable, the prevailing tax-exempt securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over VRA 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 3.6 Payment of Redemption Price.** (a) On or before the date fixed for redemption, funds shall be deposited with the Paying Agent to pay the redemption price of the 2011 Bonds called for redemption. Provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption and the required notice shall have been given, the 2011 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 Third Series Supplement and shall not be deemed to be Outstanding under the provisions of the Master Indenture and this Third Series Supplement.

(b) The Paying Agent shall ensure that CUSIP number identification accompanies all redemption payments on the 2011 Bonds.

**ARTICLE IV  
SECURITY FOR 2011 BONDS**

**Section 4.1 Reconfirmation and Amplification of Pledge; Additional Revenues.**

(a) VRA hereby reconfirms the pledges, assignments and grants of security interests set forth in Article II of the Master Indenture.

(b) Pursuant to Section 2.1(a)(3) of the Master Indenture, VRA hereby pledges, assigns and grants to the Trustee a security interest in the 2011B Local Bonds and the Related Agreements. However, VRA reserves the right and license to enjoy and enforce VRA's rights under the 2011B Local Bonds and the Related Agreements so long as no Event of Default with respect to the 2011B Bonds shall have occurred and be continuing. So long as the license is extant and VRA has not directed otherwise, the Trustee agrees to hold the 2011B Local Bonds and receive the payments thereon and apply them in accordance with the Master Indenture and this Third Series Supplement.

(c) VRA hereby identifies as "Revenues" the payments of the principal of, premium, if any, and interest on, and any other payments made with respect to, the 2011B Local Bonds.

**Section 4.2 Pledge of 2011B Acquisition Fund.** The 2011B Acquisition Fund and all amounts, money and investments held by the Trustee in the 2011B Acquisition Fund, and all investment earnings thereon, are hereby pledged to provide for the payment of the principal of and the premium, if any, and interest on the 2011B Bonds, and to secure the performance of all of the obligations of VRA with respect to the 2011B Bonds, the Master Indenture and this Third Series Supplement. The 2011B Costs of Issuance Account and the 2011B Rebate Account are not subject to this pledge.

**ARTICLE V  
APPLICATION OF SALE PROCEEDS AND RELATED AMOUNTS**

**Section 5.1 Application of Sale Proceeds of the 2011 Bonds.** (a) On the 2011 Closing Date, the Trustee shall apply the total amount received from the underwriters of the 2011A State Match Bonds in payment therefor (\$3,027,542.40) as follows:

- (1) \$27,542.40 shall be deposited in the 2011A State Match Costs of Issuance Account; and
- (2) \$3,000,000.00 shall be deposited in the Virginia Water Facilities Revolving Fund.

(b) On the 2011 Closing Date, the Trustee shall apply the total amount received from the underwriters of the 2011B Bonds in payment therefor (\$36,696,368.37) as follows:

- (1) \$249,368.37 shall be deposited in the 2011B Costs of Issuance Account; and
- (2) \$36,447,000.00 shall be deposited in the 2011B Acquisition Fund.

**Section 5.2 Deposit to Reserve Fund.** The Trustee shall deposit into the Reserve Fund the \$10,000,000.00 to be transferred to it on the 2011 Closing Date from loan repayments and investment earnings accumulated in the Virginia Water Facilities Revolving Fund. The receipt by the Trustee of such \$10,000,000.00 transfer shall be an additional condition to the issuance and authentication of the 2011B Bonds as provided in Section 5.3(l) of the Master Indenture and Section 2.6(a) of this Third Series Supplement.

**Section 5.3 Retention in State Match Reserve Fund; Release of Balance.** (a) The Trustee shall retain in the State Match Reserve Fund the amount of \$3,030,326.25 currently on deposit therein. The retention by the Trustee of such \$3,030,326.25 as the State Match Reserve Fund Minimum Balance shall be an additional condition to the issuance and authentication of the 2011A State Match Bonds as provided in Section 5.3(l) of the Master Indenture and Sections 2.6(b) and 2.6(c) of this Third Series Supplement.

(b) The balance of the amount in the State Match Reserve Fund in excess of \$3,030,326.25 State Match Reserve Fund Minimum Balance shall be released from the State Match Reserve Fund on the 2011 Closing Date.

**ARTICLE VI  
2011B LOCAL BONDS AND  
2011B ACQUISITION FUND**

**Section 6.1 2011B Local Bonds.** (a) Set forth below are the Local Governments expected to sell the 2011B Local Bonds to VRA and the expected maximum principal amount of each of the 2011B Local Bonds:

<u>Local Government</u>	<u>Expected Local Bond Principal Amount</u>
Alexandria Sanitation Authority	\$8,000,000.00
Botetourt County	2,700,000.00
Upper Occoquan Sewage Authority	13,000,000.00
Western Virginia Water Authority (Project #1)	1,500,000.00
Western Virginia Water Authority (Project #2)	4,375,000.00
Western Virginia Water Authority (Project #3)	6,872,000.00
<b>Total</b>	<b><u>\$34,447,000.00</u></b>

(b) Nothing in subsection (a) shall prohibit or limit VRA in agreeing to a different 2011B Local Bond principal amount for any of the listed Local Governments. In addition, VRA may purchase the Local Bonds of additional Local Governments or substitute the Local Bonds of other Local Governments for those listed in subsection (a) if VRA provides to the Trustee a revised Projected Coverage Certificate reflecting the addition or substitution.

**Section 6.2 Purchase of the 2011B Local Bonds; Conditions Precedent.** (a) Upon the satisfaction by a Local Government of the conditions precedent enumerated below, the Trustee, on behalf of the Authority, shall purchase or acquire the respective 2011B Local Bond by making principal advances thereunder pursuant to the Related Agreement.

(b) The Trustee shall not purchase a 2011B Local Bond until the Trustee shall have received the following documents:

(1) The 2011B Local Bond, registered in the name of the Trustee or with an executed assignment thereof from VRA to the Trustee;

(2) The executed Related Agreement, which shall at a minimum provide for the replenishment and payment by the Local Government of any amounts withdrawn from and foregone investment earnings on the Reserve Fund and the General Reserve Fund due to a failure of the Related Local Government to make any payment under the 2011B Local Bond or the Related Agreement and to take or refrain from taking all actions as may be required under the Code to maintain the excludability of interest on the 2011B Bonds from gross income for purposes of federal income taxation and to prevent such interest from becoming a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item");

(3) Certified copies or duplicate originals of all resolutions, documents, certificates and opinions of the Related Local Government relating to the Related Agreement or the issuance of the 2011B Local Bond;

(4) Such certificates, instruments and documents as are required by the terms of the Related Agreement;

(5) An opinion of bond counsel to the Local Government to the effect, subject to customary qualifications, that the 2011B Local Bond is not a "private activity bond" within the meaning of Section 141 of the Code and that the 2011B Local Bond is valid, binding and enforceable, unless VRA provides the Trustee with an opinion of Bond Counsel that the failure to obtain such an opinion with respect to the 2011B Local Bond will have no adverse effect on the tax-exempt status of interest on the 2011B Bonds; and

(6) Unless the 2011B Local Bond is listed in Section 6.1(a), a revised Projected Coverage Certificate reflecting the substitution or addition.

**Section 6.3 2011B Acquisition Fund.** (a) The Trustee shall establish the 2011B Acquisition Fund with respect to the 2011B Bonds. The balance in the 2011B Acquisition Fund shall be used to purchase or acquire 2011B Local Bonds upon the terms and conditions set forth in Section 6.2.

(b) The Trustee is hereby authorized and directed to invest a portion of the amount in the 2011B Acquisition Fund equal to \$20,447,000.00 in the First American Funds Government Obligations Fund (Class Y) and the remaining portion equal to \$16,000,000.00 in the Federal Home Loan Bank Discount Note maturing on December 19, 2011.

(c) In the event that certain maturities of the 2011B Bonds are redeemed pursuant to Section 3.3, amounts in the 2011B Acquisition Fund may be used to effect such redemption.

(d) Not less frequently than semiannually, a VRA Representative shall provide written directions for the transfer, and the Trustee shall transfer, (i) to the Revenue Fund all investment earnings up to the 2011B Bond Yield on the 2011B Acquisition Fund and (ii) to the 2011B Rebate Account all investment earnings in excess of the 2011B Bond Yield on such Fund. The VRA Representative shall provide such written directions in accordance with the 2011B Tax Regulatory Agreement.

(e) Upon the Trustee's receipt of a certificate signed by a VRA Representative stating that no further disbursements from the 2011B Acquisition Fund will be made to acquire 2011B Local Bonds, the Trustee shall apply the balance remaining in the 2011B Acquisition Fund at the direction of a VRA Representative by transferring the balance to any other Fund or Account established under the Master Indenture or this Third Series Supplement; provided that, before any such transfer, VRA will cause to be delivered to the Trustee an opinion of Bond Counsel to the effect that the transfer will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on the 2011B Bonds.

## **ARTICLE VII PROVISIONS RELATING TO CERTAIN FUNDS AND ACCOUNTS**

### **Section 7.1 State Match Reserve Fund.**

(a) For so long as any of the 2011A State Match Bonds remains Outstanding, the State Match Reserve Fund Minimum Balance to be maintained in the State Match Reserve Fund will be not less \$3,030,326.25. Upon the issuance of the 2011A State Match Bonds, the State Match Reserve Fund will be funded in the amount of \$3,030,326.25, consisting of \$3,030,326.25 previously on deposit therein. VRA may increase the amount of the State Match Reserve Fund Minimum Balance with respect to the State Match Reserve Fund pursuant to a Supplemental Indenture.

(b) The Trustee is hereby authorized and directed to invest the \$3,030,326.25 to be retained in the State Match Reserve Fund on the 2011 Closing Date pursuant to Section 5.3 of this Third Series Supplement in the First American Funds Government Obligations Fund (Class Y).

(c) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the State Match Revenue Fund investment earnings up to the 2011A State Match Bond Yield on the Allocable Share of the amounts in the State Match Reserve Fund and (ii) to the 2011A State Match Rebate Account investment earnings in excess of the 2011A State Match Bond Yield on the Allocable Share of the amounts in the State Match Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the 2011 Tax Regulatory Agreement.

### **Section 7.2 Reserve Fund.**

(a) For so long as any of the 2011B Bonds remains Outstanding, the Minimum Balance to be maintained in the Reserve Fund will be not less than the sum of (i) the Minimum Balance specified under Sections 7.1(b) of the Existing Supplements (as defined in the Master Indenture) and (ii) \$10,000,000.00. Upon the issuance of the 2011B Bonds, the Reserve Fund

will be funded in the amount of \$199,610,076, consisting of \$189,610,076 previously on deposit therein and \$10,000,000.00 to be transferred thereto from the Virginia Water Facilities Revolving Fund pursuant to Section 5.2. VRA may increase the amount of the Minimum Balance with respect to the Reserve Fund pursuant to a Supplemental Indenture.

(b) The Trustee is hereby authorized and directed to invest the \$10,000,000.00 to be deposited into the Reserve Fund on the 2011 Closing Date pursuant to Section 5.2 of this Third Series Supplement in U.S. Treasury Securities – State and Local Government Series.

(c) Not less frequently than semiannually, VRA shall file an Officer's Certificate directing the transfer, and the Trustee shall transfer, (i) to the Revenue Fund investment earnings up to the 2011B Bond Yield on the Allocable Share of the amounts in the Reserve Fund and (ii) to the 2011B Rebate Account investment earnings in excess of the 2011B Bond Yield on the Allocable Share of the amounts in the Reserve Fund. VRA shall prepare the Officer's Certificate in accordance with the 2011 Tax Regulatory Agreement.

**Section 7.3 Costs of Issuance Accounts.** (a) The Trustee shall establish the 2011A State Match Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2011A State Match Bonds. Any of the amount deposited in the Series 2011A State Match Costs of Issuance Account as described in Section 5.1(a) that is not applied in accordance with Section 10.1 of the Master Indenture to pay the Costs of Issuance of the 2011A State Match Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2011A Bonds before any other amounts therein are so used. On the 2011 Closing Date, the Trustee shall invest the amount deposited in the 2011A State Match Costs of Issuance Account in the First American Funds Government Obligations Fund (Class Y).

(b) The Trustee shall establish the 2011B Costs of Issuance Account in the Costs of Issuance Fund with respect to the 2011B Bonds. Any of the amount deposited in the Series 2011B Costs of Issuance Fund as described in Section 5.1(a) that is not applied in accordance with Section 10.1 of the Master Indenture to pay the Costs of Issuance of the 2011B Bonds shall be transferred to the Revenue Fund and applied to pay debt service on the 2011B Bonds before any other amounts therein are so used. On the 2011 Closing Date, the Trustee shall invest the amount deposited in the 2011B Costs of Issuance Account in the First American Funds Government Obligations Fund (Class Y).

**Section 7.4 2011 Rebate Accounts.** (a) The Trustee shall establish the 2011A State Match Rebate Account in the Rebate Fund with respect to the 2011A State Match Bonds. VRA shall invest and apply amounts on deposit in the 2011A State Match Rebate Account as provided in the 2011 Tax Regulatory Agreement.

(b) The Trustee shall establish the 2011B Rebate Account in the Rebate Fund with respect to the 2011B Bonds. VRA shall invest and apply amounts on deposit in the 2011B Rebate Account as provided in the 2011 Tax Regulatory Agreement.

**Section 7.5 State Match Revenue Fund Retention.** (a) Pursuant to the paragraph "SECOND" of Section 8.2(b) of the Master Indenture, on and after the 2011 Closing Date, the Trustee shall retain and hold in the State Match Revenue Fund an amount equal to the Principal

and Interest Requirements of the 2011A State Match Bonds due on the Payment Date of April 1, 2012, \$3,030,326.25.

(b) The Trustee shall hold the amount in the State Match Revenue Fund uninvested in cash unless otherwise directed by a VRA Representative in an Officer's Certificate.

**Section 7.6 Revenue Fund Transfer.** The Trustee shall make the transfer to the Residual Fund described in the paragraph "FIFTH" of Section 9.1(a) of the Master Indenture (i) with respect to amounts in the Direct Loan Recipient Payments Account of the Revenue Fund, on each Payment Date for the 2011 Bonds and (ii) with respect to amounts in the Revenue Fund other than those in the Direct Loan Recipient Payments Account, on only October 1 Payment Dates for the 2011 Bonds.

## **ARTICLE VIII SPECIAL COVENANTS AND AMENDMENTS TO MASTER INDENTURE AND SUPPLEMENTS**

**Section 8.1 Tax Covenants.** (a) VRA agrees that it will 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 2011 Bonds under Section 103 of the Code. VRA agrees that it will not directly or indirectly use or permit the use of any proceeds of the 2011 Bonds or any other funds of VRA or take or omit to take any action that would cause the 2011 Bonds to be "arbitrage bonds" under Section 148(a) of the Code. To these ends, VRA will comply with all requirements of Sections 141 through 150 of the Code, including the rebate requirement of Section 148(f), to the extent applicable to the 2011 Bonds.

(b) Without limiting the generality of the foregoing, VRA agrees that (i) it will not directly or indirectly use or permit the use of the proceeds of the 2011 Bonds except in accordance with the 2011 Tax Regulatory Agreement and (ii) insofar as the 2011 Tax Regulatory Agreement imposes duties and responsibilities on VRA, the 2011 Tax Regulatory Agreement is specifically incorporated by reference into this Section.

(c) The Trustee agrees to comply with all instructions of VRA given in accordance with the 2011 Tax Regulatory Agreement, but the Trustee shall not be required to ascertain that the instructions comply with the 2011 Tax Regulatory Agreement. The Trustee shall be entitled to receive and may request from time to time from VRA written instructions from a nationally-recognized bond counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Code, and the Trustee agrees that it will comply with such directions (upon which the Trustee and VRA may conclusively rely) so as to enable VRA to perform its covenants under this Section.

(d) Notwithstanding any provisions of this Section, if VRA shall provide to the Trustee an opinion of nationally-recognized bond counsel addressed and acceptable to VRA 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 2011 Bonds under Section 103 of the Code, VRA and the Trustee may rely conclusively on such opinion in complying with the provisions of this Section.

**Section 8.2 Specifications of Rating Agencies.** For purposes of the definition of "Rating Agency" in Section 1.1 of the Master Indenture, this Third Series Supplement and the 2011 Bonds, each of Fitch, Moody's Investors Service, Inc. and Standard & Poor's Ratings Group is specified as a Rating Agency, but, as provided in the Master Indenture, only for so long as such Rating Agency, at the request of VRA, rates the 2011 Bonds at VRA's request.

## **ARTICLE IX CONTINUING DISCLOSURE AGREEMENT**

**Section 9.1 Purpose.** This Article is for the benefit of the Owners of the 2011 Bonds and in order to assist the group of underwriters senior managed by Merrill Lynch Pierce, Fenner & Smith Incorporated, as the underwriters of the 2011 Bonds, in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") by providing certain annual financial information and material event notices required by the Rule (collectively, "Continuing Disclosure").

**Section 9.2 Annual Disclosure.** (a) VRA shall provide or cause to be provided annually financial information and operating data with respect to the 2011 Bonds in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(1) its audited financial statements, prepared in accordance with generally accepted accounting principles;

(2) the operating data with respect to each Local Government that has issued a Related Local Bond or Direct Loan (by identifying the name of the Local Government, the aggregate outstanding principal amount of the Local Government's Related Local Bonds and Direct Loans (or if the Local Government's Related Local Bond or Direct Loan is still in disbursement, the amount of principal advances authorized but undrawn under the Related Local Bond or Direct Loan), and the Local Government's respective percentage share of the aggregate outstanding principal amount of all Related Local Bonds and Direct Loans) and the investments of the Related Funds and Accounts, if any; and

(3) a list of all Local Governments constituting "Material Local Governments" (within the meaning of Section 9.4 below) as of the end of VRA's fiscal year.

If the financial statements filed pursuant to this subsection are not audited, VRA shall file such statements as audited when available.

(b) VRA shall provide or cause to be provided annually the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") within 270 days after the end of VRA's fiscal year, commencing with VRA's fiscal year ending June 30, 2011, to the Municipal Securities Rulemaking Board (the "MSRB").

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) VRA shall provide or cause to be provided in a timely manner to the MSRB notice specifying any failure of VRA to provide the Annual Disclosure by the date specified.

**Section 9.3 Event Disclosure.** VRA shall provide or cause to be provided in a timely manner not in excess of ten business days to the MSRB notice of the occurrence of any of the following events with respect to the 2011 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 - TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the 2011 Bonds;
- (g) modifications to rights of the Owners of 2011 Bonds, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasance of all or any portion of the 2011 Bonds;
- (j) release, substitution, or sale of property securing repayment of the 2011 Bonds;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of VRA;\*
- (m) the consummation of a merger, consolidation, or acquisition involving VRA or the sale of all or substantially all of the assets of VRA, 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

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

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

**Section 9.4 Objective Criteria.** (a) The objective criteria for identifying a Material Local Government with respect to the 2011 Bonds shall be based upon a determination by VRA at the time of sale of each Series of Bonds pursuant to the Master Indenture of the level of participation of each Local Government in the aggregate outstanding principal amount of all Direct Loans and Local Bonds. In connection with the issuance and sale of the 2011 Bonds, any Local Government whose aggregate outstanding principal amount of Direct Loans and Local Bonds represents twenty percent (20%) or more of the aggregate outstanding principal amount of all Direct Loans and all Local Bonds, shall be a Material Local Government with respect to the 2011 Bonds as long as such Local Government satisfies such objective criteria.

(b) VRA covenants that each Agreement will contain a continuing disclosure undertaking by the Local Government for the benefit of the Owners substantially in the form summarized in Appendix E of VRA's Official Statement dated September 2, 2011.

(c) VRA shall, within forty-five (45) days of the end of each fiscal year of VRA, notify every Local Government satisfying the objective criteria set forth above for a "Material Local Government" as of the end of such fiscal year.

**Section 9.5 Termination.** The obligations of VRA under this Article will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the 2011 Bonds.

**Section 9.6 Amendment.** VRA may modify its obligations under this Article without the consent of the Owners of the Bonds, provided that this Article as so modified complies with the Rule as it exists at the time of modification. VRA shall within a reasonable time thereafter send to the MSRB a description of such modification(s).

**Section 9.7 Defaults.** (a) If VRA fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Article, any holder (within the meaning of the Rule) of Bonds then Outstanding may, by notice to VRA, proceed to protect and enforce its rights and the rights of the other holders by an action for specific performance of VRA's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of VRA to comply with any obligation regarding Continuing Disclosure specified in this Article (i) shall not be deemed to constitute an event of default under the Bonds or the Master Indenture and (ii) shall not give rise to any right or remedy other than that described in subsection (a) above.

**Section 9.8 Additional Disclosure.** VRA may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, VRA shall not incur any obligation to continue to provide, or to update, such additional information or data.

**Section 9.9 Dissemination Agent.** VRA may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist VRA in providing its Continuing Disclosure under this Article.

## ARTICLE X MISCELLANEOUS

**Section 10.1 Successors and Assigns.** This Third Series Supplement is binding upon, inures to the benefit of and is enforceable by its parties and their respective successors and assigns.

**Section 10.2 Severability.** If any provision of this Third Series Supplement is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

**Section 10.3 Governing Law.** This Third Series Supplement will be governed by and construed under the applicable laws of the Commonwealth of Virginia.

**Section 10.4 Counterparts.** This Third Series Supplement 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 10.5 Parties Interested.** Nothing in this Third Series Supplement expressed or implied is intended or will be construed to confer upon any Person, other than VRA, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Third Series Supplement, this Third Series Supplement being intended for the sole and exclusive benefit of VRA, the Trustee and the Owners of the Bonds.

**Section 10.6 Patriot Act Requirements of the Trustee.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

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SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, VRA and the Trustee have caused this Third Series Supplement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**VIRGINIA RESOURCES AUTHORITY**

By: Stephanie L. Hamlett  
Stephanie L. Hamlett  
Executive Director

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

By: \_\_\_\_\_  
Nancy C. Harrison  
Vice President and Account Manager

[SIGNATURE PAGE OF  
THIRD SUPPLEMENTAL SERIES TRUST INDENTURE]

**IN WITNESS WHEREOF**, VRA and the Trustee have caused this Third Series Supplement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
Stephanie L. Hamlett  
Executive Director

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

By: Nancy C. Harrison  
Nancy C. Harrison  
Vice President and Account Manager

[SIGNATURE PAGE OF  
THIRD SUPPLEMENTAL SERIES TRUST INDENTURE]

FORM OF 2011A STATE MATCH BOND

REGISTERED

R- \_\_\_\_\_

CUSIP

92817L

UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA

VIRGINIA RESOURCES AUTHORITY  
CLEAN WATER STATE MATCH REVENUE BOND,  
SERIES 2011A

INTEREST RATE

MATURITY DATE

DATED DATE

\_\_\_\_\_ %

\_\_\_\_\_ 1, \_\_\_\_\_

September \_\_, 2011

REGISTERED OWNER:

PRINCIPAL AMOUNT:

**VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), acknowledges itself indebted and for value received promises to pay upon surrender of this 2011A State Match Bond at the designated corporate trust office of **U.S. BANK NATIONAL ASSOCIATION** in Richmond, Virginia, or its successor, as paying agent (the "Paying Agent") under the Amended and Restated Master Trust Indenture dated as of April 1, 2010, between VRA and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented (the "Master Indenture") and as further supplemented by the Third Series Supplement Series Trust Indenture dated as of September 1, 2011 (the "Third Series Supplement Series Trust Indenture," and together with the Master Indenture, the "Indenture"), solely from the sources pledged for such purpose as described below, to the registered owner of this 2011A State Match Bond (the "Owner"), or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as provided below, and to pay, solely from the sources pledged for such purpose as described below, interest on this 2011A State Match Bond semiannually on each April 1 and October 1, commencing \_\_\_\_\_ 1, 201\_, at the annual rate stated above. The principal of and premium, if any, and interest on this 2011A State Match Bond are payable in lawful money of the United States of America.

Interest is payable (i) from the Dated Date set forth above (the "Dated Date"), if this 2011A State Match Bond is authenticated before \_\_\_\_\_ 1, 201\_, or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which this 2011A State Match Bond is authenticated (unless payment of interest on this 2011A State Match Bond is in default,

in which case this 2011A State Match Bond shall bear interest from the date to which interest has been paid). Interest on this 2011A State Match 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 2011A State Match Bond at the address that appears on the fifteenth day of the month preceding each interest payment date on the registration books kept by the Paying Agent. Notwithstanding the foregoing, if (i) the Owner of this 2011A State Match Bond owns at least \$1,000,000 in aggregate principal amount of 2011A State Match 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 2011A State Match Bond or in the Indenture, for so long as Cede & Co. or any other nominee of The Depository Trust Company ("DTC") is the holder of all of the 2011A State Match Bonds, the principal of and premium, if any, and interest on this 2011A State Match Bond shall be payable pursuant to the additional requirements provided under VRA's Blanket Issuer Letter of Representations to DTC dated January 8, 1997.

If the date of maturity of the principal of this 2011A State Match Bond or the date fixed for the payment of interest on or the redemption of this 2011A State Match Bond shall not be a Business Day (as defined in the Indenture), 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 or redemption.

This 2011A State Match Bond and the issue of which it is a part and the premium, if any, and the interest on them are limited obligations of VRA and payable solely from the revenues, moneys and other property pledged and assigned to the Trustee for such purpose under the Indenture. THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS 2011A STATE MATCH BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN VRA. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING VRA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS 2011A STATE MATCH BOND OR OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES, MONEY OR PROPERTY OF VRA PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING VRA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS 2011A STATE MATCH BOND.

This 2011A State Match Bond is one of an issue of \$ \_\_\_\_\_ Clean Water State Match Revenue Bonds, Series 2011A (the "2011A State Match Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, authorized and issued by VRA pursuant to the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended, to (i) provide state matching funds equal to 20% of the federal capitalization grants expected to be received by the Commonwealth of Virginia from the

federal government in 2011 and (ii) pay the Costs of Issuance related to the 2011A State Match Bonds.

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 2011A State Match Bonds, the rights, duties and obligations of VRA and the Trustee, the rights of the Owners of the 2011A State Match Bonds and the terms upon which the 2011A State Match Bonds are issued and secured. Additional bonds ranking equally for certain purposes with the 2011A State Match Bonds may be issued on the terms provided in the Indenture.

The 2011A State Match Bonds may not be called for redemption before their respective maturity dates.

The Owner of this 2011A State Match 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 2011A State Match 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 2011A State Match Bond at the Paying Agent's designated corporate trust office, VRA shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees or holder, as applicable, a new 2011A State Match Bond or 2011A State Match Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount the holder is entitled to receive, subject in each case to such reasonable regulations as VRA or the Paying Agent may prescribe. When presented for transfer, exchange, redemption or payment, this 2011A State Match Bond must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to VRA and the Paying Agent, duly executed by the holder or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at VRA's expense, except that the Paying Agent 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 2011A State Match 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 fifteenth day of the month preceding each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this 2011A State Match Bond have happened, exist and have been performed.

This 2011A State Match Bond shall not become obligatory for any purpose, be entitled to any security or benefit under the Indenture or be valid until the Paying Agent has executed the Certificate of Authentication appearing on this 2011A State Match Bond and inserted the date of authentication.

**IN WITNESS WHEREOF**, the Virginia Resources Authority has caused this 2011A State Match 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 Executive Director, and this 2011A State Match Bond to be dated the Dated Date.

(SEAL)

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
William G. O'Brien  
Chairman

ATTEST:

\_\_\_\_\_  
Stephanie L. Hamlett  
Executive Director

[SIGNATURE PAGE OF 2011A STATE MATCH BOND]

\* \* \* \* \*

**CERTIFICATE OF AUTHENTICATION**

This 2011A State Match Bond is one of the 2011A State Match Bonds described in the above-mentioned Indenture.

Authentication Date September \_\_, 2011

**U.S. BANK NATIONAL ASSOCIATION**, as  
Paying Agent

By: \_\_\_\_\_  
Authorized Signature

**ASSIGNMENT**

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

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

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

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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:

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(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.)

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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.)

FORM OF 2011B BOND

REGISTERED  
R- \_\_\_\_\_

CUSIP  
92817L

UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA

VIRGINIA RESOURCES AUTHORITY  
CLEAN WATER STATE REVOLVING FUND REVENUE BOND,  
SERIES 2011B

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>
_____ %	October 1, _____	September __, 2011

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), acknowledges itself indebted and for value received promises to pay upon surrender of this 2011B Bond at the designated corporate trust office of **U.S. BANK NATIONAL ASSOCIATION** in Richmond, Virginia, or its successor, as paying agent (the "Paying Agent") under the Amended and Restated Master Trust Indenture dated as of April 1, 2010, between VRA and U.S. Bank National Association, as trustee (the "Trustee"), as previously supplemented (the "Master Indenture") and as further supplemented by the Third Series Supplement Series Trust Indenture dated as of September 1, 2011 (the "Third Series Supplement Series Trust Indenture," and together with the Master Indenture, the "Indenture"), solely from the sources pledged for such purpose as described below, to the registered owner of this 2011B Bond (the "Owner"), or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as provided below, and to pay, solely from the sources pledged for such purpose as described below, interest on this 2011B Bond semiannually on each April 1 and October 1, commencing \_\_\_\_\_ 1, 201\_, at the annual rate stated above. The principal of and premium, if any, and interest on this 2011B Bond are payable in lawful money of the United States of America.

Interest is payable (i) from the Dated Date set forth above (the "Dated Date"), if this 2011B Bond is authenticated before \_\_\_\_\_ 1, 201\_, or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which this 2011B Bond is authenticated (unless payment of interest on this 2011B Bond is in default, in which case this

2011B Bond shall bear interest from the date to which interest has been paid). Interest on this 2011B 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 2011B Bond at the address that appears on the fifteenth day of the month preceding each interest payment date on the registration books kept by the Paying Agent. Notwithstanding the foregoing, if (i) the Owner of this 2011B Bond owns at least \$1,000,000 in aggregate principal amount of 2011B 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 2011B Bond or in the Indenture, for so long as Cede & Co. or any other nominee of The Depository Trust Company ("DTC") is the holder of all of the 2011B Bonds, the principal of and premium, if any, and interest on this 2011B Bond shall be payable pursuant to the additional requirements provided under VRA's Blanket Issuer Letter of Representations to DTC dated January 8, 1997.

If the date of maturity of the principal of this 2011B Bond or the date fixed for the payment of interest on or the redemption of this 2011B Bond shall not be a Business Day (as defined in the Indenture), 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 or redemption.

This 2011B Bond and the issue of which it is a part and the premium, if any, and the interest on them are limited obligations of VRA and payable solely from the revenues, moneys and other property pledged and assigned to the Trustee for such purpose under the Indenture. THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS 2011B BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN VRA. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING VRA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS 2011B BOND OR OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES, MONEY OR PROPERTY OF VRA PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING VRA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS 2011B BOND.

This 2011B Bond is one of an issue of \$ \_\_\_\_\_ Clean Water State Revolving Fund Revenue Bonds, Series 2011B (the "2011B Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, authorized and issued by VRA pursuant to the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended, to (i) purchase and acquire the 2011B Local Bonds (as defined in the Indenture) and (ii) pay the costs of issuance of the 2011B Bonds.

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 2011B Bonds, the rights, duties and obligations of VRA and the Trustee, the rights of the Owners of the 2011B Bonds and the terms upon which the 2011B Bonds are issued and secured. Additional bonds ranking equally for certain purposes with the 2011B Bonds may be issued on the terms provided in the Indenture.

The 2011B Bonds may not be called for redemption except as provided in the Indenture and as described in the following paragraphs.

The 2011B Bonds maturing on or before October 1, 2021, will not be subject to redemption at VRA's option before their respective maturity dates.

The 2011B Bonds maturing on or after October 1, 2022, are subject to redemption before maturity at the option of VRA from any available moneys on and after October 1, 2021, in whole or in part in \$5,000 increments on any date, at a redemption price equal to 100% of the principal amount of the 2011B Bonds or portions thereof to be redeemed, plus accrued and unpaid interest to the date fixed for redemption.

The 2011B Bonds maturing on October 1, 2025, will be subject to mandatory redemption in part by lot on October 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount of such 2011B Bonds to be redeemed, together with accrued and unpaid interest to the date fixed for redemption.

<u>Year</u>	<u>Amount</u>	\$
*		
* Final Maturity		

The 2011B Bonds are subject to extraordinary mandatory redemption on \_\_\_\_\_, 20\_\_, at the redemption prices set forth below, plus accrued and unpaid interest to \_\_\_\_\_, 20\_\_. The principal amount of the 2011B Bonds to be redeemed will be in the amount (rounded upward to the next highest \$5,000 increment) that VRA deems necessary to satisfy the redemption requirement of Section 149(f)(5) of the Code arising if less than 30 percent of the Net Proceeds have been loaned to ultimate borrowers as of September \_\_, 2012. The particular 2011B Bonds to be redeemed will be selected from such maturities as shall be determined by VRA.

<u>Year</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
	%	%

<u>Year</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
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The 2011B Bonds are subject to extraordinary mandatory redemption on \_\_\_\_\_, 20\_\_\_, at the redemption prices set forth below, plus accrued and unpaid interest to \_\_\_\_\_, 20\_\_\_. The principal amount of the 2011B Bonds to be redeemed will be in the amount (rounded upward to the next highest \$5,000 increment) that VRA deems necessary to satisfy the redemption requirement of Section 149(f)(5) of the Code arising if less than 95 percent of the Net Proceeds have been loaned to ultimate borrowers as of September \_\_, 2014. The particular 2011B Bonds to be redeemed shall be selected from such maturities as shall be determined by VRA.

<u>Year</u>	<u>Interest Rate</u> %	<u>Redemption Price</u> %
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Year                      Interest Rate                      Redemption Price

The maturities of the 2011B Bonds to be redeemed by optional redemption or extraordinary mandatory redemption shall be selected by VRA. In the case of any partial redemption of a maturity of the 2011B Bonds, the particular 2011B Bonds to be redeemed shall be selected by DTC in accordance with its procedures or, if the book-entry system is discontinued, by lot in such manner as the Paying Agent shall determine. Each increment of \$5,000 principal amount of 2011B Bonds shall be counted as one 2011B Bond for purposes of selecting 2011B Bonds for a partial redemption. If this 2011B Bond shall be called for partial redemption, upon its surrender a new 2011B Bond representing the unredeemed balance of the principal amount will be issued to the Owner.

If any of the 2011B Bonds are called for redemption, the Paying Agent shall send notice of the call for redemption identifying the 2011B Bonds to be redeemed by certified or registered mail not less than thirty nor more than sixty days before the date fixed for redemption to the Owner of each 2011B Bond to be redeemed at such Owner's address as it appears on the registration books maintained by the Paying Agent. Provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption, all 2011B Bonds called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The Owner of this 2011B 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 2011B 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 2011B Bond at the Paying Agent's designated corporate trust office, VRA shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees or holder, as applicable, a new 2011B Bond or 2011B Bonds of like date, tenor and of any authorized denomination for the

aggregate principal amount the holder is entitled to receive, subject in each case to such reasonable regulations as VRA or the Paying Agent may prescribe. When presented for transfer, exchange, redemption or payment, this 2011B Bond must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to VRA and the Paying Agent, duly executed by the holder or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at VRA's expense, except that the Paying Agent 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 2011B 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 fifteenth day of the month preceding each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this 2011B Bond have happened, exist and have been performed.

This 2011B Bond shall not become obligatory for any purpose, be entitled to any security or benefit under the Indenture or be valid until the Paying Agent has executed the Certificate of Authentication appearing on this 2011B Bond and inserted the date of authentication.

[THE REMAINDER OF THIS PAGE LEFT BLANK;  
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Virginia Resources Authority has caused this 2011B 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 Executive Director, and this 2011B Bond to be dated the Dated Date.

(SEAL)

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
William G. O'Brien  
Chairman

ATTEST:

\_\_\_\_\_  
Stephanie L. Hamlett  
Executive Director

[SIGNATURE PAGE OF 2011B BOND]

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**CERTIFICATE OF AUTHENTICATION**

This 2011B Bond is one of the 2011B Bonds described in the above-mentioned Indenture.

Authentication Date September \_\_, 2011

**U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent**

By: \_\_\_\_\_  
Authorized Signature

**ASSIGNMENT**

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

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

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

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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:

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(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.)

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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.)