

West Virginia Parkways Authority

Investment Policy Statement

Section 1.00 INTRODUCTION; PURPOSE, EFFECTIVE DATE AND SCOPE OF POLICY

This Investment Policy Statement (the “*Policy*” or “*Policy Statement*”) simplifies, streamlines and modernizes the Authority’s previous investment policies, which were adopted in the early 1990’s.

In general, this Policy adopts more conservative investment policies and guidelines in light of the stresses and dislocations in U.S. and global capital markets in recent years and several important changes in Authority operations, finances and circumstances in the last 20 years. For example, the Authority has refocused its mission to place greater emphasis on its core mission of toll road (Turnpike) maintenance, repairs and operations. To that end, the Authority has phased out its economic development and tourism (“EDT”) projects except for Tamarack and the Authority’s recent efforts to explore possible private development of Authority land adjacent to Tamarack. In addition, the Authority defeased the Tamarack bonds in 2009. (Investment earnings had been an important source of funding for EDT projects and had been pledged for the Tamarack bonds.) The Authority’s toll revenue refunding bonds now have a final maturity of 2019. Finally, to fund the substantial costs of a large backlog of essential deferred maintenance and repairs, the Authority in 2009 adopted its first adjustment of Turnpike tolls in over 25 years. As a result of these changes, the Authority has determined it should modernize and streamline its investment policy and make its investments more conservative and simpler in structure.

Accordingly, under this Policy, the two primary and overriding investment objectives are (1) **safety of principal**, and (2) **liquidity**. The Authority’s other investment goals are secondary and subordinate to safety of principal and liquidity. These secondary investment objectives are (3) **to invest as much of the Authority’s funds and accounts as possible at all times** given immediate and short-term cash needs, (4) **to earn a reasonable rate of return commensurate with the levels of risk** permitted under the Policy, (5) **to achieve appropriate diversification** of all investments other than obligations that are either direct obligations of, or are guaranteed or insured as to principal and interest by, the United States of America or an agency thereof including but not limited to securities issued by the U.S. Treasury (collectively “*U.S. Obligations.*”), and (6) **to transition to a simpler investment structure** with fewer individual securities in the portfolio.

This Policy shall take effect immediately upon its adoption by the Authority and shall replace the Authority’s previous investment policies. As provided in Section 3.00 of this Policy, there shall be a transition period for a reasonable period of time, not to exceed twelve (12) months, in which existing investments in existing Bond Debt Service Accounts and Bond Reserve Accounts shall be transitioned into compliance with the simpler and more conservative requirements of this Policy that are made applicable to those investments (following the transition advice and recommendations of the Independent Investment Advisor as defined below).

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This Policy shall apply to and govern the investment of all funds and accounts of the West Virginia Parkways, Economic Development and Tourism Authority (the “**Authority**”). These include all funds and accounts disclosed, established or referenced in (a) the Authority’s Comprehensive Annual Financial Reports which include the Authority’s audited financial statements (the “**Annual Report**”), (b) the Authority’s Indenture of Trust dated as of February 15, 1993 with United National Bank (now United Bank, Inc.), as Trustee, (the “**Existing Trustee**”) as amended and supplemented including all supplemental indentures (collectively, the “**Existing Indenture**”) relating to the Authority’s outstanding Series 2002 and Series 2008 revenue refunding bonds (the “**Existing Bonds**”), (c) any subsequent trust indentures as amended and supplemented including any supplemental indentures (collectively, “**Subsequent Indenture**”), and (d) resolutions and any other official documents adopted or created by the Authority from time to time (“**Resolutions/Official Documents**”).

Section 2.00 DEFINITIONS.

Capitalized terms defined in Section 1.00 of this Policy shall have the meanings assigned to them in that Section. Capitalized terms not defined in Section 1.00 shall have the meanings assigned to them in this Section 2.00.

“**Bond and Escrow Funds**” shall mean collectively all the following funds and accounts (each as defined in this Section 2.00): (a) Bond Arbitrage and Rebate Accounts, (b) Bond Debt Service Accounts, (c) Bond Proceeds Accounts, (d) Bond Redemption Accounts, (e) Bond Reserve Accounts, (f) Escrow Accounts, and (g) any other funds and accounts however designated that may be established under any Indenture with respect to any Bonds issued after the adoption of this Policy and are required to be held by the Trustee for such Bonds.

“**Bonds**” shall mean collectively (a) the Existing Bonds and (b) any subsequently issued revenue bonds or revenue refinancing bonds of the Authority.

“**Bond Arbitrage and Rebate Accounts**” shall mean collectively (a) the existing bond arbitrage and bond rebate accounts established under the Existing Indenture with respect to the Existing Bonds, and (b) any subsequently created arbitrage and rebate fund established under any Indenture in connection with any Bonds issued after adoption of this Policy.

“**Bond Debt Service Accounts**” shall mean collectively (a) the Debt Service Accounts established pursuant to the Existing Indenture for any series of Existing Bonds and (b) any subsequent debt service account (that is, any account into which the Authority pays monthly debt service payments that are accumulated and ultimately used by the Trustee to pay semi-annual interest payments and annual principal payments or redemptions with respect to any subsequent Bonds.)

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“Bond Proceeds Accounts” shall mean collectively (a) the Bond Proceeds Accounts held with the Trustee under the Existing Indenture and (b) any other bond proceeds fund or account established in connection with any other issue of Bonds under the Indenture, and shall specifically include, without limitation, any construction fund or account (or similar fund or account by whatever name or designation) established in connection with any other issue of Bonds under the Indenture.

“Bond Redemption Accounts” shall mean collectively (a) the Redemption Account with the Trustee under the Existing Indenture and (b) any other bond redemption account or fund established in connection with any other issue of Bonds under an Indenture after the adoption of this Policy.

“Bond Reserve Accounts” shall mean collectively (a) the Reserve Account required by the Indenture, which serves as a debt service reserve account for the Existing Bonds, which reserve can be drawn down to pay debt service on such Bonds if the Authority does not have sufficient funds on hand to pay such debt service, and (b) any subsequent debt service reserve accounts (however designated) established under any Subsequent Indenture.

“BTI” shall mean the West Virginia Board of Treasury Investments.

“Commercial Paper” shall mean commercial paper having original maturities of not more than 270 days that is rated at the time of purchase in the highest rating category of Standard & Poors and Moody’s Investors Service (A-1/P-1).

“Director of Finance” shall mean the Authority’s Director of Finance or, in his absence or in the event he is unable or unwilling to perform any of his duties hereunder, the phrase “Director of Finance” shall be deemed to include any other Investment Official (as hereinafter defined).

“Escrow Accounts” shall mean collectively all escrow accounts and escrow funds establish with an Escrow Trustee (as defined below) under an Escrow Agreement (as defined below).

“Escrow Agreement” shall mean each escrow deposit agreement or similar escrow agreement established in connection with a refunding of previously issued Bonds.

“Escrow Trustee” shall mean any bank having corporate trust powers that is serving as escrow trustee under an Escrow Agreement.

“Finance Committee” shall mean the Finance Committee of the Authority as such Committee is constituted from time to time.

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“Fully Collateralized GICs” shall mean guaranteed investment agreements or contracts each (A) with an institution whose debt securities are rated at least in the two highest long term principal rating categories (or the highest rating of short-term obligations if the investment is a short-term obligation) by both Standard & Poors and Moody’s Investors Service and (B) continuously and fully collateralized and secured (based on market value of such collateral) by U.S. Obligations or U.S. Government Agency Obligations (as defined below) in either case not have a term exceeding three years, or by a combination of both.

“Government Money Market Funds” shall mean any money market fund rated AAAm by Standard & Poors that invests in U.S. Obligations and/or U.S. Government Agency Obligations (as defined below), or other investment vehicles backed by U.S. Obligations and/or U.S. Government Agency Obligations (as defined below), but shall specifically also include the BTI’s “West Virginia Government Money Market Pool” so long as such BTI Pool continues to be rated AAAm by Standard & Poors.

“Immediate Cash Needs” shall mean the cash needs of the Authority for the day of calculation and for the next ten (10) business days (defined as a day on which national banking associations are open for business), and a reasonable cash reserve (margin of safety or cushion), as determined by the Director of Finance from time to time.

“Independent Investment Advisor” shall mean an investment advisory firm that is free of potential conflicts of interest under this Policy, is registered with the U.S. Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940 and has been selected by the Authority (upon the recommendation of the Finance Committee) to serve as an independent investment advisor to the Authority in connection with investments. The initial Independent Investment Advisor at the time of adoption of this Policy was Scott & Stringfellow, LLC.

“Indenture” shall mean collectively (a) the Existing Indenture and (b) any Subsequent Indenture.

“Investment Official” shall mean the Director of Finance and any member of the Finance Committee, any other member of the Authority and the General Manager when they address investment matters.

“Money Market Fund” shall mean shall mean any money market fund rated AAAm by Standard & Poors, and, without limitation, shall specifically also include the “West Virginia Money Market Pool” of the BTI so long as such BTI Pool continues to be rated AAAm by Standard & Poors.

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“Non-U.S. Obligations” shall mean investments and investment securities (other than investments in those mutual funds, if any, in which investments are permitted under this Policy) that are not U.S. Obligations.

“Permitted Investments” shall mean investments that are permitted investments under Section 7.00 of this Policy and otherwise satisfy all requirements and restrictions set forth in this Policy.

“Trustee” shall mean collectively (a) the Existing Trustee and (b) any Trustee under any Subsequent Indenture.

“U.S. Government Agency Obligations” shall mean collectively (a) U.S. Obligations and (b) any obligation of the United States-sponsored enterprises (even if not constituting U.S. Obligations), including, without limitation any obligation of:

- Export-Import Bank of the United States;
- Farmers Home Administration;
- Federal Farm Credit Banks;
- Federal Home Loan Banks;
- Federal Home Loan Mortgage Corporation;
- Federal Land Banks;
- Government National Mortgage Association;
- Merchant Marine Bonds;
- Tennessee Valley Authority Obligations; and
- Federal National Mortgage Association.

Section 3.00 SCOPE OF INVESTMENT POLICY; STREAMLINED POOLS AND INVESTMENTS

This Policy shall govern the investment activities of the Authority. The terms and conditions of the Policy apply to all funds and accounts disclosed, established or referenced in Annual Reports, the Existing Indenture, any Subsequent Indentures and Resolutions/Official Documents. These funds and accounts may include from time to time all the following:

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To simplify and streamline its investments and better match investments to anticipated cash and liquidity needs of the Authority, within a reasonable period of time not to exceed twelve (12) months the Authority shall transition to forming pools of funds with the following investment characteristics:

1. Checking/Operating Accounts. These Accounts shall maintain a balance of cash sufficient for Immediate Cash Needs. Unneeded excess cash over and above Immediate Cash Needs shall be swept into the Liquidity Pool.

2. Liquidity Pool. This Pool shall all times maintain a balance of at least Two and One-Half Million Dollars (\$2,500,000) and shall maintain sufficient liquidity to meet daily withdrawals. The Pool shall consist of relatively short-term investments of U.S. Obligations and Government Money Market Mutual Funds, Commercial Paper, Fully Collateralized GICs, Money Market Funds and U.S. Government Agency Obligations to the extent they are respectively permitted investments for the Liquidity Pool in Section 7.00 (Permitted Investments). Weighted average maturity of the Pool shall be capped at 240 days. Remaining maturity of any one security is capped at three years.

3. Intermediate Term Pool. This Pool shall consist of short-term and intermediate-term U.S. Obligations and Government Money Market Mutual Funds, Commercial Paper, Fully Collateralized GICs, Money Market Funds and U.S. Government Agency Obligations to the extent they are respectively permitted investments for the Liquidity Pool in Section 7.00 (Permitted Investments). Weighted average maturity of the Pool is capped at (3) years. Remaining maturity of individual securities is capped at (5) years.

4. Bond and Escrow Funds. Bond and Escrow Funds are required to be held either by a Trustee or an Escrow Trustee in connection with an issue of Bonds. Accordingly, in the first instance, all investments of Bond and Escrow shall comply with the investment guidelines set forth in the applicable Indenture or Escrow Account. In addition, subject to the transition period referenced below, (a) all investments in any Bond Proceeds Accounts and Bond Debt Service Accounts shall be further restricted so as to comply with all the investment restrictions applicable to the Liquidity Pool except it is expressly provided, however, that (i) fully collateralized GICs or (ii) other investment contracts or agreements permitted under the applicable investment guidelines set forth in the applicable Indenture, may constitute 100% of the investments in any Bond Proceeds Account or Bond Debt Service Account, and (b) all investments in any Bond Reserve Accounts shall be further restricted so as to comply with all the investment restrictions applicable to the Intermediate Term Pool except it is expressly provided, however, that (i) fully collateralized GICs or (ii) other investment contracts or agreements permitted under the applicable investment guidelines set forth in the applicable Indenture, may constitute 100% of the investments in any Bond Reserve Account. However, there shall be a transition period for a reasonable period of time not to exceed twelve (12) months in which the existing investments in the existing Bond Debt Service Accounts

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and Bond Reserve Accounts shall be transitioned into compliance with the requirements of this Policy (following the transition advice and recommendations of the Independent Investment Advisor). Except as expressly directed otherwise in the applicable Indenture or Escrow Agreement, all Escrow Accounts and Bond Redemption Accounts shall be invested only in U.S. Obligations.

The Authority's funds and accounts other than Bond and Escrow Funds (discussed above) shall be invested pursuant to this Policy as follows:

System Revenue and Operating Funds – Except for Immediate Cash Needs, these funds shall be fully invested at all times. Cash sufficient to cover Immediate Cash Needs shall be kept on deposit in the Authority's operating checking account(s).

- As frequently as necessary and at least twice a month, the Director of Finance shall review the total amount of funds in such operating checking account(s). Such funds that are not needed for Immediate Cash Needs shall be swept from the Authority's operating checking account(s) and deposited initially for investment in the Liquidity Pool.
- Upon the adoption of this Policy by the Authority, the Director of Finance shall make an initial determination of the Immediate Cash Needs of the Authority and shall make an initial transfer from the Authority's operating checking account(s) of the amount of cash the Director of Finance reasonably determines is not needed for Immediate Cash Needs and a reasonable margin of safety.
- Non-Toll revenues shall be tracked and accounted for separately from Toll revenues.
- The Director of Finance, based on reasonable estimates of cash flows needed to finance operations, maintenance and repairs, shall have discretion to transfer funds from the Liquidity Pool to the Intermediate Term Pool when he reasonably determines that those funds will not be needed within the next three months.
- The Director of Finance shall report monthly to the Finance Committee regarding such transfers from the Liquidity Pool to the Intermediate Term Pool.

Insurance Liability Reserve Funds – These shall be invested in the Intermediate Term Pool except for reasonably anticipated needs to transfer or withdraw funds from this Reserve upon the recommendation of the Director of Finance to the Finance Committee (which must approve any such withdrawal or transfer of funds from this Reserve).

EDT Funds (Including Reasonably Required Prudent Reserve Funds) - At least one-half of these funds shall be invested in the Intermediate Term Pool and the remainder shall be invested in the Liquidity Pool. The precise percentage allocated to each Pool shall be determined by the Finance Committee from time to time upon the recommendation of the Director of Finance.

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Renewal and Replacement Reserve Funds – This Reserve is required by the Existing Indenture but is not required to be held by the Existing Trustee. These funds shall be invested in the Intermediate Term Pool except for reasonably anticipated needs to transfer or withdraw funds from this Reserve upon the recommendation of the Director of Finance to the Finance Committee (which must approve any withdrawal or transfer of funds from this Reserve).

Operating and Maintenance Reserve Funds – This Reserve is required by the Existing Indenture but is not required to be held by the Existing Trustee. These funds shall be invested in the Intermediate Term Pool except for reasonably anticipated needs to transfer or withdraw funds from this Reserve upon the recommendation of the Director of Finance to the Finance Committee (which must approve any withdrawal or transfer of funds from this Reserve).

The Director of Finance shall maintain records and reports sufficient to track the portions of the Authority's various funds and accounts allocated from time to time to the Authority's operating checking account(s), the Liquidity Pool, the Intermediate Pool and (as applicable) Bond and Escrow Funds held with a Trustee or Escrow Trustee, respectively. The Director of Finance shall cooperate with the Authority's independent auditors in auditing flows of funds, fund and account balances, investments and investment transactions, and all such allocations, during and as of the end of each fiscal year.

Investments shall be made in accordance with this Policy which has been designed taking into account applicable statutory constraints and agreements (including applicable bond agreements and covenants) and further taking into account staffing considerations.

Section 4.00 INVESTMENT OBJECTIVES

Funds of the Authority will be invested only in securities identified as permitted investments in (i) this Policy, (ii) in the applicable Indentures or Escrow Agreements, as the case may be, with respect to any Bond and Escrow Funds, (taking into account any stricter investment guidelines established by any issuer of any municipal bond insurance policy or credit enhancement facility that guarantees all or any portion of principal and interest on any outstanding Bonds), and (iii) any amendment to this Policy Statement approved by the Finance Committee. To the extent that the permitted investments and investment guidelines set forth in this Policy as amended from time to time are more restrictive than the investment guidelines in applicable Indentures or Escrow Agreements applicable to Bond and Escrow Funds, then the more restrictive provisions of this Policy shall apply and shall be met provided, however, that as provided in Section 3.00 above, there shall be a reasonable transition period not to exceed twelve (12) months in which existing investments in existing Bond Debt Service Accounts and Bond Reserve Accounts shall be transitioned into compliance with the simpler and more conservative requirements of this Policy that are made

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applicable to those investments (following the transition advice and recommendations of the Independent Investment Advisor as defined below).

The Authority investment portfolio shall be managed to accomplish the following hierarchy of objectives:

Preservation of Principal. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To limit the risk of capital loss, the further objectives shall be to mitigate credit risk and interest rate risk.

Steps to limit credit risks shall include limiting investments to the safest types of securities and by diversifying the investment portfolio so that potential losses on Non-U.S. Obligations will be minimized.

Interest rate risks shall be minimized by (A) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, (B) investing the Liquidity Pool primarily in shorter-term U.S. Obligations and authorized Government Money Market Funds, Money Market Fund(s), U.S. Government Agency Obligations and Fully Collateralized GICs as permitted under this Policy, and (C) setting weighted average maturity limits on the Intermediate Term Pool and a limit on remaining maturity of any single security held in that Pool. (See Section 7.00, PERMITTED INVESTMENTS.)

Liquidity. The investment portfolio as a whole, and the Liquidity Pool and Intermediate Term Pool specifically, shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities including especially U.S. Obligations with active secondary or resale markets (dynamic liquidity). At least Two and One-Half Million Dollars (\$2,500,000) shall be maintained at all times in the Liquidity Pool. To the extent this Policy permits funds in the Liquidity Pool or the Intermediate Term Pool to be invested in Government Money Market Mutual Funds, such Funds shall offer same-day liquidity.

Investment of Funds to Maximum Extent Possible Given Immediate Cash Needs. All funds of the Authority except amounts needed for Immediate Cash Needs (which may be held in the Authority's operating checking account(s)) shall be invested in accordance with this Policy at all times. Accordingly, subject to the transition periods established in Section 3.00 above, as frequently as necessary and at least twice a month the Director of Finance shall determine the amount of the Authority's Immediate Cash Needs. As appropriate, the Director of Finance shall cause funds in the

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Authority's operating checking account(s) above estimated Immediate Cash Needs to be swept into the Liquidity Pool established under this Policy.

Return. The investment portfolio shall be designed with the objective of attaining a market or better rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of this Policy and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited under this Policy to relatively low risk securities and investments in anticipation of earning a fair return relative to the risk being assumed.

Benchmarks to determine appropriate return performance are identified in Section 7.00, PERMITTED INVESTMENTS.

Simpler Investment Structure (Using Liquidity Pool and Intermediate Term Pool; Fewer Individual Securities). Subject to the transition periods established in Section 3.00 above, the Authority shall streamline and simplify its investment structure by investing and maintaining all its funds and accounts pursuant to this Policy. It shall do so using (A) its operating checking account(s), (B) the Liquidity Pool (which shall maintain a balance of at least Two and a Half Million Dollars (\$2,500,000.00)), (C) the Intermediate Term Pool, and (D) Bond and Escrow Funds (which shall be invested in compliance with this Policy and applicable Indenture and Escrow Agreement restrictions). During the transition periods established in Section 3.00 above, the Director of Finance shall work with the Independent Investment Advisor to simplify existing investments, and reduce the total number of individual securities in the portfolio (including a very significant reduction in the number of securities in the Reserve Fund), and to bring all investments into compliance with this Policy, following the transition advice and recommendations of the Independent Investment Advisor.

Diversification of Non-U.S. Obligations. To the extent that the investment portfolio is invested in permitted securities other than U.S. Obligations or U.S. Government Agency Obligations, it shall be diversified. To achieve such diversification, investments in any one issuer of Non-U.S. Obligations (excluding investments in U.S. Government Agency Obligations and excluding mutual funds, if any, that are permitted investments under this Policy) shall not constitute more than 5% of the investment portfolio, except it is expressly provided, however, that guidelines set forth in the applicable Indenture, may constitute 100% of the investments in any Bond Proceeds Account, Bond Debt Service Account or Bond Reserve Account.

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Section 5.00 STANDARDS OF CARE

Prudence. The standard of prudence to be used by an Investment Official shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment Officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion, and the liquidity and the sale of securities are carried out, in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable outcome to be derived.

Ethics and Conflicts of Interest. The General Manager and Authority members shall comply with the applicable specific terms and conditions of state ethics standards set forth in W. Va. Code §6B-2-5 and related rules, regulations and published rulings and opinions of the West Virginia Ethics Commission interpreting and applying W. Va. Code §6B-2-5. To the extent the General Manager, the Director of Finance or any member of the Authority, or an immediate family member of the General Manager, the Director of Finance, or any member of the Authority, has (i) any material interest in any investment or financial institution that conduct business with the Authority, or (ii) any material interest in any issuer of investment securities in which the Authority has invested or proposes to invest, he or she shall make a written disclosure of such circumstances to the General Manager and the Finance Committee. Further, the General Manager, Director of Finance, and any Authority member, if any of them become aware of such potential conflicts of interest, shall bring that information to the attention of the General Manager or the Finance Committee. Rather, the General Manager, the Director of Finance, and any Authority member shall recuse themselves from any discussion or vote, only if and as required by W. Va. Code §6B-2-5(j). Reporting such information to the General Manager or the Finance Committee does not automatically mean that recusal is necessary.

A person will be deemed to have a “material interest” in a financial or investment institution or in an issuer of investment securities if the person (a) is an employee of that institution or issuer, (b) is not an employee but nonetheless derived more than \$1,000 of personal income from the institution in the past calendar year or in the current calendar year through the date of measurement, or (c) has a direct ownership interest in the institution or issuer that has a fair market value of \$10,000 or greater or constitutes a 5% or greater ownership interest. For this purpose, “direct ownership” shall not include (i) indirect ownership resulting from owning an interest in a mutual fund which in turn owns any interest in the institution or issuer or its securities, or (ii) an interest owned in a retirement account or other investment account over

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which an investment advisor or trustee has investment discretion to buy and sell securities for the account and made the decision to buy the interest in the financial institution or issuer.

Any person subject to this Policy who is unsure as to whether a potential conflict arises under this Policy or W.Va. Code §6B-2-5, or how to proceed in light of a potential conflict, is encouraged to contact outside General Counsel of the Authority or the Executive Director of the West Virginia Ethics Commission for an opinion and advice on how to proceed under the circumstances.

A copy of W.Va. Code §6B-2-5 (ethical standards for elected and appointed officials and public employees) and a copy of a blank sample financial disclosure statement required to be filed by the General Manager and Authority members are attached behind Tab I.

Responsibility of Finance Committee and Director of Finance; Use of Independent Investment Advisor.

The Finance Committee shall meet as needed (but no less than semi-annually, when it receives the semi-annual and annual investment reports, respectively, that are required by Section 8.00 below) to determine general investment strategies and monitor portfolio results; endorse any amendments to the Investment Policy Statement which are recommended to the Authority for its review and approval; examine and ensure the adequacy of maturity and credit restrictions and other measures taken to achieve the investment objectives of this Policy (including but not limited to safety and security of principal and liquidity, the two primary objectives); and perform other duties as may be assigned by the Authority.

The Finance Committee shall retain the services of a professional investment advisor to advise and assist it, the Director of Finance and the other Investment Officials in performing their respective duties. Investment Officials may rely upon the recommendations and advice of the Independent Investment Advisor in performing their respective duties with regard to investments.

Subject to compliance with the requirements of this Policy, the Director of Finance is designated as the investment officer of the Authority, responsible to the Finance Committee for investment decisions and activities. To be absolutely clear, in the event that the Director of Finance is unavailable, or is unable or unwilling to perform any of the duties assigned to the Director of Finance under this Policy Statement, then his duties shall be performed by any other Investment Official (as defined in this Policy Statement). The Director of Finance in consultation with the Independent Investment Advisor shall routinely monitor the contents of the portfolio, the markets and the relative values of competing instruments, and adjust the portfolio accordingly to ensure that the investment objectives of this Investment Policy are consistently realized. The Director of Finance shall take action that is consistent with this Policy Statement upon the advice of the Independent Investment Advisor.

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The Authority shall allocate sufficient resources to the investment program to ensure preservation of principal, sufficient liquidity and market rate of return through active portfolio management. This commitment of resources shall include financial and staffing considerations.

Section 6.00 SAFEKEEPING AND CUSTODY

All Investment Securities purchased by the Authority shall be held in safekeeping at a bank or another qualified financial institution designated as custodian, which may be the Independent Investment Advisor or a qualified affiliate thereof, and shall be held free and clear of any lien. All securities held as collateral (including as collateral on investments) shall be held in third party safekeeping with a qualified and independent bank or financial institution designated as custodian, and further shall be held free and clear of any lien; the third party custodian in that case shall issue a safekeeping receipt to the Authority listing the specific instrument, rate, maturity and other pertinent information for each security held as collateral. The Director of Finance shall be responsible for collecting monthly reports showing the market value and book value of all securities held by the Authority or pledged as collateral for the Authority.

To the extent that any Indenture imposes specific collateral requirements with respect to particular investments, those collateral requirements shall govern investments of the fund or account in which the investment will be made. Refer to Section 7.00 PERMITTED INVESTMENTS and Exhibit A.

Internal Controls. The Director of Finance shall be responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Section 7.00 PERMITTED INVESTMENTS

The origin and anticipated use of funds shall govern how investments are made and the specific permitted investments allowed under this Policy. The constraints, requirements and limitations of Sections 3.00 and 4.00 above, and the transition periods referenced in those sections, are incorporated by reference.

In addition, the following additional provisions concerning permitted investments shall apply:

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Operating Checking Account(s) – Deposit Insurance and Collateralization and Sweep Requirements

To the extent that funds on deposit in Authority operating checking accounts are not fully guaranteed or insured by the United States or an agency thereof, they shall be continuously and fully collateralized by U.S. Obligations.

Subject to the transition period provided in Section 3.00 above, amounts in Authority operating checking account(s) in excess of Immediate Cash Needs shall be swept into the Liquidity Pool.

Permitted Investment Constraints and Benchmark for the Liquidity Pool.

Weighted dollar average maturity of the Pool is capped at two hundred forty (240) days.*

Remaining maturity of any individual security is capped at three (3) years.*

*In determining weighted dollar average maturity of this Pool or the remaining maturity of any individual security, if and to the extent any mortgage-backed or asset-backed securities are permitted in the Pool, expected average life shall be considered instead of remaining maturity.

No inverse floaters or any leverage of any kind is permitted in the Liquidity Pool.

No corporate bond or debt (other than permitted Commercial Paper) is permitted in the Liquidity Pool unless it constitutes U.S. Obligations or is contained in a permitted Government Money Market Fund or a permitted Money Market Fund.

Type of security or investment	Maximum Percentage Allowed in Pool
U.S. Obligations as defined in Section 1.00	100%
U.S. Government Agency Obligations that have an AAA or Aaa rating	100%
Government Money Market Mutual Funds	75%
Money Market Funds	25%

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Certificates of Deposit of banks that are fully insured by the FDIC	25%
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Asset-backed or mortgage-backed securities that are U.S. Obligations or are U.S. Government Agency Obligations that have an AAA or an Aaa rating	20%
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Commercial Paper	10%
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Benchmark for Liquidity Pool

The performance benchmark for the Liquidity Pool shall be a blended benchmark: Two-Thirds Citigroup 3-Month T-Bill Index and One-Third Barclays Capital U.S. 1-3 Year Government Bond Index.

Permitted Investment Constraints for the Intermediate Term Pool.

Weighted dollar average maturity of the Pool is capped at three (3) years*.

Remaining maturity of any individual security is capped at five (5) years*.

*In determining weighted dollar average maturity of this Pool or the remaining maturity of any individual security, if and to the extent any mortgage-backed or asset-backed securities are permitted in the Pool, expected average life shall be considered instead of remaining maturity.

No inverse floaters or any leverage of any kind is permitted in the Pool.

No corporate bond or debt (other than permitted Commercial Paper) is permitted in the Pool unless it constitutes U.S. Obligations or unless it is held within a permitted Government Money Market Fund or Money Market Fund.

Type of security or investment	Maximum Percentage Allowed in Pool
U.S. Obligations as defined in Section 1.00	100%
U.S. Government Agency Obligations that have an AAA or Aaa rating	100%

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Government Money Market Mutual Funds	50%
Fully Collateralized GICs	50%
Asset-backed or mortgage-backed securities that are U.S. Obligations	35%
Certificates of Deposit of banks that are fully insured by the FDIC	35%
Money Market Funds	50%
Commercial Paper	10%
BTI's "Short Term Bond Pool"	25%

Benchmark for Intermediate Term Pool

The performance benchmark for the Intermediate Term Pool shall be the Barclays Capital U.S. 1-3 Year Government Bond Index.

Permitted Investment Constraints for Bond and Escrow Funds

All investments of Bond and Escrow Funds shall comply with the permitted investment guidelines set forth in the applicable Indenture or Escrow Account; for the avoidance of doubt, no Bond and Escrow Funds may be invested in any investment or security that is not permitted under such guidelines. Such guidelines shall be attached hereto and made a part hereof as Exhibit A.

In addition, subject to the transition period referenced in Section 3.00 above:

- (a) All investments in any Bond Proceeds Accounts and Bond Debt Service Accounts shall be further restricted so as to comply with all the investment restrictions applicable to the Liquidity Pool, and
- (b) All investments in any Bond Reserve Accounts shall be further restricted so as to comply with all the investment restrictions applicable to the Intermediate Term Pool.

Except as expressly directed otherwise in the applicable Indenture or Escrow Agreement, all Escrow Accounts and Bond Redemption Accounts shall be invested only in U.S. Obligations.

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Certain supplemental indentures of the Authority may provide for investments not identified in the Permitted Investments or Investment Securities definition under the Indenture so long as they are first approved by the credit enhancement provider, or bond insurer, for that series of Bonds. In such cases, if those investments are considered they must first be approved by the credit enhancement provider of that series of Bonds.

As provided in Section 4.00 of this Policy, and subject to the transition periods referenced in Section 3.00, to the extent the guidelines and requirements of this Policy are stricter than those that would apply under the applicable investment guidelines of the Indenture and Escrow Agreement, then the stricter provisions of this Policy shall apply and be met. Notwithstanding the preceding sentence, to the extent an Escrow Agreement directs the purchase of specific types of investment securities, such directions shall prevail and shall be followed.

In the case of mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations, expected average life shall be considered instead of maturity.

Section 8.00 REPORTING REQUIREMENTS

The investment reports submitted to the Finance Committee shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

The Director of Finance on or before March 1st of each year in consultation with the Independent Investment Advisor (which shall assist the Director of Finance in preparing the same) shall prepare and submit to the Finance Committee, a “Semi-annual Investment Report” that summarizes the following: (i) an assessment of the degree to which the investment objectives of this Policy have been achieved (including but not limited to the Policy’s two primary objectives of (a) safety and security of principal and (b) liquidity), (ii) the total investment earnings for the reporting period from July 1st through December 31st of the preceding calendar year; (iii) portfolio return for that period; (iv) the investment strategies employed in the most recent quarter; (v) a listing of the existing portfolio in terms of Investment Securities, maturities, return, and other features deemed relevant; (vi) recent market conditions, economic developments and anticipated investment conditions; and, (vii) any areas of policy concern warranting possible revisions of current or planned investment strategies. The report shall include an appendix that discloses all transactions during the reporting period.

Within 90 days after the end of the fiscal year (June 30th of each calendar year), the Director of Finance in consultation with the Independent Investment Advisor (which shall assist the Director of Finance in preparing the same) shall present a comprehensive “Annual Investment Program Report” to the Finance Committee. The Report shall include separate quarterly and annual comparisons of

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portfolio return to market yields and benchmarks, describe the year's investment activity, and present policy issues and suggested improvements that might alter the investment program.

Section 9.00 TAX COVENANT OF THE AUTHORITY; ARBITRAGE REBATE COMPLIANCE

The Authority has covenanted in the Existing Indenture, with respect to the Authority's outstanding Bonds, to take such actions (and refrain from taking such actions) as shall be necessary to comply with such requirements of the Internal Revenue Code of 1986, as amended to ensure that the bonds retain their federal tax-exempt status. The requirements are detailed in the "Certificate as to the Compliance with Internal Revenue Code" which shall be made available to the Independent Investment Advisor.

Copies of the form of "Certificate as to the Compliance with Internal Revenue Code" are incorporated herein by reference as if set forth in full herein.

(Remainder of Page Intentionally Left Blank)

**FIRST AMENDMENT TO WEST VIRGINIA PARKWAYS AUTHORITY
INVESTMENT POLICY STATEMENT**

WHEREAS, the West Virginia Parkways Authority (formerly the West Virginia Parkways Economic Development and Tourism Authority) adopted an Investment Policy Statement (copies of minutes attached) on the 1st of April, 2010, which Investment Policy Statement became effective on the date of its adoption by the Authority and which said Investment Policy Statement replaced all the Authority's previous investment policies; and

WHEREAS, as part of the duties of the Independent Investment Advisor to the Parkways Authority, it is to make recommendations as to improvements and alterations to the Investment Policy Statement that might be considered; and

WHEREAS, at a meeting of the Finance Committee of the Parkways Authority held at the Parkways Headquarters in Charleston, West Virginia at 9:30 a.m. on March 6, 2014 and at a subsequent meeting of the Authority on the same date at 10:30 a.m. at the Parkways Headquarters in Charleston, West Virginia, resolutions were adopted amending the Investment Policy Statement incorporating the recommendations of the Independent Investment Advisor with regard to increasing the maximum percentages of investments allowed in certificates of deposits of banks that were fully insured by the FDIC in both the liquidity pool and the intermediate term pool from twenty-five percent (25%) and thirty-five percent (35%), respectively, to fifty percent (50%) in each pool (copies of minutes attached); and

Now therefore, BE IT RESOLVED, that:

“Section 7.00 of the West Virginia Parkways Authority Investment Policy Statement, effective the 1st day of April, 2010, is hereby amended as follows: (1) with regard to the liquidity pool pertaining to certificates of deposit of banks that are fully insured by the FDIC that the maximum percentage of said certificates of deposit allowed in said pool be increased from

thirty-five percent (35%) to fifty percent (50%); and (2) in Section 7.00 with regard to the intermediate term pool pertaining to certificates of deposit of banks that are fully insured by the FDIC that the maximum percentage allowed in said pool of said certificates of deposit be increased from thirty-five percent (35%) to fifty percent (50%)”.

The balance of the Investment Policy Statement effective as indicated by date above, shall remain in full force and effect.

The effective date of this First Amendment to Investment Policy Statement of the West Virginia Parkways Authority shall be the date of its adoption set forth below.

I hereby certify that the foregoing First Amendment to the West Virginia Parkways Authority Investment Policy Statement was duly adopted at an official regular monthly meeting of the West Virginia Parkways Authority, duly noticed, at which a quorum was present and voting, at the Authority’s Headquarters in Charleston, West Virginia at 10:30 a.m. on March 6, 2014.

WEST VIRGINIA PARKWAYS AUTHORITY
an agency of the State of West Virginia

By: 
Its: Secretary

**WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT AND
TOURISM AUTHORITY
(THE "AUTHORITY")
RESOLUTION AUTHORIZING INVESTMENT IN CONSOLIDATED FUND**

WHEREAS, the Authority, following review and input by its staff and its General Counsel and Bond Counsel (collectively, "**legal counsel**") as well as its Independent Investment Advisor ("**Scott & Stringfellow, LLC**"), adopted and approved a new Investment Policy Statement at the Authority's April 2010 meeting (the "**Authority Investment Policy**"); and

WHEREAS, in connection with its consideration and adoption of the new Authority Investment Policy, the members of the Authority, upon the advice and input of Authority legal counsel and staff and the Authority's Independent Investment Advisor, determined that (a) the Authority was eligible to participate and invest in the State's Consolidated Fund, specifically in three investment pools (WV Money Market, WV Government Money Market and WV Short Term Bond Pool) administered and managed by the Board of Treasury Investments, (b) the new Investment Policy Statement should, and in fact did, authorize investments of certain funds of the Authority in such pools, all as further provided in the Authority Investment Policy, and (c) investing therein, as provided in the Authority Investment Policy, was appropriate taking into consideration the *Investment Policy* of the West Virginia Board of Treasury Investments and the provisions of all applicable agreements, applications, state and local laws, policies, rules or ordinances; and

WHEREAS, the Board of Treasury Investments has requested that the Authority adopt resolutions ratifying, confirming and approving such investment in such investment pools in the Consolidated Fund, substantially in the form of the recitals and resolutions below; and

WHEREAS, *W.Va. Code §12-6C-6* authorizes spending units and political subdivisions of the State of West Virginia to participate and invest in the Consolidated Fund, which is administered and managed by the Board of Treasury Investments and used to purchase securities and other investments authorized by law; and

WHEREAS, the members of the *West Virginia Parkways, Economic Development & Tourism Authority*, the Governing Body of the *West Virginia Parkways, Economic Development & Tourism Authority*, a spending unit or political subdivision of the State of West Virginia, with input and advice of the Authority's staff, legal counsel and Independent Investment Advisor, have reviewed and considered the *Investment Policy* of the West Virginia Board of Treasury Investments and the provisions of all applicable agreements, applications, state and local laws, policies, rules or ordinances; and

WHEREAS, the undersigned Governing Body has made an independent determination that investment in the Consolidated Fund in accordance with the provisions of the aforesaid statute is in the best interests of the spending unit or political subdivision and is within the scope of activities and investments for which it is authorized by law;

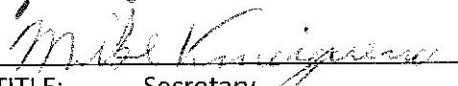
NOW THEREFORE BE IT:

RESOLVED: That the *West Virginia Parkways, Economic Development & Tourism Authority* is hereby authorized to participate in the Consolidated Fund for the purpose of investment, and its Director of Finance, General Manager or other designated investment financial officer is further authorized to do all things necessary in order to participate in the investment pools in the Consolidated Fund as selected below:

WV Money Market	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
WV Government Money Market	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
WV Short Term Bond Pool	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

ADOPTED on the 6th day of May, 2010, by the *Members of the West Virginia Parkways, Economic Development & Tourism Authority*

SIGNED: 
TITLE: Chairman Designee

ATTEST: 
TITLE: Secretary

Please return to: West Virginia State Treasurer's Office, Attn: Participant Accounting, 1 Players Club Drive, Charleston, WV 25311 Telephone (304)340.1573 or (304)340.1577