

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

December 19, 2014

9:00 a.m.

Treasury Board Conference Room

James Monroe Building
101 N. 14th Street, 3rd Floor
Richmond, Virginia

Members Present: Manju S. Ganeriwala, Chairwoman
Neil Amin
Douglas Densmore
Lou Mejia
David Von Moll

Members Absent: Craig Burns
William W. Harrison, Jr.

Others Present:	Nelson Bush	PFM Asset Management
	Kathleen Lauerman	PFM Asset Management
	Craig Robinson	PFM Asset Management
	Michael Varano	PFM Asset Management
	Karen Hawkrigde	Optimal Service Group
	T. C. Wilson	Optimal Service Group
	Steve Schmmel	Bank of America
	Tim Duffee	SunTrust Bank
	Vasyl Zuk	J P Morgan
	Don Ferguson	Office of the Attorney General
	Belinda Blanchard	Department of the Treasury
	Neil Boege	Department of the Treasury
	Kathy Green	Department of the Treasury
	Gloria Hatchel	Department of the Treasury
	Deidre Jett	Department of the Treasury
	Brad Jones	Department of the Treasury
	Brandy Mikell	Department of the Treasury
	Harold Moore	Department of the Treasury
	John Ockerman	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Michael Walsh	Department of the Treasury
	Bill Watt	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Tim Wilhide	Department of the Treasury

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:06 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the November 19, 2014 meeting; there being none, Chairwoman Ganeriwala asked for a vote of approval. Mr. Densmore moved for approval of the Minutes, Mr. Amin seconded, and the motion carried unanimously.

Public Comment

None

Action Items

None

Board Briefing

Presentation by PFM - Semi-Annual SNAP Portfolio Performance Review

A hand out of the presentation was given to the Board by PFM personnel. Nelson Bush and Michael Varano briefed the Board on the State Non-Arbitrage Program (SNAP) Portfolio Performance. Mr. Bush noted that the results being presented were since March 31, 2014. Mr. Bush gave a general overview of the SNAP program. Mr. Varano then provided a market update and noted the strong performance of the economy. The monthly distribution yield for the SNAP fund was 0.13% in November, 2014. The SNAP Fund continues to outperform its benchmark, the iMoneyNet First Tier Institutional-Only Average Index, which was .02% for the same period.

Mr. Densmore asked if the strength of the economy is real, or attributed to Fed Policy. Mr. Varano answered that both were factors. Lower interest rates helped, but consumers and businesses have been investing in transportation and business equipment. He gave the example of the average age of automobiles in the country being over eleven years, so it was time to replace them regardless of what the Fed did.

Staff Reports

Debt Management

A revised Debt Calendar was handed out to the Board. Evie Whitley reviewed the Debt Calendar as of December 1, 2014 and the leasing reports as of November 30. Ms. Whitley also presented the Final Financing Summary for the Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2014 that were issued last month.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended October 31, 2014. Ms. Reiter reported that no banks were under collateralized for the month. There were no new qualified public depositories. There was one bank merger during this reporting period. Virginia Heritage Bank merged with Eagle Bank effective October 31, 2014. Ms. Reiter also noted that between November and December, depositories can choose to change their collateralization method (Pooled or Opt Out Method) for the next calendar year. No banks chose to do so.

State Non-Arbitrage Program

Tim Wilhide noted that the SNAP report was done earlier in the meeting by way of the Board Presentation by Nelson Bush and Michael Varano of PFM.

Investments

Mr. Wilhide reviewed the Investment reports for the month ended November 30, 2014. The General Account portfolio was \$5.1 billion, down \$288 million from the month prior. The average yield on the Primary Liquidity portion of the General Account was 0.24%, same as the previous month. The Extended Duration portion of the portfolio had an annualized yield of 6.39% for the month. The combined or composite yield of the Primary Liquidity and Extended Duration portfolios was 1.68% for November.

Mr. Wilhide then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all risk measures for the month of November 2014. He then presented the LGIP portfolio report to the Board for the month of November. The LGIP portfolio was up \$111 million from the month prior and is valued at \$2.64 billion. The average yield on the portfolio was 14 basis points, same as the month prior. The average maturity was 87 days, eight days shorter than the previous month.

Chairwoman Ganeriwala asked about the shift in the allocation of the LGIP and how we decided to buy or not by Commercial Paper. Mr. Wilhide responded that the decision depends on the extent to which approved Commercial Paper is available to meet portfolio maturity needs and the exposure the portfolio already has to the asset class in general and given issuers in particular. . Mr. Amin asked if we had exposure to floating rate bonds. Mr. Wilhide responded that this exposure was only in our internally managed portfolio. Mr. Amin asked about the nature of the split in General Account funds between the Primary Liquidity and externally managed portfolios. Mr. Wilhide responded that it is based on our allocation split as approved by the Treasury Board in the portfolio guidelines but that it is generally split as 75% in the Primary Liquidity portfolio managed by investment staff and 25% managed by external managers.

Other Business

None.

Chairwoman Ganeriwala stated the next meeting of the Board would be on January 21, 2015. She instructed Treasury Staff to check for conflicts with the scheduled dates for next year's Board meetings. Chairwoman Ganeriwala adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board