

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

March 18, 2015

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

Members Absent: Craig Burns
William W. Harrison, Jr.
David Von Moll

Others Present:	Karen Hawkrige	Optimal Service Group
	T. C. Wilson	Optimal Service Group
	Patrick Dixon	Wells Fargo
	Steve Schmmel	Bank of America
	Brian Deveney	Auditor of Public Accounts
	Belinda Blanchard	Department of the Treasury
	Debora Greene	Department of the Treasury
	Michael Tutor	Department of the Treasury
	Brandy Mikell	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Harold Moore	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Sandra Stanley	Department of the Treasury
	Michael Walsh	Department of the Treasury
	Bill Watt	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Jon Ockerman	Department of the Treasury
	Kathy Green	Department of the Treasury
	Tracey Edwards	Department of the Treasury

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:04 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the February 18, 2015 meeting; there being none, Chairwoman Ganeriwala asked for a vote of approval. Mr. Amin moved for approval of the Minutes, Mr. Densmore seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Motion to Approve the Election of Michael Tutor, Special Assistant for the Department of the Treasury, to Serve as Secretary to the Commonwealth of Virginia Treasury Board Pursuant to 2.1-234.25 of the Code of Virginia.

Chairwoman Ganeriwala presented the motion and asked if there were any further questions. There being none, the Chairwoman asked for a Motion to approve. Mr. Densmore moved that the Resolution be adopted, Mr. Amin seconded, and the Motion carried unanimously.

Board Briefing

None

Staff Reports

Debt Management

Evie Whitley reviewed the Debt Calendar as of March 9, 2015 noting that several issues would be coming before the Board in the upcoming months. She informed the Board that the VCBA and General Obligation bonds were shuffled because the VCBA issue will now be sold as a negotiated sale. Ms. Whitley reviewed the leasing reports as of February 28, 2015. The Department of General Services has leased \$764,000 worth of vehicles for their fleet.

Ms. Whitley also followed up on a discussion held the month prior about the fees being charged by the rating agencies on our debt issuances. She told the Board that she would provide an in depth review during next month's Treasury Board meeting. The concern is the increasing cost of ratings and whether or not it's necessary to have ratings from all three major rating agencies on bonds other than General Obligation Bonds.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended January 31, 2015. Ms. Reiter reported that no banks were undercollateralized for the month. Ms. Reiter noted that the IDC ratings have not been updated from what was reported last month and we are still using IDC's 3rd quarter final 2014 ratings. IDC's 4th quarter preliminary and final ratings will be provided at next month's meeting. She informed the Board Franklin Community Bank (a pooled bank) has merged with American National Bank (an opt out bank) and their combined assets will total \$1.5 billion.

Chairwoman Ganeriwala asked how long the two opt-out banks with below average rankings were on the list. Ms. Reiter said Highland Union has been on the list for awhile, but their ratings were improving. She wasn't sure about the other but would check.

State Non-Arbitrage Program

Belinda Blanchard reviewed the SNAP report for the month ended February 28, 2015. The monthly distribution yield was up two basis points from December at 0.16%, outperforming the benchmark of 0.03%. Balances were down approximately \$166 million from the previous month to \$3.4 billion.

Investments

Ms. Blanchard reviewed the Investment reports for the month ended February 28, 2015. The General Account portfolio was \$5.5 billion, up \$138 million from the month prior. The average yield on the Primary Liquidity portion of the General Account was 0.27%, up 0.03% from the previous month. The Extended Duration portion of the portfolio had an annualized yield of -7.75% for the month, bringing down the composite yield to -1.50% for the month. The year to date composite yield is .98%.

Ms. Blanchard then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of February 2015. She then presented the LGIP portfolio report to the Board for the month of February. The LGIP portfolio was down \$153 million from the month prior and is valued at \$2.6 billion. The average yield on the portfolio was 16 basis points, up one basis point from the month prior. The average maturity to reset was 50 days and the average maturity to final was 98 days, four days more than the previous month.

Mr. Densmore asked about the interest rate bet made by Goldman Sachs and whether or not it will hurt our overall portfolio. T.C. Wilson reported that the other managers in the portfolio offset the risk because they are utilizing other strategies.

Other Business

None.

Chairwoman Ganeriwala stated the next meeting of the Board would be on April 15, 2015. The Chairwoman handed out a listing of the scheduled 2015 Treasury Board meeting dates, noting the changes for the months of May, July and October. Chairwomen Ganeriwala asked for a motion to adjourn. Mr. Amin moved for adjournment, Mr. Mejia seconded, and the motion carried unanimously. The meeting adjourned at 9:27 a.m.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board