

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

April 17, 2024

10:00 a.m.

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

Members Present: David L. Richardson, Chairman
James Alex
Neil Amin
J.P. Carney
Charles King
Sharon Lawrence
Joshua Weed

Meeting Guests:	Donald Ferguson	Office of the Attorney General
	Steve Cummings	Office of the Governor
	Scott Fleming	PFM Asset Management LLC
	David Swynford	Department of the Treasury
	Brad Jones	Department of the Treasury
	Stuart Williams	Department of the Treasury
	Neil Boege	Department of the Treasury
	Leslie English	Department of the Treasury
	Sandra Stanley	Department of the Treasury
	Laura Lingo	Department of the Treasury
	Melissa Palmer	Department of the Treasury
	Kathy Foote	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	John Conrad	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Dianne Klaiss	Frasca & Associates LLC (via telephone)
	Anthia Ma	Frasca & Associates LLC (via telephone)
	Megan Gilliland	Kaufman & Canoles, P.C.
	Ben Wills	Kaufman & Canoles, P.C.
	Nick Davies	Mercer LLC
	Kyle Zotta	Mercer LLC (via telephone)
	Kevin Larkin	Bank of America
	Marketa Heard	JP Morgan

Call to Order and Approval of Minutes

Chairman Richardson welcomed the Board members and called the meeting to order at 10:00 a.m.

Chairman Richardson recognized newly appointed Tax Commissioner James Alex and Secretary Steve Cummings. Chairman Richardson asked if there were any changes or revisions to the minutes of the January 17, 2024 meeting. J.P. Carney requested to amend the minutes to include the reason he abstained from voting at the January meeting not having been present. Chairman Richardson asked for a vote of approval of the amended minutes. Charlie King moved for approval, Neil Amin seconded, and the motion carried unanimously.

Public Comment - None

Action Items

Resolution Approving the Plan of Finance for the Issuance by the Virginia Public Building Authority (VPBA) of its Public Facilities Revenue and Revenue Refunding Bonds, Series 2024

John Conrad presented the Preliminary Financing Summary for the issuance of \$191,935,000 Public Facilities Revenue Bonds, Series 2024A, \$285,560,000 Public Facilities Revenue Refunding Bonds, Series 2024B and \$30,000,000 Public Facilities Revenue Bonds, Series 2024 C (Federally Taxable).

Dianne Klaiss with Frasca & Associates LLC joined via telephone.

The proceeds of the 2024 Bonds will be used to (i) finance the acquisition, construction, improvement, rehabilitation, furnishing and equipping of various public facilities for use by or on behalf of the Commonwealth and its agencies, (ii) finance the Commonwealth's payment of the costs of certain grants and of regional and local jail and juvenile detention facility projects, (iii) refund certain maturities of bonds previously issued by the Authority, and (iv) pay costs of issuing the 2024 Bonds.

The Bonds are limited obligations of the Authority, anticipated to be payable solely from funds appropriated by the General Assembly of the Commonwealth of Virginia. The Bonds are scheduled for sale on May 21, 2024, with an anticipated delivery date of June 12, 2024. The Series 2024A Bonds will be amortized up to 20 years with a final maturity between 2025 and 2044. The Series 2024B Bonds will have a final maturity between 2024 and 2034. The 2024C Bonds will be amortized up to 20 years and expected to mature between 2025 and 2044. Principal will be paid annually on August 1, beginning August 1, 2025. Interest will be paid semi-annually on February 1 and August 1, beginning February 1, 2025. Optional redemption provisions for the Bonds are as follows: the Series 2024A Bonds shall have a 10-year call at par, plus accrued interest to the redemption date. The Series 2024B Bonds are not subject to redemption prior to maturity and the Series 2024 C Bonds are redeemable at any time subject to make-whole call provision. The Series 2024 Bonds are subject to the following true interest cost (not-to-exceed) limits:

Series 2024A	4.50%
Series 2024B	3.50 %
Series 2024C	5.75%

The Bonds are expected to be rated AA+-from Fitch and S&P and Aal from Moody's.

Discussion ensued about pricing, and market volatility.

Megan Gilliland from Kaufman & Canoles, LLC, bond counsel to the VPBA, reviewed the Resolution.

Chairman Richardson asked for a motion to adopt the Resolution as presented. Neil Amin moved that the Resolution be approved. Joshua Weed seconded, and the motion carried unanimously.

Motions to Approve the Recommended Changes to the General Account Investment Guidelines, TICR Taxable Endowment and TICR Tax-Exempt Endowment Investment Guidelines

Nick Davies with Mercer presented a Summary of Investment Guideline changes to the General Account, TICR Taxable Endowment Fund, and the TICR Tax-Exempt Endowment Fund with regard to policy changes and housekeeping matters. The guideline changes involved a recent VA Code change, general account strategic changes in the PLP/EDCP allocation, EDCP short/intermediate/long mix, asset-backed commercial paper, delegations to the State Treasurer for taxable and tax-exempt TICR investment decisions, added World Bank and SEC 1441 securities and consolidating TICR managers. He also addressed grammatical issues and clarification of "per annum" standard for investment performance.

Chairman Richardson entertained a motion to take up the guideline modifications as a group. J.P. Carney so moved. Sharon Lawrence seconded, and the motions to modify the guidelines as a group carried unanimously. Chairman Richardson then asked for a motion to approve the guidelines changes. The effective date is subject to approval once the State Treasurer certifies the changes to the Office of Regulatory Management (ORM) and the ORM is satisfied with the changes. Dr. Joshua Weed moved that the guidelines be approved. J.P. Carney seconded, and the motions carried unanimously.

Debt

Brad Jones reviewed the Virginia Debt Calendar as of April 1, 2024, and the leasing reports as of March 31, 2024. Mr. Jones noted that the Virginia College Building Authority priced approximately \$640 million of bonds the day prior. He stated that the all-in true interest cost for the sale was 3.61% and he noted there was strong demand for the issuance despite the recent market volatility. There were seven (7) bidders for each of the two tranches, which were broken into fairly similar sized portions with just over \$300 million each. He also noted two upcoming Virginia Public School Authority sales in April and the upcoming Virginia Public Building Authority sale in May, which was approved earlier in the meeting. Mr. Jones then reviewed the activity for the Master Equipment Lease Program. He noted \$5.5 million was provided during the month of March, which was nearly all for previously approved DGS vehicle fleet purchases, with the exception of \$171,426 being for the Department of Emergency Management for vehicles approved during the month. He noted that with the disbursements, approximately \$23

million remains available for lease items under the current line of credit balance. He noted there was no activity to report on the Energy Lease Program.

Investments

Neil Boege reviewed the Investment reports for the month ended March 31, 2024, and commented on volatile market conditions and current market expectations for front-end rates being 'higher for longer.' Primary Liquidity Pool assets declined by \$1.7 billion due to ongoing reallocations to the external managers and seasonally consistent asset outflows. Assets should increase up to fiscal year-end (June 30) on normal tax revenue inflows. The yield on the PLP declined by 9 basis points during the month of March, mostly due to lower yielding reinvestment opportunities and asset outflows. March collected income increased from the prior month to \$110 million and will likely remain around that level, on average, through June.

The LGIP portfolios were in compliance with all guidelines and standards for the month of March. The LGIP EM portfolio has recently experienced participant reallocations into the LGIP stable value portfolio as localities are increasingly choosing shorter average maturity investment opportunities to take advantage of the persistently inverted yield curve.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits Act report (SPDA) for the month ending February 29, 2024. No banks were undercollateralized for the month. Linked Bank became a new qualified depository in February with total assets of \$2.8 billion. There was no change in IDC ratings in February; IDC's 3rd quarter 2023 ratings were used in February.

Chairman Richardson commented on Kristin Reiter's retirement at the end of the May and thanked her for 40 years of service.

Chairman Richardson commented on Don Ferguson's retirement at the end of June and thanked him for his many years of service.

Other Business

The meeting adjourned at 11:15 a.m.

The next Treasury Board meeting is scheduled for May 15, 2024.

Respectfully submitted,

Yvonne Scruggs, Secretary
Commonwealth of Virginia Treasury Board