

TREASURY BOARD
COMMONWEALTH OF VIRGINIA
September 15, 2010
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
Shaza L. Andersen
K. David Boyer, Jr.
William W. Harrison, Jr.
David Von Moll

Members Absent: Craig M. Burns
Thomas N. Chewning

Others Present:	Janet Aylor	Department of the Treasury
	Harold Moore	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Kathi B. Scearce	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Bill Zuk	Chase- J. P. Morgan
	Nelson L. Bush	PFM Asset Management LLC
	Stephanie Kim	Tobacco Commission
	Ned Stephenson	Tobacco Commission
	Neal Noyes	Tobacco Commission
	Robert Gordon	Troutman Sanders, LLP
	Steve Johnson	Troutman Sanders, LLP
	Patrick Dixon	Wachovia/Wells Fargo
	Bryce Lee	OSG - Wells Fargo Advisors
	Brian Moore	OSG - Wells Fargo Advisors
	Robin Wilcox	OSG - Wells Fargo Advisors
	T.C. Wilson	OSG - Wells Fargo Advisors
	Treasury staff and others attended	

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:01 a.m. The Chairwoman Ganeriwala introduced Bill Harrison as a new member to the Treasury Board.

Chairwoman Ganeriwala asked if there were any additions or revisions to the minutes of the August 18, 2010 meeting. There being none, Mr. Boyer moved the approval of the minutes as submitted, Mr. Von Moll seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items

Evie Whitley reviewed the background of all three action items on the agenda for the edification of new Board members.

Resolution of the Treasury Board Providing for the Issuance of the Commonwealth of Virginia General Obligation Bonds, Series 2010A

Ms. Whitley introduced Leslie English who reviewed the action item with the Board. Ms. English introduced Janet Lee from Public Resources Advisory Group (PRAG), the financial advisor to the Commonwealth, who participated via telephone.

Ms. English stated that the bonds would be issued by the Treasury Board, and repaid from net project revenues pledged by the colleges and universities. The bonds would likely be a combination of tax-exempts and taxable Build America Bonds (BABs). Ms. Lee reviewed the market status, and indicated that she expected strong demand for the bonds.

Chairwoman Ganeriwala explained BABs and tax-exempt bonds to the Board for the benefit of the new members. She indicated that the combination of the two types of bonds was the structure recommended by PRAG.

Discussion ensued.

Bond counsel, Steve Johnson of Troutman Sanders, reviewed the resolution with the Board.

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

Resolution Approving the Plan of Finance for Issuance and Sale of Revenue Bonds by the Virginia College Building Authority of Educational Facilities Revenue Bonds Series 2010B (21st Century College and Equipment Program)

Janet Aylor reviewed the action item with the Board. She indicated that the bonds would be competitively bid or sold through a negotiated sale based on the market at the time of the sale. Mr. Harrison pointed out an error in the Preliminary Finance Summary. Ms. Aylor made note of the correction.

Discussion ensued.

Bond counsel, Rob Gordon from Troutman Sanders, reviewed the resolution with the Board.

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

Resolution Approving the Plan of Finance for Issuance and Sale of Revenue Bonds by the Virginia College Building Authority of Educational Facilities Revenue Bonds Series 2010A (Public Higher Education Financing Program)

Ms. Aylor reviewed the action item with the Board and indicated that the sale would be competitively bid.

Discussion ensued.

Bond counsel, Rob Gordon from Troutman Sanders, reviewed the resolution with the Board.

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

Presentation

Chairwoman Ganeriwala introduced Ned Stevenson, Neal Noyes and Stephanie Kim from the Tobacco Commission, and T.C. Wilson, Brian Moore and Bryce Lee of the Optimal Services Group, Wells Fargo Advisors (Optimal).

Mr. Wilson handed out brief biographical information about the Optimal staff (Attachment A) and reviewed their ongoing relationship with Treasury Board.

Mr. Moore gave an update of capital markets over the third quarter and year-to-date. Mr. Wilson reviewed the investment performance of the external managers for the Tobacco Indemnification Community Revitalization (TICR) portfolio. Mr. Lee reviewed the economic outlook and provided a copy of the firm's fixed income weekly publications (Attachment B and C) for the weeks of August 10, 2010 and August 20, 2010. Optimal believes the risk in municipal markets is low.

Tim Wilhide discussed the performance of TICR managers, specifically SIT's underperformance, which was well under the index. After an analysis and consultations with Optimal, staff has decided to discontinue use of SIT. The manager has been requested to liquidate its portfolio by the end of October, and a search for a new manager is currently underway.

Staff Reports:**Debt Management**

Ms. Aylor reviewed the Debt Calendar as of September 7, 2010 date and the Master Energy Leasing Program and Virginia Energy Leasing Program reports as of August 31, 2010.

Security for Public Deposits

Kristen Reiter reviewed the Security for Public Deposits report for the month ending July 31, 2010. Ms. Reiter stated that this was the first Treasury Board report in which opt-out banks were reported as undercollateralized based on the Opt-out Guidelines weekly reporting requirements. In reviewing the latest IDC bank ratings, Ms. Reiter also noted that the turnaround time on receiving IDC quarterly updates had been shortened from approximately four months to two months.

Mr. Harrison commented on the number and frequency of banks reporting late under the Reporting Compliance Statistics. Chairwoman Ganeriwala requested staff to do an analysis of the reasons behind the late reporting and Mr. Boyer requested staff to make a recommendation as to how to address continued late reporting by our qualified public depositories.

Discussion ensued.

State Non-Arbitrage Program (SNAP)

Mr. Wilhide reviewed the SNAP report for the month ending August 31, 2010. Chairwoman Ganeriwala welcomed Nelson Bush from PFM Asset Management LLC, and Mr. Wilhide indicated that PFM had provided its annual report in the Board packet this month.

Investments

Mr. Wilhide reviewed the Investment Report for September 2010. He also reviewed the General Account Extended Duration Credit Portfolio as of August 31, 2010 (Attachment D), the General Account Investment Report (Attachment E), and the General Account Investment Income Report (Attachment F). Chairwoman Ganeriwala asked Mr. Wilhide to introduce staff from the Cash Management and Investments Division to the new Board members.

Mr. Wilhide reviewed the Local Government Investment Pool (LGIP) Report as of August 31, 2010 as well as the compliance checklist related to the standards governing the LGIP.

Chairwoman Ganeriwala asked if there was any further business to come before the Board. There being none, the Chairwoman asked for a motion to adjourn. Mr. Boyer moved the approval of the moved adjournment, Mr. Harrison seconded, and the motion carried unanimously.

Other Business:

None

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachment "A"
Attachment "B"
Attachment "C"
Attachment "D"
Attachment "E"
Attachment "F"

Documents are available for review at

The Department of the Treasury