

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

April 20, 2016

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
Craig Burns
Douglas Densmore
William Harrison, Jr.
Lou Mejia
David Von Moll

Members Absent: Neil Amin

Others Present:	Heather Lockerman	Office of the Attorney General
	John Crooks	Department of Planning & Budget
	Quentin Jefferies	Department of Planning & Budget
	Vasyl Zuk	JP Morgan
	Karen Hawkrigde	Optimal Service Group
	Nelson Bush	PFM Group
	April Kees	Senate Finance Committee
	Patrick Dixon	Wells Fargo Bank
	Rob Brown	Wilmington Trust
	Jim Deitrick	Wilmington Trust
	Dan Monakil	Wilmington Trust
	Janet Aylor	Department of the Treasury
	David Jonas	Department of the Treasury
	James Mahone	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
	Bill Watt	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 9:01 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the March 16, 2016 meeting; there being none, Chairwoman Ganeriwala asked for a vote of

approval. Mr. Von Moll moved for approval of the Minutes, Mr. Harrison seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Resolution Approving the Plan of Finance for the Issuance and Sale of Refunding Bonds for the Benefit of Virginia Military Institute by the Industrial Development Authority of the City of Lexington

Janet Aylor presented the Preliminary Financing Summary for the issuance of up to \$39 million Educational Facilities Revenue Refunding Bonds to be issued by the Industrial Development Authority of the City of Lexington for the Benefit of Virginia Military Institute. The proceeds of the Bonds are being used to advance refund all or a portion of the Industrial Development Authority's outstanding Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds, Series 2006B and Series 2006C. The Bonds are scheduled for negotiated sale on May 4, 2016. The estimated true interest cost as of April 11, 2016 is between 3.08 and 3.34%. The Bonds are secured by payments made by the borrowers under a financing agreement with the Authority.

T.W. Bruno, representing McGuireWoods, reviewed the Resolution.

Mr. Harrison asked if these were Private Activity Bonds. Mr. Bruno replied that they were qualified 501(c)3 bonds.

Mr. Densmore asked if the University leased the facilities to the Foundation. Mr. Bruno replied that they did not as the Foundation paid for the facilities.

Mr. Mejia asked about the compensation paid to counsel for the bonds. Mr. Bruno stated that the fee was about the same as it was in 2010. The fees are higher than the Board normally sees because of the nature of the bonds due to the 501(c)3 status.

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

Resolution Approving the Plan of Finance for the Issuance and Sale of Commonwealth Transportation Board Transportation Capital Projects Revenue Bonds

Janet Aylor presented the Preliminary Financing Summary for the issuance of \$300 million Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2016. The proceeds of the Bonds are being used to finance various transportation projects throughout the Commonwealth pursuant to the Bond Act and the Appropriation Act and pay certain costs

related to the issuance of the Series 2016 Bonds. The Bonds are scheduled for sale by competitive bidding on May 4, 2016. The estimated true interest cost as of April 8, 2016 is 3.21%. The bonds will have a 25 year maturity, with a 10 year call provision. The Bonds are secured by and payable from the revenues, receipts and funds appropriated by the General Assembly of the Commonwealth or allocated by the Transportation Board.

T.W. Bruno, representing McGuireWoods, reviewed the Resolution.

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

Resolution Approving the Plan of Finance for the Issuance and Sale of Virginia College Building Authority Bonds under the 21st Century College and Equipment Programs

Janet Aylor presented the Preliminary Financing Summary for the issuance of up to \$425 million Virginia College Building Authority, Educational Facilities Revenue Bonds, Series 2016. The proceeds of the Bonds are being used to finance approximately \$361.6 million of certain capital projects and \$74.2 million to acquire equipment at public institutions of higher education in the Commonwealth of Virginia, refund a portion of certain outstanding Education Facilities Revenue Bonds, and pay the costs of issuing the bonds. The Bonds are scheduled for sale by competitive bidding on May 18, 2016. The estimated true interest cost as of April 13, 2016 is 2.70% in the aggregate, 2.73% for Series 2016A and 2.6%1 for Series 2016B. The estimated present value savings on the refunded bonds is \$6.8 million. The bonds are secured by funds appropriated by the General Assembly of the Commonwealth of Virginia.

George Scruggs, representing Kutak Rock, reviewed the Resolution.

Mr. Densmore asked why the TIC was lower than the other approved issuances. Ms. Aylor responded that the CTB issuance was for 25 years and this issuance also has a seven year piece to it.

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

Resolution Approving a Plan of Finance for the Issuance and Sale of Virginia College Building Authority Bonds under the Public Higher Education Financing Program

Janet Aylor presented the Preliminary Financing Summary for the issuance of up to \$250million Virginia College Building Authority, Educational Facilities Revenue Refunding Bonds, Series 2016A. The proceeds of the Bonds are being used to refund certain maturities of prior bonds and pay costs of issuing the 2016 bonds. The Bonds are scheduled for competitive sale on a date to be determined, most likely in June once the market clears. The estimated true interest cost as of April 13, 2016 is 2.26%. The estimated present value savings as of April 13, 2016 is \$23.8

million. The 2016 Bonds will be secured by payments made under promissory notes issued by the participating institutions pursuant to amended loan agreements between the institutions and the Authority.

George Scruggs, representing Kutak Rock, reviewed the Resolution.

Chairwoman Ganeriwala asked about the redemption schedule. Ms. Aylor replied that certain maturities of the 2006A, 2007A, and 2009B series were being redeemed.

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

Resolution Approving the Plan of Finance for the Issuance and Sale of School Educational Technology Notes, Series XVI, and Sale of School Security Equipment Notes, Series IV by the Virginia Public School Authority

Janet Aylor presented the Preliminary Financing Summary for the issuance of \$72.8 million School Technology and Security Notes, Series IV. The proceeds of the Bonds are being used to make approximately \$72.8 million of grants to establish a computer-based instructional and testing system for the Standards of Learning and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools and to help offset the costs associated with the purchase of appropriate security equipment. The Bonds are scheduled for competitive sale on May 3, 2016. The estimated true interest cost as of March 8, 2016 is 1.16%. The notes are limited obligations of the Authority payable from appropriations by the Virginia General Assembly from the Literary Fund and the General Fund of the Commonwealth of Virginia.

T.W. Bruno, representing McGuireWoods, reviewed the Resolution.

Chairwoman Ganeriwala asked if there were any further questions. There being none, Chairwoman Ganeriwala asked for a motion to approve the Resolution. Mr. Harrison moved that the two Resolutions be adopted. Mr. Burns seconded, and the motions carried unanimously.

Board Briefing

None

Staff Reports

Debt Management

Janet Aylor reviewed the Debt Calendar as of April 4, 2016. She indicated that there would be much activity in the next few months with the issuances just approved.

Ms. Aylor also reviewed the leasing reports as of March 31, 2016. DGS procured a fleet of vehicles in the amount of \$750,000 in the 84 and 120 month Master Lease Program during the month. There was no activity with the Energy Lease Program.

Ms. Aylor also informed the Board that Debt Management was still in the process of talking to the rating agencies about lowering their fees. They had a good conversation with Moody's and will be reaching out to Fitch soon. She passed out a handout of the current fee schedules.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended February 29, 2016. Ms. Reiter reported that no banks were under collateralized for the month.

Ms. Reiter noted that the IDC ratings have been not been updated from what was reported last month as they were still using IDC's 3rd quarter final 2015 ratings.

Investments

Mr. Wilhide reviewed the SNAP report as of March 31, 2016. The fund's assets were valued at \$2.9 billion, \$55 million less than the month prior. The monthly yield was 56 basis points, up one basis point from the month prior. The weighted average maturity of the fund was 55 days, up three days from the month prior. There were \$295 million in new bond issuances for the month.

Mr. Wilhide also reviewed the Investment reports for the month ended March 31, 2016. The General Account portfolio was \$5.1 billion, down \$500 million from the month prior. The average yield on the Primary Liquidity portion of the General Account was 0.61%, up three basis points from the month prior. Mr. Wilhide explained that the Extended Duration portion of the portfolio had an annualized total return of 8.22 % as a result of the decline in compensation for credit risk. This resulted in the composite yield being 2.43% for the month.

Mr. Wilhide then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of February. The LGIP portfolio was down \$50 million from the month prior and is valued at \$3.0 billion. The average yield on the portfolio was 49 basis points, up one basis point from the month prior. The average maturity was 29 days, down six days from the previous month.

Mr. Wilhide also informed the Board that a draft RFP has gone out for a custodian and a depository for switching the SNAP program to an LGIP. Next month the Board will need to approve a resolution to be implemented in July.

Other Business

Chairwoman Ganeriwala stated the next meeting of the Board would be on May 18, 2016. She then asked for a motion to adjourn at 10:03 a.m. Mr. Von Moll moved for adjournment, Mr. Mejia seconded, and the motion carried unanimously.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael R. Tutor", written over a horizontal line.

Michael R. Tutor, Secretary
Commonwealth of Virginia Treasury Board