

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

March 16, 2011

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
K. David Boyer, Jr.
Thomas N. Chewning
David A. Von Moll
Shaza L. Andersen
William W. Harrison, Jr.

Members Absent: Craig Burns

Others Present: Kristin Reiter Department of the Treasury
Connie Vaughan Department of the Treasury
Tim Wilhide Department of the Treasury
Robert Young Department of the Treasury
Evie Whitley Department of the Treasury
Donald Ferguson Attorney General's Office
Corey Williams Capital One
Nelson Bush PFM Assets Management Group
Karen Hawkridge Wells Fargo Advisors
T. C. Wilson Wells Fargo Advisors
Patrick Dixon Wells Fargo
Scott Luxton Wells Fargo
Josh Fox Auditor of Public Accounts
Ned Stephenson Tobacco Indemnification and
Community Revitalization Commission
Stephanie Kim Tobacco Indemnification and
Community Revitalization Commission
Treasury staff and others attended

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:00 a.m. She asked if there were any additions or revisions to the minutes of the February 16, 2011 meeting; there being none, Mr. Boyer moved the approval of the minutes, Mr. Harrison seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items**Motion to Approve Revised Securities Lending Guidelines**

Mr. Wilhide provided an overview of the current Securities Lending Cash Collateral Investment Guidelines and reviewed a summary of recommended changes that were included in the Board package.

Ms. Andersen arrived at 9:05 a.m.

Mr. Wilhide reviewed that the three elements of risk were preservation of capital, liquidity, and duration and he provided an overview of the key changes to each element as they related to the new proposed guidelines. Mr. Harrison moved to approve the Securities Lending Cash Collateral Investment Guidelines to be effective March 16, 2011; Mr. Boyer seconded and the motion carried unanimously.

Optimal Service Group of Wells Fargo Advisors Briefing

T.C. Wilson from Wells Fargo Advisors provided the Board with a review of the Tobacco Indemnification and Community Revitalization Endowment portfolio for the quarter ending December 31, 2010. He stated that although some managers' performances were below their respective benchmarks, it was not recommended that any changes be made at this time. Mr. Wilson stated that in particular, Deutsche Bank had made some bad investment decisions. Mr. Wilhide stated that they need to be more aware of their investments and staff needs to monitor them closely.

Mr. Wilson distributed and reviewed the Commonwealth of Virginia Extended Duration and Credit Portfolio for the period ending February 28, 2011 (Attachment A). He also distributed a newsletter, International Markets Weekly, that provided a financial outlook for Japan as a result of the recent earthquake (Attachment B).

Staff Reports:**Debt Management**

Ms. Whitley reviewed the Debt Calendar as of March 7, 2011, the Master Equipment Leasing Program and Virginia Equipment Leasing Program reports as of February 28, 2011.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits report for the month ending January 2011.

Ms. Reiter reported that one bank was undercollateralized in January; Bank of the Commonwealth, Norfolk, Virginia. She stated that this was the second time the bank had been undercollateralized in the last twelve months. Ms. Reiter stated personnel changes had recently taken place at the bank and the bank was not monitoring the 20% haircut required when pledging mortgage-back securities which resulted in the undercollateralization. She stated the bank is now monitoring changes in public deposit balances on a daily basis.

Ms. Reiter stated comments were being reviewed from banks on the new Public Deposit Security and Custodial Agreements. She stated the Board will be asked for its approval of these agreements at the next Board meeting.

State Non-Arbitrage Program (SNAP)

Mr. Wilhide reviewed the SNAP report for the month ending February 28, 2011.

Investments

Mr. Wilhide reviewed the Investment Report for March 2011 and the Local Government Investment Pool as of February 2011.

Other Business:

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 meeting be adjourned. Ms. Andersen seconded. The motion carried unanimously. The meeting adjourned at 10:09 a.m.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachments "A through B"

Documents are available for review at

The Department of the Treasury