

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

May 9, 2012

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
David Von Moll
David K. Boyer
Thomas N. Chewning
William W. Harrison, Jr.

Members Absent: Craig Burns
Shaza Andersen

Others Present:	Kristin Reiter	Department of the Treasury
	Margaret Layne	Department of the Treasury
	Robert Young	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Michael Tutor	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Jeanine Black	Department of the Treasury
	Kathy Green	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Deborah Greene	Department of the Treasury
	Janet Aylor	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Glenn Dellinger	Department of the Treasury
	Belinda Blanchard	Department of the Treasury
	Leslie English	Department of the Treasury
	John Lawson	Department of Transportation
	Michael Walsh	Department of Transportation
	Donald Ferguson	Attorney General's Office
	Brian Moore	Optimal Service Group of Wells Fargo
	Patrick Dixon	Wells Fargo
	Scott Luxton	Wells Fargo
	Evan Francks	Optimal Service Group of Wells Fargo
	Bryce Lee	Optimal Service Group of Wells Fargo
	Joe Montgomery	Optimal Service Group of Wells Fargo
	Mike Driscoll	Auditor of Public Accounts
	Marcella Lee	Auditor of Public Accounts
	Arthur Anderson	McGuire Woods
	T.W. Bruno	McGuire Woods

Jason Powell

Senate Finance Committee

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 April 18, 2011 meeting; there being none, Chairwoman Ganeriwala asked for a vote for approval, Mr. Boyer moved the approval of the Minutes, Mr. VonMoll seconded, and the motion carried unanimously.

Public Comment

None

Action Items**Resolution Approving The Plan Of Finance For The Issuance And Sale By The Commonwealth Transportation Board Of The Commonwealth Of Virginia Transportation Capital Projects Revenue Bonds, Series 2012.**

Janet Aylor presented the preliminary financing summary for the issuance of Bonds by the Commonwealth Transportation Board. She stated that the \$600,000,000 issuance of Commonwealth of Virginia Transportation Contract Revenue Refunding Bonds, Series 2012 will be used to finance various transportation projects throughout the Commonwealth pursuant to the Bond Act and Appropriation Act and pay certain costs related to issuance of the Series 2012 Bonds. The Bonds will be sold competitively on May 31, 2012 and will be delivered on June 14, or 15, 2012. Ms. Aylor introduced John Lawson, CFO of the Virginia Department of Transportation, Michael Walsh of VDOT and Bond Counsel, T.W Bruno and Arthur Anderson from McGuire Woods.

Arthur Anderson of McGuire Woods reviewed the Resolution approving the plan of finance for the issuance and sale of the Bonds.

Chairwoman Ganeriwala asked what kind of premium is expected. Ms. Aylor stated that it could be around \$89 million with a bid price projected at 114%.

Mr. Chewing asked about the differential in price between AAA and AA+ ratings. Mr. Anderson replied that it was about 20 basis points.

Mr. Chewing also asked if there was a huge supply of bonds in the market currently that might impact demand. Ms. Whitley stated that she was not concerned because there have been so many refinancings in the last few months resulting in a great deal of bonds being called, so investors are looking for new bonds to buy. She also noted that the sale had moved by one week to give the market time to digest the Virginia Resources Authority issue scheduled for May 23.

Chairwoman Ganeriwala asked if moving the date allows enough time to complete the sale before the end of the fiscal year. Mr. Anderson said that it would.

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

Board Briefing

Optimal Service Group of Wells Fargo Advisors' review of the General Account External Managers' Investment Performance for the 1st Quarter of 2012.

Bryce Lee and Brian Moore of The Optimal Service Group reviewed the performance of the General Account Extended Duration and Credit portfolio for the first quarter of 2012. They indicated that performance was good during the first quarter. They distributed and reviewed a handout entitled "Looking Ahead. Forecasting Interest Rates" (Attachment A).

Mr. Harrison asked if Dodge and Cox was weighted the same as Earnest. Mr. Lee indicated that they were not weighted the same and Earnest is the smallest manager at this point in time.

Mr. Boyer asked if there was a manager lined up to replace Dodge and Cox if their strategy failed. Mr. Lee said they have several companies that are in their pool, but have nothing definitively lined up in the case Dodge and Cox fails.

It was reported that Goldman Sachs is buying Dwight Asset Management. The closing should be in a week or two.

Staff Reports:

Debt Management

Evie Whitley reviewed the Debt Calendar as of May 1, 2012, the Master Lease Program report as of April 30, 2012, and the Energy Lease Program as of April 30, 2012.

Ms. Whitley indicated that the Virginia Public School Authority sale scheduled for May 5 has been moved to the week of May 23 and the Commonwealth Transportation Board's Capital Projects Revenue Bonds will be moved to the 31st.

Ms. Whitley also reviewed the final financing summary of the VCBA Educational Facilities Revenue Bonds. The True Interest Cost was 2.85%.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits report for the month ended March 31, 2012 and stated that no banks were undercollateralized in February. Ms. Reiter then reviewed the monthly compliance statistics reports for March 2012. She indicated that the IDC rankings have not been updated from last month, but expects to receive an update next week.

Ms. Reiter informed the Board that RBC Bank is merging with PNC Bank.

Investments

Tim Wilhide distributed and reviewed the Investment reports for April 2012 (Attachment B). He also reviewed the Local Government Investment Pool reports as of April 30, 2012.

Mr. Wilhide also distributed and reviewed the Virginia State Non-Arbitrage Program report for the month ended April 30, 2012 (Attachment C).

Mr. Harrison asked if Local Governments have cut back on their investments. Mr. Wilhide replied that the portfolio normally trends downward during the periods between local government tax collections. He also indicated that the portfolio is down because of the economy and tight budgets by localities.

Other Business:

None.

Chairwoman Ganeriwala stated the next meeting of the Board would be on June 20, 2012. She asked if there was any further business to come before the Board. There being none, Mr. Boyer moved the meeting be adjourned at 9:57 a.m.; Mr. Von Moll seconded, and the motion carried unanimously.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachments "A through C"

Documents are available for review at

The Department of the Treasury