

TREASURY BOARD
COMMONWEALTH OF VIRGINIA
December 19, 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
Craig Burns
Thomas N. Chewning
K. David Boyer
William Harrison

Members Absent: Shaza Anderson

Others Present:	Kristin Reiter	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Robert Young	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Kathy Greene	Department of the Treasury
	Janet Aylor	Department of the Treasury
	Belinda Blanchard	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Tina Wilhelm	Department of the Treasury
	Bob Schmitt	Department of the Treasury
	Tracy Clemons	Department of the Treasury
	Debora Greene	Department of the Terasury
	Glenn Dellinger	Department of the Treasury
	Laura Hansen	BB&T
	Lucy Miller	BB&T
	Kevin Rotty	PFM
	JoeAnne Carter	PFM
	Nelson Bush	PFM
	Bill Zuk	JP Morgan
	Bill Hayden	JP Morgan
	Mary DiMartino	JP Morgan
	Steve Yeakel	Community Bankers Association
	Patt Satterwhite	Community Bankers Association

Elizabeth Peay	Attorney General's Office
Kristy Scott	Auditor of Public Accounts
Ralph Addei	Auditor of Public Accounts
Karen Hawkrige	Optimal Service Group of Wells Fargo
Evan Francks	Optimal Service Group of Wells Fargo
Brian Moore	Optimal Service Group of Wells Fargo
Pat Dixon	Wells Fargo
Reid Andrews	Wells Fargo
Steve Cantor	First Southwest
Eric Ballou	Christian & Barton
Megan Gilliland	Christian & Barton
Scott Detar	Bank of America
Kevin Larkin	Bank of America

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:32 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the November 14, 2012 meeting; there being none, Chairwoman Ganeriwala asked for a vote of approval Mr. Chewning moved the approval of the Minutes, Mr. Von Moll seconded, and the motion carried unanimously.

Public Comment

None

Action Items

None

Board Briefing

None

Staff Reports

Debt Management

Evie Whitley reviewed the Debt Calendar as of December 6, 2012. She indicated that there were no debt issuances coming to the Board for action in January. Ms. Whitley also reviewed the leasing reports as of November 30, 2012. A fleet of Vehicles was leased for the Department of Forestry for \$1,200,000, and pianos were acquired for George Mason University for just over \$1,500,000.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits Report for the month ended October 31, 2012. She informed the Board that two banks were undercollateralized for the month: The Bank of McKenney, and the Peoples Bank of Ewing. This was the first time in the last 12 months that either of these banks were undercollateralized.

Ms. Reiter reviewed the current IDC rankings and indicated the ratings have been updated, using IDC's 2nd quarter 2012 final report. No additional depositories were added to the listing of banks ranked below average; one bank, HomeTown Bank, was removed from the listing. Ms. Reiter informed the Board that during the last two to three quarters, the rankings of banks holding public deposits have improved. Banks and their escrow agents have been reporting timely. No banks reported late in October.

Ms. Reiter informed the Board that no banks chose to alter their method of pledging collateral between the pooled and opt-out methods for the next calendar year during the open enrollment period that was November 1 through December 1.

Ms. Reiter reminded the Board that FDIC has provided full deposit insurance coverage for noninterest-bearing demand deposit transaction accounts from Dec 31, 2010 thru December 31, 2012 under the Transaction Account Guarantee Program (TAG). This Program will expire at the end of the calendar year and it is not likely to be extended. As a result, banks will have to pledge additional collateral when FDIC coverage returns to \$250,000 for demand deposit accounts.

Mr. Boyer inquired whether there has been pushback from banks regarding this situation. Ms. Reiter responded that there has not been any negative feedback, but she would let the Board know in January if she hears anything. Chairwoman Ganeriwala informed the Board that community banks are lobbying for an extension. She also indicated that the National Association of State Treasurers also favors a phase-out of the program, instead of ending it completely on December 31.

Ms. Ganeriwala asked how many banks were in the "opt out" category. Ms. Reiter responded that approximately 33% of public depositories were opt-out banks.

Investments

Tim Wilhide reviewed the SNAP report for the month ended November 30, 2012. He informed the Board that the current balance was \$4.3 billion, near a record amount. The yield on a net basis was 29 basis points, down one basis point from the prior month, the weighted average life of the portfolio decreased slightly to 49 days.

Mr. Wilhide also reviewed the Investment reports for the month ended November 30, 2012. The General Account portfolio was \$4.809 billion, slightly down from the month prior. The average yield on the General Account was 32 basis points, up 2 basis points from the prior month. The annualized total return from the External Management Extended Duration portfolio was 2.51%, dipping from 3.48% last month due to higher bond yields. He also presented the LGIP portfolio report to the Board for the month of November. The LGIP portfolio was up to \$2.38 billion. The

average yield on the portfolio was 23 basis points, down 1 basis point from the prior month. The average maturity increased to 49 days.

Chairwoman Ganeriwala asked if there were any updates on the changes to the money market funds being discussed in Washington, D.C. Mr. Wilhide indicated that short term investors believe the TAG program will expire which lead to the yield on the treasury bills to go negative.

Mr. Wilhide reported that the FSOC produced a report last month suggesting possible changes to Money Market Fund regulation that restated the SEC's earlier options as well as opening the door to other suggested changes. They are allowing a 60 day comment period. The belief is that something will change, whether it is to floating rate NAV's, or some other tightening effort, no one is sure. Such changes could cause our LGIP fund to incur additional costs.

Other Business

Chairwoman Ganeriwala stated the next meeting of the Board would be on January 16, 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 10:00 a.m.; Mr. Von Moll seconded, and the motion carried unanimously.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board