

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

May 27, 2015

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

Members Absent: Craig Burns
Neil Amin

Others Present:	Kristin Reiter	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Bill Watt	Department of the Treasury
	Harold Moore	Department of the Treasury
	Brandy Mikell	Department of the Treasury
	Debora Greene	Department of the Treasury
	Michael Walsh	Department of the Treasury
	Leslie English	Department of the Treasury
	John Ockerman	Department of the Treasury
	Melissa Palmer	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Brad Jones	Department of the Treasury
	Sandra Stanley	Department of the Treasury
	Deidre Jett	Department of the Treasury
	Megan Martz Gilliland	Christian and Barton
	Patrick Dixon	Wells Fargo Bank
	Joe Montgomery	Optimal Service Group
	Brian Moore	Optimal Service Group
	Karen Hawkrigde	Optimal Service Group
	George Consolvo	Kauffman & Canoles
	Deb Swiecinski	Old Dominion University
	Tara Saunders	Old Dominion University
	Ron Tillett	Raymond James
	Nelson Bush	PFM Group
	Melvin Waldrop	PFM Group
	Kevin Larken	Bank of America
	Eric Ballou	Christian & Barton
	Hart Lee	Williams Mullen

Rodney Oliver
 Jason Powell
 Don Ferguson
 Kim Hoyt
 Catherine Boyle

Virginia Port Authority
 Senate Finance Committee
 Office of the Attorney General
 Bingham Arbitrage Rebate
 Bingham Arbitrage Rebate

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:05 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the April 15, 2015 meeting; there being none, Chairwoman Ganeriwala asked for a vote of approval. Mr. Densmore moved for approval of the Minutes, Mr. Mejia seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Resolution Approving Proposed Amendments to a Deed of Lease Between Old Dominion University Real Estate Foundation 45th Street Parking Garage, LLC and Old Dominion University

Evie Whitley reviewed the Resolution approving the proposed amendments to a deed of lease between Old Dominion University Real Estate Foundation 45th Street Parking Garage, LLC and Old Dominion University. Ms. Whitley explained that this package provides for amendments to the existing leasing structure. She informed the Board that the Series 2015 Bond will be used to refund the Issuer's Series 2008 Bonds which refinanced the construction of a multi-story parking garage, an art gallery, and a folk art museum. The Series 2015 Bond will be secured by payments derived from the University under a Deed of Lease, as amended with the Borrower and by a deed of trust lien on the project.

Chairwoman Ganeriwala asked if the savings were presented as present value savings? Ms. Whitley indicated that they were annual savings.

Ms. Whitley recognized Kevin Larken, from Bank of America, Deborah Swiecinski and Tara Saunders from Old Dominion University who were in attendance. She then introduced Bond Counsel, George Consolvo, of Kauffman and Canoles, who introduced the resolution.

Mr. Densmore asked if this deal was adding new debt. Mr. Consolvo said it was refunding existing debt.

Chairwoman Ganeriwala asked Mr. Consolvo to review the current swap interest rates and to discuss the savings. He informed the Board the primary savings were in the student housing swap.

The call date was originally 2019. The new swap will push the call date out to 2029, which allowed for a reduction of about 85 basis points on the fixed interest rate.

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

Resolution Approving Proposed Amendments to a Deed of Lease Between Old Dominion University Real Estate Foundation Student Housing, LLC and Old Dominion University

Chairwoman Ganeriwala then asked for a motion to approve the second resolution, a resolution approving proposed amendments to a Deed of Lease between Old Dominion University Real Estate Foundation Student Housing, LLC and Old Dominion University. Mr. Von Moll moved approval of the Resolution. Mr. Harrison seconded, and the motion carried unanimously.

Resolution Approving a Plan of Finance for the Issuance by the Virginia Port Authority of its Commonwealth Port Fund Revenue Bonds, Series 2015

Leslie English presented the Preliminary Financing Summary for the issuance of \$58.7 million Commonwealth Port Fund Revenue Bonds, Series 2015. The proceeds of the Bonds are being used to finance various port facility projects including, but not limited to the North Gate expansion at Norfolk International Terminals. The Bonds are scheduled for negotiated sale on June 9, 2015. The estimated true interest cost as of May 18, 2015 is 4.23%. Debt service on the Bonds will be paid primarily from revenues and receipts derived from the Commonwealth Port Fund, and if these revenues are insufficient, from the available money in the Transportation Trust Fund, then the General Fund of the Commonwealth.

Ms. English also reviewed a handout entitled "CPF Debt Service" that illustrated the proposed structure to "wrap" debt service payments on the 2015 Bonds around existing Commonwealth Port Fund bonds to provide more level overall debt service.

Ms. English introduced JoAnne Carter from PFM, Rodney Oliver from the Virginia Port Authority, Eric Ballou from Christian & Barton, and Ron Tillett from Raymond James.

Mr. Oliver explained to the Board the Port Authority was trying to take advantage of the low interest rates. With this deal the Port's reserves and future bonding capacity would be freed up.

Hart Lee, representing Williams Mullin, 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 informed the Board that he would abstain from voting as his law firm is acting as Bond Counsel. Mr. Densmore moved that the Resolution be adopted. Mr. Von Moll seconded, and the motion carried unanimously, with one abstention.

Resolution in Recognition and Appreciation of Thirty-Four Years of Service by Evelyn R. Whitley

Chairwoman Ganeriwala presented a Resolution to Evelyn Whitley for her thirty-four years of dedicated service to the Department of the Treasury and for her dedication to the Treasury Board over the years. Ms. Whitley will be retiring at the end of June.

The Resolution carried unanimously.

Board Briefing

The Optimal Services Group of Wells Fargo Advisors – First Quarter Performance Reports for the Extended Duration Credit Portfolio and TICR Investment Portfolio.

Joe Montgomery, Brian Moore, and Karen Hawkrigde briefed the Board on the General Account External Manager's investment performance for the 1st Quarter of 2015 and the Quarterly Investment Manager Performance of TICR Endowment for taxable and tax-exempt portfolios.

Ms. Hawkrigde then briefed the Board on the TICR tax exempt and TICR taxable portfolios. The TICR taxable portfolio was valued at \$293 million and had nearly a \$5 million unrealized gain. The portfolio was up 3.1% year to date net of fees, slightly trailing the benchmark at 3.2%. The TICR tax exempt portfolio was valued at \$195 million and had \$2.9 million of unrealized gains. The fiscal year-to-date earnings were 2.2% , slightly trailing the benchmark of 2. 3%.

Ms. Hawkrigde informed the Board of Moody's downgrade of Chicago bonds. She explained that Virginia's portfolio had one position with the Parks department.

Mr. Densmore asked what the justification was to hold onto the Chicago Bonds. Mr. Moore explained that Income Research and Management was the only manager who holds the bonds in their portfolio. They believe they will be penalized for selling now and that Chicago will get through it.

Mr. Moore then briefed the Board on the General Account extended duration portfolios. The portfolio was valued at \$1.2 billion and had a \$28million unrealized gain. The portfolio was up 4% year to date net of fees, slightly trailing the benchmark at 4.3%.

Staff Reports

Debt Management

Evie Whitley reviewed the Debt Calendar as of May 11, 2015. She noted that Treasury was received 6 bids for the VPBA sale and that Wells Fargo was the winner. The report will be included in next month's Treasury Board meeting. Ms. Whitley also reviewed the leasing reports as of April 30, 2015. VDEM is purchasing 6 new vehicles in the amount of \$215,000. DGS is also procuring a fleet of vehicles in the amount of \$1 million.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended March 31, 2015. Ms. Reiter reported that no banks were undercollateralized for the month. Ms. Reiter noted that the IDC ratings have been updated from what was reported last month using IDC's 4th quarter final 2014 ratings. She informed the board of the banks no longer ranking below average that have been removed from the list; Bank of Fincastle, Essex Bank, EVB and Mainstreet Bank. In addition Oak View National Bank has been added to the list of Pooled banks ranked below average by IDC.

Ms. Reiter then summarized quarterly statistical data for the Board. At March 31, 2015, 114 public depositories held public deposits net of FDIC of \$7.3 billion. \$5.3 billion (72%) of the deposits were held by 37 opt-out banks; \$2 billion (28%) were held by 73 pooled depositories. The state's four largest public depositories held 60% of public deposits net of FDIC.

Investments

Tim Wilhide reviewed the SNAP report as of April 30, 2015. The fund's assets were valued at \$3.3 billion.

Mr. Wilhide also reviewed the Investment reports for the month ended April 30, 2015. The General Account portfolio was \$5.4 billion, roughly the same from the month prior. The average yield on the Primary Liquidity portion of the General Account was 0.28%, up two basis points from the month prior. Mr. Wilhide explained that the Extended Duration portion of the portfolio had a negative yield of 1.86%, and the composite yield was .20% for the month. The year to date composite yield was down to .90%.

Mr. Wilhide then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of April. He then presented the LGIP portfolio report to the Board for the month of April. The LGIP portfolio was nearly the same from the month prior and is valued at \$2.6 billion. The average yield on the portfolio was 17 basis points, up one basis point from the month prior. The average maturity was 46 days, down one day from the previous month.

Other Business

None.

Chairwoman Ganeriwala stated the next meeting of the Board would be on June 17, 2015. She then asked for a motion to adjourn. Mr. Harrison moved for adjournment, Mr. Von Moll seconded, and the motion carried unanimously.

Respectfully submitted,



Michael R. Tutor, Secretary
Commonwealth of Virginia Treasury Board