

TREASURY BOARD  
COMMONWEALTH OF VIRGINIA

December 18, 2019

9:00 a.m.

Treasury Board Conference Room  
James Monroe Building  
101 N. 14<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Richmond, Virginia

Members Present: Manju S. Ganeriwala, Chairwoman  
Neil Amin  
Craig Burns  
James Carney  
Luis Mejia  
David Von Moll

Members Absent: Douglas Densmore

Others Present:	Don Ferguson	Office of the Attorney General
	Kevin Larkin	Bank of America
	Monica Michaud	George Mason University
	Mary Susan Van Leunen	George Mason University Foundation
	Tracy White	George Mason University Foundation
	Jessica Riggins	JP Morgan
	Eileen Roberts	JP Morgan
	Markita Heard	JP Morgan
	Fred Vosburgh	JP Morgan
	Mike Graff	McGuire Woods
	James Johnson	The Optimal Service Group
	Bryce Lee	The Optimal Service Group
	Karen Logan	The Optimal Service Group
	Nelson Bush	PFM Asset Management LLC
	Emily Abrantes	Prager & Co.
	Janet Aylor	Department of the Treasury
	Neil Boege	Department of the Treasury
	Leslie English	Department of the Treasury
	Kathy Foote	Department of the Treasury
	Laura Lingo	Department of the Treasury
	James Mahone	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Richard Rhodemyre	Department of the Treasury
	Sandra Stanley	Department of the Treasury
	David Swynford	Department of the Treasury

### **Call to Order and Approval of Minutes**

Chairwoman Ganeriwala called the meeting to order at 9:06 a.m. She thanked the Board members for their service, expertise and guidance throughout the year and wished them happy holidays.

Chairwoman Ganeriwala asked if there were any changes or revisions to the November 20 meeting minutes. Mr. Von Moll moved for approval of the minutes. Mr. Burns seconded and the motion carried. Mr. Carney abstained.

### **Public Comment**

None

### **Action Items**

#### **Resolution Approving the General Terms and Structure of a Financing Arrangement Benefiting George Mason University (Prince William Housing Project Refunding)**

Janet Aylor introduced Monica Michaud of George Mason University, Tracy White and Susan Van Leunen of George Mason University Foundation, Mike Graff of McGuire Woods, and Emily Abrantes of Prager & Co.

Ms. Aylor presented the Preliminary Financing Summary for the issuance of \$18 million of Taxable Refunding Revenue Bonds to be issued by the Industrial Development Authority of the County of Prince William. The proceeds of the bond sale will be deposited into an escrow fund, which will be used to refund the Tax-Exempt Series 2011A Housing Bonds and to pay certain costs of issuing the Taxable 2020 Bonds. The decision to refund tax-exempt bonds with taxable bonds prior to the current 2021 call date was made because of the current favorable interest rate environment, the sizable estimated savings and the unknown interest rate landscape in 2021. The bonds are scheduled for closing on January 22, 2020. The true interest cost as of December 18, 2019 is 3.10%. The estimated new present value savings as of December 18, 2019 is \$2.3-2.4 million.

Emily Abrantes, of Prager & Co., Financial Advisor, Tracy White, Director of Real Estate and Investments of George Mason University Foundation, and Monica Michaud, Director of Finance and Debt Management of George Mason University provided an overview of the financing arrangement.

Discussion ensued.

Mike Graff, representing McGuire Woods, reviewed the Resolution. Mr. Carney suggested an amendment to paragraph two on page three of the Treasury Board Resolution that clarifies that the Treasurer is approving the final terms and structure substantially in the form as presented to Treasury Board. Mike Graff, Bond Counsel of McGuire Woods will provide an amended Resolution. The amended Resolution is attached.

Chairwoman Ganeriwala asked for a motion to approve the Resolution as just amended. Mr. Carney moved that the Resolution be adopted. Mr. Amin seconded, and the motion carried unanimously.

### **Staff Reports**

#### **Debt Management**

Janet Aylor presented the Final Financing Summary for the \$134.9 million Virginia College Building Authority, Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2019B and \$229.1 million Virginia College Building Authority, Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2019C. The proceeds of the 2019B Bonds are being used to (i) finance certain capital projects for public institutions of higher education in the Commonwealth and (ii) pay the costs of issuing the 2019B Bonds. The proceeds of the 2019C Bonds are being used to (i) refund a portion of certain of the Authority's outstanding Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), and (ii) pay the costs of issuing the 2019C Bonds. The Bonds were sold competitively using electronic bidding on November 13, 2019 and were delivered on December 5, 2019. The total savings on the refunded bonds is \$29.8 million. Mr. Carney inquired about trading of the bonds after pricing and before closing and Ms. Aylor provided him with information on his question.

Discussion ensued. Mr. Amin inquired if staff had looked into a pricing method that would allow underwriters to make bids on bonds and have the opportunity to improve their bids until a best and final offer is called for. Ms. Aylor will look into this with the financial advisors and get back with the Board at a later meeting.

Ms. Aylor reviewed the Debt Calendar as of December 1, 2019 and the leasing reports as of November 30, 2019. Ms. Aylor also informed the Board that new leases for \$771,661 were provided in November for vehicles and equipment. She also informed the Board that \$4.9 million was used to date under the Master Lease Program leaving a line of credit balance of \$30.1 million. There was no new activity in the Energy Lease Program.

#### **Security for Public Deposits**

Kristin Reiter reviewed the SPDA Report for the month ended October 31, 2019. Ms. Reiter reported that no banks were under collateralized in October. There were no changes in the IDC rankings in October.

Ms. Reiter provided an update on the SPDA open enrollment period. One opt-out bank, TruPoint Bank, requested to go back to the collateral pool.

Chairwoman Ganeriwala informed the Board that the Virginia Bankers Association notified her that they might propose a legislative change to allow for a two-day grace period to post collateral. The Virginia Bankers Association provided Chairwoman Ganeriwala with draft

language of the potential proposed legislative change. The proposed change is prompted by recent modifications to the SPDA guidelines discussed and approved at the October Treasury Board meeting and which go into effect January 1, 2020. The proposed legislation is much broader than reversing the Board's October decision. The proposed legislation would impact all public deposits, not just the public deposits of Opt-Out Banks, and could leave public deposits vulnerable. Based on the potential adverse consequences of the proposed legislation, Chairwoman Ganeriwala informed the Board that she had the opportunity to discuss this topic with the Governor's Administration and we will not support this proposed change.

### **State Non-Arbitrage Program**

Mr. Bush reviewed the SNAP report as of November 30, 2019. The fund's assets were valued at \$4.66 billion. The monthly distribution yield was 1.91%, decreasing from October's yield of 2.11%. The weighted average maturity of the fund was 45 days.

Discussion ensued.

### **Investments**

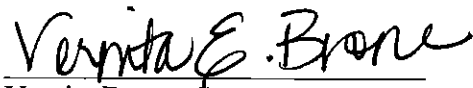
Neil Boege reviewed the Investment reports for the month ended November 30, 2019. The average yield on the Primary Liquidity portion of the General Account was 2.00%, down from October's average yield of 2.15%. The Extended Duration portion of the portfolio had a yield to maturity of 2.18%, up from October's yield to maturity of 2.12%. This resulted in the composite yield being 2.03% for the month, down from October's composite yield of 2.15%.

Mr. Boege then reported on the LGIP portfolio, which was in compliance for all measures for the month of November and was valued at \$5.5 billion. The average yield on the portfolio was 1.85%, down from October's average yield of 2.07%. The average maturity was 46 days, up thirteen days from the previous month. Mr. Boege then reviewed the LGIP Extended Maturity portfolio. The net asset value yield to maturity was 2.12%, down from October's net asset value yield to maturity of 2.21%. The average duration was 1.03 years.

### **Other Business**

Chairwoman Ganeriwala stated that the next Treasury Board meeting is scheduled for January 15, 2020. The meeting adjourned at 9:51 a.m.

Respectfully submitted,

  
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Vernita Boone, Secretary  
Commonwealth of Virginia Treasury Board

**RESOLUTION OF THE TREASURY BOARD OF THE COMMONWEALTH OF  
VIRGINIA APPROVING THE PROPOSED TERMS AND STRUCTURE OF A  
FINANCING ARRANGEMENT FOR THE BENEFIT OF GEORGE MASON  
UNIVERSITY INVOLVING BONDS OF THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE COUNTY OF PRINCE WILLIAM IN A PRINCIPAL AMOUNT  
NOT TO EXCEED \$18,000,000 AND DELEGATING TO THE STATE TREASURER  
THE AUTHORITY TO APPROVE THE FINAL TERMS AND STRUCTURE OF THE  
FINANCING ARRANGEMENT**

**WHEREAS**, on August 11, 2011, the Industrial Development Authority of the County of Prince William (the "Authority") issued its Tax-Exempt Student Housing Revenue Bonds (George Mason University Foundation Prince William Housing LLC Project) Series 2011A (the "Series 2011A Bonds") and its Taxable Student Housing Revenue Bonds (George Mason University Foundation Prince William Housing LLC Project) Series 2011B (the "Series 2011B Bonds and, together with the Series 2011A Bonds, the "Series 2011 Bonds") to assist George Mason University Foundation Prince William Housing LLC, a Virginia limited liability company (the "Borrower"), whose sole member is George Mason University Foundation, Inc. (the "Foundation"), a Virginia nonstock, non-profit corporation which is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is affiliated with The Rector and Visitors of George Mason University (the "University"), in financing or refinancing certain of the costs of (a) the acquisition, construction and equipping of (i) a student residence hall consisting of approximately 152 beds, plus associated parking and other common/support spaces, in approximately 80,858 total square feet of space, (ii) approximately 10,000 square feet of university program space, and (iii) approximately 15,000 square feet of unimproved ("shell") space, all with respect to a building owned by the Borrower and located on land ground leased from the University to the Borrower pursuant to a 35 year ground lease (the "Ground Lease") located across George Mason Circle from the Hylton Performing Arts Center at the western edge of the George Mason University Science & Technology Campus in Prince William County, Virginia (the "2011 Project"); and (b) the issuance of the revenue bonds, capitalized interest and other eligible expenditures (collectively, the "2011 Plan of Finance");

**WHEREAS**, the 2011 Plan of Finance has provided needed improvements to the University;

**WHEREAS**, the debt service on the Series 2011 Bonds is payable from payments under a Deed of Lease dated as of August 1, 2011 (the "Capital Lease") between the Borrower, as lessor, and the University, as lessee;

**WHEREAS**, the terms and structure of the 2011 Plan of Finance and the Capital Lease were approved by the Treasury Board of the Commonwealth (the "Treasury Board") pursuant to Section 2.2-2416(5) of the Code of Virginia of 1950, as amended (the "Virginia Code"), and Chapter 890, 2011 Acts of Assembly (the "Appropriation Act") and a resolution adopted by the Treasury Board on July 20, 2011;

**WHEREAS**, the Borrower and the University desire to refund and/or defease the outstanding Series 2011 Bonds in advance of their scheduled maturities (the "Refunding") with

the proceeds of taxable debt in order to achieve debt service savings and thereby provide additional benefits to the University;

**WHEREAS**, the Authority, a political subdivision of the Commonwealth authorized by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Virginia Code to issue its revenue bonds for, among other purposes, inducing nonprofit enterprises such as the Borrower and the Foundation and institutions of higher education such as the University to locate in or remain in the Commonwealth and refunding bonds previously issued by it, has agreed to issue its federally taxable revenue bonds (the "Series 2020 Bonds") in an amount not to exceed \$18,000,000, in one or more series, to finance the Refunding;

**WHEREAS**, BofA Securities, Inc. (the "Underwriter") is expected to purchase the Series 2020 Bonds for sale to the public upon the terms and conditions, among others, described below;

**WHEREAS**, it is expected that the debt service on the Series 2020 Bonds will be payable from payments under the Capital Lease, as amended by a first amendment to deed of lease (the "First Amendment to Deed of Lease") to be entered into between the Borrower and the University;

**WHEREAS**, the First Amendment to Deed of Lease has been approved by the Board of Visitors of the University on December 12, 2019;

**WHEREAS**, it is expected that additional security for the Series 2020 Bonds will be provided by a leasehold deed of trust on the 2011 Project and an assignment of the Capital Lease, as amended;

**WHEREAS**, the Series 2020 Bonds will not be an obligation or debt of the Commonwealth;

**WHEREAS**, it is estimated, as of December 18, 2019, that the All-in True Interest Cost of the Series 2020 Bonds will not exceed 4.5% per annum and the Series 2020 Bonds will mature no later than 23 years after their date of issuance;

**WHEREAS**, materials more fully describing the Refunding and the Series 2020 Bonds have been presented to this meeting; and

**WHEREAS**, the Treasury Board is required pursuant to Section 2.2-2416(5) of the Virginia Code and Section 4-3.03(b)(1) of the Appropriation Act, to approve the terms and structure of bonds or other financing arrangements, including any financing that qualifies as a capital lease, executed for the benefit of educational institutions of the Commonwealth.

**NOW, THEREFORE, BE IT RESOLVED BY THE TREASURY BOARD OF THE COMMONWEALTH OF VIRGINIA THAT:**

1. The Refunding and proposed terms and structure of the Series 2020 Bonds and related financing arrangements, all as outlined above and in materials presented to the Treasury Board, are hereby approved, subject to the final approval by the State Treasurer as described below.

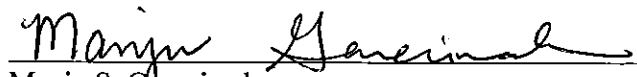
2. Pursuant to Section 2.2-2416(9) of the Virginia Code, the Treasury Board deems it proper to, and does hereby, delegate to the State Treasurer the authority to act for and on behalf of the Treasury Board and to take such actions as she, in her sole discretion, may deem necessary or appropriate to approve the final terms and structure of the Series 2020 Bonds, substantially in the form as presented to the Treasury Board, and the related arrangements; provided, however, that (a) the aggregate principal amount of the Series 2020 Bonds shall not exceed \$18,000,000, (b) the final maturity of the Series 2020 Bonds shall not be later than twenty-three (23) years after their date of issuance, subject to annual amortization pursuant to a schedule to be agreed upon by the Underwriter, the Borrower and the Foundation, and (c) the All-in True Interest Cost of the Series 2020 Bonds will not exceed 4.5% per annum.

3. The State Treasurer shall evidence her approval pursuant to paragraph 2 of this Resolution by executing a certificate or certificates to be delivered to the Authority, the execution and delivery thereof by the State Treasurer to constitute conclusive evidence of her approval of such terms. The actions of the State Treasurer shall be conclusive and no further action with respect to the Series 2020 Bonds, the First Amendment to Deed of Lease and the Refunding shall be necessary on the part of the Treasury Board.

4. The State Treasurer is hereby authorized to take such further actions as may be necessary or desirable to carry out the purposes and intent of this Resolution.

The undersigned, Manju S. Ganeriwala, Chairwoman of the Treasury Board of the Commonwealth of Virginia certifies that the foregoing is a true and correct copy of the Resolution adopted by the members of the Treasury Board at a duly called meeting of the Treasury Board held on December 18, 2019.

Dated: December 18, 2019

A handwritten signature in cursive script, reading "Manju Ganeriwala", written over a horizontal line.

Manju S. Ganeriwala,  
Chairwoman, Treasury Board of the  
Commonwealth of Virginia