

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

November 18, 2009

9:04 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.
Douglas W. Densmore
Robert C. Goodman, Jr.
David A. Von Moll

Members Absent: Janie E. Bowen
Dr. Kenneth N. Daniels

Others Present:	Janet Aylor	Department of the Treasury
	Jeanine Black	Department of the Treasury
	Leslie English	Department of the Treasury
	Margaret Layne	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Kathi B. Scearce	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Robert S. Young	Department of the Treasury
	Vasyl Zuk	J.P. Morgan Chase
	Nelson Bush	PFM Asset Management
	Chuck Shimer	Troutman Sanders
	Rob Gordon	Troutman Sanders
	Debra Parker	Wachovia Wells Fargo
	Richard Grattan	Wachovia Wells Fargo
	Bryce Lee	Wells Fargo Advisors
	Robin Wilcox	Wells Fargo Advisors
	Treasury staff and others attended	

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:04 a.m. She asked if there were any additions or revisions to the minutes of the October 21, 2009 meeting. There being none, Mr. Von Moll moved the approval of the minutes as submitted, Mr. Boyer seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items**Resolution Approving the Plan of Finance for the Issuance of Revenue Bonds by the Virginia College Building Authority under the 21st Century College and Equipment Program**

Janet Aylor reviewed the action item with the Board. She stated that the 2009F bonds would be used to finance certain capital projects approved by the General Assembly. The bonds will be sold by competitive bid and amortized over 20 years. The true interest cost on the bonds was expected as of as of November 11, 2009 to be approximately 3.391%.

It is expected the bonds will be rated AA1, AA+ and AA+. Chuck Shimer of Troutman Sanders reviewed the resolution with the board, stating that the Virginia College Building Authority had approved the sale at their October 7, 2009 meeting.

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

Motion to Increase the SNAP Oversight Fee

Robert S. Young reviewed the motion with the Board. He stated that the increased fee has been included in the Governor's budget. Mr. Goodman asked if the increased fee is adequate for the cost of oversight. Mr. Young stated that the size of the SNAP program has almost doubled over the last few years. The fee was reviewed and set five years ago. He stated that the increase is close to what the actual oversight cost is.

Nelson Bush from PFM stated that the program had doubled in size and was approximately at 3.5 billion. Mr. Boyer suggested that the fee be evaluated every three years. Mr. Goodman suggested that the fee be looked at before each biennial budget.

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

Staff Reports:**Debt Management**

Ms. Whitley reviewed the Debt Calendar as of November 4, 2009, and the MELP and VELP reports as of October 31, 2009. She also mentioned the recent issue by the Virginia Public School Authority of Qualified School Construction Bonds – a type of bond established under the American Recovery and Reinvestment Act of 2009. She noted this was the first issue of this kind done on a pooled basis in the country. Several members acknowledged the accomplishment and suggested it be publicly communicated. Ms. Whitley indicated a news release had been drafted and sent to the Governor's office. Treasurer Ganeriwala indicated that she would share this news with the National Association of State Treasurers.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits reports for the month ending September 30, 2009, as well as the quarterly statistics reports. As of September 30, 2009, there were 121 qualified public depositories that held public deposits totaling \$3.4 billion, net of deposit insurance coverage. Ms. Reiter reviewed the banks that had been undercollateralized in the last quarter, noting that United Central Bank was undercollateralized by 98% in September. She indicated that she believed this was related to the purchase of certificates of deposit through the CDARS program. A short time lag can exist between the time a public depositor purchases CDARS certificates of deposit through their local qualified public depository and the time the qualified public depository actually submits the monies to the CDARS agent to effect the transaction. During this lag time, the public deposits need to be secured through the SPDA Program. A notification will be sent to public depositors to make them aware of this issue and to remind them that no qualified public depository shall accept public deposits unless it has pledged eligible collateral equal to its required collateral at the time of acceptance of the deposit.

A discussion ensued. Mr. Densmore asked staff to study the matter and determine the process so it could be addressed in the future. Treasurer Ganeriwala indicated that Treasury would be working with the Treasurer's Association of Virginia on the matter.

Ms. Reiter updated the Board on implementation of the Opt-Out Guidelines. She reminded the Board that the election period for opting out was November 1st thru December 1st and that for this first election period all banks had to respond by electing to stay in the collateral pool or by electing to opt out. As of November 17th, responses had only been received from eleven banks.

Because the Guidelines were silent on this issue, Mr. Goodman and Mr. Densmore recommended that the guidelines possibly be amended to state that financial institutions that do not notify the Treasury Board of their intention to opt out or remain in the pool this first election period will remain in the pool since this was the Board members' interpretation of the Guidelines relative to this issue. Further, an action item will be presented at the December Board meeting to ratify the consensus decision.

Ms. Reiter indicated that a notice would be distributed to all qualified public depositories reminding them of the upcoming opt out deadline and the Treasury Board's interpretation that no response was an election to stay in the collateral pool.

State Non-Arbitrage Program (SNAP)

Margaret Layne reviewed the SNAP report for the month ending October 31, 2009.

Investments

Mrs. Layne reviewed the Investment Report for November 2009. She reviewed the Total Return Pool handout (Attachment A) and the Report of the General Account Investment Income (Attachment B). She updated the Board on Dresdner Bank's securities lending novation agreement. Commerzbank, the parent of Dresdner Bank, has sold their securities lending business to Deutsche Bank effective by the end of this year. This move necessitated that Treasury approve the transfer of their account. The Attorney General's office has reviewed and modified the agreement so staff can finalize the agreement with Dresdner.

Chairwoman Ganeriwala asked if there was any further business to come before the Board.

Mr. Goodman asked that the Board's ability to make motions during a meeting without public notice be clarified by the Attorney General's office.

Treasurer Ganeriwala announced Mr. Boyer's recent appointment to the BB&T Board of Directors. Mr. Boyer stated that he was honored to serve on the corporate level, and he's excited to be working with the people-oriented staff at BB&T.

There being no further business, the Chairwoman asked for a motion to adjourn. Mr. Boyer moved the approval of the adjournment, Mr. Von Moll seconded, and the motion carried unanimously. The meeting ended at 10:18 a.m.

Other Business:

None

Respectfully submitted,

Manju Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachment "A"
Attachment "B"

Documents are available for review at

The Department of the Treasury

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