

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

February 16, 2011

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
K. David Boyer, Jr.
Thomas N. Chewning
David A. Von Moll
Shaza L. Andersen
William W. Harrison, Jr.

Members Absent: Craig Burns

Others Present:	Janet Aylor	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Connie Vaughan	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Robert Young	Department of the Treasury
	Donald Ferguson	Attorney General's Office
	Nelson Bush	PFM Assets Management Group
	Karen Hawkridge	Wells Fargo Advisors
	T. C. Wilson	Wells Fargo Advisors
	Patrick Dixon	Wells Fargo
	Page Allen	Wells Fargo
	Vasyl Zuk	JP Morgan
	Tom Osgood	Xenith Bankshares
	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 January 19, 2011 meeting. Chairwoman Ganeriwala asked that the minutes reflect that Mr. Chewning left the meeting at 9:32 rather than 9:06. Mr. Von Moll moved the approval of the minutes as amended, Mr. Boyer seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items

None

Xenith Bankshares Briefing

Chairwoman Ganeriwala introduced Tom Osgood, Chief Financial Officer with Xenith Bankshares. She stated they were undercollateralized for the third time in twelve months and that Mr. Osgood was at the meeting to provide the Board with an overview of the circumstances surrounding the undercollateralization. Ms. Reiter distributed a collateralization review for the bank. (Attachment A). Mr. Osgood stated the bank has procedures in place to prevent the undercollateralization in the future by moving more securities from safekeeping into escrow and doing monthly reviews on both the 10th and the 25th of each month.

Optimal Service Group of Wells Fargo Advisors Briefing

T.C Wilson from Wells Fargo Advisors provided the Board with a review of the General Account Extended Duration and Credit Portfolio evaluation for quarter ending December 31, 2010. He stated that although some managers' performances were below their respective benchmarks, the overall performance of the total portfolio was slightly better than the benchmark. Mr. Wilson distributed a chart for the Extended Duration and Credit Portfolio for the period ending January 31, 2010 (Attachment B) and a 2011 Economic and Market Outlook informational booklet (Attachment C).

Staff Reports:**Debt Management**

Janet Aylor reviewed the Debt Calendar as of February 2011, the Master Equipment Leasing Program and Virginia Equipment Leasing Program reports as of January 31, 2011.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits report for the month ending December 2010.

Ms. Reiter reported that two banks were undercollateralized in December. Discussion ensued regarding steps to be taken when banks are not in compliance. The Board requested that additional information be provided on the monthly report relating to each instance of undercollateralization. Ms Reiter stated that both the amount of undercollateralization and the reason for the undercollateralization will be provided in the future so the Board can better evaluate the circumstances and determine if any action is warranted.

Ms. Reiter distributed the IDC report of Bank Institutions Ranked Below Average for the month of December 2010 (Attachment D).

Ms. Reiter stated comments were being received from banks on the new Public Deposit Security and Custodial Agreements. She stated the Board will be asked for its approval of these agreements at the next Board meeting.

State Non-Arbitrage Program (SNAP)

Mr. Wilhide reviewed the SNAP report for the month ending January 31, 2011.

Investments

Mr. Wilhide reviewed the Investment Report for February 2011 and the Local Government Investment Pool as of January 31, 2011.

Other Business:

Chairwoman Ganeriwala stated that new Securities and Exchange Commission (SEC) rules were being developed that would require Board members to register as municipal advisors. She distributed a resolution from the National Association of State Treasurers to the SEC expressing opposition to the rule (Attachment E). She stated that she would keep the Board apprised of any developments that occur as a result of the ruling.

Chairwoman Ganeriwala asked if there was any further business to come before the Board. There being none, the Chairwoman asked for a motion to adjourn. Mr. Boyer moved the meeting be adjourned. Ms. Andersen seconded. The motion carried unanimously. The meeting adjourned at 10:12 a.m.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachments "A through E"

Documents are available for review at

The Department of the Treasury