

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

March 16, 2016

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
Craig Burns
William Harrison, Jr.
Lou Mejia

Members Absent: Neil Amin
Douglas Densmore
David Von Moll

Others Present:	Don Ferguson	Office of the Attorney General
	John Crooks	Department of Planning & Budget
	Quentin Jefferies	Department of Planning & Budget
	Vasyl Zuk	JP Morgan
	Karen Hawkridge	Optimal Service Group
	Nelson Bush	PFM Group
	April Kees	Senate Finance Committee
	Patrick Dixon	Wells Fargo Bank
	Rob Brown	Wilmington Trust
	Jim Deitrick	Wilmington Trust
	Dan Monakil	Wilmington Trust
	Janet Aylor	Department of the Treasury
	David Jonas	Department of the Treasury
	James Mahone	Department of the Treasury
	Brandy Mikell	Department of the Treasury
	Harold Moore	Department of the Treasury
	John Ockerman	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Bill Watt	Department of the Treasury
	Tim Wilhide	Department of the Treasury

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:00 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the February 17, 2016 meeting; there being none, Chairwoman Ganeriwala asked for a vote of

approval. Mr. Burns moved for approval of the Minutes, Mr. Mejia seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Motion to procure Depository and Security Custody Services for the Virginia State Non-Arbitrage Program

Tim Willhide reviewed the motion to procure the depository and security custody services for the Virginia State Non-Arbitrage Program. He noted that an RFP must be issued for the contract because these services are for a new investment vehicle under the oversight of Treasury Board and no longer for the PFMAM mutual fund.

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

Board Briefing

None

Staff Reports

Debt Management

Janet Aylor reviewed the Debt Calendar as of March 1, 2016. She informed the Board that there was VPSA issuance for Prince William County forthcoming that did not need Treasury Board approval. She indicated that there would be much activity in the spring.

Ms. Aylor then reviewed the final financing summary for the Commonwealth of Virginia Transportation Program and Transportation Revenue Refunding Bonds that were sold in February. The True Interest Cost (TIC) was 1.468%.

Mr. Harrison asked what the \$25,000 paid to the City of Chesapeake was that was listed in the final financing summary for the bonds. Ms. Aylor responded that it was for the cost of issuance paid to the Bond Counsel for the City.

Ms. Aylor also reviewed the leasing reports as of February 29, 2016. DGS procured a fleet of vehicles in the amount of \$1 million in the 84 and 120 month Master Lease Program during the month. There was no activity with the Energy Lease Program.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended January 31, 2016. Ms. Reiter reported that one bank (First Virginia Community Bank) was under collateralized for the month due to an unexpected increase in demand deposit accounts. However, the bank promptly pledged additional collateral.

She informed the Board of the three banks changing their collateral method for this calendar year from the opt-out method to the opt-in or pooled method (Bank of Hampton Roads, Cardinal Bank, and Old Point National Bank).

Ms. Reiter noted that the IDC ratings have been not been updated from what was reported last month as they were still using IDC's 3rd quarter final 2015 ratings.

In addition, she answered the question asked by Mr. Densmore at the previous Board meeting regarding the high public deposit balances held by Eastern Virginia Bank and Essex Banks which are both headquartered in Tappahannock, Virginia. She responded that Essex is the 21st largest bank in Virginia and EVB is the 19th largest bank in Virginia and they both have many branches throughout the Commonwealth. Essex Bank has 22 bank branches and EVB has 28 branches. Each bank has over 10 public deposit accounts with balances ranges from over \$1 million to as much as \$19 million with various cities and counties and the state.

Investments

Mr. Wilhide reviewed the SNAP report as of February 29, 2016. The fund's assets were valued at \$2.9 billion, down \$110 million from the month prior. The monthly yield was 55 basis points, up 12 basis points from the month prior. The weighted average maturity of the fund was 52 days, up 10 days from the month prior. There were \$23 million in new bond issuances for the month.

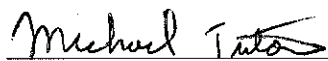
Mr. Wilhide also reviewed the Investment reports for the month ended February 29, 2016. The General Account portfolio was \$5.7 billion, up \$103 million from the month prior. The average yield on the Primary Liquidity portion of the General Account was 0.58%, up 8 basis points from the month prior. Mr. Wilhide explained that the Extended Duration portion of the portfolio had an annualized total return of 5.48 % as a result of falling rates in the bond market. This resulted in the composite yield being 1.65% for the month.

Mr. Wilhide then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of February. The LGIP portfolio was down \$158 million from the month prior due to seasonal increases and is valued at \$3.1 billion. The average yield on the portfolio was 48 basis points, up 4 basis points from the month prior. The average maturity was 35 days, down 6 days from the previous month.

Other Business

Chairwoman Ganeriwala stated the next meeting of the Board would be on April 20, 2016. She then asked for a motion to adjourn at 9:18 a.m. Mr. Harrison moved for adjournment, Mr. Burns seconded, and the motion carried unanimously.

Respectfully submitted,



Michael R. Tutor, Secretary
Commonwealth of Virginia Treasury Board