

DRAFT

**TREASURY BOARD
COMMONWEALTH OF VIRGINIA**

July 20, 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.
David A. VonMoll
William W. Harrison, Jr.
Craig Burns

Members Absent: Shaza Anderson
Thomas Chewning

Others Present:	Kristin Reiter	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Robert Young	Department of the Treasury
	Janet Aylor	Department of the Treasury
	Michael Tutor	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Leslie English	Department of the Treasury
	Jeanine Black	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Glenn Dellinger	Department of the Treasury
	Donald Ferguson	Attorney General's Office
	Nelson Bush	PFM Asset Management Group
	Michael Varano	PFM Asset Management
	Mike Graff	McGuire Woods
	Vasyl Zuk	JP Morgan Chase Bank
	Karen Hawkrige	Wells Fargo Advisors
	Brian Moore	Wells Fargo Advisors
	Robin Wilcox	Wells Fargo Advisors
	Eric Sandridge	Auditor of Public Accounts
	Mike Driscoll	Auditor of Public Accounts
	James Traudt	Davenport
	James Stamp	George Mason University
	Corey Williams	Capital One
	Chuck Shimer	Kutak Rock
	Linda Eremita	M&T Bank
	Jody Winter	JFW Consulting/GMU
	David Roe	George Mason University Foundation
	Kevin Larkin	Bank of America

Treasury staff and others attended

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:02 a.m.

She said that there was one correction to the minutes from the June 17, 2011 meeting. The first sentence in the discussion of the Issuance of Port Fund Revenue Bonds had a typo. This should have read **his** law firm serves as Bond Counsel..... She asked if there were any additional changes or revisions to the minutes of the June 17, 2011 meeting; there being none, Mr. Von Moll moved the approval of the minutes, Mr. Boyer seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items

Resolution Approving the Plan of Finance for the Issuance and Sale of Revenue Bonds by the Virginia College Building Authority of Educational Facilities Revenue Bonds Series 2011A (21st Century College and Equipment Program)

Janet Aylor reviewed the planned financing by Virginia College Building Authority (VCBA) for certain capital projects and equipment at public institutions of higher education in the Commonwealth of Virginia and pay costs of issuing the 2011A Bonds. The bonds will be a composite of approximately \$227 million for the 21st Century Program and approximately \$50 million for the Equipment program. The VCBA approved the bonds at their meeting on July 13.

Discussion ensued.

Chairwoman Ganeriwala asked if there were any further questions. There being none, the Chairwoman asked for a motion to approve the Resolution. Mr. Boyer moved that the Resolution be adopted with a typo change to bullet point four. It should read: "The State Treasurer is hereby authorized to take such further action as necessary to **carry** out the purposes and intent of this resolution,". Mr. Burns seconded, and the motion carried unanimously.

Resolution of the Treasury Board Approving the Terms and Structure of a Financing Arrangement benefiting George Mason University (Student Housing Project), Series 2011

Janet Aylor reviewed the financing request by George Mason University (GMU) for the issuance of up to \$17,000,000 Industrial Development Authority of the County of Prince William Student Housing Revenue bonds for the construction of graduate student housing at George Mason University. The bonds will be secured by a capital lease with GMU.

Mr. VonMoll asked about the benefits to the University of using the public-private educational infrastructure act for the process. Ms. Winter indicated the project could be completed more quickly. It also avoids risk to the University for the retail space. Discussion ensued.

Chairwoman Ganeriwala asked if there were any further questions. There being none, the Chairwoman asked for a motion to approve the Resolution. Mr. Harrison asked that the Resolution to be amended by changing the 5th Whereas on page two to read: the principle amount that will bear interest at a fixed rate of interest not to exceed 6.00% per annum and will mature no later than 31 years after their date of issuance. This is a change from 6.75% per annum and 40 years for the maturity date.

Mr. Harrison also asked that changes be made to bullet point 2 under Now, therefore, be it resolved section. It should read; the final maturity of the Bonds shall not be later than September 1, 2042 and the fixed rate shall not exceed 6.00%.

Mr. Harrison moved that the amended Resolution be adopted. Mr. Boyer seconded, and the motion carried unanimously.

Mr. Burns left the meeting at 9:43.

Resolution of the Treasury Board Approving the Terms and Structure of a Financing Arrangement benefiting George Mason University (Life Sciences Lab Project), Series 2011

Janet Aylor reviewed the financing request from GMU for the issuance of up to \$38,000,000 Industrial Development Authority of the County of Prince William Revenue Bonds for the construction of the Prince William Life Sciences Lab Project. The bonds will be secured by a capital lease with GMU.

Mr. Harrison asked about the need for taxable bonds. Mr. Graff responded the taxable bonds were for incubator space and research. Discussion ensued on the implicit interest cost.

Chairwoman Ganeriwala asked if there were any further questions. There being none, the Chairwoman asked for a motion to approve the Resolution. Mr. Harrison asked that the Resolution to be amended by changing the 5th Whereas on page two to read: the principle amount will bear interest at a fixed rate of interest not to exceed 6.00% per annum and will mature no later than 31 years after their date of issuance. This is a change from 6.75% per annum and 40 years for the maturity date.

Mr. Harrison also asked that changes be made to bullet point 2 under Now, therefore, be it resolved section. It should read; the final maturity of the Bonds shall not be later than September 1, 2042 and the fixed rate shall not exceed 6.00%

Mr. Harrison moved that the amended Resolution be adopted. Mr. Boyer seconded, and the motion carried unanimously.

Board Briefing

PFM/SNAP - SNAP 2nd Quarter Portfolio Performance and Issues with the Money Fund Industry.

Michael Varano and Nelson Bush of PFM Asset Management LLC gave a quarterly overview of the SNAP portfolio performance and discussed issues with the Money Fund Industry and the market as a whole. They distributed and reviewed a handout entitled SNAP Treasury Board Meeting Quarterly Program Update. (Attachment A).

Staff Reports:**Debt Management**

Evie Whitley reviewed the Debt Calendar as of July 11, 2011, the Master Equipment Leasing Program and Virginia Equipment Leasing Program reports as of June 30, 2011. She also briefed the board on the recent announcement by Moody's Investor Service placing the Commonwealth on its watch list for possible downgrade. The action is due to uncertainty surrounding the federal budget and the possible effect of federal actions on the state's economy.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits report for the month ending May 31, 2011 and stated that one bank (First National Bank of Ronceverte) was undercollateralized. She also stated that two banks (NewBridge Bank and GreenBank withdrew from the Security for Public Deposits Program.

Ms. Reiter also stated that the Federal Reserve has issued a Prompt Corrective Action Directive to the Bank of the Commonwealth, one of the SPDA Programs's pooled public depositories, primarily due to their being undercapitalized based on FDIC and Federal Reserve requirements. Ms. Reiter stated that staff would continue to monitor the situation and keep the Board updated.

State Non-Arbitrage Program (SNAP)

This item was covered by Michael Varano and Nelson Bush during the Board Briefing.

Investments

Mr. Wilhide reviewed the Investment Report for July 2011. He also distributed and reviewed the Local Government Investment Pool (LGIP) Quarterly Newsletter (Attachment B) and the LGIP reports as of June 2011.

Mr. Wilhide distributed and reviewed a handout entitled 2011 Midyear Economic and Market Outlook from Wells Fargo.(Attachment C)

Other Business:

None.

Chairwoman Ganeriwala stated the next meeting of the Board would be on August 17, 2011. She asked if there was any further business to come before the Board. There being none, Mr. Boyer

moved the meeting be adjourned at 10:27 a.m.; Mr. Von Moll seconded, and the motion carried unanimously.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachments "A through C"

Documents are available for review at

The Department of the Treasury