

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

March 23, 2018

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
Douglas Densmore
Lou Mejia

Members Absent: Neil Amin
James Carney
David Von Moll

Others Present:	Katie Collins	Auditor of Public Accounts
	Kim Hoyt	Bingham ARS, Inc.
	Megan Gilliland	Christian and Barton
	Peyton Stroud	Christian and Barton
	T.W. Bruno	McGuire Woods
	Anne Curtis Saunders	McGuire Woods
	Don Ferguson	Office of the Attorney General
	Brian Moore	Optimal Service Group
	James Johnson	Optimal Service Group
	Bryce Lee	Optimal Service Group
	Karen Logan	Optimal Service Group
	Kevin Rotty	Public Financial Management
	Janet Aylor	Department of the Treasury
	Neil Boege	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Nathan Conquest	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Kathy Green	Department of the Treasury
	Debora Greene	Department of the Treasury
	Brad Jones	Department of the Treasury
	James Mahone	Department of the Treasury
	Harold Moore	Department of the Treasury (Retired)
	Bob Schmitt	Department of the Treasury (Retired)
	Dan Nicholas	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Sandra Stanley	Department of the Treasury
	David Swynford	Department of the Treasury
	Mike Tutor	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 9:03 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the Minutes of the February 21, 2018 meeting. There being none, Chairwoman Ganeriwala asked for a vote of approval of the minutes. Mr. Densmore moved for approval of the Minutes, Mr. Mejia seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Resolution Approving the Plan of Finance for the Virginia Public Building Authority of its Public Facilities Revenue Bonds Series 2018 A and B

Brad Jones presented the Preliminary Financing Summary for the issuance of \$170.1 million of Public Facilities Revenue Bonds Series 2018A and \$17.7 million of Public Facilities Revenue Bonds Series 2018B (Taxable). The proceeds of the Bonds are being used to, (i) finance the acquisition, construction, improvement, rehabilitation, furnishing and equipping of various public facilities for use by or on behalf of the Commonwealth and its agencies, (ii) finance the Commonwealth's payment of the costs of certain grants and of regional and local jail and juvenile detention facility projects, and (iii) pay costs of issuing the 2018 Bonds. The Bonds are scheduled for competitive sale on April 17, 2018. The estimated true interest cost as of March 2, 2018 is 3.25% for Series 2018A and 3.69% for Series B.

Megan Gilliland, representing Christian and Barton, reviewed the Resolution.

Chairwoman Ganeriwala asked for a motion to approve the Resolution. Mr. Densmore moved that the Resolution be adopted. Mr. Burns seconded, and the motion carried unanimously.

Resolutions Approving the Plan of Finance for the Issuance and Sale of School Educational Technology Notes, Series VI, and Sale of School Security Equipment Notes, Series VI by the Virginia Public School Authority

Jay Mahone presented the Preliminary Financing Summary for the issuance of \$64.7 million of School Technology and Security Notes, Series VI. The proceeds of the Notes are being used to make approximately \$64.7 million of grants to establish a computer-based instructional and testing system for the Standards of Learning and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools and to help offset the costs associated with the purchase of appropriate security equipment. The Notes are scheduled for competitive sale on May 8, 2018. The estimated true interest cost as of March 21, 2018 is 1.95%. The Notes are limited obligations of the Authority payable from appropriations by the Virginia General Assembly from the Literary Fund and the General Fund of the Commonwealth of Virginia.

T.W. Bruno, representing McGuireWoods, reviewed the Resolutions. He informed the Board that the two authorizations are approved by two separate resolutions but are combined into one note series for efficiency reasons. He added that the Resolutions gives the State Treasurer the authority to combine the sale of notes.

Discussion ensued.

Chairwoman Ganeriwala asked for a motion to approve the Technology Resolution. Mr. Densmore moved that the Technology Resolution be adopted. Mr. Burns seconded, and the motion carried unanimously.

Mr. Burns moved that the Security Resolution be adopted. Mr. Densmore seconded, and the motion carried unanimously.

Motion to Approve the Election of Vernita Boone, Special Assistant for the Department of the Treasury, to Serve as Secretary to the Commonwealth of Virginia Treasury Board Pursuant to 2.1-234.25 of the Code of Virginia.

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

Resolution in Recognition and Appreciation of Timothy Wilhide

Chairwoman Ganeriwala introduced Timothy Wilhide and thanked him for his service to the Commonwealth. She complimented him for his leadership of the CMI division, recruiting and mentoring a strong team, and providing insightful guidance and support to her and the Board. Chairwoman Ganeriwala then presented the Resolution in recognition and appreciation of his contributions. Mr. Densmore and Mr. Mejia also thanked Mr. Wilhide for his leadership and expert advice. Mr. Densmore moved the Resolution be adopted. Mr. Mejia seconded, and the Resolution carried unanimously.

Staff Reports

Debt Management

Janet Aylor reviewed the Debt Calendar as of March 1, 2018. Ms. Aylor noted that there will be many bond sales in May. General obligation 9C bonds are planned for issuance sometime in July. It is possible that there will be a summer pool in August.

Ms. Aylor also reviewed the leasing reports as of February 28, 2018. She informed the Board that \$7.2 million was issued under the Master Lease Program leaving a line of credit balance of \$17.6 million. She also informed the board that no money was provided under the Energy Lease Program and the line of credit balance is \$40 million.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended January 31, 2018. Ms. Reiter reported that no banks were under collateralized for the month. Ms. Reiter noted that the IDC ratings remain the same as the month prior, using IDC's 3rd Quarter 2017 report. She also informed the Board that Xenith Bank merged into Union Bank and Trust and Washington First Bank merged into Sandy Spring Bank. She informed the Board that there was one name change. Community Capital Bank of Virginia changed its name to VCC Bank. For calendar year 2018, SonaBank switched their collateral method from opt-out to pooled.

State Non-Arbitrage Program

Tim Wilhide and Nelson Bush reviewed the SNAP report as of February 28, 2018. The fund's assets were valued at \$3.9 billion, up \$388 million from the month prior. The monthly yield was 1.57%, five basis points more than the month prior. The weighted average maturity of the fund was 36 days. There were \$483.4 million in new issuances for the month. PFM has been actively positioning the SNAP portfolio to benefit from rising interest rates.

Investments

Mr. Boege reviewed the Investment reports for the month ended February 28, 2018. The General Account portfolio was \$7 billion, roughly the same as the month prior. The average yield on the Primary Liquidity portion of the General Account was 1.55%, up ten basis points from the month prior. The Extended Duration portion of the portfolio had a yield to maturity of 2.81 %. This resulted in the composite yield being 1.78% for the month.

Mr. Boege then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of February. The LGIP portfolio was \$400 million less than the month prior and is valued at \$4.2 billion. The average yield on the portfolio was 1.55%, up five basis points from the month prior. The average maturity was 30 days, down 10 days from the previous month.

Mr. Boege reviewed the LGIP Extended Maturity portfolio. The LGIP Extended Maturity portfolio was in compliance for all measures for the month of February. The net asset value yield to maturity was 1.66%, up six basis point from the month prior. The average duration was 0.77 years.

The securities lending relationship with Deutsche Bank has been restarted with loosening collateral markets. Deutsche Bank has targeted approximately \$700 million in eligible collateral of which \$400 million is currently on loan. At these levels, Treasury should net more than \$1 million in additional income annually from the sec-lending relationship.

Other Business

Chairwoman Ganeriwala stated that the next meeting of Treasury Board would be held on April 18, 2018. The meeting adjourned at 9:49 a.m.

Respectfully submitted,

Vernita Boone, Secretary
Commonwealth of Virginia Treasury Board