

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

May 16, 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
James Carney
Lou Mejia
David Von Moll

Members Absent: Neil Amin
Douglas Densmore

Others Present:

Emily Abrantes	Prager & Co.
Lauren Bennett	Auditor of Public Accounts
Nelson Bush	PFM
Patrick Dixon	Wells Fargo
Don Ferguson	Office of the Attorney General
Mike Graff	McGuire Woods-George Mason Foundation
Bryce Lee	Optimal Service Group
Karen Logan	Optimal Service Group
Monica Michaud	George Mason University
Brian Moore	Optimal Service Group
Adam Rosatelli	Senate Finance Committee
Susan VanLeunen	George Mason University Foundation
Tracy White	George Mason University Foundation
Janet Aylor	Department of the Treasury
Neil Boege	Department of the Treasury
Tracey Edwards	Department of the Treasury
Kathy Green	Department of the Treasury
Brad Jones	Department of the Treasury
James Mahone	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 9:02 a.m. Chairwoman Ganeriwala asked if there were any changes or revisions to the minutes of the April 18 meeting. There being none, Chairwoman Ganeriwala asked for a vote of approval of the minutes. Mr. Von Moll moved for approval of the Minutes. Mr. Burns seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Resolution Approving the Terms and Structure for the Refunding of a Capital Lease for George Mason University

Janet Aylor presented the Preliminary Financing Summary for the issuance of \$30.4 million Tax-Exempt Refunding Revenue bond to be issued by Fairfax County Economic Development Authority. The proceeds of the bonds are being used to refinance the outstanding George Mason University Foundation Mason Administration Bonds; terminate existing interest rate swap related to the bonds; and fund the cost of issuance. The bonds are scheduled for negotiated sale on May 18, 2018. The true interest cost as for the financing is 3.471%.

Discussion ensued.

Mike Graff, representing McGuire Woods, reviewed the Resolution.

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

Board Briefing

Optimal Services Group of Wells Fargo Advisors – 1st Quarter Performance Reports for the Extended Duration Credit Portfolio and TICR Endowment Portfolios

Brian Moore and Karen Hawkrigde briefed the Board on the General Account External Managers' investment performance for the 1st quarter of 2018 and the Quarterly Investment Manager Performance of TICR Endowment for taxable and tax-exempt portfolios for the 1st quarter of 2018.

Mr. Moore briefed the Board on the General Account extended duration portfolio. The portfolio was valued at \$1.2 billion and had earned income of \$24.8 million. The portfolio was down 100 basis points matching the benchmark net of fees.

Ms. Hawkrigde briefed the Board on the TICR tax-exempt and TICR taxable portfolios. The TICR taxable portfolio was valued at \$241 million and had earned income of \$5.5 million FY to date and an unrealized investment loss of \$4.6 million. The portfolio return in the 1st quarter was -70 basis points net of fees, matching the benchmark. The TICR tax-exempt portfolio was valued at \$185 million, earned

income of \$3 million FY to date and had an unrealized loss of \$3.9 million FY to date. The 1st quarter return net of fees was -100 basis points trailing the benchmark by twenty basis points.

Staff Reports

Debt Management

Janet Aylor reviewed the Final Financing Summary the Virginia Public Building Authority Public Facilities Revenue Bonds Series 2018A and B. She also reviewed the Debt Calendar as of May 1, 2018. Ms. Aylor noted that there will be many bond sales in May. In addition, a General Obligation 9C bond issue is planned for sometime in July.

Ms. Aylor also reviewed the leasing reports as of April 30, 2018. She informed the Board that \$2 million was provided in April for mostly DGS fleet vehicles. She also informed the Board that \$11.7 million was used to date under the Master Lease Program leaving a line of credit balance of \$13.2 million. Also, \$2.8 million was previously provided under the Energy Lease Program and the line of credit balance is \$37.1 million. There were no additional Energy contracts in April.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits Report for the month ended March 31, 2018. Ms. Reiter reported that no banks were under collateralized for the month. There was one new qualified depository, MVB Bank, Inc., a pooled bank. MVB Bank, Inc. has 14 branches and \$1.1 billion in deposits. Ms. Reiter noted that the IDC ratings have been updated from what was reported last month using IDC's 4th Quarter 2017 report. Three banks (Carter Bank & Trust, Citizens National Bank, and Virginia Commonwealth Bank) are pooled banks that represent depositories that moved into the Below Average Category this month. One bank, Highlands Union Bank, is an opt-out bank that moved into the Below Average Category as well.

Ms. Reiter then summarized quarterly statistical data for the Board. As of March 31, 2018, 94 public depositories held public deposits net of FDIC of \$7.4 billion. Of the total, \$5 billion of the deposits were held by 30 opt-out banks; \$2.4 billion were held by 64 pooled depositories. The state's four largest public depositories held \$3.8 billion in deposits, 51% of public deposits net of FDIC. Ms. Reiter also noted that 63% of public deposits net of FDIC were held by out-of-state banks.

State Non-Arbitrage Program

Nelson Bush reviewed the SNAP report as of April 30, 2018. The fund's assets were valued at \$3.7 billion. The monthly yield was 1.92%, thirty-five basis points more than the month prior. The weighted average maturity of the fund was 37 days. There were no new bond settlements. PFM plans to deploy multi-faceted authentication for the SNAP Program. It is currently being tested by a select group of customer clients. Rollout is expected to occur in the next couple of months. More information will follow.

Investments

Mr. Boege reviewed the Investment reports for the month ended April 30, 2018. The General Account portfolio was \$6.7 billion, roughly the same as the month prior. The average yield on the Primary

Liquidity portion of the General Account was 1.78%, up eighteen basis points from the month prior. The Extended Duration portion of the portfolio had a yield to maturity of 3.12%. This resulted in the composite yield being 2.03% for the month.

Mr. Boege then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of April. The LGIP portfolio was \$300 million less than the month prior and is valued at \$3.9 billion. The average yield on the portfolio was 1.90%, up twenty-one basis points from the month prior. The average maturity was 37 days, up 3 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 April. The net asset value yield to maturity was 1.88%, up twelve basis point from the month prior. The average duration was 0.75 years.

Other Business

Chairwoman Ganeriwala stated that the next meeting of Treasury Board would be held on June 20, 2018. The meeting adjourned at 9:56 a.m.

Respectfully submitted,

Vernita Boone, Secretary
Commonwealth of Virginia Treasury Board