

TREASURY BOARD
COMMONWEALTH OF VIRGINIA
April 17, 2019
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
Neil Amin
James Carney
Lou Mejia
David Von Moll

Members Absent: Craig Burns
Douglas Densmore

Others Present:	Don Ferguson Lauren Bennett Kevin Larkin Robin Daly Markita Heard Fred Vosburgh George Scruggs Bryce Lee Karen Logan Kathleen Bowe Chris Whyte Patrick Dixon Janet Aylor Neil Boege Sherwanda Cawthorn Leslie English Kathy Green Debora Greene Laura Lingo Jay Mahone Melissa Palmer Kristin Reiter Sandra Stanley Mike Tutor Timothy Wilhide	Office of the Attorney General Auditor of Public Accounts Bank of America JP Morgan JP Morgan JP Morgan Kutak Rock LLP Optimal Service Group Optimal Service Group PFM Asset Management LLC Vectre Wells Fargo Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury Department of the Treasury
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Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:04 a.m.

Chairwoman Ganeriwala asked if there were any changes or revisions to the March 20 meeting minutes. Mr. Von Moll moved for approval of the minutes. Mr. Amin seconded and the motion carried with Mr. Carney abstaining.

Public Comment

None

Action Items

A Resolution Approving the Plan of Finance for the Issuance and Sale of College Building Authority Bonds Under the 21st Century College and Equipment Programs

Leslie English presented the Preliminary Financing Summary for the issuance of \$525.79 million of Virginia College Building Authority, Educational Facilities Revenue Bonds, Series 2019A. The proceeds of the Bonds are being used to (i) finance approximately \$450 million of certain capital projects and \$75.3 million to acquire equipment for public institutions of higher education in the Commonwealth and (ii) pay the costs of issuing the 2019A Bonds. The Bonds are scheduled for competitive sale on May 15, 2019. The estimated true interest cost as of April 15, 2019 is 2.69%.

Discussion ensued.

George Scruggs, bond counsel representing Kutack Rock LLP, reviewed the Resolution.

Discussion ensued. The Board decided to amend the Resolution to add “and issuance costs” to item 2. (a) (iii) after “any original issue discount or premium”.

It was also decided that at a future Treasury Board meeting, Janet Aylor will provide data on how bonds performed after being released to trade and also present data for the last year showing which firms bid on Commonwealth bonds and what those true interest bids were for each firm. Staff will also check with the Financial Advisor regarding potentially changing the payment date of the Bonds as it currently is not exactly 10 years. Staff will follow-up with the Board at its next meeting.

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

Optimal Services Group of Wells Fargo Advisors Briefing on the Quarterly Performance Reports for the Extended Duration Credit Portfolio and TICR Investment Portfolio

Bryce Lee and Karen Logan briefed the Board on the General Account External Managers’ investment performance and the Quarterly Investment Manager Performance of TICR Endowment for taxable and tax-exempt portfolios for the 1st quarter of 2019.

Minutes corrected on November 20, 2019

Mr. Lee briefed the Board on the General Account extended duration portfolio. The portfolio was valued at \$1.3 billion and had an unrealized gain of \$12 million. The portfolio return in the first quarter was 2.4% net of fees, with a benchmark net of fees of 2.3%. Mr. Lee also mentioned that one of the asset managers, Wellington Management Co., will be invited to present their investment philosophy and strategy before the Board soon.

Discussion ensued.

Ms. Logan briefed the Board on the TICR tax-exempt and TICR taxable portfolios. The TICR taxable portfolio was valued at \$230 million and had earned income of \$5.4 million FY to date and an unrealized investment loss of \$2.9 million. The portfolio return in the 1st quarter was 1.8% net of fees, matching the benchmark. The TICR tax-exempt portfolio was valued at \$188 million, earned income of \$3.4 million FY to date and had an unrealized gain of \$215,569. The 1st quarter return net of fees was 2.3% with a benchmark net of fees of 2.2%.

Staff Reports

Debt Management

Ms. Aylor reviewed the Debt Calendar as of April 1, 2019 and the leasing reports as of March 31, 2019. She informed the Board that new leases for \$2.2 million were provided in March for vehicles and equipment. She also informed the Board that \$21 million was used to date under the Master Lease Program leaving a line of credit balance of \$5.4 million. In addition, \$19.3 million was previously provided under the Energy Lease Program and the line of credit balance is \$20.7 million. There was no new activity in the Energy Lease Program.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits Report for the month ended February 28, 2019. Ms. Reiter reported that one bank, Highlands Union Bank, was under-collateralized for the month. Two pooled banks (Blue Grass Valley Bank and Carter Bank & Trust) were ranked below average this month. Two banks, Bank of Fincastle and Highlands Union Bank, are opt-out banks that were also ranked below average. Fourth quarter 2018 IDC ratings were received in March. Access National Bank merged with Union Bank and Trust. The merger will result in a name change to Atlantic Union Bank. Union Bank and Trust currently holds 17% of pooled public deposit balances and Access National Bank holds 8%. The merger will result in Atlantic Union Bank holding 25% of pooled public deposit balances.

State Non-Arbitrage Program

Kathleen Bowe, with PFM, reviewed the SNAP report as of March 31, 2019. The fund's assets were valued at \$3.8 billion. The monthly yield was 2.65%, maintaining February's yield of 2.65%. The weighted average maturity of the fund was 38 days.

Investments

Neil Boege reviewed the Investment reports for the month ended March 31, 2019. The General Account portfolio was valued at \$7.5 billion. The average yield on the Primary Liquidity portion of the General Account was 2.58%, down from February's average yield of 2.60%. The Extended Duration portion of the portfolio had

a yield to maturity of 2.85%, down from February's yield to maturity of 3.09%. This resulted in the composite yield being 2.63% for the month.

Mr. Boege then reported on the LGIP portfolio, which was in compliance for all measures for the month of March and was valued at \$4.6 billion. The average yield on the portfolio was 2.61%, the same as February's average yield. The average maturity was 44 days, down one day from the previous month. Mr. Boege then reviewed the LGIP Extended Maturity portfolio, which was in compliance for all measures for the month of March. The net asset value yield to maturity was 2.49%, up from February's net asset value yield to maturity of 2.46%. The average duration was 0.83 years.

Other Business

Chairwoman Ganeriwala stated that the next Treasury Board meeting is scheduled for May 15, 2019. Chairwoman Ganeriwala will inform the Board if there are any action items for our May meeting. The meeting adjourned at 10:04 a.m.

Respectfully submitted,

Vernita Boone, Secretary
Commonwealth of Virginia Treasury Board