

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

June 17, 2009

9:00 a.m.

TREASURY BOARD CONFERENCE ROOM

James Monroe Building
101 N. 14th Street, 3rd Floor
Richmond, Virginia

Members Present: Manju Ganeriwala, Chairwoman
K. David Boyer, Jr.
Douglas W. Densmore
Robert C. Goodman, Jr.
David A. Von Moll

Members Absent: Janie E. Bowen
Dr. Kenneth N. Daniels

Others Present:	Janet Aylor	Department of the Treasury
	Belinda Blanchard	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Debora Greene	Department of the Treasury
	Thelma Ingle	Department of the Treasury
	Howard Kaplan	Department of the Treasury
	Margaret Layne	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Harold Moore	Department of the Treasury
	Sharon Price	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Karen Roth	Department of the Treasury
	Kathi B. Scearce	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Robert S. Young	Department of the Treasury
	Brandy Mikell	Auditor of Public Accounts
	Vanessa Hampton	BB&T
	Bill Zuk	J.P. Morgan Chase
	Nelson Bush	PFM Asset Management, LLC
	Bryce Lee	Wells Fargo Advisors
	Brian Moore	Wells Fargo Advisors
	Jessica White	Wells Fargo Advisors
	Pat Satterfield	Virginia Association of Counties
	Bruce Whitehurst	Virginia Bankers Association
	Treasury staff and others attended	

Call to Order and Approval of Minutes

Chairwoman Ganeriwala welcomed Board members and called the meeting to order at 9:00 a.m. She asked if there were any additions or revisions to the minutes of the May 20, 2009 meeting. There being none, Mr. Boyer moved the approval of the minutes as submitted, Mr. Densmore seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items

None

Presentation — J.P. Morgan SPDA Study of Eligible Collateral Final Report

Kristin Reiter introduced Michael Young and Steven Paul from J. P. Morgan. Mr. Young reviewed the report with the Board. J. P. Morgan recommends that no more than 20% of the portfolio should be letters of credit. Ms. Reiter pointed out that the Treasury only accepts FHLB letters of credit. Mr. Young provided a basic overview of repo line basics and a discussion ensued. The discussion included the topic of opt-out banks with comments from Bruce Whitehurst regarding investment income and securities with regard to financial institutions.

Chairwoman Ganeriwala indicated that staff would be meeting with financial institutions to consider their points and concerns about SPDA. J. P. Morgan indicated their presentation was only one point of view related to an all-encompassing issue.

Mr. Goodman asked for a volatile daily stress of the Treasury's longest term investment. The Treasurer asked that staff rerun the current value of the munis in the portfolio

Ms. Reiter explained how Treasury would handle a bank failure and the liquefying of collateral. She indicated Virginia Code stipulates it is to be done in 48 hours. Mr. Goodman asked that staff provide a scenario as to what would happen if Treasury had five days as opposed to 48 hours to liquefy collateral.

Pat Satterfield stated the recommendations were good ones and that the Virginia Association of Counties would like to meet with staff and review an potential changes. Mr. Whitehurst stated that the discussion was important, but asked the Board to keep in mind that financial institutions believe collateral durations need to be discussed. He also indicated the FDIC should be consulted as to what happens with SPDA in the event of a bank failure and the collateral is sold to another financial institution. Discussion ensued.

Staff Reports:**Debt Management**

Ms. Whitley reviewed the Debt Calendar as of June 8, 2009, the MELP and VELP reports as of May 31, 2009.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits report for the month ending April 30, 2009. She indicated that there were two under collateralized banks, which were required to pledge 100%. Ms. Reiter stated that IDC rankings will now be received via electronic means, which has reduced the lag time in receipt by two weeks.

Chairwoman Ganeriwala indicated that she would be speaking at the Treasurers Association of Virginia annual conference, and would emphasize that local Treasurers should carefully review their reports.

Ms. Reiter also provided an update on the Silverton Bank failure. The FDIC has not found a buyer and the institution is being liquidated. There is no issue with Treasury's collateral.

State Non-Arbitrage Program (SNAP)

Chairwoman Ganeriwala introduced Timothy Wilhide the new Cash Management and Investments (CMI) Director. She also introduced Howard Kaplan, who was recently hired as a credit analyst in the CMI division.

Margaret Layne reviewed the SNAP report for the month ending May 31, 2009. Nelson Bush from PFM had no news to report.

Investments

Ms. Layne reviewed the Investment Report for June 2009. Chairwoman Ganeriwala asked Ms. Layne to comment on the Western liquidation of the portfolio. The final liquidation during the month of May and consequent realized losses of the portfolio managed by Western Asset Management was discussed.

Other Business:

Chairwoman Ganeriwala asked if there was any further business to come before the Board. There being none, the Chairwoman asked for a motion to adjourn. Mr. Goodman moved the approval of the moved adjournment, Mr. Boyer seconded, and the motion carried unanimously.

Respectfully submitted,

Manju Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

DRAFT