

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

January 18, 2012

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
David K. Boyer
David Von Moll
William W. Harrison, Jr.
Shaza Andersen
Thomas N. Chewning

Members Absent: Craig Burns

Others Present:	Kristin Reiter	Department of the Treasury
	Tim Wilhide	Department of the Treasury
	Robert Young	Department of the Treasury
	Evie Whitley	Department of the Treasury
	Michael Tutor	Department of the Treasury
	Leslie English	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Joan Matanic	Department of the Treasury
	Donald Ferguson	Attorney General's Office
	Brian Moore	Optimal Service Group of Wells Fargo
	T.C. Wilson	Optimal Service Group of Wells Fargo
	Hope Broughman	Auditor of Public Accounts
	Scott Detar	Bank of America
	Nelson Bush	PFM Asset Management
	Jeffrey Rowe	PFM Asset Management
	Steve Johnson	Troutman Sanders, LLP
	Corey Williams	Capital One

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 December 21, 2011 meeting; there being none, Chairwoman Ganeriwala asked for a vote for approval, Mr. Boyer moved the approval of the Minutes, Mr. Harrison seconded, and the motion carried unanimously.

Public Comment

None

Agenda Items

Resolution of Treasury Board of the Commonwealth of Virginia Providing for Issuance of Commonwealth of Virginia General Obligation Refunding Bonds, Series 2012A.

Leslie English reviewed the package including the Preliminary Financing Summary. She explained the bonds would be used to refund certain maturities of its outstanding General Obligation Bonds, Series 2002, General Obligation Bonds, Series 2003A, General Obligation Bonds, Series 2004A and General Obligation Bonds, Series 2005A.

Ms. English indicated that there was an error on the Preliminary Financing Summary included in the Board package. She handed out a revised handout entitled, Preliminary Financing Summary (Attachment A).

Steve Johnson of Troutman Sanders LLP, Bond Counsel for this issue reviewed the Treasury Board Resolution.

Chairwoman Ganeriwala questioned the necessity of the ten-year redemption provisions in the resolution. Since the bonds would mature within a few years of the call date, she asked if issuing the bonds as non-callable would improve the savings. Further, she asked if the financial advisors could provide an analysis of the savings with and without the call option. Ms. Whitley noted that an analysis could be done. Mr. Johnson added there are provisions in the federal tax code that could make callable bonds more advantageous.

Mr. Chewning indicated that the question is whether to have a call at all. The premium for the right to call may cost more than it was worth.

Mr. Harrison elaborated that there is a safe-harbor in the IRS code that is tied to the call date. Without the call date, certain remedies under the IRS Code would not be available.

Chairwoman Ganeriwala asked if we could change provisions in the resolution and still pass the resolution while waiting on the analysis from the financial advisors. Mr. Johnson indicated that a change could be made, which was changing item 10, paragraph (f).

Chairwoman Ganeriwala asked if there were any further questions. There being none, she asked for a Motion to approve. Mr. Harrison moved that the Motion be adopted with a change to item 10, paragraph (f). Mr. Boyer seconded, and the Motion carried unanimously.

Mr. Chewning asked and Chairwomen Ganeriwala agreed to let the Board members know the outcome of the financial advisor's analysis.

Board Briefing

PFM/SNAP - SNAP 4th Quarter Portfolio Performance review.

Jeffrey Rowe 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 B).

Staff Reports:**Debt Management**

Evie Whitley reviewed the Debt Calendar as of January 9, 2012, the Master Lease Program report as of December 31, 2011, and the Energy Lease Program as of December 31, 2011.

Security for Public Deposits

Ms. Reiter reviewed the Security for Public Deposits report for the month ending November 30, 2011 and stated that one bank (EVB) was undercollateralized in November. She also indicated that there were no changes in the IDC Rankings Report during November. The IDC rankings will be updated in the reporting for next month's meeting. She reviewed the monthly compliance statistics reports for the month ending November 30, 2011.

Investments

Mr. Wilhide reviewed the Investment Report for December 2011. He also reviewed the Local Government Investment Pool reports as of December 31, 2011.

Mr. Wilhide distributed and reviewed two handouts entitled Extended Duration and Credit Portfolio (Attachment C) and Local Government Investment Pool newsletter dated December 31, 2011 (Attachment D). He indicated that one of the outside managers (Dodge & Cox) had returns that have been coming in below the benchmark set when their contract was signed. He is set to meet with representatives from the company in March.

In regards to the intermediate duration portfolios, Deutsche Asset Mgmt and Income Research Management had come in below the benchmark. Mr. Wilhide indicated few tax exempt managers appear to be meeting their benchmarks and more tolerance may be required.

Other Business:

None.

Chairwoman Ganeriwala stated the next meeting of the Board would be on February 15, 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 9:57 a.m.; Mr. Harrison seconded, and the motion carried unanimously.

Respectfully submitted,

Manju S. Ganeriwala, Chairwoman
Commonwealth of Virginia Treasury Board

Attachments "A through D"

Documents are available for review at

The Department of the Treasury