

TREASURY BOARD
COMMONWEALTH OF VIRGINIA

March 20, 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
Craig Burns
Douglas Densmore
Lou Mejia
David Von Moll

Members Absent: Neil Amin
James Carney

Others Present:

Don Ferguson	Office of the Attorney General
Kevin Larkin	Bank of America
Markita Heard	JP Morgan
Craig Kanton	JP Morgan
Mary DiMartino	JP Morgan
Fred Vosburgh	JP Morgan
Domenic Patalano	JP Morgan
John Valiplackal	JP Morgan
George Scruggs	Kutak Rock LLP
T.W. Bruno	McGuire Woods LLP
James Johnson	Optimal Service Group
Bryce Lee	Optimal Service Group
Karen Logan	Optimal Service Group
Nelson Bush	PFM Asset Management LLC
Adam Rosatelli	Senate Finance Committee
Laura Farmer	Department of Transportation
Misty Upson	Department of Transportation
Patrick Dixon	Wells Fargo
Janet Aylor	Department of the Treasury
Neil Boege	Department of the Treasury
Sherwanda Cawthorn	Department of the Treasury
Leslie English	Department of the Treasury
Tracey Edwards	Department of the Treasury
Kathy Green	Department of the Treasury
Jay Mahone	Department of the Treasury
Melissa Palmer	Department of the Treasury
Kristin Reiter	Department of the Treasury
Sandra Stanley	Department of the Treasury

David Swynford
Mike Tutor

Department of the Treasury
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 February 25 meeting minutes. Mr. Densmore moved for approval of the minutes. Mr. Mejia seconded and the motion carried unanimously.

Public Comment

None

Action Items

A Resolution Approving the Plan of Finance for the Issuance and Sale of Commonwealth Transportation Board Transportation Capital Projects Revenue Bonds Series 2019

Janet Aylor introduced Laura Farmer - Director of Financial Planning, and Misty Upson – Debt Manager, both of the Virginia Department of Transportation.

Ms. Aylor presented the Preliminary Financing Summary for the issuance of \$216 million of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2019. This is the ninth series of this program. The proceeds of the Bonds are being used to finance various transportation projects throughout the Commonwealth pursuant to the Bond Act and pay certain costs related to the issuance of the Series 2019 Bonds. The Bonds are scheduled for competitive bid on April 9, 2019 and have a delivery date of April 23, 2019. The estimated true interest cost as of March 19, 2019 is 3.386%. The Bonds are secured and payable from revenues deposited into the Priority Transportation Fund and from the revenues and receipts allocated by the Transportation Board and appropriated to it by the General Assembly.

Discussion ensued.

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

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

A Resolution Approving the Plan of Finance for the Issuance and Sale of Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2019A

Janet Aylor presented the Preliminary Financing Summary for the issuance of \$41.9 million of Transportation Revenue Refunding Bonds, Series 2019A (Northern Virginia Transportation District Program). Ms. Aylor informed the Board that the proceeds of the Bonds will go toward refunding a portion of the Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2009A-2 (Taxable – Build America Bonds) (Northern Virginia Transportation District Program) for debt service savings. Ms. Aylor stated the bonds are scheduled to be sold by competitive bid on April 16, 2019 and have a delivery date of May 16, 2019. The

Minutes corrected on November 20, 2019

estimated true interest cost as of March 19, 2019 is 2.63%. The estimated net present value savings of the refunding is \$4.0 million. The Treasury Board Resolution shall take effect immediately, and shall remain in effect for one year after adoption.

Discussion ensued.

George Scruggs, representing Kutak Rock LLP, reviewed the Resolution.

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

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

Jay Mahone introduced to the Board the resolution approving the plan of finance for the issuance and sale of School Educational Technology Notes, Series XIX, and the resolution approving the plan of finance for the issuance and sale of School Security Equipment Notes Series VII, For efficiency reasons, the two series of notes are combined into one note series sale as they have the same security and final maturity. However, each series is authorized under a separate note resolution.

Mr. Mahone presented the preliminary financing summary for the issuance of \$63 million of School Technology and Security Notes. Of the proceeds of the Notes, approximately \$57 million is being used primarily to make 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. The remainder of the proceeds, approximately \$6 million, will be used to help offset the costs associated with the purchase of appropriate security equipment. The Notes are scheduled for competitive sale on May 7, 2019 and are expected to be delivered on or about May 23, 2019. The projected true interest cost as of March 4, 2019 is 1.90%. 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.

Discussion ensued.

T.W. Bruno, representing McGuire Woods LLP, reviewed the Security Equipment Notes Resolution.

Mr. Mejia moved that the Security Equipment Resolution be adopted. Mr. Von Moll seconded, and the motion carried unanimously.

Mr. Mahone presented the Treasury Board's Educational Technology Resolution. He informed the Board that the enrolled budget changed slightly from the Governor's introduced budget. He distributed an amended Treasury Board Resolution that reflects this increase in the maximum amount that the 2018-2020 Appropriation Act directs the Authority to issue the Notes in fiscal year 2019. A single school district received funding that caused the increase.

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

Staff Reports

Debt Management

Ms. Aylor reviewed the Debt Calendar as of March 1, 2019 and the leasing reports as of February 28, 2019. She informed the Board that new leases in the amount of \$129,000 were provided in February for vehicles and equipment. She also informed the Board that \$18.6 million was used to date under the Master Lease Program leaving a line of credit balance of \$22.4 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 January 31, 2019. Ms. Reiter reported that no banks were under-collateralized for the month. Citizens Bank, a pooled bank headquartered in Elizabethton, Tennessee, withdrew from the Security for Public Deposits Act (SPDA) Program in January. The bank closed its only branch in Virginia in November 2018. The SPDA requires that a qualified public depository maintain at least one full-service branch bank in the state to participate in the SPDA Program. 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 IDC ratings were received in March.

State Non-Arbitrage Program

Nelson Bush, with PFM, reviewed the SNAP report as of February 28, 2019. The fund's assets were valued at \$3.9 billion. The monthly yield was 2.65%, maintaining January's yield of 2.65%. The weighted average maturity of the fund was 28 days.

Investments

Neil Boege reviewed the Investment reports for the month ended February 28, 2019. The General Account portfolio was valued at \$7.7 billion. The average yield on the Primary Liquidity portion of the General Account was 2.60%, up from January's average yield of 2.56%. The Extended Duration portion of the portfolio had a yield to maturity of 3.09%, up from January's yield to maturity of 3.08%. This resulted in the composite yield being 2.68% 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 valued at \$4.7 billion. The average yield on the portfolio was 2.61%, up from January's average yield of 2.60%. The average maturity was 43 days, down two days from the previous month. Mr. Boege then 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 2.46%, up from January's net asset value yield to maturity of 2.37%. The average duration was 0.77 years.

Other Business

Chairwoman Ganeriwala stated that the next Treasury Board meeting is scheduled for April 17, 2019. The meeting adjourned at 9:42 a.m.

Respectfully submitted,

Vernita Boone, Secretary
Commonwealth of Virginia Treasury Board