

TREASURY BOARD
COMMONWEALTH OF VIRGINIA
September 23, 2020
9:00 a.m.

Electronic Meeting

Members Present: Manju S. Ganeriwala, Chairwoman
Neil Amin
Craig Burns
James Carney
Douglas Densmore
Luis Mejia

Members Absent: David Von Moll

Others Present:	Don Ferguson	Office of the Attorney General
	Eric Ballou	Kaufman Canoles
	Megan Gilleland	Kaufman Canoles
	Markita Heard	JP Morgan
	T.W. Bruno	McGuire Woods
	Anne Curtis Saunders	McGuire Woods
	Bryce Lee	The Optimal Service Group
	Karen Logan	The Optimal Service Group
	Nelson Bush	PFM
	Dan Hess	PFM
	Christina Illirina	PRAG
	Janet Lee	PRAG
	Steve Peyser	PRAG
	Rachel Adams	Raymond James
	Sean Ekiert	Raymond James
	Patrick Mulloy	RSM
	Matthew Spiegle	RSM
	Patrick Dixon	Wells Fargo
	Melanie O'Dell	William and Mary
	Janet Aylor	Department of the Treasury
	Neil Boege	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Leslie English	Department of the Treasury
	Kathy Foote	Department of the Treasury
	Debora Greene	Department of the Treasury
	Bradley Jones	Department of the Treasury
	Laura Lingo	Department of the Treasury
	Richard Rhodemyre	Department of the Treasury
	David Swynford	Department of the Treasury

Call to Order and Approval of Minutes

Chairwoman Ganeriwala called the meeting to order at 9:01 AM and Vernita Boone, Board Secretary, took roll.

Chairwoman Ganeriwala asked if there were any changes or revisions to the August 19 meeting minutes. Mr. Densmore moved for approval of the minutes. Mr. Amin seconded and the motion carried unanimously.

Public Comment

None

Resolution of the Treasury Board of the Commonwealth of Virginia Providing for the Issuance of the Commonwealth of Virginia General Obligation Bonds, Series 2020A and Commonwealth of Virginia General Obligation Refunding Bonds, Series 2020B

Leslie English presented the Preliminary Financing Summary for the approximately \$239 million of Commonwealth of Virginia General Obligation Bonds and General Obligation Refunding Bonds consisting of (i) approximately \$118 million of General Obligation Bonds, Series 2020A and (ii) approximately \$121 million General Obligation Refunding Bonds, Series 2020B (Federally Taxable). It is expected that the proceeds of the 2020A Bonds will be used to (i) finance the costs of constructing and equipping revenue-producing capital projects at institutions of higher education of the Commonwealth and (ii) pay costs of issuing the 2020A Bonds. The proceeds of the 2020B Bonds will be used to (i) refund certain prior general obligations of the Commonwealth and (ii) pay costs of issuing the 2020B Bonds. The Bonds are scheduled for competitive sale on October 15, 2020. As of September 22, the estimated all-in true interest cost was 1.82% on the Series 2020A Bonds and 1.42% on the Series 2020B Bonds.

Chairwoman Ganeriwala introduced Steve Peyser President of PRAG, and Eric Ballou and Megan Gilleland, of Kaufman and Canoles, Bond Counsel.

Discussion ensued regarding the Preliminary Official Statement and which Bond series are Refunding Bonds. Janet Lee of PRAG provided clarification of the bonds being refunded.

Megan Gilleland, representing Kaufman and Canoles as Bond Counsel, reviewed the Resolution.

Discussion ensued regarding revising Section 27 of the Resolution to read as follows (revision in italics):

27. Effective Date: This Resolution shall not take effect until the consent of the Governor has been obtained, as required by law. *The authority to issue the Bonds pursuant to this Resolution shall be effective until June 30, 2021.*

Chairwoman Ganeriwala asked for a motion to approve the Resolution as revised. Mr. Densmore moved that the Resolution be adopted. Mr. Mejia seconded, and the motion carried unanimously. The votes were as follows:

Neil Amin	Yes
Craig Burns	Yes
James Carney	Yes
Douglas Densmore	Yes

Manju Ganeriwala	Yes
Louis Mejia	Yes

Resolution Consenting to the Refunding of 9(c) Commonwealth General Obligation Bonds for the Benefit of the College of William and Mary

Janet Aylor introduced Financial Advisor Sean Ekiert of Raymond James, Assistant Vice President for Operations and University Controller Melanie O’Dell of William and Mary, and Bond Counsel T.W. Bruno and Anne Curtis Saunders of McGuire Woods.

Sean Ekiert presented William and Mary’s request for consent of the Treasury Board to the refunding of all or a portion of the outstanding \$4.9 million Commonwealth of Virginia General Obligation Bonds, issued pursuant to Article X, Section 9(c) of The Constitution of Virginia for the benefit of the College of William and Mary in Virginia. The purpose of the request is to, (i) refund a portion of the outstanding principal amount of certain of the University’s outstanding debt, and (ii) pay other expenditures associated with the foregoing to the extent financeable, including, without limitation, costs of issuance. The refunding is being conducted primarily for debt restructuring purposes, rather than to achieve debt service savings.

Discussion ensued regarding the risk profile of escrow securities.

T.W. Bruno, representing McGuire Woods, reviewed the resolution.

Chairwoman Ganeriwala asked for a motion to approve the Resolution. Mr. Mejia moved that the motion be adopted. Mr. Densmore seconded and the motion carried unanimously. The votes were as follows:

Neil Amin	Yes
Craig Burns	Yes
James Carney	Yes
Douglas Densmore	Yes
Manju Ganeriwala	Yes
Louis Mejia	Yes

Board Briefing

PFM Asset Management LLC’s Presentation of the SNAP Fund Annual Report

Dan Hess, Managing Director of PFM Asset Management LLC, provided an overview of the PFM Asset Management SNAP Fund Annual Report and indicated it was a good year for the program. The audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial statements discussed in the Annual Report present, in all material aspects, the financial position of the Virginia State Non-Arbitrage Program – SNAP Fund Portfolio at June 30, 2020, and the changes in its net position for the year then ended, are in conformity with accounting principles generally accepted in the United States of America. Total assets at June 30, 2020 were \$4.9 billion, up an average of 9% from 2019.

SNAP Program Audit Report for FY 2019

RSM Partner Patrick Mulloy reviewed the SNAP Program Audit Report for FY 2019. Mr. Mulloy provided an overview of the plan and its scope. He discussed RSM’s responsibilities with regard to the financial statement

audit as well as observations arising from the audit that are significant and relevant to the Treasury Board's responsibility to oversee the financial reporting process. He also reviewed required communications. RSM Manager Matthew Spiegle reviewed RSM's summary of significant accounting estimates.

Staff Reports

Debt Management

Ms. Aylor reviewed the Debt Calendar as of September 1, 2020 and the leasing reports as of August 31, 2020. Ms. Aylor also informed the Board that \$29 million was used to date under the Master Lease Program leaving a line of credit balance of \$7.4 million. Approximately \$10.8 million was used to date under the Energy Lease Program leaving a line of credit balance of approximately \$29.2 million.

Next, Ms. Aylor gave an overview of the Governor's Higher Education Refinancing Plan that will save Virginia's public colleges and universities more than \$300 million over the next two years. The Commonwealth of Virginia will take advantage of low interest rates by refinancing bonds issued by the Treasury Board and the Virginia College Building Authority, the proceeds of which institutions of higher education use for capital projects. The Commonwealth is looking to restructure the next two principal payments on the 9D Virginia College Building Authority Bonds and the 9C General Obligation Bonds. This would give institutions of higher education debt service relief over the next two years as they cope with and adjust to the financial impacts of COVID-19.

Discussion ensued.

Security for Public Deposits

Laura Lingo reviewed the SPDA Report for the month ended July 31, 2020. Ms. Lingo reported that Grundy National Bank changed its charter type from a national charter to a Virginia state charter and changed its name to Legacy Bank. Ms. Lingo reported that no banks were under collateralized in July. Ms. Lingo noted that the IDC ratings were based on IDC's 1st Quarter 2020 report. CornerStone Bank, a pooled bank, is rated below average.

State Non-Arbitrage Program

Nelson Bush provided comments on the current market. Yields and interest rates are declining. We can expect significant new activity in the coming months relating to expansion of the Hampton Roads Bridge Tunnel project.

Mr. Bush then reviewed the SNAP report as of August 31, 2020. The fund's assets were valued at approximately \$5.0 billion. The monthly distribution yield was 0.31%, decreasing from July's yield of 0.37%. The weighted average maturity of the fund was 50 days.

Investments

Neil Boege reported that Treasury recently had its annual ratings review meeting with S&P. The meeting went well and we expect to maintain the highest ratings possible for the LGIP Program funds.

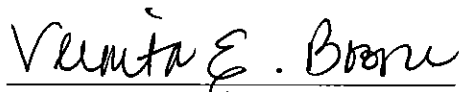
Mr. Boege reviewed the Investment reports for the month ended August 31, 2020. The general account composite yield to maturity was 0.57%, six basis points lower than in July.

Mr. Boege then reported on the LGIP portfolio, which was in compliance for all measures for the month of August and was valued at approximately \$7.7 billion. The average yield on the portfolio was 0.30%, a six basis point decline from the prior month, and the average maturity was stable at 50 days. Mr. Boege then reviewed the LGIP Extended Maturity portfolio. The net asset value yield to maturity was 0.95%, 22 basis points lower than July. The average maturity was 1.2 years.

Other Business

Chairwoman Ganeriwala stated that the next Treasury Board meeting is tentatively scheduled for October 28, 2020. The meeting adjourned at 10:28 AM.

Respectfully submitted,



Vernita Boone, Secretary
Commonwealth of Virginia Treasury Board