TREASURY BOARD
COMMONWEALTH OF VIRGINIA
May 25, 2017
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
Craig Burns
James Carney
Douglas Densmore
David Von Moll

Members Absent: Lou Mejia

Others Present:		
	Don Ferguson	Office of the Attorney General
	Helen Hanson	Auditor of Public Accounts
	John Crooks	Department of Planning & Budget
	Laura Farmer	Department of Transportation
	Thomas Sherman	Department of Transportation
	Scott Miller	Hanover County
	Kathleen Bowe	PFM Group
	T.W. Bruno	McGuireWoods
	April Kees	Senate Finance Committee
	Patrick Dixon	Wells Fargo
	Brian Moore	Wells Fargo Advisors
	T.C. Wilson	Wells Fargo Advisors
	Janet Aylor	Department of the Treasury
	Belinda Blanchard	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Neil Boege	Department of the Treasury
	Tracey Edwards	Department of the Treasury
	Leslie English	Department of the Treasury
	Kathy Green	Department of the Treasury
	Debora Greene	Department of the Treasury
	James Mahone	Department of the Treasury
	Judy Milliron	Department of the Treasury
	Harold Moore	Department of the Treasury
	John Ockerman	Department of the Treasury
	Kristin Reiter	Department of the Treasury
	Sandra Stanley	Department of the Treasury
	Bill Watt	Department of the Treasury
	Tim Wilhide	Department of the Treasury

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 Minutes of the April 19, 2017 meeting. There being none, Chairwoman Ganeriwala asked for a vote of approval of the minutes. Mr. Densmore moved for approval of the Minutes, Mr. Carney seconded, and the motion carried unanimously.

Public Comment

None

Action Items

Motion to Approve the Establishment of the Local Government Investment Pool Extended Maturity (LGIP EM) Portfolio, its Investment Policy and Guidelines, and the Amended LGIP Investment Policy and Guidelines.

Tim Wilhide reviewed the motion to establish the LGIP EM portfolio, the LGIP EM Investment Policy and guidelines and the amended LGIP investment policy and guidelines.

Mr. Wilhide informed the Board that a group of local treasurers informed the State Treasurer at a meeting in the spring of 2016 that they wanted to see Treasury offer a new investment portfolio. The portfolio would be structurally similar to the current LGIP portfolio, but have a longer weighted average maturity (approximately one year) and a higher expected yield. Since the meeting there has been a growing interest from Treasurers in the fund.

Mr. Wilhide informed the Board that Treasury's recommendation was to establish a second investment pool, effective July 2017, under Treasury's Local Government Investment Pool program. He also indicated that Treasury had received approval from the Governor's office.

Hanover County Treasurer Scott Miller addressed the Treasury Board to state his support as well as to communicate to the Board the desire of the many local Treasurers who had urged him to communicate their support for the establishment of an Extended Maturity Local Government Investment Portfolio to be managed by the Virginia Department of Treasury. He stated this portfolio would meet a need for a high quality longer maturity investment vehicle for treasurers to offer a higher yield on funds for which they did not need immediate liquidity. He said they asked that such a portfolio option be managed by Treasury because of Treasury's prior management of the LGIP fund and the trust they had in the Department.

Discussion ensued.

Chairwoman Ganeriwala asked for a motion to approve the Resolution. Mr. Densmore moved it in its entirety. Mr. Amin seconded, and the motion carried unanimously.

Resolution Approving the Plan of Finance for the Issuance and Sale of Virginia College Building Authority Bonds for the Acquisition of Equipment and Refunding of Previously Issued Bonds Under the 21st Century College and Equipment Programs

Janet Aylor presented the Preliminary Financing Summary for the issuance of $238.2 million of Virginia College Building Authority Educational Facilities Revenue Bonds and Educational Facilities Revenue Refunding Bonds. The proceeds of the Notes are being used to acquire approximately $85.47 million of equipment at public institutions of higher education and to refund a portion of certain outstanding Education Facilities Revenue Bonds. The Notes are scheduled for competitive sale on June 6, 2017. The estimated true interest cost as of May 24, 2017 is 1.77% in the aggregate, 1.54% for the Series 2017A and 1.95% for the Series 2017B. The total present value savings is estimated to be $13.1 million. The Notes are secured by funds appropriated for such purpose by the General Assembly.

George Scruggs, representing Kutak Rock, reviewed the Resolution.

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

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

Janet Aylor presented the Preliminary Financing Summary for the issuance of $569.9 million of Virginia College Building Authority Educational Facilities Revenue Bonds and Educational Facilities Federally Taxable Revenue Bonds. The proceeds of the Notes are being used to finance approximately $600 million of certain on-going capital projects at public institutions of higher education. The Notes are scheduled for competitive sale on July 19, 2017. The estimated true interest cost as of May 19, 2017 is 3.23% in the aggregate, 3.21% for the Series 2017C and 2.90% for the Series 2017D. The Notes are secured by funds appropriated for such purpose by the General Assembly.

George Scruggs, representing Kutak Rock, 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.

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

Janet Aylor presented the Preliminary Financing Summary for the issuance of $246.1 million of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017. The proceeds of the Notes are being used to finance various transportation projects throughout the Commonwealth pursuant to the Bond Act and the Appropriation Acts and pay certain costs related to the issuance of the Series 2017 Bonds. The Notes are scheduled for competitive sale

on June 28, 2017. The estimated true interest cost as of May 24, 2017 is 3.45%. The Notes are secured and payable from revenues deposited into the Priority Transportation Fund and from the revenues, receipts allocated by the Transportation Board and appropriated to it by the General Assembly.

T.W. Bruno, representing McGuireWoods, reviewed the Resolution.

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

Ms. Aylor then described the motion to procure a lone of credit for the Master Equipment Leasing Program. The Department of General Services will be coming in the fall with a large funding request for fleet vehicles and the current line of credit cannot be extended, therefore Treasury needs to procure a new line of credit for MELP. Chairwoman Ganeriwala requested that a motion be made. Mr. Densmore made the motion and Mr. VonMoll seconded. The motion carried unanimously.

Staff Reports

Debt Management

Janet Aylor reviewed the Debt Calendar as of May 1, 2017. She noted that May was a busy month for bond sales and that the Virginia College Building Authority has scheduled a sale of Educational Facilities Revenue Bonds on July 19.

Ms. Aylor also reviewed the leasing reports as of April 30, 2017. DGS procured a fleet of vehicles, the Department of Forestry procured John Deere Dozers, and the Department of Emergency Management purchased vehicles during the month leaving $21.4 million available through the line of credit in the Master Lease Program. There was no activity with the Energy Lease Program.

Security for Public Deposits

Kristin Reiter reviewed the Security for Public Deposits (SPDA) Report for the month ended March 31, 2017. Ms. Reiter reported that no banks were undercollateralized for the month. Ms. Reiter noted that the IDC ratings have not been updated from what was reported last month using IDC's 3rd quarter 2016 ratings.

Ms. Reiter then summarized quarterly statistical data for the Board. As of March 31, 2017, 101 public depositories held public deposits net of FDIC of $7.5 billion. Of the total, $5 billion (67%) of the deposits were held by 33 opt-out banks; $2.5 billion (33%) were held by 68 pooled depositories. The state's four largest public depositories held 55% of public deposits net of FDIC. Ms. Reiter also noted that 63% of public deposits net of FDIC were held by out-of-state banks. A discussion ensued regarding efforts to encourage the use of Virginia banks by public depositors.

Investments

Mr. Wilhide reviewed the SNAP report as of May 9, 2017. The fund's assets were valued at $3.2 billion, down $61 million from the month prior. The monthly yield was 1.09%, up eleven basis points from the month prior. The weighted average maturity of the fund was 46 days, down four from the month prior. There were $126 million in new bond issuances for the month.

Mr. Wilhide also reviewed the Investment reports for the month ended April 30, 2017. The General Account portfolio was $5.4 billion, down $100 million from the month prior. The average yield on the Primary Liquidity portion of the General Account was 1.04%, up five basis points from the month prior. Mr. Wilhide explained that the Extended Duration portion of the portfolio had a yield to maturity of 2.24 %. This resulted in the composite yield being 1.32% for the month.

Mr. Wilhide then reviewed the LGIP portfolio. The LGIP portfolio was in compliance for all measures for the month of March. The LGIP portfolio was down $200 million from the month prior and is valued at $3.0 billion. The average yield on the portfolio was 1.02%, up ten basis points from the month prior. The average maturity was 34 days, down six days from the previous month.

Other Business

Chairwoman Ganeriwala stated the June meeting of Treasury Board would be cancelled. She then adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Michael R. Tutor, Secretary
Commonwealth of Virginia Treasury Board