

**VIRGINIA COLLEGE BUILDING AUTHORITY
BOARD OF COMMISSIONERS MEETING**

June 22, 2015, 10:30 a.m.

Treasury Board Conference Room
James Monroe Building
101 North 14th Street, 3rd Floor
Richmond, Virginia

Members Present: Lane B. Ramsey, Chairman
John G. Dane, Vice-Chairman
Manju S. Ganeriwala
Dennis C. LaGanza
Charles Mann
McLain T. O’Ferrall, Jr.
Daniel S. Timberlake
David A. Von Moll

Members Absent: Peter A. Blake
Katharine M. Bond
Sylvia Le Torrente

Others Present:	Donald R. Ferguson, Esq.	Attorney General’s Office
	Charles Shimer	Kutak Rock LLP
	Ellen L. Valentine	Kutak Rock LLP
	William Nusbaum	Williams Mullen
	R. Hart Lee	Williams Mullen
	Michael Graff	McGuire Woods L.L.P.
	David Richardson	McGuire Woods L.L.P.
	Kevin White	Kaufmann & Canoles, P.C.
	Doretha J. Spells	Hampton University
	Denise Nichols	Hampton University
	Don Moon	Liberty University
	Richard Martin	Liberty University
	Al Diaz	Marymount University
	Ron Somervell	Marymount University
	Jimmy Sanderson	Davenport & Company
	Ty Wellford	Davenport & Company
	Rick Petillo	FirstSouthwest
	Rob Feigenson	Morgan Stanley
	T.J. Sheehy	Morgan Stanley
	Anne C.H. Conner	TowneBank
	Caitlin King	TowneBank
	Janet Aylor	Office of the Secretary of Finance
	Russell Carmichael	State Council of Higher Education

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Quentin Jeffries	Department of Planning & Budget
Michael D. Walsh	Department of the Treasury
Sandra Stanley	Department of the Treasury
Leslie English	Department of the Treasury

Call to Order

Mr. Ramsey called the meeting to order at 10:40 a.m. After welcoming visitors, he asked if there were any members of the public present that wished to express general comments to the Board. There were no public comments. Ms. Ganeriwala introduced Janet Aylor, the new Director of Debt Management at Treasury. Mr. Ramsey welcomed Ms. Aylor.

Mr. Ramsey then asked if there were any comments or questions to the minutes of the March 19, 2015 Virginia College Building Authority meeting. Hearing none, he requested a motion for approval of the minutes. Mr. Mann made the motion; Mr. LaGanza seconded the motion, and the motion was unanimously adopted by all members present and voting.

Consideration of the Hampton University Financing Application

Mr. Walsh reviewed the Preliminary Financing Summary for the proposed issuance of up to \$14,750,000 of Virginia College Building Authority Educational Facilities Refunding Revenue Bond (Hampton University), Series 2015. He noted there was a revision to the Registration Provisions of the Preliminary Financing Summary as TowneBank would serve as Registrar. Mr. Walsh then introduced representatives from Hampton University, Kaufmann & Canoles, Raymond James, and TowneBank. Ms. Doretha Spells, Vice President of Business Affairs and Treasurer at Hampton University provided a brief overview of Hampton University and the refunding.

Public Hearing

The public hearing was opened at 10:55 a.m. and closed at 10:56 a.m., after no members of the public asked to speak regarding the financing. The minutes of the public hearing are attached hereto as Attachment A.

Mr. Kevin White from Kaufmann & Canoles, bond counsel to the University, was asked to review the Resolution before for the Board. Mr. Ramsey asked for any questions from the Board. Ms. Ganeriwala asked for a further explanation of the security for the bond and more specifically, the negative pledge. Mr. Walsh confirmed the loan was an unsecured promissory note and that the University pledged to not encumber tuition revenues or any main campus property. Mr. Shimer further explained that a negative pledge is fairly common with a private loan and that TownBank is willing to take an unsecured loan so long as the University covenants to not pledge revenues or property to someone else. A discussion ensued.

Mr. Timberlake asked staff to explain the liability to the Authority and Mr. Walsh explained that the Authority was a conduit on the financing and that there was no financial, legal or moral obligation to either the Authority or the Commonwealth. Mr. LaGanza asked the University to comment on the enrollment decline over the last five year period and Ms. Spells indicated the decline was by design

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to bring down the student to teacher ratio. Mr. O’Ferrall asked for the name of the agency that rated Hampton University and Mr. Johnson confirmed that Standard & Poor’s rated the University A-, but also confirmed the University did not seek a rating for this financing because it was a private placement with a bank.

Mr. Ramsey then asked if there were any comments or questions from Board members. Hearing none, Mr. Ramsey requested a motion from Board members. Ms. Ganeriwala moved the approval of the Resolution (Attachment B) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Refunding Revenue Bond (Hampton University Project), Series 2015; Mr. VonMoll seconded the motion, and the motion was unanimously adopted.

Consideration of the Liberty University Financing Application

Mr. Walsh introduced representatives from Liberty University, Williams Mullen, McGuire Woods, Davenport & Company, and Morgan Stanley. Mr. Walsh then reviewed the Preliminary Financing Summary for the proposed issuance of up to \$150,000,000 of Virginia College Building Authority Tax-Exempt Commercial Paper Liberty University Issue. Mr. Walsh further explained that the University had significant cash reserves of over \$1 billion that consisted of \$255 million of cash and cash equivalents and \$863 million of longer term investments.

Mr. Ramsey asked if there were any questions regarding the Preliminary Financing Summary. Mr. O’Ferrall asked if the \$1 billion in cash was an endowment. Mr. Walsh confirmed it was not a traditional endowment and Mr. Moon explained it was considered a quasi endowment and consisted of retained earnings received by the University over the years. Mr. O’Ferrall asked if the University had any other outstanding debt and Mr. Wellford indicated that the University had \$214 million outstanding through bonds issued in 2010 and 2012.

Public Hearing

The public hearing was opened at 11:17 a.m. and closed at 11:18 a.m after no members of the public asked to speak regarding the financing. The minutes of the public hearing are attached hereto as Attachment C.

Mr. Don Moon, Chief Financial Officer and Vice President for Investments for Liberty University, provided an overview of the University, the plan of finance and the projects. Mr. O’Ferrall asked if this transaction functioned like a line of credit. Mr. Moon confirmed it was similar and the University would initially draw \$60 million with additional draws expected each quarter. Ms. Ganeriwala asked if the University would want to continue the Commercial Paper program at the maximum rate of 13%. Mr. Sheehy explained the terms cap rate and that the University would always have the option to pay off the debt. Mr. Ramsey asked if it was the University’s intention to convert the program to a more traditional fixed rate financing after construction was complete. Mr. Sheehy indicated that was an option, as well as simply paying off the debt, but was a decision the University would face. A discussion ensued.

Mr. Nusbaum from Williams Mullen, bond counsel to the University reviewed the Resolution before for the Board. Mr. Shimer from Kutak Rock, bond counsel to VCBA, informed the Board the University may in the future request the VCBA to hold additional public hearings covering

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additional facilities if such facilities are to be financed with the Commercial Paper, and may need to request additional issuances for federal tax purposes if new money is to be borrowed under the commercial paper program more than 18 months after the initial issuance under the program. However, in each such case the amount of Commercial Paper outstanding at any one time could not exceed the \$150,000,000 amount covered by the Resolution without coming back before the Board for approval of a resolution increasing such amount.

Mr. David Von Moll left the meeting at 11:30 a.m.

Mr. Ramsey then asked if there were any comments or questions from Board members. Hearing none, Mr. Ramsey requested a motion from Board members. Mr. Mann moved the approval of the Resolution (Attachment D) of the Virginia College Building Authority authorizing the issuance and sale of its Tax-Exempt Commercial Paper Liberty University Issue; Mr. Timberlake seconded the motion, and the motion was unanimously adopted.

Consideration of the Marymount University Financing Application

Mr. Walsh introduced representatives of the financing team from Marymount University, McGuire Woods, FirstSouthwest, and Morgan Stanley. Mr. Walsh then provided an overview of the Preliminary Financing Summary for the proposed issuance of \$65,765,000 of Virginia College Building Authority Educational Facilities Revenue Bonds (Marymount University Project), Series 2015B.

Mr. Al Diaz, Vice President of Finance and Treasurer at Marymount provided an overview of the University and an overview of the project. Mr. O’Ferrall asked what the University was rated. Mr. Diaz indicated that the University was rated Ba1 and BB+ from Moody’s and S&P, respectively, one notch below an investment grade rating. Mr. LaGanza asked if there were any environmental issues and Mr. Diaz confirmed that the University had received a Phase II Environmental Assessment which indicated no known issues. Further discussion ensued.

Mr. Mike Graff from McGuireWoods LLP, bond Counsel to the University, reviewed the Resolution before the Board.

Mr. Ramsey then asked if there were any comments or questions from Board members. Hearing none, Mr. Ramsey requested a motion from Board members. Ms. Ganeriwala moved the approval of the Resolution (Attachment E) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds, Series 2015B; Mr. Dane seconded the motion, and the motion was unanimously adopted.

Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2015D

Mr. Walsh reviewed the Preliminary Financing Summary for the proposed issuance of \$272,230,000 in Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2015D. Mr. Walsh indicated the proceeds will be used to finance \$244.9 million of certain on-going capital projects and approximately \$64.2 million of equipment.

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Mr. Shimer from Kutak Rock LLP, bond counsel to the Authority, reviewed the Resolution before the Board. He concluded by asking the Board for any questions pertaining to the Resolution. No questions were proposed.

Mr. McLain moved the approval of the Resolution (Attachment F) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2015D; Mr. Mann seconded, and the motion was unanimously adopted by all members present.

Other Business

Mr. Walsh reviewed the Final Financing Summaries for the Virginia College Building Authority Revenue and Revenue Refunding Bonds \$584,895,000 (21st Century College and Equipment Programs), Series 2015A, Series 2015B and Series 2015C , the Virginia College Building Authority \$32,040,000 Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015A and \$15,000,000 Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015B; the Virginia College Building Authority \$65,010,000 Educational Facilities Revenue and Refunding Bonds (Marymount University), Series 2015A.

Mr. Ramsey then asked if there were any comments or questions from Board members. Hearing none Mr. Ramsey requested a motion from Board members for dismissal. Mr. Mann made motion for dismissal of the meeting; Ms. Ganeriwala seconded the motion, and the motion was unanimously adopted.

Having no other business to be brought before the Board, the meeting was adjourned.

Adjournment

Respectfully submitted,
Michael D. Walsh
Assistant Secretary

/s/ Michael D. Walsh

Exhibits may be obtained by contacting the Department of the Treasury at (804) 225-2142.