

COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)
Board of Commissioners Meeting
Spring Board Meeting – March 29, 2012, 2:00 p.m.
Treasury Board Conference Room, Third Floor
James Monroe Building
101 North 14th Street, Richmond Virginia

Members Present: Brenda L. Skidmore, Chairman
Manju S. Ganeriwala
Ben Loyola
Kanchana Thamodaran
David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

Members Absent: Woodrow Mullins, Jr., Vice Chairman

Others Attending:	Matt Hughey	Sidley Austin LLP
	Jay Conrad	BB&T Capital Markets
	Don Ferguson	Office of the Attorney General
	Melissa Palmer	Department of the Treasury
	Rick Davis	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Tracy Clemons	Department of the Treasury
	Janet Aylor	Department of the Treasury
	Leslie English	Department of the Treasury
	Debra Greene	Department of the Treasury

Call to Order and Public Comment

Ms. Skidmore called the meeting to order at 2:10 P.M. She stated the first order of business was to provide an opportunity for any public comment. There was no public comment.

Approval of Minutes

Ms. Skidmore asked for a motion for approval of the minutes of the March 5, 2012 Board meeting. Ms. Ganeriwala moved to adopt the minutes of the March 5, 2012 meeting as presented; Mr. Dickey seconded, and the motion carried unanimously.

Election of Officers for Fiscal Year 2013

Ms. Skidmore asked for nominations for the position of Vice Chairman of the Authority, Ms. Thamodaran moved the nomination and election of Mr. Loyola as Vice Chairman of the Virginia Public School Authority; Mr. Von Moll seconded, and the motion carried unanimously.

Mr. Loyola arrived at 2:12 P.M.

Mr. Dickey moved the nomination and election of the following officers to the Virginia Public School Authority for the fiscal year 2013: the State Treasurer of Virginia as Secretary and Treasurer; the Treasury Public Finance Manager (#TRS027) as Assistant Secretary and Assistant Treasurer #1; and, the Director of Debt Management as Assistant Secretary and Assistant Treasurer #2; Mr. Von Moll seconded, and the motion carried unanimously.

Basis Point Fee Assessment for the General Pooled Bond Policy through the Biennium Ending June 30, 2014

Mr. Davis stated that the General Pooled Bond Policy assesses a basis point fee charge, not to exceed 10 basis points (0.10%). Mr. Davis stated that, in order to enable localities to properly plan their yearly financing needs, the Board has established the fee on a biennium basis so there would be certainty regarding fees charged to participate in the pool financings. Mr. Davis stated that staff had reviewed the current 5 basis point (0.05%) fee charged to localities to participate in pool bond financings and determined that maintaining the current 5 basis point (0.05%) surcharge, through the biennium ending June 30, 2014, would allow the program to continue to generate sufficient income for administrative and cost of issuance expenses.

Mr. Conrad from BB&T Capital Markets, the Authority's Financial Advisor, suggested a midpoint review of the basis point fee assessment in case the Authority does not have enough pool participation going forward to sustain sufficient income.

Mr. Ferguson suggested an amendment to the motion to provide the Board the opportunity to review the basis point fee charge during the biennium ending June 30, 2014 should conditions warrant.

Ms. Skidmore asked for an amended motion for the basis point fee assessment for the General Pooled Bond Policy (Attachment A). Ms. Thamodaran moved that the Board maintain a 5 basis point (0.05%) fee assessment for the General Pooled Bond Policy of the Authority through the biennium ending June 30, 2014, subject to any periodic adjustment as market conditions warrant; Ms. Ganeriwala seconded, and the motion as amended carried unanimously.

Consideration of the Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2012 Spring Bonds

Ms. Palmer reviewed the Preliminary Financing Summary and presented the Participant List for the proposed issuance of the approximately \$74,025,000 School Financing Bonds (1997

Resolution), Series 2012 B. She stated the bonds are expected to be sold competitively on April 26, 2012.

Mr. Von Moll moved that the Authority approve the list of applications for the participants in the VPSA 2012 Spring Bonds sale as presented by staff and the submission of all items necessary to complete their respective VPSA pooled bond applications; Mr. Dickey seconded and the motion carried unanimously.

Mr. Hughey from Sidley Austin LLP, VPSA's Bond Counsel for the transaction, presented Series Resolution No. 12-02 authorizing the issuance of the VPSA Spring Bonds for Board consideration.

Ms. Ganeriwala moved the adoption of Series Resolution No. 12-02; Ms. Thamodaran seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman
Manju S. Ganeriwala
Kanchana Thamodaran
Ben Loyola
David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

Issuance of VPSA School Educational Technology Notes Series XII

Mr. Davis reviewed the Preliminary Financing Summary for the School Educational Technology Notes Series XII in the projected amount of \$57,168,000. He stated that the anticipated sale date was May 8, 2012.

Mr. Hughey provided an overview of Resolution No. 12-03, an Educational Technology Note Resolution authorizing the issuance of the Series XII Notes. Mr. Davis explained the budget bill provides for an increase in the authorization to \$58,078,000. The Resolution provides flexibility to increase to the larger amount if enacted. Ms. Ganeriwala moved the adoption of Resolution No. 12-03; Mr. Dickey seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman
Manju S. Ganeriwala
Kanchana Thamodaran
Ben Loyola
David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

Consideration of the Issuance of VPSA Special Obligation School Financing Bonds, Prince William County Series 2012

Mr. Davis reviewed the Preliminary Financing Summary for the \$79,600,000 Special Obligation School Financing Bonds Prince William County Series 2012. He explained that under the stand-alone structure, the County would pay all costs of issuance, making the transaction cost neutral for the Authority.

Mr. Hughey from Sidley Austin LLP, Prince William County's Bond Counsel, reviewed the Bond Resolution 12-04 authorizing the \$79,600,000 Special Obligation School Financing Bonds Prince William County Series 2012. Mr. Dickey moved the adoption of Resolution 12-04; Mr. Von Moll seconded and the motion carried unanimously as shown below:

YEAS: Brenda Skidmore, Chairman
Manju S. Ganeriwala
Kanchana Thamodaran
Ben Loyola
David A. Von Moll
Kent C. Dickey, designee for Patricia Wright

NAYS: None

Other Business

Results of Sale and Final Financing Summary

Series 2011 B School Financing Bonds – Ms. Palmer reviewed the final financing summary for the \$85,730,000 School Financing Bonds (1997 Resolution) Series 2011 B. She stated the bonds sold competitively on October 26, 2011 at a true interest cost of 3.366011%.

Series 2011-2 QSCB Financing – Mr. Davis reviewed the Final Financing Summary for the \$128,960,000 School Tax Credit Bonds (Direct Payment) Series 2011-2. He stated the bonds sold competitively on November 30, 2011 at a true interest cost of 0.013512%.

2011 Stand-Alone Bond Sale – Montgomery County – Mr. Davis reviewed the amended Final Financing Summary for the \$86,115,000 Special Obligation School Financing Bonds Montgomery County Series 2011 (Attachment B). He stated the true interest cost for the issuance was 3.631467%.

Refunding Series 2012 A School Financing Bonds – Mr. Davis reviewed the final financing summary for the \$282,230,000 School Financing Bonds (1997 Resolution) Series 2012 A. He stated the bonds sold by negotiated sale on February 22, 2012 and the true interest cost was 2.285143%. Mr. Davis referred the Board to the listing of savings to be distributed to each non-subsidized borrower that had participated in the bond sales refunded by the 2012 A Bonds. He explained that when any series of pooled bonds are refunded, the savings, by statute, are distributed back to the underlying locality unless the original participant had received an interest

rate subsidy in which case the savings would be provided to the Literary Fund which was the source of funds for the subsidy. He stated that Refunding Series 2012 A resulted in \$21,955,304.23 in present value savings. Mr. Davis stated that \$17.5 million will be distributed to the twenty five localities that were the participants in the outstanding issues that were refunded and the Literary Fund will benefit by \$4.4 million of the savings attributable to local participants that had received an interest rate subsidy from the Literary Fund in their original bond issue.

Consider Renewal and Extension for Bond Counsel Services

Ms. Skidmore stated the Board's approval was being requested to exercise the second one year option for Bond Counsel services with Sidley Austin LLP as primary vendor and with McGuire Woods LLP as secondary vendor. Ms. Ganeriwala moved to direct staff to extend the contracts for up to one year; Ms. Thamodaran seconded and the motion carried unanimously.

Consider Renewal and Extension for Financial Advisory Services

Ms. Skidmore stated the Board's approval was being requested to exercise the second one year option for Financial Advisory services with BB&T Capital Markets as primary vendor and with Public Financial Management, Inc. as secondary vendor. Ms. Ganeriwala moved to direct staff to extend the contracts for up to one year; Mr. Dickey seconded and the motion carried unanimously.

Adjournment

There being no further business to be brought before the Board, Mr. Von Moll moved that the meeting be adjourned; Ms. Ganeriwala seconded and the motion carried unanimously at 3:44 P.M.

Respectfully submitted,

Richard A. Davis
Assistant Secretary

ATTACHMENT A

Virginia Public School Authority
Spring Board Meeting – March 29, 2012

I move to ~~adopt~~maintain the five basis point fee assessment for the General Pooled Bond Policy of the Authority through the biennium ending June 30, 2014, ~~as presented at this meeting~~subject to any periodic adjustment as market conditions warrant.

Motion: _____ Second: _____

ATTACHMENT B

FINAL FINANCING SUMMARY

Virginia Public School Authority
\$86,115,000
Special Obligation School Financing Bonds Montgomery County Series 2011
March 29, 2012

Title: \$86,115,000 Special Obligation School Financing Bonds Montgomery County Series 2011 (the “Bonds”).

Issuer: Virginia Public School Authority (the “Authority”).

Constitutional Reference: Article X, Section 9(d).

Legislative Reference: Chapter 11 Title 22.1 of the *Code of Virginia*, as amended.

Purpose: The proceeds of the Bonds will be used to purchase \$86,115,000 general obligation school bonds issued by Montgomery County, Virginia (the “County”), to pay the cost of various capital school improvement projects for the County and to pay the issuance cost of the bonds.

Security: The Bonds will be secured by (i) principal and interest payments on the general obligation school bonds held by the Authority and pledged to the payment of the Bonds and (ii) the State Aid Intercept Provision. The Bonds do not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia.

Method of Sale: Competitive, using electronic bidding via Parity.

Sale Date: November 16, 2011

Dated Date: December 6, 2011

Delivery Date: December 6, 2011

Bond Structure: Serial bonds maturing annually in years 2013 through 2032, paying current semiannual interest and annual principal.

Payment Dates: *Principal:* Annually on January 15, beginning January 15, 2013; with a final maturity of January 15, 2032.

Interest: Semi-annually on January 15 and July 15; beginning July 15, 2012.

FINAL FINANCING SUMMARY

Virginia Public School Authority \$86,115,000

Special Obligation School Financing Bonds Montgomery County Series 2011 March 29, 2012

Optional Redemption

Provision: The Bonds due after January 15, 2021 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date not earlier than January 15, 2021, at a redemption price of par, together with interest accrued to the date fixed for redemption.

Denomination: \$5,000 or multiples thereof.

Registration

Provisions: Book-entry only bonds.

True Interest Cost: 3.631467%

Ratings: Standard & Poor's Rating Service: AA
Moody's Investors Service: Aa2

Underwriter: J.P. Morgan Securities LLC

Bond Counsel: Sidley Austin LLP, New York, New York.

Financial Advisor: BB&T Capital Markets, Richmond, Virginia, as financial advisor for the Authority.
Davenport & Company LLC., Richmond, Virginia, as financial advisor for the County.

Registrar/

Paying Agent: State Treasurer

Costs Of

Issuance: \$357,356,433,045 excluding underwriters' discount.
(the County will reimburse cost of issuance)