

DRAFT

COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)
Board of Commissioners Meeting
Spring Board Meeting – April 2, 2014, 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
Ben Loyola, Vice Chairman
Douglas Combs
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

Members Absent: Kanchana Thamodaran

Others Attending:	Arthur Anderson	McGuire Woods LLP
	Lisa Williams	McGuire Woods LLP
	James Traudt	Davenport & Company LLC
	Ty Wellford	Davenport & Company LLC
	Caroline Heggie	Davenport & Company LLC
	Kevin Rotty	PFM
	Don Ferguson	Office of the Attorney General
	Melissa Palmer	Department of the Treasury
	Evelyn Whitley	Department of the Treasury
	Janet Aylor	Department of the Treasury

Call to Order and Public Comment

Ms. Skidmore called the meeting to order at 2:03 P.M. She stated the first order of business was to provide an opportunity for any public comment. There was no public comment.

Ms. Skidmore asked staff to make contact with the Secretary of the Commonwealth about the need to fill the Board of Commissioners vacancy.

Approval of Minutes

Ms. Skidmore asked for a motion for approval of the minutes of the October 29, 2013 Board meeting. Ms. Ganeriwala moved to adopt the minutes of the October 29, 2013 meeting as presented; Mr. Loyola seconded, Mr. Combs abstained, and the motion carried.

Introduction of New Board Member Mr. Douglas Combs

Ms. Skidmore introduced Mr. Douglas Combs as the new Board of Commissioners member.

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Consideration of the Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2014 Spring Bonds

Ms. Palmer reviewed the amended Preliminary Financing Summary and presented the amended Participant List for the proposed issuance of approximately \$53,635,000 School Financing Bonds (1997 Resolution) Series 2014 A (Attachment A). She stated the bonds are expected to be sold competitively on April 24, 2014 and the anticipated delivery date is on or about May 15, 2014.

Mr. Dickey moved approval of the list of applications for the participants in the VPSA 2014 Spring Bonds sale as presented by staff and the submission of all items necessary to complete their respective VPSA pooled bond applications; Mr. Von Moll seconded and the motion carried unanimously.

Ms. Williams from McGuire Woods LLP, VPSA's Bond Counsel for the transaction, stated that VPSA will be making two changes to the structure of local school bonds to be issued by the localities participating in each VPSA tax-exempt pool commencing with the 2014 spring pool and going forward: (1) VPSA will no longer require that the local school bond be issued as a tax-exempt bond for federal income tax purposes and (2) the dated date of the local school bonds for participating localities will be 15 days prior to the issuance of the VPSA bonds and will begin to accrue interest from such date. Participating localities will continue to be required to complete a tax questionnaire and execute and deliver a Use of Proceeds Certificate and Tax Compliance Agreement in order to insure that the use of the proceeds of the local school bonds and the use of the property financed with such proceeds will not affect the excludability from gross income for federal income tax purposes of the interest on VPSA's related bonds. In addition, each participating locality will be required to provide an opinion of bond counsel to the effect that the current and expected use of the proceeds of local school bond and the property financed with such proceeds will not result in the local school bond being considered a private activity bond. Participating localities will no longer be required to complete an 8038-G when participating in VPSA's tax-exempt pooled program. The change in the dated date will allow VPSA to realize a proper matching of the interest accrual on the local school bonds with the interest accrual on the associated VPSA bonds.

Ms. Williams presented Series Resolution No. 14-01 authorizing the issuance of the VPSA Spring Bonds for Board consideration. Amended pages to the Resolution were distributed that revised the proceeds requested/principal amounts of the 2014 Spring Local School Bonds being purchased (Attachment B).

Mr. Von Moll moved the adoption of Series Resolution No. 14-01 as amended; Mr. Dickey seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman
 Ben Loyola, Vice Chairman
 Douglas Combs
 Manju S. Ganeriwala

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David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

Evelyn Whitley stated that the Resolution allows for refunding any portion of the bonds issued by the Authority and outstanding under the 1997 Bond Resolution to achieve the aggregate present value debt service savings equal to at least 3.00% of the par amount of the callable Refunded Bonds.

Ty Wellford from Davenport & Company LLC, VPSA's Financial Advisor for the transaction, stated that VPSA Series 2006 A and 2006 B Bonds have several maturities that are producing significant savings, and would likely be included in the sale.

Issuance of VPSA School Educational Technology Notes Series XIV

Ms. Aylor stated that the School Educational Technology Notes program, conducted annually as directed by the Appropriation Act, will provide grants to Virginia localities to establish a computer-based instructional and testing system for the Standards of Learning and to develop the capability for high speed internet connectivity. She stated that the total fiscal year 2014 School Educational Technology Notes Series XIV authorization in the 2014 Amendments to the 2013 Appropriation Act, Chapter 1, 2014 Special Session 1 Acts of Assembly is \$64,316,100. Ms. Aylor stated the Appropriation Act also directs the Authority to issue Notes to provide funds for the purpose of making grants to Virginia localities to help offset the related costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in Virginia. She stated that the total authorized School Security Equipment Notes is \$6,000,000 in fiscal year 2014. Ms. Aylor reviewed the Preliminary Financing Summary for the School Technology and Security Notes Series II in the combined projected amount of \$70,316,000. She stated that the anticipated sale date is May 6, 2014 and the anticipated delivery date is on or about May 22, 2014. Ms. Aylor stated that PFM will be acting as VPSA's Financial Advisor for this transaction.

Ms. Williams provided an overview of Resolution No. 14-02, an Educational Technology Note Resolution authorizing the issuance of the Series XIV Notes. Amended pages to the Resolution were distributed that lowered the true interest cost rate not to exceed 2.25% per annum to the Authority (Attachment C). Ms. Ganeriwala moved the adoption of Resolution No. 14-02 as amended; Mr. Combs seconded, and the motion carried unanimously as shown below:

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

NAYS: None

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Issuance of VPSA School Security Equipment Notes Series II

Ms. Williams provided an overview of Resolution No. 14-03, a Security Equipment Note Resolution authorizing the issuance of the Series II Notes. Amended pages to the Resolution were distributed that lowered the true interest cost rate not to exceed 2.25% per annum to the Authority (Attachment D). Ms. Ganeriwala moved the adoption of Resolution No. 14-03 as amended; Mr. Combs seconded, and the motion carried unanimously as shown below:

YEAS: Brenda L. Skidmore, Chairman
Ben Loyola, Vice Chairman
Douglas Combs
Manju S. Ganeriwala
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 2014

Ms. Whitley reviewed the Preliminary Financing Summary for the \$89,230,000 Special Obligation School Financing Bonds Prince William County Series 2014. She explained that under the stand-alone structure, the County would pay all costs of issuance, making the transaction cost neutral for the Authority.

Ms. Williams reviewed the Bond Resolution 14-04 authorizing not to exceed \$89,230,000 Special Obligation School Financing Bonds Prince William County Series 2014.

Mr. Combs asked what protections were in place to assure the financial advisor and bond counsel maintained their independence. Ms. Williams stated that PFM and Sidley Austin LLP will represent Prince William County; whereas, Davenport & Company LLC and McGuire Woods LLP will represent VPSA as financial advisor and bond counsel, respectively.

Mr. Combs moved the adoption of Resolution 14-04; Mr. Loyola seconded and the motion carried unanimously as shown below:

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

NAYS: None

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Other Business

Election of Officers for Fiscal Year 2015

Ms. Skidmore asked for nominations for the position of Vice Chairman of the Authority, Ms. Ganeriwala 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. Combs moved the nomination and election of the following officers to the Virginia Public School Authority for the fiscal year 2015: the State Treasurer of Virginia as Secretary and Treasurer; the Treasury Assistant Director of Debt Management (#TRS171) as Assistant Secretary and Assistant Treasurer #1; and, the Director of Debt Management as Assistant Secretary and Assistant Treasurer #2; Mr. Dickey seconded, and the motion carried unanimously.

Maintain Current Basis Point Fee Assessment for the General Pooled Bond Policy through the Biennium ending June 30, 2016

Ms. Whitley 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, 2016, subject to any periodic adjustment, would allow the program to continue to generate sufficient income for administrative and cost of issuance expenses.

Ms. Ganeriwala 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, 2016, subject to any periodic adjustment as market conditions warrant; Mr. Combs seconded, and the motion as amended carried unanimously.

Reimbursement to the Department of Treasury

Ms. Whitley stated the Board's approval was being requested to provide the annual reimbursement to the Department of the Treasury for expenses incurred to provide staff to the Authority. Mr. Von Moll moved to approve a transfer in the amount of up to \$86,024 to reimburse the budget of the Department of Treasury for administrative costs associated with personnel required to assist in meeting the needs of the Authority; Mr. Dickey seconded, and the motion carried unanimously.

Results of Sale and Final Financing Summary

Series 2013 B School Financing Bonds – Ms. Palmer reviewed the Final Financing Summary for the \$45,075,000 School Financing Bonds (1997 Resolution) Series 2013 B. She stated the bonds sold competitively on November 5, 2013 at a true interest cost of 3.500106% and the delivery date was on November 21, 2013.

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Adjournment

There being no further business to be brought before the Board, Mr. Combs moved that the meeting be adjourned; Mr. Dickey seconded and the motion carried unanimously at 2:50 P.M.

Respectfully submitted,

Janet A. Aylor
Assistant Secretary

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Attachments A through D are available at the Department of the Treasury