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COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)
Board of Commissioners Meeting
Fall Board Meeting – September 8, 2011, 2:00 p.m.
Treasury Board Conference Room, Third Floor
James Monroe Building
101 North 14th Street, Richmond Virginia

Members Present: Woodrow Mullins, Jr., Vice Chairman
Kanchana Thamodaran
Ben Loyola
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

Members Absent: Brenda L. Skidmore, Chairman

Others Attending:	Matt Hughey	Sidley Austin LLP
	Arthur Anderson	McGuireWoods LLP
	Jay Conrad	BB&T Capital Markets
	Matt Palumbo	BB&T Capital Markets
	Courtney Rogers	Davenport & Company LLC
	Don Ferguson	Office of the Attorney General
	Evie Whitley	Department of the Treasury
	Richard Davis	Department of the Treasury
	Melissa Palmer	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury
	Tracy Clemons	Department of the Treasury
	Janet Aylor	Department of the Treasury

Call to Order and Public Comment

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

Approval of Minutes

Mr. Mullins asked for a motion for approval of the minutes of the March 26, 2011 Board meeting. Mr. Von Moll moved to adopt the minutes of the March 26, 2011 meeting as presented; Ms. Ganeriwala seconded, and the motion carried unanimously.

Information Item

Mr. Hughey from Sidley Austin LLP, VPSA's Bond Counsel, reviewed the allegations contained in the complaint filed September 6, 2011 in the Circuit Court of Fluvanna County by the Board of Supervisors of Fluvanna County against Davenport & Company LLC. Mr. Hughey stated that

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the allegations involved the investment advisory services of Davenport & Company LLC delivered in connection with the issuance of \$67,525,000 Special Obligation School Financing Bonds Fluvanna County Series 2008. He stated that the initial complaint did not include VPSA or other parties involved in the bond transaction as named parties.

Consideration of the Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2011 Fall Bonds

Ms. Palmer reviewed the Preliminary Financing Summary and presented the Participant List for the proposed issuance of not to exceed \$201,525,000 School Financing Bonds (1997 Resolution), Series 2011 B. Mr. Von Moll asked why Montgomery County was listed as a participant in the 2011 Fall pool bond issue and requesting to issue a separate stand alone bond issuance. Mr. Davis stated that Montgomery County had specifically asked to be considered for both the pool and a standalone, with its final decision to be made prior to the sale of the VPSA's pool bonds. He stated that Montgomery County's requested structuring requirements were unique and that Resolution No.11-05 provides that Montgomery County will constitute a 2011 Fall Local Issuer only if VPSA does not issue bonds for the benefit of Montgomery County pursuant to Resolution 11-07, the Montgomery County standalone resolution

Ms. Ganeriwala moved that the Authority approve the list of applications for the participants in the VPSA 2011 Fall Bonds sale as presented by staff contingent upon the submission of all items necessary to complete their respective VPSA pooled bond applications; Ms. Thamodaran seconded and the motion carried unanimously.

Mr. Hughey from Sidley Austin LLP, VPSA's Bond Counsel for the transaction, presented Series Resolution No. 11-05 authorizing the issuance of the VPSA Fall Bonds for Board consideration. He referred the Board to Exhibit A of the Resolution No.11-05 and stated that to the extent that Montgomery County elects to issue as a stand alone their authorization to deliver local school bonds to be purchased by VPSA pool bonds issued pursuant to Resolution 11-05 will be rescinded.

Ms. Ganeriwala moved the adoption of Series Resolution No. 11-05; Mr. Von Moll seconded, and the motion carried unanimously as shown below:

YEAS: Woodrow Mullins, Jr., Vice Chairman
Kanchana Thamodaran
Ben Loyola
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Dr. Patricia Wright

NAYS: None

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Consideration of the Issuance of VPSA School Tax Credit Bonds (Direct Payment) Series 2011-2

Mr. Davis reviewed the Preliminary Financing Summary and presented the Participant List for the School Tax Credit Bonds Series 2011-2 in the projected amount of \$175,000,000. He stated that the School Tax Credit Bonds Series 2011-2 can be structured to include \$146,600,000 of Qualified School Construction Bonds (QSCBs) as well as up to \$28,400,000 Qualified Zone Academy Bonds (QZABs). Arthur Anderson from McGuireWoods LLP, Bond Counsel for the transaction, explained that the Virginia Secretary of Education has allocated portions of Virginia's QZAB allocation to finance the cost of qualified projects. Mr. Anderson stated that QZAB localities can not use proceeds for new construction and there must be a matching private contribution that is ten percent of proceeds borrowed on a present value basis.

Ms. Ganeriwala moved that the Authority approve the participant list for the School Tax Credit Bonds as presented by staff; Mr. Loyola seconded and the motion carried unanimously.

Arthur Anderson reviewed Resolution No. 11-06, as amended (Attachment A), authorizing the issuance of the School Tax Credit Bonds (Direct Payment) Series 2011-2. Ms. Ganeriwala moved to adopt the Resolution No. 11-06 as presented, Mr. Von Moll seconded and the motion carried unanimously as shown below:

YEAS: Woodrow Mullins, Jr., Vice Chairman
Kanchana Thamodaran
Ben Loyola
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Patricia Wright

NAYS: None

Consideration of the Issuance of VPSA Special Obligation School Financing Bonds, Montgomery County Series 2011

Mr. Davis reviewed the Preliminary Financing Summary for the \$100,000,000 Special Obligation School Financing Bonds Montgomery County Series 2011. He explained that the County has requested that the repayment of principal and interest be structured to work with the projected tax rate, in lieu of a standard level debt service or level principal repayment structure (Attachment B). Mr. Conrad stated that it is worth considering the issuance of Montgomery County bonds as a standalone due to the size of the bond issue and the structuring parameters requested by Montgomery County, which could negatively affect the VPSA Fall pool participants.

Ms. Thamodaran moved the adoption of Resolution 11-07 as amended (Attachment C); Mr. Dickey seconded and the motion carried unanimously as shown below:

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YEAS: Woodrow Mullins, Jr., Vice Chairman
Kanchana Thamodaran
Ben Loyola
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Patricia Wright

NAYS: None

Other Business

Results of Sale and Final Financing Summary

Series 2011 A School Financing Bonds – Ms. Palmer reviewed the Final Financing Summary for the \$26,375,000 School Financing Bonds (1997 Resolution) Series 2011 A. She stated the bonds sold by competitive sale on April 20, 2011 and the true interest cost was 3.724155%.

Educational Technology Notes Series XI – Ms. Palmer reviewed the Final Financing Summary for the \$51,925,000 School Educational Technology Notes Series XI. She stated the bonds sold competitively on May 25, 2011 at a true interest cost of 0.979421%.

Series 2011-1 QSCB Financing – Mr. Davis reviewed the Final Financing Summary for the \$67,400,000 School Tax Credit Bonds (Qualified School Construction Bonds) Series 2011-1. He stated the bonds sold competitively on June 16, 2011. He noted that there was no effective interest rate as the interest will be reimbursed by the Federal government under the American Recovery and Reinvestment Act of 2009.

2011 Stand-Alone Bond Sale – Prince William County – Mr. Davis reviewed the Final Financing Summary for the \$46,445,000 Special Obligation School Financing Bonds Prince William County Series 2011. He stated the true interest cost for the issuance was 3.147030%.

Consider Renewal and Extension for Bond Counsel Services

Mr. Davis stated the Board's approval was being requested to exercise the first 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

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

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Adjournment

There being no further business to be brought before the Board, Mr. Von Moll moved that the meeting be adjourned; Mr. Dickey seconded and the motion carried unanimously at 2:41 P.M.

Respectfully submitted,

Richard A. Davis
Assistant Secretary

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