

# FINAL

## VIRGINIA COLLEGE BUILDING AUTHORITY BOARD OF COMMISSIONERS MEETING

April 11, 2018, 10:30 a.m.

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

Members Present: Lane B. Ramsey, Chairman  
John G. Dane, Vice-Chairman  
McLain T. O’Ferrall, Jr.  
Dennis C. LaGanza  
Charles Mann  
Charles Evans Poston, Jr.  
Peter A. Blake  
Manju S. Ganeriwala  
David A. VonMoll

Members Absent: Daniel S. Timberlake

Others Present:	Donald R. Ferguson, Esq.	Attorney General’s Office
	George Scruggs, Jr., Esq.	Kutak Rock LLP
	Janet A. Aylor	Department of the Treasury
	Leslie M. English	Department of the Treasury
	Debora Greene	Department of the Treasury
	James D. Mahone	Department of the Treasury
	David Swynford	Department of the Treasury

### Call to Order

Mr. Ramsey called the meeting to order at 10:36 a.m. After welcoming visitors, he asked if there were any members of the public present that wished to express comments to the Board. There were no public comments.

Mr. Ramsey asked if there were any comments or questions about the minutes of the December 4, 2017 Virginia College Building Authority meeting. Hearing none, he requested a motion for approval of the minutes. Mr. Mann made the motion; Mr. Poston seconded the motion, and the motion was unanimously adopted by all members present and voting.

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### **Consideration of the Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2018A**

Ms. English reviewed the Preliminary Financing Summary for the proposed issuance of \$323,700,000 of Virginia College Building Authority Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2018A composed of \$75.8 million for equipment and Series 2018B composed of approximately \$247.8 million for the capital projects, which will be issued at a subsequent date.

Ms. English stated the Series 2018A bonds are schedule to price competitively on May 16 and close on June 6. She informed the board that staff has been monitoring the proceeds of the 2017 bond issuance and that approximately \$300 million in bond proceeds remain so the Series 2018B bonds for the capital projects will be issued at a subsequent date. Additionally, she explained to the Board that we are seeking approval for the Series 2018B bonds at today's meeting in case the 2017 bond funds are depleted quickly. If that happens we will be able to move forward with the bond sale without having to call another Board meeting. Ms. English indicated that the estimated True Interest Cost (TIC) for the 2018A Bonds, the 7 year equipment bonds, is 2.27% and 3.3751% for the 2018B 20 year Bonds. Ms. English completed her review of the Preliminary Financing Summary and asked if there were any questions.

Mr. Mann asked a question regarding the Cost of Issuance fee for Fitch. Ms. English responded the fee is based on the Par amount of the bond issuance. Ms. Aylor informed Mr. Mann that she was not sure if we have engaged in negotiations with the rating agencies but in the past have been successful sometimes with negotiating fees down.

Mr. O'Ferrall asked why the bonds are not AAA. Ms. Aylor responded the bonds are appropriation bonds. They receive appropriations every two years from the General Assembly. They are not backed by the full faith and credit of the Commonwealth.

Mr. Ramsey asked if the higher rate on the 2018B bonds was due to the longer term. Ms. English responded yes.

Ms. Ganeriwala asked about the rates the Financial Advisors used for the 2018B bonds. Both Ms. English and Ms. Aylor stated the rates provided are the current rates. A discussion ensued.

Ms. English reviewed the Preliminary Official Statement and Supplemental Indenture.

Mr. Scruggs from Kutak Rock, bond counsel to the Authority, then reviewed the Resolution. Following this review, Mr. Ramsey then asked if there were any other questions or comments.

Ms. Aylor pointed out page 6 item #10 Effective Date. Mr. Scruggs stated that if for some reason we could not do one or both transactions within a year under this Resolution, we would have to come back to the Board for authorization.

Ms. Ganeriwala had additional questions/concerns regarding the rate parameter in the Resolution. A discussion ensued.

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Ms. Aylor reviewed item #3, Authorization of Issuance and Sale of the Resolution in response to Mr. Blake's questions concerning the parameters under which the Treasurer would follow. A discussion ensued.

Mr. Ramsey asked if there were any other questions or comments. Hearing none, he asked if any member wanted to make a motion to approve the resolution authorizing the issuance of the bonds.

Mr. Dane moved approval of the motion of the Virginia College Building Authority authorizing the issuance of and sale of its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2018. Mr. Blake seconded, and the motion was unanimously adopted by all members present and voting.

### **Other Business and Adjournment**

Ms. Greene reviewed the final financing summary for the Virginia College Building Authority Educational Facilities Revenue Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2017E. She informed the Board that the bonds priced on December 12, 2017 and closed on December 21, 2017. The bonds were sold on a negotiated basis. The Book-Running Senior Manager was Citigroup. The True Interest Cost is 2.5173%, total savings: \$38,136,266, PV savings: \$31,484,285 and Ratio of PV saving to refunded Par: 5.2889%. Ms. Aylor informed the Board that we were hoping to get \$25/\$26 million and ended up with \$31 million in PV savings.

Mr. O'Ferrall asked why we negotiated the bond deal. Ms. Aylor responded because of the short timeframe, the need for flexibility and moving parts that needed to be negotiated.

Mr. Ramsey then asked if there were any additional comments or question from Board members. Hearing none. Mr. Ramsey requested a motion from Board members for dismissal. Mr. Mann made a motion for dismissal of the meeting. Mr. O'Ferrall seconded the motion, and the motion was unanimously adopted.

Having no other business to be brought before the Board, the meeting was adjourned at 11.15 a.m.

Adjournment

Respectfully submitted,  
Leslie M. English  
Assistant Secretary

/s/ Leslie M. English

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