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VIRGINIA COLLEGE BUILDING AUTHORITY BOARD OF COMMISSIONERS MEETING

November 3, 2022, 10:00 a.m.

Treasury Board Conference Room

James Monroe Building

101 North 14th Street, 3rd Floor

Richmond, Virginia

Members Present: Gary Ometer, Chairman
Barry Green
Michael Maul
Randy McCabe
Christine McIntyre
David Richardson
Craig Robinson
Jerrell Saunders
Martin A. Thomas, Jr.

Members Absent: Peter Blake
William Clarke, Jr.

Others Present:	Leslie English	Department of the Treasury
	Bradley Jones	Department of the Treasury
	Richard Rhodemyre	Department of the Treasury
	David Swynford	Department of the Treasury
	George Scruggs	Kutak Rock, LLP
	T.W. Bruno	McGuireWoods
	Caroline Perrin	McGuireWoods
	Donald Ferguson	Office of the Attorney General
	Grace Covello	State Council of Higher Education
	David Hale	University of Richmond

Others Participating by Phone:	Janet Lee	Public Resources Advisory Group
	Christine Ilarina	Public Resources Advisory Group

Call to Order

Chairman Ometer called the meeting the order at 10:02 a.m.

Chairman Ometer shared that it is a privilege to him to serve as Board Chair. He thanked the prior members whose terms have ended, Lane Ramsey, Tiffany Boyle, Jonathan Howe, Corryne Arnett and Stephanie Calliott. He sent a special thanks to Manju Ganeriwala and David Von Moll for their many years of state service.

Chairman Ometer then welcomed new Board members, along with himself, Will Clarke, Christine McIntyre and Craig Robinson.

Next, Chairman Ometer asked the Board members to briefly introduce themselves.

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Public Comments

Chairman Ometer asked for any public comments. No public comments were made.

Approval of Minutes of the March 29, 2022 Meeting

Chairman Ometer asked if there were any comments or questions about the minutes of the March 29, 2022 VCBA meeting. Barry Green noted that while he was present at the March 29 Board meeting, he was not listed in the roll call of the minutes. Chairman Ometer requested a motion for approval of the revised minutes reflecting Mr. Green's presence in the roll call. Martin Thomas made the motion; Mr. Green seconded the motion, and the motion was unanimously adopted by all members present.

Election of Officers

Nomination and Election of Vice Chair

Chairman Ometer solicited nominations for a VCBA Board Vice Chair. Ms. McIntyre nominated Mr. Clarke to serve as Vice Chair. Ms. McIntyre made a motion to elect Mr. Clarke as Vice Chair; David Richardson seconded the motion, and the motion was unanimously adopted by all members present.

Nomination and Election of Treasurer

Chairman Ometer then noted that the VCBA also needs to elect a Treasurer. Chairman Ometer nominated State Treasurer David Richardson to serve as the VCBA Treasurer. Chairman Ometer made a motion to elect Mr. Richardson as Treasurer; Michael Maul seconded the motion, and the motion was unanimously adopted by all members present.

Consideration of University of Richmond Supplement to Limited Offering Memorandum for Replacement of Liquidity Facility and Remarketing of Series 2006 VCBA Bonds

Richard Rhodemyre thanked the new members for serving on the Board. He then provided a brief overview of the three different VCBA issuance programs: Pooled Bond Program, 21st Century College & Equipment Programs, and a Conduit Issuance Program for Private Colleges and Universities.

Mr. Rhodemyre then introduced T.W. Bruno and Caroline Perrin (McGuire Woods) and David Hale (Executive Vice President and Chief Operating Officer, University of Richmond).

Mr. Rhodemyre shared that this matter is a remarketing of the Variable Rate Educational Facilities Revenue Bonds (University of Richmond Project), Series 2006 issuance. It requires the VCBA Board's approval to authorize the Supplement to the University of Richmond's Limited Offering Memorandum. The VCBA is a conduit issuer for the Bonds. This is neither a debt of the Commonwealth nor the VCBA. These Bonds were previously remarketed in 2009 with Wells Fargo as the liquidity provider. They are currently being remarketed as such that US Bank will be the liquidity provider.

Discussion ensued regarding the purpose of a joint remarketing agent.

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Discussion ensued regarding the “Recent University Developments” section of the Remarketing Supplement.

Mr. Bruno reviewed the VCBA Resolution.

Discussion ensued regarding the plan to continue the variable rate in a daily mode after remarketing.

Mr. Hale thanked the Board members for their attention to this matter and explained that this remarketing simply replaces Wells Fargo with US Bank.

Chairman Ometer asked for a motion to approve the Resolution authorizing the University of Richmond’s Supplement of its Limited Offering Memorandum in connection with the replacement of a Liquidity Facility provider and the remarketing of its Series 2006 bonds previously issued through the Virginia College Building Authority’s Private School Financing Program. Ms. McIntyre made the motion; Jerrell Saunders seconded the motion, and the motion was unanimously adopted by all members present.

Consideration of the Issuance of VCBA Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2023A

Mr. Rhodemyre reviewed the Preliminary Financing Summary for the Board. Mr. Rhodemyre noted that the pertinent materials were located behind Tab 4 of the Board package. He noted that this issuance is a part of the Pooled Bond Program where the Bonds are secured by the general revenues of the participating institutions via promissory note issued by the participating institutions. Mr. Rhodemyre noted that this would represent the thirty-seventh issuance of bonds under this program and the proceeds would be used to finance seven various authorized capital projects at three public institutions of higher education, including The College of William & Mary, Virginia Polytechnic Institute and State University, and Virginia State University. Mr. Rhodemyre noted that the preliminary financing schedule called for a competitive sale of the bonds on January 18, 2023 with a closing the week of February 8, 2023. The Resolution does allow the ability to pivot to a negotiated sale in the event market conditions change or it is determined to be the best course of action. Mr. Rhodemyre noted that the bonds would have a term of up to 30 years. Mr. Rhodemyre noted that principal payments would begin on September 1, 2023 and continue annually through September 1, 2052, with semi-annual interest payments due on March 1 and September 1. Mr. Rhodemyre noted that the bonds are expected to receive the typical ratings of AA+/Aa1/AA+ from Fitch, Moody’s, and S&P’s, respectively. Mr. Rhodemyre stated that as of the most recent preliminary numbers run, the TIC was estimated at 4.33%, with a maximum TIC parameter of 5.75%. Mr. Rhodemyre noted that Kutak Rock serves as Bond Counsel and that PRAG serves as the Financial Advisor. Mr. Rhodemyre noted that estimated Costs of Issuance were approximately \$403,445. Mr. Rhodemyre then noted that the projects to be financed could be found at the end of the Preliminary Financing Summary and noted that the Resolution limits the maximum par amount for the issuance to \$148 million.

Chairman Ometer asked for an example of market conditions that would lead to a negotiated sale. Mr. Rhodemyre responded that COVID-19 is one such example as well as the volatile market conditions that we are currently experiencing. Discussion ensued.

Mr. Green inquired about institutions withdrawing from the financing. Mr. Rhodemyre responded that there is a final day that institutions may withdraw without paying their estimated Costs of Issuance before withdrawing, which is new language that the participating institutions have agreed

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to. Updated debt service schedules will be provided to the institutions throughout the process so that they may make informed decisions. Discussion ensued.

Mr. Robinson asked if there is a select pool of underwriters that is typically used for negotiated sales. Mr. Rhodemyre confirmed that a pool of underwriters is available.

Brad Jones shared that Virginia Polytechnic Institute and State University is expecting to receive \$11 million in donations. They are asking for one of their projects to be amortized in two tranches so as to pull out the \$11 million of debt service over an 11-year term so that debt service would coincide with to the timing of their donations. Mr. Rhodemyre noted that Virginia Polytechnic Institute and State University did the same thing in 2011, so this was not unprecedented.

Discussion ensued regarding if/how unforeseen huge rate increases would affect the issuance.

Discussion ensued about the possibility of moving from 5.75% to 6.00%. Janet Lee discussed PRAG's consideration of the TIC. It is believed that the 5.75% should provide a sufficient cushion. The institutions will be kept abreast of the market and how it affects this issuance.

Discussion ensued regarding varying project costs.

Mr. Rhodemyre explained the State-Aid Intercept Process to the new members at the request to Chairman Ometer.

George Scruggs reviewed the nature of the bonds to be issued and reviewed the VCBA Resolution. Mr. Scruggs noted that the parameters contained in the Resolution limit the maximum par amount of the bonds to \$148 million, the TIC to 5.75%, and the final maturity to September 1, 2052. Mr. Scruggs also noted that the bonds would need to be approved by the Treasury Board and the Governor prior to issuance and he noted that the Resolution gives final approval of the terms to the Treasury Board. Mr. Scruggs asked if there were any questions.

Discussion ensued regarding the approval process of the issuance, to include the Governor's approval.

Chairman Ometer asked if there was a motion to adopt the Resolution as presented. Mr. Maul made the motion; Mr. Robinson seconded the motion, and the motion was unanimously adopted by all members present.

Other Business

Final Financing Summary – VCBA Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2022AB

Mr. Rhodemyre reviewed the Final Financing Summary for the \$584,175,000 VCBA Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2022A and \$48,070,000 Educational Facilities Federally Taxable Revenue Bonds (21st Century College and Equipment Programs) Series 2022B. Mr. Rhodemyre noted that the bond issue priced on a negotiated basis on May 12, 2022 and closed on June 1, 2022. He then reviewed the bond structure, redemption provisions and bond ratings. Mr. Rhodemyre informed the Board that BofA Securities, Inc. is the Book-Running Senior Manager of the Series 2022A (Tax-Exempt) Bonds and Raymond James & Associates, Inc. is the Book-Running Senior Manager of the Series, 2022B (Federally Taxable) Bonds. Mr. Rhodemyre noted that the maximum All-in True Interest Cost was 4.00%

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for the 2022A bonds and 4.50% for the 2022B Bonds. Mr. Rhodemyre also noted that the final estimated Costs of Issuance were \$371,556, excluding the underwriters' discount.

Mr. Robinson asked why the method of sale was negotiated, to which Mr. Jones shared that due to the volatility of the market, it was determined that a negotiated sale was best.

Mr. Saunders inquired into how the amount of funding is determined. Mr. Maul explained in detail how the General Assembly arrives at the amount of funding. Mr. Maul also explained the State Council of Higher Education's important role in the process.

Discussion ensued regarding Treasury Loans and caps on issuances.

Discussion ensued regarding the difference in taxable and tax-exempt debt and the stipulations regarding each. It was shared that due diligence calls are held to address this prior to issuing the bonds.

Discussion ensued regarding post-issuance compliance and the restrictions on private business use for projects funded with tax-exempt bonds and the role of Treasury in monitoring compliance. It was noted that training materials are available on the Treasury's website for the institutions to utilize.

Discussion ensued about naming rights and tax-exempt requirements.

Adjournment

Having no other business to be brought before the Board, the meeting adjourned at 11:13 a.m.

Respectfully submitted,

Richard Rhodemyre, IV
Assistant Secretary

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