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VIRGINIA COLLEGE BUILDING AUTHORITY BOARD OF COMMISSIONERS MEETING

March 29, 2022, 10:30 a.m.

Treasury Board Conference Room

James Monroe Building

101 North 14th Street, 3rd Floor

Richmond, Virginia

Members Present: Corynne Arnett
Peter Blake
Manju S. Ganeriwala
Barry Green
Martin A. Thomas, Jr.
David Von Moll

Members Absent: Lane B. Ramsey, Chairman
Tiffany Boyle
Jonathan Howe
Jerrell Saunders

Members Participating
by Phone: Stephanie Calliott, Vice Chairwoman

Others Present:	Donald R. Ferguson, Esq.	Attorney General's Office
	George Scruggs, Jr., Esq.	Kutak Rock LLP
	Vernita Boone	Department of the Treasury
	Leslie English	Department of the Treasury
	Bradley Jones	Department of the Treasury
	Richard Rhodemyre	Department of the Treasury
	David Swynford	Department of the Treasury

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

Call to Order

Manju Ganeriwala called the meeting the order at 10:33 a.m. She informed the Board members that Chairman Lane Ramsey had a scheduling conflict and could not attend the meeting. Vice Chairwoman Stephanie Calliott who participated by phone conducted the Board meeting in Chairman Ramsey's absence. Vice Chairwoman Calliott expressed that, due to a personal emergency, she was participating in the meeting electronically pursuant to the recent Virginia College Building Authority (VCBA) policy which governs electronic participation that the Board approved on November 8, 2021.

Vice Chairwoman Calliott welcomed meeting guests and new Board member, Barry Green. Vice Chairwoman Calliott invited Mr. Green to introduce himself to the Board, to which he obliged. Ms. Ganeriwala shared that she had the honor of working with Mr. Green for several years at the Department of Planning and Budget.

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Next, Leslie English introduced Vernita Boone. Debora Greene, who previously served as Senior Public Finance Analyst with the Division of Debt Management, recently retired. Ms. Boone was recently selected as the Division's Public Finance Analyst for the VCBA. Ms. English invited Ms. Boone to share some background information about herself to the Board to which Ms. Boone obliged. Ms. Ganeriwala shared that for the past four years, Vernita has diligently served as her Special Assistant. Ms. Boone will continue to serve as Special Assistant to the State Treasurer, and will transition to her new role as the VCBA Public Finance Analyst full-time in the near future.

Roll Call

Leslie English conducted a roll call of the Board Members to establish a quorum.

Lane Ramsey	Absent
Corynne Arnett	Present
Peter Blake	Present
Tiffany Boyle	Absent
Stephanie Calliott	Present
Manju Ganeriwala	Present
Barry Green	Present
Jonathan Howe	Absent
Jerrell Saunders	Absent
Martin Thomas, Jr.	Present
David Von Moll	Present

Public Comments

Vice Chairwoman Calliott asked for any public comments. No public comments were made.

Approval of Minutes of the November 8, 2021 Meeting

Vice Chairwoman Calliott asked if there were any comments or questions about the minutes of the November 8, 2021 VCBA meeting. Mr. Green identified that the minutes reflect that Richard Rhodemyre participated in the November meeting, but was not listed in the record of attendees. Mr. Green further identified that the first paragraph of page three of the minutes references "Preliminary Office Statement" and it should be "Preliminary Official Statement". Lastly, Mr. Green inquired about Exhibit B that was reflected in paragraph one on page three of the minutes. Discussion ensued.

Consideration of the Issuance of VCBA Educational Facilities Revenue and Federally Taxable Revenue Bonds (21st Century College and Equipment Programs), Series 2022AB

Ms. English reviewed the Preliminary Financing Summary and related documents for the proposed issuance of \$592,435,000 of VCBA Educational Facilities Revenue and Federally Taxable Revenue Bonds (21st Century College and Equipment Programs), Series 2022AB comprised of \$544,270,000 tax-exempt new money bonds and \$48,165,000 Federally Taxable new money bonds. The proceeds of the 2022A Bonds are being used to (i) finance certain capital projects and acquire equipment for public institutions of higher education in the Commonwealth, and (ii) pay the cost of issuing the bonds. The proceeds of the 2022B Bonds are being used to (i) finance a capital project at George Mason University that has components of research and will include commercial retail space, which will result in private business use; therefore, it was determined to issue taxable bonds for the project, and (ii) pay the cost of issuing the bonds. Ms. English informed the Board that the bonds would be secured by funds appropriated by the General Assembly. The bonds are scheduled to be priced on a negotiated basis on April 27, 2022 with a delivery date of

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May 11, 2022. Ms. English then reviewed the bond structure. The Series 2022A Bonds will be serial bonds maturing annually in the years 2023 through 2042. The Series 2022B Bonds will be serial bonds maturing annually in the years 2023 through 2032. Interest will be paid semiannually on February 1 and August 1, beginning August 1, 2022. Principal will be paid annually on February 1, beginning February 1, 2023. She stated the estimated True Interest Cost (TIC) for the aggregate of the two series as of March 22, 2022 is 3.0329%. The series 2022A tax-exempt new money bonds TIC is estimated at 3.0254% and Series 2022B federally taxable new money bonds TIC is estimated at 3.2106%. The maximum All-in TIC incorporated in the VCBA Resolution is 4.00% for the Series 2022A Bonds and 4.50% for the Series 2022B Bonds. The anticipated ratings are Moody's Investors Services, Inc. Aa1 and Standard & Poor's and Fitch Ratings, Inc., AA+. Ms. English informed the Board that the underwriters would be selected from the Commonwealth's preapproved pool of underwriters and pursuant to a supplemental information request. The Costs of Issuance are estimated at \$361,556, excluding underwriters' discount. Ms. Ganeriwala asked Ms. English and/or Mr. Jones to explain why the bonds are being issued and provide an overview of the authorization process for capital projects for higher educational institutions. Mr. Jones responded that the projects have been authorized through various pools over the years and the funds are received and distributed on a cash flow basis. A discussion ensued. Ms. Arnett asked a question regarding how are funds allocated to the Universities. Mr. Jones responded that the Commonwealth has the Six Year Capital Outlay Plan under which projects are reviewed and then the projects receive approval to go through a detailed planning process. Once that process is completed, the funds will be allocated to the project. Mr. Scruggs responded that the projects are approved by the General Assembly and without General Assembly approval, the VCBA would not be able to issue bonds for those projects. Mr. Green asked if the bond issue included all authorized projects or only projects requiring funds to pay expenditures. Ms. English responded that the bonds would be issued for only existing authorized projects that require funding to pay expenditures over the next twelve-month period. She explained that the Authority works with the Department of Planning and Budget and the higher educational institutions as to how much cash is needed for the projects that have begun construction for the next twelve to eighteen months and the bond issue is sized based on those estimates. Mr. Green asked if there is a requirement for the useful life of the equipment financed with the Equipment Program Bonds. Mr. Scruggs responded that there is not a requirement in the Code that specifies the equipment to have a certain useful life. A discussion ensued.

Ms. Arnett asked a question regarding the volatility of the markets. In addition, she asked what was the TIC for the VCBA Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2021A bond issue in comparison to current interest rates. Ms. Janet Lee, Public Resources Advisory Group (PRAG), briefed the board on current market conditions. Ms. Lee informed the Board that market volatility is due to hawkish Fed inflation concerns, the Russia-Ukraine conflict and lingering effects from the COVID-19 Pandemic. As a result, tax-exempt rates continue to rise and have increased from 12 basis points to 25 basis points (bps) with higher increases on the short end as the yield curve flattens. The market continues to have volatility with mutual fund outflows continuing for the sixth straight week with about \$1.5 billion in outflows during this period. Year-to-date mutual fund outflows have been \$12.9 billion. PRAG continues to see wider credit spreads and PRAG has seen tax-exempt rates rise almost every day, except two days in the month of March. Municipal Market Data (MMD) rates have increased 100 bps to 150 bps since the beginning of the year and in the month of March, MMD rates have increased 60 bps to 75 bps. There is concern about what the Federal Reserve will do at their upcoming meeting and there has been recent talks that the Federal Reserve rate hike will increase more steeply. A discussion ensued. Mr. Jones informed the Board that the TIC for the VCBA Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series

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2021A bond issue was 1.77%.

Mr. Scruggs, VCBA Bond Counsel, then reviewed the Resolution before the Board.

Mr. Green asked for clarification between the 21st Century College and Equipment Programs and the Public Higher Education Financing Program (VCBA Pooled Bond Program). Ms. Ganeriwala responded that the 21st Century College and Equipment Program is a general fund appropriation program. She then stated that projects that do not fall under the general fund appropriations would be financed through the VCBA Pooled Revenue Bond Program where institutions pay debt service from revenues generated by the project. Ms. Arnett asked a question regarding the refunding bonds and what bonds would be included in the refunding. Mr. Scruggs responded that the refunding bonds would refund bonds that are currently outstanding to achieve better interest rates for debt service savings. A discussion ensued. Mr. Blake asked if the refunding requires Treasury Board approval as well as General Assembly approval. Mr. Jones responded that the refunding requires VCBA and Treasury Board approval and the Governor is required to approve the bond issuance. Mr. Scruggs responded that with refunding bonds, the Authority is refinancing bonds that have already been approved by the General Assembly. Mr. Green asked for clarification regarding the interest and principal language on page 10 of the Preliminary Official Statement. Mr. Scruggs responded that the bonds are serial bonds and principal will be due on the specified principal payment date. Mr. Blake asked that if the bond issuance requires Treasury Board and the Governor's approval before issuance, would there be an issue with receiving approval prior to the scheduled April 27 bond sale date. Ms. English responded that the Governor's approval is technically required prior to the closing but the Authority will seek approval prior to the bond sale.

Vice Chairwoman Calliott asked if there were any other questions or comments. Hearing none, she asked if any member wanted to make a motion to adopt the resolution. Mr. Von Moll moved approval of the VCBA Resolution Authorizing the Educational Facilities and Federally Taxable Revenue Bonds (21st Century College and Equipment Programs), Series 2022AB. Mr. Green seconded, and the motion was carried.

Other Business

Final Financing Summary – VCBA Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2022A

Vice Chairwoman Calliott asked Mr. Rhodemyre to review the VCBA Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2022A Final Financing Summary for the Board. Mr. Rhodemyre noted that the issuance is part of the VCBA Pooled Bond Program where the bonds are secured by payments made under promissory notes of the participating institutions pursuant to loan agreements between the institutions and the Authority. Mr. Rhodemyre noted that this would represent the thirty-sixth series of bonds under the program and the proceeds would be used to (i) finance the costs of various authorized capital projects at The College of William & Mary and Old Dominion University, and (ii) pay the costs of issuance. Mr. Rhodemyre noted that Virginia Polytechnic Institute and State University pulled out of the Pooled Bond issue late in the process which resulted in the decreased par amount of bonds. Mr. Rhodemyre noted that the bond issue priced competitively on February 2, 2022 and closed on February 23, 2022. He then reviewed the bond structure, redemption provisions and bond ratings followed by the Summary of Bids. He informed the Board that Hilltop Securities submitted the winning bid with a TIC of 2.232630. The maximum aggregate All-In True Interest Cost is 3.50%. The Costs of Issuance are \$188,360, excluding underwriters' discount.

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Vice Chairwoman Calliott asked if there were any questions.

In addition to herself, Vice Chairwoman Calliott expressed that the terms of Chairman Ramsey, Ms. Boyle, and Ms. Arnett expire on June 30, 2022. She expressed her thanks to these Board members for their service to the Authority and the Commonwealth.

Secondly, Vice Chairwoman Calliott shared that Manju Ganeriwala will not be seeking reappointment as State Treasurer and thus will be retiring this summer. Vice Chairwoman Calliott thanked Ms. Ganeriwala for her service to the Authority and the Commonwealth. Ms. Ganeriwala thanked the Authority for the opportunity to serve in this capacity.

Adjournment

Having no other business to be brought before the Board, Vice Chairwoman Calliott asked for a motion to adjourn the meeting. Ms. Arnett moved to adjourn the meeting, Mr. Von Moll seconded and the motion carried. The meeting was adjourned at 11:16 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.