

# DRAFT

## VIRGINIA COLLEGE BUILDING AUTHORITY BOARD OF COMMISSIONERS MEETING

October 2, 2019, 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

Corynne Arnett

Stephanie Calliott

Peter A. Blake

Manju S. Ganeriwala

David A. Von Moll

Members Absent: John G. Dane, Vice-Chairman

Charles Mann

Shaheed Mahomed

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
	James D. Mahone	Department of the Treasury
	Leslie English	Department of the Treasury
	Debora Greene	Department of the Treasury
	David Swynford	Department of the Treasury
	Steven J. Kantor	Hilltop Securities, Inc.
	Kayla J. MacEwen	Hilltop Securities, Inc.
	Felix Sam	SCHEV
	Richard Rhodemyre	Virginia Resources Authority

### Call to Order

Mr. Ramsey called the meeting to order at 10:35 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.

Ms. Aylor introduced Mr. Richard Rhodemyre, to the Board. Mr. Rhodemyre will be the new manager for the VCBA Public Higher Education Financing Program.

Mr. Ramsey asked if there were any comments or questions about the minutes of the August 6, 2019 Virginia College Building Authority meeting. Hearing none, he requested a motion for approval of the minutes. Ms. Calliott made the motion; Mr. Von Moll seconded 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 (Public Higher Education Financing Program) Series 2019A**

Mr. Mahone reviewed the Preliminary Financing Summary for the proposed issuance of \$35,065,000 Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2019A.

Mr. Mahone indicated that as of September 24, 2019, the estimated True Interest Cost (TIC) was 2.3791% and maximum True Interest Cost in the VCBA resolution is 3.25%. Mr. Mahone asked if there were any questions about the preliminary financing summary.

Mr. Blake asked if we could describe the VCBA Administration Fee and how it gets accessed.

Ms. Aylor explained that there is a provision in the Appropriations Act that the General Assembly put in that the VCBA can charge the institutions up to 10 bps fee on the par amount of the bonds. The revenue from the fee is directed to the general fund. She also explained that this is a one-time upfront fee. A discussion ensued. Ms. Calliott asked if the AA+ ratings are based on the Virginia College Building Authority's history of repaying loans and not the individual university. Mr. Mahone explained the ratings are based on the Commonwealth's AAA rating because the bonds are not backed by the full faith and credit of the Commonwealth but by the general revenues of each borrowing institution and the State Aid Intercept, the bonds are rated one notch below the Commonwealth's general obligation rating. A discussion ensued.

Mr. Mahone then reviewed the Preliminary Official Statement, Supplemental Indenture of Trust, and Loan Agreement.

Mr. Scruggs from Kutak Rock, bond counsel to the Authority, reviewed the Resolution before the Board.

Mr. Ramsey then 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.

Ms. Calliott moved approval of the motion of the Virginia College Building Authority authorizing the issuance of and sale of its Educational Facilities Revenue Bonds (Public Higher Education Financing Bonds) Series 2019A. Mr. Von Moll seconded, and the motion was unanimously adopted by all members present and voting.

### **Consideration of the Issuance of Virginia College Building Authority Educational Facilities Revenue and Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2019BC**

Ms. English introduced Mr. Steve Kantor and Ms. Kayla MacEwen from Hilltop Securities, Inc. financial advisors to the Virginia College Building Authority 21<sup>st</sup> Century College and Equipment Programs.

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Ms. English reviewed the Preliminary Financing Summary for the proposed issuance of \$349,210,000 of Virginia College Building Authority Educational Facilities Revenue and Refunding Bonds (21st Century College and Equipment Programs), Series 2019BC composed of \$123.6 million in new money bonds and \$225.6 million in refunding bonds. Ms. English informed the board that the bonds will be secured by funds appropriated by the General Assembly. Ms. English then reviewed the bond structure.

Ms. Calliott asked for clarification on the maturity dates for each bond series and principal payment dates reported in the Preliminary Financing Summary. A discussion ensued. It was determined that the information provided in the Preliminary Financing Summary for the Series 2019B bond structure will need to be revised from maturing annually in the years 2020 through 2039 to maturing annually in the years 2021 through 2039.

Ms. English continued reviewing the Preliminary Financing Summary. She stated the estimated True Interest Cost for the aggregate of the two series is 1.852%. The series 2019B new money TIC is estimated at 2.322% and Series 2019C refunding bonds TIC is estimated at 1.38%. The net total savings on the refunded bonds is projected to be \$33.5 million. The net PV savings is estimated at \$30.9 and the ratio of net PV savings to refunded par is 11.642589%. Ms. English then reviewed the Preliminary Official Statement and Supplemental Indenture of Trust and asked if there were any questions.

Ms. Calliott stated that the Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program) Series 2019A provided a list of institutions participating in the bond sale and asked why there is not a listing of projects included in the 21<sup>st</sup> Century Series 2019B bond series. Ms. English explained that these are a pool of capital projects that have been authorized by the General Assembly and the institutions draw down money as they need cash to pay costs of the projects. The bonds are being issued because cash is needed to pay project costs. A discussion ensued.

Prior to reviewing the Resolution, Mr. Scruggs from Kutak Rock bond counsel to the Authority, provided information for clarification to the Board to help distinguish between the Pooled Bond Financing Program and 21<sup>st</sup> Century College and Equipment Program and how they operate. A discussion ensued.

Mr. Ramsey asked if there is a list of projects available for review. Ms. Aylor informed him that staff will provide the board a list of authorized projects for the 21<sup>st</sup> Century College and Equipment Programs.

Ms. Ganeriwala asked representatives from Hilltop Securities Inc. to provide a brief muni market update.

Ms. MacEwen stated that the markets are at an all-time low; however, the market did step back a little bit recently. Hilltop looked at the numbers prior to the meeting and they estimate that we are still looking at about 10.3% of net present value savings. Hilltop does not anticipate too much volatility in the next couple of months that could cause the refunding to not be an advantageous refunding.

Mr. Scruggs then reviewed the Resolution before the Board.

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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. Blake moved approval of the motion of the Virginia College Building Authority authorizing the issuance of and sale of its Educational Facilities Revenue and Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs) Series 2019BC. Ms. Arnett seconded, and the motion was unanimously adopted by all members present and voting.

### **Adjournment**

Having no other business to be brought before the Board, the meeting was adjourned at 11:12 a.m.

Respectfully submitted,  
Janet A. Aylor  
Secretary

/s/ Janet A. Aylor

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