

**VIRGINIA RESOURCES AUTHORITY**  
**PORTFOLIO RISK MANAGEMENT COMMITTEE**  
**MINUTES OF THE REGULAR MEETING**

The Portfolio Risk Management Committee met on Monday, March 13, 2017, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

**Committee Members Present**

Barbara McCarthy Donnellan, Chair  
David Branscome  
Manju Ganeriwala (Arrived at 2:08 p.m.)  
Thomas L. Hasty, III  
Valerie Thomson on behalf of David K. Paylor

**Committee Members Absent**

None

**Board Members Present**

Cecil R. Harris, Jr.

**Staff**

Stephanie L. Hamlett, Executive Director/Secretary to the Board  
Jean Bass, Deputy Director  
Peter D'Alema, Director of Program Management  
Shawn Crumlish, Director of Financial Services  
Curtis Doughtie, Director of Administration and Finance  
Kimberly Adams, Senior Program Manager  
Joseph Bergeron, Financial Services Manager  
Stephanie Jones, Program Manager/Compliance Officer  
Catherine O'Brien, Accounting Manager

**Others**

Arthur Anderson, McGuireWoods, LLP  
Reid Schwartz, Davenport and Company LLC  
Ty Wellford, Davenport and Company LLC  
Leah Schubel, Davenport and Company LLC  
Howard Eckstein, Virginia Department of Health

**Call to Order**

The meeting was called to order by Mrs. Barbara McCarthy Donnellan, Chair, at 2:00 p.m. Mrs. Donnellan expressed sadness at the passing of former Chair, Mr. William G. O'Brien. The Board gave a toast to Mr. O'Brien, noting that he was a great individual, a great Board chairman and generous to everyone.

Ms. Manju Ganeriwala arrived at 2:08 p.m.

### **Approval of Agenda**

There were no modifications to the agenda. The agenda was accepted as presented.

### **Portfolio Risk Management Committee**

2017A Virginia Pooled Financing Program (VPFP): Mr. Peter D'Alema, Director of Program Management, stated that nine local government applications have been received for the Spring Pool. In addition, two VRA refundings are being reviewed for possible inclusion in the Spring Pool. The loans cover eight of VRA's authorized project areas. Approximately \$126.1 million has been requested in proceeds; however, he stated that the pool amount will likely be reduced because a potential refunding loan may not move forward. Mr. D'Alema continued that all due diligence calls have been completed. He explained that the loan request from Chesterfield County requires PRMC and Board approval under the Special Fund Revenue Underwriting Guidelines. Mr. D'Alema shared the active applicant list outlining the borrower, requested proceeds, VRA project area, project description, expected term and security. Five of the loan requests are in excess of \$10 million and all meet VRA's tax supported or revenue underwriting guidelines.

Appomattox River Water Authority (ARWA): Mr. D'Alema explained that ARWA is the second largest proposed borrower in the 2017A VPFP requesting \$16.1 million to finance four critical water system projects and the possible refinancing of a prior loan. ARWA is a wholesale provider of water treatment services in central Virginia, serving five localities including the City of Petersburg. He continued that the ARWA loan request will be guaranteed by all member jurisdictions except Petersburg, noting that the loan security structure will include an ARWA revenue pledge plus a moral obligation pledge from the other four jurisdictions. Mr. D'Alema shared the capacity/debt service allocations among ARWA member jurisdictions, noting that the City of Petersburg is the second largest. He said the City of Petersburg is current on all payments owed per ARWA management. Mr. D'Alema reviewed the credit profile for ARWA. He stated that projections indicate the ability of ARWA to meet the debt service coverage ratio requirement over a five-year projection period with the receipt of Petersburg related revenue and adjustments in future member rates to meet future operating expenses. In the event of nonpayment by Petersburg, the remaining four member jurisdictions are adequate to strong in all VRA tax-supported underwriting metrics and capable of providing revenues necessary to meet the 2017A debt service. He concluded that ARWA has been asked to decide by March 31, 2017 whether to move forward with the loan.

Chesterfield County Loan: Mr. D'Alema explained that Chesterfield County has requested up to \$12 million in Special Fund Revenue Exposure in calendar year 2017 (an estimated \$6.1 million of which may be issued in the 2017A VPFP to finance a 50,000 square foot parks and recreation facility). The loan request would put the County's total Appropriation-Only exposure over \$25 million, requiring PRMC and Board approval. He shared the FY2016 tax supported guidelines

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metrics, state aid coverage, noting that the County's liquidity is strong. In addition, he stated, Chesterfield County's General Obligation debt (GO) is highly rated, and the County meets all tax-supported metric requirements identified in VRA's Special Fund Revenue Underwriting Guidelines. Mr. D'Alema shared the County's financial performance. He then recommended Committee approval of the Chesterfield County loan request. Mr. D'Alema concluded with the financing calendar for the 2017A VPF, stating that pre-closing and closing are scheduled for May 23-24, 2017.

Motion by Ms. Ganeriwala, seconded by Mr. Hasty, that PRMC recommend to the Full Board approval of the Chesterfield County 2017A Virginia Pooled Financing Program for up to \$12 million in calendar year 2017.

Motion carried.

2017B Virginia Pooled Financing Program (VPFP): Mr. Peter D'Alema, Director of Program Management, stated that due to the success of previous summer pools, a summer bond issue, 2017B, is being offered. Interest rates continue to offer refunding opportunities to localities and the summer schedule often fits well with new money construction schedules. He continued that several localities have expressed an interest in participating for both new money and refunding needs which is anticipated to be over \$15 million. Mr. D'Alema concluded that there will be some cross over of the spring and summer pools, and the summer pool pre-closing and closing dates are currently scheduled for August 8-9, 2017.

Virginia Pooled Financing Program (VPFP) Portfolio: Mr. Peter D'Alema, Director of Program Management, shared a summary of the VPFP Portfolio prior to the Series 2017A Bonds. He stated that there is \$2.38 billion in total local loans outstanding. The top 10 borrowers represent 36.5% of overall VPFP portfolio and the largest borrower is 7.63%. He highlighted the VPFP top ten borrowers list (post VPFP Series 2016C) showing the locality, ratings, balance outstanding, and percentage of total portfolio. Mr. D'Alema concluded with charts of S&P and Moody's Credit Quality.

Bristol Virginia Utility Authority (BVUA): Ms. Stephanie L. Hamlett, Executive Director, stated that VRA has been closely monitoring developments related to the BVUA and the pending sale of the Opti-net system to Sunset Digital Communications. She explained that BVUA, Sunset Digital Communications and the Cumberland Plateau held negotiations in early 2017. The parties have had difficulty reaching agreement regarding terms of the sale. Ms. Hamlett stated that based on information received from Sunset attorneys, BVUA will probably increase cable rates if the sale does not go through. Should the sale move forward, she explained that the Opti-net related BVUA Series 2010C debt would be defeased. In the interim, BVUA continues to make the VPFP 2010C related payments.

City of Petersburg: Ms. Stephanie L. Hamlett, Executive Director, stated that Petersburg has water and wastewater capital needs in the estimated amount of \$97 million over the coming five years, and the City has expressed an interest in working with VRA to finance loans to satisfy those needs.

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She explained that the Petersburg water and sewer system is currently publicly owned; however two private companies have made an offer to purchase the water and sewer system. Certain City Council members and citizens are reluctant to sell the utility system due to concerns about future rate increases and limited control and input by rate payers. The City's current interim, emergency management team is The Robert Bobb Group, which has made significant progress in the City's finances. She indicated that Petersburg should meet its scheduled payment for April 1, 2017. State Aid is available for all Petersburg loans held by VRA, and VRA has remained in close contact with the Secretary of Finance about State Aid should the need arise to access the funds.

There was extensive discussion relative to outstanding balances due on the Petersburg loans and the City's prior failure to implement adopted utility rate increases in addition to inadequate billing system practices.

Net Asset Guidelines: Mr. Peter D'Alema, Director of Program Management, stated that in September 2016 staff recommended, and PRMC and the Board approved, a new methodology for calculating the PRM Reserve which is a set aside for potential payment defaults on loans backed by the Commonwealth's Moral Obligation. He explained the calculation for the reserve in detail. The new methodology makes it necessary to update the Unassigned Net Asset Guidelines, which references the PRM Reserve. Mr. D'Alema stated that staff recommends to the Full Board approval of the amended Net Asset Guidelines.

Motion by Ms. Ganeriwala, seconded by Mr. Hasty, that PRMC recommend to the Full Board approval of the amended Net Asset Guidelines.

Motion carried.

Lease Underwriting Guidelines: Mr. Peter D'Alema, Director of Program Management, stated that discussion of the Lease Underwriting Guidelines does not require action by PRMC at this time. The proposed updates would expand the scope of possible collateral for use by localities, while offering VRA access to potentially more marketable/liquid collateral in the event of default. State-aid intercept would remain the primary means of obtaining loan repayment in a default scenario for lease revenue backed loans before any foreclose action for collateral. Currently, he explained, collateral can be pledged by a local government that is considered essential with a collateral value ratio to the loan amount of 75%. He stated that localities frequently inquire about the use of non-essential collateral for loan security purposes, noting that there are some situations whereby non-essential collateral would be of value. Mr. D'Alema highlighted potential updates to the Lease Underwriting Guidelines for discussion and consideration that will address essential, non-essential, and a mix of essential and non-essential collateral.

Continuing Disclosure Policy: Mr. Peter D'Alema, Director of Program Management, stated that VRA developed a disclosure procedures document in Fiscal Year 2013. VRA did have some instances of non-compliances with continuing disclosure undertakings for FY2010 – FY2011 in VRA loan programs that resulted in VRA filing under the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative in November 2014. He stated that VRA received an email from

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the Securities Exchange Commission (SEC) on March 3, 2017 indicating that there would be no enforcement/settlement action taken against VRA. With the SEC's completion of the MCDC settlement, VRA staff recommends the adoption of the VRA Continuing Disclosure policy which has remained in draft form since 2013. The action is to recommend to the Full Board approval of the Continuing Disclosure Policy.

Motion by Mr. Hasty, seconded by Ms. Ganeriwala, that the PRMC recommend to the Full Board approval of the Continuing Disclosure Policy.

Motion carried.

Tobacco Region Revolving Fund: Mr. Shawn Crumlish, Director of Financial Services, stated that the General Assembly (GA) authorized a permanent and perpetual fund to be funded with up to \$50 million from the Tobacco Indemnification and Community Revitalization Endowment. He continued that for 2017 the Commission did budget \$5 million for loans in this program. In outlining how the program works, Mr. Crumlish said the application goes to the Commission and if there is an identifiable revenue stream, the Commission makes a recommendation for the loan program. The initial legislation said that any project eligible under the VRA Act is eligible for this program. Mr. Crumlish explained that authorized project type has been expanded to mean any project that meets the strategic objectives of the Commission. VRA is responsible for credit underwriting. A credit summary is created for each application received. The credit summary is presented to the Credit Committee for approval; and afterwards, discussions are held with Tobacco Commission staff. Mr. Crumlish provided a summary of the active applications list under review by VRA which includes the applicant, amount of the loan, project description, security pledges. This is a direct loan program.

Ms. Hamlett interjected that the program does not meet any of the guidelines that VRA currently operate under, and at some point, the PRMC may want to decide whether new guidelines are necessary.

**Old Business**

There was no old business.

**New Business**

There was no new business.

**Public Comment**

There was no public comment.

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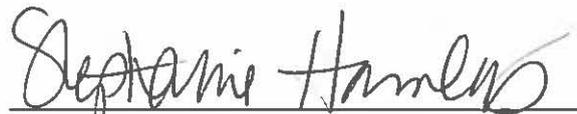
**Adjournment**

Motion by Mr. Branscome, seconded by Mr. Hasty to adjourn meeting.

Motion carried.

The meeting adjourned at 3:21 p.m. The next meeting of the PRMC will be held on June 12, 2017.

  
Barbara McCarthy Donnellan, Chair

  
Stephanie L. Hamlett  
Executive Director/Secretary to the Board

**VIRGINIA RESOURCES AUTHORITY**  
**BOARD OF DIRECTORS**  
**MINUTES OF THE REGULAR MEETING**

The Board of Directors of the Virginia Resources Authority met on March 14, 2017, in the Virginia Resources Authority Conference Room, Bank of America Building, Suite 1920, 1111 E. Main Street, Richmond, Virginia.

**Board Members Present**

Thomas L. Hasty, III  
David Branscome  
Mary Bunting (arrived at 9:32 a.m.)  
Randall P Burdette  
Barbara McCarthy Donnellan (via teleconference pursuant to VRA policy)  
Manju Ganeriwala  
Reginald E. Gordon  
Andrew Hammond on behalf of Marissa Levine  
Cecil R. Harris, Jr.  
Valerie Thomson on behalf of David K. Paylor

**Board Members Absent**

None

**Staff Present**

Stephanie L. Hamlett, Executive Director/Secretary to the Board  
Jean Bass, Deputy Director  
Peter D'Alema, Director of Program Management  
Shawn Crumlish, Director of Financial Services  
Curtis Doughtie, Director of Administration and Finance  
Kimberly Adams, Senior Program Manager  
Joseph Bergeron, Financial Services Manager  
Jonathan Farmer, Senior Program Manager  
Stephanie Jones, Program Manager/Compliance Officer  
Catherine O'Brien, Accounting Manager  
Andrea Pearson, Financial Services Manager  
Stephanie O'Neill, Receptionist

**Others Present**

Arthur Anderson, McGuire Woods, LLP  
Reed Schwartz, Davenport and Company, LLC  
Ty Wellford, Davenport and Company LLC  
Leah Schubel, Davenport and Company LLC  
Howard Eckstein, Virginia Department of Health

### **Call to Order**

The meeting was called to order by Mr. Thomas L. Hasty, III, Vice Chair, at 9:03 a.m. Mr. Hasty stated that all are saddened by the recent passing of Mr. William G. O'Brien, Chair of the Virginia Resources Authority Board of Directors. He called for a moment of silence.

### **Approval of Agenda**

There were no additions or deletions to the agenda.

Motion by Ms. Ganeriwala, seconded by Mr. Branscome, that the agenda be approved as presented.

Motion carried.

### **Approval of Meeting Minutes**

There were no corrections to the minutes of the Portfolio Risk Management Committee meeting, held on December 13, 2016, and the Board of Directors meeting, held on December 14, 2017.

Motion by Mr. Harris, seconded by Mr. Branscome, that the minutes of Portfolio Risk Management Committee meeting held on December 13, 2016, and the Board of Directors meeting held on December 14, 2016 be approved.

Motion carried.

### **Executive Director's Report**

Ms. Stephanie L. Hamlet, Executive Director, stated that the Board is in receipt of her report so she will offer some highlights. She mentioned that in addition to monitoring the budget recommendations relating to agency partners, she and staff monitored other legislative recommendations that impact the VRA, state agency partners, local government borrowers and public finance in general. Ms. Hamlett stated that effective July 2017 responsibility for VRA will transfer from the Secretary of Commerce and Trade to the Secretary of Finance. In addition, legislation passed authorizing the Auditor of Public Accounts to establish a workgroup to develop criteria to prioritize an early warning system to determine if a local government is in fiscal distress. Budget language specifically mentions sharing with the Auditor information provided to VRA, the Virginia Retirement System, and other state and regional authorities concerning late or missed debt service payments. If warranted by further review, the Auditor is required to notify the Governor, Appropriations and Senate Finance Chairmen and the local governing board of the need for state assistance or targeted intervention.

Ms. Hamlett concluded her report by thanking Vice Chairman Hasty for his assistance and support due to the loss of the Chair, William G. O'Brien, noting that she is very appreciative of his role.

### **Portfolio Risk Management Committee**

Mr. Peter D'Alema, Director of Program Management presented the following reports on behalf of Committee Chair Ms. Barbara Donnellan.

2017A Virginia Pooled Financing Program (Spring Pool): Mr. D'Alema stated that VRA received nine applications and anticipates two possible VRA refundings of existing debt from local governments. The spring pool applications received and the two VRA refundings under consideration include requested proceeds of approximately \$126 million. He stated that the pool may be reduced because there is one possible refunding that may not move forward based on rates and level of savings. Additionally, several applicants are also considering bank direct placements for their spring financing needs. Mr. D'Alema continued that eight of VRA's project areas are covered with the eleven loans being reviewed for possible inclusion in the spring pool. He stated that two of the applicants in the pool were discussed in length at the PRMC meeting, namely Appomattox River Water Authority (ARWA) and Chesterfield County. The Chesterfield County request, he said, requires Board approval under Special Fund Revenue Underwriting Guidelines. Mr. D'Alema shared the list of applicants, noting that there are five loan requests in excess of \$10 million and all loans meet VRA's tax supported or revenue underwriting guidelines.

Appomattox River Water Authority (ARWA): Mr. D'Alema explained that ARWA is requesting \$16.1 million to finance four critical water system projects and possibly refinance a prior loan. He shared that there is participation in the regional authority by the City of Petersburg. With the City's financial challenges, staff wanted to make the Board aware of how the loan would be structured and the type of security offered in the event the loan moves forward in the spring pool. In addition, ARWA is considering the refunding of a 2012 issuance used to finance a water treatment plant capital project. Mr. D'Alema continued that the loan structure approved by the VRA Credit Committee would include an ARWA revenue pledge plus a moral obligation pledge of four additional local participants without increasing exposure of the City of Petersburg. He shared the capacity/debt service allocations among member jurisdictions with Chesterfield County and the City of Petersburg being the largest. Petersburg is current on all payments owed to ARWA. Mr. D'Alema stated that projections indicate ARWA's ability to meet debt service coverage ratio over the five-year projection period with the receipt of Petersburg related revenue and adjustments in future member rates to meet future operating expenses. In the event of nonpayment by Petersburg, the remaining four member jurisdictions have the ability to provide revenues necessary to meet the 2017A debt service. Mr. D'Alema concluded that the VRA Credit Committee recommends approval, noting that security would include an ARWA Water Revenue Pledge, Moral Obligation pledges from the remaining four localities, a 1.0x debt service coverage covenant, debt service reserve fund requirement per local master indenture of trust and the loan term of up to 25 years. The loan request may be delayed until the summer or fall of 2017.

Chesterfield County: Mr. D'Alema stated that Chesterfield County requested up to \$12 million in funding issued with a special fund revenue pledge in calendar year 2017 with approximately \$6.1 million to be issued in spring 2017 to finance a 50,000 square foot parks and recreation facility. The space will be leased to a recreation non-profit entity and the remainder will be used by County Parks and Recreation. Mr. D'Alema shared with the Board that following the

PRMC meeting of yesterday, he received a call from the County's financial advisors asking to increase the County's request to \$7 million. Mr. D'Alema explained that VRA had done a credit up to \$12 million in anticipation of a later project. The loan is requested under a special revenue pledge under VRA's Appropriation Only Backed Underwriting Guidelines; the County's General Obligation is highly rated; and the historic financial performance and state-aid coverage are strong. The request is before the Board because Chesterfield County has an existing loan in the Virginia Pooled Financing Program (VPFP). The current request meets VRA's Appropriation-Only Underwriting Guidelines; however, because the requested financing may put the County's Appropriation-Only exposure over \$25 million, Board approval is needed. He stated that the County's loan request is based on strong historic financial performance, liquidity, state-aid coverage, and existing credit ratings. The PRMC recommends approval of the loan request. Following the motion, Mr. D'Alema shared the financing calendar, noting that pre-closing and closing is anticipated for May 23-24, 2017.

Motion by Mrs. Donnellan, seconded by Ms. Ganeriwala, approval of the Chesterfield County 2017A Virginia Pooled Financing Program (VPFP) loan request up to \$12 million to be issued in Calendar Year 2017, with \$7 million estimated to be in the 2017A VPFP.

Motion carried.

2017B Virginia Pooled Financing Program (Summer Pool): Mr. D'Alema stated that the Summer Pool has been successful for the last five years and several localities have expressed interest in participating. He shared the financing calendar noting that pre-closing and closing is anticipated on August 8-9, 2017. A detailed report on the Summer Pool will be discussed at the June 2017 meeting of the Board and the results of the summer sale will be discussed at the September 2017 meeting.

Virginia Portfolio Financing Program: Mr. D'Alema shared the Virginia Pooled Financing Program (VPFP) Portfolio prior to the Series 2017A bonds. The portfolio is \$2.38 billion in total local loans outstanding. The top ten borrowers represent 36.5% of the overall VPFP portfolio and the largest borrower is 7.63% of the overall VPFP portfolio.

Bristol Virginia Utility Authority (BVUA): Ms. Stephanie L. Hamlett, Executive Director, explained that there is on-going concern related to BVUA's Opti-net system which is a multi-service utility that includes cable. The cable service is the portion of the BVUA that is problematic as it must be a self-supporting system under Virginia law and cannot be subsidized by other BVUA services. Despite various cable related FY2017 budget challenges, BVUA has capacity to pay its debt service. VRA was confident that the Opti-net, that includes broadband, telephone and cable services, would be sold to Sunset Digital Communications and the VRA bonds associated with BVUA would be defeased. Parties involved with the sale have had difficulty in reaching agreement. She stated that VRA will keep the Board updated regarding the proposed sale. In the interim BVUA continues to make the VPFP 2010C related payments, with the next payment due in April.

City of Petersburg: Ms. Stephanie L. Hamlett, Executive Director, stated that Petersburg’s interim management team, The Robert Bobb Group, continues to assist the City, serving as acting City Manager and Finance Officer. The City of Petersburg is in the process of conducting a search to fill certain critical management positions. The consulting group, she said, is scheduled to depart Petersburg in April 2017. However, Ms. Hamlett stated that there is a possibility that the Group’s services with the City of Petersburg maybe extended. The Robert Bobb Group, she explained, has made progress in improving the City’s financial condition and has developed a FY2018 budget. Ms. Hamlett noted that staff will keep the Board informed of the status of Petersburg.

Net Asset Guidelines: Mr. Peter D’Alema, Director of Program Management, stated that in September 2016 staff recommended, and PRMC and the Board approved, a new methodology for calculating the Portfolio Risk Management (PRM) Reserve which, he said, is a set aside for default on loans backed by the Commonwealth’s Moral Obligation. He explained the calculation for the reserve in detail. The new methodology makes it necessary to update the Unassigned Net Asset Guidelines. Mr. D’Alema stated that staff recommends that PRMC recommend to the Full Board approval of the amended Net Asset Guidelines.

Motion by Mrs. Donnellan, seconded by Ms. Ganeriwala, that the amended Net Asset Guidelines be approved.

Motion carried.

Mary Bunting arrived at the meeting at 9:32 a.m.

Lease Underwriting Guidelines: Mr. Peter D’Alema, Director of Program Management, stated that no action is requested regarding the Lease Underwriting Guidelines at this time. The proposed updates would expand the scope of possible collateral for use by localities, while offering VRA access to potentially more marketable/liquid collateral in the event of default. State-aid intercept would remain the primary means of obtaining loan repayment in a default scenario for lease revenue backed loans before any foreclosure action for collateral. Currently, he explained, collateral that is considered essential with a collateral value ratio to the loan amount of 75% can be pledged by a local government. He stated that localities frequently inquire about the use of non-essential collateral for loan security purposes, noting that there are some situations whereby non-essential collateral would be of value. Mr. D’Alema highlighted potential updates to the Lease Underwriting Guidelines that will address essential, non-essential, and a mix of essential and non-essential collateral.

Continuing Disclosure Policy: Mr. Peter D’Alema, Director of Program Management, stated that VRA developed a continuing disclosure procedures document in Fiscal Year 2013 though a formal continuing disclosure policy was never formally adopted, having remained in draft form for the last few years. He noted that VRA did have some instances of non-compliances with continuing disclosure undertakings for FY2010 – FY2011 that resulted in VRA filing under the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative in November 2014. He stated that VRA received an email from the Securities Exchange Commission (SEC) on March 3, 2017 indicating that there would be no enforcement/settlement action taken against VRA. With the SEC’s completion of the MCDC settlement, VRA staff recommends the adoption of the VRA Continuing

Disclosure policy which has remained in draft form since 2013.

Motion by Mrs. Donnellan, seconded by Ms. Ganeriwala, that the Virginia Resources Authority Continuing Disclosure Policy be approved.

Motion carried.

Tobacco Region Revolving Fund: Mr. Shawn Crumlish, Director of Financial Services, stated that the General Assembly (GA) authorized a permanent and perpetual fund to be capitalized with up to \$50 million from the Tobacco Indemnification and Community Revitalization Endowment. He continued that for 2017 the Commission budgeted \$5 million for loans in this program, stating that project authorization was expanded during the 2017 session of the General Assembly to mean any project that meets the strategic objectives of the Commission. Mr. Crumlish concluded that the Tobacco Region Revolving Fund is a direct loan program. The Commission has not closed any loans under this program and the few applications received are not typical to VRA.

Investment Policy Review: Mr. Joseph Bergeron, Financial Services Manager, gave an update on VRA's cash equivalent and investment. He explained that as of December 31, 2016, VRA held \$656.6 million invested in cash equivalents and investments which includes \$295.1 million related to bond funds governed by the Bond Indentures; and \$361.5 million related to General Fund and Program Fund dollars governed by VRA's Investment Policy. He explained that the vast majority of the Bond Funds are U.S. Treasury Securities utilized as Reserve Funds. Mr. Bergeron shared the General Fund and Program Fund investments, noting that VRA's Investment Advisor outpaced its benchmark by over 30 basis points. He stated that VRA is trying to predict cash flow by satisfying short-term needs. He explained two amendments to the Investment Policy relating to Commercial Paper, concluding that the contract with VRA's current investor will expire in the summer. As VRA moves forward in the process of selecting an investor, it is necessary that the investment policy be fully up to date.

Motion by Ms. Ganeriwala, seconded by Mr. Branscome, that the amendment pertaining to Commercial Paper in the VRA Investment Policy be approved.

Motion carried.

Loan Monitoring and Compliance Database: Ms. Stephanie Jones, Program Manager/Compliance Officer, stated that the 2017 report on the Loan Monitoring & Compliance Database (LMCD) is completed and shows the status of the portfolio as of fiscal year end 2015. She provided an overview of the program, explaining the nine (9) categories on which borrowers are rated. Ms. Jones proceeded to provide the risk of each program, concluding that overall the borrowers' balances outstanding are 74% in the green category, 16% in the yellow category; 9% in the red category; and 1% in the grey category.

Ms. Jones continued that in 2013 the compliance report began to break out the borrowers by locality type. The result of this analysis has consistently shown that town borrowers are much weaker financially compared to city and county borrowers, and that authority borrowers are the

largest in terms of dollars outstanding. Ms. Jones concluded with a snapshot of the borrowers with the largest balances outstanding and then the red borrowers with the largest balances outstanding. She referenced the Watch List Borrowers noting that the list is updated on an ongoing basis and once a borrower is on the list VRA is very cautious to take them off, even though the goal is to eventually get the borrowers off the list.

### **Old Business**

There was no old business.

### **New Business**

Mr. Ty Wellford, Davenport and Company, invited the Board to the 5th Annual Virginia Investors Conference, on June 8, 2017, at the Jefferson in Richmond, from 10:00 a.m. to 3:00 p.m. The goal, he said, is to bring in investors to directly hear the story of Virginia local governments. VRA has been a presenter, as well as the Treasury. He also noted that Mrs. Donnellan has hosted the conference in Arlington.

Ms. Hamlett introduced and welcomed Ms. Mary Bunting, Hampton City Manager, who is attending her first Board meeting.

Mr. Shawn Crumlish introduced and welcomed to the VRA team Ms. Andrea Pearson, part time Financial Services Manager.

Mr. Hasty stated that Board members are in receipt of the list of VRA standing committees and member assignment.

Mr. Hasty stated that staff has been requested to prepare for presentation at its June 2017 meeting a memorial resolution for former Chairman of the Virginia Resources Authority, Mr. William G. O'Brien.

### **Public Comment**

There was no public comment.

### **Adjournment**

Motion by Ms. Ganeriwala, seconded by Mr. Burdette, that the meeting be adjourned.

Motion carried, and the meeting adjourned at 10:20 a.m.

The next meeting of the Board will be held June 13, 2017.

  
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Thomas L. Hasty, III, Vice Chair

  
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Stephanie L. Hamlett  
Executive Director/Secretary to the Board