

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Martin E. Nohe and Members
Northern Virginia Transportation Authority

FROM: Michael Longhi, Chief Financial Officer

DATE: October 3, 2019

SUBJECT: Direct Investment Purchases: Investment Policy Change

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) approval of changes to the Investment Policy to allow for the direct (electronic) purchase of investments through the Bloomberg terminal. The NVTA Finance Committee reviewed the proposed changes and unanimously recommended Authority approval at their September 19, 2019 meeting.
2. **Suggested Motion:** *I move Authority approval of the attached changes to the Authority's Investment Policy (Policy 13).*
3. **Background:**
 - a. Purchase of investments directly (electronically) through the Bloomberg investment management platform, will deliver;
 - i. **Enhanced Security and Oversight:** Direct Purchases (and the adding of a second Bloomberg terminal) allows the CFO increased oversight, enhanced review of transactions and provides a more transparent audit trail, to ensure compliance with Code of Virginia and NVTA's Investment Policy.
 - ii. **Increased Price Transparency and Savings:** Direct Purchases offer greater access to market transparency (broker quotes are listed side-by-side), which means more competition, and can lower NVTA's costs by as much as \$400,000 annually on NVTA's \$1 billion portfolio, at an additional cost of \$21,000.
 - iii. **Increased Efficiency:** With Direct Purchases, NVTA staff can spend more time finding and securing investment value, and less on bargaining and reviewing broker sales literature, or taking sales calls.
 - b. These policy changes put electronic transactions on equal footing with voice transactions in the investment policy. The changes are marked on pages 2, 4 and 6 of the attached policy draft and serve the purpose of:
 - c. Amending the General Section to recognize that direct investments made through the Bloomberg platform are considered competitive. (Page 6.)
 - i. Restricting Bloomberg transactions to brokers/firms on NVTA's approved list. (Page 4.)

- ii. Provide the Investment Monitor access to an audit version of the Bloomberg terminal to independently review investment activity and monitor transactions. (Page 2.)
- iii. There are no changes to the Policy requirement that all investment purchases occur on a delivery versus payment basis. (Page 11.)

Attachment: Policy 13 – Investment Policy (with draft changes)