

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**TO:** Chair Phyllis J. Randall and Members  
Northern Virginia Transportation Authority

**FROM:** Michael Longhi, Chief Financial Officer

**DATE:** July 2, 2020

**SUBJECT:** Investment Portfolio Report

- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through May 31, 2020.
- 2) **Background:** This report is on investment activity through May 2020 and affirms the portfolio investments were acquired on the basis of safety, liquidity and then yield. This report summarizes the portfolio structure, and adherence to the NVTA Investment Policy.

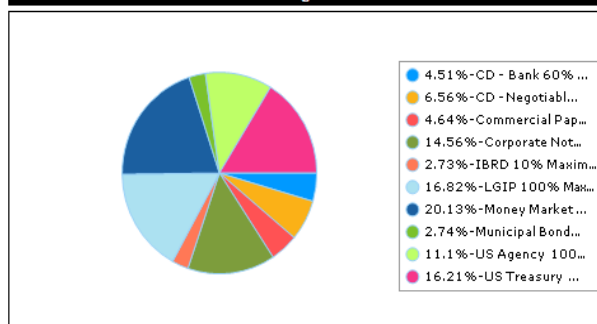


**Northern Virginia Transportation Authority  
Distribution by Asset Category - Book Value  
Report Group: Regional Revenue**

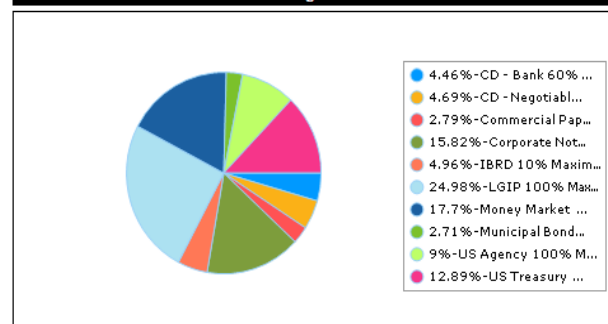
Begin Date: 4/30/2020, End Date: 5/31/2020

Asset Category Allocation				
Asset Category	Book Value 4/30/2020	% of Portfolio 4/30/2020	Book Value 5/31/2020	% of Portfolio 5/31/2020
CD - Bank 60% Maximum	49,500,000.00	4.51	49,500,000.00	4.46
CD - Negotiable 25% Maximum	72,000,000.00	6.56	52,000,000.00	4.69
Commercial Paper 30% / 5% Maximum	50,874,725.00	4.64	30,954,590.83	2.79
Corporate Notes 50% Maximum	159,799,894.67	14.56	175,432,822.97	15.82
IBRD 10% Maximum	30,002,770.51	2.73	55,019,919.49	4.96
LGIP 100% Maximum	184,615,298.21	16.82	277,001,186.77	24.98
Money Market 60% Maximum	220,935,124.60	20.13	196,278,070.32	17.70
Municipal Bonds - US 75% Maximum	30,018,519.97	2.74	30,017,527.95	2.71
US Agency 100% Maximum	121,821,281.86	11.10	99,775,019.91	9.00
US Treasury 100% Maximum	177,913,103.30	16.21	142,941,568.07	12.89
<b>Total / Average</b>	<b>1,097,480,718.12</b>	<b>100.00</b>	<b>1,108,920,706.31</b>	<b>100.00</b>

**Portfolio Holdings as of 4/30/2020**



**Portfolio Holdings as of 5/31/2020**



3) Current Period Reports:

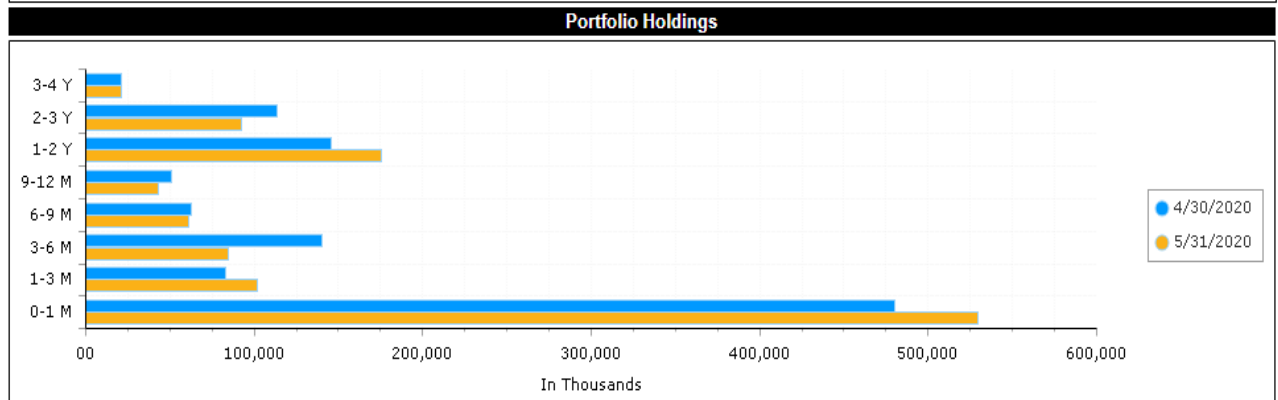
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



Northern Virginia Transportation Authority  
Distribution by Maturity Range - Book Value  
Report Group: Regional Revenue

Begin Date: 4/30/2020, End Date: 5/31/2020

Maturity Range Allocation				
Maturity Range	Book Value 4/30/2020	% of Portfolio 4/30/2020	Book Value 5/31/2020	% of Portfolio 5/31/2020
0-1 Month	480,515,168.09	43.78	529,248,605.52	47.73
1-3 Months	82,917,592.20	7.56	101,944,220.21	9.19
3-6 Months	139,942,542.60	12.75	84,930,541.25	7.66
6-9 Months	62,406,216.10	5.69	61,260,956.53	5.52
9-12 Months	51,143,292.68	4.66	42,933,081.87	3.87
1-2 Years	145,909,408.78	13.29	175,425,505.45	15.82
2-3 Years	113,646,497.67	10.36	92,177,795.48	8.31
3-4 Years	21,000,000.00	1.91	21,000,000.00	1.89
<b>Total / Average</b>	<b>1,097,480,718.12</b>	<b>100.00</b>	<b>1,108,920,706.31</b>	<b>100.00</b>



- b. The liquidity of the portfolio is reflected in the portfolio's duration of .37 (1.0 = 1 year) and the maturity schedule shown above.

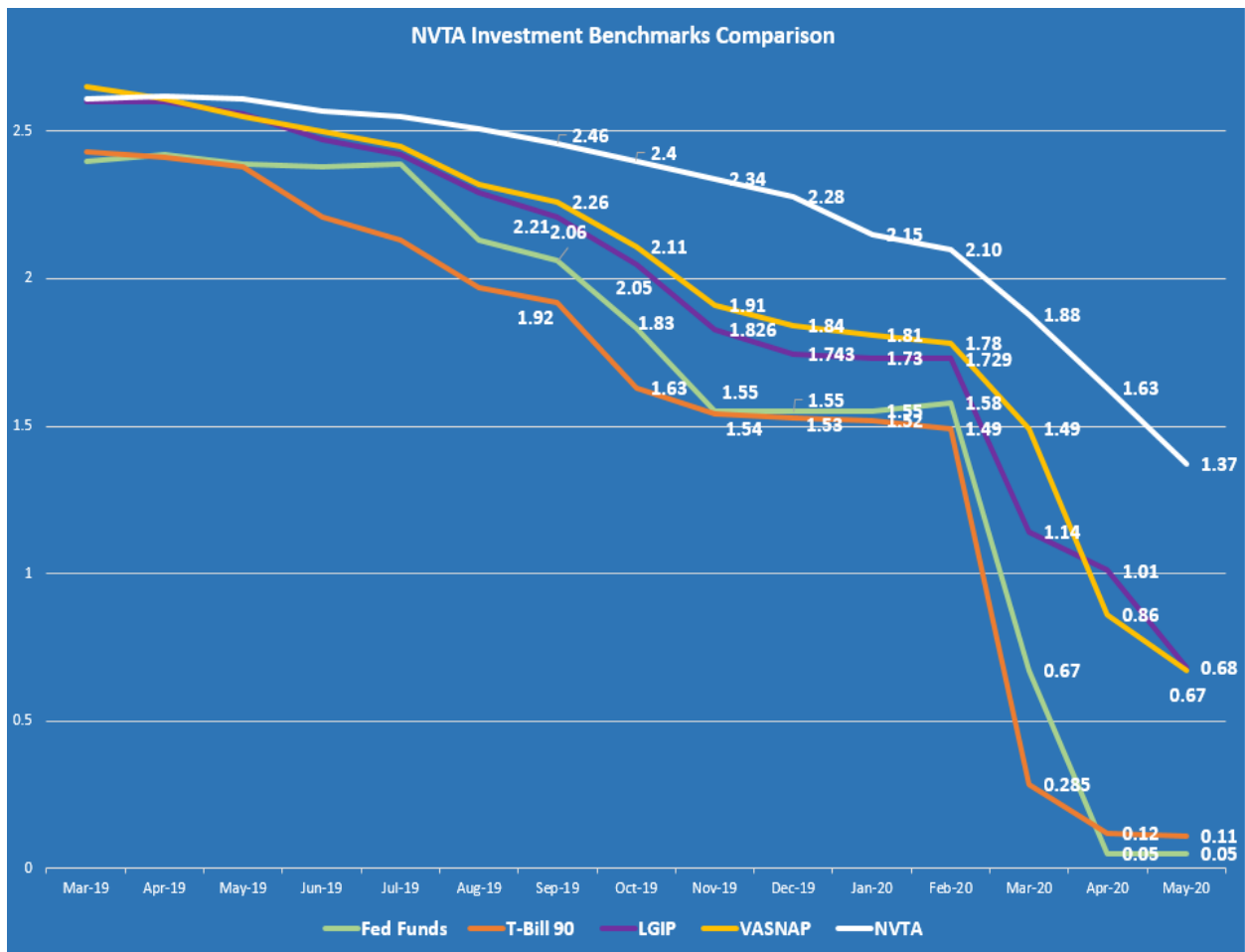
NVTA Investment Benchmarks	May-20 Month End
Fed Funds Rate	0.05%
Treasury 90 Day T Bill	0.11%
Local Government Investment Pool	0.68%
Virginia Non-Arbitrage Program	0.67%
<b>NVTA Performance</b>	<b>1.37%</b>

Source: Bloomberg, Statements

- c. The yield on the portfolio at the end of May 2020 was 1.37. The NVTA's Investment Policy specifies the benchmarks shown above for yield performance comparison.

#### 4) Portfolio Analysis & Statistics Overview

- a) **Safety** The portfolio is invested primarily in;
- i) Local Government Investment Pool (25%)
  - ii) Collateralized bank money market accounts (17%)
  - iii) AAA/AA rated investment grade corporate bonds (16%)
- b) **Liquidity:**
- i) The NVTA Portfolio average duration was .37 – less than 6 months – continued to reflect a significant decline in investment activity during the COVID-19 crises as staff has exercised caution in a more challenging economic and investment environment.
  - ii) Given the change in market dynamics - the Federal Reserve has dropped rates near zero because of the pandemic – longer-dated maturities pay suboptimal rates. As such, NVTA intends to focus on shorter-term investments to participate in the ultimate U.S. economic recovery, which will cause the portfolio duration to remain at present levels, and offering exceptional liquidity during this period.
- c) **Yield:**
- i) **In COVID-19's Shadow – A 14-Month Performance Milestone**  
As of March, NVTA quietly celebrated a performance milestone – marking the 12<sup>th</sup> month in a row whereas NVTA continued to outperform its benchmarks, which was repeated this May, for a current total of 14 months.
    - (a) **NVTA Alpha:** With an annualized performance measure now in hand, the annual average of our benchmarks was 1.95 percent, whereas NVTA generated 2.37 percent in yield in the 12 months ending in March, or 42 basis points over NVTA's benchmarks, or nearly \$4.2 million in Alpha was generated.
      - 1. **Alpha**, often considered the active return on an investment gauges the performance of an investment against a market index or benchmark that is considered to represent the market's movement as a whole. The Excess Return of an investment relative to the return of a benchmark index is the investment's alpha, or the return or value produced by active portfolio managers.
  - **Rate Strategy Implications:** Staff acknowledges that over time NVTA's portfolio performance will move (decline) to align with the market. As COVID-19 lockdowns end and the economy begins to open and recover the short portfolio duration will mean the NVTA is in a good position to benefit from rising rates.



- 5) **Custodian Certification:** BB&T Retirement & Institutional Services is the custodian of all of NVTA’s investment purchases and is where all of NVTA’s non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.
- 6) **Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. The attached report, documents:
  - a. **Compliance – Investment Policy, Summary.** The report shows the percentage of the portfolio by each type of investment.
  - b. **Investment Portfolio – By Maturity Range.** The report shows the yield to maturity, and percentage of the portfolio which each type of investment represents.
  - c. **Portfolio Holdings by Custodian.** This report shows each depository, investment firm or custodian holding NVTA securities or cash.

**Attachments:** Compliance - GASB 40 Report shows reporting requirements as listed above, and not otherwise presented. This report is also fundamental for the Authority’s Annual Financial Statements and annual audit.



## Northern Virginia Transportation Authority

### Portfolio Holdings Compliance - GASB 40 Report - As of 5/31/2020

Issuer	Face Amount	Book	Market	Credit	Credit	Portfolio %	Maturity Date	YTM @	Duration To
	Shares	Value	Value	Rating 1	Rating 2			Cost	Maturity
Certificate Of Deposit									
Atlantic Union Bank 1.7 12/26/2020	9,500,000.00	9,500,000.00	9,500,000.00	NR	NR	0.86	12/26/2020	1.700	0.57
United Bank 1.81 8/2/2020	30,000,000.00	30,000,000.00	30,000,000.00	NR	NR	2.71	08/02/2020	1.810	0.17
United Bank 1.9 1/14/2021	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.90	01/14/2021	1.900	0.62
Sub Total / Average CD	49,500,000.00	49,500,000.00	49,500,000.00			4.47		1.807	0.34
Commercial Paper									
JP Morgan Securities 0 6/19/2020	12,000,000.00	11,987,840.00	11,828,920.00	S&P-A1	Moody's-P1	1.08	06/19/2020	1.948	0.05
JP Morgan Securities 0 6/19/2020	14,000,000.00	13,985,813.33	13,800,406.66	S&P-A1	Moody's-P1	1.26	06/19/2020	1.948	0.05
JP Morgan Securities 0 8/14/2020	5,000,000.00	4,980,937.50	4,930,650.42	S&P-A1	Moody's-P1	0.45	08/14/2020	1.855	0.21
Sub Total / Average CP	31,000,000.00	30,954,590.83	30,559,977.08			2.80		1.933	0.08
Corporate Bond									
ADP 2.25 9/15/2020	5,000,000.00	4,996,258.03	5,019,650.00	S&P-AA	Moody's-Aa3	0.45	09/15/2020	2.512	0.29
Apple Corp. 1.7 9/11/2022	16,145,000.00	16,109,004.72	16,645,979.35	S&P-AA+	Moody's-Aa1	1.46	09/11/2022	1.800	2.24
Apple Corp. Var. Corp 2/9/2022	5,011,000.00	5,040,277.75	5,039,412.37	S&P-AA+	Moody's-Aa1	0.45	02/09/2022	0.948	0.00
Apple Corp. 2 11/13/2020	5,000,000.00	4,984,277.98	5,028,750.00	S&P-AA+	Moody's-Aa1	0.45	11/13/2020	2.718	0.45
Bank of New York Var. Corp 6/4/2021 -2	8,258,000.00	8,265,807.78	8,258,000.00	S&P-AA-	Moody's-Aa2	0.75	06/04/2021	1.534	0.00
Berkshire Hathaway 2.2 3/15/2021	7,386,000.00	7,350,661.93	7,480,097.64	S&P-AA	Moody's-Aa2	0.67	03/15/2021	2.833	0.78
Berkshire Hathaway 2.2 3/15/2021	10,000,000.00	10,010,664.09	10,127,400.00	S&P-AA	Moody's-Aa2	0.90	03/15/2021	2.061	0.78
Berkshire Hathaway 2.75 3/15/2023-23	10,000,000.00	10,574,952.14	10,646,500.00	S&P-AA	Moody's-Aa2	0.90	03/15/2023	0.665	2.69
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,518,089.18	5,643,566.80	S&P-AA	Moody's-Aa2	0.50	05/16/2021	2.923	0.95
Chevron Corp. 2.1 5/16/2021	5,000,000.00	5,053,666.67	5,075,150.00	S&P-AA	Moody's-Aa2	0.45	05/16/2021	0.973	0.95
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,004,380.51	999,130.00	S&P-AA	Moody's-Aa1	0.09	03/06/2022	1.371	0.00
Exxon Mobil Corp Var. Corp 3/6/2022	7,500,000.00	7,531,190.43	7,493,475.00	S&P-AA	Moody's-Aa1	0.68	03/06/2022	1.371	0.00
Exxon Mobil Corp Var. Corp 8/16/2022	10,000,000.00	10,034,962.46	9,966,500.00	S&P-AA	Moody's-Aa1	0.90	08/16/2022	0.716	0.00
Issuer	Face Amount	Book	Market	Credit	Credit	Portfolio %	Maturity Date	YTM @	Duration To
	Shares	Value	Value	Rating 1	Rating 2			Cost	Maturity
IBRD 1.75 1/27/2023-21	30,000,000.00	30,002,684.79	30,238,500.00	S&P-AAA	Moody's-Aaa	2.71	01/27/2023	1.746	2.59
IBRD ADB Var. Corp 12/15/2021	25,000,000.00	25,017,234.70	24,971,500.00	S&P-AAA	Moody's-Aaa	2.26	12/15/2021	0.751	0.00
Johnson and Johnson 2.95 9/1/2020	5,000,000.00	5,005,881.62	5,032,750.00	S&P-AAA	Moody's-Aaa	0.45	09/01/2020	2.472	0.25

Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,926,426.28	5,069,600.00	S&P-AAA	Moody's-Aaa	0.45	08/08/2021	2.850	1.17
Proctor and Gamble Co. 1.9 10/23/2020	5,000,000.00	4,983,813.53	5,027,900.00	S&P-AA-	Moody's-Aa3	0.45	10/23/2020	2.746	0.39
Toyota Motor Credit corp Var. Corp 5/17/	10,000,000.00	10,028,259.58	9,862,800.00	S&P-AA-	Moody's-A1	0.90	05/17/2022	0.786	0.00
Toyota Motor Credit corp 2.8 7/13/2022	5,305,000.00	5,408,540.06	5,509,932.15	S&P-AA-	Moody's-A1	0.48	07/13/2022	1.851	2.05
Toyota Motor Credit corp Var. Corp 1/11	4,607,000.00	4,637,774.56	4,597,647.79	S&P-AA-	Moody's-A1	0.42	01/11/2022	2.001	0.00
Toyota Motor Credit corp Var. Corp 1/11	900,000.00	906,011.96	898,173.00	S&P-AA-	Moody's-A1	0.08	01/11/2022	2.001	0.00
Toyota Motor Credit corp Var. Corp 10/7	10,000,000.00	10,019,618.86	9,950,600.00	S&P-AA-	Moody's-A1	0.90	10/07/2021	1.677	0.00
Toyota Motor Credit corp Var. Corp 10/7	20,000,000.00	20,055,308.31	19,901,200.00	S&P-AA-	Moody's-A1	1.81	10/07/2021	1.677	0.00
Toyota Motor Credit corp Var. Corp 8/13	3,000,000.00	3,000,000.00	2,983,500.00	S&P-AA-	Moody's-A1	0.27	08/13/2021	0.559	0.00
Walmart Var. Corp 6/23/2021	5,000,000.00	5,008,434.78	5,009,950.00	S&P-AA	Moody's-Aa2	0.45	06/23/2021	1.425	0.00
Walmart Corp 1.9 12/15/2020	5,000,000.00	4,978,559.76	5,043,050.00	S&P-AA	Moody's-Aa2	0.45	12/15/2020	2.722	0.53
Sub Total / Average Corporate Bond	229,672,000.00	230,452,742.46	231,520,714.10			20.73		1.627	0.83
FFCB Bond									
FFCB Var. FFCB 9/13/2021	5,000,000.00	5,000,000.00	5,002,100.00	S&P-AA+	Moody's-Aaa	0.45	09/13/2021	0.783	0.00
FFCB 1.85 3/3/2022	5,000,000.00	4,999,119.51	5,013,450.00	S&P-AA+	Moody's-Aaa	0.45	03/03/2022	1.860	1.73
FFCB Var. FFCB 10/27/2021	20,000,000.00	19,998,207.21	19,957,000.00	S&P-AA+	Moody's-Aaa	1.81	10/27/2021	0.891	0.00
FFCB Var. FFCB 11/7/2022	10,000,000.00	10,039,267.53	10,034,600.00	S&P-AA+	Moody's-Aaa	0.90	11/07/2022	0.550	0.00
FFCB Var. FFCB 5/16/2022	10,000,000.00	10,007,891.62	10,019,800.00	S&P-AA+	Moody's-Aaa	0.90	05/16/2022	0.400	0.00
Sub Total / Average FFCB Bond	50,000,000.00	50,044,485.87	50,026,950.00			4.51		0.811	0.17
FHLB Bond									
FHLB 1.67 8/25/2023-21	21,000,000.00	21,000,000.00	21,192,150.00	S&P-AA+	Moody's-Aaa	1.90	08/25/2023	1.670	3.15
FHLB 2.875 9/11/2020	5,000,000.00	4,999,413.94	5,037,150.00	S&P-AA+	Moody's-Aaa	0.45	09/11/2020	2.917	0.28
Sub Total / Average FHLB Bond	26,000,000.00	25,999,413.94	26,229,300.00			2.35		1.910	2.60
FHLMC Bond									
FHLMC 1.875 11/17/2020	5,000,000.00	4,976,818.18	5,038,550.00	S&P-AA+	Moody's-Aaa	0.45	11/17/2020	2.910	0.46
Sub Total / Average FHLMC Bond	5,000,000.00	4,976,818.18	5,038,550.00			0.45		2.910	0.46
Local Government Investment Pool									
Commonwealth of Virginia LGIP	11,985.99	11,985.99	11,985.99	S&P-AAA	NR	0.00	N/A	0.675	0.00
Commonwealth of Virginia LGIP	73,527,899.71	73,527,899.71	73,527,899.71	S&P-AAA	NR	6.64	N/A	0.675	0.00
VIP Stable NAV LGIP	203,461,301.07	203,461,301.07	203,461,301.07	S&P-AAA	NR	18.36	N/A	0.700	0.00
Sub Total / Average LGIP	277,001,186.77	277,001,186.77	277,001,186.77			25.00		0.693	0.00
<b>Issuer</b>	<b>Face Amount</b>	<b>Book</b>	<b>Market</b>	<b>Credit</b>	<b>Credit</b>	<b>Portfolio %</b>	<b>Maturity Date</b>	<b>YTM @</b>	<b>Duration To</b>
	<b>Shares</b>	<b>Value</b>	<b>Value</b>	<b>Rating 1</b>	<b>Rating 2</b>			<b>Cost</b>	<b>Maturity</b>

Money Market									
Access National Bank MM	57,646,934.49	57,646,934.49	57,646,934.49	NR	NR	5.20	N/A	0.880	0.00
BB&T MM	209,733.53	209,733.53	209,733.53	NR	NR	0.02	N/A	0.160	0.00
John Marshall Bank ICS MM	47,555,294.41	47,555,294.41	47,555,294.41	NR	NR	4.29	N/A	0.985	0.00
United Bank MM	90,866,107.89	90,866,107.89	90,866,107.89	NR	NR	8.20	N/A	0.870	0.00
Sub Total / Average Money Market	196,278,070.32	196,278,070.32	196,278,070.32			17.72		0.900	0.00
Municipal Bond									
NYC GO 1.58 8/1/2021	20,000,000.00	20,009,144.17	20,098,600.00	S&P-AA	Moody's-Aa1	1.81	08/01/2021	1.541	1.16
NYC GO 1.58 8/1/2022	10,000,000.00	10,008,383.78	10,079,800.00	S&P-AA	Moody's-Aa1	0.90	08/01/2022	1.541	2.13
Sub Total / Average Municipal Bond	30,000,000.00	30,017,527.95	30,178,400.00			2.71		1.541	1.48
Negotiable Certificate Of Deposit									
Rabobank NY2.05 7/17/2020	17,000,000.00	17,000,000.00	17,044,710.00	S&P-A1	Moody's-P1	1.53	07/17/2020	2.050	0.13
TD Bank NY 2.05 6/26/2020	10,000,000.00	10,000,000.00	10,014,600.00	S&P-A1+	Moody's-P1	0.90	06/26/2020	2.050	0.07
TD Bank NY 2.08 7/15/2020	10,000,000.00	10,000,000.00	10,025,000.00	S&P-A1+	Moody's-P1	0.90	07/15/2020	2.080	0.12
TD Bank NY 2.5 3/23/2021	15,000,000.00	15,000,000.00	15,127,200.00	S&P-A1+	Moody's-P1	1.35	03/23/2021	2.500	0.81
Sub Total / Average Negotiable CD	52,000,000.00	52,000,000.00	52,211,510.00			4.69		2.186	0.31
Treasury Note									
T-Note 1.375 10/31/2020	10,000,000.00	9,954,065.27	10,048,800.00	S&P-AA+	Moody's-Aaa	0.90	10/31/2020	2.504	0.42
T-Note 1.5 6/15/2020	10,000,000.00	9,995,818.20	10,005,300.00	S&P-AA+	Moody's-Aaa	0.90	06/15/2020	2.542	0.04
T-Note 1.5 8/15/2020	10,000,000.00	9,979,535.80	10,028,200.00	S&P-AA+	Moody's-Aaa	0.90	08/15/2020	2.506	0.21
T-Note 1.5 8/15/2020	10,000,000.00	9,989,768.28	10,028,200.00	S&P-AA+	Moody's-Aaa	0.90	08/15/2020	2.000	0.21
T-Note 1.5 8/15/2020	5,000,000.00	4,994,987.32	5,014,100.00	S&P-AA+	Moody's-Aaa	0.45	08/15/2020	1.990	0.21
T-Note 1.625 10/15/2020	10,000,000.00	9,986,862.16	10,052,700.00	S&P-AA+	Moody's-Aaa	0.90	10/15/2020	1.981	0.37
T-Note 1.625 7/31/2020	5,000,000.00	4,997,060.57	5,012,400.00	S&P-AA+	Moody's-Aaa	0.45	07/31/2020	1.983	0.17
T-Note 2 11/30/2020	5,000,000.00	5,001,776.45	5,045,100.00	S&P-AA+	Moody's-Aaa	0.45	11/30/2020	1.927	0.50
T-Note 2 11/30/2020	6,000,000.00	6,004,636.82	6,054,120.00	S&P-AA+	Moody's-Aaa	0.54	11/30/2020	1.842	0.50
T-Note 2.375 12/31/2020	7,000,000.00	7,021,681.58	7,088,900.00	S&P-AA+	Moody's-Aaa	0.63	12/31/2020	1.835	0.58
T-Note 2.5 6/30/2020	10,000,000.00	9,999,876.90	10,019,000.00	S&P-AA+	Moody's-Aaa	0.90	06/30/2020	2.514	0.08
T-Note 2.625 7/31/2020	10,000,000.00	10,001,930.74	10,041,300.00	S&P-AA+	Moody's-Aaa	0.90	07/31/2020	2.506	0.17
T-Note 2.625 8/31/2020	5,000,000.00	5,008,068.49	5,030,850.00	S&P-AA+	Moody's-Aaa	0.45	08/31/2020	1.971	0.25
T-Note 2.75 9/15/2021	10,000,000.00	9,970,417.44	10,329,700.00	S&P-AA+	Moody's-Aaa	0.90	09/15/2021	2.990	1.27
T-Note 2.75 9/30/2020	10,000,000.00	9,997,377.92	10,084,000.00	S&P-AA+	Moody's-Aaa	0.90	09/30/2020	2.831	0.33
T-Note 2.75 9/30/2020	10,000,000.00	10,007,886.77	10,084,000.00	S&P-AA+	Moody's-Aaa	0.90	09/30/2020	2.507	0.33
T-Note 2.75 9/30/2020	5,000,000.00	5,014,940.88	5,042,000.00	S&P-AA+	Moody's-Aaa	0.45	09/30/2020	1.841	0.33
T-Note 2.75 9/30/2020	5,000,000.00	5,014,876.48	5,042,000.00	S&P-AA+	Moody's-Aaa	0.45	09/30/2020	1.845	0.33
Sub Total / Average Treasury Note	143,000,000.00	142,941,568.07	144,050,670.00			12.91		2.311	0.35
TVA Bond									
TVA 3.875 2/15/2021	5,000,000.00	5,029,174.42	5,140,450.00	S&P-AA+	Moody's-Aaa	0.45	02/15/2021	3.017	0.70
TVA 3.875 2/15/2021	13,500,000.00	13,725,127.50	13,879,215.00	S&P-AA+	Moody's-Aaa	1.22	02/15/2021	1.500	0.70
Sub Total / Average TVA Bond	18,500,000.00	18,754,301.92	19,019,665.00			1.67		1.910	0.70
Total / Average	1,107,951,257.09	1,108,920,706.31	1,111,614,993.27			100		1.374	0.37