

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 9, 2020

SUBJECT: Investment Portfolio Report

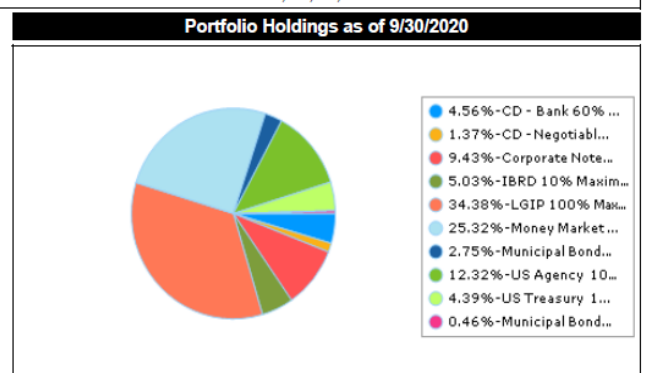
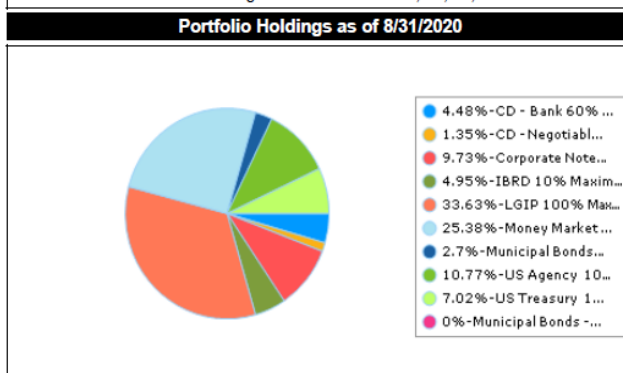
- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through September 30, 2020.
- 2) **Background:** This report is on investment activity through September 2020 and affirms the portfolio 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: 8/31/2020, End Date: 9/30/2020

Asset Category Allocation				
Asset Category	Book Value 8/31/2020	% of Portfolio 8/31/2020	Book Value 9/30/2020	% of Portfolio 9/30/2020
CD - Bank 60% Maximum	49,815,273.30	4.48	49,815,273.30	4.56
CD - Negotiable 25% Maximum	15,000,000.00	1.35	15,000,000.00	1.37
Corporate Notes 50% Maximum	108,096,340.00	9.73	103,092,009.77	9.43
IBRD 10% Maximum	55,016,848.78	4.95	55,015,847.46	5.03
LGIP 100% Maximum	373,827,632.32	33.63	375,903,900.86	34.38
Money Market 60% Maximum	282,051,985.96	25.38	276,819,141.52	25.32
Municipal Bonds - US 75% Maximum	30,014,583.91	2.70	30,013,623.89	2.75
US Agency 100% Maximum	119,693,477.80	10.77	134,667,492.78	12.32
US Treasury 100% Maximum	77,977,730.72	7.02	47,978,777.10	4.39
Municipal Bonds - Virginia 75% Maximum	0.00	0.00	5,043,169.20	0.46
Total / Average	1,111,493,872.79	100.00	1,093,349,235.88	100.00



3) Current Period Reports:

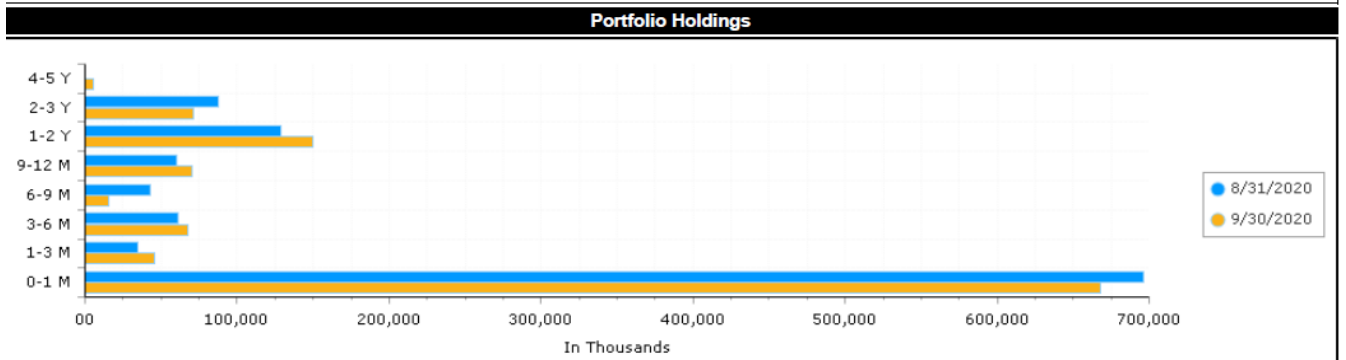
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



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

Begin Date: 8/31/2020, End Date: 9/30/2020

Maturity Range Allocation				
Maturity Range	Book Value 8/31/2020	% of Portfolio 8/31/2020	Book Value 9/30/2020	% of Portfolio 9/30/2020
0-1 Month	695,888,245.67	62.61	667,719,036.42	61.07
1-3 Months	34,953,809.39	3.14	45,473,888.40	4.16
3-6 Months	61,168,389.69	5.50	68,016,074.87	6.22
6-9 Months	42,937,873.73	3.86	15,573,440.70	1.42
9-12 Months	60,270,904.63	5.42	70,246,976.92	6.42
1-2 Years	128,601,038.84	11.57	149,734,368.87	13.70
2-3 Years	87,673,610.84	7.89	71,542,280.50	6.54
4-5 Years	0.00	0.00	5,043,169.20	0.46
Total / Average	1,111,493,872.79	100.00	1,093,349,235.88	100.00



- b. The liquidity of the portfolio is reflected in the portfolio's duration of .33 (1.0 = 1 year) and the maturity schedule shown above.

NVTA Investment Benchmarks	Sep-20 Month End
Fed Funds Rate	0.09%
Treasury 90 Day T Bill	0.10%
Local Government Investment Pool	0.22%
Virginia Non-Arbitrage Program	0.30%
NVTA Performance	0.66%

Source: Bloomberg/NVTA Statements

- c. The yield on the portfolio at the end of September 2020 was .661. 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;

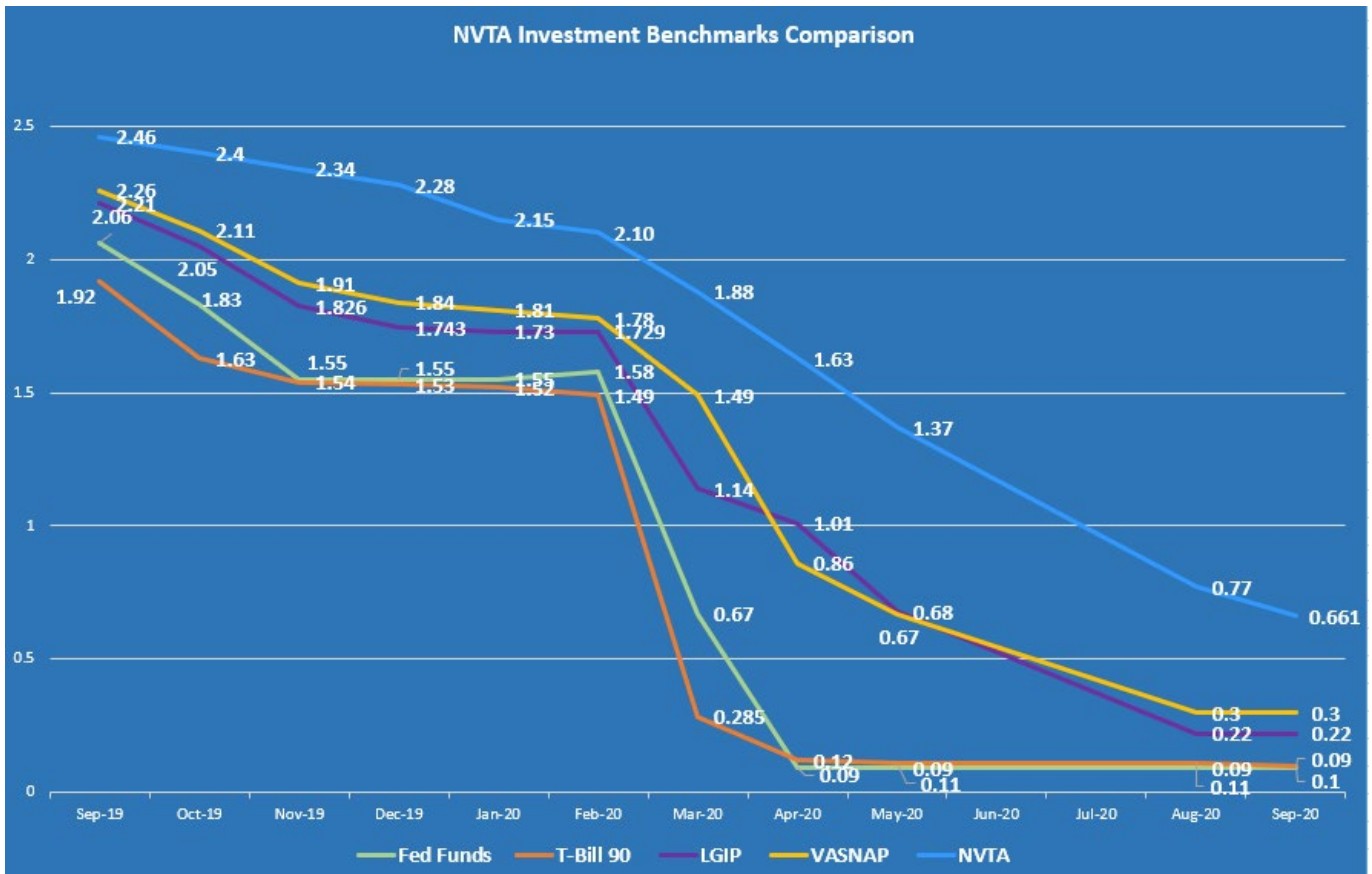
- i) Local Government Investment Pools (remains at 34%)
- ii) Collateralized bank money market accounts (remains at 25%)
- iii) AAA/AA rated investment grade corporate bonds (14% from 15%)
- iv) Treasuries and Agencies (17% from 16%)

b) **Liquidity:**

The NVTA Portfolio average duration was .33 – approximately one third of a year – reflecting a strategy to use local government investment pools to delay buying into the low market rates caused by the Federal Reserve’s economic intervention.

c) **Yield:**

- i) 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 once the positive differences between the LGIP rates and Treasuries, Agencies and Corporates plays out (October/November 2020).
- ii) The NVTA portfolio is showing declines while still retaining valued compared to the benchmarks. However, over time NVTA’s portfolio performance will move (decline) with the market. The portfolio is well positioned to take early advantage of rising rates as COVID-19 lockdowns end and the economy begins to recover.



- 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

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: October 9, 2020

SUBJECT: Monthly Revenue Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
2. **Background:** The attached reports reflect funding received and distributed through September 2020. September receipts represent the first month of receipts for FY2021.
3. **Comments:**
 - a. **FY2021 Revenues (Attachment A)**
 - i. The Authority has received approximately \$26.5 million through the September 2020 transfers from the Commonwealth.
 - ii. Actual revenue (one month of sales tax receipts annualized) compared to FY2021 budgeted revenue annual sales tax revenues through September 2020 show a 26% positive variance. It is too early in the revenue cycle to rely on the positive variance to be sustained through the remaining 11 months. Nor do we know the future impact of the COVID-19 pandemic as the colder months approach. FY2021 projected revenue is expected to rise and fall throughout the fiscal year as a result of the unpredictable path of the COVID-19 virus and its impact on the economy.
 - iii. The Authority has received two months of Regional Congestion Fees (Grantors Tax) at the reduced rate of \$0.05/100.
 - iv. The Authority has not yet received Heavy Truck Registration and Diesel Fuel revenue for FY2021. Per VDOT, these funds cannot be distributed to the Authority until the 2020 General Assembly Special Session.
 - b. **FY2021 Distribution to localities (Attachment B)**
 - i. Seven of the Authority's member jurisdictions have completed the required annual HB2313 certification to receive FY2021 Local Distribution Funds (30%).
 - ii. As of September 2020, \$6.5 million has been distributed in Local 30% Distribution funds for FY2021 to member jurisdictions.

c. FY2015 to FY2021 Year over Year Revenue Comparison (Attachment C).

- i. This chart reflects a month-to-month comparison of sales tax revenue and a year-to-year comparison of fiscal year to date revenues received through September 2020.

Attachments:

- A. Sales Tax Revenues Received Compared to NVTA Estimates, Through September 2020
- B. FY2020 30% Distribution by Jurisdiction, through September 2020
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for September 2015 to 2020