

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

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

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

**DATE:** March 4, 2021

**SUBJECT:** Investment Portfolio Report

- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTa) with required reports on investment activities and portfolio performance through January 31, 2021.
- 2) **Background:** This report is on investment activity through January 2021 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

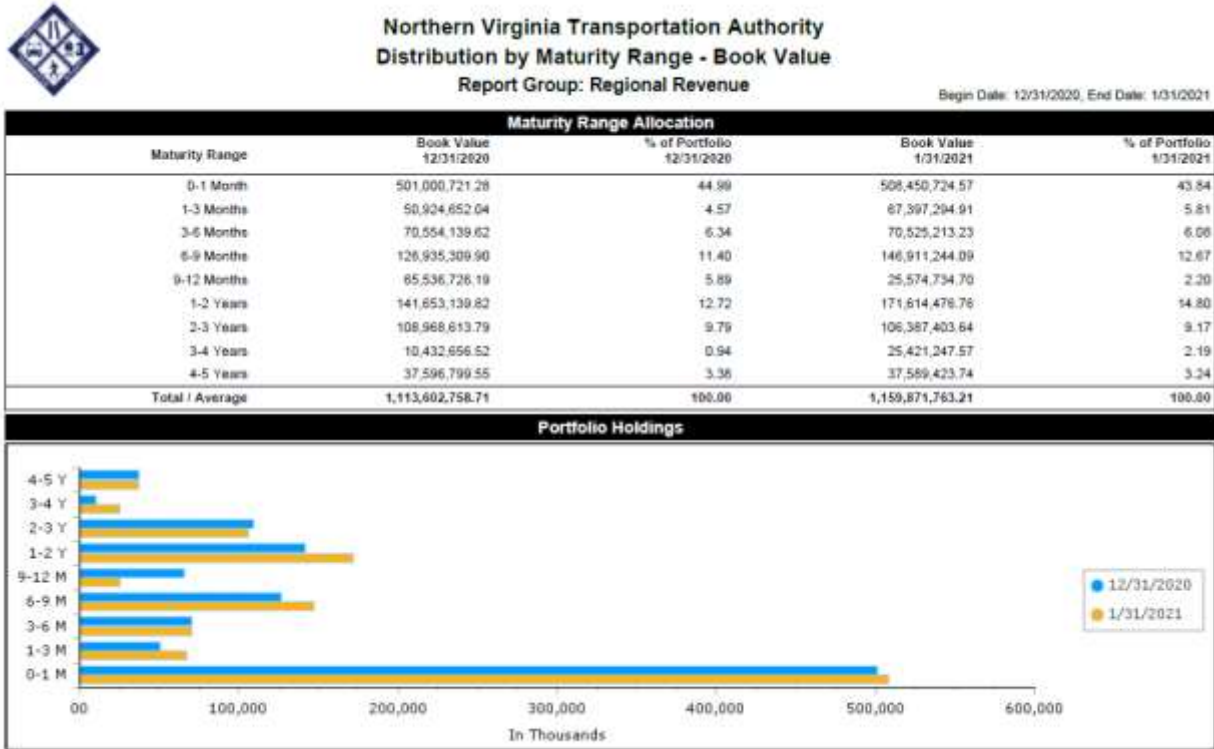
Begin Date: 12/31/2020, End Date: 1/31/2021

Asset Category Allocation				
Asset Category	Book Value 12/31/2020	% of Portfolio 12/31/2020	Book Value 1/31/2021	% of Portfolio 1/31/2021
CD - Bank 60% Maximum	40,315,273.30	3.62	45,315,273.30	3.91
CD - Negotiable 25% Maximum	15,000,000.00	1.35	15,000,000.00	1.29
Commercial Paper 30% / 5% Maximum	106,367,670.85	9.55	106,389,543.04	9.17
Corporate Notes 50% Maximum	154,651,527.52	13.88	182,050,788.33	15.70
IBRD 10% Maximum	80,231,749.48	7.20	50,202,896.94	4.33
LGIP 100% Maximum	211,528,341.28	18.99	270,132,127.63	23.29
Money Market 60% Maximum	279,472,380.00	25.10	219,803,925.48	18.95
Municipal Bonds - US 75% Maximum	43,800,179.79	3.93	43,783,068.12	3.77
Municipal Bonds - Virginia 75% Maximum	23,581,867.42	2.12	23,571,674.42	2.03
US Agency 100% Maximum	148,669,939.20	13.35	193,636,691.95	16.68
US Treasury 100% Maximum	9,983,829.87	0.90	8,985,772.80	0.86
<b>Total / Average</b>	<b>1,113,602,758.71</b>	<b>100.00</b>	<b>1,159,871,763.21</b>	<b>100.00</b>



3) Current Period Reports:

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



- b. The liquidity of the portfolio is reflected in the portfolio’s duration of 0.58 (1.0 = 1 year) and the maturity schedule shown above.

NVTA Investment Benchmarks	Jan-21 Month End
Fed Funds Rate	0.07%
Treasury 90 Day T Bill	0.08%
Local Government Investment Pool	0.13%
Virginia Non-Arbitrage Program	0.15%
<b>NVTA Performance</b>	<b>0.45%</b>

Source: Bloomberg/NVTA Statements

- c. The yield on the portfolio at the end of January 2021 was 0.45%. 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;

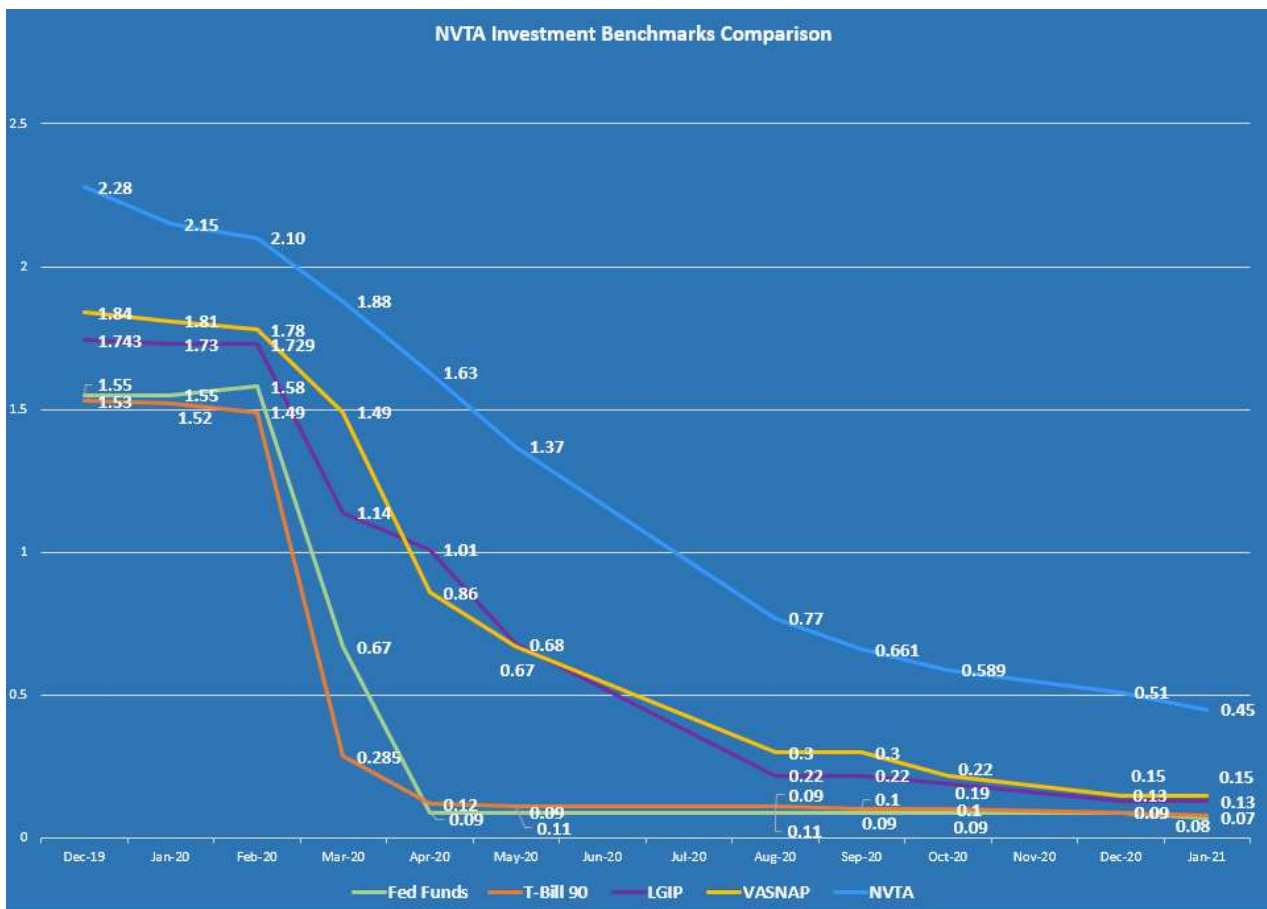
- i) Local Government Investment Pools (23% from 19%)
- ii) Collateralized bank money market accounts (19% from 25%)
- iii) AAA/AA rated investment grade corporate bonds (16% from 14%)
- iv) Treasuries and Agencies (18% from 14%)
- v) VA & US Municipals (remains at 6%)

b) **Liquidity:**

The NVTA Portfolio average duration was 0.58 – a tad more than half of a year. As yields have fallen in the market and now the local government investment pools, shorter duration securities are being purchased which has moved the duration from 0.63 in December to 0.58 (1.0 = 1 year) in January.

c) **Yield:**

- i) Given the change in market dynamics - the Federal Reserve has dropped rates near zero because of the pandemic. With local government investment pools' rates declining with the market, investment activity has centered around consolidating those funds and making short duration purchases of taxable municipal bonds, commercial paper and treasuries/agencies.
- ii) The NVTA portfolio is showing declines while still retaining value compared to the benchmarks. However, over time NVTA's portfolio performance is declining with the market. The portfolio is well positioned to take early advantage of rising rates as COVID-19 restrictions 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) **Portfolio Consultant:** The Investment and Debt Manager position has been vacant since July 2020, with the duties being undertaken by the CFO and the Financial Analyst. This time period has been used to expand the Financial Analyst exposure to portfolio management. Given the time and virtual work constraints a consultant is being brought on board for approximately 8 months to provide greater mentoring and coaching opportunity as well as seeking to maintain the portfolio yield as interest rates continue to decline.

The consultant’s name is Josephine Gilbert. Ms. Gilbert was the Treasury Director at Fairfax County managing a multi-billion investment portfolio until her retirement in July 2020.

- 7) **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 NVTAs 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

The Authority for Transportation in Northern Virginia

## Portfolio Holdings Compliance - GASB 40 Report - As of 1/31/2021

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
<b>Certificate Of Deposit</b>										
United Bank 0.15 7/15/2021	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.87	165	07/15/2021	0.150	0.45
United Bank 0.15 7/22/2021	5,000,000.00	5,000,000.00	5,000,000.00	NR	NR	0.43	172	07/22/2021	0.150	0.47
United Bank 0.2 9/2/2021	30,315,273.30	30,315,273.30	30,315,273.30	NR	NR	2.63	214	09/02/2021	0.200	0.59
Sub Total / Average Certificate Of Deposit	45,315,273.30	45,315,273.30	45,315,273.30			3.93	199		0.183	0.54
<b>Commercial Paper</b>										
Barclays Bank 0 7/16/2021	10,000,000.00	9,986,627.78	9,978,411.11	S&P-A1	Moodys-P1	0.87	166	07/16/2021	0.291	0.45
Barclays Bank PLC 0 8/27/2021	11,500,000.00	11,480,066.66	11,474,220.83	S&P-A1	Moodys-P1	1.00	208	08/27/2021	0.301	0.57
Lloyds Bank PLC 0 4/16/2021	25,000,000.00	24,990,104.16	24,974,165.28	S&P-A1	Moodys-P1	2.17	75	04/16/2021	0.190	0.21
Lloyds Bank PLC 0 4/27/2021	10,000,000.00	9,994,744.44	9,989,274.17	S&P-A1	Moodys-P1	0.87	86	04/27/2021	0.220	0.24
Lloyds Bank PLC 0 6/4/2021	20,000,000.00	19,981,400.00	19,977,115.00	S&P-A1	Moodys-P1	1.73	124	06/04/2021	0.270	0.34
Royal Bank of Canada 0 10/19/2021	10,000,000.00	9,984,050.00	9,977,816.67	S&P-A1+	Moodys-P1	0.87	261	10/19/2021	0.220	0.72
Royal Bank of Canada 0 10/28/2021	10,000,000.00	9,982,000.00	9,975,666.67	S&P-A1+	Moodys-P1	0.87	270	10/28/2021	0.241	0.74
Toyota Industries0 7/12/2021	10,000,000.00	9,990,550.00	9,981,818.06	S&P-A1	Moodys-P1	0.87	162	07/12/2021	0.210	0.44
Sub Total / Average Commercial Paper	106,500,000.00	106,389,543.04	106,328,487.79			9.22	152		0.239	0.42
<b>Corporate Bond</b>										
Apple Corp. 1.7 9/11/2022	16,145,000.00	16,119,591.57	16,518,110.95	S&P-AA+	Moodys-Aa1	1.40	588	09/11/2022	1.800	1.59
Apple Corp.Var. Corp 2/9/2022	5,011,000.00	5,031,311.44	5,034,952.58	S&P-AA+	Moodys-Aa1	0.43	374	02/09/2022	0.713	0.00
Apple Inc 0.75 5/11/2023	5,000,000.00	5,053,242.77	5,063,350.00	S&P-AA+	Moodys-Aa1	0.43	830	05/11/2023	0.280	2.26
Apple Inc 2.4 5/3/2023	2,500,000.00	2,615,562.73	2,618,325.00	S&P-AA+	Moodys-Aa1	0.22	822	05/03/2023	0.340	2.20
Asian Development Bank 1.75 9/13/2022	25,000,000.00	25,620,701.36	25,629,500.00	S&P-AAA	Moodys-Aaa	2.17	590	09/13/2022	0.210	1.59
Asian Development Bank 2.75 3/17/2023	18,083,000.00	19,041,196.42	19,055,503.74	S&P-AAA	Moodys-Aaa	1.57	775	03/17/2023	0.250	2.06
Berkshire Hathaway2.2 3/15/2021	7,386,000.00	7,380,723.83	7,398,630.06	S&P-AA	Moodys-Aa2	0.64	43	03/15/2021	2.833	0.12
Berkshire Hathaway2.2 3/15/2021	10,000,000.00	10,001,592.21	10,017,100.00	S&P-AA	Moodys-Aa2	0.87	43	03/15/2021	2.061	0.12
Berkshire Hathaway2.75 3/15/2023-23	10,000,000.00	10,436,579.57	10,472,500.00	S&P-AA	Moodys-Aa2	0.87	773	03/15/2023	0.665	2.06
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,547,426.75	5,581,183.60	S&P-AA	Moodys-Aa2	0.48	105	05/16/2021	2.923	0.29

**Portfolio Holdings Compliance - GASB 40 Report - As of 1/31/2021**

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
Chevron Corp. 2.1 5/16/2021	5,000,000.00	5,016,100.00	5,019,050.00	S&P-AA	Moodys-Aa2	0.43	105	05/16/2021	0.973	0.29
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,002,714.01	1,004,730.00	S&P-AA	Moodys-Aa1	0.09	399	03/06/2022	0.595	0.00
Exxon Mobil Corp Var. Corp 3/6/2022	7,500,000.00	7,519,324.51	7,535,475.00	S&P-AA	Moodys-Aa1	0.65	399	03/06/2022	0.595	0.00
Exxon Mobil Corp Var. Corp 8/16/2022	10,000,000.00	10,024,348.09	10,038,200.00	S&P-AA	Moodys-Aa1	0.87	562	08/16/2022	0.551	0.00
IBRD 1.375 9/20/2021	25,000,000.00	25,193,162.24	25,191,750.00	S&P-AAA	Moodys-Aaa	2.17	232	09/20/2021	0.157	0.63
IBRD ADBVar. Corp 12/15/2021	25,000,000.00	25,009,734.70	25,004,500.00	S&P-AAA	Moodys-Aaa	2.17	318	12/15/2021	0.227	0.00
Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,967,959.83	5,030,350.00	S&P-AAA	Moodys-Aaa	0.43	189	08/08/2021	2.850	0.52
Microsoft Corp 3.625 12/15/2023-23	13,000,000.00	14,144,731.99	14,144,000.00	S&P-AAA	Moodys-Aaa	1.13	1,048	12/15/2023	0.530	2.75
Toronto Dominion Bank Var. Corp 9/28/2023	16,680,000.00	16,800,931.71	16,784,416.80	Fitch-AA	Moodys-Aa3	1.44	970	09/28/2023	0.510	0.00
WalmartVar. Corp 6/23/2021	5,000,000.00	5,003,108.70	5,005,300.00	S&P-AA	Moodys-Aa2	0.43	143	06/23/2021	0.475	0.00
Walmart Inc. 3.4 6/26/2023-23	10,000,000.00	10,723,621.84	10,729,100.00	S&P-AA	Moodys-Aa2	0.87	876	06/26/2023	0.372	2.32
Sub Total / Average Corporate Bond	227,865,000.00	232,253,666.27	232,876,027.73			19.74	522		0.745	0.98
<b>FFCB Bond</b>										
FFCBVar. FFCB 8/1/2022	25,000,000.00	25,000,000.00	24,996,500.00	S&P-AA+	Moodys-Aaa	2.17	547	08/01/2022	0.140	0.00
FFCBVar. FFCB 9/13/2021	5,000,000.00	5,000,000.00	5,003,400.00	S&P-AA+	Moodys-Aaa	0.43	225	09/13/2021	0.230	0.00
FFCB 0.23 8/3/2022	20,000,000.00	20,000,000.00	20,000,200.00	S&P-AA	Moodys-Aaa	1.73	549	08/03/2022	0.230	1.50
FFCB 0.6 11/24/2025-21	19,100,000.00	19,090,800.60	19,100,382.00	S&P-AA+	Moodys-Aaa	1.65	1,758	11/24/2025	0.610	4.75
FFCB Var. FFCB 10/27/2021	20,000,000.00	19,999,061.75	19,993,800.00	S&P-AA+	Moodys-Aaa	1.73	269	10/27/2021	0.113	0.00
FFCB Var. FFCB 11/7/2022	10,000,000.00	10,028,457.93	10,062,600.00	S&P-AA+	Moodys-Aaa	0.87	645	11/07/2022	0.500	0.00
FFCB Var. FFCB 5/16/2022	10,000,000.00	10,005,187.50	10,030,100.00	S&P-AA+	Moodys-Aaa	0.87	470	05/16/2022	0.350	0.00
FFCB Var. FFCB 8/3/2022	30,000,000.00	30,000,000.00	29,988,600.00	S&P-AA+	Moodys-Aaa	2.60	549	08/03/2022	0.130	0.00
Sub Total / Average FFCB Bond	139,100,000.00	139,123,507.78	139,175,582.00			12.05	664		0.256	0.87
<b>FHLB Bond</b>										
FHLB 0.27 3/28/2024-21	15,000,000.00	14,998,512.91	14,990,550.00	S&P-AA+	Moodys-Aaa	1.30	1,152	03/28/2024	0.273	3.15
FHLB 1.67 8/25/2023-21	21,000,000.00	21,000,000.00	21,023,100.00	S&P-AA+	Moodys-Aaa	1.82	936	08/25/2023	1.670	2.51
Sub Total / Average FHLB Bond	36,000,000.00	35,998,512.91	36,013,650.00			3.12	1,026		1.088	2.77
<b>Local Government Investment Pool</b>										
Commonwealth of VirginiaLGIP	12,004.21	12,004.21	12,004.21	S&P-AAA	NR	0.00	1	N/A	0.128	0.00
Commonwealth of Virginia LGIP	269,911,244.31	269,911,244.31	269,911,244.31	S&P-AAA	NR	23.38	1	N/A	0.128	0.00
VIP Stable NAV LGIP	208,879.31	208,879.31	208,879.31	S&P-AAA	NR	0.02	1	N/A	0.134	0.00
Sub Total / Average Local Government Investment Po	270,132,127.83	270,132,127.83	270,132,127.83			23.40	1		0.128	0.00
<b>Money Market</b>										
BB&T MM	832,377.58	832,377.58	832,377.58	NR	NR	0.07	1	N/A	0.010	0.00
John Marshall Bank ICS MM	47,671,170.85	47,671,170.85	47,671,170.85	NR	NR	4.13	1	N/A	0.230	0.00
United Bank ICS Checking MM	28,029,772.90	28,029,772.90	28,029,772.90	NR	NR	2.43	1	N/A	0.200	0.00
United Bank ICS Savings MM	52,055,577.62	52,055,577.62	52,055,577.62	NR	NR	4.51	1	N/A	0.200	0.00

**Portfolio Holdings Compliance - GASB 40 Report - As of 1/31/2021**

Description	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
United Bank MM	91,205,069.53	91,205,069.53	91,205,069.53	NR	NR	7.90	1	N/A	0.133	0.00
United Bank/Chk MM	9,957.00	9,957.00	9,957.00	NR	NR	0.00	1	N/A	0.000	0.00
Sub Total / Average Money Market	219,803,925.48	219,803,925.48	219,803,925.48			19.04	1		0.178	0.00
<b>Municipal Bond</b>										
Arlington County 0.79 8/1/2025	7,000,000.00	7,058,876.56	7,116,550.00	S&P-AAA	Moodys-Aaa	0.61	1,643	08/01/2025	0.600	3.92
Calvert County MD 2 5/1/2021	30,000.00	30,130.27	30,133.50	S&P-AAA	Fitch-AAA	0.00	90	05/01/2021	0.251	0.25
Calvert County MD 2 5/1/2022	805,000.00	822,050.03	823,201.05	S&P-AAA	Fitch-AAA	0.07	455	05/01/2022	0.300	1.24
Calvert County MD 2 5/1/2023	2,640,000.00	2,734,468.34	2,742,273.60	S&P-AAA	Fitch-AAA	0.23	820	05/01/2023	0.400	2.20
Calvert County MD 2 5/1/2024	2,330,000.00	2,442,467.18	2,454,678.30	S&P-AAA	Fitch-AAA	0.20	1,186	05/01/2024	0.500	3.15
Calvert County MD 2 5/1/2025	2,620,000.00	2,767,907.83	2,783,828.60	S&P-AAA	Fitch-AAA	0.23	1,551	05/01/2025	0.650	4.08
Carroll CNTY MD 2 11/1/2024	2,385,000.00	2,524,981.31	2,535,421.95	S&P-AAA	Moodys-Aaa	0.21	1,370	11/01/2024	0.420	3.63
Carroll CNTY MD 2 11/1/2025	1,890,000.00	2,016,395.33	2,024,284.50	S&P-AAA	Moodys-Aaa	0.16	1,735	11/01/2025	0.570	4.55
City Richmond GO 2 7/15/2023	3,000,000.00	3,117,068.27	3,129,000.00	S&P-AA+	Moodys-Aa1	0.26	895	07/15/2023	0.400	2.41
City Richmond GO 2 7/15/2024	3,000,000.00	3,153,855.45	3,170,520.00	S&P-AA+	Moodys-Aa1	0.26	1,261	07/15/2024	0.500	3.36
City Richmond GO 2 7/15/2025	410,000.00	435,180.52	437,617.60	S&P-AA+	Moodys-Aa1	0.04	1,626	07/15/2025	0.600	4.29
FFX CNTY VA GO 0.645 10/1/2025	5,000,000.00	5,040,262.90	5,040,050.00	S&P-AAA	Moodys-Aaa	0.43	1,704	10/01/2025	0.470	4.59
NYC GO 1.58 8/1/2021	20,000,000.00	20,003,897.51	20,131,600.00	S&P-AA	Moodys-Aa1	1.73	182	08/01/2021	1.541	0.50
NYC GO 1.58 8/1/2022	10,000,000.00	10,005,790.32	10,191,000.00	S&P-AA	Moodys-Aa1	0.87	547	08/01/2022	1.541	1.48
VA Resources Auth Infrastructure Rev 0.249 11/1/20	565,000.00	565,000.00	565,146.90	S&P-AAA	Moodys-Aaa	0.05	274	11/01/2021	0.249	0.75
VA Resources Auth Infrastructure Rev 0.329 11/1/20	435,000.00	435,000.00	435,913.50	S&P-AAA	Moodys-Aaa	0.04	639	11/01/2022	0.329	1.75
VA Resources Auth Infrastructure Rev 0.436 11/1/20	720,000.00	720,000.00	722,289.60	S&P-AAA	Moodys-Aaa	0.06	1,004	11/01/2023	0.436	2.73
VA Resources Auth Infrastructure Rev 0.636 11/1/20	1,000,000.00	1,000,000.00	1,005,200.00	S&P-AAA	Moodys-Aaa	0.09	1,370	11/01/2024	0.636	3.71
VA Resources Auth Infrastructure Rev 0.736 11/1/20	1,180,000.00	1,180,000.00	1,186,159.60	S&P-AAA	Moodys-Aaa	0.10	1,735	11/01/2025	0.736	4.67
VA Resources Auth Infrastructure Rev 0.75 11/1/202	1,300,000.00	1,301,430.72	1,309,828.00	S&P-AA	Moodys-Aa1	0.11	1,370	11/01/2024	0.720	3.70
Sub Total / Average Municipal Bond	66,310,000.00	67,354,762.54	67,834,696.70			5.74	883		0.980	2.31
<b>Negotiable Certificate Of Deposit</b>										
TD Bank NY 2.5 3/23/2021	15,000,000.00	15,000,000.00	15,024,600.00	S&P-A1+	Moodys-P1	1.30	51	03/23/2021	2.500	0.14
Sub Total / Average Negotiable Certificate Of Deposit	15,000,000.00	15,000,000.00	15,024,600.00			1.30	51		2.500	0.14
<b>Treasury Note</b>										
T-Note 2.75 9/15/2021	10,000,000.00	9,985,772.80	10,164,100.00	S&P-AA+	Moodys-Aaa	0.87	227	09/15/2021	2.990	0.61
Sub Total / Average Treasury Note	10,000,000.00	9,985,772.80	10,164,100.00			0.87	227		2.990	0.61
<b>TVA Bond</b>										
TVA 3.875 2/15/2021	5,000,000.00	5,001,683.14	5,007,250.00	S&P-AA+	Moodys-Aaa	0.43	15	02/15/2021	3.017	0.04
TVA 3.875 2/15/2021	13,500,000.00	13,512,988.12	13,519,575.00	S&P-AA+	Moodys-Aaa	1.17	15	02/15/2021	1.500	0.04
Sub Total / Average TVA Bond	18,500,000.00	18,514,671.26	18,526,825.00			1.60	15		1.910	0.04
Total / Average	1,154,526,326.61	1,159,871,763.21	1,161,195,295.83			100	291		0.450	0.58