

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

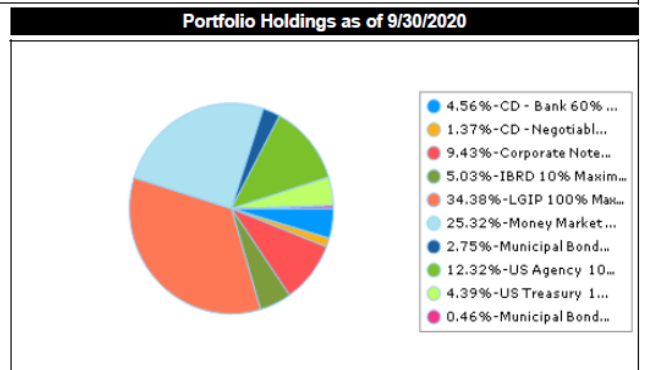
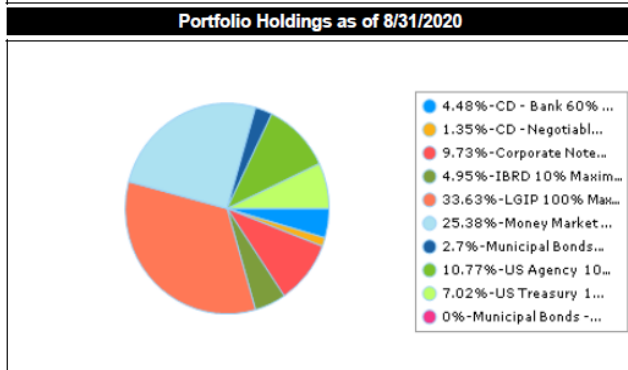
- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through September 30, 2020.
- 2) **Background:** This report is on investment activity through September 2020 and affirms the portfolio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

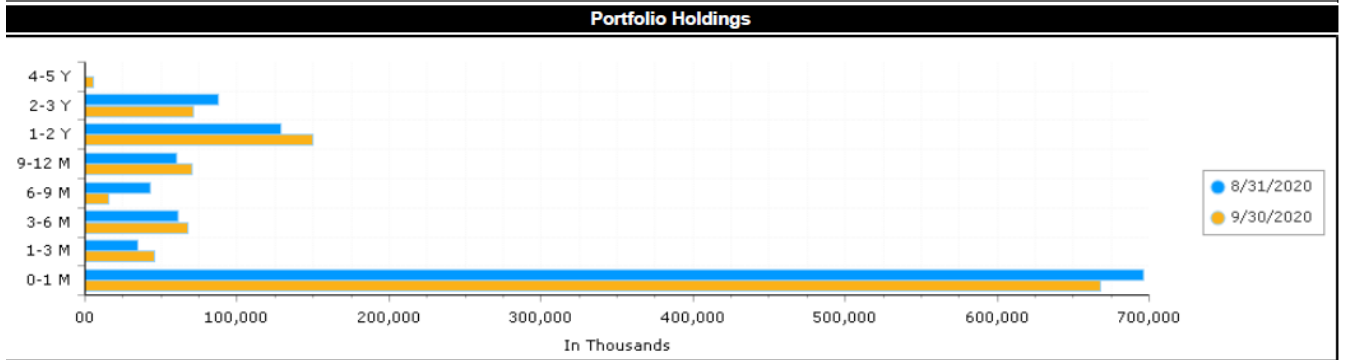
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



**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;

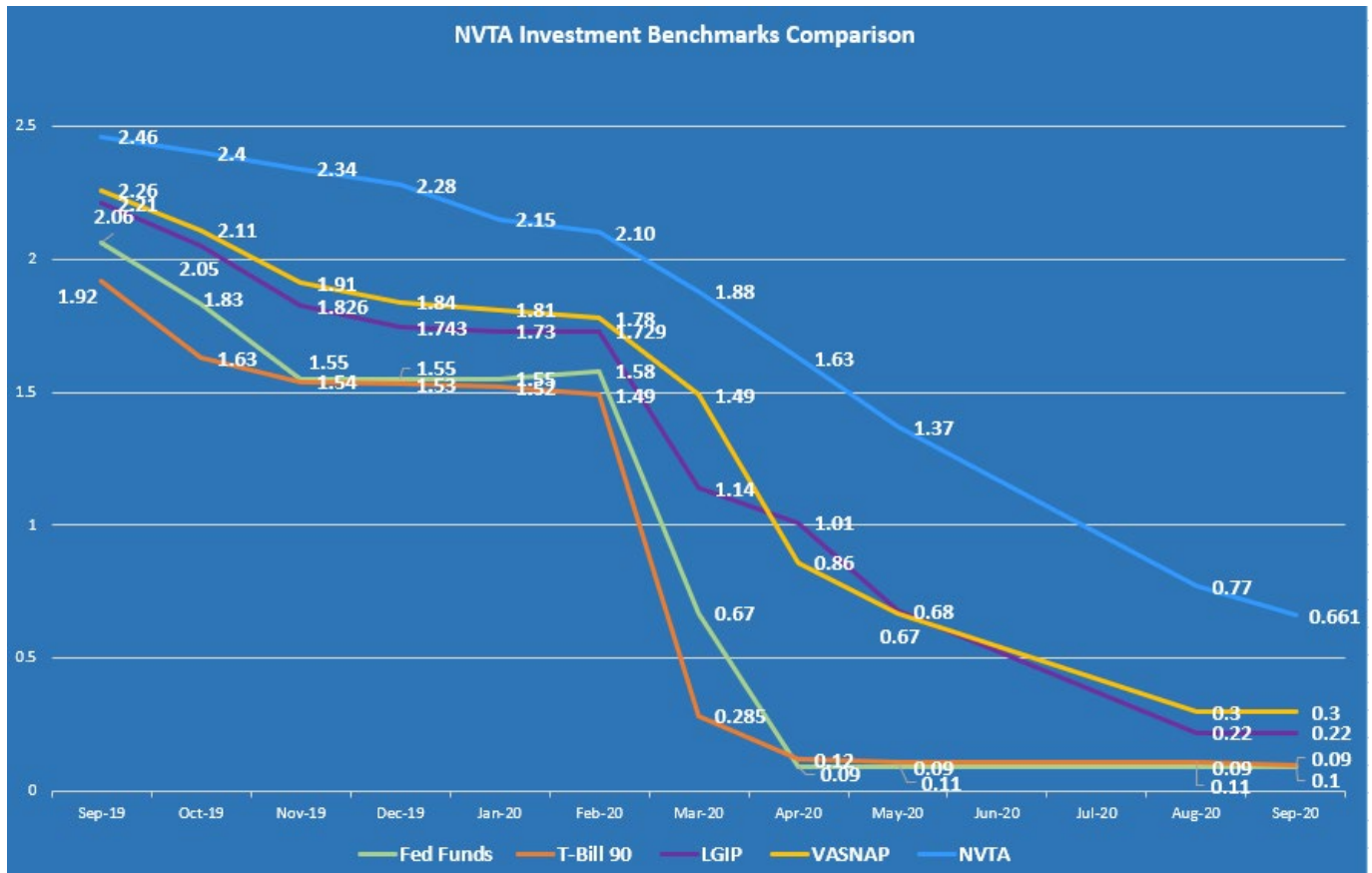
- i) Local Government Investment Pools (remains at 34%)
- ii) Collateralized bank money market accounts (remains at 25%)
- iii) AAA/AA rated investment grade corporate bonds (14% from 15%)
- iv) Treasuries and Agencies (17% from 16%)

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

The Authority for Transportation in Northern Virginia

Portfolio Holdings Compliance - GASB 40 Report - As of 9/30/2020

Issuer	Face Amount Shares	Book Value	Market Value Market Value	Credit Rating 1	Credit Rating 2	Portfolio %	Days To Maturity	Maturity Date	YTM @ Cost	Duration To 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	0.87	87	12/26/2020	1.700	0.24
United Bank 1.9 1/14/2021	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.92	106	01/14/2021	1.900	0.29
United Bank 0.2 9/2/2021	30,315,273.30	30,315,273.30	30,315,273.30	NR	NR	2.77	337	09/02/2021	0.200	0.92
Sub Total / Average Certificate Of Deposit	49,815,273.30	49,815,273.30	49,815,273.30			4.56	243		0.827	0.67
Corporate Bond										
Apple Corp. 1.7 9/11/2022	16,145,000.00	16,114,276.54	16,582,206.60	S&P-AA+	Moody's-Aa1	1.48	711	09/11/2022	1.800	1.92
Apple Corp. Var. Corp 2/9/2022	5,011,000.00	5,035,812.90	5,041,015.89	S&P-AA+	Moody's-Aa1	0.46	497	02/09/2022	0.743	0.00
Apple Corp. 2 11/13/2020	5,000,000.00	4,995,832.72	5,010,450.00	S&P-AA+	Moody's-Aa1	0.46	44	11/13/2020	2.718	0.12
Berkshire Hathaway 2.2 3/15/2021	7,386,000.00	7,365,631.53	7,439,326.92	S&P-AA	Moody's-Aa2	0.68	166	03/15/2021	2.833	0.46
Berkshire Hathaway 2.2 3/15/2021	10,000,000.00	10,006,146.66	10,072,200.00	S&P-AA	Moody's-Aa2	0.92	166	03/15/2021	2.061	0.46
Berkshire Hathaway 2.75 3/15/2023-23	10,000,000.00	10,506,048.25	10,533,900.00	S&P-AA	Moody's-Aa2	0.92	896	03/15/2023	0.665	2.39
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,532,698.09	5,616,600.80	S&P-AA	Moody's-Aa2	0.51	228	05/16/2021	2.923	0.62
Chevron Corp. 2.1 5/16/2021	5,000,000.00	5,034,960.00	5,050,900.00	S&P-AA	Moody's-Aa2	0.46	228	05/16/2021	0.973	0.62
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,003,550.66	1,004,440.00	S&P-AA	Moody's-Aa1	0.09	522	03/06/2022	0.618	0.00
Exxon Mobil Corp Var. Corp 3/6/2022	7,500,000.00	7,525,281.68	7,533,300.00	S&P-AA	Moody's-Aa1	0.69	522	03/06/2022	0.618	0.00
Exxon Mobil Corp Var. Corp 8/16/2022	10,000,000.00	10,029,676.94	10,046,800.00	S&P-AA	Moody's-Aa1	0.92	685	08/16/2022	0.610	0.00
IBRD 1.75 1/27/2023-21	30,000,000.00	30,002,347.46	30,124,500.00	S&P-AAA	Moody's-Aaa	2.75	849	01/27/2023	1.746	2.28
IBRD ADB Var. Corp 12/15/2021	25,000,000.00	25,013,500.00	24,977,750.00	S&P-AAA	Moody's-Aaa	2.29	441	12/15/2021	0.260	0.00
Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,947,108.29	5,054,000.00	S&P-AAA	Moody's-Aaa	0.46	312	08/08/2021	2.850	0.85
Proctor and Gamble Co. 1.9 10/23/2020	5,000,000.00	4,997,432.49	5,005,200.00	S&P-AA-	Moody's-Aa3	0.46	23	10/23/2020	2.746	0.06
Walmart Var. Corp 6/23/2021	5,000,000.00	5,005,782.61	5,008,350.00	S&P-AA	Moody's-Aa2	0.46	266	06/23/2021	0.453	0.00
Walmart Corp 1.9 12/15/2020	5,000,000.00	4,991,770.41	5,017,150.00	S&P-AA	Moody's-Aa2	0.46	76	12/15/2020	2.722	0.21
Sub Total / Average Corporate Bond	157,602,000.00	158,107,857.23	159,118,090.21			14.42	505		1.458	0.92
FFCB Bond										
FFCB Var. FFCB 8/1/2022	25,000,000.00	25,000,000.00	24,983,750.00	S&P-AA+	Moody's-Aaa	2.29	670	08/01/2022	0.160	0.00

Issuer	Face Amount	Book	Market Value	Credit	Credit	Portfolio	Days To	Maturity	YTM @	Duration To
	Shares	Value	Market Value	Rating 1	Rating 2	%	Maturity	Date	Cost	Maturity
FFCBVar. FFCB 9/13/2021	5,000,000.00	5,000,000.00	5,005,250.00	S&P-AA+	Moody's-Aaa	0.46	348	09/13/2021	0.259	0.00
FFCB 0.23 8/3/2022	20,000,000.00	20,000,000.00	19,910,400.00	S&P-AA	Moody's-Aaa	1.83	672	08/03/2022	0.230	1.84
FFCB Var. FFCB 10/27/2021	20,000,000.00	19,998,632.73	20,000,000.00	S&P-AA+	Moody's-Aaa	1.83	392	10/27/2021	0.145	0.00
FFCB Var. FFCB 11/7/2022	10,000,000.00	10,033,884.79	10,069,400.00	S&P-AA+	Moody's-Aaa	0.92	768	11/07/2022	0.520	0.00
FFCB Var. FFCB 5/16/2022	10,000,000.00	10,006,545.08	10,031,300.00	S&P-AA+	Moody's-Aaa	0.92	593	05/16/2022	0.370	0.00
Sub Total / Average FFCB Bond	90,000,000.00	90,039,062.60	90,000,100.00			8.24	593		0.241	0.41
FHLB Bond										
FHLB 1.67 8/25/2023-21	21,000,000.00	21,000,000.00	21,118,860.00	S&P-AA+	Moody's-Aaa	1.92	1,059	08/25/2023	1.670	2.84
Sub Total / Average FHLB Bond	21,000,000.00	21,000,000.00	21,118,860.00			1.92	1,059		1.670	2.84
FHLMC Bond										
FHLMC 1.875 11/17/2020	5,000,000.00	4,993,454.55	5,011,450.00	S&P-AA+	Moody's-Aaa	0.46	48	11/17/2020	2.910	0.13
Sub Total / Average FHLMC Bond	5,000,000.00	4,993,454.55	5,011,450.00			0.46	48		2.910	0.13
Local Government Investment Pool										
Commonwealth of Virginia LGIP	11,998.18	11,998.18	11,998.18	S&P-AAA	NR	0.00	1	N/A	0.218	0.00
Commonwealth of Virginia LGIP	157,639,793.66	157,639,793.66	157,639,793.66	S&P-AAA	NR	14.43	1	N/A	0.218	0.00
VIP Stable NAV LGIP	218,252,109.02	218,252,109.02	218,252,109.02	S&P-AAA	NR	19.97	1	N/A	0.224	0.00
Sub Total / Average Local Government Investment Pool	375,903,900.86	375,903,900.86	375,903,900.86			34.40	1		0.222	0.00
Money Market										
Access National Bank MM	57,717,291.74	57,717,291.74	57,717,291.74	NR	NR	5.28	1	N/A	0.240	0.00
BB&T MM	464,173.24	464,173.24	464,173.24	NR	NR	0.04	1	N/A	0.010	0.00
John Marshall Bank ICS MM	47,628,996.63	47,628,996.63	47,628,996.63	NR	NR	4.36	1	N/A	0.330	0.00
United Bank ICS Checking MM	28,010,892.14	28,010,892.14	28,010,892.14	NR	NR	2.56	1	N/A	0.200	0.00
United Bank ICS Savings MM	52,020,513.21	52,020,513.21	52,020,513.21	NR	NR	4.76	1	N/A	0.200	0.00
United Bank MM	90,977,274.56	90,977,274.56	90,977,274.56	NR	NR	8.33	1	N/A	0.230	0.00
Sub Total / Average Money Market	276,819,141.52	276,819,141.52	276,819,141.52			25.33	1		0.240	0.00
Municipal Bond										
FFX CNTY VA GO 0.645 10/1/2025	5,000,000.00	5,043,169.20	5,019,200.00	S&P-AAA	Moody's-Aaa	0.46	1,827	10/01/2025	0.470	4.43
NYC GO 1.58 8/1/2021	20,000,000.00	20,006,531.55	20,153,000.00	S&P-AA	Moody's-Aa1	1.83	305	08/01/2021	1.541	0.83
NYC GO 1.58 8/1/2022	10,000,000.00	10,007,092.34	10,149,000.00	S&P-AA	Moody's-Aa1	0.92	670	08/01/2022	1.541	1.81
Sub Total / Average Municipal Bond	35,000,000.00	35,056,793.09	35,321,200.00			3.20	627		1.388	1.63
Negotiable Certificate Of Deposit										
TD Bank NY 2.5 3/23/2021	15,000,000.00	15,000,000.00	15,080,100.00	S&P-A1+	Moody's-P1	1.37	174	03/23/2021	2.500	0.48
Sub Total / Average Negotiable Certificate Of Deposit	15,000,000.00	15,000,000.00	15,080,100.00			1.37	174		2.500	0.48
Treasury Note										
T-Note 1.375 10/31/2020	10,000,000.00	9,990,692.96	10,010,400.00	S&P-AA+	Moody's-Aaa	0.92	31	10/31/2020	2.504	0.08
T-Note 1.625 10/15/2020	10,000,000.00	9,998,561.55	10,005,800.00	S&P-AA+	Moody's-Aaa	0.92	15	10/15/2020	1.981	0.04
T-Note 2 11/30/2020	5,000,000.00	5,000,592.15	5,015,500.00	S&P-AA+	Moody's-Aaa	0.46	61	11/30/2020	1.927	0.17

Issuer	Face Amount Shares	Book Value	Market Value Market Value	Credit Rating 1	Credit Rating 2	Portfolio %	Days To Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
T-Note 2 11/30/2020	6,000,000.00	6,001,545.61	6,018,600.00	S&P-AA+	Moody's-Aaa	0.55	61	11/30/2020	1.842	0.17
T-Note 2.375 12/31/2020	7,000,000.00	7,009,321.05	7,038,990.00	S&P-AA+	Moody's-Aaa	0.64	92	12/31/2020	1.835	0.25
T-Note 2.75 9/15/2021	10,000,000.00	9,978,063.78	10,249,200.00	S&P-AA+	Moody's-Aaa	0.92	350	09/15/2021	2.990	0.95
Sub Total / Average Treasury Note	48,000,000.00	47,978,777.10	48,338,490.00			4.39	110		2.256	0.30
TVA Bond										
TVA 3.875 2/15/2021	5,000,000.00	5,015,484.88	5,069,100.00	S&P-AA+	Moody's-Aaa	0.46	138	02/15/2021	3.017	0.38
TVA 3.875 2/15/2021	13,500,000.00	13,619,490.75	13,686,570.00	S&P-AA+	Moody's-Aaa	1.24	138	02/15/2021	1.500	0.38
Sub Total / Average TVA Bond	18,500,000.00	18,634,975.63	18,755,670.00			1.69	138		1.910	0.38
Total / Average	1,092,640,315.68	1,093,349,235.88	1,095,282,275.89			100	184		0.661	0.33