

City of Virginia Beach

MUNICIPAL CENTER - BUILDING 1
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V. LEIGH HENDERSON
TREASURER

April 27, 2022

The Honorable Robert M. Dyer, Mayor
Members of the Virginia Beach City Council

Subject: Quarterly Investments Summary

Dear Mayor and Members of Council,

As requested, the following information contains summary and detail information for the City's Investment Portfolio, for the quarter ended March 31, 2022.

The primary objectives, in priority order, of the City's investment activities are 1) safety, 2) liquidity and 3) yield. The City Treasurer, as custodian of City funds pursuant to Section 8.03 of the City Charter, is responsible for the investment of City funds and many of the requirements for the investment of public funds are set forth in the Code of Virginia.

The investment of funds is also influenced by the needs of the City regarding cashflow requirements as well as the overall interest rate environment. At the beginning of the pandemic, we were asked to keep our Investment Portfolio more liquid in the event that revenues could be significantly less than expected. We have since begun investing funds in a laddered maturity approach. The amount of investable cash usually coincides with the ebbs and flows of the tax revenues.

For context in the interest rate environment, as of March 31, 2022, the yield on a 3-month Treasury Bill was .52% and the 6-month Treasury Bill was 1.06%. This is a significant increase since last quarter where rates were .06% and .19%, respectively. These treasury yields are included on the shorter end of the yield curve and are important when looking at the overall US economy. The yield to maturity for the City's investment portfolio for the quarter ended March 2022 was .429%. The overall yield in the portfolio will lag behind short term interest rates in a rising rate environment due to the laddered maturity approach.

Below is information for two of the investment pools extensively utilized by the City of Virginia Beach:

- The Virginia Department of Treasury, Cash Management & Investments Division manages the Local Government Investment Pool (LGIP). The LGIP enables governmental entities

to maximize the return on investment, adhere to the Code of Virginia investment guidelines, and realize the economies of large-scale investing and professional funds management. The LGIP is rated AAAM, by Standard & Poor's. LGIP funds are available with daily liquidity. Additional information about LGIP can be found at <https://www.trsvirginia.gov/Cash-Management-Investments/LGIP>.

- The Virginia Investment Pool (VIP) is administered by VML/VACo Finance. Public Trust Advisors, LLC serves as the investment manager. VIP was developed in 2013 by local Treasurers and investment officers to provide political subdivisions of the Commonwealth of Virginia an investment vehicle to pool their funds and to invest under the direction and daily supervision of a professional fund manager. The City of Virginia Beach utilizes both the Stable NAV Liquidity Pool and the 1-3 Year High Quality Bond Fund. The Stable NAV Liquidity Pool, rated AAAM by Standard & Poor's (S&P), offers a stable net asset value, daily liquidity and competitive yield. The 1-3 Year High Quality Bond Fund, rated AA+f/S1 by Standard & Poor's (S&P), is designed for funds that can be invested generally for one year or longer. Additional information about VIP can be found at <https://valocalfinance.org/vip> as well as on the VIP Investor Center, <https://virginiainvestmentpool.org>.

Please note that this information has not yet been audited. These figures are specific to the investable funds available at quarter end and do not include funds (cash) contained in operating accounts.

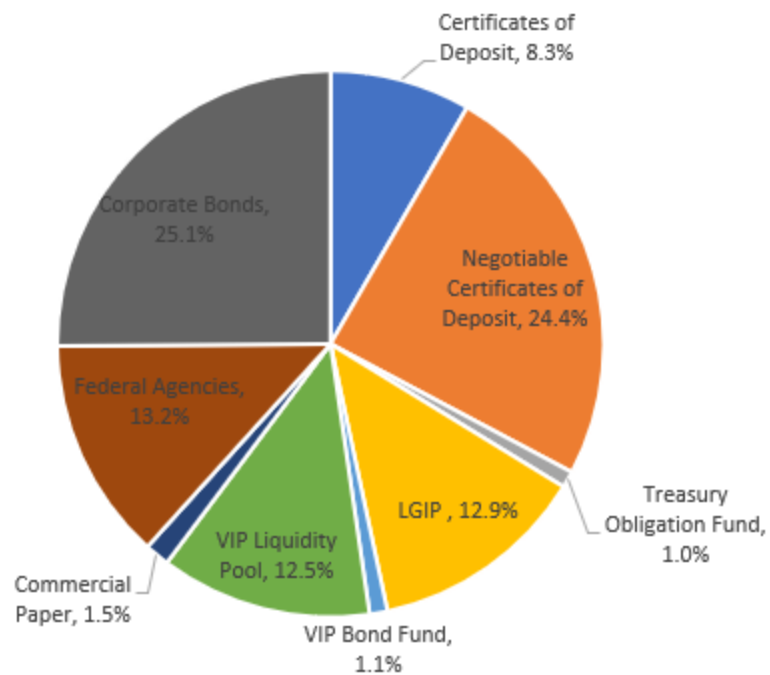
If there are additional questions, please feel free to contact me directly.

Sincerely,

Leigh Henderson
City Treasurer

Investment Portfolio Details by Investment Type – Quarter Ending March 2022

Investment Type	Par Value	% of Portfolio
Certificates of Deposit	\$ 85,277,231	8.3%
Negotiable Certificates of Deposit	\$ 250,000,000	24.4%
Treasury Obligation Fund	\$ 10,000,000	1.0%
LGIP	\$ 132,000,000	12.9%
VIP Bond Fund	\$ 10,785,313	1.1%
VIP Liquidity Pool	\$ 129,318,637	12.5%
Commercial Paper	\$ 15,000,000	1.5%
Federal Agencies	\$ 135,000,000	13.2%
Corporate Bonds	\$ 256,911,000	25.1%
Total	\$ 1,024,292,182	100%



Investment Portfolio Details by Days to Maturity & Weighted Average Yield – Quarter Ending March 2022

Investment Type	Par Value	Days to Maturity	Maturity
Certificates of Deposit	\$ 85,277,231	153	0.229%
Negotiable Certificates of Deposit	\$ 250,000,000	217	0.468%
Treasury Obligation Fund	\$ 10,000,000	Pooled ⁽¹⁾	0.030%
LGIP	\$ 132,000,000	Pooled ⁽²⁾	0.241%
VIP Bond Fund	\$ 10,785,313	Pooled ⁽³⁾	0.700%
VIP Liquidity Pool	\$ 129,318,637	Pooled ⁽²⁾	0.246%
Commercial Paper	\$ 15,000,000	101	0.308%
Federal Agencies	\$ 135,000,000	740	0.611%
Corporate Bonds	\$ 256,911,000	653	0.558%
Total	\$ 1,024,292,182		

Liquidity Notes:

- (1) Funds are interest bearing but used for compensating balances
- (2) Daily liquidity available
- (3) Bi-monthly liquidity available

