

City of Virginia Beach

MUNICIPAL CENTER - BUILDING 1
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VIRGINIA BEACH, VIRGINIA 23456-9018
(757) 385-4445



V. LEIGH HENDERSON
TREASURER

November 24, 2021

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 September 30, 2021.

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. During the pandemic, we were asked to keep our Investment Portfolio more liquid in the event that revenues could be significantly less than expected. Since that time, we began investing funds in a more 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, the yield on a 3-month Treasury Bill, as of September 30, 2021 is .04%. This is the yield received for investing in a government issued treasury security that has a maturity of 3 months. The 3-month treasury yield is included on the shorter end of the yield curve and is important when looking at the overall US economy. The effective rate of return for the City's investment portfolio for the month ended September 2021 is .19%.

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.

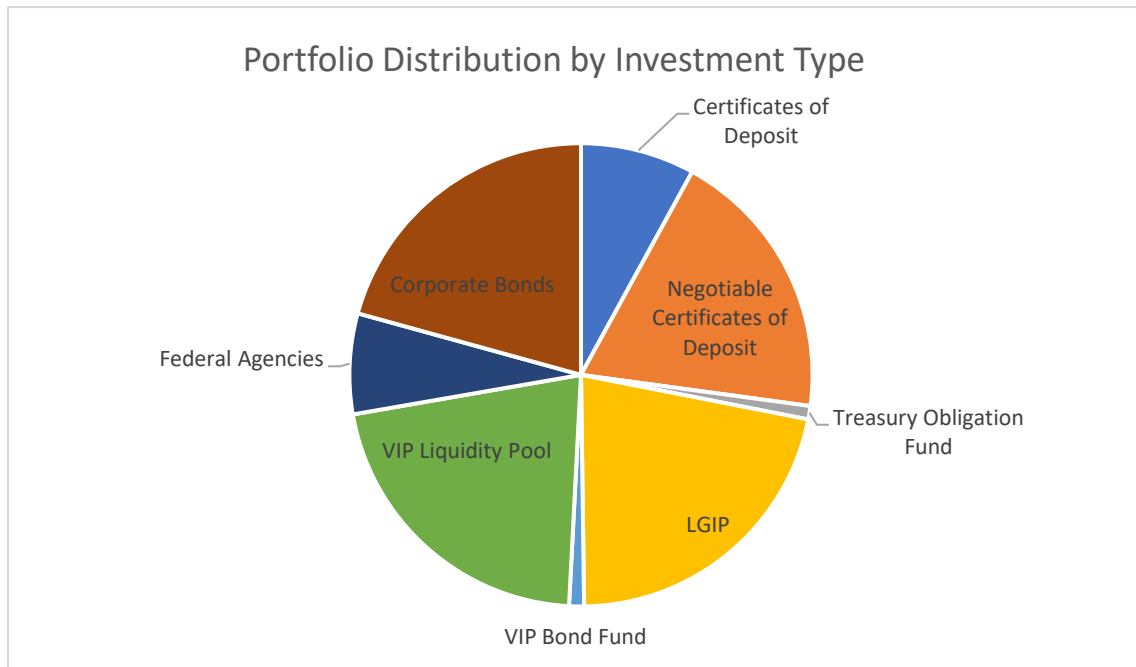
If there are additional questions, please feel free to contact me directly.

Sincerely,

Leigh Henderson
City Treasurer

Investment Portfolio Details by Investment Type – Quarter Ending September 2021

Investment Type	Par Value	% of Portfolio
Certificates of Deposit	\$ 85,277,231	8.0%
Negotiable Certificates of Deposit	\$ 205,000,000	19.2%
Treasury Obligation Fund	\$ 10,000,000	0.9%
LGIP	\$ 232,000,000	21.7%
VIP Bond Fund	\$ 11,101,060	1.0%
VIP Liquidity Pool	\$ 229,207,871	21.4%
Federal Agencies	\$ 75,000,000	7.0%
Corporate Bonds	\$ 221,528,000	20.7%
Total	\$ 1,069,114,162	100%



Investment Portfolio Details by Days to Maturity & Weighted Average Yield – Quarter Ending Sept 2021

Investment Type	Par Value	Days to Maturity	Yield	Liquidity Notes
Certificates of Deposit	\$ 85,277,231	206	0.207%	
Negotiable Certificates of Deposit	\$ 205,000,000	239	0.186%	
Treasury Obligation Fund	\$ 10,000,000	Pooled	0.010%	Funds are interest bearing, but used for compensating balances
LGIP	\$ 232,000,000	Pooled	0.058%	Daily Liquidity Available
VIP Bond Fund	\$ 11,101,060	Pooled	0.490%	Bi-monthly Liquidity Available
VIP Liquidity Pool	\$ 229,207,871	Pooled	0.069%	Daily Liquidity Available
Federal Agencies	\$ 75,000,000	914	0.346%	
Corporate Bonds	\$ 221,528,000	797	0.377%	
Total	\$ 1,069,114,162			

Portfolio by Days to Maturity with Weighted Average Yield

