

City of Virginia Beach

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



V. LEIGH HENDERSON
TREASURER

October 20, 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 September 30, 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. We strive to invest 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 September 30, 2022, the yield on a 3-month Treasury Bill was 3.33% and the 6-month Treasury Bill was 3.92% (*U.S. Department of the Treasury – Daily Treasury Par Yield Curve Rates*). This is a significant increase since last quarter where rates were 1.72% and 2.51%, respectively. These treasury yields are included on the shorter end of the yield curve and it is predicted that they will continue to rise. The yield to maturity for the City's investment portfolio for the quarter ended September 2022 was 1.77%. The overall yield in the portfolio will lag behind short term interest rates in a rising rate environment due to the laddered maturity approach. The laddered maturity approach allows for maturing investments to be reinvested at higher rates.

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.

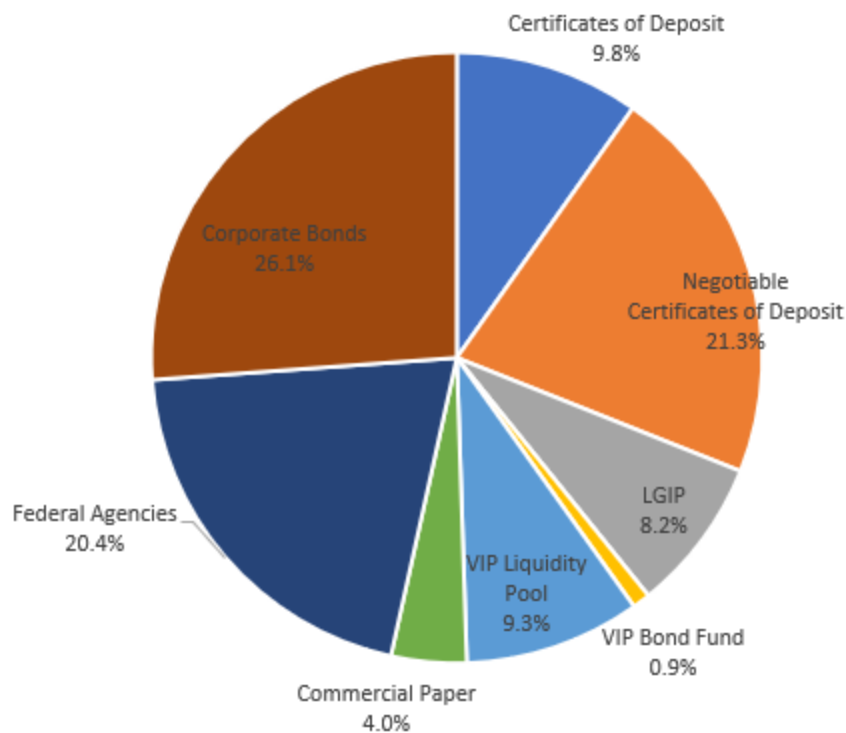
If there are additional questions, please feel free to contact me directly.

Sincerely,

Leigh Henderson
City Treasurer

Investment Portfolio Details by Investment Type – Quarter Ending September 2022

Investment Type	Par Value	% of Portfolio
Certificates of Deposit	\$ 110,332,669	9.8%
Negotiable Certificates of Deposit	\$ 240,000,000	21.3%
LGIP	\$ 92,000,000	8.2%
VIP Bond Fund	\$ 10,572,974	0.9%
VIP Liquidity Pool	\$ 105,274,281	9.3%
Commercial Paper	\$ 45,000,000	4.0%
Federal Agencies	\$ 230,000,000	20.4%
Corporate Bonds	\$ 295,019,000	26.1%
Total	\$ 1,128,198,924	100%



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

Investment Type	Par Value	Days to Maturity	Yield to Maturity
Certificates of Deposit	\$ 110,332,669	190	1.746%
Negotiable Certificates of Deposit	\$ 240,000,000	183	1.774%
LGIP	\$ 92,000,000	Pooled ⁽¹⁾	2.581%
VIP Bond Fund	\$ 10,572,974	Pooled ⁽²⁾	1.230%
VIP Liquidity Pool	\$ 105,274,281	Pooled ⁽¹⁾	2.558%
Commercial Paper	\$ 45,000,000	163	3.274%
Federal Agencies	\$ 230,000,000	603	1.854%
Corporate Bonds	\$ 295,019,000	508	0.987%
Total	\$ 1,128,198,924		

Liquidity Notes:

(1) Daily liquidity available

(2) Bi-monthly liquidity available

