

## CVTA Investment Policy

### Policy

This Investment Policy is established through coordination with the Treasurer of Chesterfield County in accordance with the Fiscal Agent Agreement between the Central Virginia Transportation Authority (CVTA) and Chesterfield County. The Policy is intended to ensure effective management of the CVTA's day-to-day investment activity and is designed to increase revenues by investing funds when not needed for current obligations. The objective is to obtain the highest possible yield on available financial assets, consistent with constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that restrict the placement of public funds.

#### Members

Town of Ashland

Charles City  
County

Chesterfield  
County

Goochland  
County

Hanover County

Henrico County

New Kent  
County

Powhatan  
County

City of  
Richmond

VA House of  
Delegates

Senate of VA

Commonwealth  
Transportation  
Board

VDRPT  
VDOT  
GRTC  
RMTA  
Port of Virginia

This Policy shall establish guidelines for the efficient management of CVTA funds in the Regional bank account and expound upon the provisions of the CVTA Financial Management Policies and Procedures adopted on February 26, 2021.

### Objective

Funds of the CVTA will be invested in accordance with Code of Virginia, Title 2. Sec.2.2-4501 through 2.2-4516 and these written investment policies and administrative procedures. The CVTA's investment portfolio shall be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio.

### Delegation of Authority

The Treasurer who is an elected Constitutional Officer serves as the Investment Officer for Chesterfield County and is therefore the designated Investment Officer through the Fiscal Agent Agreement with CVTA. She may designate a deputy or other staff to manage the day-to-day operation of the investment portfolio and place actual buy/sell orders with brokers consistent with this written investment policy and administrative procedures.

### Statement of Prudence

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercised in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

The Treasurer (Investment Officer), acting in accordance with written procedures of the Code of Virginia, Sec. 2.2-4501 and Sec. 58.1-3123 et seq. and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price

change provided these deviations are reported immediately and that reasonable and prudent action is taken to control adverse developments.

Furthermore, in accordance with Sec. 58.1-3163 of the Code of Virginia, the Treasurer (Investment Officer) shall not be liable for loss of public money due to the default, failure or insolvency of a depository.

### **Ethics and Conflict of Interest**

Employees, agents and employees or agents of affiliated entities of the CVTA and Chesterfield County involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the CVTA.

### **Internal Controls**

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the CVTA are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Authorized Investments, Maturities and Diversification**

When investing funds of the CVTA, the Investment Officer shall adhere to the investment policy of the designated Fiscal Agent (Chesterfield County) with regards to the authorized investments, use of authorized brokers, use of authorized investment pools, maturities and diversification.

### **Safekeeping and Collateralization**

Deposit-type securities (i.e. certificates of deposit) shall be collateralized through the state collateral pool as required by the Virginia Security for Public Deposits Act Regulation for any amount exceeding FDIC or FSLIC coverage.

Collateral for repurchase agreements shall be short-term U. S. Treasury bills and should have a market value of at least 100% of the cost of the repurchase agreement.

Other investments shall be collateralized by the actual security held in a safekeeping account by a third-party custodial agent (who may not otherwise be a counterparty to the investment transaction) governed by a written agreement which shall provide for delivery of the security by the custodial agent in the event of default by a counterparty in the investment transaction. Payment for all securities shall be delivery vs. payment (DVP) for all investments placed with a third-party custodial agent.

The custodian shall issue a safekeeping receipt to Investment Officer in the name of CVTA listing the specific instrument, rate, maturity and other pertinent information. Investments with a maturity of less than thirty-one calendar days shall not be held by a third-party custodial agent.