
From: Krens, Liz
Sent: Thursday, July 7, 2022 5:40 PM
To: Fraser, Kwasi; Mekarski, David
Cc: Only Town Council; Hays, Diana; Hicks, Paula; LeMarr, Connie; McCann, Hooper; Jackson, Linda
Subject: RE: Town Deposit Accounts Question
Attachments: Town of Purcellville_Pinnacle Rate Quote_063022.pdf; 2a Cash Analysis 05.22.pdf; RE: VIP 1-3 Performance

Hello Mayor,

I compared the information you provided and have confirmed our current VIP investment options are competitive against the Pinnacle offer. Therefore, I see no benefit in realignments at this time.

Current Yields & Recent Performance

VIP Stable NAV Liquidity Pool

1.49%

(net yield as of 7/5/22)

VIP 1-3 Year High Quality Bond Fund

3.05%*

(gross market yield as of 06/27/22)

We have seen a steady increase in rates over the past few months and therefore our investment income is rising considerably.

The following is a summary of the VIP NAV (fund recommended for short term money as it offers daily liquidity with no market/price risk).

VIP NAV			
	%		
July 2021	0.0697%		
August 2021	0.0703%		
September 2021	0.0690%		
October 2021	0.0700%		
November 2021	0.0750%		
December 2021	0.0913%		
January 2022	0.1129%		
February 2022	0.1407%		
March 2022	0.2458%		
April 2022	0.4010%		
May 2022	0.7248%		
June 2022	1.1281%		
VIP NAV Net Yeild as of 7/5/22	1.49%	daily liquidity	
Pinnacle 3 mos CIP as of 6/30/22	1.50%	funds unavailable for 3 months	

If you look at the Cash Analysis (May attached; June not yet available), you will notice we already have a fairly large position (\$12.5m) in the longer term fund, VIP-1-3 (current market yield 3.05%). Given the current rising interest rate conditions, we need to be very careful about selling the VIP 1-3 at this time or we will “realize” significant market losses. The “unrealized loss” or price volatility will resolve itself over time but we need to sit tight for now. Staff has been careful to restrict use of this fund to only very long term cash (typically around fiscal policy limits) to avoid potentially having to sell at an inopportune point in the market cycle.

See the attached email from Tyler Deen, Manager of Investment Programs, to better understand the comparisons and benefits of our current VIP positions.

Sincerely,
Elizabeth Krens, MGT
 Director of Finance
 Town of Purcellville
 540-751-2315
ekrens@purcellvilleva.gov

From: Fraser, Kwasi <kfraser@purcellvilleva.gov>
Sent: Thursday, June 30, 2022 2:12 PM
To: Krens, Liz <ekrens@purcellvilleva.gov>; Hays, Diana <dhays@purcellvilleva.gov>
Cc: Only Town Council <purcellvilletc@purcellvilleva.gov>
Subject: Re: Automatic reply: Town Deposit Accounts Question

Hi David and Liz;
 Knowing that the majority of ARPA funds will not be spent within the next 3 to 12 months, I recommend we identify deposit options like the attached from Pinnacle or others to obtain the highest yield while ensuring no loss of principal. It will be good to show how our new rates will compare to what is presented by institutions like Pinnacle and others. I believe that your team has the ability to complete a rate comparison for our checking and savings account without having to pay a consultant.

Thanks,
 Kwasi Fraser

Mayor - Purcellville, Virginia

571 970-7205

Sent from my iPhone

Please consider the environment before printing this email.

On Jun 22, 2022, at 8:08 PM, Krens, Liz <ekrens@purcellvilleva.gov> wrote:

I am out the office with limited access to email and will return Monday, June 27. If you need immediate assistance, please contact the Finance Department at 540-338-7093.

Sincerely,
Elizabeth Krens