Schenectady Metroplex Development Authority

2017 Investment Report

Decisions regarding the investment of the Authority Funds are governed by its enabling statute, State law, and Policies and Procedures established by its Board of Directors. §2663 of the Authority's enabling statute, as amended, provides that "any monies of the authority not required for immediate use or disbursement may, at the discretion of the authority, be invested pursuant to section ninety-eight-a of the state finance law in accordance with guidelines established by the Authority's Board and amended from time to time." Further, Provisions of Public Authorities Law §2925 further regulate the investment activities of the Authority.

Investment Objectives

The primary objectives of the Authority's investment activities are, in priority order:

 a. To conform with all applicable federal, state and other legal requirements (legal);

 b. To adequately safeguard principal (safety);

 c. To provide sufficient liquidity to meet all operating requirements (liquidity); and

 d. To obtain a reasonable rate of return (yield).

2017 Uses of Funds

Given the nature of the Authority's mission to fund redevelopment activities with its statutorily defined geographic areas, its funds are limited to 1) operating funds and, 2) restricted project funds, and 3) debt service fund reserves. Fund levels at the end of each quarter in 2017 are as follows:

	March 31	June 30	Sept. 30	Dec. 31
Operating Accounts	$ 2,274,630	$ 2,567,309	$ 2,143,888	$ 3,927,704
Parking Revenue Accounts	$ 195,624	$ 181,531	$ 167,869	$ 157,652
Laz Parking Imprest Account	$ 67,553	$ 545	$ 69,816	$ 79,662
Total Operating Funds	$ 2,537,807	$ 2,839,385	$ 2,381,573	$ 4,165,018
Bond Proceeds Accounts	$ 601,292	$ 306,867	$ 0	$ 4,588,321
Restricted Debt Service Funds	$ 4,213,044	$ 5,485,817	$ 2,711,084	$ 3,983,246
CDBG Account	$ 112,420	$ 112,400	$ 0	$ 0
Total Restricted Funds	$ 4,926,756	$ 5,905,084	$ 2,711,084	$ 8,571,567

Operating Funds

Throughout 2017, its operating funds and bond proceeds accounts were invested among several banking institutions that were designated as acceptable by the Authority Board. These consisted of traditional bank deposit accounts, insured by the Federal Deposit Insurance Corporation within such limits as were available. To the extent that any deposit balance exceeded such limits, the institutions were required to pledge securities, held by a Third-Party trustee, and maintain values of such pledged assets at not less than 102% of such excess balances at all times.

Furthermore, securities that are pledged must conform to those approved by State statute and the Authority's investment policy. In order to monitor compliance with the Authority's requirements, trustees provide periodic (at least monthly) reports of daily coverage and securities held on the Authority's behalf. Examples of such reports are available. These reports are reviewed by management upon receipt and upon request by the Fiscal Audit Committee of the Authority.

Debt Service Fund Reserves

Since 2001, the Authority has issued Bonds in order to fund various redevelopment projects, and each issue requires that funds be set aside in order to meet near-term debt service requirements, and additional reserves that serve to further protect bondholders in the event of a future default. These funds are required to be held by the Trustee of the Bonds and may be invested for the Authority's benefit. Throughout 2015, the Trustee was directed to invest the funds in a money market fund that limits its purchases to US Treasury obligations. A description of the fund and its holdings at year-end is attached.

Conclusions

Given the Authority's need for liquidity to fund its operating activities and its need to preserve principal among its debt service funds, highly conservative approaches to investing were adhered to throughout 2017.

It is management's opinion that the organization remained in full compliance with the statutory and policy constraints in effect throughout the period.