



**Homes and
Community Renewal**

**Housing
Trust Fund
Corporation**

ANDREW M. CUOMO
Governor

RUTHANNE VISNAUSKAS
Commissioner/CEO

MEMORANDUM

To: Members of the Corporation
From: Stacey C. Mickle, Treasurer
Date: June 27, 2019
Subject: ANNUAL REPORT ON INVESTMENTS

Pursuant to Section 2925 of the Public Authorities Law and Section 602 of the Corporation's Investment Policy, the Corporation must prepare and approve an Annual Report on Investments. After approval, the report will be submitted to the Governor's Office, the Division of the Budget, the Office of the State Comptroller, the Senate Finance Committee and the Assembly Ways and Means Committee and uploaded to the PARIS reporting system maintained by the Authorities Budget Office.

In addition, the Corporation must review and approve the Corporation's Investment Policy on an annual basis.

A copy of the Report, together with a resolution approving it and the Investment Policy, is attached. No changes to the Policy have been made since the last report. Approval of the resolution is hereby recommended.



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INVESTMENTS POLICY

For the Fiscal Year Ending March 31, 2019

**THE POLICY OF THE HOUSING TRUST FUND CORPORATION REGARDING
INVESTMENT OF ALL CORPORATION MONEY, PROVIDING FOR THE
SECURITY OF THOSE INVESTMENTS AND PROVIDING FOR PERIODIC
REPORTS ON THE INVESTMENTS**

ARTICLE I

STATEMENT OF PURPOSE AND TITLE

101. This Policy is adopted pursuant to the provisions of Section 2925 of the Public Authorities Law and shall be reviewed and approved by the Members of the Corporation at least annually.

102. This document may be referred to as the Corporation's "Investment Policy".

ARTICLE II

DEFINITION OF TERMS

201. Definitions. The following terms shall, for all purposes of this Policy, have the following meanings unless the context shall clearly indicate some other meaning:

"Act" shall mean Article XVIII of the New York Private Housing Finance Law.

"Board" shall mean the Board of Directors of the Corporation.

"Commissioner of Taxation and Finance" shall mean the New York State Commissioner of Taxation and Finance or that Commissioner's designee.

"Corporation" shall mean the Housing Trust Fund Corporation.

"Corporation Assistant Treasurer" shall mean that person so appointed by the Board.

"Corporation Staff Accountant" shall mean that person assigned to maintain the Corporation's daily books of account and perform other related Corporate accounting functions including accounting for Corporate investments.

"Corporation Treasurer" shall mean that person so appointed by the Board.

"Counsel" shall mean an attorney designated by the Board, or if so designated by the Board, the Counsel of the New York State Division of Housing and Community Renewal.

"Custodial Account" shall mean the bank account of the Corporation, pursuant to Section 59-A of the Private Housing Finance Law, maintained by the Custodian.

"Custodian" shall mean the Commissioner of Taxation and Finance.

"Deliver" or "Delivered" shall mean either (1) the voluntary transfer of possession to the Custodian or a custodial bank designated by the Custodian, or (2) the registration of transfer by the appropriate book entry procedure by a member of the Federal Reserve System.

"Depository Bank" shall mean a bank designated by the Commissioner of Taxation and Finance to hold deposits of the Corporation's funds. The obligation on the part of the Depository Bank is that it keeps the deposit and, upon request, restores it to the depositor or otherwise delivers it according to the original trust.

"Investment Agent" shall be the person or entity to invest the funds of the Corporation at the direction of the Investment Officer.

"Investment Obligations" shall mean (1) direct obligations of the United States of America or of the State; and (2) obligations the principal and interest of which are unconditionally guaranteed by the United States of America or by the State.

"Investment Officer" shall mean the Corporation Treasurer, or in the Treasurer's absence, the Corporation Assistant Treasurer.

"Members" shall mean the Board of Directors of the Corporation.

"Officer" shall mean any person holding an office of the Corporation as defined in the Corporation By-Laws.

"Repurchase Agreement" shall mean two simultaneous transactions, one the purchase of securities by the Investment Agent from a seller, the other the commitment on the part of the seller of the securities to repurchase the securities at an agreed upon price at some mutually agreed upon future date.

ARTICLE III

INVESTMENT AUTHORIZATION, PERMITTED INVESTMENTS AND SECURITY THEREFOR

301. Investment Authorization.

(1) The Investment Agent shall invest the funds of the Corporation in accordance with the terms of this Investment Policy at the direction of the Investment Officer.

(2) The Investment Officer shall, after arriving at an investment decision in concert with the President, authorize the Investment Agent to invest the funds of the Corporation.

(3) Solely for the purpose of expediency, the Investment Officer or the Corporation Staff Accountant, if permitted by the Investment Officer, may orally communicate the investment decision to the Investment Agent. However, only a written confirmation to the

Investment Agent, signed by the Investment Officer, can be considered as the authorization for any investment of the Corporation's funds.

302. Permitted Investments and Required Security Provisions.

(1) All funds of the Corporation must be initially deposited in Negotiated Order of Withdrawal (NOW) or comparable demand accounts secured as described below. All proceeds of maturing investments must be immediately redeposited in NOW or comparable demand accounts unless reinvested in accordance with the instructions of the Corporation.

(2) (a) Investment of the funds of the Corporation or any other monies under its custody and control not required for immediate use or disbursement, at the discretion of the Corporation, may be made in Investment Obligations of the State or the United States government or obligations, the principal and interest of which are guaranteed by the State or the United States government, or repurchase agreements, subject to the conditions set forth below, or money market deposit accounts, secured as set forth below, or in any other obligations in which the Comptroller of the State is authorized to invest pursuant to Section 98 of the State Finance Law. However, preference should be given to investments of the funds of the Corporation in Investment Obligations.

(b) Repurchase agreements will be permitted only under the following conditions:

(i) The Investment Agent should only enter into Repurchase Agreements with banks authorized to do business in New York State and which are included on the then current "List of the Government Securities Dealers Reporting to the Markets Reports Division of the Federal Reserve Bank of New York."

(ii) Securities which are the subject of Repurchase Agreements shall be limited to obligations the principal and interest of which are guaranteed by the United States government.

(iii) Substitution of securities is not permitted.

(iv) The term of any Repurchase Agreement shall not exceed sixty (60) days.

(v) Payment shall be made only upon delivery of subject securities.

(vi) Subject securities must be delivered to the Investment Agent or its designated custodian bank.

(vii) Subject securities shall be valued to market at least weekly by the Investment Agent.

(viii) Provision shall be made to require the seller of subject securities to deliver additional securities, if necessary, to insure that the market value of the securities delivered is at least equal to the purchase price of the Repurchase Agreement at all

times.

(ix) No more than thirty-five (35) percent of the Corporation's funds maintained by the Custodian shall be invested in repurchase agreements at any one time.

(3) Notwithstanding any other provision herein, permitted investments may only be placed through firms approved by the Investment Agent.

303. Collateral

(1) All deposits and investments must be fully secured by the Federal Deposit Insurance Corporation (FDIC) or equivalent or fully collateralized at all times except as provided in Section 303(4).

(2) Funds deposited in NOW Accounts and money market deposit accounts shall be fully secured by insurance of the FDIC or equivalent Federal insurance or by obligations of New York State

or obligations the principal and interest of which are directly guaranteed by New York State or obligations of the United States or obligations of federal agencies the principal and interest of which are directly guaranteed by the United States. Collateral shall be delivered to the Investment Agent or its custodial bank. The market value of collateral shall at all time equal or exceed the principal amount of the funds deposited. Collateral shall be monitored and valued to market by the Investment Agent in accordance with its policies.

(3) Refer to Section 302 (2) (b) (vi) through (viii) inclusive for collateral requirements for repurchase agreements.

(4) Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations the principal and interest of which are directly guaranteed by New York State, obligations of the United States, and obligations of federal agencies the principal and interest of which are guaranteed by the United States Government.

304. Corporation Review of Investments. All investments shall be reviewed by the Corporation at least annually.

ARTICLE IV

RESPONSIBILITIES OF INVESTMENT AGENT

401. Responsibilities of Investment Agent.

(1) The Investment Agent shall invest Custodial Account funds in accordance with law and this investment policy at the direction of the Investment Officer.

(2) The Investment Agent shall invest Custodial Account funds into highest yielding instruments permissible while maintaining security and liquidity consistent with this Policy.

(3) The Investment Agent shall not invest a total of more than 35 percent of the custodial account funds in any one institution.

ARTICLE V

OTHER REQUIREMENTS OF INVESTMENTS

501. Written Contracts.

In accordance with Section 2925, Subdivision 3(c) of the Public Authorities Law, all investments of the Corporation's funds must be made pursuant to a written contract between the Corporation and its Investment Agent. However, because it is not practical or a regular business practice to impose this requirement on the Commissioner of Taxation and Finance, the Corporation hereby waives this provision solely with respect to the Commissioner of Taxation and Finance when that Commissioner acts as the Corporation's Investment Agent.

502. Security Provisions.

Each investment shall provide for sufficient security of the Corporation's financial interest as stated in Sections 301 and 302 of this Policy. The Investment Agent shall maintain a description of the use, type and amount of collateral or insurance for each investment, the method for valuation of that collateral and of control, and of control, deposit and retention of investments and any required collateral, including, where appropriate, physical delivery or other action necessary to obtain title or a perfected security interest.

503. Investment Operating Procedures Manual.

The Investment Officer is hereby required to establish and maintain an operating procedures manual for investments. Such manual shall be sufficiently detailed to comply with the requirements enumerated in the Guidelines for Investments by Public Authorities issued by the Office of the State Comptroller. Such manual may be incorporated in any other manual of Corporation financial operating procedures.

ARTICLE VI

REPORTS

601. Quarterly Reports.

Within thirty (30) days after the conclusion of each quarter of the Corporation's fiscal year. (i.e. April 30, July 31, October 31, and January 31), the Corporation shall prepare and deliver to the Members of the Corporation a report on the Corporation's Investments. Such reports shall include a description of new investments, the inventory of existing

investments and the selection of investment bankers, brokers, agents, dealers or auditors. The report of investments included in the financial report submitted by the Treasurer at Corporation Board Meetings will be deemed to meet this requirement provided such report is submitted at least once each fiscal year quarter.

602. Annual Report.

Within ninety (90) days after the close of each fiscal year, the Members of the Corporation shall approve an annual investment report. Such report shall include the Policy and any supplemental resolutions, the results of an annual independent audit of the investments, the annual investment income record of the Corporation and a list of the total fees, commissions or other compensations by payee for all investment advisors, and an annual consolidation of other material contained in the quarterly reports. This annual investment report, after being approved by the Members, shall be submitted to the Governor's Office, Division of the Budget, Office of the State Comptroller, the Senate Finance Committee and the Assembly Ways and Means Committee. Copies of the annual investment report shall also be available to the public upon reasonable request at the Corporation's main office.

ARTICLE VII

MISCELLANEOUS PROVISIONS

701. Powers of Amendment.

Any modification or amendment of this Policy may be made by a supplemental resolution adopted at any duly constituted meeting of the Members; provided, however, that no such modification or amendment to this Policy shall abrogate the rights and duties of then existing Corporation contracts with third parties. The Chairman or President of the Corporation may make non-material changes in this Policy.

702. No Recourse Under this Policy

(1) No provision in this Policy shall be the basis of any claim against any Member, officer or employee of the Corporation in their individual or official capacity or against the Corporation itself.

(2) Members, officers, or employees of the Corporation shall be deemed to be acting within the Public Officers Law in the discharge of their duties pursuant to this Policy.

703. Effect of Failure to Comply.

Failure to comply with this Policy shall not invalidate any investment or affect the validity of the authorization of the Members or their designees to make such investments.

EXHIBIT 2

HOUSING TRUST FUND CORPORATION INVESTMENT POLICY EXPLANATION

Explanation of the Corporation's Policy:

- Article I is a statement of purpose.
- Article II defines terms used in the Policy.
- Article III discusses the details of authorizing investments, the permitted investments, and the requirements for securing investments.
- Section 301 establishes that investments of the Corporation's funds can only be placed by the Corporation's Investment Agent at the direction of the Corporation's Investment Officer. It also establishes the process for arriving at an investment decision, and for communicating such decision orally and in writing to the Investment Agent.
- Section 303 establishes collateral requirements for all Corporation funds in Corporation accounts and for funds invested.
- Section 304 establishes the requirement for the annual Corporation review of investments.
- Article IV discusses the Responsibilities of the Corporation's Investment Agent and limits the percentage of Corporate funds which may be invested with any on institution at any time.
- Article V discusses other investment requirements.
- Section 501 establishes when written contracts are required between the Corporation and its Investment Agent.
- Section 502 establishes the requirement for the Investment Agent to maintain records of the Corporation's investments and the collateralization of those investments, and requires the Investment Agent to take possession of the underlying securities and/or collateral on behalf of the Corporation when necessary to protect the Corporation's interest in those investments.
- Section 503 establishes the requirement for the Investment Officer to produce and maintain an investments operating procedures manual.
- Article VI establishes the requirement of quarterly and annual reporting on the Corporation's investments.

- Article VII includes miscellaneous provisions.
- Section 701 provides procedures for Amendment of the Policy.
- Section 702 provides that the Policy is not to be used as the basis of any claims against the Corporation.
- Section 703 indicates that the Policy is not to invalidate any investment or affect the validity of the authorization of investments.



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INVESTMENTS REPORT

For the Fiscal Year Ending March 31, 2019

HOUSING TRUST FUND CORPORATION
Investments and Cash Report
As of March 31, 2019

Investments (at cost) as of March 31, 2019

Zero Principal Strips due May 31, 2019 (Developer Escrow Account)	\$9,671,624
US Treasury Bills due July 18, 2019 (Developer Escrow Account)	\$977,657
US Treasury Bills due September 12, 2019 (Developer Escrow Account)	\$692,682
US Treasury Bills due November 7, 2019 (Developer Escrow Account)	\$6,331,434
US Treasury Bills due May 23, 2019 (Custodial Account)	\$11,733,673
Zero Principal Strips due May 31, 2019 (Custodial Account)	\$15,621,440
Zero Principal Strips due May 31, 2019 (Custodial Account)	\$9,763,400
Zero Principal Strips due May 31, 2019 (Custodial Account)	\$14,645,100
US Treasury Bills due June 20, 2019 (Custodial Account)	\$1,669,437
US Treasury Bills due June 27, 2019 (Custodial Account)	\$13,914,044
US Treasury Bills due June 27, 2019 (Custodial Account)	\$298,158
US Treasury Bills due July 18, 2019 (Custodial Account)	\$978,132
US Treasury Bills due August 15, 2019 (Custodial Account)	\$2,931,736
US Treasury Bills due September 12, 2019 (Custodial Account)	\$9,756,087
US Treasury Bills due September 26, 2019 (Custodial Account)	\$9,878,919
US Treasury Bills due September 26, 2019 (Custodial Account)	\$4,544,303
US Treasury Bills due September 26, 2019 (Custodial Account)	\$1,481,838
US Treasury Bills due September 26, 2019 (Custodial Account)	\$1,481,838
US Treasury Bills due September 26, 2019 (Custodial Account)	\$987,892
US Treasury Bills due September 26, 2019 (Custodial Account)	\$987,892
US Treasury Bills due September 26, 2019 (Custodial Account)	\$987,892
US Treasury Bills due September 26, 2019 (Custodial Account)	\$493,946
US Treasury Bills due September 26, 2019 (Custodial Account)	\$1,975,784
US Treasury Bills due September 26, 2019 (Custodial Account)	\$493,946
US Treasury Bills due October 10, 2019 (Custodial Account)	\$4,870,933
US Treasury Bills due November 7, 2019 (Custodial Account)	\$278,956
US Treasury Bills due November 7, 2019 (Custodial Account)	\$49,744
US Treasury Bills due November 7, 2019 (Custodial Account)	\$5,853,840
US Treasury Bills due January 30, 2020 (Custodial Account)	\$975,506
US Treasury Bills due February 27, 2020 (Custodial Account)	\$731,345
US Treasury Bills due February 27, 2020 (Custodial Account)	\$1,023,883
US Treasury Bills due February 27, 2020 (Custodial Account)	\$7,020,912
US Treasury Bills due February 27, 2020 (Custodial Account)	\$12,676,647
US Treasury Bills due February 27, 2020 (Custodial Account)	\$11,701,520
US Treasury Bills due February 27, 2020 (Custodial Account)	\$1,299,122
US Treasury Bills due November 7, 2019 (Homes for Working Families Account)	\$6,093,847
US Treasury Bills due September 26, 2019 (Homes for Working Families Account)	\$661,888
US Treasury Bills due September 26, 2019 (Homes for Working Families Account)	\$3,951,568
US Treasury Bills due Septemer 26, 2019 (Section 8 Administrative Account)	\$987,892
US Treasury Bills due June 27, 2019 (Section 8 Administrative Account)	\$3,975,441
US Treasury Bills due Septemer 12, 2019 (Section 8 Administrative Account)	\$1,528,779
US Treasury Bills due September 26, 2019 (Section 8 Administrative Account)	\$726,101

US Treasury Bills due November 7, 2019 (Section 8 Administrative Account)	\$48,768,563
US Treasury Bills due November 7, 2019 (Section 8 Administrative Account)	\$975,371
US Treasury Bills due January 30,2020 (Section 8 Administrative Account)	\$7,798,587
US Treasury Bills due January 30,2020 (Section 8 Administrative Account)	\$23,833,456
Treasury Note due June 30, 2019 (OCR Miscellaneous Programs Account)	\$595,617
US Treasury Bills due December 5, 2019 (OCR Miscellaneous Programs Account)	\$487,628
US Treasury Bills due February 27, 2020 (OCR Miscellaneous Programs Account)	\$877,614
US Treasury Bills due September 26, 2019 (OCR Miscellaneous Programs Account)	\$987,892
US Treasury Bills due September 26, 2019 (OCR Miscellaneous Programs Account)	\$493,946
US Treasury Bills due July 18, 2019 (Reserve Account)	\$16,872,785
US Treasury Bills due November 7, 2019 (Reserve Account)	\$13,867,828
US Treasury Bills due January 30, 2020 (Reserve Account)	\$34,845,060
US Treasury Bills due September 26, 2019 (Reserve Account)	\$978,013
US Treasury Bills due June 20, 2019 (OHP Miscellaneous Programs Account)	\$13,691,811
US Treasury Bills due June 27, 2019 (OHP Miscellaneous Programs Account)	\$993,860
US Treasury Bills due November 7, 2019 (OHP Miscellaneous Programs Account)	\$2,926,114
Total Investments as of March 31, 2019	<u>\$355,700,924</u>

Interest April 1, 2018 to March 31, 2019

Investments	\$5,026,656
All Checking Accounts	\$47,516
Total Interest Earned and Received	<u>\$5,074,171</u>

Accrued Interest:

Interest Earned and Accrued but not received by March 31, 2019	\$3,201,979
Total Accrued Interest at March 31, 2019	<u>\$3,201,979</u>

Cash in Checking Account as of March 31, 2019

Cash in Checking Account - Section 8 Program Account	\$459,675
Cash in Checking Account - Developer Escrow Account	\$756,034
Cash in Checking Account - Public Housing Mod. Account	\$1,064,756
Cash in Checking Account - Custodial Account	\$44,766,474
Cash in Checking Account - HOME Program Account	\$9,783,089
Cash in Checking Account - Homes For Working Families Account	\$7,030,113
Cash in Checking Account - Section 8 Administrative Account	\$9,805,485
Cash in Checking Account - Office of Community Renewal Miscellaneous Account	\$7,843,955
Cash in Checking Account - HCV Main Account	\$15,462,185
Cash in Checking Account - Empire State Relief Fund	\$591,152
Cash in Checking Account - Master Escrow Account	\$0
Cash in Checking Account - Family Self Sufficiency Account	\$3,816,123
Cash in Checking Account - Reserve Account	\$20,143
Cash in Checking Account - OHP Miscellaneous Programs Account	\$3,781,430
Cash in Checking Account - Small Cities Account	(\$25)
Cash in Checking Account - Disaster Relief Account	\$624,746
Cash in Checking Account - Small Cities Payroll Account	\$159
Cash in Checking Account - Office of Storm Recovery Initiative Program	\$1,491,059
Cash in Checking Account - GOSR - DR Repayments	\$301,809
Cash in Checking Account - FOSR - NOAA	\$0
Cash in Checking Account - Office of Storm Recovery Escrow Account	\$462,942
Cash in Checking Account - Office of Storm Recovery Lockbox	\$16,897
Total Cash in Checking Accounts at March 31, 2019	\$108,078,201
	\$590,158

Total Fees Paid for Bank and Investment Servicing - April 1, 2018 to March 31, 2019

A RESOLUTION OF THE HOUSING TRUST FUND CORPORATION
APPROVING ANNUAL REPORT ON INVESTMENTS AND INVESTMENT POLICY

WHEREAS, the Housing Trust Fund Corporation (“HTFC”) was created pursuant to Section 45-a of the New York Private Housing Finance Law; and

WHEREAS, pursuant to Section 2925 of the Public Authorities Law, HTFC is required to adopt comprehensive investment guidelines which detail its operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of its funds (“Investment Policy”) and to annually review its Investment Policy; and

WHEREAS, pursuant to Section 2925 of the Public Authorities Law, HTFC is additionally required to issue an investment report which shall include the Investment Policy, any amendments to the Investment Policy, an explanation of the Investment Policy and any amendments thereto, the results of the annual independent audit, the investment income record of the corporation, and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the corporation since the last investment report (“Annual Investment Report”); and

WHEREAS, HTFC staff has presented its current Investment Policy and Annual Investment Report to the Members and the Members have reviewed the same and find the same to be satisfactory; now, therefore, be it

RESOLVED, by the Members as follows:

Section 1. The Members hereby approve the Annual Report on Investments and the Investment Policy.

Section 2. The Members hereby authorize the Treasurer or another authorized officer to submit and publish the Investment Policy and Annual Investment Report in accordance with the Public Authorities Law, the Public Authorities Reform Act of 2009, and any other governing regulations.

Section 3. This resolution shall take effect immediately.

Dated: June 27, 2019