NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
2019-20 MISSION STATEMENT AND MEASUREMENTS

MISSION STATEMENT

Created on June 11, 1990, the New York Local Government Assistance Corporation's ("Corporation" or "LGAC") mission consists of three main goals, which, when met, directly benefit the State, the City of New York and other local governments and school districts. The goals are identified as follows: 1) The issuance of up to $4.7 billion in long-term Corporation bonds to finance certain local assistance payments due from the State (as well as certain other amounts necessary for the issuance of such LGAC bonds) to help eliminate the State's reliance on the annual issuance of intra-year tax and revenue anticipation notes ("Spring Borrowing"); 2) Manage a) the Corporation's debt portfolio through maturity in an attempt to achieve a balance between the lowest cost of funds and appropriate market risk levels while maintaining the exclusion of interest on LGAC debt from federal and State income taxation, b) the Corporation's operational costs efficiently and c) the investment of (i) funds until needed for debt service payments or operating expenses, (ii) monies in the Capital Reserve Fund, and (iii) any escrow funds; and 3) Beginning in 2004, certify on an annual basis through 2034, payments required to be made to the City of New York or its assignee from the Local Government Assistance Tax Fund.

MEASUREMENTS

Goal #1: Issue up to $4.7 billion in long-term Corporation bonds to finance certain local assistance payments due from the State (as well as certain other amounts necessary for the issuance of such LGAC bonds) to help eliminate the State's reliance on the annual issuance of intra-year tax and revenue anticipation notes (Spring Borrowing).

Measurement of Goal #1:

Q. 1. What is the total amount of bonds issued by the Corporation?

Response: LGAC issued the last of the long-term bonds authorized by statute in SFY 1995-96. The bond proceeds were used for the statutorily authorized purposes. Therefore, LGAC has concluded this component of its mission.

Goal #2: Manage a) the Corporation's debt portfolio through maturity in an attempt to achieve a balance between the lowest cost of funds and appropriate market risk levels while maintaining the exclusion of interest on LGAC debt from federal and State income taxation, b) the Corporation's operational costs efficiently and c) the investment of (i) funds until needed for debt service payments or operating expenses, (ii) monies in the Capital Reserve Fund, and (iii) any escrow funds.

Measurement of Goal #2:

Q. 1. Has the Corporation ensured that debt service and related support payments relative to the Corporation's bonds have been made accurately and in a timely manner?

Response: During fiscal year 2019-20, the Corporation made all debt service and related portfolio support payments, as it has done in all previous years, accurately and in a timely manner.

Q. 2. Has the Corporation assessed its portfolio and market conditions to determine if any actions (including, but not limited to conversions, liquidity facility replacement, or refundings) are needed to lower costs or manage risk?

Response: The Corporation manages its existing debt portfolio to minimize risk and lower costs while adhering to all notice and any other requirements of each bond series' underlying documents, which may include policies of municipal bond insurance. In the case of variable rate debt, this can also include adherence to liquidity facility, remarketing and/or broker-dealer agreements. On April 1, 2019, LGAC defeased approximately $55.0 million of fixed rate bonds prior to maturity. This early retirement resulted in the release of $21.2 million from LGAC's capital reserve fund which was applied towards the October 1, 2019 and April 1, 2020 debt service payments. In March 2020, proceeds from the refunding issuance of the New York State Urban Development Corporation State Sales Tax Revenue Bonds, Series 2020A (Tax-Exempt) and Series 2020B (Federally Taxable), along with additional funds released from LGAC's capital reserve fund and other moneys available to LGAC were used to defease $568.6 million of fixed rate and variable rate LGAC bonds. In conjunction with this refunding, the Corporation terminated all of its remaining $325.8 million (notional amount) of interest rate exchange agreements associated with the refunded variable rate bonds. The Standby Bond Purchase Agreements associated with the refunded variable rate bonds terminated with the maturity of Series 2008B-7V on April 1, 2020 and the refunding of Series 2003A-4V and 2008B-3V on April 10, 2020.

Q. 3. Has the Corporation worked with Bond Counsel to insure that it took steps necessary to maintain the exclusion from income taxes of interest on Corporation debt?

Response: With respect to each conversion or issuance of refunding debt the Corporation consults with bond counsel and its financial advisor to appropriately size the debt service reserve funds related to its bonds to ensure that tax requirements are met. Also, the Corporation utilizes the services of a verification agent where necessary and an arbitrage rebate calculator to ensure that it complies with all rebate and yield restriction requirements and annually reviews available State funds to ensure that tax requirements are met.

Q. 4. Has the Corporation effectively managed the investment of its funds?

Response: The Corporation invests funds on hand until they are needed to make debt service payments or for other operational expenses. During the past fiscal year, the Corporation's funds were safeguarded at all times in all material respects. The Corporation also met its other investment objectives, including to obtain the maximum yield consistent with safety of principal; and to maintain the tax-exempt status of LGAC's bonds.

Q. 5. Has the Corporation ensured that its operations were run efficiently?

Response: The Corporation's Enabling Act includes a provision that in order to reduce its operating expenses the Corporation shall, to the extent practicable, utilize existing employees of the State, hiring its own employees only if the necessary functions of the Corporation cannot be performed without the hiring of such employees. Currently, State officers and employees act as officers and staff of the Corporation and receive no compensation from LGAC for services provided to the Corporation. Additionally, the Corporation has always relied upon State employees to support the functions of the Corporation and has never hired its own employees.

Goal #3: Beginning in 2004, certify on an annual basis through 2034, payments required to be made to the City of New York or its assignee from the Local Government Assistance Tax Fund.

Measurement of Goal #3:

Q. 1. Has the annual payment due to the City of New York or its assignee, the Sales Tax Asset Receivable Corporation, from the Local Government Assistance Tax Fund been appropriately certified?

Response: The Corporation completed the required certification of the payment to be made to the Sales Tax Asset Receivable Corporation during fiscal year 2019-20 and has done the same for all previous fiscal years, where required.

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