

FISCAL IMPACT STATEMENT



February 23, 2023

To: Members of the Finance Committee
From: Dr. Brian Martinez, Commissioner of Finance
Cc: Marc Nelson, Mayor

Subject: Local Government Investment Pool (NYCLASS): Municipal Cooperation Agreement (R23-xx)

This fiscal impact statement recommends adoption of subject Resolution R23-xx (TBD). In 2022, the City held a monthly average of \$16.76M in various bank accounts (excluding ARPA). On this money, the City earned \$14,284 in annual interest. The annual interest is representative of the City's annual interest earnings over the past few years.

The administration proposes the City transition to a more modern form of banking by investing City funds through a local government investment pool such as NYCLASS. The use of local government investment pools are permissible under New York General Municipal Law, Section 10, and are utilized by the majority of our neighboring governments. Notable local NYCLASS participants include: Dutchess County, the Cities of Beacon, Newburgh, Middletown, and Kingston, and the Towns of Poughkeepsie, East Fishkill, Pleasant Valley, and Clinton.

Over the past five years, NYCLASS has delivered an annual return of approximately 1.197%, compared to 0.085% earned in City bank accounts. See below the comparison of annual interest in City bank accounts vs. returns through NYCLASS:

Median Amount in Total Accounts per Month (sans ARPA)	\$	16,762,190.22	
Annual Interest Earned in Bank Accounts (As Is)	\$	14,283.91	0.085%
Annual Returns with NYCLASS (2022 Average Yield)	\$	244,865.27	1.461%
Annual Returns with NYCLASS (5-Year Average Yield)	\$	200,567.80	1.197%
Past 12 Months Average Yield	\$	346,126.52	2.065%
Past 30 Day Average Yield	\$	63,024.32	4.512%
Current Daily Yield (for 2/21/2023)	\$	2,017.43	4.393%