The Virgin Islands Consortium

Matching Fund Securitization Corporation Board Approves Establishment of Money Market Account for Higher Yields

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Pleased with the positive financial news from their Causey, Demgen & Moore representative, the Matching Fund Securitization Corporation's Board of Directors approved a measure that promised to bring even more revenue to the Corporation, in the face of a positive fiscal environment.

Dino Zepcan, representing the accounting firm, opened the discussion with an update on the state of investments and securities since the last meeting in March. Zepcan elaborated on the strategy established in May 2022, which allowed the corporation to meet obligations due in September and potentially redeploy the funds into shorter-term investments. This strategy, Zepcan said, took into account an anticipated rising rate environment as indicated by the Federal Open Market Committee (FOMC).

According to Zepcan, the portfolio performance currently shows approximate earnings of $4.97 million dollars. The strategy of redeploying short-term funds, especially into commercial paper, could allow the corporation to exceed over $5 million in earnings, which would hold true even if the Federal Reserve maintains the 70 percent to 75 percent chance of another 25 basis point hike in July, which was indicated during the last FOMC meeting.

Furthermore, Zepcan highlighted that if the original strategy of locking in a U.S. Treasury portfolio was implemented, earnings would reach around $1 million more than current figures. He emphasized that the Corporation's prudence in proceeding with the current strategy had resulted in substantial excess earnings.

Governor Albert Bryan asked Zepcan about the potential for utilizing a money market account for additional yields. In response, Zepcan explained that such an account would need a written directive from the board for approval. A legal advisor opined that the V.I. Public Finance Authority, under whose protection the Corporation falls, could issue such a letter without needing a resolution, and none of the directors took exception to this suggestion.

Meanwhile, PFA attorney Lorelei Farrington announced that the Corporation had successfully secured a directors and officers liability coverage policy for the period of April 3, 2023, to April 3, 2024. The policy has an aggregate limit coverage of $1 million and a $10,000 deductible on each claim.

Later, Nathan Simmonds, the PFA’s director of finance administration brought up the reimbursement of outstanding invoices owed by the Matching Fund Special Purpose Securitization Corporation to the V.I. Public Finance Authority. The total outstanding amount was cited as $37,272.18. The Corporation’s Board of Directors unanimously approved the reimbursement to the PFA.

Joy Wheatley, PFA Comptroller, gave an update on the FY 2022 audit. Work is currently under review, and the issuance is scheduled for the end of July 2022. Simmonds voiced disappointment that BDO, the auditors, failed to meet the June 30 deadline but assured that pressure was being applied to ensure adherence to the new timeline. Governor Bryan vowed to meet with BDO executives to apprise them of the need to maintain a timely schedule when it comes to these audits. The meeting adjourned shortly afterwards.