

OCRRA 2009

ANNUAL INVESTMENT REPORT

Prepared utilizing the Agency Audited Financial Statements and work papers for 2009

OVERVIEW

This report serves to up-date the Agency's Board on investment activities and practices during 2009. Pursuant to **Resolution #135 of June 12, 1991**, the Agency adopted formal *Investment Guidelines* to protect and safeguard Agency investible assets. Annually, the Board of Directors is to be provided a *Summary of Investment Activities*.

LIMITATIONS ON INVESTMENTS

The investment nature of the Agency's funds and accounts are governed by and are restricted by a combination of requirements, including:

- NYS Comptroller Investment Guidelines
- General Municipal Law
- Public Authority Law
- Trust Documents (Master Bond Resolution, Indentures)
- Tax Representative Letter
- OCRRA Investment Guidelines adopted by Resolution
- NYS Banking Law

INVESTMENT PRIORITIES

Having responsibility for significant fund/account balances, the Agency continues to review our investment program under the following criteria:

- **Safety** - Preservation of principal.
- **Liquidity** – Availability of funds as needed.
- **Return on Investment** - Best rate of return throughout budgetary and economic cycles, considering cash flow characteristics. Maximize yield where possible within guidelines.

The following investment vehicles were utilized during 2009:

TYPE OF INVESTMENT	Investments at January 1, 2009	Investments at December 31, 2009
Certificates of Deposit-Trustee (U. S. Bank, NA)	9,590,170	792,955
Federal Discount Notes-Trustee	0	897,743
Demand Deposits-Trustee	0	694,630
Certificates of Deposit-Key	5,516,871	0
Certificates of Deposit-Citizens Bank	10,991,804	11,000,000
Certificates of Deposit-HSBC	5,663,196	0
Certificates of Deposit-Alliance Bank	0	6,015,625
Public Fund Money Market Account-M&T	1,342,195	4,361,530
Public Fund Money Market Account-Citizens Bank	722,323	1,380,424
Totals	33,826,559	25,142,907

INTEREST EARNINGS

The Agency recorded the following interest earnings for invested funds during 2009:

Money Market & Demand Accounts (various institutions)	\$ 28,462
Certificates of Deposit (various rates & maturities, long-term)	\$ 359,815
Trustee (U. S. Bank)-all forms of investments	\$ 14,066
Total for 2009	\$ 402,343

AUTHORIZATION PROCESS

All investment transactions in 2009 requiring dual signatures were completed under prescribed protocols.

COLLATERAL REQUIREMENTS

1. All investments entered into (other than investments in obligations of New York State or the United States Government, or obligations the principal and interest of which are guaranteed by New York State or the United States Government) require full collateralization (generally 102%) regardless of investment type, and a formal third party collateral agreement.
2. Collateral reports are received regularly from investors and all funds were properly collateralized during the year and at year-end (see Attachments A).
3. The Agency Accountants monitor and maintain documentary evidence files of collateralization.

Trustee (US Bank) Related Holdings and Investments

The balances held by the Trustee in accordance with the Indenture of Trust, and invested in Treasury Bills were as follows:

	2008	2009
Revenue Fund (undistributed System revenues)	\$7,955,508	\$ 738,985
Debt Service Fund (Sinking Fund for scheduled debt)	\$1,586,135	\$1,583,698
Earnings Fund (interest earnings on Trustee investments)	\$48,527	\$ 62,645

Fees Paid to Banks/Brokers/Financial Advisors

The Agency did not utilize brokers for investment advice, but rather made internal investment decisions recognizing restrictions, limitations and guidelines, with assistance provided by Fiscal Advisors, Inc. Amongst other duties the Trustee, with direction from the Agency is responsible for investing the moneys held for various purposes under the Indenture of Trust. The following includes the fees that were paid during 2009 for investment related services.

Bank	2009	Service
U.S. Bank, NA. (Trustee)	\$10,449	Trustee for the Restructured Debt and invests balances
Fiscal Advisors, Inc.	\$ 500	Investment and debt planning services

INVESTMENT GUIDELINES

The Agency had adopted a document titled "Investment Guidelines" through Board resolution. This document is reviewed and approved annually by the Board and contains the following information: document purpose, types of permitted investments, authorization, procedures for contracting for securities, standards for investments, monitoring and reporting investment activity.


Changes to the Guidelines that are recommended consist primarily of additional language required by our interpretation of Public Authorities Law Section 2925. No substantive changes to the intent of the Guidelines or Agency investment procedures result from these changes.

The recently concluded 2009 financial audit performed by Testone, Marshall & Discenza noted no control deficiencies or problems regarding Agency investments.

SUMMARY


The Agency believes we are fully compliant with the established Investment Guidelines.

In conjunction with this annual report, the Administration Committee is advised of investment activity with subsequent recommendations to the Board to adopt by resolution.



Warren Simpson, Business Officer

Dated: 3/1/10



Maria Cirino, Internal Auditor

Dated: 3/1/10