

OCRRA 2010

ANNUAL INVESTMENT REPORT

Prepared utilizing the Agency Audited Financial Statements and work papers for 2010

OVERVIEW

This report serves to up-date the Agency's Board on investment activities and practices during 2010. 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 2010:

TYPE OF INVESTMENT	Investments at January 1, 2010	Investments at December 31, 2010
Certificates of Deposit-Trustee (U. S. Bank, NA)	792,955	0
Federal Discount Notes-Trustee	897,743	2,493,876
Demand Deposits-Trustee	694,630	550
Certificates of Deposit-Citizens Bank	11,000,000	0
Certificates of Deposit-Alliance Bank	6,015,625	0
Public Fund Money Market Account-M&T	4,361,530	5,509,790
Public Fund Money Market Account-Citizens Bank	1,380,424	1,100,125
Public Fund Money Market Account-Alliance Bank	0	11,100,139
Public Fund Money Market Account-Chase Bank	0	2,011,082
Totals	25,142,907	22,215,562

INTEREST EARNINGS

The Agency recorded the following interest earnings for invested funds during 2010:

Money Market & Demand Accounts (various institutions)	\$ 96,821
Certificates of Deposit (various rates & maturities, long-term)	\$ 26,224
Trustee (U. S. Bank)-all forms of investments	\$ <u>337</u>
Total for 2010	\$ 123,382

AUTHORIZATION PROCESS

All investment transactions in 2010 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:

	2009	2010
Revenue Fund (undistributed System revenues)	\$ 738,985	\$ 846,471
Debt Service Fund (Sinking Fund for scheduled debt)	\$1,583,698	\$1,647,405
Earnings Fund (interest earnings on Trustee investments)	\$ 62,645	\$ 550

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 2010 for investment related services.

Bank	2010	Service
U.S. Bank, NA. (Trustee)	\$8,620	Trustee for the Restructured Debt and invests balances
Fiscal Advisors, Inc.	\$ 100	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 2010 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: 2/17/11



Maria Cirino, Internal Auditor

Dated: 2/17/11