



# FORT ORD REUSE AUTHORITY

**REGULAR MEETING**  
**FORT ORD REUSE AUTHORITY (FORA) FINANCE COMMITTEE**  
**Wednesday, January 10, 2018 at 3:00 p.m.**  
920 2<sup>nd</sup> Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

## AGENDA

1. **CALL TO ORDER/ESTABLISHMENT OF QUORUM**
2. **PLEDGE OF ALLEGIANCE**
3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
4. **PUBLIC COMMENT PERIOD**

*Members of the public wishing to address the Committee on matters within its jurisdiction, but not on this agenda, may comment for up to 3 minutes and will not receive Committee action.*

5. **MEETING MINUTES** **ACTION**
  - a. Approve November 27, 2017 Regular Meeting Minutes ([p. 1](#))

6. **BUSINESS ITEMS** **INFORMATION/ACTION**

*Business items are for Committee discussion, debate, direction to staff, and/or action. Comments from the public are not to exceed 3 minutes or as otherwise determined by the Chair. Whenever possible, written correspondence on a Business Item should be submitted to the Committee staff 36 hours in advance of the meeting, to provide adequate time for its consideration.*

- a. Review FY 17-18 Mid-year Budget – Adjustment for Unfunded Actuarial Liability ([p. 3](#))
- b. Section 115 Trust Investment Options for Addressing Public Employee Retirement System Obligations ([p. 6](#))

7. **ITEMS FROM MEMBERS**

*Receive communication from Committee members as it may pertain to future agenda items.*

8. **ADJOURNMENT**

*For information regarding items on this agenda or to request disability related modifications and/or accommodations please contact the FORA office at (831)883-3672, 48 hours prior to the meeting. Agendas are available on the FORA website at [www.fora.org](http://www.fora.org).*



**FORT ORD REUSE AUTHORITY**  
**FINANCE COMMITTEE MEETING MINUTES**  
**2:30 p.m., Monday, November 27, 2017 | Conference Room**  
920 2<sup>nd</sup> Avenue, Suite A, Marina CA 93933

**1. CALL TO ORDER/ESTABLISHMENT OF QUORUM**

City of Marina Councilmember Gail Morton called the meeting to order at 3:02 p.m. and a quorum was established.

FORA Staff members Michael Houlemard, Steve Endsley, Helen Rodriguez and Dominique Jones were present at the meeting.

**2. PLEDGE OF ALLEGIANCE** led by Acting Chair Morton.

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**

There were no acknowledgements, announcements or correspondence.

**4. PUBLIC COMMENT PERIOD**

There were no comments received from the public.

**5. APPROVAL OF MEETING MINUTES**

a. Regular Meeting Minutes of April 19, 2017

***MOTION:** On motion by Committee member Pacific Grove Councilwoman Cynthia Garfield, second by Committee member Morton and carried by the following vote, the Committee approved the minutes of December 2, 2016.*

**ABSTAIN:** Committee Member Supervisor John Phillips

**MOTION PASSED**

**6. BUSINESS ITEMS**

a. FY 17-18 Annual Financial Statements (Audit Report)

Mr. Hadley Hui of Moss, Levy & Hartzheim, LLP Certified Public Accountants provided a presentation and review of the FY 17-18 Annual Financial Statements (Audit Report). Mr. Hui and FORA Controller Rodriguez responded to comments from the Committee and provided clarifying information in response to their questions.

**MOTION:** On motion by Committee member Garfield and second by Committee member Phillips and carried by the following vote, the Finance Committee moved to recommend approval of the audit report by the FORA Board.

b. FY 17-18 Auditor Contract

Ms. Rodriguez reviewed the FY 17-18 Auditor Contract and the request to extend the existing contract with Moss, Levy & Hartzheim and responded to questions and comments from the Committee.

**MOTION:** On motion by Committee member Garfield and second by Committee member Phillips and carried by the following vote, the Finance Committee moved to recommend approval extending the existing contract Auditor Contract for FY 17-18.

c. **Discuss Meeting Date to Review FY 17-18 Mid-year Budget**

The Committee discussed possible meeting dates to review the FY 17-18 Mid-year Budget and directed staff to send out a poll to all members for two meeting dates in January.

**7. ITEMS FROM MEMBERS**

There were no items from members.

**8. ADJOURNMENT** at 4:15 p.m.

DRAFT

**FORT ORD REUSE AUTHORITY - FY 17-18 MID-YEAR BUDGET - BY FUND**

CATEGORY	SPECIAL REVENUE FUNDS (SRF)				TOTAL ANNUAL BUDGET
	GENERAL FUND	LEASES/ LAND SALE	CFD/Tax Developer Fees	ARMY ESCA	
<b>REVENUES</b>					
Membership Dues	307,000	-	-	-	307,000
Franchise Fees - MCWD	415,000	-	-	-	415,000
Federal Grants	-	-	-	1,002,580	1,002,580
Development Fees	-	-	6,118,763	-	6,118,763
Land Sale Proceeds	-	-	-	-	-
Rental/Lease Revenues	50,000	-	-	-	50,000
Property Tax Payments	1,300,000	-	1,010,835	-	2,310,835
Reimbursement Agreements	5,000	-	-	-	5,000
Investment/Interest Income	90,000	-	20,000	-	110,000
Other Income	-	-	-	-	-
<b>Total Revenues</b>	<b>2,167,000</b>	<b>-</b>	<b>7,149,598</b>	<b>1,002,580</b>	<b>10,319,178</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	9,359,021	150,480	629,869	405,880	10,545,250
Supplies & Services	304,443	19,457	97,200	54,200	475,300
Contractual Services	639,000	2,000	379,000	542,500	1,562,500
Capital Projects	-	3,750,000	9,293,796	-	13,043,796
<b>Total Expenditures</b>	<b>10,302,464</b>	<b>3,921,937</b>	<b>10,399,865</b>	<b>1,002,580</b>	<b>25,626,846</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,135,464)</b>	<b>(3,921,937)</b>	<b>(3,250,267)</b>	<b>-</b>	<b>(15,307,668)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In/(Out)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(8,135,464)</b>	<b>(3,921,937)</b>	<b>(3,250,267)</b>	<b>-</b>	<b>(15,307,668)</b>
FUND BALANCE-BEGINNING 7/1/17	12,944,570	11,797,910	21,601,292	-	46,343,772
<b>FUND BALANCE-ENDING 6/30/18</b>	<b>4,809,106</b>	<b>7,875,973</b>	<b>18,351,025</b>	<b>-</b>	<b>31,036,104</b>

**Fund Balances**

**Committed/Assigned for:**

CalPers Termination	\$ -	\$ -	\$ -	\$ -	\$ -
Operations	3,133,333	-	-	-	3,133,333
Habitat Management (HM/HCP)	-	-	13,829,853	-	13,829,853
Building Removal	-	3,339,000	-	-	3,339,000
CIP	-	4,536,973	4,521,172	-	9,058,145
<b>Unassigned</b>	<b>1,675,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,675,773</b>
<b>Ending Fund Balance</b>	<b>4,809,106</b>	<b>7,875,973</b>	<b>18,351,025</b>	<b>-</b>	<b>31,036,104</b>

**FORT ORD REUSE AUTHORITY - FY 17-18 MID-YEAR BUDGET - BY FUND**

CATEGORIES	FY 17-18 APPROVED	FY 16-17 <u>Variances</u> <i>Projected thru 6/30/17</i>	FY 17-18 PRELIMINARY	NOTES
<b>REVENUES</b>				
Membership Dues	\$ 307,000	\$ -	\$ 307,000	MCWD FY 17-18 Budget
Franchise Fees - MCWD	415,000	-	415,000	MCWD FY 17-18 Budget
Federal Grants	1,002,580	-	1,002,580	ESCA
Development Fees	6,118,763	-	6,118,763	CIP Budget
Land Sale Proceeds	-	-	-	
Rent Proceeds	50,000	-	50,000	
Property Taxes	2,310,835	-	2,310,835	CIP Budget
Reimbursement Agreements	5,000	-	5,000	ESCA agency reimbursements net of of expense
Investment/Interest Income	110,000	-	110,000	
<b>TOTAL REVENUES</b>	<u>10,319,178</u>	<u>-</u>	<u>10,319,178</u>	
<b>EXPENDITURES</b>				
Salaries & Benefits	3,259,090	7,286,160	10,545,250	UAL Funding and Section 115 Trust
Supplies & Services	475,300	-	475,300	
Contractual Services	2,312,500	(750,000)	1,562,500	Reclassification of Engineers to match CIP Budget
Capital Projects (CIP)	12,293,796	750,000	13,043,796	Reclassification of Engineers to match CIP Budget
<b>TOTAL EXPENDITURES</b>	<u>18,340,686</u>	<u>7,286,160</u>	<u>25,626,846</u>	
<b>REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	(8,021,508)	(7,286,160)	<b>(15,307,668)</b>	<i>Use of Fund Balance</i>
<b>FUND BALANCES</b>				
Beginning	46,343,772	-	<b>46,343,772</b>	
Ending	\$ 38,322,264	\$ (7,286,160)	<b>\$ 31,036,104</b>	<b>Ending Fund Balance</b>
<b>Fund Balances</b>				
<i>Committed/Assigned for:</i>				
CalPers Termination	\$ 7,300,000		\$ -	UAL Funding and Section 115 Trust
Operations	3,133,333		3,133,333	
Habitat Management (HM/HCP)	13,253,306		13,829,853	
Building Removal	3,339,000		3,339,000	
CIP	7,313,092		9,058,145	
<i>Unassigned</i>	<u>3,983,533</u>		<u>1,675,773</u>	
<b>Ending Fund Balance</b>	<u>\$ 38,322,264</u>	<u>\$ -</u>	<u>\$ 31,036,104</u>	

## FORT ORD REUSE AUTHORITY - FY 17-18 MID-YEAR BUDGET - BY FUND

EXPENDITURE CATEGORIES	FY 17-18 Approved	FY 17-18 Mid-Year Proposed	Change	NOTES
				"N" indicates a new expense in FY 17-18 budget
<b><u>SALARIES AND BENEFITS (S &amp; B)</u></b>	16 positions + 1 intern	16 positions + 1 intern		
SALARIES	1,911,684	1,911,684	-	
BENEFITS/HEALTH, RETIREMENT, OTHER	672,406	672,406	-	
TEMP HELP/VACTION CASH OUT/STIPENDS	100,000	100,000	-	
<i>SUBTOTAL S &amp; B</i>	<b>2,684,090</b>	<b>2,684,090</b>	-	
<b><u>CalPERS UNFUNDED LIABILITIES (UAL)</u></b>				
PERS - Termination Liability		6,700,000	6,700,000	Creation of Sec 115 Trust - funding liability unfunded actuarial liability - reduces termination liability, save interest.
PERS UAL	575,000	1,161,160	586,160	
<i>SUBTOTAL PERS UAL</i>	<b>575,000</b>	<b>7,861,160</b>	7,286,160	
<b><u>TOTAL SALARIES , BENEFITS AND UAL</u></b>	<b>3,259,090</b>	<b>10,545,250</b>	7,286,160	
<b><u>SUPPLIES AND SERVICES</u></b>				
PUBLIC & LEGAL NOTICES	8,000	8,000	-	
COMMUNICATIONS	8,000	8,000	-	
DUES & SUBSCRIPTIONS	25,000	25,000	-	
PRINTING & COPY	13,000	13,000	-	
SUPPLIES	16,000	16,000	-	
EQUIPMENT & FURNITURE	25,000	25,000	-	
TRAVEL & LODGING	33,000	33,000	-	
CONFERENCE, TRAINING & SEMINARS	19,000	19,000	-	
MEETING EXPENSES	15,000	15,000	-	
TELEVISED MEETINGS	7,000	7,000	-	
BUILDING MAINTENANCE & SECURITY	10,000	10,000	-	
FORA OFFICES RENTAL	180,000	180,000	-	
UTILITES	13,500	13,500	-	
INSURANCE	27,300	27,300	-	
PAYROLL/ACCOUNTING SERVICES	7,500	7,500	-	
IT/COMPUTER SUPPORT	29,000	29,000	-	
RECORD ARCHIVING	1,000	1,000	-	
PREVAILING WAGE TECH SUPPORT/SOFTWARE	10,000	10,000	-	
N Community Outreach/Marketing	25,000	25,000	-	
OTHER (POSTAGE, BANK FEES, MISC)	3,000	3,000	-	
<b><u>TOTAL SUPPLIES AND SERVICES</u></b>	<b>475,300</b>	<b>475,300</b>	-	
<b><u>CONTRACTUAL SERVICES</u></b>				
AUTHORITY COUNSEL	200,000	200,000	-	
LEGAL/LITIGATION FEES	125,000	125,000	-	
LEGAL FEES - SPECIAL PRACTICE	25,000	25,000	-	
AUDITORS	24,000	24,000	-	
SPECIAL COUNSEL (EDC-ESCA)	100,000	100,000	-	
ESCA/REGULATORY RESPONSE/ QUALITY ASSURANCE	460,000	460,000	-	
FINANCIAL CONSULTANT	25,000	25,000	-	
LEGISLATIVE SERVICES CONSULTANT	43,000	43,000	-	
PUBLIC INFORMATION/OUTREACH	20,000	20,000	-	
HCP CONSULTANTS	150,000	150,000	-	
FORA Sunset/Transition	50,000	50,000	-	
REUSE PLAN IMPLEMENTATION	150,000	150,000	-	
CIP/ARCHITECTS & ENGINEERS	750,000	-	(750,000)	Reclassified to CIP to match CIP budget classification
ECONOMIC DEVELOPMENT	85,500	85,500	-	
PW WAGE CONSULTANTS	75,000	75,000	-	
OTHER CONSULTING/CONTRACTUAL EXP	30,000	30,000	-	
<b><u>TOTAL CONTRACTUAL SERVICES</u></b>	<b>2,312,500</b>	<b>1,562,500</b>	(750,000)	
<b><u>CAPITAL PROJECTS</u></b>				
TRANSPORTATION/OTHER CIP PROJECTS	8,543,796	9,293,796	750,000	Reclassification of CIP Architects & Engineers
BUILDING REMOVAL	3,750,000	3,750,000	-	
<b><u>TOTAL CAPITAL PROJECTS</u></b>	<b>12,293,796</b>	<b>13,043,796</b>	750,000	
<b><u>TOTAL EXPENDITURES</u></b>	<b>18,340,686</b>	<b>25,626,846</b>	7,286,160	



# FORT ORD REUSE AUTHORITY

920 2<sup>nd</sup> Avenue, Suite A, Marina, CA 93933

Phone: (831) 883-3672 | Fax: (831) 883-3675 | [www.fora.org](http://www.fora.org)

## MEMORANDUM

**TO:** Fort Ord Reuse Authority (FORA) Finance Committee (FC)  
**FROM:** FORA Staff  
**RE:** Section 115 Trust Investment  
**DATE:** January 5, 2017

Please review the attached Executive Committee (EC) report considered by the EC at the January 3, 2018 regular meeting.

As you may recall, the FORA Executive Committee makes recommendations to the FORA Board on matters related to compensation and benefits. Also, it is the FC role to review Financial matters that pertain to financial reports and budget, then to recommend action to the FORA Board on those issues. In the current FORA budget, after recommendation by the Finance Committee, the Board has set aside \$7.3M as a reserve for future California Public Employee Retirement System (CalPERS) associated obligations. CalPERS has concluded that the range of obligation is between \$6.3M & \$8.1M. It appears that FORA may be able to take advantage of the Section 115 Trust opportunity that has been accessed by several other entities in the Monterey Bay Region to increase the yield of the set aside funds and, thereby, potentially increasing the impact of these funds for retiring the obligation.

The EC has requested that the FC review this potential opportunity and determine if they concur with staff suggestion that such investment would be consistent with our policy and would be a wise action to increase to yield of the set aside funds. Staff will provide an overview of the alternatives available for moving forward which may include soliciting proposals for investing the funds, sharing the determinations of other agencies in this regard, and projecting the benefits and options for accessing the Section 115 opportunity.

<b>FORT ORD REUSE AUTHORITY EXECUTIVE COMMITTEE REPORT</b>	
<b>BUSINESS ITEMS</b>	

<b>Subject:</b>	California Public Employee Retirement termination liability (PERS)	
<b>Meeting Date:</b>	January 3, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	6a	

**RECOMMENDATION:**

Staff request EC direction on how best to address the PERS termination liability and consider investing designated funds in a Section 115 Trust.

**BACKGROUND/DISCUSSION:**

The Fort Ord Reuse Authority (“FORA”) Executive Committee makes recommendations to the FORA Board regarding employee compensation and related obligations. The Board approved in FY 15-16 to designate a reserve of \$5.3 million for FORA’s PERS contractual obligations. The reserve was increased to \$7.3 million on March 10, 2017. PERS actuarial report, dated August, 2017, estimates FORA’s termination obligation to be in the range of \$6.9 - \$8.8 million. FY 17-18 contributions of \$575,000 were made reducing this obligation to a range of \$6.3 - \$8.3 million. Currently, FORA can fund an additional \$586,180 towards its unfunded actuarial liability (UAL), further reducing the termination liability to \$5.7 - \$7.7 million and saving interest cost. FORA staff is requesting that the Executive Committee provide direction how best to address the termination liability.

After attending recent conferences regarding best practices for handling such obligations, FORA staff have not discovered many comparable examples, but have had opportunity to engage with professionals in the field. Staff has explored how the Public Agency Retirement Services (PARS) Pension Rate Stabilization Program - Section 115 Trust Program (Trust) might assist FORA in sheltering and containing its obligations and suggest that the Executive Committee consider a presentation by staff about the benefits of a Trust. This may lead to investing a portion of the reserve funds for this purpose, which seems to be a practical and reasonable action for the Board/Executive Committee to consider. While many have selected PARS as Trust Administrator/Consultant (Administrator) of their Trust, there are multiple potential Trust Administrators that could advise/oversee establishment of a Trust. Under any scenario, establishing a Trust requires a Board resolution. It is unclear as to the amount that should or could be invested at this time or which Administrator should be chosen and staff will return a recommendation to the EC if so directed.

**FISCAL IMPACT:**

This does not alter current Board fiscal action, but would assure set aside of funds at a potentially higher insured rate which may reduce further obligations. Staff suggests EC consider: 1) funding \$586,180 towards its UAL, 2) funding \$5.7 million (the lower range of PERS termination estimate after funding UAL) in a Section 115 Trust, and 3) continue retention of \$1 million in reserve (should next year’s PERS estimate increase).



**FORT ORD REUSE AUTHORITY  
RESOLUTION NO. 17-06**

**A RESOLUTION OF THE GOVERNING BODY OF THE FORT ORD REUSE AUTHORITY  
ADOPTING THE STATEMENT OF INVESTMENT POLICY**

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

- A. WHEREAS, CA Government Code section 53607 provides that the Legislative Body of a local agency may delegate the authority to invest or reinvest funds of a local agency or to sell or exchange securities for a one year period to the Treasurer who shall make a monthly report of those transactions to the legislative body; and
- B. WHEREAS, CA Government Code sections 53601 and 53635 outline the types of investments in which a local agency may invest; and
- C. WHEREAS, CA Government Code section 53646 requires the Treasurer or Chief Fiscal Officer of a local agency to render annually to the legislative body of the local agency a Statement of Investment Policy, which the legislative policy must consider at a public meeting; and
- D. WHEREAS, FORA has previously adopted a Statement of Investment Policy, as revised February 14, 2009 and Procedures for Operation of Investment Policy adopted February 14, 2009. The Procedures for Operation have been updated to reflect changes in staff title; and
- E. WHEREAS, State law and further requires the Treasurer or Chief Fiscal Officer to submit on a quarterly basis detailed information on all securities, investments, and monies of FORA; and
- F. WHEREAS, the Authority Board has previously appointed the Executive Officer to manage the investment program and approve and sign all investment transactions. The Executive Officer has delegated certain investment program management to the Controller and to the Accounting Officer in accordance with the attached Procedures for Operation of Investment Policy.

NOW THEREFORE, BE IT RESOLVED by the FORA Board of Directors as follows:

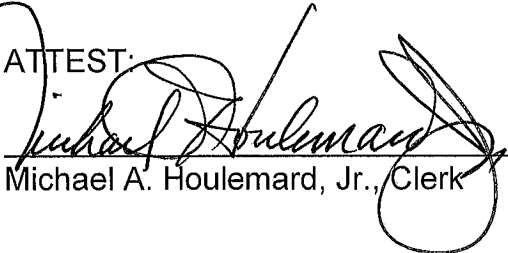
Section One. Adopts the Statement of Investment Policy and Procedures for Operation as set forth in the attached document.

Section Two. Confirms that for purposes of Government Code section 53607, the Executive Officer shall act as Treasurer for FORA.

Adopted at a regular meeting of the Fort Ord Reuse Authority Board of Directors at 920 2<sup>nd</sup> Avenue, Marina, California, upon motion by Board Member Gunter, seconded by Board Member Haffa, the foregoing Resolution was passed on at this 12th day of May, 2017, by the following vote:

AYES:	PARKER, ADAMS, PHILLIPS, EDELEN, O'CONNELL, MORTON, HAFFA, RUBIO, ALEXANDER, CARBONE, GUNTER, GARFIELD, REIMERS
NOES:	NONE
ABSTENTIONS:	NONE
ABSENT:	NONE

  
\_\_\_\_\_  
Ralph Rubio, Chair

ATTEST:  
  
\_\_\_\_\_  
Michael A. Houlemard, Jr., Clerk



# FORT ORD REUSE AUTHORITY

## OPERATING CASH RESERVES

### REVISED INVESTMENT POLICY

Adopted: 10-10-2003

Revised: 12-08-2006

Revised: 02-13-2009

#### I. PURPOSE/GOALS

- A. This policy establishes Fort Ord Reuse Authority (“FORA”) operating cash reserves investment guidelines.
- B. The goals of this investment policy, in order of priority, are as follows:
  - 1. Preserve Principal; safety of principal is the foremost objective. FORA’s investments shall avoid capital losses.
  - 2. Liquidity; the investment portfolio will remain sufficiently liquid to meet FORA’s operating requirements.
  - 3. Return on Investment; deliver competitive returns subject to prevailing market conditions.

#### II. DELEGATION OF AUTHORITY

- A: The FORA Executive Officer has the responsibility for managing the investment program. The Executive Officer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include delegation of authority to persons responsible for investment transactions and who must be bonded. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Executive Officer.
- B. The Executive Officer shall consult with the Finance Committee Chair any investment transaction exceeding 5% of FORA’s total portfolio; the Executive Committee will be routinely informed of these transactions.
- C. The Executive Officer may retain the services of a professional investment advisor approved by the FORA Board.

#### III. PRUDENCE

The FORA Executive Officer when investing or depositing public funds, shall exercise the care, prudence and diligence that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives.

#### IV. INVESTMENT GUIDELINES

##### A. MATURITY

Unless matched to a specific cash flow, FORA should not invest in securities maturing more than 12 months from the date of purchase.

##### B. ELIGIBLE INVESTMENTS

The following investments are authorized for inclusion in the portfolios:

1. Obligations of the U.S. Treasury;
2. Obligations guaranteed by the U.S. Government other than U.S. Treasuries;
3. Obligations of U.S. Federal Agencies and Government Sponsored Enterprises;
4. Bank obligations including: Certificates of Deposit, Deposit Notes, Repurchase Agreements for up to 30 days, and Bankers Acceptances that are registered with the Securities and Exchange Commission and that are consistent with FDIC insurance;
5. Savings and Money Market Accounts;
6. Money market funds and other funds whose portfolios consist of any allowed instrument as specified in this section; and
7. State of California's Local Agency Investment Fund ("LAIF").

##### C. CREDIT QUALITY

1. Emphasis will be placed on securities of high credit quality.
2. Collateral is required for investments noted in B.4. above; the collateral level will be at least 110% .

##### D. DIVERSIFICATION PARAMETERS

The investments will be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments shall always be selected that provide for stability of income and reasonable liquidity. Diversification strategies shall be determined and revised periodically by the finance committee/Executive Officer.

The investments shall be diversified by:

- limiting investment overconcentration in a specific issuer or business sector (excluding LAIF, U.S. Treasury and U.S. Government securities),
- investing in securities with varying maturities and limiting investment in securities that have higher credit risks; and
- continuously investing a portion of the portfolio in readily available funds such as LAIF, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

**E. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

FORA shall only invest with banks, savings and loans, credit unions, and securities dealers approved by the Authority Board.

**V. AUDITS**

FORA external independent auditors shall review FORA's compliance with the investment policy in connection with the annual financial audit.

**VI. REPORTING**

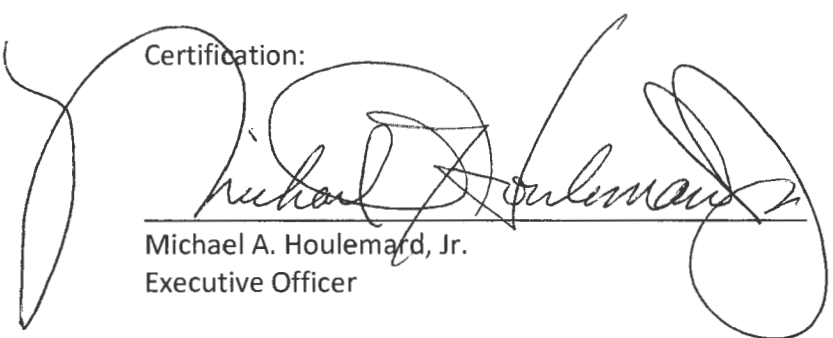
The Controller shall provide quarterly investment reports to the FORA Board. The report shall include a listing of all securities held in the portfolio. Such listing shall include at least the following information: investment description, maturity date, amount of deposit, current market value, rate of interest, and percent distribution of each type of investment

**VII. REVIEW AND AMENDMENTS**

This Investment Policy shall be reviewed annually and may be amended as needed. Any amendments shall be reviewed by the Finance Committee and adopted by the FORA Board.

Authorized by FORA Board of Directors adopted revisions on February 13, 2009.

Certification:

  
\_\_\_\_\_  
Michael A. Houlemard, Jr.  
Executive Officer

  
\_\_\_\_\_  
Date