

Fiscal Year 2005 Securitization Corporation Fiscal Year 2012 Investment Report

- I. Investment Guidelines (See Schedule 1)
- II. Explanation of the Investment Guidelines

The Fiscal Year 2005 Securitization Corporation (the "Corporation") originally adopted Investment Guidelines on October 16, 2007, with a subsequent amendment on February 4, 2009. The Investment Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Corporation. For purposes of the Investment Guidelines, funds of the Corporation are all moneys and other financial resources available for investment by the Corporation on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in the Investment Guidelines.

- III. Results of the annual independent audit of the investments (See Schedule 2)
- IV. Investment Income of record of the Corporation (See Schedule 3)
- V. List of total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment services to the Corporation (See Schedule 3)

SCHEDULE 1
FISCAL YEAR 2005 SECURITIZATION CORPORATION
Investment Guidelines

Adopted October 16, 2007
Amended February 4, 2009

I. Purpose

- A. Adoption. These Guidelines are adopted by the Board of Directors of the Fiscal Year 2005 Securitization Corporation (the "Corporation").
- B. Scope. These Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Corporation. For purposes of these Guidelines, funds of the Corporation are all moneys and other financial resources available for investment by the Corporation on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in these Guidelines.
- C. Review and Amendment. These Guidelines shall be reviewed and approved by the Board of Directors annually and may be amended by the Board of Directors from time to time.

II. Permitted Obligations

- A. Investments. All investments shall be invested in Eligible Investments as defined in the Trust Indenture, dated as of December 1, 2004, by and between the Corporation and HSBC Bank USA, National Association, as trustee.

III. Conditions of Investment

- A. Maturities: All investments shall mature or be redeemable at the option of the holder no later than such times as shall be necessary to provide moneys needed for payments to be made from any fund or account in which such investments are held.
- B. Diversification

1. During any calendar quarter, no more than the greater of \$15 million or 35% of the total amount of the Corporation's investments (determined at the time of investment) shall be invested in securities of a single issuer; provided, however, that in the case of investments made pursuant to a forward purchase contract, this diversification requirement shall apply to the securities provided pursuant to such forward purchase contract; and provided, further, that there shall be no limit on the amount or proportion of investments held in securities issued by, or guaranteed by, the United States of America.
- C. Payment for Securities. Payment for investments shall be made only upon receipt of the securities purchased. In the case of book entry form securities, payment may be made only when the custodian's account at the Federal Reserve Bank is credited for the purchased securities.
- D. Custodial Arrangements.
1. All securities held by any depository designated by the Corporation in bearer or book-entry form (the "Custodial Bank") are held solely as agent to the Trustee. Any securities held in registered form shall be registered in the name of the Trustee. Payment for purchases is not to be released until the purchased securities are received by the Custodial Bank.
 2. The Custodial Bank will, upon instructions of the Trustee, release to the Treasurer of the Corporation all purchased securities including those subject to repurchase. This will permit the Corporation to sell such securities, if necessary.
 3. Collateral securities shall not be held by an institution having a depository relationship with the Corporation.

F. Standards and Qualifications. The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

1. Brokers, Agents, Dealers
 - a. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
 - b. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the"SEC").
2. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.
3. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

G. Contracts. With the exception of forward purchase and delivery agreements, the Corporation shall not be required to enter into written contracts for the purchase of investments, except when the Corporation at its discretion agrees that it is in its best interest to do so.

IV. Reports

A. Quarterly. The President shall prepare and deliver to the Board of Directors once for each quarter of the Authority's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually.

1. Audit. The Authority's independent accountants shall conduct an annual audit of the Authority's investments for each fiscal year of the Authority, the results of which

shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.

2. Investment Report. Annually, the President shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
 - a. The Investment Guidelines and amendments thereto since the last report;
 - b. An explanation of the Guidelines and any amendments made since the last report;
 - c. The independent audit report required by Subsection (1) above;
 - d. The investment income record of the Authority for the fiscal year; and
 - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Authority since the last report. The Investment Report shall be submitted to the Mayor and Comptroller of the City of New York. Copies of the annual report shall also be made available to the public upon reasonable request.

V. Annual Review

Annually, the Board shall review and approve these Investment Guidelines.

VI. Applicability

Nothing contained in these Investment Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of these Investment Guidelines.

SCHEDULE 2



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

To the Members of the Audit Committee and Board of Directors
Fiscal Year 2005 Securitization Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fiscal Year 2005 Securitization Corporation (the Corporation), a component unit of The City of New York, as of and for the year ended June 30, 2012, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 27, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the investment guidelines of the Indenture, dated December 1, 2004 by and between the Corporation and Wells Fargo Bank, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 27, 2012

SCHEDULE 3

Fiscal Year 2005 Securitization Corporation Annual Investment Report As of and for the year ended June 30, 2012
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Investment Income for FY 2012 (accrual basis)	\$	23,089,212
Investment Fees for FY 2012 :		
Wells Fargo Bank	\$	-

Investment and Cash Equivalent by Accounts	
<u>Account</u>	<u>Fair Value</u>
Collection Account	\$ 317,586,703
Operating Account	435,019
Investment and Cash Equivalent	<u>318,021,722</u>
Cash	7,113
Total Cash, Cash Equivalents and Investments	<u>\$ 318,028,836</u>

Investment and Cash Equivalent by Security Types				
<u>Account</u>	<u>Fair Value</u>	<u>Maturities in Years</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Over 5</u>
Resolution Funding Corporation Strips	\$ 317,586,703	\$ 23,412,321	\$ 211,807,353	\$ 82,367,030
Treasury Money Market Fund	435,019	435,019		
Total Investment and Cash Equivalent	<u>318,021,722</u>	<u>23,847,340</u>	<u>211,807,353</u>	<u>82,367,030</u>
Cash	7,113			
Total Cash, Cash Equivalents and Investments	<u>\$ 318,028,836</u>	<u>\$ 23,847,340</u>	<u>\$ 211,807,353</u>	<u>\$ 82,367,030</u>

¹ There are no investment fees on Money Market Funds.