

**Cortland County  
Industrial Development Agency  
Investment Report  
2010**

As required by Section 2925(6) of the Public Authority Law, the following annual investment report is hereby submitted to the Agency Board for review and approval.

The Cortland County Industrial Development Agency generated \$821.09 of interest income for the period January through December 31, 2010.

The Agency maintained 4 separate accounts with Alliance Bank. In accordance with the provisions of General Municipal Law, Section 10, all deposits of the Cortland County IDA, including any certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act were secured by a pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits. The funds currently on deposit with Alliance Bank were adequately secured by investments held with M&T Investment Group. A copy of the December 31, 2010 M&T Investment Group Account Summary is enclosed as confirmation of these securities.

The Agency conducted a review of the financial strength and credit worthiness for Alliance Bank. The review revealed that the bank received a *Sound* rating by Bankrate.com by scoring a 4 star rating out of a possible 5. Institutional Highlights and a Financial Summary Report as of September 2010 as well as the Annual Report pursuant to Securities and Exchange Act are on file in the office of the CCIDA and available for review.

The following is a summary of the investment accounts held by the Cortland County Industrial Development Agency as of December 31, 2010:

<b>Account Type</b>	<b>Institution</b>	<b>Purpose</b>	<b>Account Balance</b>
Checking	Alliance Bank	Operating checking	\$ 27,233.14
Money Mkt	Alliance Bank	Operating savings	4,805.18
Checking	Alliance Bank	FLE Operating checking	117,666.84
Savings	Alliance Bank	FLE savings account	11,519.98
<b>Total in all accounts, December 31, 2010</b>			<b>\$161,225.14</b>

**The Fiduciary Responsibility and Investment Policy currently adopted by the Cortland County Industrial Development Agency for the year ending December 31, 2010 is enclosed**

# **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **INVESTMENT POLICY**

### **POLICY:**

Except as otherwise prohibited or regulated by federal or state law, or regulation, or by court order, the Chief Executive Officer, the Chief Financial Officer or their designees, shall temporarily invest funds of the Cortland County Industrial Development Agency (the "Agency"), not required for immediate expenditure, in certain acceptable investment instruments as outlined in the guidelines and procedures set forth below. The following objectives, listed in order of priority, shall be followed in the investing of such funds:

1. To provide a level of liquidity to insure the availability of funds for payment to meet obligations of the Agency or for disbursement otherwise required.
2. To minimize the amount of funds uninvested.
3. To minimize the risk of any potential loss or devaluation of funds invested.
4. To earn a maximum rate of return on funds invested, within the limitations as to types of investments permitted under this policy and the provisions of New York General Municipal Law.

### **GUIDELINES AND PROCEDURES:**

#### **1. Funds to Be Invested**

To the extent the Agency has funds beyond that which are necessary to meet current obligations or for disbursement otherwise required, such funds shall from time to time be invested in acceptable investment instruments.

#### **2. Acceptable Investment Instruments**

- 1) Acceptable investment instruments for the investment of funds are as follows:
  - a) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, provided however, that such Certificates of Deposit shall be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained, and provided further that such certificates of deposit be secured in the same manner as provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.
  - b) Time Deposit Accounts in a bank or trust company authorized to do business in New York State, provided however, that such Time Deposit Accounts shall

be payable within such time as the proceeds shall be needed to meet expenditures for which such monies were obtained and provided further that such time deposit accounts be secured in the same manner as is provided for securing deposits of public funds by Subdivision 3 of Section 10 of the New York General Municipal Law.

- c) Obligations of agencies of the federal government if principal and interest is guaranteed by the United States.
- d) Obligations of the State of New York.

### 3. Timing of Investments

The Chief Executive Officer or Chief Financial Officer shall maintain a portfolio of all investments. Investments shall generally mature or otherwise be available for sale or redemption without penalty at such times as funds invested are required for payment to meet obligations of the Agency, or are otherwise required for disbursement.

### 4. Collateral Requirements

- 1) Certificate of Deposits and Time Deposit Accounts shall be fully secured to the maximum amount set by the Federal Deposit Insurance Corporation.
- 2) Certificate of Deposits and Time Deposit Accounts with principal value in excess of the amount insured by the Federal Deposit Insurance Corporation, shall be fully secured by eligible securities as that term is defined in Section 10 of the General Municipal Law having in the aggregate a market value at least equal to the aggregate amount of the deposits and Third Party Custodial Agreements shall be entered into with the deposit institution.
- 3) Collateral shall be delivered to and held by the Agency as part of the investment portfolio or be delivered to a custodial bank or trust company with which the Agency has a Custodial Agreement. Said Custodial Institution shall provide written confirmation to the Agency of the obligations held in such institutions as collateral for investments of the Agency.

### 5. Custodial Institutions

- 1) The Chief Executive Officer or the Chief Financial Officer shall from time to time, if necessary, enter into contracts with banks or trust companies licensed to do business in New York State to act as custodian of funds owned by the Agency or of funds pledged as collateral for certificates of deposit or time deposit accounts. Custodians must be member banks of the Federal Reserve Bank or maintain accounts with member banks. A custodial contract shall not be entered into for holding of an investment with the same party from which such investment instrument was acquired without approval of the Agency. A custodial contract

may be entered into with the Trust Department of the seller of the investment instrument provided that the Trust Department is a separate corporate entity. At the request of the Agency custodial institutions shall verify collateral held on behalf of the Agency as property or as collateral for an investment instrument.

## 6. Financial Strength of Institutions

The financial statements of banks and trust companies with which the Agency transacts investment business, as set forth in the annual reports of such institutions, shall be reviewed annually by the Agency to determine the financial strength and or credit worthiness of the institution. The Chief Financial Officer of the Agency shall report the results of such review in the Agency's annual Investment Report.

## 7. Competition for Acquisition and Sale of Investment Instruments

- 1) The Agency shall endeavor to insure competition amongst interested and eligible institutions for the acquisition or sale of investment instruments and shall make every reasonable effort to solicit by telephone or other electronic device at least three quotations for every investment transaction except for interim investment instruments which may from time to time be necessary to conduct normal day to day business operations of the Agency.
- 2) The Chief Executive Officer or the Chief Financial Officer shall maintain a file of any confirmations, correspondence, or statement which support investment activity.

## 8. Report to be Provided

The Chief Executive Officer or the Chief Financial Officer shall prepare monthly and annual reports to the members of the Agency reflecting, as of the last day of such month, an inventory of investment instruments, a listing of investment instruments acquired or redeemed during the month, and a statement of investment income earned for the month and cumulative total interest earned since the beginning of the current fiscal year.

## 9. Internal Controls to be Maintained

The Agency shall maintain a system of internal controls as set forth in Schedule A hereto which provides for segregation of duties with respect to investment activities, cash receipts, and accounting.

## 10. Miscellaneous Provisions

The Agency, Chief Executive Officer and Chief Financial Officer may from time to time designate qualified independent contractors, staff or employees to assist in carrying out the provisions of this Policy.

#### 11. Intent

It is the intent of the Agency that this Investment Policy conform to the requirements of the provisions of Sections 10 and 11 of the New York General Municipal Law, as the same may be amended from time to time, and in the event of any inconsistency between these policies and the provisions of those statutes, the statutory provision shall control and be followed to the fullest extent by the Agency.



STATEMENT OF ACCOUNT  
FOR THE PERIOD 12/01/10 THROUGH 12/31/10

MANUFACTURERS AND TRADERS TRUST  
COMPANY AS CUSTODIAN FOR  
ALLIANCE BANK, N.A. F/B/O CORTLAND  
COUNTY INDUSTRIAL AGENCY

ACCOUNT NUMBER: 1012958

ALLIANCE BANK, N.A.  
ATTN: GENERAL LEDGER  
160 MAIN STREET  
ONEIDA NY 13421

ADMINISTRATOR: RUSSELL JACOBS  
PHONE: 716-842-5079

INVESTMENT OFFICER: ALLIANCE BANK



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ACCOUNT: 1012958

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MESSAGES

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FOR THE PERIOD 11/30/10 THROUGH 12/31/10

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IF WE ARE MANAGING THE ASSETS IN THIS ACCOUNT, PLEASE CONTACT US IF THERE HAVE BEEN ANY CHANGES TO YOUR FINANCIAL SITUATION OR INVESTMENT OBJECTIVES, OR IF YOU WISH TO IMPOSE ANY REASONABLE RESTRICTIONS THAT MIGHT AFFECT THE MANAGEMENT OF THIS ACCOUNT, OR REASONABLY CHANGE ANY EXISTING RESTRICTIONS. YOU MAY CONTACT US BY CALLING OR WRITING TO YOUR ADMINISTRATOR OR PORTFOLIO MANAGER WHO ARE IDENTIFIED ON YOUR STATEMENT.

**IMPORTANT STATEMENT INFORMATION:**

EFFECTIVE JANUARY 1, 2011, NEW FEDERAL REGULATIONS REQUIRE FINANCIAL INSTITUTIONS TO MAINTAIN THE COST BASIS OF SECURITIES AND OTHER ASSETS HELD ON YOUR BEHALF AND TO REPORT THIS INFORMATION WHEN SECURITIES OR OTHER ASSETS ARE SOLD, EXCHANGED, OR TRANSFERRED.

M&T HAS MAINTAINED COST BASIS INFORMATION ON BEHALF OF OUR CLIENTS AND WILL CONTINUE TO PROVIDE THIS INFORMATION ON YOUR ACCOUNT STATEMENTS AND ON ANY TAX REPORTING WHICH YOU MAY RECEIVE FROM US.



**IMPORTANT STATEMENT INFORMATION**

In performing discretionary investment services for an Account, M&T Bank or an affiliate may invest Account assets in one or more mutual funds, including the MTB Group of Funds ("MTB Funds"). MTB Investment Advisors, Inc. ("MTBIA"), a subsidiary of M&T Bank, serves as investment advisor to the MTB Funds. MTBIA, M&T Bank, and M&T Securities, Inc., an affiliate of MTBIA, (collectively, "M&T") may also provide administrative and shareholder services, and services under Rule 12b-1 plans to the MTB Funds, and may receive compensation for those services. If M&T provides additional services to the MTB Funds, it would be entitled to receive additional compensation from those funds. The compensation for services provided to the MTB Funds is determined by the Board of Trustees ("Board") that governs the MTB Funds, and is subject to change from time to time in the discretion of the Board.

Currently, MTBIA, in its capacity as investment adviser, is entitled to receive annual advisory fees from the MTB Funds at the contractual rates set forth below. In its capacity as co-administrator of the MTB Funds, MTBIA is currently entitled to receive annual co-administration fees from the MTB Funds as follows: 0.033% on the first \$5 billion; 0.020% on the next \$2 billion; 0.016% on the next \$3 billion; and 0.015% on assets in excess of \$10 billion. All fees are calculated based on average daily assets. M&T Bank may be entitled to receive an annual shareholder services fee of up to 0.25% with respect to the assets of certain Accounts invested in the MTB Funds. If M&T Bank or an affiliate has investment discretion over an Account, then an Account may receive a credit against the Account-level fiduciary (or investment management) fee for all or some portion of the foregoing fees when Account assets are invested in MTB Funds. Alternatively, the value of Account assets invested in the MTB Funds may be excluded from calculation of the Account-level fiduciary (or investment management) fee.

Please consult a current prospectus for the MTB Funds or contact your Account officer for additional information.

Investments, including shares of the MTB Funds, are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, are not deposits or other obligations of, or guaranteed by, M&T Bank or any of its affiliates, and are subject to investment risk, including possible loss of the principal amount invested.

Fund	Advisory Fee (MTBIA)	Fund	Advisory Fee (MTBIA)
MTB Money Market Fund	0.40%	MTB Short Duration Government Bond Fund	0.60%
MTB New York Tax Free Money Market Fund	0.40%	MTB Short-Term Corporate Bond Fund	0.70%
MTB Pennsylvania Tax Free Money Market Fund	0.40%	MTB U.S. Government Bond Fund	0.70%
MTB Tax Free Money Market Fund	0.40%	MTB Virginia Municipal Bond Fund	0.70%
MTB U.S. Government Money Market Fund	0.40%	MTB Strategic Allocation Fund	0.65%
MTB U.S. Treasury Money Market Fund	0.40%	MTB International Equity Fund	1.00%
MTB Income Fund	0.60%	MTB Large Cap Growth Fund	0.85%
MTB Intermediate-Term Bond Fund	0.70%	MTB Large Cap Value Fund	0.70%
MTB Maryland Municipal Bond Fund	0.70%	MTB Mid Cap Growth Fund	0.85%
MTB New York Municipal Bond Fund	0.70%	MTB Small-Cap Growth Fund	0.85%
MTB Pennsylvania Municipal Bond Fund	0.70%	MTB Prime Money Market Fund	0.40%

Market values of securities are obtained from various sources we believe to be reliable quotation services. M&T Bank does not guarantee the accuracy of these quotations.



ACCOUNT SUMMARY

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FOR THE PERIOD 12/01/10 THROUGH 12/31/10

CASH SUMMARY

BEGINNING CASH BALANCE	PRI NCIPAL
CASH ADDITIONS	0.00
DISTRIBUTIONS	0.00
-----	
PAYMENTS TO OR FOR BENEFICIARIES	0.00
FEES	0.00
EXPENSES	0.00
OTHER DISTRIBUTIONS	24,172.51-
TOTAL DISTRIBUTIONS	24,172.51-
INCOME	
-----	
INTEREST	16,537.99
DIVIDENDS	0.00
OTHER INCOME	0.00
CAPITAL GAINS/ DISTRIBUTIONS	0.00
TOTAL INCOME	16,537.99
BUY AND SELL ACTIVITY	
-----	
PURCHASES	0.00
SALES	7,634.52
TOTAL BUY AND SELL ACTIVITY	7,634.52
ENDING CASH BALANCE	-----
	0.00
ACCRUED INCOME	4,771.40
TOTAL CASH VALUE	4,771.40

ACCOUNT SUMMARY

ALLI / CORTLAND CNTY I ND AGENCY  
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FOR THE PERIOD 12/01/10 THROUGH 12/31/10

MARKET VALUE RECONCILIATION SUMMARY

BEGINNING MARKET VALUE	PRI NCIPAL
ADDIT IONS	-----
-----	1, 448, 521. 50
CASH SECURITIES	0. 00
0. 00	0. 00
TOTAL ADDIT IONS	0. 00
DI STRIBUT IONS	-----
-----	24, 172. 51-
CASH SECURITIES	742, 537. 00-
TOTAL DI STRIBUT IONS	766, 709. 51-
MARKET VALUE CHANGE	6, 105. 86
ENDING MARKET VALUE	687, 917. 85

**ASSET SUMMARY**

 ALLI / CORTLAND CNTY I ND AGENCY  
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AS OF 12/31/10

ASSET CATEGORY	MARKET VALUE	% OF PORTFOLIO	FEDERAL TAX COST	UNREALIZED GAIN/LOSS	ESTIMATED ANNUAL INCOME	INCOME YIELD AT MARKET
PRI NCIPAL PORTFOLIO						
FIXED INCOME						
U. S. GOVERNMENT AGENCIES	325,827.40	47.36 %	317,561.28	8,266.12	9,527	2.92 %
MUNICIPAL OBLIGATIONS	362,090.45	52.64 %	340,000.00	22,090.45	14,325	3.96 %
TOTAL FIXED INCOME	<u>687,917.85</u>	<u>100.00 %</u>	<u>657,561.28</u>	<u>30,356.57</u>	<u>23,852</u>	<u>3.47 %</u>
PRI NCIPAL PORTFOLIO TOTAL	<u>687,917.85</u>	<u>100.00 %</u>	<u>657,561.28</u>	<u>30,356.57</u>	<u>23,852</u>	<u>3.47 %</u>



ASSET SUMMARY

ALLI / CORTLAND CNTY I ND AGENCY  
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AS OF 12/31/10

ASSET CATEGORY	MARKET VALUE	% OF PORTFOLIO	FEDERAL TAX COST	UNREALIZED GAIN/LOSS	ESTIMATED ANNUAL INCOME	INCOME YIELD AT MARKET
TOTAL ASSETS	687,917.85	100.00 %	657,561.28	30,356.57	23,852	3.47 %

## LIST OF ASSETS

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 ACCOUNT: 1012958

AS OF 12/31/10

PAR VALUE OR SHARES MKT PRICE	ASSET DESCRIPT I ON CUSIP / TICKER	MARKET VALUE % OF PORTFOLIO	FED TAX COST	UNREALIZED GAIN/LOSS	ESTI MATED ANNUAL I NCOME	I NCOME YIELD AT MARKET
<b>PRI NCIP AL PORTFOL IO</b>						
<b>FIXED I NCOME</b>						
<b>U. S. GOVERNMENT AGENCIES</b>						
317,561.2800 102.6030	FEDERAL NATI ONAL MDRTGAGE ASSN REM C SERIES 2003-49 CLASS JE DTD 05/01/03 3.000% 04/25/33 31393CY80 / 0349J	325,827.40 47.36 %	317,561.28	8,266.12	9,527	2.92 %
<b>MUNI CI PAL OBLI GATI ONS</b>						
195,000.0000 105.5500	LIBERTY NY DTD 09/09/03 4.000% 03/01/14 531116JT9	205,822.50 29.92 %	195,000.00	10,822.50	7,800	3.79 %
145,000.0000 107.7710	LAKE PLACI D NY PUBLI C I MPROVEMENT DTD 04/15/08 4.500% 04/15/19 CALLABLE 04/15/17 @00 510516GX9	156,267.95 22.72 %	145,000.00	11,267.95	6,525	4.18 %
<b>TOTAL MUNI CI PAL OBLI GATI ONS</b>		<b>362,090.45 52.64 %</b>	<b>340,000.00</b>	<b>22,090.45</b>	<b>14,325</b>	<b>3.96 %</b>
<b>TOTAL FIXED I NCOME</b>		<b>687,917.85 100.00 %</b>	<b>657,561.28</b>	<b>30,356.57</b>	<b>23,852</b>	<b>3.47 %</b>

## LIST OF ASSETS

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AS OF 12/31/10

PAR VALUE OR SHARES MKT PRICE	ASSET DESCRIPTION CUSIP / TICKER	MARKET VALUE % OF PORTFOLIO	FED TAX COST	UNREALIZED GAIN/LOSS	ESTIMATED ANNUAL INCOME	INCOME YIELD AT MARKET
	PRINCIPAL PORTFOLIO TOTAL	687,917.85 100.00 %	657,561.28	30,356.57	23,852	3.47 %
	TOTAL ASSETS	687,917.85 100.00 %	657,561.28	30,356.57	23,852	3.47 %



PENDING SETTLEMENTS

ALLI / CORTLAND CNTY IND AGENCY  
ACCOUNT: 1012958

AS OF 12/31/10

TRADE DATE	SETTLEMENT DATE	PAR VALUE OR SHARES	ASSET DESCRIPTION	AMOUNT
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NO PENDING SETTLEMENTS IN THIS STATEMENT CYCLE



TRANSACTIONS

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FOR THE PERIOD 12/01/10 THROUGH 12/31/10

DATE	TRANSACTION DESCRIPTION	CASH
	BEGINNING BALANCES	\$0.00
	DISBURSEMENTS	
	OTHER DISBURSEMENTS	
12/15/10	CASH DISBURSEMENT PAID TO ACCOUNT # 140088238 TRANSFER TO ANOTHER ACCOUNT	15,725.00-
12/27/10	CASH DISBURSEMENT PAID TO ACCOUNT # 140088238 TRANSFER TO ANOTHER ACCOUNT	8,447.51-
	TOTAL OTHER DISBURSEMENTS	24,172.51-
	TOTAL DISBURSEMENTS	24,172.51-
	INCOME	
	INTEREST	
12/15/10	CASH RECEIPT OF INTEREST EARNED ON GATES CHILI NY CSD 4.000% 6/15/23 \$0.023/\$1 PV ON 325,000 PAR VALUE DUE 12/15/10 CUSIP: 367352NE7	7,475.00
12/15/10	CASH RECEIPT OF INTEREST EARNED ON GREENE NY CSD 4.125% 6/15/20 \$0.020625/\$1 PV ON 400,000 PAR VALUE DUE 12/15/10 CUSIP: 394720DV5	8,250.00
12/27/10	CASH RECEIPT OF INTEREST EARNED ON FNMA REMIC 03-49-JE 3.000% 4/25/33 \$0.00250/PV ON 325,195.80 PV DUE 12/25/10 CUSIP: 31393CY80	812.99



TRANSACTIONS

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FOR THE PERIOD 12/01/10 THROUGH 12/31/10

DATE	TRANSACTION DESCRIPTION	CASH
	TOTAL INTEREST	16,537.99
	TOTAL INCOME	16,537.99
	BUY AND SELL ACTIVITY	
	SALES	
12/27/10	PAID DOWN 7,634.52 PAR VALUE OF FNMA REMIC 03-49-JE 3.000% 4/25/33 TRADE DATE 12/25/10 CUSIP: 31393CY80 BOOK VALUE OF 7,634.52	7,634.52
	TOTAL BUY AND SELL ACTIVITY	7,634.52
	NON-CASH ACTIVITY	
	DISTRIBUTIONS IN KIND	
12/16/10	DISTRIBUTED 325,000 PAR VALUE OF GATES CHILI NY CSD 4.000% 6/15/23 1006306 MARKET VALUE OF \$335,673.00 CUSIP: 367352NE7 BOOK VALUE OF 325,000.00	
12/16/10	DISTRIBUTED 400,000 PAR VALUE OF GREENE NY CSD 4.125% 6/15/20 1006306 MARKET VALUE OF \$406,864.00 CUSIP: 394720DV5 BOOK VALUE OF 400,000.00	
	TOTAL NON-CASH ACTIVITY	0.00



TRANSACTIONS

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FOR THE PERIOD 12/01/10 THROUGH 12/31/10

DATE      TRANSACTION DESCRIPTION

CASH

ENDING BALANCES

\$0.00

## ASSETS DI SPOSED

 ALLI / CORTLAND CNTY I ND AGENCY  
 ACCOUNT: 1012958

FOR THE PERIOD 12/01/10 THROUGH 12/31/10

DATE	PAR VALUE OR SHARES	DESCR I PT I ON	PROCEEDS	ADJUSTED COST	REALI ZED GAI N/ LOSS
12/27/10	7,634.5200	FNMA REMI C 03-49-JE 3.000% 4/25/33	7,634.52	7,634.52-	0.00
12/16/10	325,000.0000	GATES CHI LI NY CSD 4.000% 6/15/23	0.00	325,000.00-	0.00
12/16/10	400,000.0000	GREENE NY CSD 4.125% 6/15/20	0.00	400,000.00-	0.00
TOTAL ASSETS DI SPOSED				732,634.52-	0.00

Transactions for investment advisory accounts are effected through outside brokers. In arranging for clients' securities transactions, MTB Investment Advisors ("MTBIA") is primarily concerned with seeking best execution which is considered to be the most favorable combination of price and quantity that can be traded at a point in time given the liquidity, market conditions, and required urgency of execution.

Consistent with the requirements of best execution, brokerage commissions on an account's portfolio transactions are directed to brokers in recognition of investment research and information furnished as well as for services rendered in the execution of orders by such brokers. MTBIA may in its discretion cause accounts to pay such broker-dealers a commission for effecting a portfolio transaction in excess of the amount of commission another broker or dealer adequately qualified to effect such transaction would have charged for effecting that transaction. This may be done where MTBIA has determined in good faith that such commission is reasonable in relation to the value of the brokerage and/or research to that particular transaction or to MTBIA's overall responsibilities with respect to the accounts as to which it exercises investment discretion.

MTBIA receives a wide range of research services from brokers. These services include information on the economy, industries, groups of securities, individual companies, statistical information, technical market action, pricing and appraisal services, portfolio management computer services, risk measurement analysis, and performance analysis.

Certain of the services received from brokers, including portfolio management computer services, are partially paid for directly by MTBIA and an allocation of the usage has been made in accordance with Section 28(e) of the Securities Exchange Act of 1934.

Research services furnished by brokers may be used in servicing any or all of the clients of MTBIA and such research services may not necessarily be used by MTBIA in connection with the accounts which paid commissions to the broker providing such services.