

A meeting of the Finance Committee was held on Friday, May 30, 2014 in Conference Room "R", 2nd floor of City Hall, 400 South Orange Avenue, Orlando, Florida, 32801. The meeting was called to order by Mayor Dyer at 9:04 a.m., who determined enough members were present for a quorum.

PRESENT: Mayor Buddy Dyer [1/1]
Commissioner Robert Stuart [1/1]
Tracey Stockwell [1/1]
Alvin J. (A.C.) Cowans [1/1]

ABSENT: Jack Cadden [0/1]

OTHERS PRESENT: Rebecca W. Sutton, Chief Financial Officer
Christopher P. McCullion, Treasurer
Katrina Laudeman, Treasury Manager
George McGowan, Director of Audit Services and Management Support
Michelle McCrimmon, Controller
Wesley Powell, Assistant City Attorney
James Varnado, Treasury Manager
Steve Zucker, Esquire, Shutts & Bowen, Special Legal Counsel
Nicklas Rocca, Senior Managing Consultant, Public Financial Management

1. APPROVAL OF MINUTES – (Attachment "A") – November 22, 2013

A MOTION TO APPROVE THE MINUTES of the November 22, 2013 FINANCE COMMITTEE MEETING was made by Ms. Stockwell and seconded by Commissioner Stuart. MOTION CARRIED UNANIMOUSLY.

2. INVESTMENTS

A. ACCEPTANCE OF QUARTERLY PERFORMANCE REPORTS – (Attachment "B") - March 31, 2014 (Ms. Sutton introduced Mr. Rocca to the Committee.) Ms. Laudeman updated the Committee with an overview of the City's Operating Portfolio stating that despite the quarter's volatility, March showed improvement and the performance for the quarter was +1.43%. Overall for the quarter and fiscal year to date, the portfolio is doing well. Mr. McCullion added that the portfolio has done very well over the last 3 to 5 years, +3.62% and +5.25% returns respectively. Some discussion ensued. A MOTION TO ACCEPT THE QUARTERLY PERFORMANCE REPORTS of March 31, 2014 was made by Mr. Cowans and seconded by Commissioner Stuart. MOTION CARRIED UNANIMOUSLY.

B. OPERATING PORTFOLIO COMPLIANCE REPORTS – (Attachment "C")

Ms. Laudeman explained why the Operating Portfolio is out of compliance for the duration of +/- 30% of the overall operating portfolio benchmark. There are two reasons for this: (1) some managers have reduced the duration of their portfolios because they anticipate rising interest

rates and (2) the City is keeping a larger-than-usual amount of funds in liquid investments with very short durations in order to cover anticipated construction payments for the Community Venues projects. Bonds for the Soccer Stadium and Citrus Bowl were issued and a decision was made to retain six to seven months of estimated expenses for the stadiums in the liquidity account. This will allow the portfolio to remain undisrupted and avoid paying unnecessary transaction charges. Mr. McCullion also noted that 85% of the funds are managed externally and all of the money managers are in compliance with their duration guidelines. Ms. Laudeman added that the money managers have their own restrictions of compliance duration of +/- 20% of their respective benchmarks. Mr. McCullion and Ms. Laudeman will report back to the Committee with a better recommendation of how to measure duration for the in-house portfolio. Some discussion ensued.

3. DEBT

A. REFUNDING OF CAPITAL IMPROVEMENT SPECIAL REVENUE BONDS, SERIES 2005A AND 2006A – (Attachment “D”)

Mr. McCullion explained the City, after conferring with Public Financial Management, would like to take advantage of the low municipal bond interest rates by refunding the Series 2005A and Series 2006A bonds.

He added the City is also evaluating the possibility of extending the final maturity of the Series 2006A Bonds by 10 to 20 years. This would more closely align with the expected useful life of the Jefferson Street Parking Garage and would result in debt service relief to the City's Parking Enterprise Fund. Discussion ensued.

A MOTION TO APPROVE THE FINANCING PARAMETERS was made by Ms. Stockwell and seconded by Commissioner Stuart. MOTION CARRIED UNANIMOUSLY.

B. UPDATE ON SERIES 2014A CONTRACT TOURIST DEVELOPMENT TAX PAYMENTS REVENUE BONDS (ARTS CENTER, CITRUS BOWL AND SOCCER STADIUM PROJECTS)

Mr. McCullion stated that there was strong interest from investors and the sale was very successful. The first stage of the Performing Arts Center will be open later this year, the Citrus Bowl is well underway and the Soccer Stadium design work has started.

C. UPDATE ON SERIES 2014A CAPITAL IMPROVEMENT SPECIAL REVENUE BONDS (MEDIUM TERM NOTE PROGRAM ROLLOVER – PRIVATE PLACEMENT BANK LOAN WITH SUNTRUST)

Mr. McCullion spoke about the current status of the Medium Term Note Program Rollover and Ms. Sutton added that it has been very successful.

D. UPCOMING RFP FOR BOND AND DISCLOSURE COUNSEL TEAM

Mr. McCullion spoke briefly about the upcoming RFP and expects to have an update for the Committee at the next meeting.

E. FOR INFORMATION ONLY – STATE SALES TAX PAYMENTS REVENUE BONDS, SERIES 2015 (SOCCER STADIUM PROJECT)

Mr. McCullion stated that the State Legislature has approved an additional professional sports franchise incentive program that will allow issuance of another \$30 million bond. Mayor Dyer added that the Governor has not yet received the Bill but has indicated his willingness to sign it. This will begin the two-part process for approval, which is expected sometime in January, 2015.

4. SCHEDULE OF QUARTERLY MEETINGS IN 2014

Dates were reviewed. The upcoming meeting dates are September 5th and December 5th at 9:00am.

5. Mayor Dyer adjourned the meeting at 10:05 a.m.

Respectfully submitted,

Christopher P. McCullion
Treasurer

Michele V. Keane
Sr. Administrative Assistant