

CITY OF ORLANDO, FLORIDA

**BOND DISCLOSURE
SUPPLEMENT**



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

BOND DISCLOSURE SUPPLEMENT

City of Orlando, Florida

For the Fiscal Year Ended September 30, 2011



Prepared by:
Office of Business and Financial Services



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CITY OF ORLANDO

January 31, 2012

Mayor Buddy Dyer
and City Commissioners
City of Orlando, Florida

Subject: Bond Disclosure Supplement

Dear Mayor and City Commissioners:

The City's Bond Disclosure Supplement is prepared in conjunction with the City's Comprehensive Annual Financial Report (CAFR). This Supplement provides updated information on the City and CRA related disclosures that are normally included in an Official Statement.

The City reaffirms its commitment to meet or exceed all established standards for municipal bond disclosure. Specifically, the City will:

1. Provide event related disclosure of interest to bond holders, including but not limited to those required by the Securities Exchange Commission (SEC) Rule 15c2-12;
2. Annually provide financial statements and appropriate supplement disclosures to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system; and
3. Provide, or will cause to be provided, new Official Statements to the EMMA system.

In addition to reviewing the City and CRA bond programs, we have included the City's Debt Management Policy as well as demonstrated compliance with the constraints of this policy. The City has also included both its Interest Rate Risk Management Products Policy and its Investment Policy Statement to provide full disclosure.

This information is presented to supplement and complement the City's CAFR, not serve as a replacement.

Respectfully submitted,

Rebecca W. Sutton, CPA
Chief Financial Officer

Attachment

OFFICE OF BUSINESS AND FINANCIAL SERVICES

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**CITY OF ORLANDO, FLORIDA
BOND DISCLOSURE SUPPLEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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Orlando City Government You Can Depend On

Like every other local government in Florida, Orlando has had to endure several years of drastically-reduced revenues due to the effects of the national recession.

In response to the economic downturn, the City reduced its recurring expenses, reduced or eliminated services, and fulfilled a commitment to reducing the size of government with the only new spending going toward police and fire protection. The City also achieved balanced budgets during this time without raising taxes.

This careful planning has kept Orlando on firm financial footing through the toughest days of the recession and into this early period of recovery. Because of this work, the City was able to craft a balanced budget with no major additional reductions to services or programs. More importantly, the City will again be able to balance its budget in 2011/2012 without raising taxes.

Just like families in our City, your Orlando government has had to make difficult decisions about spending during these challenging times. These tough, responsible choices have allowed us to reduce the size of our government, while maintaining our investments in important areas like police, fire, public works and our downtown core.

As a result, our residents can continue to be proud that they live in a well-run, fiscally-responsible City that is as careful with a dollar as they are. They can be proud that Orlando is in the best financial shape of any major city in Florida.

Sincerely,

Buddy Dyer
Orlando Mayor, Buddy Dyer



CITY OF ORLANDO, FLORIDA

COVENANT TO BUDGET AND APPROPRIATE BOND DISCLOSURE SUPPLEMENT

SUMMARY INFORMATION Outstanding Balance as of September 30, 2011

Individual Bond Issues:	Outstanding	Rating (1)		Bond Insurer	Liquidity Facility	Paying Agent	Final Maturity
Fixed Rate:							
Capital Improvement Special Revenue Bonds, Series 2002	\$ 8,690,000	Moody's S&P Fitch	Aa2 AA- AA+	Ambac		Wells Fargo Bank Minnesota, N.A.	4/1/2014
Capital Improvement Special Revenue Bonds, Series 2005A	18,410,000	Moody's S&P Fitch	Aa2 AA- AA+	MBIA		U.S. Bank Trust, N.A. New York, N.Y.	10/1/2024
Capital Improvement Special Revenue Bonds, Series 2006A	20,630,000	Moody's S&P Fitch	Aa2 AA- AA+	MBIA		Bank of New York New York, N.Y.	10/1/2025
Capital Improvement Special Revenue Bonds, Series 2006B	2,500,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Minnesota, N.A.	4/1/2012
Capital Improvement Special Revenue Bonds, Series 2007A	4,780,000	Moody's S&P Fitch	Aa2 AA- AA+	MBIA		Wells Fargo Bank Minnesota, N.A.	4/1/2016
Capital Improvement Special Revenue Bonds, Series 2007B	55,885,000	Moody's S&P Fitch	Aa2 AA- AA+	MBIA		U.S. Bank Orlando, FL	10/1/2037
Capital Improvement Refunding Special Revenue Bonds, Series 2008A	6,250,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		U.S. Bank Orlando, FL	4/1/2014
Capital Improvement Refunding Special Revenue Bonds, Series 2008B	4,560,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		U.S. Bank Orlando, FL	10/1/2013
Capital Improvement Refunding Special Revenue Bonds, Series 2009B	15,965,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	10/1/2019
Capital Improvement Refunding Special Revenue Bonds, Series 2010A	9,160,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	4/1/2016
Capital Improvement Refunding Special Revenue Bonds, Series 2010B	17,650,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	10/1/2022
Capital Improvement Refunding Special Revenue Bonds, Series 2010C	40,260,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	10/1/2028
Capital Improvement Refunding Special Revenue Bonds, Series 2011A	<u>9,000,000</u>	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	4/1/2017
Sub-Total-Fixed	213,740,000						
Variable Rate:							
SSGFC Commercial Paper Notes Series H Loan #1-Taxable	7,230,000				JP Morgan/Chase	Deutsche Bank Trust Co.	10/1/2019
SSGFC Commercial Paper Notes Series H Loan #3-Tax Exempt	<u>18,510,000</u>				JP Morgan/Chase	Deutsche Bank Trust Co.	10/1/2023
Sub-Total-Internal Loan Fund	239,480,000						
Orlando Venues:(2)							
SSGFC Commercial Paper Notes Series H Loan #4-Tax Exempt	40,000,000				JP Morgan/Chase	Deutsche Bank	10/1/2033
SSGFC Commercial Paper Notes Series H Loan #6-Tax Exempt	50,000,000				JP Morgan/Chase	Deutsche Bank	10/1/2033
Capital Improvement Special Revenue Bonds, Series 2009A	11,950,000	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	10/1/2022
Capital Improvement Special Revenue Bonds, Series 2009C	<u>40,000,000</u>	Moody's S&P Fitch	Aa2 AA- AA+	N/A		Wells Fargo Bank Orlando, FL	10/1/2039
Sub-Total-Venues	141,950,000						
State Infrastructure Bank (SIB) Loan SunRail Construction Loan	<u>15,568,000</u>						
Total Covenant Debt Outstanding	<u>\$ 396,998,000</u>						
Revenue Pledge:							
Primary:		Secondary:					
General Fund Covenant Revenues		N/A					
Utilities Services Tax Fund Covenant Revenues							

(1) Does not reflect ratings obtained through the use of municipal bond insurance.
(2) Orlando Venues Fund borrowings.

CITY OF ORLANDO, FLORIDA

COVENANT TO BUDGET AND APPROPRIATE BONDS INTRODUCTION

Covenant Program

The Covenant to Budget and Appropriate Debt Program is the City's main vehicle for financing general governmental purpose projects. The Program's Outstanding Bonds (see below) and Sunshine State Governmental Financing Commission (the "Commission") Loans (together, the Covenant Debt) are payable from the Covenant Revenues and other legally available revenues of the City actually budgeted and appropriated and deposited into the funds and accounts created and established pursuant to and in the manner provided in the Covenant Ordinance. Until deposited into the funds and accounts created under the Covenant Ordinance, Covenant Revenues are not pledged for the payment of the Covenant Debt and Bondholders will not have a lien thereon. The City has covenanted to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its annual budget for each fiscal year, by amendment if necessary, and deposit to the credit of the Revenue Account established pursuant to the Covenant Ordinance, Covenant Revenues in an amount which together with other legally available revenues budgeted and appropriated for such purpose equal to the Debt Service Requirement with respect to the Covenant Debt, plus an amount sufficient to satisfy all other payment obligations of the City under the Covenant Ordinance for the applicable fiscal year, including, without limitations, the obligations of the City to fund and cure deficiencies in any sub-accounts in the Reserve Account created under the Covenant Ordinance. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Covenant Revenues shall be cumulative, and shall continue until such Covenant Revenues in amounts, together with any other legally available revenues budgeted and appropriated for such purposes, sufficient to make all required payments under the Covenant Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Covenant Ordinance. Such covenant shall not preclude the City from pledging in the future any of its Covenant Revenues or other revenues to other obligations.

Since holders of the Covenant Debt are not entitled to a lien on the Covenant Revenues until such revenues are deposited into the funds and accounts created under the Covenant Ordinance in favor of the holders of the Covenant Debt, the City is free to grant liens on the Covenant Revenues to secure other obligations. The exercise of remedies by the holders of other debt payable from the Covenant Revenues (whether or not so secured by a lien), including Non-Self Sufficient Debt which is not issued as Bonds under the Covenant Ordinance or the holders of the other obligations of the City, including judgment creditors, may result in the payment of debt service on some obligations so secured prior to the payment of debt service on other Non-Self Sufficient Debt, including the Covenant Debt.

The City has covenanted and agreed in the Covenant Ordinance that for so long as any Bonds are outstanding under the Covenant Ordinance, the City shall continue to deposit to the credit of the City's General Fund and Utilities Services Tax Fund those revenue sources that were deposited to the credit of the General Fund and Utilities Services Tax Fund as provided in the City's Fiscal Year 1992 Annual Budget, excluding, however, any increases or expansions in rates or levies enacted after the effective date of the Covenant Ordinance with respect to such revenue sources that are designated by the City to be deposited other than in the General Fund or the Utilities Services Tax Fund. However, the City has not covenanted to maintain any programs or other activities which generate Covenant Revenues.

Limited Obligations

All obligations of the City under the Covenant Ordinance shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created in the Covenant Ordinance, as provided for therein. Nothing in the Covenant Ordinance shall be deemed to create a pledge of or lien on the Covenant Revenues, the ad valorem tax revenues, or any other revenues of the City or to permit or constitute a mortgage or lien upon any assets owned by the City. No Bondholder shall ever have the right to compel any exercise of the ad valorem taxing power of the City for any purpose, including, without limitation, to pay the principal of or interest or premium, if any, on the Bonds or to make any other payment required there under or to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any other Covenant Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City. The obligation of the City to budget, appropriate and make payments required by the Covenant Ordinance from its Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund and the Utilities Services Tax Fund after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City.

CITY OF ORLANDO, FLORIDA

OUTSTANDING INDEBTEDNESS

Outstanding Bond Issues

As of September 30, 2011, the Following bond issues were outstanding under the Covenant Program:

The Series 2002 Bonds were issued to finance the construction and installation of certain parks, parklands, greenways and recreation improvements. The Bonds are part of the City's medium term note program, and are not subject to early redemption. These Bonds have been named as Designated Maturity Debt, with final maturity of the issuance, including future "rolls" of the existing maturities, planned for no later than fiscal year 2032 (see "Amortization of Variable Rate Bonds and Designated Maturity Debt" on page A-18).

The Series 2005A Bonds were issued to finance the acquisition and construction of various capital improvements included in the City's fiscal year 2004 Budget and to fund a loan to the City of Orlando Community Redevelopment Agency to pay for redevelopment and renovations to the Orlando Expo Centre. The Bonds are callable at par beginning on October 1, 2014.

The Series 2006A Bonds were issued to finance the construction of the Jefferson Street Garage. The Bonds are callable at par beginning on October 1, 2015.

The Series 2006B Bonds were issued to refund the 2006 Designated Maturity of the Series 2002 medium term note Bonds.

The Series 2007A Bonds were issued to refund the 2007 Designated Maturity of the Series 2004 medium term note Bonds.

The Series 2007B were issued to finance the acquisition, construction and equipping of capital improvements for public safety, including a fire headquarters building, several new fire stations, a police training facility, and other public safety projects. The Bonds are callable at par beginning on October 1, 2018

The Series 2008A Bonds were issued to refund the 2008 and 2009 Designated Maturities of the Series 2002, 2005B, 2006B and 2004 medium term note Bonds.

The Series 2008B Bonds were issued to refund the Capital Improvement Special Revenue Bonds, Series 1998B.

The Series 2009A Bonds were issued to finance a portion of the acquisition, construction and development of a structured parking facility and other public improvements related to the new Orlando events center. The Bonds are callable at par beginning October 1, 2019.

The Series 2009B Bonds were issued to refund a portion of the Capital Improvement Refunding Special Revenue Bonds, Series 1998A.

The Taxable Series 2009C Bonds were issued to finance a portion of the acquisition, construction and development of a structured parking facility and other public improvements related to the new Orlando event center. The Series 2009C Bonds were issued as taxable Build America Bonds pursuant to the American Recovery and Reinvestment Act of 2009. The City will be eligible to receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series 2009C Bonds on each interest payment date. The Bonds are callable at par beginning October 1, 2019.

The Series 2010A Bonds were issued to refund the 2010 Designated Maturities of the Series 2002 and 2005B medium term note Bonds.

The Series 2010B Bonds were issued to refund the remaining portion of the Capital Improvement Refunding Special Revenue Bonds, Series 1998A. The Bonds are callable at par beginning on October 1, 2020.

The Series 2010C Bonds were issued to refund the City's loan from the Sunshine State Governmental Financing Commission (SSGFC) 1986 Loan Program. The Bonds are callable at par beginning October 1, 2020.

CITY OF ORLANDO, FLORIDA

The Series 2011A Bonds were issued to refund the 2011 Designated Maturities of the Series 2004 and 2008A medium term note Bonds.

Outstanding Sunshine State Governmental Financing Commission (SSGFC) Loans

SSGFC Series H Commercial Paper Program

The SSGFC created a separate City of Orlando Commercial Paper series, which can be accessed for tax-exempt, alternative minimum tax (AMT), and taxable uses. In September 2004 the City borrowed \$21,630,000 in taxable commercial paper to finance economic development-related Special Assessment loans of which \$14,400,000 was repaid on December 6, 2006. In December 2004 the City borrowed \$18,510,000 in tax-exempt commercial paper to refund commercial paper issued by the City in 1994.

In March 2007, the City borrowed \$50,000,000 in tax-exempt commercial paper to finance land purchases for the planned Events Center. In FY 2008, the City borrowed an additional \$60,000,000 in tax-exempt commercial paper as part of the overall financing plan for the construction of the three Community Venues projects (new Events Center, new Performing Arts Center, and renovated Citrus Bowl Stadium). In FY 2011, the City utilized excess interest earnings on loan proceeds and unneeded capitalized interest to repay \$20,000,000 of the Series H Commercial Paper Loans originally issued to finance the Community Venues projects.

State Infrastructure Bank Loan Agreement (the SIB Loan)

In February 2007, the City approved the SIB Loan Agreement with the Florida Department of Transportation (FDOT). The purpose of the SIB Loan is to provide the City's local funding necessary for the final design of both Phases I and II, right-of-way and track acquisition, vehicle procurement, construction, testing, and start-up of a new Central Florida commuter rail service known as SunRail. The SIB Loan Agreement provides for a total loan amount up to \$16.34 million at an interest rate of 2.45%. The loan will be repaid over a period of ten years. The City has agreed to budget and appropriate General Fund money to repay the obligation.

CITY OF ORLANDO, FLORIDA

COVENANT DEBT SCHEDULE OF DEBT SERVICE September 30, 2011

Year Ending Sept. 30	Capital Improvement Bonds	Capital Improvement Bonds	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Capital Improvement Bonds Series	Taxable SSGFC Series H Loan (2)	Tax Exempt SSGFC Series H Refunded 1994 Com.Paper Notes & Venues Loans (2)(3)	Other Non- Self Sufficient Debt (5)	Total
	Series 2002 and Rolls of Designated Maturity (1)	Series 2004 and Rolls of Designated Maturity (1)	2005A	2006A	2007B	2008B	2009ABC (4)	2010B	2010C	Series H	Series H	Series H		
2012	1,225,912	586,500	1,692,248	1,846,751	3,575,582	1,681,800	4,104,012	908,550	4,152,300	444,645	444,645	5,154,225	-	25,372,525
2013	1,032,100	586,500	1,691,467	1,844,388	3,577,131	1,610,800	4,104,013	912,575	4,040,300	444,645	444,645	5,154,225	2,045,133	27,043,277
2014	1,032,100	586,500	1,692,832	1,845,713	3,571,663	1,540,200	4,104,012	911,525	3,928,300	444,645	444,645	5,154,225	2,045,133	26,856,848
2015	888,770	586,500	1,691,703	1,844,910	3,567,744	-	5,310,638	910,475	3,816,300	444,645	444,645	7,005,225	2,045,133	28,112,043
2016	762,270	567,376	1,688,299	1,841,200	3,571,275	-	5,204,938	914,350	3,704,300	1,890,645	1,890,645	6,917,303	2,045,133	29,107,089
2017	2,902,022	1,973,066	1,687,908	1,840,169	3,568,581	-	5,195,706	912,750	3,592,300	1,801,716	1,801,716	6,829,380	2,045,133	32,348,731
2018	601,572	303,440	1,684,927	1,835,832	3,561,218	-	10,132,144	910,750	3,475,425	1,712,787	1,712,787	6,741,458	2,045,133	33,004,686
2019	601,572	303,440	1,688,942	1,837,932	3,565,987	-	10,120,044	913,625	3,363,675	1,623,858	1,623,858	6,653,535	2,045,133	32,717,743
2020	601,572	303,440	1,685,441	1,837,832	3,565,006	-	10,107,475	911,375	3,251,925	1,534,929	1,534,929	6,565,613	2,045,133	32,409,741
2021	601,572	303,440	1,684,169	1,835,532	3,566,157	-	4,391,750	6,554,375	3,140,175	-	-	6,477,690	1,124,085	29,678,945
2022	601,572	303,440	1,680,169	1,830,085	3,564,331	-	4,393,350	6,550,250	3,028,425	-	-	6,389,768	-	28,341,390
2023	2,601,572	303,440	1,678,251	1,831,250	3,559,532	-	4,390,612	5,473,500	2,916,675	-	-	6,301,845	-	29,056,677
2024	6,918,170	3,416,440	1,677,200	1,828,706	3,561,544	-	4,367,361	-	2,816,100	-	-	6,213,923	-	30,799,444
2025	394,930	226,548	1,672,800	1,827,306	3,560,156	-	4,324,336	-	2,726,700	-	-	13,275,000	-	28,007,776
2026	1,196,930	567,548	-	1,822,931	3,555,368	-	4,281,345	-	2,626,125	-	-	12,847,500	-	26,897,747
2027	3,145,120	1,335,126	-	-	3,549,425	-	4,238,045	-	2,514,375	-	-	12,420,000	-	27,202,091
2028	3,241,698	1,127,536	-	-	3,551,775	-	4,194,094	-	2,402,625	-	-	11,992,500	-	26,510,228
2029	3,172,206	1,102,392	-	-	3,549,625	-	4,144,320	-	2,290,875	-	-	11,565,000	-	25,824,418
2030	2,807,638	1,338,298	-	-	3,542,975	-	4,088,724	-	-	-	-	11,137,500	-	22,915,135
2031	2,215,282	1,776,806	-	-	3,541,600	-	4,034,225	-	-	-	-	10,710,000	-	22,277,913
2032	1,822,940	1,735,754	-	-	3,540,163	-	3,975,185	-	-	-	-	10,282,500	-	21,356,542
2033	-	1,356,702	-	-	3,538,437	-	3,918,690	-	-	-	-	9,855,000	-	18,668,829
2034	-	-	-	-	3,536,200	-	3,854,385	-	-	-	-	9,427,500	-	16,818,085
2035	-	-	-	-	3,533,225	-	3,787,092	-	-	-	-	-	-	7,320,317
2036	-	-	-	-	3,529,288	-	3,716,458	-	-	-	-	-	-	7,245,746
2037	-	-	-	-	3,524,162	-	3,642,125	-	-	-	-	-	-	7,166,287
2038	-	-	-	-	3,522,513	-	3,568,563	-	-	-	-	-	-	7,091,076
2039	-	-	-	-	-	-	3,490,237	-	-	-	-	-	-	3,490,237
2040	-	-	-	-	-	-	3,406,795	-	-	-	-	-	-	3,406,795
	<u>\$ 38,367,520</u>	<u>\$ 20,690,232</u>	<u>\$ 23,596,356</u>	<u>\$ 27,550,537</u>	<u>\$ 95,950,663</u>	<u>\$ 4,832,800</u>	<u>\$ 138,590,674</u>	<u>\$ 26,784,100</u>	<u>\$ 57,786,900</u>	<u>\$ 10,342,515</u>	<u>\$ 195,070,913</u>	<u>\$ 17,485,149</u>		<u>\$ 657,048,359</u>

(1) Estimated. The Series 2002 and 2004 Bonds are Designated Maturity Debt under the Covenant Ordinance. There are four outstanding maturities of the Series 2002 Bonds (2012, 2014, 2015 and 2016) which are anticipated to be rolled over, with final maturities in the years 2017, 2023, 2024, and 2026 through 2032, inclusive. There are three outstanding maturities of the Series 2004 Bonds (2015, 2016, and 2017) which are anticipated to be rolled over, with final maturities in the years 2024 and 2027 through 2033, inclusive. The interest rate for all subsequent maturities is estimated at 2.47% which is based upon the yield of the 10-year "AA" rated bond as published by Municipal Market Data, as of September 30, 2011.

(2) The estimated rates (in percent) to compute the debt service were as follows:

	Series H	Series H
	Taxable	Tax-Exempt
Interest	4.9000	3.5000
LOC/Liquidity	1.0000	1.0000
Remarketing	0.1000	0.1000
Other	0.0500	0.0500
Total	<u>6.5000</u>	<u>4.7500</u>

(3) With regard to the Covenant Program's variable rate debt which is not required by authorizing resolution to amortize, the City has covenanted (as part of its program obligation) to amortize the obligation over a minimum of the last one third of the nominal (normally 30 years) maturity.

(5) Represents estimated loan repayments on the City's State of Florida Infrastructure Bank Loan (SIB Loan). The City anticipates drawing down approximately \$ 5.568 million during Fiscal Years 2011 and 2012. The SIB Loan bears interest at 2.45%.

(4) Debt service is shown before application of 35% Build America Bond interest subsidy for 2009C Bonds.

CITY OF ORLANDO, FLORIDA

Covenant Program Principal Amortization Schedules

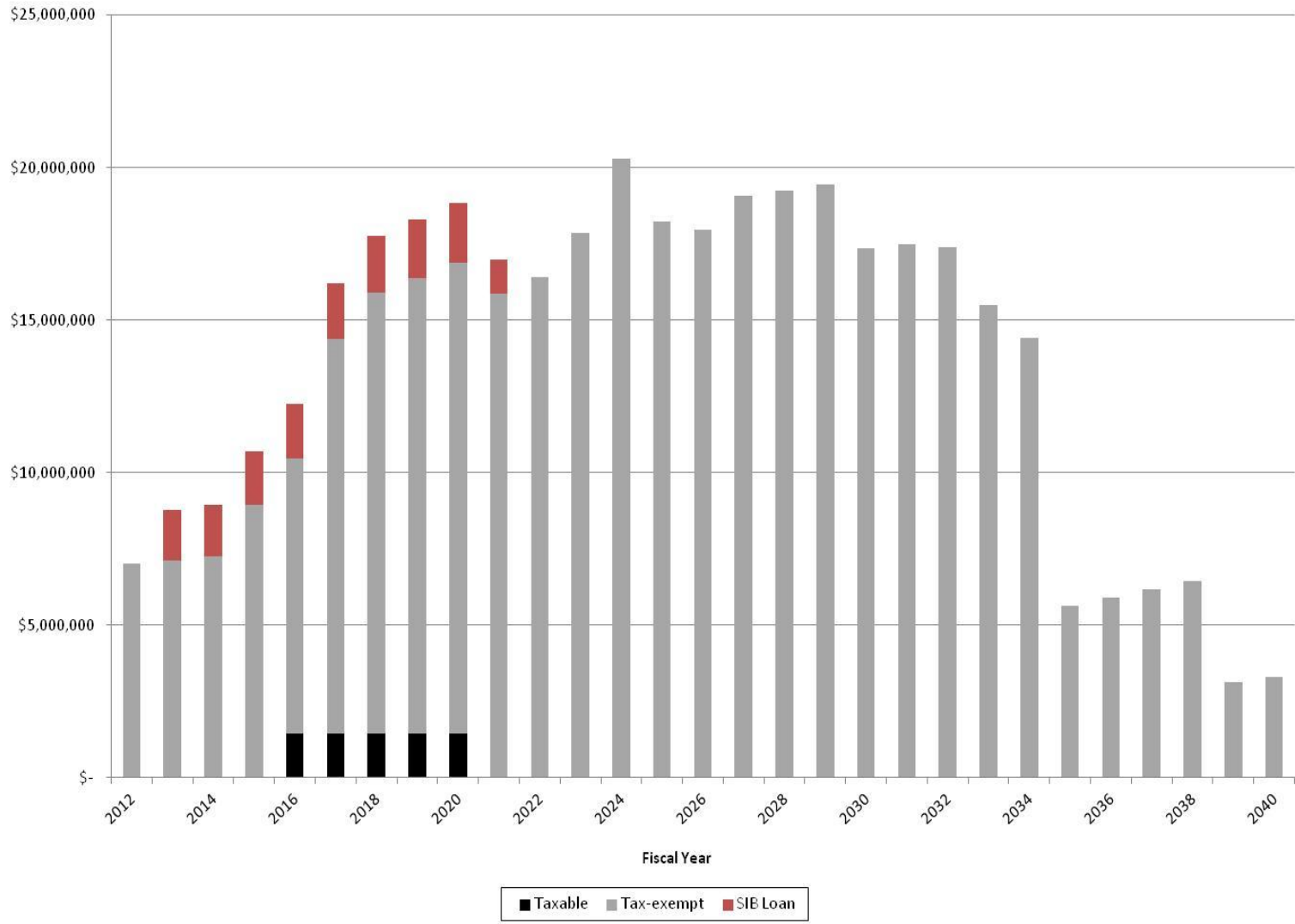
The chart on the following page (Covenant Program Principal Retirement by Debt Type as of September 30, 2011) illustrates the principal amortization of all outstanding Covenant Program bonds/loans. For variable rate and Designated Maturity Debt issues, the amortization is designed to meet the program's requirement to amortize at least equally over the last 1/3 of the nominal life (or last 10 of 30 years) of the bond issue. The schedule below illustrates these amortizations in a tabular format.

COVENANT PROGRAM DEBT RETIREMENT
PRINCIPAL AMORTIZATION SCHEDULE
AS OF SEPTEMBER 30, 2011

<u>Fiscal Year</u>	<u>Tax-exempt</u>	<u>Taxable</u>	<u>SIB Loan</u>	<u>Total</u>
2012	7,020,000	-	-	7,020,000
2013	7,130,000	-	1,631,707	8,761,707
2014	7,240,000	-	1,703,694	8,943,694
2015	8,936,000	-	1,745,434	10,681,434
2016	9,011,000	1,446,000	1,788,197	12,245,197
2017	12,926,000	1,446,000	1,832,008	16,204,008
2018	14,446,000	1,446,000	1,876,893	17,768,893
2019	14,941,000	1,446,000	1,922,876	18,309,876
2020	15,431,000	1,446,000	1,969,987	18,846,987
2021	15,881,000	-	1,097,203	16,978,203
2022	16,411,000	-	-	16,411,000
2023	17,871,000	-	-	17,871,000
2024	20,280,000	-	-	20,280,000
2025	18,230,000	-	-	18,230,000
2026	17,958,000	-	-	17,958,000
2027	19,082,000	-	-	19,082,000
2028	19,252,000	-	-	19,252,000
2029	19,438,000	-	-	19,438,000
2030	17,355,000	-	-	17,355,000
2031	17,501,000	-	-	17,501,000
2032	17,376,000	-	-	17,376,000
2033	15,489,000	-	-	15,489,000
2034	14,400,000	-	-	14,400,000
2035	5,645,000	-	-	5,645,000
2036	5,900,000	-	-	5,900,000
2037	6,165,000	-	-	6,165,000
2038	6,450,000	-	-	6,450,000
2039	3,145,000	-	-	3,145,000
2040	3,290,000	-	-	3,290,000
Total	<u>\$ 374,200,000</u>	<u>\$ 7,230,000</u>	<u>\$ 15,568,000</u>	<u>\$ 396,998,000</u>

CITY OF ORLANDO, FLORIDA

Covenant Program Principal Retirement by Debt Type
As of September 30, 2011



CITY OF ORLANDO, FLORIDA

COVENANT REVENUES

Covenant Revenues are defined in the Covenant Ordinance as those revenues of the City that are deposited to the credit of the City's General Fund or Utilities Services Tax Fund derived from any source whatsoever that are legally available for the payment of the obligations of the City under the Covenant Ordinance, inclusive of operating transfers from other funds into the General Fund and exclusive of (a) revenues derived from ad valorem taxation and (b) internal transfers between the General Fund and the Utilities Services Tax Fund (to eliminate double counting). For purposes of calculating Covenant Revenues and Self Sufficient Debt, amounts required to be transferred from the General Fund to community redevelopment trust funds pursuant to Section 163.387, Florida Statutes are deemed to be revenues derived from ad valorem taxation and not Covenant Revenues. For the calculation of Covenant Revenues for the past five fiscal years, see "Calculation of Covenant Revenues and Anti-Dilution Test Limitation" on page A-18.

General Fund

The following is a statement of revenues, expenditures, and changes in fund balance of the General Fund for the past five fiscal years. This table does not represent revenues which will necessarily be available for payment of debt service on the Covenant Debt. Revenues which are not available for debt service include, but are not limited to, property taxes (revenues derived from ad valorem taxation). The following tables show all revenues and expenditures of the General Fund.

CITY OF ORLANDO, FLORIDA

**GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

	For the Year Ended September 30 (1)				
	2007	2008	2009	2010	2011
Revenues					
Property Taxes (2)					
Real and Personal Property	\$ 115,747,866	\$ 119,036,736	\$ 136,857,559	\$ 121,728,733	\$ 102,038,441
Interest on Delinquent Taxes	363,901	350,283	378,577	440,553	262,823
Total Property Taxes	<u>116,111,767</u>	<u>119,387,019</u>	<u>137,236,136</u>	<u>122,169,286</u>	<u>102,301,264</u>
Occupational Licenses and Franchise Fees					
Occupational Licenses	7,969,929	8,228,033	8,147,487	8,272,742	8,296,804
Franchise Fees	30,332,886	31,577,024	33,042,696	34,359,542	34,065,382
Total Occupational Licenses and Franchise Fees	<u>38,302,815</u>	<u>39,805,057</u>	<u>41,190,183</u>	<u>42,632,284</u>	<u>42,362,186</u>
Intergovernmental					
Orlando Utilities Commission Contribution	45,700,008	45,952,140	45,900,000	45,596,000	47,976,000
State Revenue Sharing	9,763,097	9,183,993	8,392,219	8,390,316	8,826,154
State Sales Tax	30,163,973	29,634,620	26,743,523	27,654,564	29,800,754
Insurance Premium Taxes (2)	3,076,928	3,234,284	3,226,367	4,351,594	4,215,657
Other State Shared Revenues	559,485	807,906	1,139,711	853,517	878,354
Other Intergovernmental (3)	4,195,120	3,060,232	2,552,464	2,563,018	2,625,904
Total Intergovernmental	<u>93,458,611</u>	<u>91,873,175</u>	<u>87,954,284</u>	<u>89,409,009</u>	<u>94,322,823</u>
Other Licenses, Fees and Permits					
Building Inspection and Permits	3,976,701	2,644,012	1,742,124	1,638,434	2,130,654
Police Fees	801,895	2,662,315 (4)	1,312,102	1,234,137	1,510,571
Recreation and Other Fees	13,828,711	8,440,943 (5)	10,281,008	10,919,425	10,730,362
Total Other Licenses, Fees and Permits	<u>18,607,307</u>	<u>13,747,270</u>	<u>13,335,234</u>	<u>13,791,996</u>	<u>14,371,587</u>
Fines and Forfeitures	<u>3,808,896</u>	<u>3,493,787</u>	<u>4,840,614</u>	<u>3,857,939</u>	<u>3,461,252</u>
Other Revenue					
Income on Investments	12,506,613	8,224,673	11,408,481	7,896,741	5,481,698
Rent	994,792	1,116,767	1,061,826	972,335	1,086,246
Administrative Services	11,996,880	12,510,124	12,901,894	12,360,951	16,442,544
Miscellaneous Revenues	10,847,796	24,552,874 (6)	15,185,932	13,938,275	13,735,399
Total Other Revenues	<u>36,346,081</u>	<u>46,404,438</u>	<u>40,558,133</u>	<u>35,168,302</u>	<u>36,745,887</u>
Total Revenues	<u>306,635,477</u>	<u>314,710,746</u>	<u>325,114,584</u>	<u>307,028,816</u>	<u>293,564,999</u>

- (1) Extracted from the City of Orlando's audited Comprehensive Annual Financial Reports.
- (2) The City's Covenant Revenues in the General Fund do not include Property Taxes. In addition, Insurance Premium Taxes are required to be used solely to fund pension benefits pursuant to Chapters 175 and 185, Florida Statutes and may not be used for debt service.
- (3) A small portion of intergovernmental revenues may represent grants which are limited for use for specific purposes.
- (4) Includes Greater Orlando Aviation Authority one-time settlement on an outstanding agreement with the City.
- (5) The City's Dubsdread Golf Course was closed for business for the majority of FY 2008 for capital renovations. It reopened for business in July 2008.
- (6) Includes Risk Management's surpluses from prior years rebated to the General Fund in Fiscal Year 2008.

CITY OF ORLANDO, FLORIDA

**GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
(Continued)**

	For the Year Ended September 30 (1)				
	2007	2008	2009	2010	2011
Expenditures					
Current Operating:					
General Administration	\$ 29,550,728	\$ 25,434,020	\$ - (7)	\$ -	\$ -
Executive Offices	15,954,159	16,462,166	20,151,725 (8)	18,176,809	18,127,633
Housing	276,572	315,500	340,955	293,386	283,370
Economic Development	11,052,150	12,627,682	13,208,672	11,715,619	12,658,111 (14)
Public Works	12,485,837	10,408,467	13,843,085	15,292,099	21,728,515 (14)
Transportation	11,143,112	11,887,935	12,451,210	12,060,674	- (14)
Families, Parks and Recreation	28,534,994	30,412,139	30,647,244	28,133,393	28,519,123
Police	99,712,055	110,743,928	114,211,182	112,077,380	111,894,842
Fire	65,800,886	73,907,475	77,241,367	80,543,693	78,453,498
Management, Budget & Accounting	-	-	-	-	-
Finance	4,686,419	5,851,138	- (9)	-	-
Business & Financial Services	-	-	28,420,927 (10)	27,145,410	27,361,591
Orlando Venues	257,106	399,044	917,566	706,825	540,835
Debt Service	9,807,223	14,704,637 (11)	13,683,255	14,343,154	15,190,766
Other Expenditures	20,134,020	20,011,658	18,376,412	18,020,079	14,388,885
Total Expenditures	<u>309,395,261</u>	<u>333,165,789</u>	<u>343,493,600</u>	<u>338,508,521</u>	<u>329,147,169</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,759,784)</u>	<u>(18,455,043)</u>	<u>(18,379,016)</u>	<u>(31,479,705)</u>	<u>(35,582,170)</u>
Other Financing Sources and (Uses)					
Operating Transfers In	45,353,352	47,048,125	48,139,058	50,605,333	67,202,660 (15)
Operating Transfers (Out)	(37,079,804) (12)	(29,332,081)	(26,912,197)	(15,177,387) (13)	(14,350,536)
Bond and Loan Proceeds	-	413,093	3,525,000	5,000,000	2,400,000
Total Other Financing Sources and (Uses)	<u>8,273,548</u>	<u>18,129,137</u>	<u>24,751,861</u>	<u>40,427,946</u>	<u>55,252,124</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	5,513,764	(325,906)	6,372,845	8,948,241	19,669,954
Fund Balance at Beginning of Year As Restated	<u>67,310,143</u>	<u>72,823,907</u>	<u>72,498,001</u>	<u>78,870,846</u>	<u>100,988,240 (16)</u>
Fund Balance at End of Year	<u>\$ 72,823,907</u>	<u>\$ 72,498,001</u>	<u>\$ 78,870,846</u>	<u>\$ 87,819,087</u>	<u>\$ 120,658,194</u>

(7) General Administration Department was dissolved, with a portion going to Executive Offices and a portion going to the newly created Office of Business and Financial Services.

(8) Human Resources Division was moved from General Administration to Executive Offices.

(9) The Finance Department became the Office of Business and Financial Services in Fiscal Year 2009.

(10) The Office of Business and Financial Services was created from the consolidation of the Finance Department and a portion of the General Administration Department.

(11) Increase in debt service payments primarily due to borrowing for Public Safety projects (2007B Bonds and Radios lease).

(12) Reflects payments of economic development incentive to the Burnham Institute. Final payment was made in Fiscal Year 2007.

(13) Primarily due to reduction in Transfers for Capital Improvement projects.

(14) Transportation Department was dissolved, with a portion going to Public Works and a portion going to Economic Development.

(15) The increase in Operating Transfers In is due to the transfer of accumulated surplus fund balance from the Utility Services Tax Fund.

(16) In 2011, beginning fund balance was restated due to the implementation of GASB Statement 54.

CITY OF ORLANDO, FLORIDA

Utilities Services Tax Fund

The Utilities Services Tax is defined in the Covenant Ordinance as the taxes imposed, levied and collected by the City pursuant to Section 166.231, Florida Statutes, and other applicable provisions of law, on the purchase of electricity, fuel oil, metered or bottled gas (natural liquefied petroleum gas or manufactured), water service and other services on which a tax may be imposed by law, and until October 1, 2001 also included the purchase of telecommunication services. The City deposits Utilities Services Taxes in the Utilities Services Tax Fund. The Utilities Services Taxes have been previously pledged for the payment of the City's Wastewater System Revenue Bonds, outstanding in the principal amount of \$41,110,000 as of September 30, 2011.

Florida law authorizes any municipality in the State to levy a utilities service tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, water service and fuel oil as well as any services competitive with those specifically enumerated. This tax may not exceed 10% of the payments received by the sellers of such utilities services from purchasers (except in the case of fuel oil, for which the maximum tax is four cents per gallon). The purchase of natural gas or fuel oil by a public or private utility either for resale or for use as fuel in the generation of electricity, or the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines, is exempt from the levy of such tax. Prior to October 1, 2001, a municipality also had the option to levy a tax on the purchase of telecommunications services of either (a) not to exceed 10% of the monthly recurring customer service charges upon the purchases within such municipality of local telephone service or (b) not to exceed 7% of the monthly recurring customer service charges upon purchases within the municipality of telecommunications service which originates and terminates in the State based on the total amount charged for any telecommunications service provided within the municipality or, if the location of the telecommunications provided cannot be determined, the total amount billed for such telecommunications service to a telephone or telephone number, a telecommunications number or device, a service address or a customer's billing address located within the municipality, excluding variable usage charges on telecommunication service.

Pursuant to the Constitution of the State of Florida, Florida Statutes and the Code of the City (the "City Code"), the City levies a Utilities Services Tax, also referred to herein as Public Services Tax, within the incorporated area of the City at the rate of 10% on sales of all utility services for which it is allowed to tax, except telecommunications service, and with the restriction that the tax on fuel oil cannot exceed four cents per gallon. The City Code exempts from levy of such Utilities Services Tax (a) purchases of special fuels for use as airplane engine fuel or propellant, (b) purchases of special fuels to be used as raw material in a manufacturing process or a cleaning agent or solvent, (c) purchases of special fuels for use in an internal combustion engine to propel any form of vehicle, and (d) "fuel adjustment charges," which means any increases in the cost of utility service to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

Florida law provides that a municipality may exempt from the utilities services tax the first 500 kilowatts of electricity per month purchased for residential use. The City has not adopted such an exemption but it does exempt purchases by the United States Government, the State, the County, the City and its agencies, boards, commissions and authorities from the levy of such tax. In addition, the City exempts purchases used exclusively for church purposes by any State recognized church.

The Utilities Services Tax must be collected by the seller from purchasers at the time of sale and remitted to the Chief Financial Officer as prescribed by the City Code. Such tax will appear on a periodic bill rendered to consumers for electricity, metered and bottled gas, water service and fuel oil. A failure by a consumer to pay that portion of the bill attributable to the utilities services tax may result in a suspension of the utility service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The following is a statement of revenues, expenditures, and changes in fund balance that provides a history of revenues which have been deposited in the Utilities Services Tax Fund for the past five fiscal years.

CITY OF ORLANDO, FLORIDA

**UTILITIES SERVICES TAX FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

For Year Ended September 30 (1)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue					
Electric	\$ 24,648,624	\$ 25,576,240	\$ 27,877,075	\$ 30,130,306	\$ 29,941,145
Telephone/Telecommunications	17,435,873	18,677,086	16,797,799	15,953,813	13,946,582
Other	<u>814,679</u>	<u>762,048</u>	<u>705,099</u>	<u>756,240</u>	<u>686,616</u>
Total Utilities Service Taxes	42,899,176	45,015,374	45,379,973	46,840,359	44,574,343
Income on Investments	<u>889,059</u>	<u>316,815</u>	<u>2,550,518</u>	<u>1,953,288</u>	<u>277,974</u>
Total Revenues	<u>43,788,235</u>	<u>45,332,189</u>	<u>47,930,491</u>	<u>48,793,647</u>	<u>44,852,317</u>
Expenditures					
Other	<u>(117,082)</u>	<u>(21,950)</u>	<u>0</u>	<u>0</u>	<u>(1,036,385)</u>
Operating Transfers					
Transfers to other funds	<u>(40,206,628)</u>	<u>(41,605,548)</u>	<u>(45,308,404)</u>	<u>(47,663,011)</u>	<u>(64,315,932)</u> (2)
Excess (Deficiency) of Revenues Over Expenditures and Operating Transfers	3,464,525	3,704,691	2,622,087	1,130,636	(20,500,000)
Beginning Fund Balance	<u>17,737,012</u>	<u>21,201,537</u>	<u>24,906,228</u>	<u>27,528,315</u>	<u>28,658,951</u>
Ending Fund Balance	<u>\$ 21,201,537</u>	<u>\$ 24,906,228</u>	<u>\$ 27,528,315</u>	<u>\$ 28,658,951</u>	<u>\$ 8,158,951</u>

(1) Extracted from the City of Orlando's audited Comprehensive Annual Financial Reports.

(2) Accumulated surplus fund balance was transferred to the General Fund.

CITY OF ORLANDO, FLORIDA

Local Communications Services Tax

The Communications Services Tax Simplification Act, enacted by Chapter 2000-260, Laws of Florida, as amended by Chapter 2001-140, Laws of Florida, and now codified in part as Chapter 202, Florida Statutes (the "Communications Services Tax Act") established, effective October 1, 2001, a communications services tax on the sale of communications services as defined in Section 202.11, Florida Statutes, and as of the same date repealed Section 166.231(9), Florida Statutes, which previously granted municipalities the authority to levy a utility services tax on the purchase of telecommunication services. Florida Statute Section 202.19 provides that counties and municipalities may levy a discretionary communications services tax (the "local communications services tax") on communications services, the revenues from which may be pledged for the repayment of current or future bonded indebtedness. The City set the rates for its local communication services tax pursuant to a Resolution bearing Documentary No. 33876-A, adopted by the City Council on June 18, 2001.

Prior to the effective date of the Communications Services Tax Act, the City exercised the option to levy a utility services tax at the rate of seven percent (7%) on the purchase of telecommunications services which originated or terminated within the City, excluding the variable usage charges for cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and paging services. Telecommunications service was defined to be local telephone service, toll telephone service, telegram or telegraph service, teletypewriter, facsimile or computer exchange service, private communication service, cellular mobile telephone or telecommunication service and specialized mobile radio, pagers and paging service but excluding Internet access service, electronic mail service, electronic bulletin board service, or similar on-line computer service. Pursuant to an Ordinance bearing City Documentary No. 33876 enacted by the City Council on June 18, 2001, the City repealed its utility services tax on the purchase of telecommunications services effective October 1, 2001 to coordinate with the effective date of the local communications services tax.

One effect of the Communications Services Tax Act was to replace the former utility services tax on telecommunication services, as well as revenues from franchise fees on cable and telecommunication service providers, with the local communications services tax. This change in law was intended to be revenue neutral to the counties and municipalities. The local communications services tax is applied to a broader base of communications services than the former utility services tax on telecommunications.

Communication services are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

Effective October 1, 2001, any sale of communications services charged to a service address in the City became subject to the City's local communications services tax at a rate of 5.3%. The rate of the local communications services tax was reduced to 5.0% on October 1, 2002. The City on May 17, 2004 enacted an ordinance raising the tax rate to 5.1% effective January 1, 2005. The City elected not to charge permit fees related to the installation and maintenance of wires on its rights-of-way and thus is entitled to a 0.12% "add on," for a total tax rate (also effective January 1, 2005) of 5.22%. The Communications Services Tax Act further provides that, to the extent that a provider of communications services is required to pay a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the tax, such provider is entitled to a credit against the amount of such tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. It also provides that the City may exceed the maximum permissible

CITY OF ORLANDO, FLORIDA

rate in order to maintain its collection of the same annual dollar amount from and after October 1, 2001 that it received for fiscal period ending September 30, 2001.

The proceeds of said local communication services tax less the Florida Department of Revenue's cost of administration is deposited in the local communication services tax clearing trust fund and distributed monthly to the appropriate jurisdictions. The City deposits to the Utility Services Tax Fund a portion of its monthly local communications services tax revenues in an amount which fairly approximates that amount previously deposited therein in the form of the utility services tax on telecommunications services. Such portion of the local communications services tax revenues so deposited to the Utility Services Tax Fund is treated as Covenant Revenues to the same extent as all other utility services tax revenues continuing to be deposited to the Utility Services Tax Fund under the terms and conditions of the Covenant Ordinance and all applicable resolutions supplemental thereto.

Amendment of Senior Bond Ordinance to Reflect Change in CST Statute

Pursuant to Section 202.41, Florida Statutes, revenue received by a taxing authority under the CST Statute will be deemed to replace any taxes or fees previously imposed but repealed by the CST Statute without any further action on the part of such taxing authority, and if the repeal under the CST Statute of a taxing authority's authority to levy taxes or fees impairs security pledged to retire the authority's bonded indebtedness secured by such taxes or fees, then to the extent of any such impairment, a "like sum" of revenue received by the authority under the Act shall be deemed as a matter of law to replace such taxes and fees as security for the bonded indebtedness. The City determined that it was desirable to amend the definition of Utilities Services Tax set forth in Section 2.01 of the Senior Bond Ordinance to address the statutory changes and, thereby, permit the City to deposit in the Utilities Services Account a percentage of its Discretionary Communications Services Tax which represents, on a five-year historical basis, a "like sum" of revenue as was previously deposited therein as utilities services tax on the purchase of telecommunications services. Accordingly, the City enacted the 2002 Supplemental Ordinance amending the Senior Bond Ordinance to define the term "Utilities Services Tax" to mean "the taxes imposed, levied and collected by the City pursuant to Section 166.231, Florida Statutes, as amended, upon every purchase of electricity, fuel oil, metered or bottled gas (natural liquefied petroleum gas or manufactured) and water service and other utility services on which such tax may be imposed by law from time to time, and eighty-three percent (83%) of the Discretionary Communications Services Tax imposed, levied and collected by the City pursuant to Section 202.19, Florida Statutes, on the sale of communications services."

BOND COVENANTS

Stabilization Reserve Account

The Covenant Ordinance requires the City to fund, over a period of not to exceed 36 months, the Stabilization Reserve Account in an amount equal to the Stabilization Reserve Requirement if the unreserved fund balances of the City's General Fund and Utilities Services Tax Fund are, in the aggregate, less than 10% of the City's Aggregate Budgeted Expenditures for such fiscal year.

Pursuant to the Covenant Ordinance, "Stabilization Reserve Requirement" is defined as an amount equal to 100% of the Average Annual Debt Service Requirement with respect to all Bonds Outstanding under the Covenant Ordinance calculated as of the date the requirement to fund the Stabilization Reserve Account arises pursuant to the Covenant Ordinance and recalculated annually upon the completion of the audit required pursuant to the Covenant Ordinance and as of the date of issuance of any Additional Bonds, so long as such requirement remains effective. "Aggregate Budgeted Expenditures" is defined in the Covenant Ordinance to mean for any Fiscal Year, the aggregate of the budgeted total expenditures, plus transfers out of the General Fund and Utilities Services Tax Fund, less internal transfers between the General Fund and Utilities Services Tax Fund as provided in the Annual Budget for such Fiscal Year.

The following table shows that for the past five fiscal years the City has not been required to deposit any money in the Stabilization Reserve Account and there are currently no moneys on deposit in the Stabilization Reserve Account.

CITY OF ORLANDO, FLORIDA

**STABILIZATION RESERVE ACCOUNT REQUIREMENT
HISTORICAL PERSPECTIVE**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Calculation of Appropriate Reserve (1)					
General Fund					
Reserved Fund Balance	\$ 1,393,705	\$ 1,675,559	\$ 882,125	\$ 834,752	\$ 5,624,392
Unreserved Fund Balance	<u>71,430,202</u>	<u>70,822,442</u>	<u>77,988,721</u>	<u>86,984,335</u>	<u>115,033,802</u>
Total Fund Balance	<u>72,823,907</u>	<u>72,498,001</u>	<u>78,870,846</u>	<u>87,819,087</u>	<u>120,658,194</u>
Utilities Services Tax Fund					
Unreserved Fund Balance	<u>21,201,537</u>	<u>24,906,228</u>	<u>27,528,315</u>	<u>28,658,951</u>	<u>8,158,951</u>
Total Fund Balance	<u>21,201,537</u>	<u>24,906,228</u>	<u>27,528,315</u>	<u>28,658,951</u>	<u>8,158,951</u>
Unreserved Fund Balance					
General Fund	71,430,202	70,822,442	77,988,721	86,984,335	115,033,802
Utilities Services Tax Fund	<u>21,201,537</u>	<u>24,906,228</u>	<u>27,528,315</u>	<u>28,658,951</u>	<u>8,158,951</u>
Total Unreserved Fund Balances					
General Fund and Utilities					
Services Tax Fund	<u>\$ 92,631,739</u>	<u>\$ 95,728,670</u>	<u>\$ 105,517,036</u>	<u>\$ 115,643,286</u>	<u>\$ 123,192,753</u>
Comparison to Minimum Reserve Covenant (2)					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund Budgeted Expenditures	\$ 329,987,706	\$ 369,886,891	\$ 359,746,733	\$ 356,434,871	\$ 347,241,867
10% Aggregate Fund Balances Requirement	\$ 32,998,771	\$ 36,988,689	\$ 35,974,673	\$ 35,643,487	\$ 34,724,187
Actual Appropriable Reserve	\$ 92,631,739	\$ 95,728,670	\$ 105,517,036	\$ 115,643,286	\$ 123,192,753
Actual Percentage	28.07 %	25.88 %	29.33 %	32.44 %	35.48 %

(1) During fiscal year 2011, the City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). GASB 54 changed the fund balance classifications from reserved and unreserved to nonspendable, restricted, committed, and unassigned based on constraints on how the fund balance can be expended. The Covenant Bond Ordinance refers to reserved and unreserved fund balance. For purposes of documenting compliance with the requirements of the Covenant Bond Ordinance, beginning with Fiscal Year 2011 the reserved fund balance is calculated as the sum of nonspendable, restricted and committed fund balances for each respective fund, and unreserved fund balance is calculated as the sum of assigned and unassigned fund balance for each respective fund.

(2) Comparing beginning of the year Fund Balances to the final budgeted General Fund expenditures.

CITY OF ORLANDO, FLORIDA

Additional Bonds

The Covenant Ordinance provides for the issuance of both Additional Bonds (which shall be payable on a parity with the Outstanding Bonds) and Non-Self Sufficient Debt. Additionally, the Covenant Ordinance allows the City to issue Non-Self Sufficient Debt for which there may be granted a prior lien on all or a portion of the Covenant Revenues, provided the City first complies with the requirements described below. The Covenant Ordinance does not provide any restrictions on the issuance of Self Sufficient Debt.

Non-Self Sufficient Debt means any indebtedness of the City for the payment of borrowed money other than Self Sufficient Debt. Self Sufficient Debt means any indebtedness of the City for borrowed money that is either (a) secured by or payable exclusively from a source of revenues other than Covenant Revenues, or (b) primarily payable from revenues of the type described in clause (a) above and secondarily from Covenant Revenues if the Covenant Revenues have not been used (or, as provided below, deemed to have been used) to pay any portion of such indebtedness for the three fiscal years preceding the date of determination and if the City projects that the Covenant Revenues will not be so used during the next two fiscal years; and either (c) that is secured by a revenue source that has been in effect for at least three fiscal years and that would have provided coverage of at least 125% of the average annual debt service on such obligations secured by such revenue source in each of the three preceding fiscal years, or (d) if the revenue source has not been in existence for at least three fiscal years, that is secured by a revenue source that would have provided coverage of at least 150% of the average annual debt service on such obligations secured by such revenue source in at least the last full fiscal year preceding the issuance of such obligations and that is projected to provide at least 150% debt service coverage (based on revenue and debt service projections of the City) in each of the three ensuing fiscal years; and (e) in any such case, in the three preceding fiscal years, no debt service of which has been paid (or, as provided below, deemed to have been paid) from Covenant Revenues deposited in the General Fund or the Utilities Services Tax Fund. For purposes of calculating the coverage requirements described in this paragraph, the historical and projected receipts of a particular revenue source shall be adjusted retroactively to the initial date of the calculation period to reflect changes in rates, levies or impositions enacted prior to the date of calculation. For purposes of this definition, Covenant Revenues will be deemed to have been used to pay debt service on any debt if Covenant Revenues have been transferred in the relevant period, other than pursuant to a Capital Transfer, to a fund or account used to pay debt service on such debt. Pursuant to the Covenant Ordinance, a Capital Transfer means any Interfund transfer from the City's General Fund or the Utilities Services Tax Fund to another fund of the City designated for a specific capital project (and not for debt service with respect to debt incurred for such capital project).

Non-Self Sufficient Debt - Anti Dilution Test

(a) The City has covenanted in the Covenant Ordinance not to issue any Non-Self Sufficient Debt (including Designated Maturity Debt as defined below) unless there shall be filed with the City a report by an independent certified public accountant or such other party as the Rating Agency shall approve without withdrawing or reducing the rating then applicable to the Bonds outstanding under the Covenant Ordinance projecting that for each of the three fiscal years following the fiscal year in which such Non-Self Sufficient Debt is issued, the following two tests will be met:

(i) (A) If the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is more than six years from the date of calculation, the Maximum Annual Debt Service with respect to all Non-Self Sufficient Debt then outstanding and the Non-Self Sufficient Debt proposed to be issued will not exceed 35% of the Covenant Revenues for each such fiscal year forecasted by the City; or (B) if the year in which the Maximum Annual Debt Service with respect to Non-Self Sufficient Debt occurs is less than six years from the date of calculation, the Maximum Annual Debt Service with respect to all Non-Self Sufficient Debt then outstanding and the Non-Self Sufficient Debt proposed to be issued will not exceed 25% of the Covenant Revenues for each such fiscal year forecasted by the City; and

(ii) The higher of (A) the Average Annual Debt Service Requirement with respect to all Non-Self Sufficient Debt then outstanding and the Non-Self Sufficient Debt proposed to be issued, or (B) the aggregate annual debt service with respect to all such Non-Self Sufficient Debt then outstanding including the Non-Self Sufficient Debt proposed to be issued for the fiscal year following the year in which the calculation is made, will not exceed 25% of the Covenant Revenues for each such fiscal year forecasted by the City.

CITY OF ORLANDO, FLORIDA

(b) Concurrently with the issuance of Non-Self Sufficient Debt, the Mayor or Mayor Pro Tem of the City shall certify (i) the dates and the principal amounts of such Non-Self Sufficient Debt (other than Designated Maturity Debt) that will be paid or redeemed in advance of the final maturity thereof to the extent that (A) separate serial maturities or Amortization Installments have not been established for such Non-Self Sufficient Debt and (B) amortization of such debt is otherwise required pursuant to the Covenant Ordinance, as discussed under "ADDITIONAL BONDS – Amortization of Variable Rate Bonds and Designated Maturity Debt," herein, and (ii) with respect to Designated Maturity Debt, the principal amortization for each series thereof is in accordance with the Covenant Ordinance, as discussed under "ADDITIONAL BONDS – Amortization of Variable Rate Bonds and Designated Maturity Debt," herein, assuming that the final maturity of each series of Designated Maturity Debt shall be no later than thirty years from the date of original issuance thereof. Each proposed Amortization Installment set forth in such certificate shall be on a date which is on or after the first optional redemption date for such Non-Self Sufficient Debt.

(c) The City may, from time to time, amend the amortization certificate requirements established pursuant to paragraph (b) above if the new amortization schedule would not cause the City to violate the amortization requirements set forth in paragraph (a) above and the amortization requirements of Variable Rate Bonds and Non-Self Sufficient Debt as set forth in the Covenant Ordinance, as discussed under "ADDITIONAL BONDS – Amortization of Variable Rate Bonds and Designated Maturity Debt," herein, as re-calculated on the date of amendment to such amortization schedule.

(d) The certificate of amortization provided pursuant to paragraph (b) above, as amended from time to time as provided in paragraph (b) above, shall not create an enforceable right or expectation of Bondholders to have Bonds redeemed or retired in accordance therewith but is intended to document the City's ability and intent to comply with the requirements of the Covenant Ordinance.

Issuance of Additional Bonds

The City may not issue any obligations payable from the amounts deposited in the funds and accounts created under the Covenant Ordinance, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds issued pursuant to the Covenant Ordinance upon such funds and accounts, except under the conditions and in the manner described below.

Except as otherwise provided in the Covenant Ordinance, no series of Additional Bonds may be issued under the Covenant Ordinance unless the City shall have first complied with the requirements set forth below, among others:

(a) There shall have been obtained and filed with the Governing Body the report required for the issuance of such Additional Bonds as Non-Self Sufficient Debt as described under paragraphs (a) and (b) above under "Non-Self Sufficient Debt-Anti Dilution Test."

(b) In addition to the foregoing, the City may issue at any time and from time to time Additional Bonds for the purpose of refunding any series of bonds, or any maturity of bonds within a series, without the necessity of complying with the requirements contained in subparagraph (a) above, provided that prior to the issuance of such bonds there shall be filed with the Governing Body of the City a certificate from an independent certified public accountant to the effect that (i) the net proceeds from such Additional Bonds will be sufficient to cause the lien created by the Covenant Ordinance with respect to the Series of Bonds to be refunded or defeased and (ii) the Debt Service Requirement with respect to such Additional Bonds in each bond year following the issuance thereof shall be equal to or less than the Debt Service Requirement for such bond year with respect to the bonds which would have been outstanding in that bond year had the same not been refunded pursuant to the Covenant Ordinance. In addition, prior to the issuance of such bonds, there shall be filed with the Governing Body of the City, an opinion of Bond Counsel to the effect that (i) the proceeds from the sale of such Additional Bonds have been set aside in irrevocable escrow for the payment of the bonds to be refunded in the manner described in the Covenant Ordinance and (ii) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Bond then outstanding under the Covenant Ordinance (other than bonds issued as taxable debt), including the Bonds to be refunded, to become includable in the gross income of the owner thereof for federal income tax purposes.

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Bonds issued pursuant to the terms and conditions of the Covenant Ordinance shall be deemed on a parity with all Bonds then outstanding, and all of the covenants and other provisions of the Covenant Ordinance shall be for the equal benefit, protection and security of the Holders of any Bonds originally authorized and issued pursuant to the Covenant Ordinance and the Holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with the Covenant Ordinance; provided, however, that separate subaccounts in the Reserve Account created pursuant to the Covenant Ordinance shall secure only the series of bonds with respect to which such subaccount was created. Bonds shall be issued only for the purpose of financing one or more projects, or for the purpose of refunding any obligations theretofore issued for such purposes.

Amortization of Variable Rate Bonds and Designated Maturity Debt

The City has covenanted that it will not issue bonds constituting variable rate debt under the terms of the Covenant Ordinance unless the maximum interest rate payable on such Bonds does not exceed 15% per annum.

With respect to each series of Non-Self Sufficient Debt issued on or after the date of issuance of the first series of bonds issued under the Covenant Ordinance, the City covenants to refund or redeem Bonds or other Non-Self Sufficient Debt of such series in such amounts and at such times as shall cause the original principal (or, with respect to Capital Appreciation Debt, Accreted Value at maturity) of such series of bonds or other Non-Self Sufficient Debt to be amortized (by payment or defeasance) no less quickly than in equal annual installments over at least the last one-third of the original stated term to maturity (or with respect to Designated Maturity Debt, over the last one-third of the amortization schedule with respect to such Designated Maturity Debt as set forth in the Amortization Certificate). Pursuant to the Covenant Ordinance, "Designated Maturity Debt" means all Non-Self Sufficient Debt of a Series, or a particular maturity thereof, with a stated maturity of fifteen (15) years or less, designated as such by supplemental ordinance or resolution of the City adopted prior to the issuance thereof, for which either (a) no Serial maturities or Amortization Installments or mandatory sinking fund redemption installments (with respect to other Non-Self Sufficient Debt) have been established or (b) the aggregate of such Serial maturities and Amortization Installments or mandatory sinking fund redemption installments that have been established is less than the principal amount of such Non-Self Sufficient Debt. For purposes of the Covenant Ordinance, the City has designated the Series 2002 Bonds, the Series 2006B Bonds, the Series 2007A Bonds, the Series 2008A Bonds, the Series 2010A Bonds, and the Series 2011A Bonds as Designated Maturity Debt.

Calculation of Covenant Revenues and Anti-Dilution Test Limitation

As stated in the Covenant Ordinance, the City may issue Non-Self Sufficient Debt (including Additional Bonds) if it has complied with the requirements of the Covenant Ordinance. The following table shows the percentage of Non-Self Sufficient Debt as a percentage of Covenant Revenues for each of the past five fiscal years.

CITY OF ORLANDO, FLORIDA

CALCULATION OF COVENANT REVENUES AND ANTI-DILUTION TEST LIMITATION

	For Year Ended September 30				
	2007	2008	2009	2010	2011
Covenant Revenues					
General Fund Revenue	\$ 306,635,477	\$ 314,710,746	\$ 325,114,584	\$ 307,028,816	\$ 293,564,999
Interfund Transfer In	45,353,352	47,048,125	48,139,058	50,605,333	67,202,660
Utilities Services Tax Fund Revenue	43,788,235	45,332,189	47,930,491	48,793,647	44,852,317
Total Revenues	<u>395,777,064</u>	<u>407,091,060</u>	<u>421,184,133</u>	<u>406,427,796</u>	<u>405,619,976</u>
Less:					
Ad-valorem Tax Revenues	116,111,767	119,387,019	137,236,136	122,169,286	102,301,264
Revenues Not Legally Available for Debt Service (1)	3,076,928	3,234,284	3,226,367	4,351,594	4,215,657
Internal Transfer (2)	40,206,628	41,605,548	45,308,404	47,663,011	64,315,932
Total Covenant Revenues	<u>\$ 236,381,741</u>	<u>\$ 242,864,209</u>	<u>\$ 235,413,226</u>	<u>\$ 232,243,905</u>	<u>\$ 234,787,123</u>
25% Limitation (3)	\$ 59,095,435	\$ 60,716,052	\$ 58,853,307	\$ 58,060,976	\$ 58,696,781
Maximum Annual Debt Service (4)	19,831,777	27,964,574	30,474,987	36,003,294	33,004,686
% of Limit	33.56 %	46.06 %	51.78 %	62.01 %	56.23 %
% of Covenant Revenues	8.39 %	11.51 %	12.95 %	15.50 %	14.06 %

- (1) Represents amounts that the City believes are not legally available for debt service. There are no assurances that in future years the percentage of revenues not legally available for debt service will not increase.
- (2) To alleviate duplicate counting, revenues are reduced by the amount transferred into the General Fund from the Utility Services Tax Fund.
- (3) Defined as 25% of the available Covenant Revenues if the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is less than six years from the date of calculation. The percentage is 35% if the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is more than six years from the date of calculation.
- (4) Includes all Non Self Sufficient Debt. The estimated rates to compute the debt service were as follows:

	Series H Taxable	Series H Tax-Exempt
Interest	4.9000	3.5000
LOC/Liquidity	1.1000	1.1000
Remarketing	0.1000	0.1000
Other	0.0500	0.0500
Total	<u>6.1500</u>	<u>4.7500</u>

Medium Term Note Program

The 2002 Bonds and the 2004 Bonds were issued as part of the City's medium term note program. The 2002 Bonds were issued in \$5,000,000 pieces maturing April 1 in 2004, 2005, 2006, 2008, 2010, and 2012 with a \$3,690,000 piece maturing in 2014. The 2004 Bonds were issued in \$5,000,000 pieces maturing in 2007 and 2011, with a \$5,070,000 piece maturing in 2009. The City plans to "roll" each of these maturities in the medium term market (maturities of 1 to 15 years) and ultimately amortized minimally over the last ten (10) years of their thirty-year nominal life. Both of these bond issues and the subsequent "rolls" of their individual maturities (including the 2006B, 2007A, 2008A, 2010A and 2011A Bonds), are, or will be, Designated Maturity Debt.

The City will not issue Additional Bonds under the Covenant Ordinance as Designated Maturity Debt unless the following two conditions are met:

CITY OF ORLANDO, FLORIDA

- (1) The Issuer shall provide on an annual basis a forecast showing that the liquidity portion of its investment portfolio as of the next ensuing April 1 (the "Forecast Date"), is not less than 200% of the largest aggregate principal amount of all outstanding Designated Maturity Debt maturing in any future fiscal year, including any additional Designated Maturity Debt proposed to be issued before the Forecast Date (the "Maximum Annual Maturity Amount"); and
- (2) After the issuance thereof, the aggregate principal amount of all Designated Maturity Debt issued under the Covenant Ordinance (including the Designated Maturity Debt proposed to be issued) maturing in any one fiscal year will not exceed \$12,000,000.

The Issuer may issue Designated Maturity Debt without complying with clauses (1) and (2) above only if it covenants by resolution prior to the issuance of such Designated Maturity Debt to meet and comply with the following two requirements:

- (1) The Issuer will (a) continue to comply with the requirements set forth in clause (1) above with respect to the first \$12,000,000 of such Maximum Annual Maturity Amount and (b) in addition, provide and maintain during the term that the Designated Maturity Debt proposed to be issued remains outstanding, a Liquidity Facility from a Qualified Provider in an amount not less than 50% of the Maximum Annual Maturity Amount. A Liquidity Facility refers to a line of credit, letter of credit, standby purchase agreement or similar instrument providing liquidity (but not necessarily credit enhancement). Qualified Provider refers to a Liquidity Facility provider whose short term credit ratings are in the highest two categories by at least two of the nationally recognized rating services (e.g., A-1, P-1 and F-1 ratings from S&P, Moody's and/or Fitch, respectively); and
- (2) The Maximum Annual Maturity Amount for all Designated Maturity Debt issued under the Covenant Ordinance, including the Designated Maturity Debt proposed to be issued, will not exceed \$20,000,000.

If the Maximum Annual Maturity Amount of all Designated Maturity Debt then outstanding is less than \$12,000,000 at any time after the issuance of Designated Maturity Debt in accordance with clause (I) above, the Issuer's covenants under clause (I) shall terminate sixty (60) days following the Issuer's notification to the nationally recognized rating agencies then providing ratings on the Designated Maturity Debt (the "Applicable Rating Agencies") of the conditions permitting termination of such covenants, and following the termination of the liquidity facility required by clause (I)(b) above, the Issuer shall then abide by its covenants under clauses (1) and (2) above.

The foregoing provisions may be modified by the Issuer from time to time without the consent of any holders of Bonds issued under the Covenant Ordinance so long as (i) the Issuer notifies the Applicable Rating Agencies of such proposed change and (ii) the Issuer receives written confirmation from at least two of the Applicable Rating Agencies that such change will not adversely affect the then current ratings on such Designated Maturity Debt.

**Liquidity Schedule for Medium Term Notes Program
As of September 30, 2011**

<u>Forecasted Liquidity Portfolio as of 4/1/11</u>	<u>Forecasted Maximum Annual Maturity of the Medium Term Notes</u>	<u>Forecasted Year of Maximum Annual Maturity</u>	<u>Forecasted Liquidity Portfolio as a % of Annual Maturity</u>	<u>Minimum Liquidity Portfolio Required as % of Annual Maturity</u>
\$111,673,168	\$10,625,000	2012	1051%	200%

CITY OF ORLANDO, FLORIDA

INTERNAL LOAN (BANKING) FUND

During 1986-87, the City created the Internal Loan Fund to provide interim or longer-term financing to other Funds of the City. The financing for the Fund's loan activities was initially funded with proceeds of Non-Self Sufficient Debt and continues to be funded through the re-lending of portions of internal loan repayments. The loan documents between the Internal Loan Fund and the various recipient funds set forth expectations for project use, principal amortization, if appropriate, and revenue sources for repayment.

**Internal Loan (Banking) Fund
Summary of Loan Program and Activity
(In Thousands)**

Loan Recipient	Project	Outstanding	Loan	Current Year	Outstanding	FY 2012	Amortization	
		Loan 9/30/2010	Activity	Principal Payments	Loan 9/30/2011	Principal Amortization	Term	Maturity
Primary Government:								
General Fund	City Hall Construction	\$ 2,773	\$ -	\$ (2,744)	\$ 29	\$ 29	20	2012
General Fund	Dubsdread Golf Course	951	-	(254)	697	257	20	2016
General Fund	Dubsdread Golfcarts/Equipment	248	-	(200)	48	24	05	2013
Special Assessment	Historic District Street Restorati	346	-	(50)	296	50	10	2012
Special Assessment	55 West Public Plaza	1,499	-	(1,222)	277	167	12	2019
Special Assessment	55 West Parking Garage	7,000	-	(700)	6,300	-	n/a	2015
Special Assessment	The Paramount at Lake Eola	2,018	-	(305)	1,713	305	08	2016
Special Assessment	Plaza Cinema Café	5,134	-	(517)	4,617	517	15	2024
Capital Improvement	Parks Initiative	17,283	-	(2,033)	15,250	2,033	15	2019
Capital Improvement	Narcoossee Rd. Construction	8,072	-	(1,446)	6,626	1,526	20	2015
Capital Improvement	City Hall Garage	2,800	-	(871)	1,929	932	15	2013
Capital Improvement	John Young Parkway Constructio	750	-	(364)	386	386	15	2012
Capital Improvement	Lee Vista Project	2,476	-	(431)	2,045	461	15	2015
Capital Improvement	FY03-04 Projects	20,500	-	(1,100)	19,400	1,100	20	2025
Capital Improvement	Real Estate Acquisition	7,334	-	(324)	7,010	339	20	2026
Capital Improvement	Public Safety Projects	50,980	-	(1,115)	49,865	1,165	27	2035
Capital Improvement	Lake Highland Remediation	7,781	2,400	(712)	9,469	894	15	2023
CRA	Housing Incentives	7,175	-	(1,003)	6,172	1,073	13	2016
CRA	Parramore Housing/Office	9,322	-	(591)	8,731	632	18	2021
CRA	The Plaza Cornerstone Project	2,801	-	(233)	2,567	233	18	2022
CRA	Expo Center Renovation	2,800	-	(280)	2,520	280	15	2020
Orlando Venues	Events Center Construction	12,314	-	(513)	11,801	513	25	2034
Orlando Venues	Geico Garage (1)	14,500	-	-	14,500	-	15	2025
Parking	Administration Garage Construc	1,288	-	(307)	981	329	20	2014
Parking	Courthouse Garage Constructio	7,735	-	(302)	7,433	323	20	2016
Parking	Jefferson St. Garage Constructio	17,335	-	(1,050)	16,285	1,085	18	2025
Public Works	Single-Stream Recycling	-	1,500	(300)	1,200	300	05	2015
Fire Academy	Pumper Truck/Trailer	83	-	(42)	41	42	10	2012
Total Primary Government		213,298	3,900	(19,009)	198,188	14,995		
Component Unit:								
CFA	Tinker Field Renovation	56	-	(56)	-	-	20	2011
CFA	Citrus Bowl Skybox	474	-	(73)	401	82	25	2015
CFA	Citrus Bowl Administration Bldg.	73	-	(73)	-	-	20	2011
CFA	Citrus Bowl Land Acquisition	52	-	(52)	-	-	20	2011
Total Component Unit		655	-	(254)	401	82		
Total		\$ 213,953	\$ 3,900	\$ (19,263)	\$ 198,589	\$ 15,077		

(1) Interest only; balloon payment in the year stated on the maturity column.

CITY OF ORLANDO, FLORIDA

The Internal Loan Fund has been funded with a combination of fixed rate (including medium term notes) and variable rate Non-Self Sufficient Debt, thus providing the City with the stability of fixed rate debt and the typically lower cost of variable rate debt. While new money bonds are always associated with a particular project, in actuality each represents debt issued for the Internal Loan Fund (the Covenant Program) and equally and separately there is a loan from the Internal Loan Fund to the specific project. All internal loans are based on a blended cost of money interest charge that is based on a weighted average of the long term fixed rate, medium term fixed rate, and short term variable rate (including related carry and hedging costs) costs.

Loans under the Internal Loan Fund program have shorter maturities than the Non-Self Sufficient Debt which funded the program. This permits the City to lend portions of the loan repayments to fund other projects. As a requirement of the Internal Loan Fund, in light of the Program's intention to mismatch loan amortizations with external debt amortizations, City staff reports to the City Council annually as to how loan amortizations will be used to meet external debt amortization requirements. The City Council is able to amend loan amortization terms (to either lengthen or shorten) at will.

Under IRS restrictions, the excess loan amortization may be used to (a) lend to fund new projects or (b) reduce the amount of debt outstanding. The following schedule on page A-23 compares the cumulative relendable proceeds to the external debt outstanding principal balance:

CITY OF ORLANDO, FLORIDA

**CITY OF ORLANDO
INTERNAL LOAN FUND
CALCULATION OF RELENDABLE PROCEEDS
AS OF SEPTEMBER 30, 2011**

Fiscal Year Ending 30-Sep	Beginning Relendable Balance	ILF Principal Amortization	External Principal Payments	Debt Service Reserve Release	Net Increase/ (Decrease)	Ending Relendable Balance
2012	\$ 23,842,644	\$ 17,947,081	\$ (7,020,000)	\$ -	\$ 10,927,081	\$ 34,769,725
2013	34,769,725	20,055,376	(7,130,000)	-	12,925,376	47,695,101
2014	47,695,101	19,203,513	(7,240,000)	917,500	12,881,013	60,576,114
2015	60,576,114	19,363,819	(5,860,000)	-	13,503,819	74,079,932
2016	74,079,932	16,495,827	(9,302,000)	-	7,193,827	81,273,759
2017	81,273,759	13,730,851	(13,182,000)	374,000	922,851	82,196,610
2018	82,196,610	13,618,633	(14,647,000)	-	(1,028,367)	81,168,244
2019	81,168,244	12,491,664	(15,087,000)	-	(2,595,336)	78,572,908
2020	78,572,908	11,692,111	(15,512,000)	1,291,634	(2,528,255)	76,044,653
2021	76,044,653	11,671,662	(14,451,000)	-	(2,779,338)	73,265,315
2022	73,265,315	9,884,837	(14,921,000)	-	(5,036,163)	68,229,152
2023	68,229,152	8,639,730	(16,321,000)	1,965,000	(5,716,270)	62,512,882
2024	62,512,882	7,142,024	(18,665,000)	947,900	(10,575,076)	51,937,807
2025	51,937,807	20,644,049 (1)	(9,396,000)	2,029,146	13,277,195	65,215,002
2026	65,215,002	5,755,511	(7,198,000)	1,980,325	537,836	65,752,838
2027	65,752,838	5,233,091	(8,242,000)	388,700	(2,620,209)	63,132,629
2028	63,132,629	5,333,091	(8,327,000)	387,200	(2,606,709)	60,525,920
2029	60,525,920	2,933,091	(8,428,000)	4,413,300	(1,081,609)	59,444,311
2030	59,444,311	3,043,091	(6,260,000)	384,000	(2,832,909)	56,611,402
2031	56,611,402	3,158,091	(6,311,000)	378,100	(2,774,809)	53,836,593
2032	53,836,593	3,278,091	(6,086,000)	344,100	(2,463,809)	51,372,784
2033	51,372,784	3,403,091	(4,089,000)	132,400	(553,509)	50,819,275
2034	50,819,275	3,533,097	(2,890,000)	-	643,097	51,462,372
2035	51,462,372	3,155,000	(3,020,000)	-	135,000	51,597,372
2036	51,597,372	1,835,000	(3,155,000)	-	(1,320,000)	50,277,372
2037	50,277,372	-	(3,295,000)	-	(3,295,000)	46,982,372
2038	46,982,372	-	(3,445,000)	3,601,888	156,888	47,139,259
2039	47,139,259	-	-	-	-	47,139,259
2040	47,139,259	-	-	-	-	47,139,259
		<u>\$ 243,241,423</u>	<u>\$ (239,480,000)</u>	<u>\$ 19,535,193</u>		

NOTES:

(1) Payment of the Geico Parking Garage Loan of \$14.5 million.

CITY ADMINISTRATION

Management of the City

The Mayor is the Chief Executive Officer with eight departments reporting to him (Business & Financial Services, Economic Development, Families, Parks & Recreation, Fire, Housing & Community Development, Orlando Venues, Police, and Public Works). He is assisted in the day-to-day oversight of city operations by the Chief Administrative Officer. Separately, under the Mayor's Chief of Staff, there are five offices (City Clerk, Communications & Neighborhood Relations, Community Affairs, Constituent Relations, and Intergovernmental Relations).

Mayor Buddy Dyer is a native of Central Florida, born in Orlando and raised in the nearby City of Kissimmee. Following graduation from high school, he was awarded a scholarship to Brown University where his studies were concentrated on civil engineering. Upon graduation, Mayor Dyer returned to Orlando to work as an environmental engineer, later enrolling in the University of Florida Law School, where he was named editor-in-chief of the University of Florida Law Review. Following graduation from law school, Mayor Dyer began his legal career with the Orlando law firm of Winderweede, Haines, Ward & Woodman. Prior to becoming Mayor, Buddy Dyer served the Orlando area for ten years as State Senator in the Florida Legislature. Mayor Dyer was first elected in 2003 to fill an unexpired term and was subsequently re-elected to full four-year terms in 2004, 2008 and 2012.

Financial and Budgetary Support Systems

The Chief Financial Officer (CFO) is responsible for the oversight of the City's financial affairs. This includes the functions of accounting, accounts payable, accounts receivable, operating and capital budgeting, fleet management, facilities management, real estate management, financial forecasting, financial reporting, debt management, grants management, investment management, investor relations, payroll, pension management, purchasing, risk management, and technology management. In addition, the CFO provides counseling to various departments and business units and is an active participant in strategic planning activities.

The City has gained recognition for its Comprehensive Annual Financial Report. A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the City by the Government Finance Officers Association of the United States and Canada ("GFOA") for each Fiscal Year since 1978. The City was also an early participant in the GFOA's Distinguished Budget Presentation Awards program and received the budget award for its budget document for fiscal years 1984 through 1989. Due to perceived problems with consistency in the budget awards program at the time, the City elected to discontinue participation but maintain internally the high standards which had been recognized. In light of substantial changes to the program recently, the City resumed its participation beginning with its fiscal year 2004 Budget document. The City has been awarded the Distinguished Budget Presentation Award for each fiscal year since 2004.

Rebecca W. Sutton was appointed Chief Financial Officer on December 5, 2005. Before joining the City, she served the State of Florida as its Deputy Chief Financial Officer from September 2002 to December 2005; and as Deputy Secretary/CIO for the Department of Management Services from December 2001 to September 2002. Prior to her service with the State, Ms. Sutton worked for American Management Systems (AMS) implementing ERP-like system projects for large state and local governments. Before joining AMS, she served as the Controller for the City of Dallas and the Director of Finance for Carrollton, Texas. Ms. Sutton began her career as an auditor for state and local governments for a worldwide accounting firm. She holds a Bachelor of Business Administration from Texas Tech University and a Master of Business Administration from the University of Florida.

Christopher P. McCullion was appointed City Treasurer on September 8, 2008. Prior to his appointment, Mr. McCullion served as the Assistant Treasurer for the City of Orlando. He has served in various positions in municipal government since 2000 in the areas of operating and capital budgeting, investment management, debt management and economic development. He holds a Bachelor of Science in Business Administration, a Bachelor of Arts in Political Science, and a Master of Business Administration, all from the University of Florida.

*"Orlando is in the best financial shape of any major city in Florida."
-Mayor Buddy Dyer*



A Well-Run, Fiscally- Responsible City

- Orlando residents pay the lowest tax rate of any major city in Florida.
- Orlando has fought tax increases while other Florida cities have raised their tax rates in response to the negative effects of the recession.
- In the last 9 years, Orlando has reduced the size of its government and dramatically cut costs with the only new spending going to police and fire protection.
- Orlando has balanced its budget without draining its reserves. In fact, since 2005, Orlando has added to its savings by 30% while local governments around Florida have expended their strategic reserves.
- Orlando is the only major city government in Florida that has funded all of its committed retirement benefits.
- Fitch Ratings gave Orlando a Triple-A Bond Rating in 2011; the highest "credit score" possible.

CITY OF ORLANDO, FLORIDA

**WASTEWATER SYSTEM FUND
BOND DISCLOSURE SUPPLEMENT**

**SUMMARY INFORMATION
As of September 30, 2011**

Individual Bond Issues:	<u>Outstanding</u>	<u>Ratings (1)</u>	<u>Bond Insurer</u>	<u>Paying Agent</u>	<u>Maturity</u>
Fixed Rate:					
Wastewater System Refunding Revenue Bonds, Series 2002A	\$ 24,830,000	Aa2/AA/AAA	AMBAC	The Bank of New York	10/1/2014
Wastewater System Refunding Revenue Bonds, Series 2003A	3,650,000	Aa2/AA/AAA	AMBAC	U.S. Bank Trust, N.A.	10/1/2011
Wastewater System Refunding Revenue Bonds, Series 2006A	12,630,000	Aa2/AA/AAA	MBIA	The Bank of New York	10/1/2014
Total Debt Outstanding	<u>\$ 41,110,000</u>				
 Debt Service Reserve:	 <u>\$ 11,917,197</u>				
 (1) Moody's/S&P/Fitch (Does not reflect ratings obtained through the use of municipal bond insurance). Subsequent to September 30, S&P upgraded the ratings from "AA" to "AA+".					
Revenue Pledge:					
Primary:					
Wastewater System Gross Revenues					
Available Impact Fee Revenues					
Secondary:					
Utilities Services Tax Revenues					
 State Revolving Fund:	 <u>\$ 48,159,348</u>	 N/A	 N/A	 N/A	

CITY OF ORLANDO, FLORIDA

INTRODUCTION

The Wastewater System consists of a network of approximately 760 miles of gravity sewers, over 200 lift stations, approximately 170 miles of force mains, three service areas, and three wastewater treatment plants.

The System currently provides treatment capacity to the City and a number of other jurisdictions (portions of unincorporated Seminole County, and the Cities of Casselberry, Maitland and Winter Park) servicing approximately 280,000 residents. The System has historically been divided into the easterly and westerly subsystems. The easterly subsystem is served by the 40 million gallons per day (MGD) facility known as the Iron Bridge Regional Water Reclamation Facility (the "Iron Bridge Plant"), and the 7.5 MGD Water Conserv I Water Reclamation Facility (the "Conserv I Plant"). The westerly subsystem is served by a 25 MGD facility known as the Water Conserv II Water Reclamation Facility (the "Conserv II Plant"). The map on the following page more clearly defines the related service areas for the City's three wastewater treatment plants.

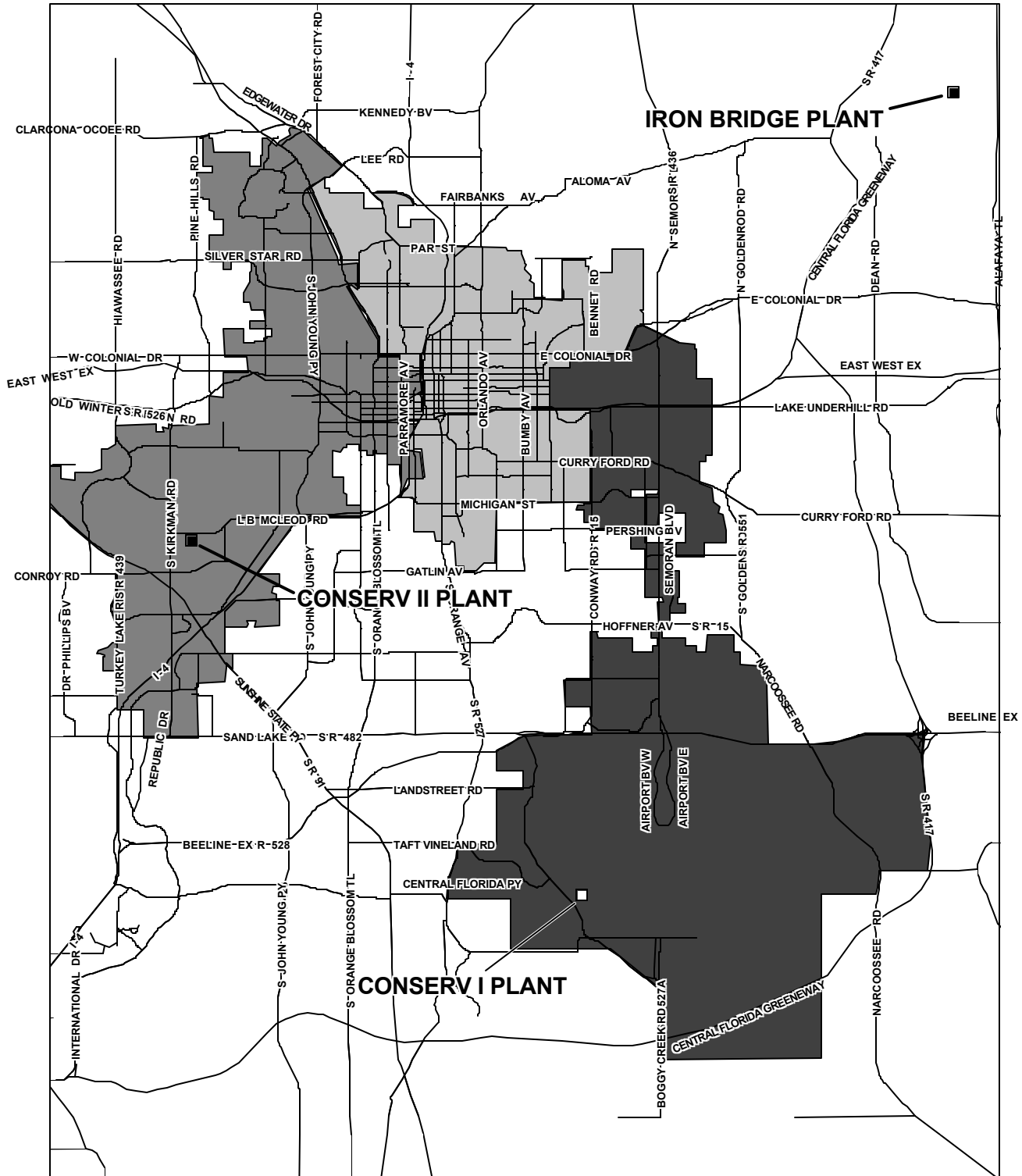
City/County Territorial Agreement

On May 4, 1994, a Wastewater Service Territorial Agreement (the Agreement) was entered into between the City of Orlando and Orange County in order to define the City's service area. Pursuant to the Agreement, the City agreed to annex and/or provide wastewater service to its expanded territorial area of approximately 18,500 acres (28.9 square miles). As of September 30, 2000, approximately 10,204 acres located adjacent to and southeast of Orlando International Airport, approximately 178 acres of commercial and residential property in the Ardsley Manor area, and residential property in the Hidden Beach and Beverly Shores areas were annexed into the City. This was followed in 2004/2005 with the annexation of the Dubsdread, Michigan Avenue, Lake Fairview and Albert Shores/Lake Holden Terrace neighborhoods.

Pursuant to the Agreement, Orange County has redirected its flows (Pine Hills and Hiawasse area) from the Conserv II Plant to its own treatment facility, thereby freeing up 2.8 MGD of capacity at the Conserv II Plant for future City customers in the Conserv II service area. A connection remains to allow flows to be diverted back to the City system in the event the County experiences system problems or a pipeline failure.

The City has established a policy to allow for certain credits on wastewater connection and construction costs that are incurred by new customers in the City's Wastewater Territorial Area (Unincorporated Orange County), provided that these new customers are annexed into the City. The costs of these credits will be divided between the Wastewater System's General Construction Fund and the City's General Fund.

SEWER SERVICE AREAS WITHIN ORLANDO CITY LIMITS



- CONSERV I TREATMENT PLANT SERVICE AREA
- IRON BRIDGE TREATMENT PLANT SERVICE AREA
- CONSERV II TREATMENT PLANT SERVICE AREA

CITY OF ORLANDO, FLORIDA

OUTSTANDING INDEBTEDNESS

Outstanding Bond Issues

As of September 30, 2011, the Wastewater System had a total of three outstanding bond issues that are described below.

The Series 2002A Bonds were issued as a current refunding of the Series 1986A Waste Water System Refunding Revenue Bonds and the Series 1993A Waste Water System Refunding Revenue Bonds maturing October 1, 2003 through October 1, 2014. The Bonds are callable at par on October 1, 2012.

The Series 2003A Bonds were issued as a current refunding of the Series 1993B Waste Water System Refunding Revenue Bonds. The Bonds are not callable prior to maturity.

The Series 2006A Bonds were issued as a current refunding for the Series 1997C Waste Water System Refunding Revenue Bonds maturing October 1, 2009 through 2014. The bonds are not callable prior to maturity.

The following table shows the debt service requirements for the Wastewater System's individual bond issues which are outstanding at September 30, 2011.

DEBT SERVICE REQUIREMENTS

Year				
Ending	Series	Series	Series	Total
<u>9/30</u>	<u>2002A</u>	<u>2003A</u>	<u>2006A</u>	<u>Debt</u>
2012	\$ 4,092,663	\$ 3,716,156	\$ 3,420,700	\$ 11,229,519
2013	7,894,131	-	3,414,400	11,308,531
2014	7,783,363	-	3,413,300	11,196,663
2015	7,701,000	-	3,417,000	11,118,000
	<u>\$27,471,157</u>	<u>\$ 3,716,156</u>	<u>\$ 13,665,400</u>	<u>\$ 44,852,713</u>

CITY OF ORLANDO, FLORIDA

REVENUES OF THE SYSTEM

Rate Structure

The City allocates costs among all users by using a capacity/commodity method the City has utilized since 1984. This method distinguishes between capacity (capital) costs and commodity (operating) costs. Capital costs are identified and allocated to each user through a fixed monthly capacity charge based on Equivalent Residential Connections (ERC's). For residential users (both single and multifamily), a dwelling unit is equal to one ERC. One ERC is equal to 7,000 gallons per month. For commercial customers, the number of ERC's is determined based on a 12-month moving average of flows. In addition, operating, maintenance and equipment replacement costs are recovered through a usage-based commodity charge. Each user is billed based on each 1,000 gallons of actual water use.

Single-family residences are billed for wastewater using only the first 14,000 gallons of metered water usage per month on the assumption that usage above 14,000 gallons is for non-wastewater purposes, such as lawn irrigation. There are two separate classes of multifamily billings. Flat rate multifamily units are billed a monthly fee covering the capacity charge and commodity charges based upon an assumed usage of 4,200 gallons per month for one bedroom and efficiency apartment units and 6,000 gallons per month for two or more bedroom apartment units. Master-metered multifamily units, like commercial users, are billed on the basis of metered water usage.

Raftelis Financial Consultants, Inc. performed a review of the rates in early 2009 and concluded that it would be necessary for the City to increase both capacity and commodity rates to cover operational cost increases and to avoid detrimentally impacting the Wastewater Reserve Account. The revenue derived from the capacity charge increase has been pledged to repay state revolving fund loans and the wastewater bond debt, which were secured to help fund the wastewater capital program. A three-year series of rate increases was adopted by City Council on September 21, 2009 and became effective on October 1, 2009. Both rate components were increased by 12% in October 2009, 10% in October 2010, and 8% in October 2011. They will automatically increase by 5% each year thereafter unless such increases are not deemed necessary by the City Council.

The City's rate structure includes a 25% surcharge for Out-of-City customers as authorized under Florida Statutes, Section 180.191. This rate differential is based on the higher cost of servicing Out-of-City customers and in consideration of the contribution in taxes paid by the In-City customers, particularly through the Utilities Services Tax which is a surcharge levied on In-City utilities bills. Approximately half of the System's customers reside outside the corporate limits of the City. However, most of these are served through wholesale agreements with other governmental entities and are billed by those entities under their own rate structures. Of the individual customers billed directly by the City, approximately 3% reside outside the corporate limits of the City.

CITY OF ORLANDO, FLORIDA

Operating Revenues

Operating revenues are derived from the rates charged for wastewater treatment and related services provided by the System. The current rate schedule adopted by the City Council, and the associated average monthly bill for the fiscal year beginning October 1, 2011 is as follows:

	<u>Fixed Charge per ERC</u>	<u>Charge per 1000 Gallons</u>	<u>Average Monthly Bill</u>
Single-family (1)			
In-City	\$ 16.18	\$ 3.90	\$ 41.53
Out-of-City	20.23	4.87	51.89
Multi-family (2)			
In-City			
One bedroom or efficiency	16.18	3.90	32.56
Two or more bedrooms	16.18	3.90	39.58
Out-of-City			
One bedroom or efficiency	20.23	4.87	40.68
Two or more bedrooms	20.23	4.87	49.45
Commercial (3)			
In-City	16.18	3.90	372.69
Out-of-City	20.23	4.87	465.60

- (1) Average water use per bill for single family dwellings was assumed to be 6,500 gallons per month.
- (2) Multi-family rates are shown as a flat rate per month which assumes 4,200 gallons of usage for one bedroom or efficiency units; 6,000 gallons for units with two or more bedrooms.
- (3) Average monthly bills shown on this table for commercial users assume 60,000 gallons of usage per month and applies the fixed charge for every 7,000 gallons of usage (rounded to the nearest tenth when divided into 60,000 gallons).

Source: City of Orlando Office of Business & Financial Services.

Impact Fees

Impact Fees are one-time fees for new connections to the System charged to new retail customers as the major part of the fee for connecting to the System. Impact Fees are required to recover the costs of capital expansion that are not covered by the capital recovery portion of rates paid by new customers or other funds available to the System. Pursuant to a decision of the Florida Supreme Court, Impact Fees may be imposed and expended only to cover the costs of expansion of a utility system that is necessary to service new customers. As a result, Impact Fees can be used to pay debt service only to the extent that such payments reflect costs incurred to expand the System to service new customers.

Impact Fees are \$9.00 per gallon per day (GPD) of capacity, or \$2,250 for a single-family residence assuming 250 GPD of capacity. Impact fee rates remain unchanged from 1999 levels; however, impact fee rates decreased in 1997 and again in 1999 to reflect the improved debt efficiency of the System's bond program. Additionally, effective January 1, 1997, the City reduced the assumed number of gallons per day used to calculate the total Impact Fee by 10% (e.g., single family residence decreased from 315 GPD to 284 GPD) to reflect the results of the System's conservation programs and the increased efficiency of indoor water plumbing fixtures in newly constructed housing. This allocation was further reduced in 2002 to the current level of 250 GPD, again as a result of the use of conservation fixtures in newer homes.

Upon a request for capacity and the City's determination that capacity will be available to meet the user's needs, the City collects a deposit equal to one-third of the total Impact Fee. Upon the applicant obtaining all required permits, the remaining two-thirds of the Impact Fee is collected by the City. When the certificate of occupancy is issued, the related Impact Fee is recognized as Impact Fee revenues of the System. The Impact Fee is refundable if the applicant does not obtain all required permits. If the applicant has not obtained all required permits within 12

CITY OF ORLANDO, FLORIDA

months of capacity reservation, the City reserves the right to recapture the capacity allocated, provided that the portion of the Impact Fee previously paid is refunded to the applicant.

The City has adopted Impact Fees for the years 2007 through 2012 as follows:

<u>Fiscal Year</u>	<u>\$ Per GPD⁽¹⁾</u>	<u>Single Family</u>	<u>Multi-Family</u>	<u>Commercial (based on 1,000 GPD)</u>
2007	\$ 9.00	\$ 2,250	\$ 1,710	\$ 9,000
2008	9.00	2,250	1,710	9,000
2009	9.00	2,250	1,710	9,000
2010	9.00	2,250	1,710	9,000
2011	9.00	2,250	1,710	9,000
2012	9.00	2,250	1,710	9,000

(1) In addition to the Impact Fee, the City charges a fee for wastewater collection system oversizing and extension of \$1.15 per gallon per day of capacity (based on 250 gallons per day).

The following table sets out the historical Impact Fee Account flow of funds for the fiscal years 2007 through 2011 and the budgeted Impact Fee Account flow of funds for fiscal year 2012.

CITY OF ORLANDO, FLORIDA

Impact Fee Account Flows (In Thousands)

	Actual (Historical) As of September 30,					Budgeted
	2007	2008	2009	2010	2011	2012
Beginning Balance	\$ 12,291	\$ (8,671)	\$ (17,708)	\$ (19,969)	\$ (6,665)	\$ (5,337)
<u>Plus:</u>						
Impact Fee Revenue Realized	3,309	4,138	3,464	12,158	1,497	-
Capacity Charge Revenue (Expansion Portion)	7,155	- (2)	-	-	-	-
Other Revenue	-	-	-	1,620	-	1,657
Interest Earnings	2,966	1,086	645	368	297	-
Total Increases	<u>13,430</u>	<u>5,224</u>	<u>4,109</u>	<u>14,146</u>	<u>1,794</u>	<u>1,657</u>
<u>Less:</u>						
Contribution to Senior Debt Service	10,985	3,746	2,876	-	-	-
Contribution to Mandatory Payoff 1997A Series	19,762	-	-	-	-	-
Contribution to Subordinate Debt Service - SRF Loan	1,317	767	908	-	-	-
Contribution to Construction Funds	<u>2,328</u>	<u>9,748</u>	<u>2,586</u>	<u>842</u>	<u>466</u>	<u>1,657</u>
Total Decreases	<u>34,392</u>	<u>14,261</u>	<u>6,370</u>	<u>842</u>	<u>466</u>	<u>1,657</u>
Ending Balance	<u>\$ (8,671)</u>	<u>\$ (17,708)</u>	<u>\$ (19,969)</u>	<u>\$ (6,665)</u>	<u>\$ (5,337)</u>	<u>\$ (5,337)</u>
Balance Reserved for Redemption of Bonds or Capital Projects	(17,321)	(26,084)	(28,394)	(15,102)	(13,833)	(13,833)
Plus Stabilization Account Balance (1)	<u>8,650</u>	<u>8,376</u>	<u>8,425</u>	<u>8,437</u>	<u>8,496</u>	<u>8,496</u>
Ending Balance	<u>\$ (8,671)</u>	<u>\$ (17,708)</u>	<u>\$ (19,969)</u>	<u>\$ (6,665)</u>	<u>\$ (5,337)</u>	<u>\$ (5,337)</u>

(1) Stabilization Account Balance, at a maximum, is equivalent to at least the expansion project percentage (71.9%) of senior debt service.

(2) Revenues from Capacity Fees are now recorded in the Wastewater Operating Fund.

Source: City's Office of Business and Financial Services

Comparative Wastewater Rates and Impact Fees

The System's rates and Impact Fees were compared with those of other Florida counties and municipalities, including neighboring communities, which compete with the City for development. A review of the comparative rates suggests that the City's monthly rates compare favorably to those of competing jurisdictions. A review of the comparative Impact Fees suggests that the City's fees also compare favorably to those competing jurisdictions. See "Impact Fees" herein for a more complete description. The comparative rates and fees are presented in the following tables:

CITY OF ORLANDO, FLORIDA

Comparative Single-Family Monthly Rates Effective October 1, 2011

	<u>Fixed Charge</u>	<u>Rate per 1,000 gallons</u>	<u>Average Monthly Bill¹</u>	<u>Maximum</u>	
				<u>Charge</u>	<u>Gallons²</u>
Oviedo	\$ 19.82	\$ 3.97	\$ 45.63	\$ 59.52	10
Seminole County	18.20	4.14	45.11	N/A	N/A
Hillsborough County	17.02	4.22	44.45	50.78	8
Gainesville	7.40	5.50	43.15	N/A ³	N/A
Kissimmee ⁴	11.21	4.86	42.80	N/A	N/A
Orlando	16.18	3.90	41.53	70.78	14
Brevard County	15.86	3.36	37.70	56.18	12
St. Petersburg ⁵	10.75	4.12	37.53	N/A	N/A
Orange County	14.81	3.37	36.72	61.99	14

- (1) Assumes 6,500 gallons average monthly usage.
- (2) In 1,000's of gallons.
- (3) Based on actual water usage during January and February billings periods; for all other months, based on the lesser of actual water usage or the "winter maximum."
- (4) Effective December 1, 2011. If water usage is less than 2,000 gallons, the rate per 1,000 gallons drops to \$1.41.
- (5) Effective November 1, 2011.

Wastewater Impact Fees for Single-Family Residences as of October 1, 2011

	<u>Impact Fee and/or Other¹</u>	<u>Connection Fees/Other²</u>	<u>Total</u>
	Orange County	3,668	
Kissimmee	3,405	-	3,405
Gainesville	3,210	40	3,250
Hillsborough County	1,800	940	2,740
Brevard County	2,257-2,962 ³	310	2,567-3,272
Orlando	2,250	288	2,538
Oviedo	2,403-3,369 ⁴	100	2,503-3,469
Seminole County	2,229	-	2,229
St. Petersburg	Varies ⁵	60	N/A

- (1) Includes pollution control charges, ordinance fees, transmission fees, storage fees, inspection fees, front footage fees (assumes a house with 100 front feet), and capacity reservation fees.
- (2) Deposits, sewer collection system charge, water installation, pump station, basic connection fees, lateral collection system connection fees, etc.
- (3) Impact fee ranges based on the number of bedrooms.
- (4) Portion of City that goes to City plants is \$2,403; portion of City that goes to Seminole County plants is \$3,369.
- (5) Charge is \$350 per water closet and urinal.

Source: Official City Websites and City of Orlando survey of above entities.

CITY OF ORLANDO, FLORIDA

UTILITIES SERVICES TAX

Florida law authorizes any municipality in the State to levy a utilities service tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, water service and fuel oil as well as any services competitive with those specifically enumerated. This tax may not exceed 10% of the payments received by the sellers of such utilities services from purchasers (except in the case of fuel oil, for which the maximum tax is four cents per gallon). The purchase of natural gas or fuel oil by a public or private utility either for resale or for use as fuel in the generation of electricity, or the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines, is exempt from the levy of such tax. Prior to October 1, 2001, a municipality also had the option to levy a tax on the purchase of telecommunications services of either (a) not to exceed 10% of the monthly recurring customer service charges upon the purchases within such municipality of local telephone service or (b) not to exceed 7% of the monthly recurring customer service charges upon purchases within the municipality of telecommunications service which originates and terminates in the State based on the total amount charged for any telecommunications service provided within the municipality or, if the location of the telecommunications provided cannot be determined, the total amount billed for such telecommunications service to a telephone or telephone number, a telecommunications number or device, a service address or a customer's billing address located within the municipality, excluding variable usage charges on telecommunication service (see, however, discussion below under the subcaption "Local Communications Services Tax").

Pursuant to the Constitution of the State of Florida, Florida Statutes and the Code of the City (the "City Code"), the City levies a Utilities Services Tax, also referred to herein as Public Services Tax, within the incorporated area of the City at the rate of 10% on sales of all utility services for which it is allowed to tax, except telecommunications service, and with the restriction that the tax on fuel oil cannot exceed four cents per gallon. The City Code exempts from levy of such Utilities Services Tax (a) purchases of special fuels for use as airplane engine fuel or propellant, (b) purchases of special fuels to be used as raw material in a manufacturing process or a cleaning agent or solvent, (c) purchases of special fuels for use in an internal combustion engine to propel any form of vehicle, and (d) "fuel adjustment charges," which means any increases in the cost of utility service to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

Florida law provides that a municipality may exempt from the utilities services tax the first 500 kilowatts of electricity per month purchased for residential use. The City has not adopted such an exemption but it does exempt purchases by the United States Government, the State, the County, the City and its agencies, boards, commissions and authorities from the levy of such tax. In addition, the City exempts purchases used exclusively for church purposes by any State recognized church.

The Utilities Services Tax must be collected by the seller from purchasers at the time of sale and remitted to the Chief Financial Officer as prescribed by the City Code. Such tax will appear on a periodic bill rendered to consumers for electricity, metered and bottled gas, water service and fuel oil. A failure by a consumer to pay that portion of the bill attributable to the utilities services tax may result in a suspension of the utility service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The following table sets forth the amount of Utilities Services Tax collected by the City for the last five years and budgeted for 2012.

CITY OF ORLANDO, FLORIDA

Utilities Services Tax Actual (Historical) and Budgeted Revenues (In Thousands)

	Actual (Historical) as of September 30,					Budget
	2007	2008	2009	2010	2011	2012
Electric	\$ 24,649	\$ 25,576	\$ 27,877	\$ 30,130	\$ 29,817	\$ 30,000
Communications Services Tax	17,436	18,677	16,798	15,954	14,071	14,732
Other	815	762	705	756	686	746
Total Utility Services Tax	<u>\$ 42,900</u>	<u>\$ 45,015</u>	<u>\$ 45,380</u>	<u>\$ 46,840</u>	<u>\$ 44,574</u>	<u>\$ 45,478</u>

Source: City's Office of Business & Financial Services

Local Communications Services Tax (CST)

The Communications Services Tax Simplification Act, enacted by Chapter 2000-260, Laws of Florida, as amended by Chapter 2001-140, Laws of Florida, and now codified in part as Chapter 202, Florida Statutes (the "Communications Services Tax Act") established, effective October 1, 2001, a communications services tax on the sale of communications services as defined in Section 202.11, Florida Statutes, and as of the same date repealed Section 166.231(9), Florida Statutes, which previously granted municipalities the authority to levy a utility services tax on the purchase of telecommunication services. Florida Statute Section 202.19 provides that counties and municipalities may levy a discretionary communications services tax (the "local communications services tax") on communications services, the revenues from which may be pledged for the repayment of current or future bonded indebtedness. The City set the rates for its local communication services tax pursuant to a Resolution bearing Documentary No. 33876-A, adopted by the City Council on June 18, 2001.

Prior to the effective date of the Communications Services Tax Act, the City exercised the option to levy a utility services tax at the rate of seven percent (7%) on the purchase of telecommunications services which originated or terminated within the City, excluding the variable usage charges for cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and paging services. Telecommunications service was defined to be local telephone service, toll telephone service, telegram or telegraph service, teletypewriter, facsimile or computer exchange service, private communication service, cellular mobile telephone or telecommunication service and specialized mobile radio, pagers and paging service but excluding Internet access service, electronic mail service, electronic bulletin board service, or similar on-line computer service. Pursuant to an Ordinance bearing City Documentary No. 33876 enacted by the City Council on June 18, 2001, the City repealed its utility services tax on the purchase of telecommunications services effective October 1, 2001 to coordinate with the effective date of the local communications services tax.

One effect of the Communications Services Tax Act was to replace the former utility services tax on telecommunication services, as well as revenues from franchise fees on cable and telecommunication service providers, with the local communications services tax. This change in law was intended to be revenue neutral to the counties and municipalities. The local communications services tax is applied to a broader base of communications services than the former utility services tax on telecommunications.

CITY OF ORLANDO, FLORIDA

Communication services are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

Effective October 1, 2001, any sale of communications services charged to a service address in the City became subject to the City's local communications services tax at a rate of 5.3%. The rate of the local communications services tax was reduced to 5.0% on October 1, 2002. The City on May 17, 2004 enacted an ordinance raising the tax rate to 5.1% effective January 1, 2005. The City elected not to charge permit fees related to the installation and maintenance of wires on its rights-of-way and thus is entitled to a 0.12% "add on," for a total tax rate (also effective January 1, 2005) of 5.22%. The Communications Services Tax Act further provides that, to the extent that a provider of communications services is required to pay a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the tax, such provider is entitled to a credit against the amount of such tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. It also provides that the City may exceed the maximum permissible rate in order to maintain its collection of the same annual dollar amount from and after October 1, 2001 that it received for fiscal period ending September 30, 2001.

The proceeds of said local communication services tax less the Florida Department of Revenue's cost of administration is deposited in the local communication services tax clearing trust fund and distributed monthly to the appropriate jurisdictions. The City deposits to the Utility Services Tax Fund a portion of its monthly local communications services tax revenues in an amount which fairly approximates that amount previously deposited therein in the form of the utility services tax on telecommunications services. Such portion of the local communications services tax revenues so deposited to the Utility Services Tax Fund is treated as Covenant Revenues to the same extent as all other utility services tax revenues continuing to be deposited to the Utility Services Tax Fund under the terms and conditions of the Covenant Ordinance and all applicable resolutions supplemental thereto.

Amendment of Senior Bond Ordinance to Reflect Change in CST Statute

Pursuant to Section 202.41, Florida Statutes, revenue received by a taxing authority under the CST Statute will be deemed to replace any taxes or fees previously imposed but repealed by the CST Statute without any further action on the part of such taxing authority, and if the repeal under the CST Statute of a taxing authority's authority to levy taxes or fees impairs security pledged to retire the authority's bonded indebtedness secured by such taxes or fees, then to the extent of any such impairment, a "like sum" of revenue received by the authority under the Act shall be deemed as a matter of law to replace such taxes and fees as security for the bonded indebtedness. The City determined that it was desirable to amend the definition of Utilities Services Tax set forth in Section 2.01 of the Senior Bond Ordinance to address the statutory changes and, thereby, permit the City to deposit in the Utilities Services Account a percentage of its Discretionary Communications Services Tax which represents, on a five-year historical basis, a "like sum" of revenue as was previously deposited therein as utilities services tax on the purchase of telecommunications services. Accordingly, the City enacted the 2002 Supplemental Ordinance amending the Senior Bond Ordinance to define the term "Utilities Services Tax" to mean "the taxes imposed, levied and collected by the City pursuant to Section 166.231, Florida Statutes, as amended, upon every purchase of electricity, fuel oil, metered or bottled gas (natural liquefied petroleum gas or manufactured) and water service and other utility services on which such tax may be imposed by law from time to time, and eighty-three percent (83%) of the Discretionary Communications Services Tax imposed, levied and collected by the City pursuant to Section 202.19, Florida Statutes, on the sale of communications services."

CITY OF ORLANDO, FLORIDA

Release of and Changes Regarding the Utilities Services Tax

Pursuant to a resolution the City adopted on February 12, 1996 and the 1997 Supplemental Ordinance, the holders of the Bonds, by acceptance of their respective Bonds, shall be deemed to have consented to and approved amendments to the Senior Bond Ordinance, effective upon the consent of the holders of all Bonds outstanding thereunder (the "Effective Date"), that fully release the utilities services tax from the lien and pledge thereof. Without limiting the generality of the foregoing, the holders of the Bonds shall be deemed to have consented to the following amendments which they acknowledge are conceptual and descriptive in nature only and that such consent and approval shall apply to definitive provisions amending the Senior Bond Ordinance that embody the intent, and that are not inconsistent with, the general descriptions of the amendments set forth below.

The Senior Bond Ordinance may be amended on and as of the Effective Date, to release the Utilities Services Tax from the lien and pledge thereof and to otherwise delete all covenants and references in the Senior Bond Ordinance to the Utilities Services Tax. Such amendments may include, without limiting the generality of the foregoing, the following:

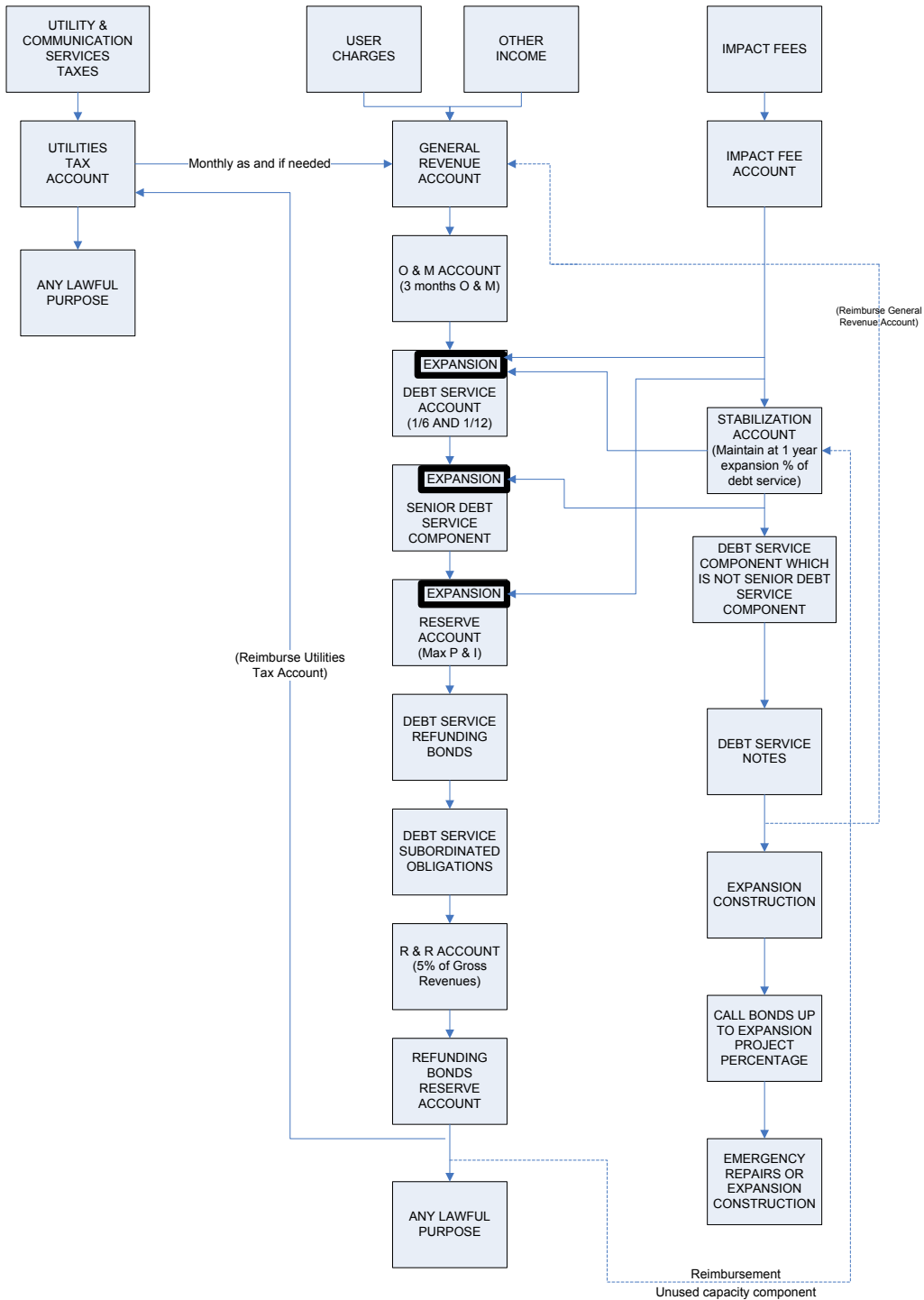
- (a) the deletion of the City's covenants concerning the pledge, collection, receipt and disbursement of the Utilities Services Tax;
- (b) the revision of the rate covenant to delete references to the Utilities Services Tax, to delete the first rate covenant that would require Gross Revenues to be at least equal to 100% of the Cost of Operation and Maintenance for such Bond Year plus the Maximum Bond Service Requirement, and to consolidate the remainder of the rate covenant requirements;
- (c) the revision of the additional bonds tests to delete references to the Utilities Services Tax, the Historical Adjusted Utilities Services Tax and the Adjusted Utilities Services Tax, and the deletion of the first additional bonds test that would require Adjusted Gross Revenues to be at least 100% of the Maximum Bond Service Requirement plus the Cost of Operation and Maintenance in the applicable bond years;
- (d) the deletion of the requirements that the City include the Utilities Services Tax in its annual operating budget and that the City retain books and records with respect thereto; and
- (e) the deletion of the Utilities Services Tax from consideration in meeting various financial tests relating to the sale of the System or the future capacity thereof.

Notwithstanding the foregoing, the City may elect to retain the obligation to reimburse the Utilities Services Tax Account with respect to Utilities Services Tax revenues used to pay debt service on the Bonds prior to the Effective Date. Also, notwithstanding the foregoing, the City has agreed not to amend the Senior Bond Ordinance to release the Utilities Services Tax from the lien and pledge thereof if such release would result in a reduction or withdrawal of any credit rating assigned at the request of the City to any of the Senior Bonds then Outstanding without regard to any credit enhancement. The foregoing amendments have been consented to by the Owners of the Series 2002A, 2003A, and 2006A Bonds. Nonetheless, the release of the Utilities Services Tax will not occur until the City takes action to amend the Senior Bond Ordinance to effectuate such release and receives confirmation that such release will not result in a reduction or withdrawal of any credit rating on any of the Senior Bonds then Outstanding. As of this date, the City has not taken any of the actions necessary to effectuate the release of the Utilities Services Tax.

CITY OF ORLANDO, FLORIDA

FLOW OF FUNDS CHART

The following chart depicts the flow of the Wastewater System Gross Revenues, the Impact Fees and the Utilities Services Tax.



CITY OF ORLANDO, FLORIDA

SYNOPSIS OF WASTEWATER SYSTEM REVENUE BOND COVENANTS

The Senior Bonds provide for an independent determination of the Expansion and Improvement portions of the construction to be financed from Impact Fees (including the debt service component of the new customer capacity charges and present customer capacity charges, respectively). The revenue stream order of pledge and backup support is (a) system revenues backup the Impact Fees (related to the expansion portion of any series of bonds) and (b) the Utilities Services Tax revenues backup the System revenues. The flow of funds provides for a repayment of any backup draws required if, and when, the related revenues become available.

The following four rate covenant commitments are required with regard to the Senior Bonds:

1. The sum of the Gross Revenues and the Utilities Services Tax to be received in such Bond Year shall be at least equal to 100% of the Cost of Operation and Maintenance for such Bond Year plus the Maximum Bond Service Requirement;
2. The sum of the Gross Revenues and Available Impact Fees to be received in such Bond Year shall be at least equal to 100% of the Cost of Operation and Maintenance in such Bond Year plus the Maximum Bond Service Requirement;
3. The sum of the Gross Revenues, the Available Impact Fees and the Utilities Services Tax to be received in such Bond Year shall be at least equal to 100% of the Cost of Operation and Maintenance for such Bond Year plus 125% of the Maximum Bond Service Requirement; and
4. The sum of the Gross Revenues, the Available Impact Fees and the Utilities Services Tax to be received in such Bond Year shall be at least equal to 100% of the Cost of Operation and Maintenance for such Bond Year plus the Maximum Bond Service Requirement, plus the amounts required to be deposited in such Bond Year into the Reserve Account and Renewal and Replacement Account, all in accordance with the Senior Bond Ordinance.

For a summary of the calculation of the historical debt service coverages, see page B-19.

FINANCIAL PERFORMANCE

The following four pages display recent financial performance information for the Wastewater Fund.

CITY OF ORLANDO, FLORIDA

STATEMENT OF NET ASSETS WASTEWATER SYSTEM FUND

	SEPTEMBER 30,				
	2007	2008	2009	2010	2011
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 51,802,071	\$ 53,179,652	\$ 64,514,064	\$ 47,454,321	\$ 38,749,674
Accounts Receivable (Net)	5,094,893	4,010,632	4,068,474	4,578,393	5,075,682
Due From Other Governments	4,175,027	8,150,756	2,799,753	2,397,919	920,798
Inventories	445,303	622,637	386,075	329,037	574,612
Prepaid Items	-	792	273	1,175	5,750
Total Current Assets	61,517,294	65,964,469	71,768,639	54,760,845	45,326,516
Non-Current Assets:					
Restricted:					
Cash and Cash Equivalents	51,185,216	18,013,352	21,499,501	21,275,353	25,498,142
Investments	20,646,735	20,364,651	20,309,978	20,341,790	20,413,170
Capital Assets:					
Land	28,781,753	29,119,041	29,470,202	30,028,552	30,132,507
Buildings	161,965,120	161,965,122	162,066,467	162,066,467	162,066,467
Improvements Other Than Buildings	118,270,001	146,045,302	148,945,623	151,585,231	158,604,628
Equipment	136,402,932	147,973,486	150,877,475	150,973,729	151,081,733
Wastewater and Stormwater Lines and Pumpstations	272,028,912	298,674,977	299,899,430	302,275,437	306,861,803
Less Accumulated Depreciation	(371,529,641)	(388,295,210)	(408,804,481)	(429,514,612)	(449,542,667)
Construction in Process	63,408,508	30,899,080	44,008,945	77,560,764	85,473,196
Unamortized Bond Costs	1,768,081	1,620,747	1,609,156	1,551,633	1,399,041
Total Non-Current Assets	482,927,617	466,380,548	469,882,296	488,144,344	491,988,020
Total Assets	544,444,911	532,345,017	541,650,935	542,905,189	537,314,536
LIABILITIES					
Current Liabilities:					
Accounts Payable	11,003,302	7,288,360	5,605,668	5,816,453	5,732,686
Accrued Liabilities	214,075	271,405	337,413	340,009	354,029
Accrued Interest Payable	1,824,882	1,629,918	1,512,176	1,353,172	1,396,723
Compensated Absences	106,285	110,769	126,773	121,583	122,984
Advance Payments	29,091,428	30,467,866	27,506,972	15,900,422	15,913,635
Current Portion of Loans Payable	969,579	1,213,074	1,990,722	2,006,474	2,359,514
Current Portion of Bonds Payable	38,505,000	8,890,000	9,070,000	9,300,000	9,590,000
Total Current Liabilities	81,714,551	49,871,392	46,149,724	34,838,113	35,469,571
Non-Current Liabilities:					
Compensated Absences	1,222,281	1,273,840	1,457,894	1,398,207	1,414,310
Loans Due After One Year	24,245,841	29,099,201	44,008,251	46,316,237	45,799,834
Bonds Payable After One Year	67,561,320	59,034,464	50,170,432	41,013,365	31,500,706
Total Non-Current Liabilities	93,029,442	89,407,505	95,636,577	88,727,809	78,714,850
Total Liabilities	174,743,993	139,278,897	141,786,301	123,565,922	114,184,421
NET ASSETS					
Invested in Capital Assets, net of related debt	291,001,970	341,753,386	334,707,848	359,789,972	368,743,851
Restricted:					
Debt Service	8,650,012	8,377,032	8,435,541	18,324,077	19,129,928
Renewal and Replacement	5,859,507	2,341,187	4,051,326	5,056,437	7,647,695
Contractual Obligations	-	-	-	4,925,148	5,767,338
Unrestricted	64,189,429	40,594,515	52,669,919	31,243,633	21,841,303
Total Net Assets	\$ 369,700,918	\$ 393,066,120	\$ 399,864,634	\$ 419,339,267	\$ 423,130,115

CITY OF ORLANDO, FLORIDA

**WASTEWATER SYSTEM FUND
SUMMARY OF HISTORICAL OPERATIONS
(In Thousands)**

	Actual (Historical) As of September 30,					Budgeted
	2007	2008	2009	2010	2011	2012
Operating Revenues:						
User Charges	\$ 49,785	\$ 48,793	\$ 47,680	\$ 52,132	\$ 57,512	\$ 58,292
New Customer Capacity Charge - Capital	2,547	2,480	1,644	2,558	2,916	2,955
Fees and Other Operating Revenues	<u>1,686</u>	<u>1,695</u>	<u>573</u>	<u>550</u>	<u>603</u>	<u>960</u>
Total Operating Revenue	<u>54,018</u>	<u>52,968</u>	<u>49,897</u>	<u>55,240</u>	<u>61,031</u>	<u>62,207</u>
Operating Expenses:						
Salaries, Wages and Employee Benefits	13,467	15,336	16,904	16,055	16,903	16,704
Contractual Services, Materials, Supplies and Other Expenses	<u>29,162</u>	<u>30,403</u>	<u>31,721</u>	<u>29,365</u>	<u>33,692</u>	<u>36,583</u>
Total Operating Expenses	<u>42,629</u>	<u>45,739</u>	<u>48,625</u>	<u>45,420</u>	<u>50,595</u>	<u>53,287</u>
Net Operating Income	<u>11,389</u>	<u>7,229</u>	<u>1,272</u>	<u>9,820</u>	<u>10,436</u>	<u>8,920</u>
Non-Operating Revenues						
Interest on Investment:						
Operations	839	489	(190)	(458)	178	-
Capital (1)	2,089	435	7,581	4,624	1,158	-
Impact Fee	<u>2,966</u>	<u>1,168</u>	<u>1,370</u>	<u>1,029</u>	<u>625</u>	<u>-</u>
Total Interest Revenues	<u>5,894</u>	<u>2,092</u>	<u>8,761</u>	<u>5,195</u>	<u>1,961</u>	<u>-</u>
Impact Fees:						
Expansion	3,309	4,136	3,356	1,732	1,497	-
Collection System	395	522	428	218	213	200
New Customer Capacity Charge - Debt Service	<u>7,155</u>	<u>6,909</u>	<u>7,091</u>	<u>7,064</u>	<u>8,045</u>	<u>8,077</u>
Total Impact Fee Revenues	<u>10,859</u>	<u>11,567</u>	<u>10,875</u>	<u>9,014</u>	<u>9,755</u>	<u>8,277</u>
Total Non-Operating Revenues	<u>16,753</u>	<u>13,659</u>	<u>19,636</u>	<u>14,209</u>	<u>11,716</u>	<u>8,277</u>
Income Before Extraordinary Losses, Depreciation and Interest Expense	<u>\$ 28,142</u>	<u>\$ 20,888</u>	<u>\$ 20,908</u>	<u>\$ 24,029</u>	<u>\$ 22,152</u>	<u>\$ 17,197</u>

Source: Historical information from the City's annual audited financial statements.

(1) Interest earnings on certain Capital accounts are not included in the Debt Service Coverage schedule.

CITY OF ORLANDO, FLORIDA

STATEMENT OF CASH FLOWS WASTEWATER SYSTEM FUND

	FOR THE YEAR ENDED SEPTEMBER 30,				
	2007	2008	2009	2010	2011
Increase (Decrease) in Cash and Cash Equivalents:					
Cash Flows from Operations:					
Receipts from Customers	\$ 57,321,698	\$ 52,758,899	\$ 55,189,676	\$ 55,289,505	\$ 59,942,885
Payments to Suppliers	(22,930,859)	(29,840,736)	(27,655,699)	(23,069,715)	(25,567,387)
Payments to Employees	(9,799,347)	(10,157,938)	(10,862,834)	(10,365,184)	(10,210,887)
Payments to Internal Service Funds and Administrative Fees	(8,911,673)	(9,272,437)	(11,802,444)	(11,763,728)	(12,898,997)
Net Cash Flows Provided by Operating Activities	<u>15,679,819</u>	<u>3,487,788</u>	<u>4,868,699</u>	<u>10,090,878</u>	<u>11,265,614</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In	3,091,817	-	2,571,165	-	-
Transfers (Out)	(853,125)	(180,000)	(998,154)	(151,178)	(156,186)
Net Cash Flows from Noncapital Financing Activities	<u>2,238,692</u>	<u>(180,000)</u>	<u>1,573,011</u>	<u>(151,178)</u>	<u>(156,186)</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Bonds, Loans, and Advances	13,574,246	6,715,746	22,591,129	4,291,265	1,843,111
Additions to Capital Assets	(43,564,836)	(34,071,636)	(19,340,309)	(35,143,736)	(15,358,699)
Principal Paid on Bonds, Interfund Loans, Loans & Leases	(11,614,495)	(40,123,891)	(15,794,431)	(11,037,527)	(11,306,474)
Interest Paid on Bonds, Interfund Loans, Loans and Leases	(4,031,522)	(3,237,949)	(3,417,102)	(3,400,119)	(3,210,893)
Capital Contribution Other Governments, Developers and Funds	7,272,017	20,281,991	7,596,170	3,817,109	783,426
Impact Fees Received	12,380,739	12,943,500	8,022,226	9,156,202	9,768,333
Bond Issuance Cost Paid	(157,210)	(100,000)	(200,000)	(117,902)	-
Proceeds from Sale of Capital Assets	745,029	116,110	105,531	48,406	-
Net Cash Flows from Capital and Related Financing Activities	<u>(25,396,032)</u>	<u>(37,476,129)</u>	<u>(436,786)</u>	<u>(32,386,302)</u>	<u>(17,481,196)</u>
Cash Flows from Investing Activities:					
Purchases of Investments	(146,455,621)	(30,374,499)	(31,833,303)	(32,904,625)	(7,449,551)
Proceeds from Sales and Maturities of Investments	154,616,267	30,656,583	31,887,976	32,872,813	7,378,171
Interest on Investments	5,894,528	2,091,974	8,760,964	5,194,523	1,961,290
Net Cash Flows from Investing Activities	<u>14,055,174</u>	<u>2,374,058</u>	<u>8,815,637</u>	<u>5,162,711</u>	<u>1,889,910</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,577,653	(31,794,283)	14,820,561	(17,283,891)	(4,481,858)
Cash and Cash Equivalents at Beginning of Year	<u>96,409,634</u>	<u>102,987,287</u>	<u>71,193,004</u>	<u>86,013,565</u>	<u>68,729,674</u>
Cash and Cash Equivalents at End of Year	<u>\$ 102,987,287</u>	<u>\$ 71,193,004</u>	<u>\$ 86,013,565</u>	<u>\$ 68,729,674</u>	<u>\$ 64,247,816</u>
Classified As:					
Current Assets	\$ 51,802,071	\$ 53,179,652	\$ 64,514,064	\$ 47,454,321	\$ 38,749,674
Restricted Assets	51,185,216	18,013,352	21,499,501	21,275,353	25,498,142
Totals	<u>\$ 102,987,287</u>	<u>\$ 71,193,004</u>	<u>\$ 86,013,565</u>	<u>\$ 68,729,674</u>	<u>\$ 64,247,816</u>

CITY OF ORLANDO, FLORIDA

**WASTEWATER SYSTEM FUND
SUMMARY OF HISTORICAL DEBT SERVICE COVERAGES
(In Thousands)**

	Actual (Historical) As of September 30,					Budgeted
	2007	2008	2009	2010	2011	2012
Net Revenues						
Net Operating Revenues	\$ 11,389	\$ 7,229	\$ 1,272	\$ 9,820	\$ 10,436	\$ 8,920
Interest Income-Operations	839	489	(190)	(458)	178	-
Interest Income-Capital	2,089	435	7,581	4,624	1,158	-
Total	14,317	8,153	8,663	13,986	11,772	8,920
Impact Fees:						
Expansion	3,309	4,658	3,784	1,950	1,710	-
New Customer Capacity-Debt Service	7,155	6,909	7,091	7,064	8,045	8,077
Interest Income	2,966	1,168	1,370	1,029	625	-
Total	13,430	12,735	12,245	10,043	10,380	8,077
Legally Available Impact Fees (1)	11,705	11,556	10,916	10,043	10,379	8,077
Utilities Services Tax (2)	42,899	45,015	45,380	46,840	44,574	45,478
R&R Contribution	1,765	1,803	3,676	1,811	3,664	1,951
Total Debt Service	\$ 16,280	\$ 16,072	\$ 15,182	\$ 14,368	\$ 14,612	\$ 16,197
Senior Debt Service (3)	\$ 16,280	\$ 16,072	\$ 15,182	\$ 14,368	\$ 14,612	\$ 16,197
Refunding Bonds	-	-	-	-	-	-
Sunshine State Loan	-	-	-	-	-	-
Rate Covenant #1 (2) (4) (1.0 Required)	1.66	1.59	1.49	1.70	1.62	1.55
Rate Covenant #2 (2) (4) (1.0 Required)	1.13	1.05	0.95	1.08	1.10	1.01
Rate Covenant #3 (2) (4) (1.25 Required)	1.74	1.67	1.57	1.76	1.69	1.57
Rate Covenant #4 (2) (4) (1.0 Required)	1.80	1.73	1.57	1.81	1.69	1.62
Coverage from all Sources to all Debt Service (includes Refunding & Internal Loans)(2)(5)	4.23	4.03	4.28	4.93	4.57	3.86

Source: Historical information from the City's annual audited financial statements.

- (1) Represents Impact Fees in an amount equal to the lesser of the Expansion Project Percentage of debt service or actual amount collected.
- (2) As described herein, the City has reserved the right to release the pledge on the Utilities Services Tax upon the occurrence of certain events. To the extent that the Utilities Services Tax pledge is released in the future as described in the "Release of and Changes Regarding Utilities Services Tax" section herein, the City will be required to satisfy Rate Covenant tests #2, #3 and #4 above at all times without taking into account Utilities Services Tax revenues.
- (3) For historical coverage schedules, the actual paid is compared to actual sources available.
- (4) For a description of the rate covenant tests, see "Synopsis of Wastewater System Revenue Bond Covenants" herein.
- (5) Calculated by all available sources less O&M expenses divided by all debt service including the Internal Loan Fund.

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WASTEWATER SYSTEM

The City's wastewater program has won numerous awards over the years, including the Water Environment Federation's Outstanding Achievement Award in 1992. In 1994 and again in 2001, the System won the Florida Water Environment Association's David York Water Reuse Award for the Water Conserv II Water Reuse System. The Conserv I Plant won the United States Environmental Protection Agency (EPA) Region 4 Wastewater Management Excellence Award for Municipal Water Use Efficiency in 1999. The Water Conserv II program also won the coveted Water Reuse Association's 2001 International Project of the Year. In 1995, the Iron Bridge Plant won the prestigious Phelps Award, which is given annually by the Florida Water Environment Association to the best-operated advanced wastewater treatment facility in the State of Florida. In 2007, the Conserv II plant won the David W. York award for the Outstanding Reuse System of the Year presented by the Florida Water Environment Association.

The System is operated as an Enterprise Fund by the Wastewater Division within the Department of Public Works. The Director of Public Works is principally responsible for the design and planning of the present and future wastewater system. As of September 2011, the City's Wastewater Division had 218 full-time employees. The Florida Department of Environmental Protection (FDEP) specifically requires that certain types of plants have certified wastewater treatment plant operators on duty twenty-four hours a day, seven days a week. The City is in full compliance with this requirement. Currently, 52% of the Division's job positions are covered by a bargaining agreement between the City and the Laborers International Union of North America, Local #678 and another 36% are covered by a bargaining agreement between the City and the Service Employees International Union, Local # 8. The Division has never been subject to a strike by its public employees and its contracts with the unions prohibit strikes, slowdowns, or other work stoppages. In addition, Florida Statutes specifically prohibit strikes by public employees. The City has a full-time professional labor relations staff and characterizes its relationship with the System's employees as good.

Available Treatment Capacity

Taking into account the capital improvements which are expected to be made during the next five years, the City will have wastewater treatment capacity which will enable it to meet the growth demands of the community until the year 2030. When measuring capacity within the System, it is necessary to separate the City's available capacity from the total System's available capacity because a portion of the unused capacity is reserved for other System participants (Seminole County and the City of Winter Park, among others). The following schedule compares total historic and projected wastewater demand for treatment with available capacity:

**Historic and Projected Treatment Capacity and Influent Flows
(in millions of gallons per day)**

	<u>Actual</u>				<u>Projected</u>	
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
City:						
Permitted Capacity	49.4	49.4	49.4	49.4	48.20	48.20
Actual/Projected Demand (1)	<u>24.9</u>	<u>26.7</u>	<u>24.7</u>	<u>23.00</u>	<u>23.5</u>	<u>24.1</u>
Remaining Capacity	<u>24.5</u>	<u>22.7</u>	<u>24.7</u>	<u>26.4</u>	<u>24.7</u>	<u>24.1</u>
Total System:						
Permitted Capacity	72.5	72.5	72.5	72.5	68.5	68.5
Actual/Projected Demand (1)	<u>37.9</u>	<u>39.1</u>	<u>37.3</u>	<u>35.9</u>	<u>36.8</u>	<u>37.7</u>
Remaining Capacity	<u>34.6</u>	<u>33.4</u>	<u>35.2</u>	<u>36.6</u>	<u>31.7</u>	<u>30.8</u>

Source: City of Orlando Wastewater Division.

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Water Reuse Initiative

The City's Wastewater System is one of the statewide leaders in water reuse (the application of System effluent as an alternative water source for non-potable uses) with almost 80% of its effluent directed to reuse. The Conserv I and Conserv II Plants direct 100% of their effluent into reuse, while the Iron Bridge Plant currently directs 70% of its effluent into reuse. The reuse system consists of pumps, pipelines, and turnout devices to transport treated effluent to users for landscape irrigation, cooling water, and other permitted uses. The City enacted an ordinance in 2002 that requires reclaimed water piping to be installed in new residential and commercial developments if the development falls within a designated reclaimed water service area. In these areas, the City is planning to deliver reclaimed water at a pressure which is useable for irrigation by both residential and commercial customers.

The St. John's River Water Management District has partnered with the City to develop a regional reclaimed water system in coordination with several other governmental and private utility companies. The City has finished construction on a reclaimed water transmission main that links the Conserv I reuse system with the Iron Bridge Plant as part of a regional reclaimed water initiative. The City received approximately \$3 million in federal grant funding for the regional system and an additional \$6.6 million in grant monies from the St. Johns River Water Management District. The capital cost of the reclaimed water system will be shared proportionally, based upon flows, with the participating entities: Seminole County, Orange County, and the Orlando Utilities Commission. The reclaimed water system is expected to have a future demand in excess of 30 MGD. This will increase the overall effluent disposal capacity of the Iron Bridge Plant and will serve to divert flow from the Little Econlockhatchee River outfall and the wetlands project, reducing the nutrient loading on the St. John's River. Construction of this regional reclaimed water system was completed in FY 2011.

Biosolids Disposal

Biosolids are a by-product of the wastewater treatment process and must be disposed of in a manner which complies with FDEP and EPA regulations. Beneficial use of biosolids is accomplished by encouraging land application of treated biosolids for agricultural purposes. The City's biosolids program has consistently met the requirements of FDEP and EPA (with minor exceptions for molybdenum levels at the Conserv I Plant in 1997) and has provided a valuable organic fertilizer supplement to the local agricultural community.

Interconnect Systems

To the extent possible, the City has designed and developed interconnecting systems, which allow for the System to redirect flows from one plant to another. The City has the capability to redirect 4.0 MGD of wastewater flow both to and from the Conserv I Plant and the Iron Bridge Plant. In addition, the City has developed an interconnect system which allows 2.0 to 3.0 MGD of wastewater to be redirected between the Conserv II Plant and the Iron Bridge Plant. Finally, the City has the ability to redirect 0.75 MGD from the Conserv II Plant to Orange County's South Water Reclamation Facility.

WATER CONSERV I SERVICE AREA

The Conserv I Plant serves residential and commercial developments along the S.R. 436 corridor and around the Orlando International Airport in southeast Orlando. The Conserv I Plant includes wastewater transmission facilities, a 7.5 MGD advanced wastewater treatment plant, and an effluent disposal system utilizing head-induced lateral percolation basins and reclaimed water irrigation. The wastewater transmission facilities currently include 60 lift stations and approximately ten miles of force mains from 36-inches to 48-inches in diameter. The treatment capacity of the Conserv I Plant is sufficient to meet wastewater demands in the Conserv I service area until 2030. However, the City plans to close the Conserv I Plant in 2013 and redirect its raw sewage to the Iron Bridge Plant for treatment (see "Growth Potential and Limitations").

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The Conserv I treatment facilities were constructed on approximately 187 acres of City-owned land in the southwest corner of the Orlando International Airport which has been leased to the Greater Orlando Aviation Authority (GOAA). By amendment to the original lease to GOAA, the City was given the right to build the Conserv I Plant and approximately 400 acres of percolation basins on designated sites. The amendment allows the City to utilize the percolation basin sites until September 30, 2026, with provisions for certain extensions of the Agreement. The amendment also gives GOAA the right to take back the percolation basin sites for airport purposes and request demolition/removal of the percolation basins at any time during the term of the lease.

The Conserv I Plant utilizes the following proven processes:

- Pretreatment by screening and grit removal
- Flow equalization
- Activated sludge
- Secondary clarification
- Dual media filtration
- Chlorination
- Sludge thickening and transport to Conserv II/Iron Bridge for digestion or lime stabilization, dewatering, and disposal
- Chemical addition

During the first ten years of operation of the Conserv I Plant, the primary means of effluent reuse was groundwater recharge through a system of 15 percolation basins located on the Orlando International Airport property near the treatment plant. Each percolation basin consists of an excavated trench, which was backfilled with gravel topped with a layer of sand, surrounded by earthen berms. Normal operating water levels in the percolation basins range from 8 to 10 feet above the sand layer. Based on the results of tests conducted after construction, the capacity of the percolation basins was expected to be approximately 6 MGD depending on the water levels in the percolation basins, the number of percolation basins operating, the amount of deposition (algae and silt) onto the sand layer, and environmental factors such as rainfall.

During the first few years of operation, the City experienced certain problems regarding disposal capacity in the percolation basins due to plugging of the sand layers by the deposition of algae and silt from construction and operational activities. These problems have since been rectified. Unlike the Conserv II rapid infiltration basins (which are in high sandy soil and have always performed beyond expectations), the Conserv I percolation basins are in a low, wet area and were initially an operational and maintenance challenge. The majority of the plugging problems were resolved by the modification of the percolation basins. In 1995, all of the basins were improved through the addition of a liner and the placement of gravel on the interior side slopes. This modification has successfully extended the operating capacity of these basins.

Within the last ten years, the City has constructed a network of reclaimed water lines from the Conserv I Plant to serve a significant number of customers in the areas around and including the Orlando International Airport. Major users of reclaimed water include the airport, three golf courses and several subdivisions that all utilize the reclaimed water for landscape and green space irrigation. Currently all of the wastewater that is treated by the Conserv I Plant is used by the reclaimed water customers. The percolation basins are used only during severe or prolonged rainfall periods when irrigation is not possible.

Available Treatment Capacity

The following table compares historical and projected wastewater demand with the treatment capacity available:

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CONSERV I PLANT Historic and Projected Treatment Capacity and Influent Flows (in millions of gallons per day)

	Actual				Projected	
	2008	2009	2010	2011	2012	2013
City: (1)						
Permitted Capacity	7.5	7.5	7.5	7.5	7.5	7.5
Actual/Projected Demand (2)	4.6	4.5	4.40	3.8	3.9	4.0
Remaining Capacity	2.9	3.0	3.1	3.7	3.6	3.5

(1) The City is the sole user of the Conserv I Plant system (there are no wholesale customers).

(2) Wastewater flows based on calendar year annual average daily flow.

Source: City of Orlando Wastewater Division.

Performance Standards and Compliance

Under guidelines established by the FDEP, a treatment facility's operating permit stipulates various numerical performance standards, which state the upper limits of acceptable performance. The following table demonstrates the current standards and actual performance against those standards for the Conserv I Plant for the twelve-month period ending September 30, 2011.

	CONSERV I PLANT			
	Effluent Flow MGD(3)	CBOD(1) Average mg/l (4)	TSS(2) Average mg/l	Nitrate Average mg/l
October 2010	5.02	1.1	0.5	4.8
November	4.47	2.0	0.5	4.5
December	3.64	1.6	0.5	5.1
January 2011	3.43	1.5	0.6	6.7
February	3.23	0.8	0.5	6.8
March	3.24	1.2	0.5	7.2
April	3.36	1.1	0.5	6.8
May	3.59	0.7	0.5	7.1
June	3.88	1.2	0.5	4.2
July	4.12	1.6	0.5	4.5
August	4.06	1.7	0.5	5.3
September	3.74	0.8	0.5	5.7
Average	3.82	1.3	0.5	5.7
FDEP Standards (5) (6)	7.50	20.0	5.00	10.0

(1) CBOD - Carbonaceous Biochemical Oxygen Demand.

(2) TSS - Total Suspended Solids.

(3) Fluctuations in flow over the course of twelve months are due to intra-system flow diversion and seasonal rainfall fluctuation.

(4) mg/l - milligrams per liter.

(5) States the upper limits of acceptable performance as determined by FDEP.

(6) States the Annual, Monthly, Weekly and Daily upper limits of acceptable performance as determined by FDEP.

Source: City of Orlando Wastewater Division.

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The City received its initial FDEP operating permit for the Conserv I Plant and Effluent Disposal System on October 1, 1991 for 7.5 MGD. This permit expired on August 28, 1996. A National Pollution Discharge Elimination System (NPDES) "No Discharge" Permit from USEPA expired on April 30, 1996 and was deactivated through agreement with the FDEP. Renewal of the FDEP operating permit was issued on September 19, 1997, with an expiration date of August 15, 2002. The City's operating permit from FDEP expired August 18, 2010. The City applied for a renewal of the operating permit for the Conserv I Plant in a timely manner, (i.e. 180 days prior to the expiration date) and the application was approved and the new permit was issued on April 11, 2011. The Conserv I Plant currently meets or exceeds the requirements of its operating permit regarding effluent quality and that the Conserv I Plant is capable of continuing to meet the existing FDEP operating permit numerical standards.

Growth Potential and Limitations

The City received a letter from GOAA on May 15, 1998, which requested the removal of the percolation basins over a twelve-year period. Two subsequent letters received from GOAA in 1998-99 extended the take-down schedule for removal of the percolation basins by several years. Over the past few years, GOAA has provided and revised their recapture timeline three times, each delaying further the RIB recapture schedule (currently significant recapture by 2020). Construction of the project to redirect the Conserv I Plant flows to the Iron Bridge Plant began in 2005, with completion expected in 2013. This schedule will allow the City to both meet the demands for increased capacity and vacate the RIB property in advance of GOAA's reclamation efforts.

WATER CONSERV II SERVICE AREA

The Water Conserv II facilities include a 25 MGD treatment plant (the "Conserv II Plant") and a 50 MGD Water Conserv II Water Reuse System Project (which is a joint project between the City and Orange County).

The Conserv II Plant serves residential and commercial development generally west of Interstate 4 and is located on McLeod Road between Kirkman Road and Bruton Boulevard. An interlocal agreement between the City and Orange County entered into on July 28, 1983, provided for the design, construction, and operation of the Water Conserv II Water Reuse System Project. Pursuant to that agreement, the "joint facilities" are defined to include effluent transmission pumping stations, approximately 21.5 miles of transmission pipeline, a distribution center, the distribution network, and a series of rapid infiltration basins (RIBs).

In order to meet the "no discharge" requirement of the FDEP, the Conserv II Plant was designed to produce advanced secondary effluent that is suitable for public access, irrigation, and groundwater recharge. The Conserv II Plant was designed to ultimately deliver up to 25 MGD for irrigation of 12,000 to 15,000 acres of citrus groves and groundwater recharge through RIBs. There is sufficient capacity in the Conserv II Plant to meet wastewater needs in the Conserv II Plant service area through the year 2030. Currently, the Conserv II Plant utilizes the following proven treatment processes:

- Pretreatment by screening and grit removal
- Flow equalization
- Activated sludge with nitrification & denitrification
- Secondary clarification
- Effluent flow equalization
- Automatic backwash dual media filtration
- High level chlorination
- Sludge thickening, anaerobic digestion and dewatering
- Chemical addition
- Standby power generation

Three major construction contracts are either under way or recently completed at the Conserv II Plant. One construction contract valued at \$13 million includes the construction of a new master pump station and flow equalization system. This contract was completed in December of 2011. The second contract valued at \$20 million involves a major electrical upgrade throughout the plant including the installation of a new emergency power generation system. This project is ongoing and should complete in the Spring of 2012. The third project is phase one of our upgrades to address the aging of this treatment facility. This \$10 million contract will replace the entire

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aeration system secondary clarifier drive units and add a permanent internal recycle station. This contract is scheduled to complete late 2013.

Available Treatment Capacity

The following table compares historical and projected sewer demands with the treatment capacity available:

CONSERV II PLANT
Historic and Projected Treatment Capacity and Influent Flows
(in millions of gallons per day)

	<u>Actual</u>				<u>Projected</u>	
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
City:						
Permitted Capacity	24.0	24.0	24.0	24.00	20.0	20.0
Actual/Projected Demand (1)	<u>12.3</u>	<u>13.0</u>	<u>12.1</u>	<u>11.50</u>	<u>11.8</u>	<u>12.1</u>
Remaining Capacity	<u>11.7</u>	<u>11.0</u>	<u>11.9</u>	<u>12.5</u>	<u>8.2</u>	<u>7.9</u>
Total System:						
Permitted Capacity	25.0	25.0	25.0	25.0	21.0	21.0
Actual/Projected Demand (1)	<u>14.2</u>	<u>13.3</u>	<u>12.60</u>	<u>12.10</u>	<u>12.4</u>	<u>12.7</u>
Remaining Capacity	<u>10.8</u>	<u>11.7</u>	<u>12.4</u>	<u>12.9</u>	<u>8.6</u>	<u>8.3</u>

(1) Wastewater flows based on calendar year annual average daily flow. Reductions in flow are associated with changes in inflow and infiltration amounts due to City maintenance efforts and decreased rainfall. Growth in future flows is projected at 2.5% per year.

Source: City of Orlando Wastewater Division

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Performance Standards and Compliance

The following table compares the performance of the Conserv II Plant for the twelve-month period ending September 30, 2011 to the principal FDEP effluent numerical standards placed on the Conserv II Plant's operation:

CONSERV II PLANT				
	Effluent Flow MGD(3)	CBOD(1) Average mg/l (4)	TSS(2) Average mg/l	Nitrate Nitrogen mg/l
October 2010	12.30	1.2	0.6	5.3
November	11.95	1.5	0.5	6.1
December	11.89	1.8	0.5	4.6
January 2011	11.66	1.5	0.5	4.6
February	12.00	1.2	0.5	5.3
March	10.28	1.2	0.6	4.2
April	10.79	1.1	0.6	4.0
May	11.62	0.8	0.5	4.3
June	12.34	1.2	0.6	4.1
July	12.85	1.7	0.7	4.3
August	14.27	1.6	0.7	4.3
September	12.94	1.2	0.8	3.7
Average	12.07	1.3	0.6	4.4
FDEP Standards (5) (6)	25.00	20.0	5.0	10.00

- (1) CBOD - Carbonaceous Biochemical Oxygen Demand.
- (2) TSS - Total Suspended Solids.
- (3) Fluctuations in flow over the course of twelve months are due to intra-system flow diversion and seasonal rainfall fluctuations.
- (4) mg/l - milligrams per liter
- (5) States the upper limits of acceptable performance as determined by FDEP.
- (6) States the Annual, Monthly, Weekly and Daily upper limits of acceptable performance as determined by FDEP.

Source: City of Orlando Wastewater Division

The FDEP Operating Permit for the Conserv II Plant was renewed on September 23, 2005 and expired on September 22, 2010. The City applied for a renewal of the operating permit for the Conserv II Plant in a timely manner, (i.e. 180 days prior to the expiration date) and the application was approved and issued on December 5, 2011. The NPDES "No Discharge" Permit from EPA (now administered by FDEP) had an expiration date of April 30, 1996. The FDEP, upon the City's request, has deactivated the NPDES "No Discharge" Permit, so renewal of this permit is not required.

The recently issued FDEP permit for the Conserv II WRF has temporarily reduced the permitted capacity from 25 MGD to 21 MGD on an average annual daily flow basis. The Conserv II WRF must now treat total nitrogen to an average annual concentration of 10 mg/L which is the permit limit value for the Conserv II Distribution Center. The Conserv II WRF is undergoing improvements that will allow compliance with this more restrictive nitrogen standard. Once these improvements have been completed, the City plans to conduct full scale testing of the facility to recover treatment capacity to the original permitted level of 25 mgd.

With respect to the Conserv II Plant groundwater-monitoring program, the FDEP has required that the City and Orange County address elevated nitrate levels that were observed in some of the groundwater monitoring wells in the early 1990's. Responding to this, the City and the County implemented programs to reduce nitrates in their wastewater treatment plant effluents, to implement an enhanced Quality Assurance/Quality Control sampling program, and to study RIB operation in order to optimize nitrate removals. Results have been favorable in that there has been a significant reduction in nitrate levels associated with reclaimed water in the groundwater monitoring wells since the implementation of these programs.

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City management and design consulting engineers believe that the Conserv II Plant currently meets or exceeds the requirements of its operating permit regarding effluent quality and that the Conserv II Plant is capable of continuing to meet these effluent requirements through 2030 with some modifications.

In FY 2011, the City bid a project estimated at \$14 million to construct upgrades to the Conserv II Plant's aeration system, upgrades to the secondary clarifiers and other improvements. These improvements are part of an overall treatment upgrade program designed to provide reliable removal of total nitrogen to an annual average concentration of 10 mg/l or less. In April 2011, the total nitrogen concentration limit will be 10 mg/l in the reclaimed water that is used for the Water Conserv II Water Reuse System Project. The new nitrogen limit will be enforced beginning April 2012.

Major Wholesale Customers and Interlocal Agreements

The City has interlocal agreements with both Orange County and the City of Winter Park to provide wastewater treatment capacity within the Conserv II Plant service area. The agreement to serve Orange County was intended to terminate on January 1, 2000 with the capacity reverting to the City; however, the City and Orange County agreed to an extension until January 2010 due to needed construction within the County's system. This construction has since been completed and the County has withdrawn their flows from the Conserv II plant, making the resulting capacity available for City use. The following schedule indicates both the committed capacity and the average flows into the Conserv II Plant for the twelve-month period ending September 30, 2010:

WHOLESALE CUSTOMERS (In MGD)

	Average Flows	Contractually Committed Capacity	Available Capacity
Orange County	0.000	0.000	0.000
City of Winter Park	<u>0.578</u>	<u>1.000</u>	<u>0.422</u>
TOTAL	<u>0.578</u>	<u>1.000</u>	<u>0.422</u>

Source: City of Orlando Wastewater Division.

Water Reuse Contracts

The Water Conserv II Water Reuse System Project is beneficial to both the City and Orange County (each of which have 25 MGD of the ultimate 50 MGD capacity in the Project). Since 1986, the City and Orange County have entered into 91 agreements with citrus growers, landscape nurseries, golf courses, homeowners and other customers who have committed to take in excess of 30 MGD of reclaimed water to be dispersed over approximately 3,375 acres. While the terms of each individual agreement may vary in some respects, the major provisions of the agreements, summarized below, do not differ materially. In the opinion of the City Attorney, such agreements constitute covenants, which run with the land and will bind all future owners of the land throughout the term of the agreements subject, however, to governmental rights of eminent domain.

At the beginning of the Water Conserv II project, citrus growers signed 20-year agreements to accept reclaimed water at no charge. Each agreement was for a term of twenty years with provisions for annual extensions if either party does not terminate the agreement. A customer could terminate an agreement at any time, without cause, upon payment of a fee that reflects the proportionate cost of construction of the distribution system. In the first year of the agreement, the fee was \$3,600 per acre committed and in each subsequent year the fee was reduced by 5%. As these initial agreements expire, new agreements are being made that require the reclaimed water users to pay the prevailing rate for reclaimed water. The City and Orange County have adopted Orange County's rate structure for reclaimed water supplied in the Water Conserv II service area.

Under recent agreements, the City and Orange County are obligated to deliver water of a quality appropriate for irrigation of edible crops and public access areas in accordance with State regulations. The Water Conserv II project has demonstrated that reclaimed water has been compatible with the production of citrus crops in

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central Florida. Modern agreements are written for an initial term of 5 years with automatic annual renewals unless terminated by either party. The agreements allow for non-performance or modification of performance by either party in the event of unforeseen circumstances or circumstances not in the control of the parties such as water quality or quantity issues, governmental acts, flooding or failure of the transmission or distribution system for reasons beyond the City's and Orange County's control. The Water Conserv II project is currently permitted for 39.0 MGD (average annual daily flow) of disposal capacity through the public access reuse system.

Reclaimed water distributed to the customers may be used only in a manner that is consistent with State and Federal regulations. Specifically, the water may be used for irrigation of crops, surface storage, frost protection, and turf irrigation. Reclaimed water may not be discharged directly into surface waters of the State of Florida. Customers are required to install and maintain irrigation systems capable of receiving the reclaimed water and preventing backflow into the Conserv II reclaimed water distribution system. When the Conserv II project started, the use of reclaimed water for irrigation was a new concept. Therefore, the City and Orange County agreed to indemnify the customers for damages arising out of adverse human health effects caused by exposure to the areas in which reclaimed water is being used or by consumption of products grown in those areas. Indemnification was conditioned upon the customers' compliance with all reasonable restrictions on use established by the City and Orange County. Since the safe use of reclaimed water for irrigation has been well documented in the State of Florida, this indemnification feature is not used in modern agreements.

Properties served by the Water Conserv II Water Reuse System Project in Lake County require a conditional use permit (CUP) under the County's Zoning Code. Participating customers must obtain a CUP for those parcels that are included in the agreements. All of the participating customers in Lake County have received their CUPs. The City and Orange County have agreed to comply with the conditions set forth in the CUPs, including the implementation of a groundwater-monitoring program. Groundwater monitoring wells have been installed at alternate application sites that have been approved by FDEP and Lake County. Samples are collected quarterly and routinely analyzed for specific parameters.

The City and Orange County purchased approximately 500 acres of land southeast of the Distribution Center in 1992, for the expansion of the RIB system for the Water Conserv II Water Reuse System Project. Through the efforts primarily of Orange County staff, proposals were sought for a private company to construct a 36-hole championship golf course, which would incorporate a number of RIB's into the facility. On February 7, 1994, the City and Orange County entered into a 30-year lease agreement with Team Classic Golf Services, Inc. Under the terms of the agreement, Team Classic would construct and operate the golf facility (Orange County National Golf Course) which has, as one of its requirements, the ability to use up to 5 million gallons of reclaimed water per day. This concept increased the diversification of reclaimed water use while minimizing capital costs to the City and Orange County. Construction of this golf facility was completed in February 1999.

In 2000, the City and Orange County purchased 2,400 acres of land from Hi-Acres in Lake County. These parcels, which were under previous grower's agreement for irrigation, will provide further flexibility for the wet weather disposal capacity for the Water Conserv II Water Reuse System Project. The land will be used in the future for some combination of RIB systems and agricultural irrigation. The first series of RIBs to be constructed on the property were completed in late 2004. The City and Orange County jointly own a total of 5,400 acres of land for current and future RIB sites. The Water Conserv II project is currently permitted for a RIB capacity of 29.2 MGD (average annual daily flow).

City Contracts

The City has entered into reclaimed water agreements with other major users in the City that are not part of the Water Conserv II Water Reuse System Project joint facilities. One of the users, MetroWest, accepts and uses up to 1.5 MGD of reclaimed water on its golf course and median green spaces. In addition, the City is supplying reclaimed water to Valencia Community College, Universal Orlando Resorts, and other users in the area. Total annual reclaimed water usage for these customers is approximately 4.65 MGD and is expected to increase as the system is expanded.

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Growth Potential and Limitations

The ability to expand the Conserv II Plant treatment capacity is directly related to the ability to continue to find additional customers to be connected to the distribution network or to the development of additional RIBs.

The City and Orange County are in the process of expanding RIB capacity on project land in Lake County. The City and Orange County are working with Lake County on gaining approvals for the construction of additional RIBs. Construction of additional RIB sites has added wet-weather capacity to the system, further ensuring the City's ability to provide service during extreme weather conditions.

CITY OF ORLANDO, FLORIDA

IRON BRIDGE SERVICE AREA

The Iron Bridge Plant is a regional wastewater treatment facility, which serves the east and central portions of the City, unincorporated areas of Orange and Seminole Counties, and portions of the Cities of Casselberry, Maitland, and Winter Park. There is sufficient capacity at the Iron Bridge Plant to meet the wastewater needs for the Iron Bridge service area through build-out.

The Iron Bridge Plant is a 40 MGD advanced wastewater treatment plant, which employs three different effluent disposal means (wasteload allocation limit on the discharge to the Little Econlockhatchee River and performance standards for the Artificial Wetlands Facility which flows ultimately to the St. Johns River) and the newly commissioned Eastern Regional Reclaimed Water Distribution System (ERRWDS). The original plant (24 MGD) was designed with nineteen trains of air-driven rotating biological contactors (RBCs) as the main treatment process. This facility was later down rated to 16 MGD as a result of operational difficulties, and the lost capacity was replaced with an improved biological nutrient removal system which was completely funded by federal grants (see “Growth Potential and Limitations” below). The Iron Bridge Plant was expanded to 40 MGD with the expanded liquid treatment train becoming operational in November 1989. The expansion provides growth-oriented capacity to the cities of Orlando and Winter Park and Seminole County.

The Iron Bridge Plant is located off Alafaya Trail northwest of the University of Central Florida campus in south Seminole County. The plant utilizes the following proven processes:

40 MGD Facility

- Pretreatment by screening and grit removal
- Flow equalization
- Fermentation
- 1st anoxic zone
- Aeration zone
- 2nd anoxic zone
- 2nd aerobic zone
- Secondary clarification
- Deep Bed filtration
- Chlorination/Dechlorination
- Post aeration
- Sludge thickening and chemical conditioning
- Lime stabilization and dewatering
- Chemical addition
- Standby power generation

Two different effluent outfalls and a reclaimed water distribution system service the Iron Bridge Plant. The original facility had an NPDES permitted discharge of 24 MGD which provided for both concentration and total pounds per day restrictions on the effluent discharged to the Little Econlockhatchee River. To allow for expansion of the Iron Bridge Plant, the City designed and constructed a 20 MGD Wetlands treatment facility on a 1,200-acre site near Christmas, Florida. A 16-mile, 48-inch force main was constructed to transmit the treated effluent from the Iron Bridge Plant to the head of the cell-oriented wetlands. The Wetlands were developed with a series of cells divided by earthen berms and planted with different wetland vegetation to create three separate wetlands communities, which provide the nitrogen and phosphorous removal. The Wetlands have been operating well within the anticipated performance guidelines since it became operational in September 1987. An indication of the positive performance of the Wetlands is the fact that FDEP increased the permitted capacity of the Wetlands from the initial level of 8 MGD to 20 MGD during the 1990’s and in 2001 re-rated the capacity of the Wetlands from 20 MGD to 35 MGD. The ERRWDS was commissioned in 2011 and serves reclaimed water in conjunction with Orange County’s Eastern WRF and the Water Conserv I WRF to Seminole County, GOAA, Baldwin Park and the Lake Nona area.

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Available Treatment Capacity

The following table compares the historical and projected wastewater demand for wastewater treatment capacity:

IRON BRIDGE PLANT
Historic and Projected Treatment Capacity and Influent Flows
(in millions of gallons per day)

	Actual				Projected	
	2008	2009	2010	2011	2012	2013
City:						
Permitted Capacity	20.7	20.7	20.7	20.7	20.7	20.7
Actual/Projected Demand (1)	6.2	9.0	8.2	7.7	7.9	8.1
Remaining Capacity	14.5	11.7	12.5	13.0	12.8	12.6
Total System:						
Permitted Capacity	40.0	40.0	40.0	40.0	40.0	40.0
Actual/Projected Demand (1)	19.2	21.7	20.3	20.0	20.5	21.0
Remaining Capacity	20.8	18.3	19.7	20.0	19.5	19.0

(1) Wastewater flows based on calendar year annual average daily flow. Reductions in flow are associated with

Source: City of Orlando Wastewater Division

Performance Standards and Compliance

Each of the outfalls for the treated effluent from the Iron Bridge Plant (the Little Econlockhatchee River and the constructed Wetlands) has separate performance standards/limitations. The FDEP has issued an operating permit rating the treatment facility to 40 MGD. The City's NPDES permit from the EPA, which was based on the original wasteload allocation requirements and the projected degree of treatment which would take place in the Wetlands, has also been revised. FDEP recently issued the City a new five-year combined Operating NPDES Permit with an issuance date of February 24, 2010, and an expiration date of February 23, 2015.

The EPA has recently promulgated new numeric nutrient criteria (NNC) for Florida's springs, lakes and streams. These new standards will take effect in March 2012 and will become part of the Iron Bridge Plant's permit during the next renewal period. The City has assessed the potential impact of the new standards on the operation of the Iron Bridge Plant. The discharge from the Wetlands system to the St. Johns River appears to be compliant with the new regulations. The discharge to the Little Econlockhatchee River would not be compliant. It is expected that the discharge to the Little Econlockhatchee River may be modified in the future and may only serve the plant as an emergency outfall or limited wet weather discharge. A Federal Court ruling in February 2012 has upheld challenges to the proposed NNC for streams. The effective date for those criteria must be established. The NNC for springs and lakes were not impacted by the court ruling.

The tables on the following pages demonstrate the standards and actual performance against FDEP's standards for the Iron Bridge Plant for all three of its outfalls (the Little Econlockhatchee River Outfall, the Wetlands Outfall into the St. Johns River and the ERRWDS) for the twelve-month period ended September 30, 2011.

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IRON BRIDGE PLANT

Little Econlockhatchee River Outfall

	Effluent(1)	CBOD(2)		TSS(3)		TN(4)		TP(5)	
	Flow	Average		Average		Average		Average	
	MGD	mg/l(6)	lbs/day	mg/l	lbs/day	mg/l	lbs/day	mg/l	lbs/day
October 2010	5.2	0.74	32	0.5	22	1.79	77.5	0.13	5.8
November	5.2	0.72	31	0.5	22	1.78	76.3	0.14	6.0
December	5.0	0.87	37	0.5	21	1.91	80.0	0.13	5.5
January 2011	3.7	0.94	29	1.1	33	2.38	74.2	0.15	4.7
February	3.1	0.89	23	0.7	17	2.21	56.9	0.18	4.5
March	3.2	0.82	22	0.6	15	2.09	55.7	0.15	4.0
April	3.7	0.82	25	0.7	20	1.98	60.7	0.16	4.9
May	3.2	0.73	19	1.1	30	1.69	44.5	0.18	4.6
June	3.4	0.89	25	1.2	34	1.76	49.3	0.16	4.5
July	3.8	1.26	40	2.5	79	1.84	58.2	0.18	5.8
August	3.6	0.9	27	0.9	27	2.20	66.4	0.20	6.0
September	7.2	0.75	45	0.8	45	2.48	149.4	0.18	10.5
Average	4.2	0.86	30	0.9	30	2.01	70.8	0.16	5.6
FDEP Stds (7)	28.00	4.28	1,000	17.2	4,000	3.08	720	0.94	220

(1) Fluctuations in flow over the course of twelve months are due to intrasystem flow diversion and seasonal rainfall fluctuation.

(2) CBOD - Carbonaceous Biochemical Oxygen Demand

(3) TSS - Total Suspended Solids

(4) TN - Total Nitrogen

(5) TP - Total Phosphorous

(6) mg/l - milligrams per liter

(7) States the upper limits (annual average) of acceptable performance as determined by FDEP.

Source: City of Orlando Wastewater Division

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IRON BRIDGE PLANT

	ST. JOHNS RIVER WETLANDS OUTFALL					LITTLE ECON RIVER AND ST. JOHNS RIVER COMBINED OUTFALLS(1)	
	Influent Flow MGD	Eff TN(2)		Eff TP(3)		TN(2) Average lbs/day	TP(3) Average lbs/day
		Average mg/l(4)	Average lbs/day	Average mg/l	Average lbs/day		
October 2010	14.5	.97	117.8	0.03	3.1	195.8	8.9
November	12.8	1.03	109.8	0.03	2.7	186.4	8.7
December	13.3	.91	101.1	0.02	2.3	181.5	7.8
January 2011	14.0	0.84	97.7	0.03	3.8	170.0	8.6
February	14.8	0.82	101.6	0.03	3.4	158.6	8.0
March	14.0	1.03	120.4	0.03	3.3	176.9	7.2
April	14.9	1.02	125.8	0.03	3.2	187.2	8.1
May	11.0	1.19	109.0	0.02	2.2	153.1	6.8
June	11.9	1.43	141.6	0.04	3.8	190.9	8.3
July	19.4	1.12	181.9	0.03	4.2	241.1	10.0
August	17.7	1.07	156.5	0.03	4.0	220.8	9.9
September	12.3	1.03	132.5	0.02	2.8	285.2	13.6
Average	14.2	1.04	125	0.03	3.2	195.6	8.8
FDEP Standards (5)	35.00	2.31	674	0.20	58		

- (1) The average lbs/day is measured on a daily total basis and thus, the sum of the average total per outfall may not always equal the average combined totals.
- (2) TN - Total Nitrogen
- (3) TP - Total Phosphorous
- (4) mg/l - milligrams per liter
- (5) States the upper limits (annual average) of acceptable performance as determined by FDEP.

Source: City of Orlando Wastewater Division.

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IRON BRIDGE PLANT ERRWDS

	Effluent Flow MGD(3)	CBOD(1) Average mg/l (4)	TSS(2) Average mg/l	Total Nitrogen mg/l
October 2010	0.75	0.8	0.6	1.7
November	0.69	1.1	0.7	1.7
December	0.72	0.9	0.5	1.8
January 2011	0.27	1.1	0.5	2.3
February	0.43	1.0	0.6	2.1
March	0.95	0.9	0.6	2.0
April	2.09	0.6	0.5	2.0
May	4.27	0.9	0.7	1.6
June	3.93	1.1	0.8	1.7
July	1.48	1.1	1.2	1.7
August	1.61	0.9	0.8	2.2
September	1.72	0.7	0.5	2.4
Average	1.58	0.9	0.7	1.9
FDEP Standards (5) (6)	20.30	20.0	5.0	

- (1) CBOD - Carbonaceous Biochemical Oxygen Demand.
- (2) TSS - Total Suspended Solids.
- (3) Fluctuations in flow over the course of twelve months are due to intra-system flow diversion and seasonal rainfall fluctuations.
- (4) mg/l - milligrams per liter
- (5) States the upper limits of acceptable performance as determined by FDEP.
- (6) States the Annual, Monthly, Weekly and Daily upper limits of acceptable performance as determined by FDEP.

Source: City of Orlando Wastewater Division

Major Wholesale Customers and Interlocal Agreements

The City and its five governmental entity partners (Orange and Seminole Counties and the Cities of Casselberry, Maitland and Winter Park) have entered into various interlocal agreements related to the acceptance, treatment, and disposal of wastewater at the Iron Bridge Plant. The City has also entered into an interlocal agreement with the South Seminole & North Orange County Wastewater Transmission Authority (the "Transmission Authority"), which accepts wastewater from its participants and transmits it to the Iron Bridge Plant. The agreements are essentially uniform in nature as to the procedure for allocation of capacity at the plant and payment for said capacity. Because the Iron Bridge Plant is located in Seminole County, the agreement with Seminole County has specific provisions providing for payments in lieu of taxes, special zoning provisions, and a requirement for a \$1,000,000 letter of credit to ensure environmental protection. The agreements set out the amount of capacity for each party and provide a formula for temporary and permanent reallocation. The entities' proportional share of allocated capacity is shown on the following table:

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DISTRIBUTION OF IRON BRIDGE CAPACITY

<u>Contributor</u>	<u>28 MGD</u>		<u>Expansion - 12 MGD</u>		<u>Total</u>	
	<u>MGD</u>	<u>%</u>	<u>MGD</u>	<u>%</u>	<u>MGD</u>	<u>%</u>
City of Orlando	14.6625	52.367	6.00	50.00	20.6625	51.656
Seminole County	3.2555	11.627	5.25	43.75	8.5055	21.265
Orange County	0.3750	1.339	-	-	0.3750	0.937
City of Casselberry	3.3950	12.125	-	-	3.3950	8.487
City of Maitland	1.1000	3.928	-	-	1.1000	2.750
City of Winter Park	5.2120	18.614	0.75	6.25	5.9620	14.905
Total	<u>28.0000</u>	<u>100.000</u>	<u>12.00</u>	<u>100.00</u>	<u>40.0000</u>	<u>100.000</u>

Source: City of Orlando Wastewater Division.

The following schedule reflects the average daily flows, over the twelve-month period ended September 30, 2011, of the various participants in the Iron Bridge Plant:

<u>Contributor</u>	<u>Available Capacity (MGD)</u>	<u>Average Influent Flow (MGD)</u>	<u>Remaining Capacity (MGD)(1)</u>
City of Orlando	20.662	7.686	12.976
Seminole County	8.506	5.022	3.484
Orange County	0.375	0.000	0.375
City of Casselberry	3.395	1.920	1.475
City of Maitland	1.100	0.683	0.417
City of Winter Park	<u>5.962</u>	<u>3.897</u>	<u>2.065</u>
TOTAL	<u>40.000</u>	<u>19.208</u>	<u>20.792</u>

(1) Available capacity may be further restricted by currently committed future capacity for developments.

Source: City of Orlando Wastewater Division.

Each entity is committed to pay for its share of the capital costs based on allocated capacity regardless of actual flows. In addition, each entity pays an operation and maintenance cost based on actual flows. Relief available to the City for non-payment by any entity is provided by a \$500,000 escrow account funded pro rata by the entities. The agreements allow for the various entities to expand the plant capacity for their needs at their expense regardless of whether or not the City requires expanded capacity.

Growth Potential and Limitations

In 1998, the City completed an evaluation of the condition of the mechanical components in the RBC (original) plant. As these components were approaching 20 years of service, they showed signs of advanced deterioration. The City demonstrated, through a full-scale pilot project, that the biological nutrient removal (BNR) facilities could be modified to accept the full 40 MGD currently permitted. As a result of the pilot testing program in January 2001, FDEP issued a permit modification rerating the BNR facilities to 40 MGD. The RBC plant has been shut down, resulting in an annual O&M savings of over \$250,000. Construction of the permanent modifications to the BNR facility was initiated in 2006 and was completed in mid 2009.

The City believes that with the RBC replacement projects completed with BNR facilities, the aggregate 40 MGD facility may be re-rated at nominal costs to further enable the City and its participating entities to properly address their growth-related needs.

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CAPITAL IMPROVEMENT PLAN

The City has established and updates, at least quarterly, a capital projects planning and projection system which identifies prospective capital projects and related revenues, if any, and the anticipated project initiation year within a five-year planning model. Although the actual project initiation will be a function of changing circumstances, the model gives the City an opportunity to identify the major potential capital projects which might be undertaken during the next five-year period. These projects are identified and associated with the City's three major wastewater treatment plants and collection system needs.

Conserv I Plant

The raw sewage flows from the Conserv I Plant are being redirected for treatment to the Iron Bridge Plant. The reclaimed water produced by the Iron Bridge Plant will be returned to the Conserv I service area to satisfy the irrigation needs of the Orlando International Airport, commercial customers and various residential developments in the area.

A number of capital improvement projects will need to be constructed to redirect these flows. These projects include improvements to several pumping stations, construction of a 36-inch force main, and the construction of a reclaimed water transmission system from the Iron Bridge Plant to the Conserv I Service Area. Current estimated costs are as follows:

Capital Cost Conserv I Service Area (in millions)	
	Estimate
Pumping station improvements	\$1.25
Reclaimed water system	\$7.5

In addition to constructing the new facilities, the City will need to demolish the existing Conserv I percolation basins upon completion of the expansion program. The City plans to pursue a strategy on demolition that would minimize or eliminate capital expenditures. Portions of the existing plant may be reused as part of either the reclaimed water distribution system or the flow diversion system.

Conserv II Plant

The Conserv II Plant has the capacity to meet the City's needs well beyond the next twenty years. However, there are a number of processes and systems that will require upgrading or replacement due to their age and deteriorating condition. Improvements currently under construction include a new master pump station, influent flow equalization and a new electrical distribution system. Improvements are planned for reclaimed water pumping facilities and upgrades to several treatment processes. The City is planning a significant upgrade for biosolids treatment to prepare for compliance with future regulations. Current estimated costs for the proposed improvements to Conserv II are as follows:

Capital Costs Conserv II Plant (in millions)	
	Estimate
Biosolids Improvements	\$16.5
Process Improvements	\$12.95
Pump Upgrades	\$ 2.0

The citrus irrigation and RIB system (the effluent disposal solution) will require additional extensions to the distribution system and participant turnouts, as well as future RIB development. These improvements are required in order to expand the effluent disposal capacity of the system which serves the City's Conserv II Plant and the County's 30.5 MGD South Water Reclamation Facility. Since the RIB system is used to complement and expand

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the treatment capacity of the irrigation system, the development plan of the Distribution Center (a joint use facility of the City and the County) calls for the aggregate capacity of the two to exceed the 50 MGD design capacity of the distribution network. The ability to expand beyond the 50 MGD capacity of the distribution network (25 MGD each for the City and County) is primarily dependent upon the ability to expand the distribution network system and the irrigation and RIB capacity thereof. The City and Orange County will continue to work together and share in the cost to expand the effluent disposal capacity of the distribution system.

The City is developing a master plan for the expansion of the Water Conserv II Water Reuse System Project distribution system. The plan will focus on extending the system into adjoining areas that have a high irrigation demand. The plan is being coordinated with several other utility agencies in the area and is strongly endorsed by the Water Management districts.

Iron Bridge

As discussed earlier, the City has recently completed construction of modifications that allowed the biological nutrient removal facilities to be rerated to 40 MGD. Planned treatment process improvements include construction of covers for the chlorine contact tanks, flow equalization facilities and upgrade biosolids treatment facilities. Other capital improvements at Iron Bridge include renewal and replacement of equipment and electrical systems. Current estimated costs are as follows:

Capital Costs Iron Bridge Plant (in millions)	
	<u>Estimate*</u>
Equipment Replacement	\$1.2
Electrical Improvements	\$2.0
Wetlands Pump Station Expansion	\$2.7
Flow Equalization	\$6.5
Process Improvements	\$3.0

*Represents total cost to be shared with the Northerly Entity partners.

Collection System Improvements

The City has completed several service area evaluations to determine the ability of the Collection System to accommodate future growth. This process has identified a number of collection system projects over the next five years, which will be needed to meet projected capacity demands. In addition, existing collection sewers and pump stations approaching the end of their design service life have been evaluated for both structural and operational integrity. Estimated costs for both expansion and rehabilitation projects are as follows:

Capital Costs Collection System Improvements (in millions)	
	<u>Estimate</u>
Growth Related	\$ 5.0
Rehabilitation	\$ 49.4

Financing and Project Costs by Fiscal Year

Based on the recently completed Wastewater Rate Study, conducted by Raftelis Financial Consultants, and management's appraisal of the most likely circumstances, the City will seek \$10 million annually from State Revolving Fund (SRF) loans through fiscal year 2016 to assist in funding the wastewater capital program. To-date, the City has been awarded over \$90 million in SRF funds and drawn about \$55 million of that amount. The SRF program offers loans at an attractive rate (less than 3% interest), a payback period of up to 20 years and allows early repayment with no penalty. The City has refined its projection model and approach to capital planning to allow the

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City to maintain the appropriate levels of capacity availability and thus ensure the City's ability to meet the growth demands of the System. These projections are based on assumptions regarding participation in the projects by various other governmental entities, growth in the number of customers and the related revenue streams, a conservatively overstated development agenda and other assumptions which are all subject to future changes in circumstances. The City will continue to monitor its model, on at least a quarterly basis, to insure that initiatives are undertaken on a timely manner, which will allow the City to continue to meet its related growth requirements.

The following schedule includes, but is not limited to, the aforementioned estimated capital projects costs for the next five-year period. These values have been adjusted by deleting anticipated contributions from various partners such as Orange County, the Iron Bridge Partners, and developers so that only City costs are shown.

	<u>FY</u> <u>2011-2012</u>	<u>FY</u> <u>2012-2013</u>	<u>FY</u> <u>2013-2014</u>	<u>FY</u> <u>2014-2015</u>	<u>FY</u> <u>2015-2016</u>	<u>Total</u>
Treatment Plant Expansion	\$ -	\$ -	\$ 3.9	\$ 5.2	\$ -	\$ 9.1
Treatment Plant Improvements	5.5	4.5	1.8	4.6	12.0	28.4
Sewer Expansion	0.5	0.5	3.5	0.5	-	5.0
Sewer Improvements	15.5	13.0	9.5	8.4	6.5	52.9
Reclaimed Water Improvements	2.0	7.6	0.6	-	-	10.2
Total	<u>\$ 23.5</u>	<u>\$ 25.6</u>	<u>\$ 19.3</u>	<u>\$ 18.7</u>	<u>\$ 18.5</u>	<u>\$ 105.6</u>

CITY OF ORLANDO, FLORIDA

MANAGEMENT OF THE SYSTEM

The Mayor is the Chief Executive Officer with eight departments reporting to him (Business & Financial Services, Economic Development, Families, Parks & Recreation, Fire, Housing and Community Development, Orlando Venues, Police, and Public Works). He is assisted in the day-to-day oversight of city operations by the Chief Administrative Officer. Separately, under the Mayor's Chief of Staff, there are five offices (City Clerk, Communications & Neighborhood Relations, Community Affairs, Constituent Relations, and Intergovernmental Relations).

Mayor Buddy Dyer is a native of Central Florida, born in Orlando and raised in the nearby City of Kissimmee. Following graduation from high school, he was awarded a scholarship to Brown University where his studies were concentrated on civil engineering. Upon graduation, Mayor Dyer returned to Orlando to work as an environmental engineer, later enrolling in the University of Florida Law School, where he was named editor-in-chief of the University of Florida Law Review. Following graduation from law school, Mayor Dyer began his legal career with the Orlando law firm of Winderweedle, Haines, Ward & Woodman. Prior to becoming Mayor, Buddy Dyer served the Orlando area for ten years as State Senator in the Florida Legislature. Mayor Dyer was first elected in 2003 to fill an unexpired term and was subsequently re-elected to full four-year terms in 2004, 2008 and 2012.

On May 3, 2011 Mayor Dyer appointed Richard M. Howard, P.E., as the Director of the Public Works Department. Prior to assuming the role of Deputy Director, Mr. Howard served the City of Orlando as the City Engineer. He has both a Bachelors and Masters Degree in Civil Engineering and is a registered Professional Engineer in the State of Florida. Mr. Howard has practiced in this area for over 30 years. He began his career as a Structural Engineer in the space industry at Cape Canaveral. In 1984, Mr. Howard was recruited to Orlando by the Street Department to manage the City's Non-Point Source Pollution Control program. Since that time, he progressed to Bureau Chief and eventually to the position of City Engineer in 1993. In his capacity as City Engineer, he managed the operations of the Engineering Services Division comprised of the Engineering Division and the Streets and Stormwater Division. He represents the City on numerous boards and is active in many professional organizations. In 2008 Mayor Dyer appointed Rick to head the City of Orlando Economic Stimulus Working Group and represents the City in all issues involving Federal Stimulus dollars. He is also a member of the U.S. Conference of Mayors Stimulus Czars group.

Victor J. Godlewski, P.E., became the Wastewater Division Manager in October 2009. Prior to joining the City, Mr. Godlewski was involved in the planning, design, permitting, and construction of wastewater projects in central Florida for 26 years, including projects for the City of Orlando. Mr. Godlewski helped guide several municipally owned utilities through major capital projects. Mr. Godlewski holds both Bachelors and Masters Degree in Environmental Engineering and a Professional Certificate from the State of Florida. Mr. Godlewski's qualifications and experience will be of value as the City plans for the challenge of compliance with future regulations.

The City believes that the unique combination of the backgrounds of the Mayor, Public Works Director, and the Wastewater Division Manager forge a framework for the effective management of the System.

CITY OF ORLANDO, FLORIDA

Financial and Budgetary Support Systems

The Chief Financial Officer (CFO) is responsible for the oversight of the City's financial affairs. This includes the functions of accounting, accounts payable, accounts receivable, operating and capital budgeting, fleet management, facilities management, real estate management, financial forecasting, financial reporting, debt management, grants management, investment management, investor relations, payroll, pension management, purchasing, risk management, and technology management. In addition, the CFO provides counseling to various departments and business units and is an active participant in strategic planning activities.

The City has gained recognition for its Comprehensive Annual Financial Report. A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the City by the Government Finance Officers Association of the United States and Canada ("GFOA") for each Fiscal Year since 1978. The City was also an early participant in the GFOA's Distinguished Budget Presentation Awards program and received the budget award for its budget document for fiscal years 1984 through 1989. Due to perceived problems with consistency in the budget awards program at the time, the City elected to discontinue participation but maintain internally the high standards which had been recognized. In light of substantial changes to the program recently, the City resumed its participation beginning with its fiscal year 2004 Budget document. The City has been awarded the Distinguished Budget Presentation Award for each fiscal year since 2004.

Rebecca W. Sutton was appointed Chief Financial Officer on December 5, 2005. Before joining the City, she served the State of Florida as its Deputy Chief Financial Officer from September 2002 to December 2005; and as Deputy Secretary/CIO for the Department of Management Services from December 2001 to September 2002. Prior to her service with the State, Ms. Sutton worked for American Management Systems (AMS) implementing ERP-like system projects for large state and local governments. Before joining AMS, she served as the Controller for the City of Dallas and the Director of Finance for Carrollton, Texas. Ms. Sutton began her career as an auditor for state and local governments for a worldwide accounting firm. She holds a Bachelor of Business Administration from Texas Tech University and a Master of Business Administration from the University of Florida.

Christopher P. McCullion was appointed City Treasurer on September 8, 2008. Prior to his appointment, Mr. McCullion served as the Assistant Treasurer for the City of Orlando. He has served in various positions in municipal government since 2000 in the areas of operating and capital budgeting, investment management, debt management and economic development. He holds a Bachelor of Science in Business Administration, a Bachelor of Arts in Political Science, and a Master of Business Administration, all from the University of Florida.

*"Keeping people safe is our most important mission."
-Mayor Buddy Dyer*

A Safe City

**Orlando Police Department
(Non-Emergency) 321.235.5300**

**Orlando Fire Department
(Non-Emergency) 321.235.5200**



- The Orlando Police Department engineered the most dramatic reduction in crime in city history, lowering violent crime by more than 40% in Orlando.
- Orlando has more police officers per thousand residents than every other major City in Florida. At the same time, Orlando also has steadily reduced its number of overall employees.
- The Orlando Fire Department (OFD) is rated in the top 1/10 of 1% of fire departments in the entire country, out of more than 50,000 fire departments.
- OFD's rate for saving the lives of people who are experiencing cardiac arrest is four times the national average.



CITY OF ORLANDO, FLORIDA

**PARKING SYSTEM FUND
BOND DISCLOSURE SUPPLEMENT**

**SUMMARY INFORMATION
For the year ended September 30, 2011**

Individual Bond Issues:	<u>Outstanding</u>	<u>Ratings (1)</u>	<u>Insurance Provider</u>	<u>Paying Agent</u>	<u>Final Maturity</u>	
Fixed Rate:						
Parking Facilities		Moody's	Aa3	FSA	U. S. Bank	10/1/2012
Revenue Bonds, Series 2004	<u>\$ 3,770,000</u>	S&P Fitch	A A+			
Debt Service Reserve Fund:	<u>\$ 1,411,114</u>					

Revenue Pledge:

Primary:

Gross Revenues of the Parking System after deducting 100% of the cost of operations and maintenance and adding net Enforcement Revenues.

Secondary:

Occupational License Tax revenues - \$1,500,000 each fiscal year.

Internal Loan Fund Loan:	<u>\$ 24,698,357</u>	N/A	N/A	N/A	2025
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- 1) Does not reflect ratings obtained through the use of municipal bond insurance.

CITY OF ORLANDO, FLORIDA

PARKING SYSTEM FUND INTRODUCTION

The City began its parking operations pursuant to a 1949 Special Act of the Florida Legislature. Prior to 1980, the City was primarily involved with acquiring land for off-street surface parking, as well as managing a number of on-street spaces within the approximately 1,400 acre Parking District. During this period, the City's parking operations were managed by the Orlando Parking Advisory Commission (the "Commission") which was appointed by the City Council.

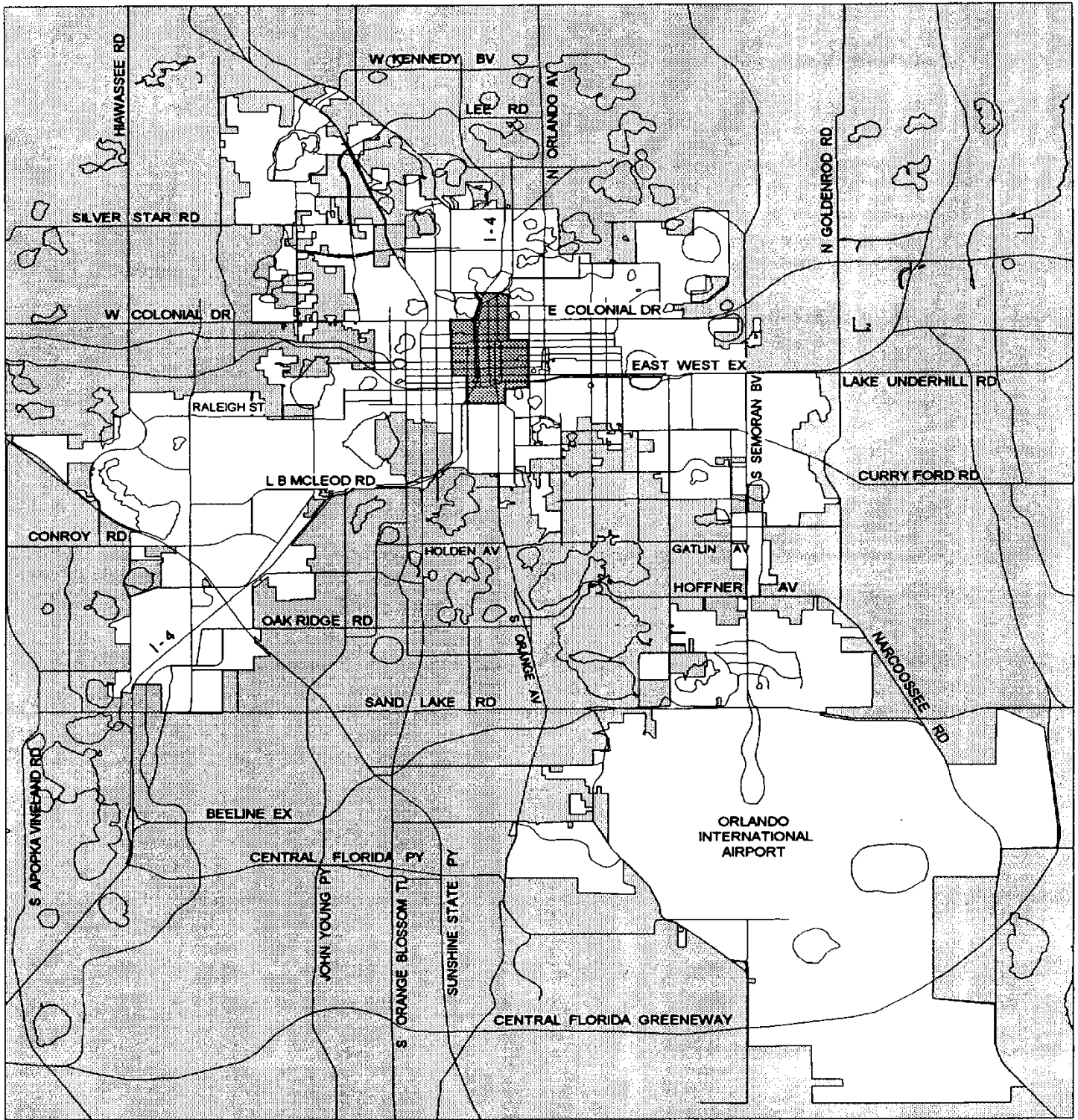
The Commission was abolished during the 1981-1982 fiscal year and management of the City's parking operations was transferred to the Parking Systems Section of the Transportation Engineering Bureau of the City, a unit within the City's Department of Public Works. The Parking System quickly began planning for the development of structured parking and raising rates to a level that would support the new facilities. In another change to enhance the financial health of the System, enforcement revenues related to the System were dedicated to the Parking System Fund. The Central Boulevard Garage, opened in May 1984, was the City's first parking structure. In July 2005, the City formed the Transportation Department and moved the Parking Division into this newly created department. The Transportation Department was eliminated during a reorganization in FY 2010, and the Parking Division was moved back into the Public Works Department.

The following schedule summarizes the changes in the types and number of units that have occurred within the Parking System during the period between 1980 and 2011:



	<u>2011</u>	<u>1980</u>
On-Street	1,074	1,110
Surface Parking	145	2,556
Garage Structures	<u>4,791</u>	<u>-</u>
Total	6,010	3,666

Description of Parking District

The Parking System serves the City's Parking District. The maps shown on pages C-3 and C-4 depict (a) the parameters of the Parking District within the 110 square miles of the City, and (b) the location within the Parking District of the surface lots and parking garages that make up the Parking System as well as some of the surface lots and parking garages which are a part of the City Units.



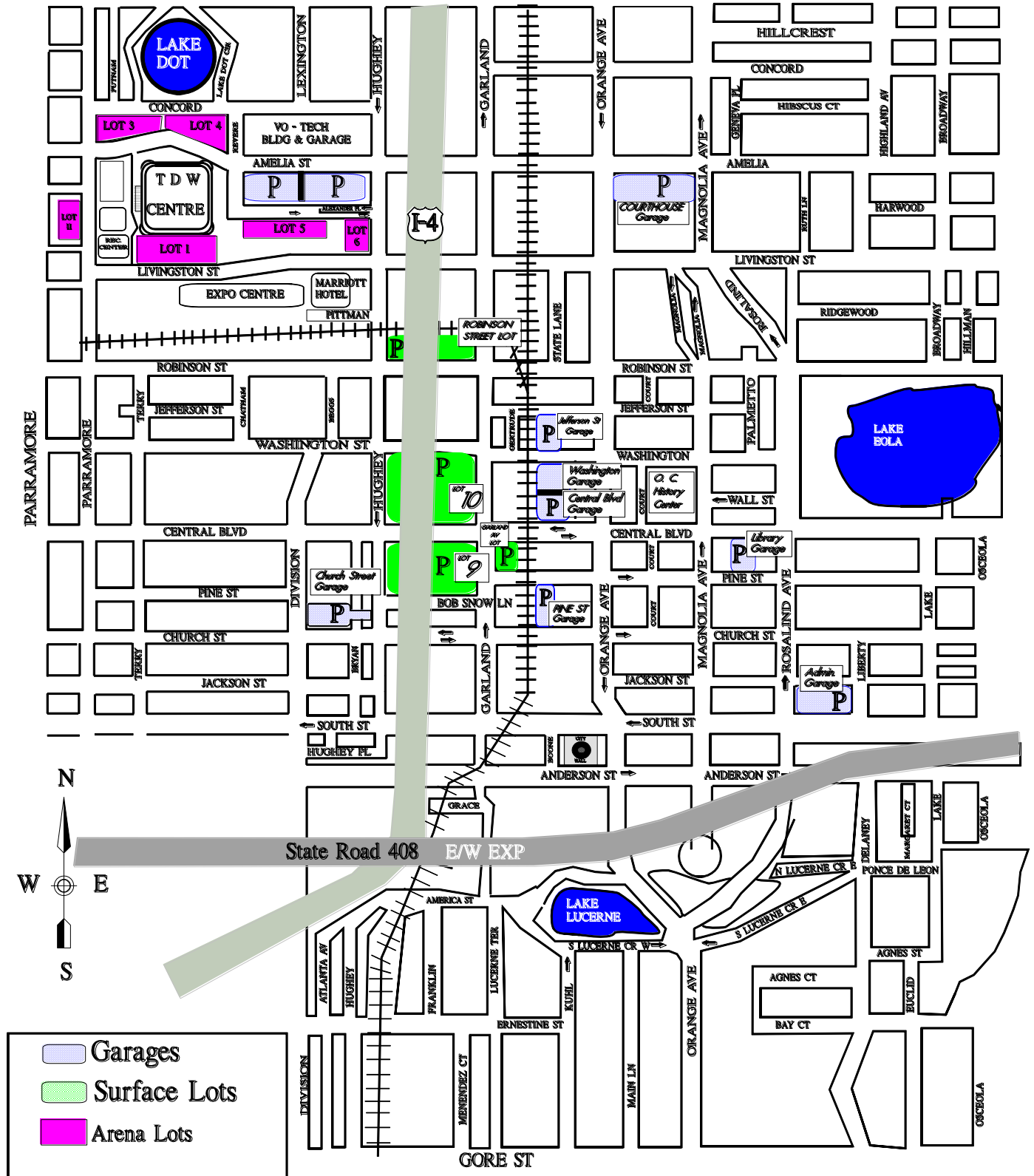
City of Orlando
Downtown Bonding District (Parking) Boundaries
 Prepared by GIS Base Mapping Program - February 15, 1995
 Department of Public Works

-  Bonding District
-  Orange County



CITY OF ORLANDO

PARKING DIVISION



CITY OF ORLANDO, FLORIDA

Operation of Non-System Units and City Units.

In light of restrictions placed historically on the use of parking structures financed with the proceeds of tax-exempt bonds, the Parking Division has entered into a number of user right agreements ("Parking Agreements") which allow private sector businesses to contribute a proportionate share of the capital costs and thereby acquire use rights related to parking spaces within the Parking Facilities (see Non-System Units on page C-16). The Parking Division has entered into such Parking Agreements both with private sector and other public entities and anticipates the addition of more such Non-System Units within the Parking Facilities. The Parking Division plans, manages and directs the operation of all such Non-System Units and the City Units.

The Venues parking garage units are Transportation Grant Funded Units and revenues from these units are not considered Gross Revenues of the Parking System, other than the contract for operating expenses described in the previous sentence. All charges to patrons of events within the Venues Facilities for parking in the Transportation Grant Funded Units are retained wholly to support mass transit operations of the City.

Downtown Transit System.

The LYMMO is a no-fee circulator that is subsidized by the City. Operating subsidies are provided annually from contributions by the Community Redevelopment Agency (CRA) and from the Downtown Transit Fund. To the extent that the Parking System will be used as a funding source for the system, the Senior Bond Ordinance relegates any such payment obligation to a subordinate lien status. See "Summary of Historical Debt Service Coverages" herein. Any payments to the LYMMO System will be made from Net Revenues after all monthly funding obligations with respect to the Bonds and any junior lien bonds have been fully satisfied. During 2010-2011, the related operating subsidy to the LYMMO system was \$644,073 from the CRA Downtown District and \$616,222 from the Downtown Transit Fund

OUTSTANDING INDEBTEDNESS

As of September 30, 2011, the Parking System had one outstanding bond issue and four outstanding internal loans.

The Series 2004 Bonds were issued to refund the Parking System's Series 1994 Bonds. The Series 2004 Bonds are not callable prior to maturity. The debt service schedule for the Series 2004 Bonds is shown in the table below.

PARKING FACILITIES REFUNDING REVENUE BONDS - SERIES 2004 STATEMENT OF BONDED DEBT AND INTEREST SEPTEMBER 30, 2011

Year Ending 30-Sep	Interest Rate - %	Interest		Principal	Total Debt
		Due October 1	Due April 1	Due October 1	Service
2012	3-4.00 (1)	65,107	33,531	1,855,000	1,953,638
2013	3.125-4(2)	33,531	-	1,915,000	1,948,531
		<u>\$ 98,638</u>	<u>\$ 33,531</u>	<u>\$ 3,770,000</u>	<u>\$ 3,902,169</u>

(1) \$1,105,000 at 3% interest and \$750,000 at 4% interest.

(2) \$1,090,000 at 3.125% interest and \$825,000 at 4% interest.

Parking System Internal Loan Fund – The City internal loans provide for the Parking System's share in the original and expanded Courthouse (\$4,536,500 and \$6,000,000) and County Administration (\$5,500,000) garages, respectively.

CITY OF ORLANDO, FLORIDA

On February 7, 2006, the City borrowed and loaned the Parking System Fund \$21,200,000 to finance the construction of the 1,045 space Jefferson Street Garage. The garage was opened to the public in July 2007.

PARKING SYSTEM REVENUES

Establishment of Parking Rates

Chapter 39 of the City Code grants the Parking Division Manager, subject to the approval of the City Council, the power to fix, alter, charge and collect rates and other charges for the Parking Facilities for the purposes of construction, improvement, repair, maintenance and operation of the Parking Facilities and payment of the principal of and interest on its obligations.

The rates set by the Parking Division Manager are determined by taking into consideration parking demand, financial requirements of the Parking Division, rates set by any competing facilities, and with respect to the Parking System, the rate covenant under the Senior Bond Ordinance.

Enforcement of Parking Fines

The Parking Division has adopted an assertive policy with respect to the enforcement and collection of penalties for non-payment of parking fines. The Parking Division employs in-house enforcement personnel who patrol the parking meters and off-street lots on a daily basis. Tickets for basic parking fines range from \$15 to \$30. These fines, if not paid in the specified time frame, increase in accordance with the schedule depicted on page C-8 hereof. In addition, the Parking Division utilizes several approaches, including the "Denver Boot" to immobilize automobiles and the denial of state license tags, to collect three or more unpaid parking fines. The Parking Division has also utilized in-state and out-of-state collection agencies to collect any outstanding fines.

All on-street meters are enforced six days a week (Monday – Saturday) from 8:00 a.m. to 6:00 p.m., while the off-street lots are enforced twenty-four hours a day, seven days a week.

PARKING RATES
As of September 30, 2011

	D A I L Y					MONTHLY PERMIT		OTHER
	Hourly	Early Bird (1)	Diner's Special	Evening Rate	Daily Maximum	Monthly Limited	Monthly Unlimited	Event Fee (2)
GARAGES								
Central Boulevard (3)	\$ 2.00	\$ 8.00	6.00 (4)	\$ 10.00 (5)	\$ 15.00	110.00	165.00	\$ 10.00
Church Street (3)	2.00	8.00	6.00 (4)	10.00 (5)	10.00	55.00	82.50	10.00
Library (3)	2.00	8.00	6.00 (4)	10.00 (5)	15.00	110.00	165.00	10.00
Administration (3)	2.00	8.00	6.00 (4)	10.00 (5)	15.00	110.00	165.00	10.00
Courthouse & Courthouse Expansion (3)	2.00	8.00	6.00 (4)	10.00 (5)	15.00	110.00	165.00	10.00
Jefferson Street Garage	2.00	8.00	6.00 (4)	10.00 (5)	15.00	110.00	165.00	10.00
55 West Garage (3)	2.00	8.00	6.00 (4)	10.00 (5)	15.00	110.00	165.00	10.00
METER RATES ON STREET								
Low Demand	1.00	-		-	N/A		-	-
High Demand	1.00	-		-	N/A		-	-
Low Demand (bagging)	-	-		-	15.00 (6)		-	-
High Demand (bagging)	-	-		-	15.00 (6)		-	-
METER RATES OFF-STREET								
Lot #9	1.00	-		-	N/A	-	-	-
Lot #10	1.00	-		-	N/A	-	-	-
Garland Lot	2.00				N/A			
PARKING PERMITS								
Lot #10	-	-		-	-	80.00	120.00	10.00
Garland Lot	-	-		-	-	100.00	150.00	10.00
PRIVATE GARAGES								
Citrus Center	3.00	-		-	15.00	Tenants Only	-	5.00
Sun Trust	4.00	-		-	17.00	150.00/180.00	-	6.00
Capital Plaza	2.00	-		-	15.00	Tenants Only	-	5.00
The Plaza	4.00	-		-	20.00	150.00/180.00	-	10.00
Dynatech	5.00	-		-	25.00	Up to 250.00	-	6.00

(1) Before 7:00 a.m.

(2) Flat fee

(3) Attended facility

(4) Diner's Special 5:00 pm to 10:00 pm. For Library Garage, Sunday, Monday, and Tuesday, rate is \$5

(5) Flat fee after 10:00 p.m.

(6) Meter bagging

CITY OF ORLANDO, FLORIDA

PARKING FINES As of September 30, 2011

<u>VIOLATIONS</u>	<u>FINE (1)</u>	<u>DELINQUENT FEE(2)</u>
Overtime	\$ 15.00	\$15.00
No Parking	\$ 30.00	\$15.00
Fire Hydrant	\$ 30.00	\$15.00
Permit Area	\$ 30.00	\$15.00
Handicap	\$250.00	\$15.00
Boot Fee	\$100.00	N/A

(1) A \$7.00 surcharge is placed on fines by State Statute to cover cost of the City's School Crossing Guard Programs.

(2) Delinquent fee represents additional payment due after 14 calendar days from date of ticket.

SECONDARY REVENUE PLEDGE

Local Business Tax (formerly Occupational License Tax) Revenues

The Local Business Tax authorized by Chapters 166 and 205, Florida Statutes, is comprised of the proceeds of the tax levied and collected by the City pursuant to Sections 205.033 and 205.043, Florida Statutes and Chapter 36 of the City Code, as amended and supplemented, imposing, levying and collecting the Local Business Tax upon every person exercising the privilege of engaging in or managing any business, profession or occupation within its jurisdiction, subject to certain statutory exemptions. "Person" is defined as any individual, firm, partnership, joint venture syndicate, or other group or combination acting as a unit, association, corporation, estate, trust, business trust, trustee, executor, administrator, receiver, or other fiduciary. Rates for the Local Business Tax are established by the action of the Mayor and the City Council. Under Chapter 36 of the City Code, each business is classified by occupation or profession and must pay a levy based upon this classification at amounts less than or equal to the ceiling imposed by the Florida Legislature.

Collection of the Local Business Tax is based on an invoice delivered by the City to the taxpayer. The levy of the Local Business Tax begins on September 1 of each fiscal year and such taxes are due and payable at that time. The Local Business Tax becomes delinquent if left unpaid after October 1 of each fiscal year. Delinquent penalties are assessed as follows: 10% of the tax accruing on October 1 with an additional 5% per month accrued thereafter until January 1. The maximum penalty is 25% of the initial levy. The following is a schedule of Local Business Tax revenues collected during the last five fiscal years ending September 30:

LOCAL BUSINESS TAX COLLECTION RECORD

<u>Fiscal Year</u>	<u>Amount</u>
<u>Ended September 30</u>	<u>Collected</u>
2007	\$7,538,794
2008	\$7,705,923
2009	\$7,664,912
2010	\$7,792,942
2011	\$7,528,479

The City has a limited, secondary commitment of \$1,500,000 from Local Business Tax receipts that can be released if the Parking System Revenues exceed 150% of the debt service coverage for two consecutive fiscal years. However, the release will not occur unless the City receives written confirmation from the ratings agencies that such release will not result in a downgrade or withdrawal of their respective ratings.

CITY OF ORLANDO, FLORIDA

STATEMENT OF NET ASSETS PARKING SYSTEM FUND

	2007	2008	2009	2010	2011
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 13,345,014	\$ 12,377,901	\$ 12,560,034	\$ 12,233,509	\$ 9,479,046
Accounts Receivable (Net)	163,819	153,536	42,078	223,927	85,354
Due From Other Governments	214,779	190,636	172,571	454,686	174,979
Prepaid Items	-	-	-	-	-
Total Current Assets	<u>13,723,612</u>	<u>12,722,073</u>	<u>12,774,683</u>	<u>12,912,122</u>	<u>9,739,379</u>
Non-Current Assets:					
Restricted:					
Cash and Cash Equivalents	6,827,000	6,243,667	6,920,846	7,505,422	5,858,334
Investments	1,332,959	1,385,539	1,409,873	1,411,044	1,411,113
Capital Assets:					
Land	18,282,038	18,282,038	18,282,038	18,282,038	18,282,038
Buildings	87,629,889	87,629,889	87,629,889	87,629,889	90,556,468
Improvements Other Than Buildings	2,943,028	2,943,028	2,943,028	2,943,028	2,943,028
Equipment	1,579,118	1,691,986	1,629,539	1,600,300	1,592,952
Less Accumulated Depreciation	(43,725,320)	(46,686,423)	(49,519,819)	(52,304,780)	(55,984,181)
Construction in Process	-	-	-	420,911	-
Unamortized Bond Costs	114,982	77,305	46,794	23,615	7,954
Total Non-Current Assets	<u>74,983,694</u>	<u>71,567,029</u>	<u>69,342,188</u>	<u>67,511,467</u>	<u>64,667,706</u>
Total Assets	<u>88,707,306</u>	<u>84,289,102</u>	<u>82,116,871</u>	<u>80,423,589</u>	<u>74,407,085</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,114,982	484,792	452,197	788,407	621,100
Accrued Liabilities	45,389	68,361	169,491	108,070	92,719
Accrued Interest Payable	156,730	131,605	110,043	88,862	65,106
Compensated Absences	14,840	17,310	20,588	21,557	23,395
Advance Payments	68,143	56,840	58,692	65,202	288,247
Current Portion of Loans Payable	1,417,113	1,511,911	1,584,145	1,658,985	1,701,613
Current Portion of Bonds Payable	1,675,000	1,725,000	1,765,000	1,810,000	1,855,000
Total Current Liabilities	<u>4,492,197</u>	<u>3,995,819</u>	<u>4,160,156</u>	<u>4,541,083</u>	<u>4,647,180</u>
Non-Current Liabilities:					
Compensated Absences	170,659	199,069	236,757	247,904	269,044
Loans from Other Funds	30,403,398	27,941,487	26,357,342	24,698,357	22,996,744
Bonds Payable After One Year	9,016,810	7,309,239	5,558,353	3,759,076	1,911,320
Total Non-Current Liabilities	<u>39,590,867</u>	<u>35,449,795</u>	<u>32,152,452</u>	<u>28,705,337</u>	<u>25,177,108</u>
Total Liabilities	<u>44,083,064</u>	<u>39,445,614</u>	<u>36,312,608</u>	<u>33,246,420</u>	<u>29,824,288</u>
NET ASSETS					
Invested in Capital Assets, net of related debt	26,946,170	28,121,025	28,901,534	29,958,699	30,344,695
Restricted:					
Renewal and Replacement	2,361,630	2,414,565	2,890,991	5,626,350	3,330,435
Debt Service	-	-	-	2,442,894	2,527,899
Unrestricted	15,316,442	14,307,898	14,011,738	11,592,120	8,379,768
Total Net Assets	<u>\$44,624,242</u>	<u>\$44,843,488</u>	<u>\$45,804,263</u>	<u>\$49,620,063</u>	<u>\$44,582,797</u>

CITY OF ORLANDO, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PARKING SYSTEM FUND

	2007	2008	2009	2010	2011
Operating Revenues					
User Charges	\$ 4,952,344	\$ 5,016,049	\$ 5,701,385	\$ 5,646,141	\$ 5,046,359
Fees	5,513,395	5,539,215	7,045,106	7,550,648	6,881,684
Parking Fines	1,665,795	1,943,522	2,001,647	2,235,999	2,074,581
Other	267,812	392,923	105,006	131,922	152,717
Total Operating Revenues	<u>12,399,346</u>	<u>12,891,709</u>	<u>14,853,144</u>	<u>15,564,710</u>	<u>14,155,341</u>
Operating Expenses					
Salaries, Wages and Employee Benefits	3,099,083	4,159,626	4,748,760	4,753,750	5,534,306
Contractual Services, Materials and Supplies	4,693,718	5,380,800	4,958,767	5,334,044	4,041,346
Depreciation Expense	2,611,679	2,969,688	2,897,487	2,814,199	3,695,019
Insurance and Other Expenses	2,182,765	2,059,175	2,194,839	2,153,682	2,993,195
Total Operating Expenses	<u>12,587,245</u>	<u>14,569,289</u>	<u>14,799,853</u>	<u>15,055,675</u>	<u>16,263,866</u>
Operating Income (Loss)	<u>(187,899)</u>	<u>(1,677,580)</u>	<u>53,291</u>	<u>509,035</u>	<u>(2,108,525)</u>
Non-Operating Revenues (Expenses)					
Income on Investments	1,251,043	449,374	1,868,223	1,440,364	236,532
Interest Expense	(998,791)	(1,661,524)	(1,221,400)	(1,185,243)	(1,243,758)
Gain (Loss) on Sale of Capital Assets	-	-	5,211	-	-
Total Non-Operating Revenues (Expenses)	<u>252,252</u>	<u>(1,212,150)</u>	<u>652,034</u>	<u>255,121</u>	<u>(1,007,226)</u>
Income (Loss) Before Transfers	<u>64,353</u>	<u>(2,889,730)</u>	<u>705,325</u>	<u>764,156</u>	<u>(3,115,751)</u>
Transfers					
Transfers In	2,670,891	5,541,976	1,755,450	2,131,444	2,144,073
Transfers (Out)	(1,500,000)	(2,433,000)	(1,500,000)	(1,522,694)	(1,622,694)
Total Transfers	<u>1,170,891</u>	<u>3,108,976</u>	<u>255,450</u>	<u>608,750</u>	<u>521,379</u>
Change in Net Assets	1,235,244	219,246	960,775	1,372,906	(2,594,372)
Net Assets - Beginning	<u>43,388,998</u>	<u>44,624,242</u>	<u>44,843,488</u>	<u>45,804,263</u>	<u>47,177,169</u>
Net Assets - Ending	<u>\$44,624,242</u>	<u>\$44,843,488</u>	<u>\$45,804,263</u>	<u>\$47,177,169</u>	<u>\$44,582,797</u>

CITY OF ORLANDO, FLORIDA

Summary of Historical Debt Service Coverages Parking System Fund, As of September 30:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
User Charges	\$ 4,952,344	\$ 5,016,049	\$ 5,701,385	\$ 5,646,141	\$ 5,046,359
Fees	5,513,395	5,539,215	7,045,106	7,550,648	6,881,684
Less: Non-System Units	(531,998)	(520,578)	(789,351)	(937,639)	(760,196)
Less: Non-System Units-Surface Parking (1)	(582,402)	(656,145)	(728,049)	(681,733)	-
Less: Orlando Venues Garage Revenues	(1,598,610)	(1,504,496)	(2,103,654)	(1,732,051)	(533,306)
Other Revenues	267,812	392,923	105,006	131,922	152,717
Sub-Total	<u>8,020,541</u>	<u>8,266,968</u>	<u>9,230,443</u>	<u>9,977,288</u>	<u>10,787,258</u>
Enforcement:					
Revenues	1,665,795	1,943,522	2,001,647	2,235,999	2,074,581
Expenses	(679,045)	(648,502)	(814,254)	(902,595)	(845,969)
Net Enforcement Revenues	<u>986,750</u>	<u>1,295,020</u>	<u>1,187,393</u>	<u>1,333,404</u>	<u>1,228,612</u>
Total Revenues	<u>9,007,291</u>	<u>9,561,988</u>	<u>10,417,836</u>	<u>11,310,692</u>	<u>12,015,870</u>
Expenses:					
Operating Expenses	11,908,200	13,920,787	13,985,599	14,153,080	15,417,897
Less: Depreciation	(2,611,679)	(2,969,688)	(2,897,487)	(2,814,199)	(3,695,019)
Less: Non-System Units	(531,998)	(520,578)	(789,351)	(937,639)	(760,196)
Less: Non-System Units-Surface Parking (1)	(582,402)	(656,145)	(728,049)	(681,733)	-
Less: Orlando Venues Garage Expenses	(760,763)	(966,954)	(805,783)	(750,895)	(919,695)
Less: Transit Payment	<u>(1,232,706)</u>	<u>(1,269,818)</u>	<u>(1,299,084)</u>	<u>(1,207,784)</u>	<u>(1,265,577)</u>
Total	<u>6,188,652</u>	<u>7,537,604</u>	<u>7,465,845</u>	<u>7,760,830</u>	<u>8,777,410</u>
Non-Operating Revenues (Expenses):					
Net Operating Transfers In (Out) (2)	-	-	-	(22,694)	(122,694)
Income on Investment	<u>1,220,139</u>	<u>437,979</u>	<u>1,756,226</u>	<u>1,341,511</u>	<u>202,222</u>
Total Non-Operating Revenues	<u>1,220,139</u>	<u>437,979</u>	<u>1,756,226</u>	<u>1,318,817</u>	<u>79,528</u>
Total Revenues from Operations	4,038,778	2,462,363	4,708,217	4,868,679	3,317,988
Secondary Revenue Pledge (3)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total Available for Debt Service	<u>\$ 5,538,778</u>	<u>\$ 3,962,363</u>	<u>\$ 6,208,217</u>	<u>\$ 6,368,679</u>	<u>\$ 4,817,988</u>
Debt Service:					
Bonds/ Senior Lien	\$ 1,953,460	\$ 1,938,210	\$ 1,945,085	\$ 1,942,725	\$ 1,940,213
Banking Fund Loan	<u>1,730,768</u>	<u>2,797,996</u>	<u>2,499,111</u>	<u>2,580,940</u>	<u>2,765,287</u>
Total Debt Service	<u>\$ 3,684,228</u>	<u>\$ 4,736,206</u>	<u>\$ 4,444,196</u>	<u>\$ 4,523,665</u>	<u>\$ 4,705,500</u>
Debt Service coverage from Operations					
On the Senior Lien Obligation:					
Test	135 %	135 %	135 %	135 %	135 %
Actual	207 %	127 % (4)	242 %	251 %	171 %
Including Secondary Revenue:					
Test	135 %	135 %	135 %	135 %	135 %
Actual	284 %	204 %	319 %	328 %	248 %

(1) Represents surface parking revenue/ expense reimbursements for lots managed by the Parking System Division on behalf of the Orlando Venues Garage facilities.

(2) Net of CRA contribution to support the Orlando Venues Garage Operation.

(3) Represents Occupational License Tax revenue

(4) Pursuant to the bond covenants, a system-wide analysis was conducted by an independent qualified consultant.

Parking rates were increased by the City Council in December, 2008.

CITY OF ORLANDO, FLORIDA

STATEMENT OF CASH FLOWS PARKING SYSTEM FUND

	<u>2007</u>	<u>2008</u>	<u>September 30 2009</u>	<u>2010</u>	<u>2011</u>
Increase (Decrease) in Cash and Cash Equivalents:					
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 12,674,016	\$ 12,714,784	\$ 14,984,519	\$ 15,107,256	\$ 14,796,666
Payments to Suppliers	(6,515,063)	(6,914,881)	(6,650,625)	(6,465,966)	(6,353,213)
Payments to Employees	(2,272,906)	(2,544,799)	(2,757,530)	(2,948,781)	(3,227,965)
Payments to Internal Service Funds and Administrative Fees	(2,535,344)	(2,478,534)	(2,354,199)	(2,516,645)	(3,131,688)
Net Cash Provided by (Used in) Operating Activities	<u>1,350,703</u>	<u>776,570</u>	<u>3,222,165</u>	<u>3,175,864</u>	<u>2,083,800</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In	2,670,891	5,541,976	1,755,450	2,131,444	2,144,073
Transfers (Out)	(1,500,000)	(2,433,000)	(1,500,000)	(1,522,694)	(1,622,694)
Net Cash Flows Provided by (Used in) Noncapital Financing Activities	<u>1,170,891</u>	<u>3,108,976</u>	<u>255,450</u>	<u>608,750</u>	<u>521,379</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Bonds, Loans and Advances	-	-	-	-	-
Additions to Capital Assets	(13,108,648)	(121,453)	(1,644)	(420,910)	(2,513,937)
Principal Paid on Bonds, Interfund Loans, Loans and Leases	(2,104,591)	(4,042,113)	(3,236,911)	(3,349,145)	(3,468,985)
Payments (held in) released from Escrow by Fiscal Agent	-	-	-	-	-
Interest Paid on Bonds, Interfund Loans, Loans and Leases	(994,541)	(1,669,220)	(1,228,848)	(1,195,701)	(1,260,270)
Bond Issuance Cost Paid	-	-	-	-	-
Proceeds from Sale of Property, Plant and Equipment	-	-	5,211	-	-
Net Cash Flows from Capital and Related Financing Activities	<u>(16,207,780)</u>	<u>(5,832,786)</u>	<u>(4,462,192)</u>	<u>(4,965,756)</u>	<u>(7,243,192)</u>
Cash Flows from Investing Activities:					
Purchases of Investments	(2,907,954)	(5,370,875)	(1,401,911)	(1,001,874)	(999,952)
Proceeds from Sales and Maturities of Investments	3,102,380	5,318,295	1,377,577	1,000,703	999,882
Interest on Investments	1,251,043	449,374	1,868,223	1,440,364	236,532
Net Cash Flows Provided by Investing Activities	<u>1,445,469</u>	<u>396,794</u>	<u>1,843,889</u>	<u>1,439,193</u>	<u>236,462</u>
Net Change in Cash and Cash Equivalents	(12,240,717)	(1,550,446)	859,312	258,051	(4,401,551)
Cash and Cash Equivalents at Beginning of Year	<u>32,412,731</u>	<u>20,172,014</u>	<u>18,621,568</u>	<u>19,480,880</u>	<u>19,738,931</u>
Cash and Cash Equivalents at End of Year	<u>\$ 20,172,014</u>	<u>\$ 18,621,568</u>	<u>\$ 19,480,880</u>	<u>\$ 19,738,931</u>	<u>\$ 15,337,380</u>
Classified As:					
Current Assets	\$ 13,345,014	\$ 12,377,901	\$ 12,560,034	\$ 12,233,509	\$ 9,479,046
Restricted Assets	6,827,000	6,243,667	6,920,846	7,505,422	5,858,334
Totals	<u>\$ 20,172,014</u>	<u>\$ 18,621,568</u>	<u>\$ 19,480,880</u>	<u>\$ 19,738,931</u>	<u>\$ 15,337,380</u>

CITY OF ORLANDO, FLORIDA

THE PARKING SYSTEM

The Parking Facilities have a dominant position in the overall parking scheme of the City. The Parking Division controls, sets and collects rates for approximately 8,015 parking spaces in the downtown area (6,010 Parking System Units, 869 Non-System Units and 1,136 Transportation Grant Funded Units). While there are private facilities which service the Downtown area, the Parking Facilities comprise approximately 60% of the available parking spaces within the Downtown area. In addition, the rates within the Parking System are, and traditionally have been, lower than the rates charged by private operators.

Existing Facilities

The following schedule reflects the existing parking structures, surface lots and on-street metered spaces which are part of the Parking System, the Non-System Units and the City Units (including Transportation Grant Funded Units) along with certain pertinent information with respect to such facilities:

Total Units	Date Opened	Construction Costs	Parking System	Non- System Units	City Units (1)	Total Units
Garage Structures:						
Central Blvd. Garage	May-84	\$ 4,697,528	606	-	-	606
Washington Street Garage	Oct-87	4,647,779	279	225	-	504
Orlando Venues I	Oct-87	3,615,197	-	-	603	603
Church Street Garage	Oct-89	11,556,532	602	420	-	1,022
Library Garage	Jul-91	6,391,348	481	101	-	582
Orlando Venues II	Jul-91	5,955,415	-	-	513	513
Admin. Center Garage	Jun-97	10,916,248	257	600	-	857
Courthouse Garage	Sep-97	5,536,500	480	250	-	730
Courthouse Garage-Expansion	Aug-03	7,188,359	561	150	-	711
Jefferson Street Garage	Jul-07	21,082,829	1,045	-	-	1,045
55 West Garage	Feb-09	21,723,000	480	632	-	1,112
Sub-Total		103,310,735	4,791	2,378	1,116	8,285
Surface Lots:						
#9	Nov-61	\$ 570,046	-	360	-	360
#10	Nov-61	570,046	-	485	-	485
Garland Lot	Sep-00	74,214	145	-	-	145
Robinson Street	Sep-90	106,000	-	24	-	24
Sub-Total		1,320,306	145	869	-	1,014
On-Street Metered Spaces:			-	1,074	-	1,074
GRAND TOTAL		\$ 104,631,041	6,010	3,247	1,116	10,373

(1) The City Units include Orlando Venues I and Orlando Venues II which are Transportation Grant Funded Units. The balance of the City Units are used primarily for employee parking and event parking.

CITY OF ORLANDO, FLORIDA

The following is a brief description of the garage structures and the surface lots that comprise the Parking System:

Garage Structures

Central Boulevard Garage - The Central Boulevard Garage is located near the intersection of Orange Avenue and Central Boulevard and was opened in 1984. This facility consists of six-levels containing 606 parking spaces, approximately 2,500 square feet of retail spaces and over 10,200 square feet of office space housing the Parking Division's offices and the Computer Signal System Center. This cast-in-place post-tension structure features two glass-enclosed elevators with open stairwells. Gate attendants are assisted by revenue control equipment to handle ingress/egress to/from the facility. The facility was built in the center of downtown and mainly handles monthly, as well as transient, parkers of the surrounding areas.

Church Street Garage - The Church Street Garage is located at the corner of Church Street and Hughey Avenue and is adjacent to the Orlando Police Department Headquarters. Six store fronts on Church Street house office space, retail area and a restaurant. This facility provides parking support for long-term office space leases in the downtown area, as well as short-term parking needs. Of the total 1,022 spaces, 602 are part of the Parking System and 420 are reserved as Non-System Units for the Orlando Police Department for employees and police vehicles.

Library Garage - The Library Garage is located on Central Boulevard across from the Orange County Public Library and was built on land acquired as a result of a land swap among three parties, including Orange County. Orange County's land was exchanged for 89 Non-System Units in the Library Garage. This facility is a seven-level structure which houses four small retail shops and 582 parking spaces, many of which are devoted to short-term parking for the library patrons and 101 of which are Non-System Units.

Washington Street Garage - The Washington Street Garage is located near the intersection of Orange Avenue and Washington Street and opened in 1987. This is a six level facility containing a total of 504 spaces. This facility provides parking support for long-term office space leases in the downtown area. The 504 spaces consist of 225 Non-System Units and 279 Parking System units.

Administration Center Garage - The Administration Center Garage is located at the corner of South Street and Rosalind Avenue and was opened in June 1997. This is a six level facility which contains a total of 857 spaces with ingress off Liberty Avenue and egress on Jackson Street. There are 600 Non-Systems Units and the remaining 257 spaces are Parking System Units. This facility also houses the Orange County Tax Collectors Office.

Courthouse Garage - The Courthouse Garage is located adjacent to the Orange County Courthouse. This seven level facility was opened in September 1997 and has 730 spaces of which 250 are Non-System Units. This facility supports all visitor parking (short-term) to the County Courthouse.

Courthouse Garage Expansion - The expansion of the Courthouse Garage added an additional 711 spaces of which 150 are Non-System Units. This expansion was needed to meet the parking demand created by the growth of the Orange County Courthouse. This facility opened in August of 2003.

Jefferson Street Garage - The Jefferson Street Garage is an 8-level, 1,045-space garage completed in July, 2007. This garage helps satisfy the growing demand from the Orange Avenue businesses. The Jefferson Street Garage recently won a design award at the 2007 Florida Parking Association conference.

55 West Garage - The 55 West Garage was part of an incentive agreement where the 55 West project involved the redevelopment of the Church Street Market project located between Orange Avenue and the CSX railroad. The development included approximately 400 residential condominium units and 105,000 sq. ft. of retail space and replaced the City's 380 Pine Street garage as part of a 1,112-space parking structure; 868 are maintained by the City. The agreement provided for the Developer (a) to replace the Parking system's 380-space

CITY OF ORLANDO, FLORIDA

garage at no cost to the City, and to pay an interim rent during construction replacing the monthly net income to the System, and after construction to pay a \$50,000 annual lease payment for the air rights, and (b) to build an additional 100 spaces that were purchased by the Parking System in the garage. In February 2009, the parking facility opened to the public.

Surface Lots

The Garland Lot is located at 109 West Pine Street between Pine St. and Central Blvd and consists of 145 spaces. This facility provides parking support for office space in the downtown area.

The Robinson Street Lot is located under I-4, consists of 24 spaces and is predominantly used for short-term parking by visitors to the State Office Building. These spaces are part of the Downtown Transit Fund.

Lots 9 and 10 are located under I-4 and were built as part of the Interstate Program. Lot 9 contains 360 spaces and is primarily utilized by visitors to the Church Street Station area. Lot 10 is located north of Lot 9, contains another 485 spaces and has a mix of long and short-term parking to serve customers and employees of the downtown area. These lots are used to support event parking for the Amway Center. These spaces are part of the Downtown Transit Fund.

Physical Condition of the Parking System

Under the Senior Bond Ordinance the City covenants to maintain the Parking System and all parts of it in good condition and to operate the same in an efficient and economical manner, making expenditures for equipment, maintenance and repairs and for renewals and replacements as may be proper for its economical operation and maintenance.

The Parking System is inspected and its operations reviewed annually by the City or, at the option of the City, by a qualified independent consultant, provided that at least every three years such inspection and review must be performed by a Qualified Independent Consultant. Immediately following such inspection, a written report on the condition of the Parking System and manner of operations is filed with the City. An inspection and review in August 2009, by a Qualified Independent Consultant concluded that, in general, the City's parking facilities were in "good condition." A copy of the report as it relates to the Parking System Enterprise Fund is available upon request for inspection at City Hall, and is mailed to any Bondholder at their request. If reports indicate the Parking System is not in good condition, then to the extent funds in the General Revenue Account or the Renewal and Replacement Account are available, the City, under the provisions of the Senior Bond Ordinance, has covenanted to immediately make or cause to be made such repairs as shall be necessary to place it in good condition.

In 2009, the Parking Division in its efforts to promote energy efficiency implemented a garage lighting efficiency program where metal halide lamp fixtures are being replaced with more efficient fluorescent lamps. The Administration Garage and Venues I Garage were modernized with the new lighting fixtures in June resulting in the annual electrical consumption cost savings of 25%. In 2011, the lighting system at the Courthouse Garage was modernized with new fixtures and timers resulting in 38% savings in annual electrical consumption. In September 2008, all single space parking meters were replaced in surface Lots 9 & 10 with multi-space Pay & Display meters. The new meters allow motorists the freedom to pay by coin, bill, smart card or credit card as well as reducing maintenance and collection cost. The maintenance staff of the Parking Division conducts routine maintenance of housekeeping tasks and safety checks that are required for day to day operations. Preventive and repair maintenance is essential for the uninterrupted operation and service of the garages and is performed by in-house staff, City's Facilities Management Division and by contractual services. Elevator, fire safety and structural inspections are checked periodically in accordance with local code requirements by the City's elevator consultant or qualified City staff. The City believes that facilities within the Parking System are in fine physical condition.

CITY OF ORLANDO, FLORIDA

Non-System Units

Simultaneous with the construction of the Washington Street Garage, the City developed a program to create Non-System Units under which a private sector permit holder, by paying an estimated construction cost per space initially and a pro-rata share of the on-going operating and maintenance costs (the "Non-System Unit Payments"), can acquire a 50-year or life of the garage permit for privileges specified in a Parking Agreement between the private sector permit holder (the "Parker") and the City. This program was intended to provide private sector financing for a portion of the garage construction costs and to enhance the related building owners' opportunity to compete in the local office space market by providing adequate parking support for long-term office space leases. The Parkers do not acquire ownership rights but do obtain permits associated with the particular office building which could be transferred with the building to a subsequent purchaser pursuant to the Parking Agreement. All such Non-System Units are excluded from the Parking System and Non-System Unit Payments are not included in the Gross Revenues of the Parking System.

The Parking Agreement grants to the Parker the exclusive right and license to use and to authorize its tenants, invitees and employees who work in the subject building to use the designated spaces within the subject facility for a term equal to the useful life of the facility (as determined by the City) but not less than 50 years. In return, the Parker must pay a basic payment as well as its pro rata share of the operational, repair and maintenance expenses (the "Non-System Units O&M Expenses") on a monthly per parking space basis. The basic payment due from the Parker is based upon the estimated total construction costs (including, but not limited to, land acquisition cost) taken from the most recent project cost analysis in existence at the time the Parking Agreement is executed but is subject to adjustments based on the finalized total construction cost as determined by the City at the conclusion of the project. The Non-System Units O&M Expenses assessed to the Parker include the specific cost associated with the long-term Parkers, but exclude specific costs necessitated solely by the short-term parkers and the office and retail tenant space, if any, in the facility. Such Non-System Units O&M Expenses are not included in the Cost of Operation and Maintenance of the Parking System. Failure of the Parker to pay the Non-System Units O&M Expenses can result in the loss of the Parker's license to use the designated spaces.

The City reserves the right to relocate the designated spaces during the life of the Parking Agreement within the subject facility on a temporary basis for maintenance or repair purposes or on a permanent basis subject to the Parker's approval or to another nearby facility within the Parking Facilities, as deemed necessary by the City. Designated spaces within the subject facility may only be used by the Parker, its employees and invitees, the employees of any tenant of the subject building and the employees of the Parker or any tenant of the Parker working in a building other than the subject building owned by the Parker and located within the downtown area. The Parker has the right to assign the right to park in the parking spaces only to the owners or the tenants of the subject building or any subsequently approved building owned by the Parker and its employees.

Competing Facilities

In the Senior Bond Ordinance, the City covenants not to construct, operate, maintain or participate in the ownership, management or operation of any parking facility, system or enterprise that is not part of the Parking System unless the City shall have received a report from a Qualified Independent Consultant to the effect that the operation of such parking facility, system or enterprise will not materially adversely affect the ability of the City to comply with the rate covenants set forth in the Senior Bond Ordinance or otherwise impair the operating efficiency of the Parking System.

CITY OF ORLANDO, FLORIDA
MANAGEMENT OF THE PARKING SYSTEM

Organization

The Mayor is the Chief Executive Officer with eight departments reporting to him (Business & Financial Services, Economic Development, Families, Parks & Recreation, Fire, Housing and Community Development, Orlando Venues, Police, and Public Works). He is assisted in the day-to-day oversight of city operations by the Chief Administrative Officer. Separately, under the Mayor's Chief of Staff, there are five offices (City Clerk, Communications & Neighborhood Relations, Community Affairs, Constituent Relations, and Intergovernmental Relations). The Parking Division falls under the Public Works Department.

Mayor Buddy Dyer is a native of Central Florida, born in Orlando and raised in the nearby City of Kissimmee. Following graduation from high school, he was awarded a scholarship to Brown University where his studies were concentrated on civil engineering. Upon graduation, Mayor Dyer returned to Orlando to work as an environmental engineer, later enrolling in the University of Florida Law School, where he was named editor-in-chief of the University of Florida Law Review. Following graduation from law school, Mayor Dyer began his legal career with the Orlando law firm of Winderweedle, Haines, Ward & Woodman. Prior to becoming Mayor, Buddy Dyer served the Orlando area for ten years as State Senator in the Florida Legislature. Mayor Dyer was first elected in 2003 to fill an unexpired term and was subsequently re-elected to full four-year terms in 2004, 2008, and 2012.

On May 3, 2011 Mayor Dyer appointed Richard M. Howard, P.E., as the Director of the Public Works Department. Prior to assuming the role of Deputy Director, Mr. Howard served the City of Orlando as the City Engineer. He has both a Bachelors and Masters Degree in Civil Engineering and is a registered Professional Engineer in the State of Florida. Mr. Howard has practiced in this area for over 30 years. He began his career as a Structural Engineer in the space industry at Cape Canaveral. In 1984, Mr. Howard was recruited to Orlando by the Street Department to manage the City's Non-Point Source Pollution Control program. Since that time, he progressed to Bureau Chief and eventually to the position of City Engineer in 1993. In his capacity as City Engineer, he managed the operations of the Engineering Services Division comprised of the Engineering Division and the Streets and Stormwater Division. He represents the City on numerous boards and is active in many professional organizations. In 2008 Mayor Dyer appointed Rick to head the City of Orlando Economic Stimulus Working Group and represents the City in all issues involving Federal Stimulus dollars. He is also a member of the U.S. Conference of Mayors Stimulus Czars group.

Scott Zollars was appointed by Mayor Dyer on March 1, 2007, to serve as Parking Division Manager. He comes to Orlando from the Greater Cincinnati area, bringing more than 20 years of parking industry experience. In previous positions with APCOA/Standard Parking and Parking Company of America, he has overseen the operation of high-profile downtown garages, large areas of surface parking, valet services, shuttle routes, and parking for major professional sporting events. Budgeting, forecasting, marketing, and acquisitions were also important areas of responsibility. Mr. Zollars is a graduate of the University of Kentucky, where he earned a B.S. degree in Business and Economics. He, along with his wife and two sons, now resides in Winter Park.

The City believes that the unique combination of the backgrounds of the Mayor, the Public Works Director and the Parking Division Manager forge a framework for the effective management of the Parking System.

Parking Division

The Parking Division is responsible for enforcement, collection of fines, analysis of parking needs, and the on-going monitoring program of the activity of the parking supply under its control. The Parking Division also plans and manages parking improvements and coordinates all parking activities with other City departments and outside entities in order to ensure adequate and convenient parking for the public. The Parking Division is organized into various programs: Parking Administration, Parking Violations, Surface Parking, Central Garage, Church Street Garage, 55 West Garage, Administration Garage, Courthouse Garage, Library Garage, Venues I Garage, Venues II Garage, Jefferson Street Garage and Downtown Transit.

Program Descriptions. The Parking Administration program directs the operation of the Parking Division, plans and manages parking improvements, coordinates all parking activities with other City departments and outside entities, processes all revenues and expenditures, manages garage access, and conducts parking analysis studies.

CITY OF ORLANDO, FLORIDA

The Parking Violations program processes all parking tickets issued by Parking Enforcement Officers, the Orlando Police Department, and the Airport Officers. The Parking Enforcement Program is responsible for enforcing all State laws and City ordinances pertaining to parking, with emphasis placed on metered and unmetered spaces located in the Parking District and the Orlando Regional Hospital area. The Parking Enforcement Officers also assist the Orlando Police Department in locating unwanted, abandoned or stolen vehicles and make recommendations as to where parking problems may exist.

The Surface Parking program is responsible for providing secure and efficient collection of parking meter revenue from all zones; installing and removing meters where needed; and performing repairs on over 1,000 single space parking meters and 10 pay and display meters.

The Library Garage program is responsible for the operations and maintenance of the Library Garage facility.

The Venues Garage I program is responsible for the operation and maintenance of Venues Garage I facility. The Venues Garage II program is responsible for the operation and maintenance of the Venues Garage II facility. The goal of this program is to entice the general public and patrons from the Downtown area to park and ride into the core and other targeted areas.

The Central Boulevard Garage program is responsible for the operation and maintenance of the Central Boulevard Garage facility.

The Church Street Garage program is responsible for the operation and maintenance of the Church Street Garage Facility. This program also strives to provide continual service to all retail areas within the Church Street Garage in accordance with the Parking System's contractual obligations.

The Courthouse Garage program is responsible for the operation and maintenance of the Courthouse Garage.

The Administration Center Garage program is responsible for the maintenance and operation of the Administration Center Garage.

The Jefferson Street Garage program is responsible for the maintenance and operations of the Jefferson Street Garage.

The 55 West Garage program is responsible for the maintenance and operations of the 55 West Garage.

Financial and Budgetary Support Systems

The Chief Financial Officer (CFO) is responsible for the oversight of the City's financial affairs. This includes the functions of accounting, accounts payable, accounts receivable, operating and capital budgeting, fleet management, facilities management, real estate management, financial forecasting, financial reporting, debt management, grants management, investment management, investor relations, payroll, pension management, purchasing, risk management, and technology management. In addition, the CFO provides counseling to various departments and business units and is an active participant in strategic planning activities.

The City has gained recognition for its Comprehensive Annual Financial Report. A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the City by the Government Finance Officers Association of the United States and Canada ("GFOA") for each Fiscal Year since 1978. The City was also an early participant in the GFOA's Distinguished Budget Presentation Awards program and received the budget award for its budget document for fiscal years 1984 through 1989. Due to perceived problems with consistency in the budget awards program at the time, the City elected to discontinue participation but maintain internally the high standards which had been recognized. In light of substantial changes to the program recently, the City resumed its participation beginning with its fiscal year 2004 Budget document. The City has been awarded the Distinguished Budget Presentation Award for each fiscal year since 2004.

CITY OF ORLANDO, FLORIDA

Rebecca W. Sutton was appointed Chief Financial Officer on December 5, 2005. Before joining the City, she served the State of Florida as its Deputy Chief Financial Officer from September 2002 to December 2005; and as Deputy Secretary/CIO for the Department of Management Services from December 2001 to September 2002. Prior to her service with the State, Ms. Sutton worked for American Management Systems (AMS) implementing ERP-like system projects for large state and local governments. Before joining AMS, she served as the Controller for the City of Dallas and the Director of Finance for Carrollton, Texas. Ms. Sutton began her career as an auditor for state and local governments for a worldwide accounting firm. She holds a Bachelor of Business Administration from Texas Tech University and a Master of Business Administration from the University of Florida.

Christopher P. McCullion was appointed City Treasurer on September 8, 2008. Prior to his appointment, Mr. McCullion served as the Assistant Treasurer for the City of Orlando. He has served in various positions in municipal government since 2000 in the areas of operating and capital budgeting, investment management, debt management and economic development. He holds a Bachelor of Science in Business Administration, a Bachelor of Arts in Political Science, and a Master of Business Administration, all from the University of Florida.



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“While it’s not the function of our City government to create jobs, your City plays an important role in helping lay the foundation for the private sector to create jobs and opportunity.”
-Mayor Buddy Dyer

A City Focused on Creating Jobs

Economic Development 407.246.2821



- Orlando is home to the emerging Medical City at Lake Nona, a one-of-a-kind healthcare and life sciences campus that will create 30,000 jobs and generate an \$8 billion annual economic impact.



- Orlando will soon begin transforming the old Amway Arena site into a new “live, work, play” neighborhood dedicated to the high-tech industry. Orlando’s “Creative Village” will create 6,500 permanent, quality jobs and be the home of companies in cutting-edge industries such as digital media, modeling and simulation.



- Orlando has worked to provide small neighborhood businesses with the tools to succeed, creating five “Main Street” business districts throughout the City. In 2010, our five neighborhood Main Street districts helped create nearly 600 jobs and 103 new businesses.
- Every year the City’s Public Works Department undertakes approximately \$50 million in projects; everything from keeping our water clean to maintaining our streets. This work goes primarily to local businesses and creates hundreds of jobs.



**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**SUMMARY INFORMATION
As of September 30, 2011**

DOWNTOWN DISTRICT					
Individual Bond Issues:	<u>Outstanding</u>	<u>Ratings (1)</u>	<u>Insurance Provider</u>	<u>Paying Agent</u>	<u>Maturity</u>
Fixed Rate:					
Community Redevelopment Agency Tax Increment Revenue Bonds Series 2009A	\$ 13,985,000	A1/A/A+	N/A	Wells Fargo	9/1/2021
Community Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2009B	5,140,000	A1/A/A+	N/A	Wells Fargo	9/1/2014
Community Redevelopment Agency Taxable Tax Increment Revenue Bonds Series 2009C	50,955,000	A1/A/A+	N/A	Wells Fargo	9/1/2037
Community Redevelopment Agency Tax Increment Revenue Bonds Series 2010A	4,760,000	A1/A/A+	N/A	Wells Fargo	9/1/2018
Community Redevelopment Agency Taxable Tax Increment Revenue Bonds Series 2010B	<u>71,415,000</u>	A1/A/A+	N/A	Wells Fargo	9/1/2040
Total Debt Outstanding	<u>\$ 146,255,000</u>				
Debt Service Reserve:	<u>\$ 9,894,706</u>				
(1) Moody's/S&P/Fitch. Subsequent to September 30, 2011, Fitch Ratings lowered the ratings on the CRA Downtown District Bonds to "A" from "A+".					
Revenue Pledge:					
Primary:	Tax Increment Revenues - Downtown District				
Secondary:	N/A				
Internal Loan Fund Loans (Outstanding as of 9/30/11):					
Parramore Housing/Office Complex	\$ 8,731,988				2021
Market Rate Housing	6,171,925				2016
The Plaza	2,566,668				2022
Expo Centre Renovation	<u>2,520,000</u>				2020
	<u>\$ 19,990,581</u>				

REPUBLIC DRIVE (UNIVERSAL BOULEVARD)					
Individual Bond Issues:	<u>Outstanding</u>	<u>Rating</u>	<u>Insurance Provider</u>	<u>Paying Agent</u>	<u>Maturity</u>
Fixed Rate:					
Tax Increment Revenue Refunding Bonds (Republic Drive (Universal Boulevard)/I-4 Interchange Project) Series 2002 (1)	<u>\$ 33,095,000</u>	N/A	Ambac	Wells Fargo	4/1/2025
Debt Service Reserve:	<u>\$ 3,555,286</u>				
(1) Refunded on February 23, 2012, via issuance of the Agency's Tax Increment Revenue Refunding Bonds (Republic Drive/ Universal Boulevard District), Series 2012.					
Revenue Pledge:					
Primary:	Tax Increment Revenues - Republic Drive/Universal Boulevard District				
Secondary:	N/A				

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**



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**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

DOWNTOWN DISTRICT

CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT

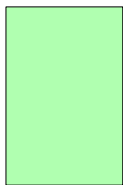
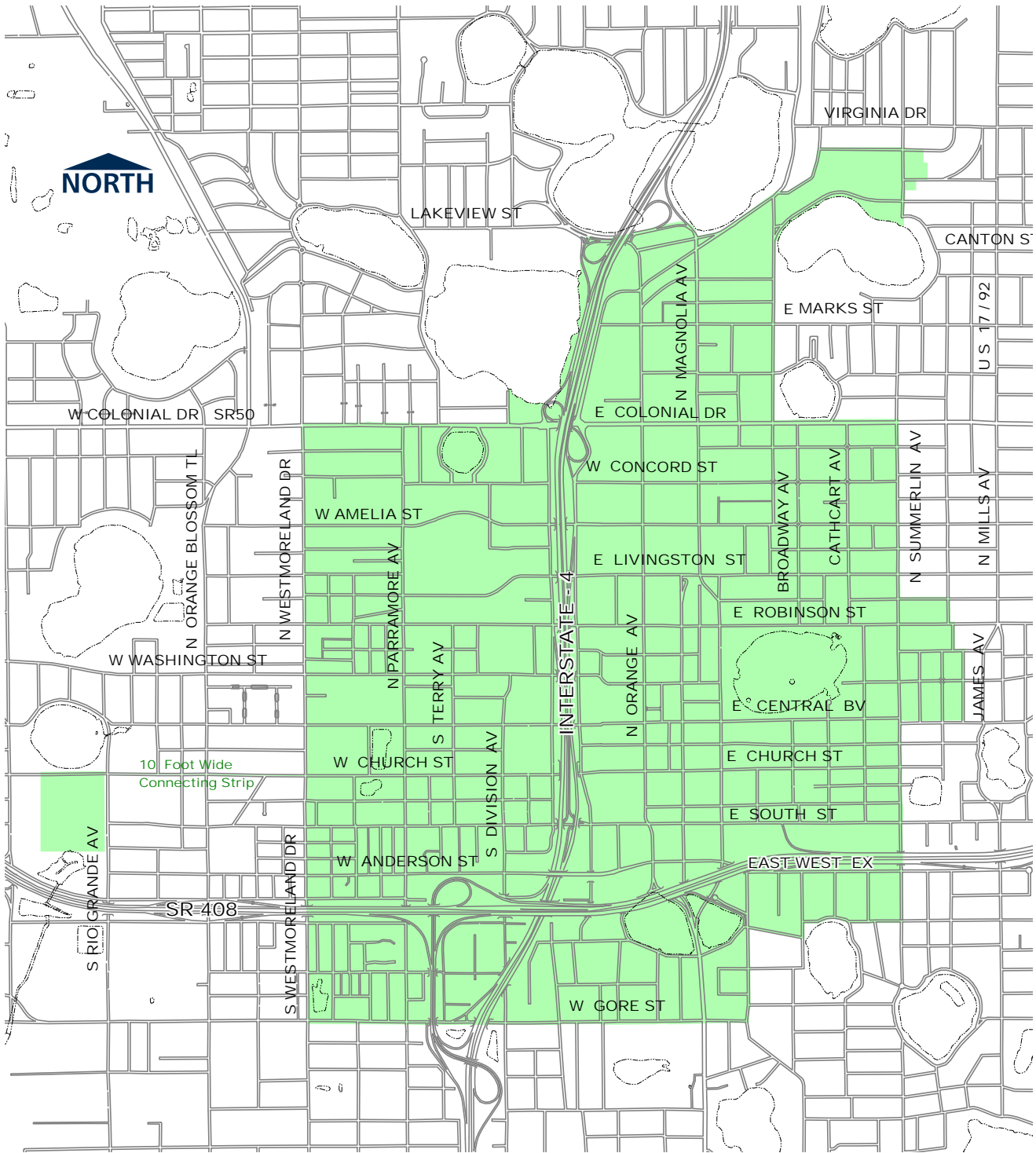
INTRODUCTION

The City of Orlando, Florida Community Redevelopment Agency (the "Agency") was created in February 1980 and expanded in March 1982 by resolution of the City Council, after a finding by the City Council that there existed within the Downtown area of the City slum or blighted areas. Chapter 163, Part III, Florida Statutes, as amended (the "Redevelopment Act") authorizes a municipality, after finding that there exists within the municipality slum or blighted areas and that there is a need to create a community redevelopment agency to carry out the redevelopment of the slum or blighted areas, to create a community redevelopment agency.

Pursuant to the Act, the City Council designated itself as the Agency. After a number of public meetings and public hearings, the City Council adopted a resolution in July 1982 approving a Downtown Orlando Redevelopment Area Plan (the "Original Redevelopment Plan") which provided a framework for new development and reuse of existing land and facilities in a portion of the downtown area which was found to be blighted ("the Original Downtown District"). The Original Downtown District consisted of approximately 600 acres in the heart of the downtown area of the City. The Original Redevelopment Plan outlined a set of programs to be carried out over an initial ten-year time frame with projects being undertaken on a year-by-year basis to meet the identified program areas of need which included upgrading the aging infrastructure system (water, sewer, etc.), improvement of traffic circulation, creation of additional opportunities for housing development, enhancement of the pedestrian environment and additions to the Parking System. All of the programs set forth in the Original Plan have been accomplished.

In March 1990, the Agency expanded the Original Downtown District to include adjacent areas in need of redevelopment. Despite significant growth within the Original Downtown District, the Agency found that existing conditions of "blight" in this expanded area could potentially interfere with the orderly accommodation of new growth, as well as act as a deterrent to private investment, which would continue to lead to conditions of "blight" in this area. This adjacent expanded area, which consists of approximately 1,020 acres, is referred to herein as the "Downtown District Expansion Area." The City, on March 26, 1990 found that this adjacent area consisted of "blighted" areas within the meaning of the Act; that the rehabilitation, conservation or redevelopment, or combination thereof, of this expanded area was necessary in the interest of public health, safety, morals or welfare of the residents of the City; that the Original Downtown District and the Downtown District Expansion Area should function as a single redevelopment area (the Downtown District). The Original Downtown District and the Downtown District Expansion Area (see Map on page D-5) are herein collectively referred to as the "Downtown District." The City is not prohibited by the Redevelopment Act from declaring other areas to be areas of "slum or blight" within the meaning of the Redevelopment Act.

The City has established two additional Community Redevelopment Areas: (a) Republic Drive (Universal Boulevard) Tax Increment District and, (b) Conroy Road Tax Increment District. The City issued \$45,620,000 Tax Increment Revenue Refunding Bonds for the Republic Drive (Universal Boulevard) Tax Increment District on August 27, 2002 (included as part of this document beginning on page D-25) and issued \$32,840,000 Special Assessment Bonds for the Conroy Road Tax Increment District on December 9, 1998 (See Section E of this document).



Community
Redevelopment
Area



**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

The Redevelopment Act provides that upon creation of a community redevelopment agency, a municipality shall establish, on behalf of the community redevelopment agency, a community redevelopment trust fund. "Taxing Authorities," as defined in the Redevelopment Act, which levy ad valorem taxes on real property subject to taxation located within a Community Redevelopment Area, are required by January 1 of each year to deposit into the Community Redevelopment Area's corresponding Trust Fund an amount as described herein under "Tax Increment Revenues."

The taxing authorities that are required to make annual deposits to the Community Redevelopment Trust Fund and are currently doing so for the Downtown District are the City, Orange County, and the Downtown Development Board (DDB).

OUTSTANDING INDEBTEDNESS

Outstanding Bonds

As of September 30, 2011, the Agency's Downtown District has five outstanding tax increment revenue bond issues that are described below.

The 2009A and 2009C Bonds were issued to finance a portion of the cost of the Performing Arts Center in downtown Orlando. The 2009A and 2009C Bonds are callable at par on September 1, 2019. The Series 2009C Bonds were issued as taxable Build America Bonds pursuant to the American Recovery and Reinvestment Act of 2009. The Agency will be eligible to receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series 2009C Bonds on each interest payment date.

The 2009B Bonds were issued as an advance refunding of the Agency's Tax Increment Revenue Refunding and Revenue Bonds, Series 2002. The Agency also used legally available Agency funds to advance refund the Agency's Tax Increment Revenue Refunding Bonds, Series 2004. The 2009B Bonds are not callable.

The 2010A and 2010B Bonds were issued to finance a portion of the cost of the Performing Arts Center in downtown Orlando. The 2010A Bonds are not callable. The 2010B Bonds are callable at par on September 1, 2020. The 2010B Bonds were issued as taxable Build America Bonds pursuant to the American Recovery and Reinvestment Act of 2009. The Agency will be eligible to receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series 2010B Bonds on each interest payment date.

The schedule on the following page reflects the annual debt service requirements and the forecasted debt service coverage based on the Downtown District tax increment revenues collected as of December 31, 2011.

Internal Loan Fund Obligations

The Downtown District has made numerous borrowings from the City's Internal Loan Fund to finance redevelopment projects. As of September 30, 2011, the District has \$19,990,581 in outstanding principal on loans from the Internal Loan Fund (see "Subordinate Liens on Tax Increment Revenues – First Level Junior Obligations" on page D-12).

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

**ESTIMATED DEBT SERVICE SCHEDULE AND COVERAGE
BASED ON HISTORIC REVENUES**

Fiscal Year Ending Sept. 30	2009A Bonds		2009B Bonds		2009C Bonds		2010A Bonds		2010B Bonds		Combined Total Debt Service	Tax Increment Revenue (2)	Combined Total Debt Service Coverage (3)
	Principal	Interest	Principal	Interest	Principal	Interest (1)	Principal	Interest	Principal	Interest (1)			
2011	\$ 490,000	\$ 684,900	\$ 835,000	\$ 268,550	\$ -	\$ 4,013,385	\$ -	\$ 185,400	\$ -	\$ 5,416,944	\$ 11,894,179	\$ 18,113,837	1.52
2012	445,000	670,200	940,000	226,800	-	4,013,385	-	185,400	-	5,416,944	11,897,729	16,633,246	1.40
2013	475,000	656,850	975,000	179,800	-	4,013,385	-	185,400	-	5,416,944	11,902,379	16,633,246	1.40
2014	490,000	640,225	1,025,000	131,050	-	4,013,385	250,000	185,400	-	5,416,944	12,152,004	16,633,246	1.37
2015	505,000	620,625	1,080,000	79,800	-	4,013,385	500,000	177,900	-	5,416,944	12,393,654	16,633,246	1.34
2016	520,000	600,425	1,120,000	42,000	-	4,013,385	1,285,000	160,400	-	5,416,944	13,158,154	16,633,246	1.26
2017	1,705,000	579,625	-	-	-	4,013,385	1,335,000	109,000	-	5,416,944	13,158,954	16,633,246	1.26
2018	1,775,000	511,425	-	-	-	4,013,385	1,390,000	55,600	-	5,416,944	13,162,354	16,633,246	1.26
2019	1,865,000	418,238	-	-	-	4,013,385	-	-	1,445,000	5,416,944	13,158,567	16,633,246	1.26
2020	1,965,000	320,325	-	-	-	4,013,385	-	-	1,535,000	5,327,209	13,160,919	16,633,246	1.26
2021	2,065,000	217,162	-	-	-	4,013,385	-	-	1,600,000	5,230,351	13,125,898	16,633,246	1.27
2022	2,175,000	108,750	-	-	-	4,013,385	-	-	1,670,000	5,125,391	13,092,526	16,633,246	1.27
2023	-	-	-	-	2,285,000	4,013,385	-	-	1,745,000	5,012,499	13,055,884	16,633,246	1.27
2024	-	-	-	-	2,455,000	3,842,010	-	-	1,830,000	4,891,047	13,018,057	16,633,246	1.28
2025	-	-	-	-	2,580,000	3,657,885	-	-	1,915,000	4,760,934	12,913,819	16,633,246	1.29
2026	-	-	-	-	2,710,000	3,464,385	-	-	2,010,000	4,622,862	12,807,247	16,633,246	1.30
2027	-	-	-	-	2,845,000	3,261,135	-	-	2,110,000	4,470,424	12,686,559	16,633,246	1.31
2028	-	-	-	-	2,985,000	3,047,760	-	-	2,220,000	4,310,402	12,563,162	16,633,246	1.32
2029	-	-	-	-	3,135,000	2,823,885	-	-	2,335,000	4,142,036	12,435,921	16,633,246	1.34
2030	-	-	-	-	3,295,000	2,588,760	-	-	2,445,000	3,964,950	12,293,710	16,633,246	1.35
2031	-	-	-	-	3,475,000	2,321,865	-	-	2,575,000	3,779,522	12,151,387	16,633,246	1.37
2032	-	-	-	-	3,665,000	2,040,390	-	-	2,710,000	3,579,084	11,994,474	16,633,246	1.39
2033	-	-	-	-	3,865,000	1,743,525	-	-	2,850,000	3,368,137	11,826,662	16,633,246	1.41
2034	-	-	-	-	4,070,000	1,430,460	-	-	3,000,000	3,146,293	11,646,753	16,633,246	1.43
2035	-	-	-	-	4,295,000	1,100,790	-	-	3,150,000	2,912,773	11,458,563	16,633,246	1.45
2036	-	-	-	-	4,525,000	752,895	-	-	3,315,000	2,667,577	11,260,472	16,633,246	1.48
2037	-	-	-	-	4,770,000	386,370	-	-	3,490,000	2,409,538	11,055,908	16,633,246	1.50
2038	-	-	-	-	-	-	-	-	8,700,000	2,137,876	10,837,876	16,633,246	1.53
2039	-	-	-	-	-	-	-	-	9,145,000	1,460,668	10,605,668	16,633,246	1.57
2040	-	-	-	-	-	-	-	-	9,620,000	748,821	10,368,821	16,633,246	1.60
Totals	\$ 13,985,000	\$ 5,343,850	\$ 5,140,000	\$ 659,450	\$ 50,955,000	\$ 80,622,735	\$ 4,760,000	\$ 1,059,100	\$ 71,415,000	\$ 121,403,946	\$ 355,344,081		

- (1) Interest is shown prior to application of the 35% Build America Bond interest subsidy.
- (2) Assumes Tax Increment Revenue collected within the Downtown District in the fiscal year ending September 30, 2012 (collected as of December 31, 2011), remains constant through September 30, 2040.
- (3) Debt Service Coverage is calculated on gross debt service, prior to application of the 35% Build America Bond interest subsidy.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

PLEGDED TAX INCREMENT REVENUES

General

The CRA Bonds are secured by a pledge of and lien on the Pledged Revenues, which include Pledged Tax Increment Revenues derived from the Original Area and the Expanded Area, when deposited into the Redevelopment Trust Fund established by an ordinance adopted on July 12, 1982 by the City Council as amended on June 18, 1990, October 23, 2000, June 25, 2007 and March 8, 2010 (the "CRA Ordinance"), pursuant to Section 163.387, Florida Statutes. Each taxing authority (the City, the County and the DDB) that is required to make payments to the Redevelopment Trust Fund is by law required to do so on or before January 1 of each year.

The Agency has designated additional areas to be slum or blighted areas within the meaning of the Redevelopment Act, and may do so in the future, but any tax increment revenues generated within such additional areas shall not constitute Pledged Tax Increment Revenues for purposes of the Bond Resolution and shall not be subject to the pledge and lien created by the Bond Resolution securing the Bonds, Additional Bonds and Parity Obligations unless (a) the CRA Ordinance is amended to require the tax increment revenues generated within such additional areas to be deposited in the Redevelopment Trust Fund and (b) the Bond Resolution is supplemented to expressly add such additional areas to the Downtown District and to pledge such tax increment revenues generated within such additional areas to the payment of the Bonds, Additional Bonds and Parity Obligations.

Sources of Pledged Tax Increment Revenues

Required payments by the taxing authorities to the Redevelopment Trust Fund are based on the assessed valuation of taxable real property as of the previous January 1. Pursuant to the Redevelopment Act and the CRA Ordinance, on or before each January 1, each such taxing authority (as such term is defined in Section 163.340(24), Florida Statutes) levying taxes in the Original Area must appropriate and pay to the Redevelopment Trust Fund an amount equal to 95% of the difference between:

- (a) The amount of ad valorem taxes levied each year by that taxing authority, exclusive of any amount from any debt service millage, upon taxable real property contained within the Original Area; and
- (b) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for that taxing authority upon the total of the assessed value of the taxable real property within the Original Area as shown on the assessment roll used in connection with the taxation of such property by all taxing authorities as of January 1, 1981.

Pursuant to the Redevelopment Act and the CRA Ordinance, on or before each January 1, each taxing authority levying taxes in the Expanded Area must appropriate and pay to the Redevelopment Trust Fund an amount equal to 95% of the difference between:

- (a) The amount of ad valorem taxes levied each year by that taxing authority, exclusive of any amount from any debt service millage, upon the total assessed taxable real property in the Expanded Area; and
- (b) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied in each year by or for such taxing authority, upon the total of the assessed value of the taxable real property within the Expanded Area as shown upon the assessment roll used in connection with the taxation of such property by all taxing authorities immediately prior to June 18, 1990 (the January 1, 1989 assessment roll).

Current and future tax increment revenue accruing within the Original Area and the Expanded Area (both inside and outside of the DDB) is predicated upon increases in assessed real property valuations in excess of taxable assessed values recognized for a specific base year. The increases are measured in terms of the different base year(s) indicated below.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

BASE YEAR TAXABLE ASSESSED VALUES

<u>Area</u>	<u>Acreage</u>	<u>Base Year</u>	<u>Taxable Assessed Value in Base Year</u>
Original Area	596	1981	\$ 136,557,113
Expanded Area Inside DDB	407 (est)	1989	\$ 315,256,299
Expanded Area Outside DDB	617 (est)	1989	\$ 85,483,286
TOTAL DOWNTOWN DISTRICT	1,620		\$ 537,296,698

Source: City of Orlando, Florida Community Redevelopment Agency and the CRA Ordinance.

The incremental increase in ad valorem taxes previously described is used to measure the amount of the contribution which must be appropriated and contributed by each taxing authority which is required to make payments. The taxing authorities cannot be compelled to levy ad valorem taxes to generate tax increment or to make such payments. The statutory obligation of a taxing authority to make the required payments to a community redevelopment trust fund continues for so long as a community redevelopment agency has indebtedness pledging tax increment revenues to the payment thereof outstanding, but any bonds, notes or other form of indebtedness pledging incremental revenues to the payment thereof shall mature no later than the end of the 30th fiscal year after the fiscal year in which a redevelopment plan is last amended. The last amendment of the Downtown Outlook 2000 Plan was adopted on February 22, 2010. Additionally, the obligation of the governing body which established the community redevelopment agency to fund the community redevelopment trust fund annually continues until all loans, advances and indebtedness, if any, and interest thereof, of such community redevelopment agency incurred as a result of redevelopment in a community redevelopment area have been paid. The Agency has covenanted in the Bond Resolution to diligently enforce its right to receive and dispose of the Pledged Revenues and has agreed that it shall not take any action which will impair or adversely affect the Pledged Revenues or the right to receive such revenues.

Millage Rates

The table below summarizes the historic millage rates levied by each taxing authority required to make payments to the Community Redevelopment Downtown District Trust Fund.

**Historic Millage Rates
(last ten years)**

Fiscal Year Ended Sept. 30	City of Orlando ⁽¹⁾	Orange County ⁽¹⁾	Downtown Development Board ⁽²⁾	Total
2003	5.6916	5.1639	1.0000	11.8555
2004	5.6916	5.1639	1.0000	11.8555
2005	5.6916	5.1639	1.0000	11.8555
2006	5.6916	5.1639	1.0000	11.8555
2007	5.6916	5.1639	1.0000	11.8555
2008	4.9307	4.4347	1.0000	10.3654
2009	5.6500	4.4347	1.0000	11.0847
2010	5.6500	4.4347	1.0000	11.0847
2011	5.6500	4.4347	1.0000	11.0847
2012 ⁽³⁾	5.6500	4.4347	1.0000	11.0847

(1) The Florida Constitution limits the City and County millage capacity (non-debt related) to 10.0000 mills.

(2) The Downtown Development Board, by special act, has a 1.0000 millage capacity.

(3) The City, the County, and the DDB have approved these millage rates for the 2012 fiscal year.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

The following table summarizes the historical gross assessment (taxable) values for the Downtown tax increment districts as of January 1 of each year. Tax increment revenues are deposited by January 1 of the following year. See page D-14 for the actual tax increment revenues collected for fiscal years ending September 30, 2011 and 2012 with forecasted revenues through 2040.

Tax Year	Original Downtown District		Downtown District Expansion Area		Total	Total
	Taxable Assessed	Incremental	Taxable Assessed	Incremental	Taxable Assessed	Incremental
	Values	Value	Values	Value	Value	Value
2002	\$ 816,230,192	\$ 679,673,079	\$ 582,595,221	\$ 181,855,636	\$ 1,398,825,413	\$ 861,528,715
2003	829,329,714	692,772,601	617,680,390	216,940,805	1,447,010,104	909,713,406
2004	873,372,531	736,815,418	633,493,618	232,754,033	1,506,866,149	969,569,451
2005	991,810,488	855,253,375	701,718,007	300,978,422	1,693,528,495	1,156,231,797
2006	1,282,987,040	1,146,429,927	831,768,902	431,029,317	2,114,755,942	1,577,459,244
2007	1,571,414,440	1,434,857,327	977,023,237	576,283,652	2,548,437,677	2,011,140,979
2008	1,919,226,932	1,782,669,819	1,041,912,346	641,172,761	2,961,139,278	2,423,842,580
2009	1,913,619,431	1,777,062,318	900,646,856	499,907,271	2,814,266,287	2,276,969,589
2010	1,528,803,275	1,392,246,162	742,306,734	341,567,149	2,271,110,009	1,733,813,311
2011	1,430,374,196	1,293,817,083	698,263,820	297,524,235	2,128,638,016	1,591,341,318

Established Tax Increment Revenues

The aggregate assessed valuation of taxable real property in the Original Downtown District as of January 1, 1981 used for determining the incremental assessed valuation in future years was \$136,557,113. The aggregate assessed valuation of taxable real property in the Downtown District Expansion Area as of January 1, 1989 used for determining the incremental assessed valuation in future years was \$400,739,585. Such valuations are referred to herein as the "Frozen Tax Base." The amount of Tax Increment Revenues to be received in any future year is dependent on the assessed valuation of taxable real property in the related district as of each January 1, the incremental increase in such valuation above the Frozen Tax Base and the total millage rate levied by the relevant taxing authorities; all of which factors are completely beyond the control of the Agency. The following table shows historical tax increment revenues for the Downtown District:

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

HISTORIC PLEDGED TAX INCREMENT REVENUES

Fiscal Year <u>Ended September 30</u>	Pledged Tax <u>Increment Revenue</u>	Annual Percent <u>Increase/(Decrease)</u>
1982	\$0	--
1983	277,000	--
1984	943,000	240.43%
1985	998,000	5.83
1986	2,270,000	127.45
1987	2,616,000	15.24
1988	3,030,000	15.83
1989	4,119,000	35.94
1990	5,928,000	43.92
1991	6,942,000	17.11
1992	6,633,000	(4.45)
1993	6,053,000	(8.74)
1994	5,108,000	(15.61)
1995	4,854,000	(4.97)
1996	4,957,000	2.12
1997	4,872,000	(1.71)
1998	6,167,000	26.58
1999	6,696,000	8.58
2000	6,970,000	4.09
2001	7,991,000	14.65
2002	8,971,000	12.26
2003	9,455,000	5.40
2004	9,891,000	4.61
2005	10,707,000	8.25
2006	12,847,000	19.99
2007	17,544,000	36.56
2008	19,357,000	10.33
2009	24,585,000	27.01
2010	22,895,000	(6.87)
2011	17,627,000	(23.01)
2012	16,633,000	(5.64)

Source: City's Comprehensive Annual Financial Report for the years indicated, with the exception of Fiscal Year ending September 30, 2012, which reflects the deposit to the Redevelopment Trust Fund on or about December 31, 2011, based on January 1, 2011 taxable assessed values.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY - DOWNTOWN DISTRICT**

Factors Affecting Tax Increment Revenues

Neither the City nor any other taxing authority levying ad valorem taxes within any district has covenanted or pledged to levy ad valorem taxes on taxable real property at a level sufficient to generate Tax Increment Revenues in any amount or at all. The pledge of Tax Increment Revenues does not constitute a pledge of the ad valorem taxing power of the City, the County or the DDB with respect to the Downtown District.

The amount of Tax Increment Revenues to be deposited in the Community Redevelopment Trust Funds and pledged to the related District's Bonds is dependent upon, among other things, (a) the millage rates, if any, established by the City, Orange County and the DDB and (b) growth in the assessed valuation of taxable real property in the related district, which increase will be affected by the annual appraisal of taxable real property, including new construction completed within the related district.

SUBORDINATE LIENS ON TAX INCREMENT REVENUES

The Bond Resolution does not prohibit the Agency in any manner from issuing debt obligations of any kind secured by a lien on Pledged Revenues which is junior to the lien thereon of the Bonds and any Additional Bonds and Parity Obligations (collectively referred to herein as the "Senior Lien Debt"). The Agency has incurred (i) the following subordinate priority obligations (referred to herein as "Junior Obligations"), each as more fully described below, and (ii) operating and administrative costs, and capital expenses of the Agency (collectively, the "Operational Expenses"). Pursuant to the Bond Resolution, the Agency may issue subordinate debt which is subordinate to the Senior Lien Debt but may be payable prior to the Junior Obligations described below. At the present time, the Agency has no such subordinate debt.

After all payments required by the Bond Resolution have been made in any particular Bond Year, all excess Pledged Tax Increment Revenues (the "Excess Revenues") remaining in the Redevelopment Trust Fund may be used by the Agency for any lawful purpose of the Agency in accordance with the Redevelopment Act.

First Level Junior Obligations

Excess Revenues are used by the Agency to secure loans from the City's Internal Loan Fund. The Internal Loan Fund utilizes bond proceeds from external bond issues to provide a source of funds that are loaned to internal loan "participants" (City departments, the Agency, etc.) for specific projects within the City. The external bond issues include a combination of fixed, medium term and variable rate debt instruments which are then repaid by debt service payments from the loan "participants" to the Internal Loan Fund. The Internal Loan Fund charges its participant borrowers the blended effective interest rate including carrying costs (letter or line of credit, remarketing, etc.), if any. The currently outstanding Internal Loan Fund loans to the Agency are:

<u>Project</u>	<u>Term</u>		<u>2010-2011</u>	<u>Amount</u>
	<u>Years</u>	<u>Maturity</u>	<u>Principal and</u>	<u>Outstanding</u>
			<u>Interest Payments</u>	<u>10/1/2011</u>
Bank of America/Hughes Supply	18	2021	\$ 930,723	\$ 8,731,988
Market Rate Housing	13	2016	1,249,297	6,171,925
The Plaza	18	2022	333,707	2,566,668
UCF School of Film and Digital Media	15	2020	379,019	2,520,000
Total			<u>\$ 2,892,746</u>	<u>\$ 19,990,581</u>

Second Level Junior Obligations

The second level is used to support a variety of non-borrowed incentive payments over time. This category currently includes the Hotel, Residential Catalyst, and Destination Catalyst Incentive obligations. These obligations are prior to the Agency's operating and pay-as-you-go capital and/or one-time incentive programs. These Second Level obligations are given this level of priority to give reasonable comfort to private sector incentive recipients that these funding commitments will be paid as scheduled. The outstanding Second Level Junior Obligations follow:

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<u>Project</u>	<u>Term Years</u>	<u>Maturity</u>	<u>2010-2011 Payment</u>
<u>Hotels:</u>			
Grand Bohemian	9	2011	\$ 123,061
Embassy Suites	12	2013	43,005
 <u>Mixed Use/Residential:</u>			
55 West	12	2022	125,278
The Plaza			
Destination	10	2017	350,000
Residential	12	2019	131,589
Paramount on Lake Eola			
Parking Garage	8	2017	227,937
Camden Orange Court			
Residential	12	2021	57,216
Total			<u>\$ 1,058,086</u>

Third Level Junior Obligations

In addition to the projects funded and/or financed through the above referenced levels of obligations, the Agency primarily pays its operating costs (staff, consultants, etc.), some incremental maintenance costs, smaller one-time incentive payments and annual pay-as-you-go capital project costs with respect to the Downtown District and other areas within the jurisdiction of the Agency at this Third Level of Junior Obligations. The following schedule illustrates the cost of these various categories for each of the last five years.

(presented in thousands)

	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Operating Costs	\$ 1,673.43	\$ 1,751.18	\$ 2,548.96	\$ 1,831.37	\$ 1,949.07
Maintenance Costs	800.89	815.32	898.69	896.69	975.16
Incentive Payments	741.08	271.43	811.70	232.67	393.05
Capital Projects	715.31	2,137.38	678.14	551.75	285.69
Total	<u>\$ 3,930.71</u>	<u>\$ 4,975.31</u>	<u>\$ 4,937.49</u>	<u>\$ 3,512.48</u>	<u>\$ 3,602.97</u>

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Forecast of Revenues Available For Operating and Capital Expenditures

The following schedule reflects the Tax Increment Revenues available for Operational and Capital Expenditures after making debt service payments on the Senior Lien Debt, required under the terms of the Bond Resolution, the debt service payments on the Second Lien Level Internal Loan Fund Loan(s) and the Third Lien Level Incentive Payment(s).

Forecast of Revenues Available for Operating and Capital Expenditures

Fiscal Year Ending Sept. 30	Tax Increment Revenue (1)	Combined Senior Lien Debt Service (2)	Available After Senior Lien Debt	1st Level Junior Obligations Debt Service (3)	2nd Level Junior Obligations Payments (4)	Available for 3rd Level Junior Obligations Expenditures
2011	\$ 17,626,916	\$ 11,889,475	\$ 5,737,441	\$ 2,892,746	\$ 1,058,086	\$ 1,786,609
2012	16,633,246	11,897,729	4,735,517	3,018,197	941,806	775,514
2013	16,633,246	11,902,379	4,730,867	3,048,819	976,716	705,332
2014	16,633,246	12,152,004	4,481,242	3,083,025	933,135	465,082
2015	16,633,246	12,393,654	4,239,592	3,121,063	919,093	199,436
2016	16,633,246	13,158,154	3,475,092	3,163,196	908,974	(597,078)
2017	16,633,246	13,158,954	3,474,292	1,704,446	921,266	848,580
2018	16,633,246	13,162,354	3,470,892	1,710,506	693,992	1,066,394
2019	16,633,246	13,158,567	3,474,679	1,718,426	322,098	1,434,155
2020	16,633,246	13,160,919	3,472,327	1,728,339	206,942	1,537,046
2021	16,633,246	13,125,898	3,507,348	1,460,382	211,867	1,835,099
2022	16,633,246	13,092,526	3,540,720	242,667	159,449	3,138,604
2023	16,633,246	13,055,884	3,577,362	-	-	3,577,362
2024	16,633,246	13,018,057	3,615,189	-	-	3,615,189
2025	16,633,246	12,913,819	3,719,427	-	-	3,719,427
2026	16,633,246	12,807,247	3,825,999	-	-	3,825,999
2027	16,633,246	12,686,559	3,946,687	-	-	3,946,687
2028	16,633,246	12,563,162	4,070,084	-	-	4,070,084
2029	16,633,246	12,435,921	4,197,325	-	-	4,197,325
2030	16,633,246	12,293,710	4,339,536	-	-	4,339,536
2031	16,633,246	12,151,387	4,481,859	-	-	4,481,859
2032	16,633,246	11,994,474	4,638,772	-	-	4,638,772
2033	16,633,246	11,826,662	4,806,584	-	-	4,806,584
2034	16,633,246	11,646,753	4,986,493	-	-	4,986,493
2035	16,633,246	11,458,563	5,174,683	-	-	5,174,683
2036	16,633,246	11,260,472	5,372,774	-	-	5,372,774
2037	16,633,246	11,055,908	5,577,338	-	-	5,577,338
2038	16,633,246	10,837,876	5,795,370	-	-	5,795,370
2039	16,633,246	10,605,668	6,027,578	-	-	6,027,578
2040	16,633,246	10,368,821	6,264,425	-	-	6,264,425

- (1) For years ending September 30, 2011 and 2012 utilizes Tax Increment Revenue collected within the Downtown District during each fiscal year. For years ending 2013 through 2040, utilizes the Tax Increment Revenues (within the Downtown District) received for the fiscal year ending September 30, 2012 (collected as of December 31, 2011). Since 1990, the average annual increase in tax increment revenue is approximately 4.8%.
- (2) Debt Service is shown prior to the application of the 35% Build America Bond interest rate subsidy.
- (3) Reflects actual loan payments for the fiscal year ended September 30, 2011. Internal loans have a blended interest rate which is charged equally to all loan participants. The blended rate is based on actual variable and fixed rates incurred on the external debt underlying the Internal Loan Fund program. The estimated interest rate for fiscal years 2012 through 2022 is 4.00%.
- (4) Reflects actual payments for the fiscal year ended September 30, 2011. For years ending 2012 through 2022 utilizes projected assessed values and current millage rates.

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AGENCY FINANCIAL INFORMATION

Financial information of the Agency for the last five fiscal years is shown in the following table:

**DOWNTOWN DISTRICT FIVE-YEAR INFORMATION
FOR THE FISCAL YEARS 2007 THROUGH 2011**

	Fiscal Year Ended <u>9/30/2007</u>	Fiscal Year Ended <u>9/30/2008</u>	Fiscal Year Ended <u>9/30/2009</u>	Fiscal Year Ended <u>9/30/2010</u>	Fiscal Year Ended <u>9/30/2011</u>
Assets					
Current Assets	\$ 20,385,439	\$ 24,660,290	\$ 35,005,526	\$ 29,131,440	\$ 28,397,423
Restricted Assets	7,467,803	7,536,108	7,792,279	28,646,696	29,406,269
Total Assets	<u>\$ 27,853,242</u>	<u>\$ 32,196,398</u>	<u>\$ 42,797,805</u>	<u>\$ 57,778,136</u>	<u>\$ 57,803,692</u>
Liabilities and Fund Balances					
Current Liabilities	\$ 421,418	\$ 667,920	\$ 1,298,278	\$ 2,028,082	\$ 1,463,921
Fund Balances (1)					
Restricted	27,431,824	31,528,478	41,499,527	55,750,054	56,339,771
Total Liabilities and Fund Balances	<u>\$ 27,853,242</u>	<u>\$ 32,196,398</u>	<u>\$ 42,797,805</u>	<u>\$ 57,778,136</u>	<u>\$ 57,803,692</u>
Operating Revenues					
Tax Increment Fees	\$ 17,543,982	\$ 19,357,076	\$ 24,584,819	\$ 25,013,682	\$ 20,927,531
Income on Investments	1,333,167	696,505	3,788,820	3,971,902	1,875,319
Other	209,795	188,705	106,541	80,750	50,410
Total Operating Revenues	<u>19,086,944</u>	<u>20,242,286</u>	<u>28,480,180</u>	<u>29,066,334</u>	<u>22,853,260</u>
Operating Expenditures					
Salaries, Wages, and Benefits	1,048,052	1,141,600	1,242,125	1,318,989	1,578,410
Contractual Services, Materials, and Supplies	1,083,560	1,447,528	783,136	583,490	467,486
Economic Development Incentives and Other	1,824,136	1,473,540	3,912,882	3,228,753	2,568,068
Sub Total	<u>3,955,748</u>	<u>4,062,668</u>	<u>5,938,143</u>	<u>5,131,232</u>	<u>4,613,964</u>
Capital Improvements	715,310	2,137,382	678,141	551,757	285,694
Debt Service:					
Principal	3,791,352	4,183,480	5,034,450	2,242,301	3,432,015
Interest and Other	1,692,980	1,832,337	7,944,959	9,094,984	11,352,205
Total Operating Expenditures	<u>10,155,390</u>	<u>12,215,867</u>	<u>19,595,693</u>	<u>17,020,274</u>	<u>19,683,878</u>
Operating Income (Loss)	<u>8,931,554</u>	<u>8,026,419</u>	<u>8,884,487</u>	<u>12,046,060</u>	<u>3,169,382</u>
Non-Operating Revenue (Expenditures):					
Operating Transfers (Net)	(490,726)	(3,929,765)	(64,895,825)	(73,977,342)	(2,579,665)
Refunding Bonds Issued	-	-	5,975,000	-	-
Premium on Issuance of Bonds	-	-	309,987	6,809	-
Payment to Refunded Bond Escrow Agent	-	-	(5,732,600)	-	-
Issuance of Debt	-	-	65,430,000	76,175,000	-
Total Non-Operating Revenue (Expenditures)	<u>(490,726)</u>	<u>(3,929,765)</u>	<u>1,086,562</u>	<u>2,204,467</u>	<u>(2,579,665)</u>
Net Change in Fund Balances	8,440,828	4,096,654	9,971,049	14,250,527	589,717
Fund Balances - Beginning	18,990,996	27,431,824	31,528,478	41,499,527	55,750,054
Fund Balances - Ending	<u>\$ 27,431,824</u>	<u>\$ 31,528,478</u>	<u>\$ 41,499,527</u>	<u>\$ 55,750,054</u>	<u>\$ 56,339,771</u>

Source: City of Orlando's CAFR.

(1) Fund Balances have been classified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

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THE COMMUNITY REDEVELOPMENT AGENCY

Agency Members and Staff

The members of the Agency are the seven members of the City Council with the Mayor serving as Chairman of the Agency and the Mayor Pro-Tem serving as the Vice Chairman. The Agency's staff is led by Thomas C. Chatmon, Jr., Executive Director.

Thomas C. Chatmon, Jr. was appointed Executive Director of the Community Redevelopment Agency on February 19, 2007. Prior to accepting his position with the CRA, Thomas was the President and Chief Executive Officer (CEO) for Albany Tomorrow, Inc. for ten years. Albany Tomorrow, Inc. is a non-profit organization that contracted with the City of Albany, Georgia and Dougherty County to manage and administer the Albany Downtown Riverfront Master Plan. Thomas also has 18 years experience in business as President/CEO of a retail/wholesale distribution corporation.

The Redevelopment Act provides that the governing body of the municipality shall serve as the Agency's Board members and constitute the head of a separate legal entity, distinct and independent from the governing body of the municipality. Under the Redevelopment Act, the Agency is a separate public body corporate and politic, independent of the City.

In order to receive comments and advice on actions proposed to be undertaken within the Downtown District, the City Council established an Official Advisory Board to the Agency (the "Advisory Board") composed of the members of the Downtown Development Board, plus two representatives appointed by the Board of County Commissioners of Orange County, one of which must be an elected Orange County official. Although the Agency is responsible for all final decisions, all matters relating to the goals and objectives, projects and the budget of the Agency are reviewed by the Advisory Board.

CITY ADMINISTRATION

Management of the City

The Mayor is the Chief Executive Officer with eight departments reporting to him (Business and Financial Services, Economic Development, Families, Parks & Recreation, Fire, Housing and Community Development, Orlando Venues, Police, and Public Works). The Chief Administrative Officer assists him in the day-to-day oversight of city operations. Separately, under the Mayor's Chief of Staff, there are five offices (City Clerk, Communications and Neighborhood Relations, Community Affairs, Constituent Relations and Intergovernmental Relations).

Mayor Buddy Dyer is a native of Central Florida, born in Orlando and raised in the nearby City of Kissimmee. Following graduation from high school, he was awarded a scholarship to Brown University where his studies were concentrated on civil engineering. Upon graduation, Mayor Dyer returned to Orlando to work as an environmental engineer, later enrolling in the University of Florida Law School, where he was named editor-in-chief of the University of Florida Law Review. Following graduation from law school, Mayor Dyer began his legal career with the Orlando law firm of Winderweedle, Haines, Ward & Woodman. Prior to becoming Mayor, Buddy Dyer served the Orlando area for ten years as State Senator in the Florida Legislature. Mayor Dyer was first elected in 2003 to fill an unexpired term and was subsequently re-elected to full four-year terms in 2004, 2008, and 2012.

Financial and Budgetary Support Systems

The Chief Financial Officer (CFO) is responsible for the oversight of the City's financial affairs. This includes the functions of accounting, accounts payable, accounts receivable, operating and capital budgeting, fleet management, facilities management, real estate management, financial forecasting, financial reporting, debt management, grants management, investment management, investor relations, payroll, pension management, purchasing, risk management, and technology management. In addition, the CFO provides counseling to various Departments and Business Units and is an active participant in strategic planning activities.

The City has been recognized for both its CAFR and its annual budget document. A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the City by the GFOA for each Fiscal Year since 1978. The City was also an early participant in the GFOA's Distinguished Budget Presentation Awards

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program and received the budget award for its budget document for Fiscal Years 1984 through 1989. Due to perceived problems with consistency in the budget awards program at the time, the City elected to discontinue participation but maintain internally the high standards which had been recognized. In light of substantial changes to the program recently, the City resumed its participation beginning with its fiscal year 2004 Budget document. The City has been awarded the Distinguished Budget Presentation Award for each fiscal year since 2004.

Rebecca W. Sutton was appointed Chief Financial Officer on December 5, 2005. Before joining the City, she served the State of Florida as its Deputy Chief Financial Officer from September 2002 to December 2005; and as Deputy Secretary/Chief Information Officer for the Department of Management Services from December 2001 to September 2002. Prior to her service with the State, Ms. Sutton worked for American Management Systems (AMS) implementing ERP-like system projects for large state and local governments. Before joining AMS, she served as the Controller for the City of Dallas and the Director of Finance for Carrollton, Texas. Ms. Sutton began her career as an auditor for state and local governments for a worldwide accounting firm. She holds a Bachelor of Business Administration from Texas Tech University and a Master of Business Administration from the University of Florida.

Christopher P. McCullion was appointed City Treasurer on September 8, 2008. Prior to his appointment, Mr. McCullion served as the Assistant Treasurer for the City of Orlando. He has served in various positions in municipal government since 2000 in the areas of operating and capital budgeting, investment management, debt management and economic development. He holds a Bachelor of Science in Business Administration, a Bachelor of Arts in Political Science, and a Master of Business Administration, all from the University of Florida.

ORIGINAL REDEVELOPMENT PLAN AND 1990 REDEVELOPMENT PLAN

Pursuant to the Original Redevelopment Plan (adopted in July 1982) and the 1990 Redevelopment Plan, the Agency has worked to encourage private development in the downtown area. Toward this end, the Agency allocated much of its funding in its initial years to upgrading infrastructure needs. These projects have included:

- Sanitary & stormwater sewer system improvements
- Roadway resurfacing
- Streetscaping pedestrian corridors
- Parking facilities construction
- Traffic signal modernization

In addition to the basic infrastructure needs, overall image enhancements including development or refurbishment of open space areas, parks, plazas and recreational facilities were completed. Low and moderate income housing was developed to accommodate the growing downtown workforce. A special emphasis was also placed on enhancing retail opportunities and improving the marketability of downtown to the hospitality and convention industries.

The initial work of the Agency produced two public/private ventures resulting in the development of Church Street Market and a downtown hotel now known as the Orlando Marriott Downtown (formerly the Omni International Hotel). The hotel is a 290 room, \$30 million development, constructed on publicly owned land. Church Street Market was a 75,000 square foot, \$20 million specialty retail center developed on a former public parking lot. Both projects were instrumental in changing both attitudes and market perception of downtown's economic viability. The hotel opened in 1986 and the Church Street Market opened in 1988. The Church Street Market property has been redeveloped into the 55 West mixed-use project.

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DOWNTOWN OUTLOOK 2000 PLAN

General

The Downtown Outlook 2000 Plan (the “2000 Plan”) views the downtown area as a regional economic hub for government, financial, legal and corporate operations. The 2000 Plan provides a long-term vision and action strategies to ensure Downtown Orlando is a place for families and individuals to live, work and enjoy. While the 2000 Plan covers the entire 1,620 acre Downtown District, the Downtown District has been divided into four planning areas, allowing recognition of their unique individual characteristics.

During the past 20 years, portions of the Downtown District have undergone significant change and redevelopment. The 2000 Plan is intended to encourage these changes to continue to shape future growth. It is anticipated that the majority of redevelopment activity in the Downtown District will occur in the area under the jurisdiction of the DDB. The other areas within the Downtown District will primarily experience residential development and associated neighborhood commercial uses.

In order to eliminate blight and to implement a vision for downtown as a whole and for each of its neighborhoods, the following redevelopment strategies, actions and projects have been identified in the 2000 Plan.

Community Character

The 2000 Plan seeks to promote community character by establishing a sense of community that offers something for everyone: families, singles, seniors and visitors. To accomplish this, the 2000 Plan addresses physical design, public policy, safety and security, education, housing and neighborhood preservation. The 2000 Plan recognizes the need for a full range of housing for all income levels in and around downtown.

Family Connections

Connecting people to the various functional areas of downtown is integral to the 2000 Plan, with special emphasis on pedestrian movement. Pedestrian improvements called for by the Plan include such projects as streetscape, treescape, sidewalks and railroadscape projects. Streetscaping has been used as a catalyst to improve the image of downtown Orlando. The Downtown Outlook 2000 Plan envisions connecting neighborhoods through a network of public open spaces, cultural facilities and civic spaces linked with tree-lined pedestrian friendly streets. In addition, the 2000 Plan calls for support for the Florida Center for the Arts and Education, plus the cultural corridor and arts district.

Getting Around

In order to improve accessibility to and around downtown, the 2000 Plan calls for improving the balance between cars and alternative modes of transportation such as mass transit, bicycling and the pedestrian environment. Providing a balanced transportation system with multiple options for getting around downtown and the region will enhance downtown’s marketability to businesses and residences. The 2000 Plan calls for the improvement of Interstate 4 (I-4) and the East-West Expressway (SR 408), making Anderson Street and South Street two-way between Westmoreland Drive and Rosalind Avenue, and realigning and creating new streets to facilitate proposed parks in the Uptown, Parramore and the Eola planning areas.

The 2000 Plan calls for mass transit to become a more prominent transportation alternative. The addition of other transit circulator routes connecting the four planning areas and the existing Lymmo downtown circulator would provide additional alternatives to improve mobility around downtown. A new inter-modal transportation center at Garland Avenue and Livingston Street (that opened in 2004), serves as the hub for all transit modes. In addition, the development of commuter rail and/or light rail systems would provide both regional and local access to downtown.

Improving connectivity for pedestrians and bicyclists is a key element in building community and improving the sustainability of downtown. In addition to recreational use, a comprehensive pedestrian and bicycle network is proposed to provide real transportation alternatives. The 2000 Plan calls for expanding the City of Orlando’s proposed bikeway projects within downtown throughout the four planning areas and enhancing the pedestrian experience. Proposed bikeway projects include improvements to Park Lake Street, Division Avenue, Parramore Avenue, Osceola Avenue, and Jackson Street.

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Pedestrian circulation throughout downtown would be enhanced through streetscape or green link projects to streets such as Colonial Drive, Orange and Magnolia Avenues, Parramore and Westmoreland Avenues, Central Boulevard, Robinson Street, Amelia Street and numerous others.

Market Potential

The goals and objectives identified for Community Character, Family Connections and Getting Around form the framework for the redevelopment strategy. However, for the 2000 Plan to be feasible, the objectives must be grounded in reality. To ensure that the action statements and projects identified in the 2000 Plan are responsive to changing market conditions and economically feasible, studies of the three primary target markets: retail, office and residential were completed. The 2000 Plan calls for expanding the downtown residential and retail incentive programs; supporting retail, cultural and arts projects; providing incentives for office development and incentives to encourage conferences, small conventions and meetings downtown.

Projects Identified

A summary of the major projects identified in the 2000 Plan is provided below in the various categories:

Pedestrian Improvements:

Central Boulevard and Colonial Drive streetscape
Orange Avenue Streetscape / Narrowing
Magnolia Avenue Streetscape/Narrowing
I-4 and East-West Expressway Underpass improvements
Other pedestrian improvements

Open Space/Beautification:

Anderson, Lake Olive and Park Lake Street Parks
Park Improvements at Orlando Utilities Commission (OUC)/Lake Highland Site
Central Boulevard Park
Other Open space and beautification improvements

Transportation:

Division Avenue Streetscape/Realignment
Transit Circulators
Light Rail transit
Additional Public Parking
Other transit and road improvements

Housing:

Callahan Square (formerly Otey Place) Sale and Development
Housing Incentives
Other housing projects and programs

Economic Development:

Charter Schools
Orlando Venues Improvements and Redevelopment
Retail and Hospitality Incentives
Facade Grants
Other economic development projects and programs

Cultural/Other:

Cultural Corridor and Arts District Support
Florida Center for the Arts and education
Regional History Center
Cultural Arts and Programs Support
Other Cultural projects and programs

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DOWNTOWN OUTLOOK 2007 PLAN AMENDMENT

On June 18, 2007 the Agency approved an amendment to the 2000 Outlook Plan. The amendment includes an expansion of the Agency's boundaries to include a portion the Citrus Bowl property. The plan amendment also provides guidance for the Agency for the three venues; the Citrus Bowl redevelopment, the new Performing Arts Center, and the new Events Center. The amended plan will be effective for 30 years from the date of adoption of the amendment.

The design and construction planning for the Performing Arts Center are well under way and all required land purchases have been completed. Demolition of existing buildings and some site preparation was completed in 2010. Construction on the Events Center commenced in July 2008 and the grand opening was held on October 1, 2010. The Citrus Bowl will undergo \$175 million in improvements. Phase One improvements of the Citrus Bowl are estimated at \$10 million and include cosmetic repairs, field turf installation, skybox and press box HVAC replacement, and relocated restrooms/concessions.

DOWNTOWN OUTLOOK 2010 PLAN AMENDMENT

The Downtown Outlook is designed to provide flexibility to adapt to changing market forces. Since the adoption of the Downtown Outlook Parts I and II in 2000 and 2007, respectively, there has been continued market transformation. Many strategic plans have been crafted to further guide Downtown's growth including the following:

- Mayor's Parramore Task Force
- Downtown Strategic Transition Plan
- Downtown Orlando Transportation Plan
- Mayor's Working Committee on Homelessness
- Downtown Retail & Entertainment Study
- Parramore Town Center Strategic Vision

On February 22, 2010, the City Council, by resolution, adopted an amendment to the redevelopment plan for the Downtown District. Subsequently, on March 8, 2010, the City Council, by ordinance, amended previously adopted ordinances for the creation of the Community Redevelopment Trust Fund for the Downtown District in order to provide for the expenditure of Tax Increment Revenues to fund projects within the the February 22, 2010 redevelopment plan amendment.

The 2010 Plan Amendment added the Downtown Outlook Part III to advance priorities that continue to promote the area as a vibrant neighborhood, destination, and center of commerce. Of note, key initiatives outlined in the 2010 Plan Amendment include retail development, tourism strategies, and sustainability. Additionally, initiatives are underway to diversify the Downtown community by redeveloping the former Amway Arena location into the Creative Village. Downtown Orlando's Creative Village will thoroughly mix living and work spaces. It will be designed to attract technology companies of tomorrow, create spin-off and start-up companies, create a business-friendly environment in which digital media can thrive, attract knowledge-based workers, offer diverse cultures and lifestyles, enhance the lifestyle of creative people, and offer vibrant street life and urban amenities.

GROUNDWATER CONTAMINATION

North Downtown Orlando Site

During 1993-1994, the Florida Department of Environmental Protection (FDEP) conducted a field study of the north Downtown Orlando area to delineate suspected groundwater contamination. The study was released in June 1994 and identified three plumes, two of which were composed of predominantly trichloroethene (TCE) and the third of tetrachloroethene (PCE). TCE was commonly used as a degreaser in the 1960-1980 era, and PCE was used

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as a dry cleaning solvent. Two sources for the plumes were identified in the report. Further actions to protect Lake Concord, which is in the path of the plume, were also presented.

Extensive negotiations between the FDEP, the City and Sentinel Communications Company were held during 1994-95 with the intent of developing a long-term cleanup program. While the City had no responsibility for any of the plumes, the City concluded that it could act as a facilitator to bring the parties together with the ultimate goal of a rapid implementation of a cleanup program.

Three agreements have been entered into related to the implementation of the cleanup program. The three agreements are as follows:

- a. Consent Decree entered by a local Circuit Court between the State of Florida Department of Environmental Protection and Sentinel Communications Company.
- b. Memorandum of Understanding between the FDEP and the City of Orlando.
- c. Agreement between the City of Orlando and Sentinel Communications Company.

The City, as a result of the Agreement and the Memorandum of Understanding, voluntarily agreed to take on the financial responsibility for the cleanup of Plume "C" (the PCE plume). While the City did not cause the contamination, the City concluded that it was in its best interest to provide for the cleanup since the alleged responsible party for this plume was no longer in business. The property from which Plume "C" originated has been purchased. In accordance with state rules, the property owner is responsible for site remediation. As such, the City will discontinue its financial participation in the remediation but will maintain its involvement in the project to monitor the progress of the cleanup effort.

Approximately 20% of the overall capital and operating clean up costs for the three plume remediation system were borne by the City with FDEP's share being a similar 20% for the costs of Plume "B" (the TCE plume) for which no responsible party was found. The City is acting as the FDEP's contractor under the Memorandum of Understanding for the state's involvement with Plume "B." The Sentinel's share of the project cost is approximately 60% for Plume "A." Total capital costs for the design and construction of the cleanup system were approximately \$1,200,000. The cleanup system has been in operation since 1996 and has removed significant quantities of TCE from the groundwater. While progress is encouraging, it is anticipated that the system will need to continue operating for a number of years before appropriate cleanup of the TCE contamination can be accomplished.

The effects of these plumes are minimal at this stage, with the majority of the contamination being thirty feet below the ground surface. A consultant for the FDEP analyzed the draft report and opined that the danger to Lake Concord was insignificant because the mixing of the lake and the volume of water present dilutes the contaminants as they enter the lake. There were some concerns that the contaminants could enter the Upper Floridan aquifer; however, on-going monitoring of deep wells installed by FDEP continues to show no effect on the Floridan aquifer. In part, the cleanup described above has allowed for development of at least three substantial projects: the 204 room Marriott Courtyard Hotel, the 304 unit Echelon at Cheney Place and the 244 unit Echelon Uptown apartment complex. These projects total over \$60 million in private investment.

The City of Orlando has met its obligation for this project and is no longer an active participant in the cleanup of the North Downtown Orlando Site project.

Former Spellman Engineering Site

In February 1997, the FDEP released a report on TCE contamination of the groundwater north of Lake Highland, which is located in the northernmost section of the downtown Community Redevelopment Area. The Orlando Utilities Commission (OUC) originally discovered this contamination during a petroleum tank closeout study in 1993 on property which served as a maintenance facility for OUC. The FDEP's consultant determined that the likely source of the TCE contamination was from land previously owned by a local engineering firm known as Spellman Engineering, which is located east of Ferris Avenue on the south side of Brookhaven Drive.

The FDEP referred this site, in late 1997, to the U.S. Environmental Protection Agency (EPA) in Atlanta for possible inclusion on the National Priorities List (often commonly referred to as the Superfund List). The City

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was concerned that resorting to the National Priorities List could indefinitely delay the remediation of the contamination and result in significant diminution of surrounding property values. City and OUC officials met with FDEP officials to determine whether there might be alternative solutions that could be pursued, short of referring the matter for action to EPA. FDEP indicated their support for a local initiative that would lead to a voluntary cleanup program. Following these discussions, the City and FDEP met with the EPA Regional Administrator in Atlanta in September 1998 to explore opportunities for the City to take on a portion of the project on a voluntary basis. The City believed that it would be in its best interests to work with EPA to avoid the stigma that would likely result from this area of the City being named as a "Superfund" site. The EPA Regional Administrator pledged to work with the City to bring such a voluntary action to fruition.

Negotiations were commenced between the City and EPA for the City to conduct the Remedial Investigation/Feasibility Study (RI/FS) phase of the work. In the fall of 2000, an agreement was reached between all parties for the funding and administration of the RI/FS by the City and OUC. The agreements were executed in early February 2001.

The fieldwork phase of the RI/FS commenced in May of 2001 after public meetings were held in the area. OUC retained Professional Service Industries (PSI) to conduct the fieldwork and prepare a report of their findings. The RI/FS study cost approximately \$900,000 which was split equally between the City and OUC. The study was originally scheduled to take about 21 months to complete but with the need for some additional fieldwork, this schedule was extended by four months. The final Remedial Investigation (RI) report and the final Baseline Risk Assessment were submitted to EPA in April 2004. The final Feasibility Study (FS) report was submitted to EPA in August 2004. The results of the RI confirmed that the TCE groundwater contamination plume has migrated from the source area (the former Spellman Engineering property) over approximately 40 acres toward Lake Highland in the south, to near Lake Ivanhoe in the west and towards Lake Formosa in the north. The contamination has migrated vertically and extends approximately 25 to 115 feet below ground surface but has not reached the upper Floridan aquifer. The Baseline Risk Assessment concluded that no potentially unacceptable risk was identified for soil, sediment or surface water impacted by the site contaminants. The FS report presented several different cleanup alternatives for each of three different contaminant zones.

The EPA conducted a formal RI/FS process, which included public notification, a public hearing, and finalization of a Record of Decision (ROD). The EPA issued their ROD in September 2004. The selected cleanup remedy presented in the ROD consists of three project phases. The proposed cleanup presented in the ROD was expected to cost approximately \$7,000,000 and could be completed over a period of 15 to 20 years. The EPA selected a contractor to perform the design of the remediation effort. The City and OUC are not required to participate in or fund any further work beyond the RI/FS, including any remediation effort. However, the City and OUC negotiated a plan with EPA that would fund the selected remediation effort without resorting to the Superfund process.

The initial plan sought to sell the City-owned property in the area to a qualified developer with the condition that the developer assume liability for the environmental remediation effort and develop the property in accordance with existing entitlements. In 2007, the neighboring Lake Highland Preparatory School (LHPS) offered to purchase the City property and OUC maintenance facility, assume the liability for the remediation effort and effectuate the cleanup of the site. (In an unrelated transaction, LHPS had a contractual option to purchase a portion of the City owned property in the area.) LHPS, in conjunction with a development partner and an environmental consulting firm (ARCADIS) developed a Guaranteed Remediation Program (GRiP) which offered a guaranteed remediation solution for the cleanup of the TCE plume. The cleanup price guaranteed by the GRiP was approximately \$12.2 million.

In 2008, LHPS withdrew from its effort to purchase the entire former City property and OUC maintenance facility and approached the City with a proposal to purchase a portion of the City property to offset the cleanup cost of a City-funded remediation effort. To avoid further cleanup delays and to prevent the site from being placed on the EPA's National Priority List, the City negotiated an agreement with EPA to complete the remediation effort, and initiated contract negotiations with ARCADIS to perform the cleanup under the same GRiP presented to LHPS. The City also negotiated an agreement with LHPS to purchase a portion of the City property and an agreement with FDEP for Brownfield tax credits which would both be used to pay for a portion of the cleanup costs. The remainder of the cleanup costs are planned to be offset by the future sale of other City properties in the area. If the City is successful, the site will not be placed on EPA's National Priority List where such a listing could have negative impacts on property values in the immediate area, and the cleanup effort will be significantly accelerated.

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ARCADIS is currently installing the various components of the three remediation systems. As of February 2012 two of the three systems are installed and operating.

Orlando Coal Gasification Plant

Located in the 600 block of West Robinson Street, which is in the west central portion of the CRA, the Orlando Coal Gasification plant manufactured coal gas from 1887 to 1960, at which time the plant and appurtenances were demolished. At no time in its history was the plant owned or operated by the City of Orlando. Various studies of the potential soil and groundwater contamination emanating from this facility have been conducted over the past fifteen years. In 1988-1989, the United States Geological Survey conducted a water quality monitoring study of the Upper Floridan aquifer, which serves as a drinking water source for some utilities in the Central Florida region. This aquifer is about 200 feet below ground surface. The OUC, which provides drinking water to the City of Orlando, has, as its water source, the Lower Floridan aquifer which is approximately 1,200 feet below ground surface. This study showed some evidence of contamination in the Upper Floridan aquifer that could have resulted from the disposal of by-products from the coal gasification manufacturing process.

EPA, Region IV, commissioned two groundwater studies, one in 1990, and the other in 1996. Based on that work, EPA placed this site on a low priority list for further investigation in 1996. No investigation of the Upper Floridan water quality was conducted during those two studies.

More recently, in 2002, under an order from the EPA, a consortium of present and former landowners of the coal gasification site conducted an Expanded Site Investigation (ESI) study of the soil and groundwater on and adjacent to the coal gasification site. This study focused on the condition of both the groundwater and the waters of the Upper Floridan aquifer. Fieldwork was completed in the summer of 2002, with the subsequent report on the findings showing certain areas where coal tar contamination had entered into the upper reaches of the Upper Floridan aquifer. The conclusion of the 2002 ESI study was that this contamination appeared to have entered the aquifer through a direct conduit such as a drainage well(s), as discharge or condensate disposal pipes from the plant were connected (presumably by the plant operators) directly to a drainage well (now known as drainage well #62). As a result of this ESI study, EPA required the consortium to enter into an agreement to conduct a full Remedial Investigation/Feasibility Study (RI/FS).

Due to the fact that the City of Orlando currently maintains Drainage Well #62 on West Robinson Street several hundred feet to the east of the site and the fact that this drainage well may have been a conduit for contamination to reach the Upper Floridan aquifer, the consortium approached the City to become an active participant in the conduct of the environmental work as a Potentially Responsible Party (PRP). While it has not been conclusively proven that the contamination entered the Upper Floridan aquifer through Drainage Well #62, it cannot be definitively shown that it did not. There were also discussions between EPA staff and City staff regarding the desirability of the City becoming involved in the program as a PRP, in addition to the City's past role as a facilitator and provider of access for study purposes.

To that end, staff negotiated a participation level of three percent (3%) for the City to pay for environmental assessment work done as of that date and additional investigatory work (RI/FS) that continues at the site. The City's cost at this level of participation is estimated to be \$84,000. The work to be accomplished will be under the EPA's RI/FS guidelines similar to the work that the City and OUC had completed for the former Spellman Engineering site. Any future remediation costs (unknown at this time) may also become an obligation of the City at a yet to be determined level. City representatives have been members of the steering committee for the consortium. This committee has provided oversight of the RI/FS process as it progresses.

To memorialize the City's participation in this program, there are five separate agreements which were approved by City Council and executed by the Mayor on November 10, 2003. The principal agreement is the RI/FS Administrative Order on Consent between the City, the EPA, Florida Power Corporation (now Progress Energy Florida), Peoples Gas System, and Atlanta Gas Light. This document binds the City to the program as a PRP.

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INTRODUCTION

As part of the ongoing comprehensive planning process, the City's transportation system is analyzed and reviewed to facilitate the management and implementation of growth in the City. The City identified traffic capacity deficiencies while engaged in this planning process in the transportation/roadway system servicing the area bounded by Kirkman Road on the east, Orlando-Vineland Road on the north, Turkey Lake Road on the west, and both Sand Lake Road and Interstate 4 on the south. This area has experienced considerable growth, in large part due to the development of the entertainment and film production facilities commonly known as Universal Studios Florida.

On February 7, 1994, the City Council found the existence of a blighted area within the southeast section of the City designated as the Interstate 4/Republic Drive Interchange Community Redevelopment Area. After a public meeting and public hearing in accordance with the requirements of the Redevelopment Act, the City Council adopted a resolution on June 5, 1995, approving a redevelopment plan (the "Interstate 4/Republic Drive Interchange Area Redevelopment Plan") which provided for the acquisition and construction of the Project within the Interstate 4/Republic Drive Interchange Community Redevelopment Area. The Interstate 4/Republic Drive Interchange Community Redevelopment Area consists of approximately 780 acres.

The Redevelopment Act provides that upon creation of a community redevelopment agency, a municipality shall establish on behalf of the community redevelopment agency, a community redevelopment trust fund. With respect to the Interstate 4/Republic Drive Interchange Community Redevelopment Area, the City established the Interstate 4/Republic Drive Redevelopment Trust Fund by an ordinance enacted June 19, 1995 (the "1995 Ordinance"), pursuant to Section 163.387, Florida Statutes. "Taxing Authorities," as defined in the Redevelopment Act, which levy ad valorem taxes on real property subject to taxation located within the Interstate 4/Republic Drive Interchange Community Redevelopment Area are required by January 1 of each year to deposit into the Interstate 4/Republic Drive Redevelopment Trust Fund an amount as described herein under the caption "INCREMENT REVENUES." The taxing authorities which are required to make annual deposits to the Interstate 4/Republic Drive Redevelopment Trust Fund and are currently doing so are the City and Orange County.

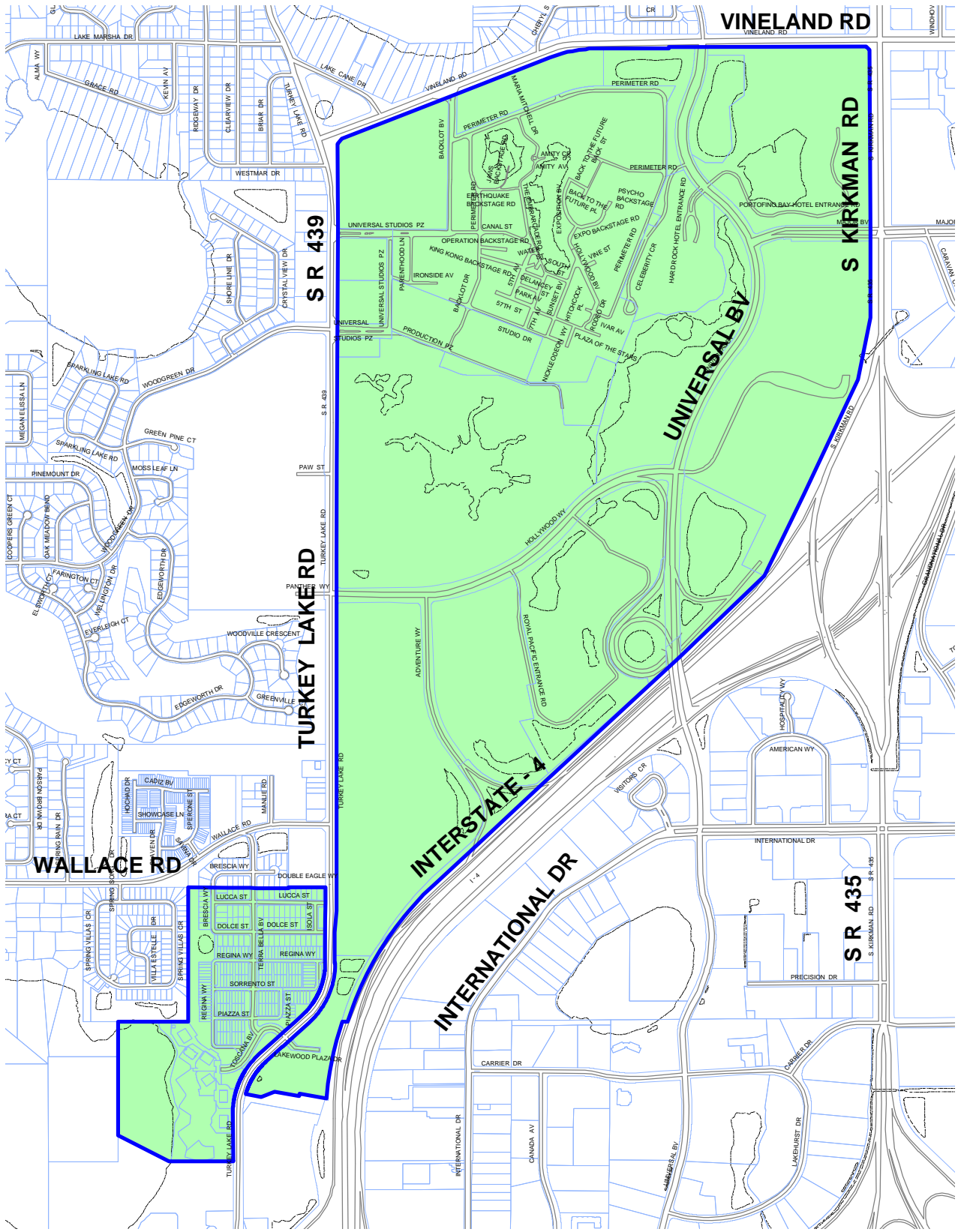
In addition to the original Universal Studios theme park, a second theme park, two garages, a people mover system and a night time entertainment area have been developed by the Universal Partnerships (as defined below) within the Interstate 4/Republic Drive Community Redevelopment Area. There are currently three hotels within the Interstate 4/Republic Drive Community Redevelopment Area. All of the facilities described above, including the original Universal Studios Florida theme park, are within the Interstate 4/Republic Drive Community Redevelopment Area. As a result of the development of such facilities, the Agency expects continued growth in the Interstate 4/Republic Drive Community Redevelopment Area. A portion of the land within the Redevelopment Area has been rezoned to permit a mixed use development of single family residences, condominiums, and apartments, but the majority of the taxable real property within the Interstate 4/Republic Drive Interchange Community Redevelopment Area is related to the entertainment and tourism industry. After the formation of the Interstate 4/Republic Drive Interchange Community Redevelopment Area and the issuance of the Series 1997A Bonds, Republic Drive was renamed Universal Boulevard.

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The public infrastructure improvements financed within the Interstate 4/Republic Drive Interchange Community Redevelopment Area with the proceeds of the Series 1997A Bonds involved the following six general components:

- | | | |
|-------------------|----|--|
| <i>Bridge:</i> | 1) | To northbound: a three-lane overpass roadway. |
| | 2) | To southbound: a three-lane overpass roadway. |
| <i>On-ramps:</i> | 3) | To eastbound Interstate 4: a direct access on-ramp. |
| | 4) | To westbound Interstate 4: a direct access on-ramp. |
| <i>Off-ramps:</i> | 5) | From eastbound Interstate 4: a direct access off-ramp. |
| | 6) | From westbound Interstate 4: a direct access off-ramp. |

Construction of the Project began in August of 1996 and was substantially complete by September 1999 with minor modifications to the interchange completed in January 2000. The construction of the Project ensured that public transportation facilities needed to support the traffic created by development within the Interstate 4/Republic Drive Community Redevelopment Area would be available concurrent with the impact of the development in that area.



I-4 / Republic CRA

 Community Redevelopment Area



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The following table shows the properties that comprise the I-4/Republic Drive Interchange Community Redevelopment Area.

**USE OF TAXABLE PROPERTIES WITHIN THE
I-4/REPUBLIC DRIVE (UNIVERSAL BLVD.)
COMMUNITY REDEVELOPMENT AREA**

<u>Property Description</u>	<u>Number of Acres</u>	<u>2011 Total Taxable Value (in Millions)</u>
Theme Parks:		
Universal Studios Theme Park	108.43	\$ 230.5
Islands of Adventure Theme Park	101.60	217.1
City Walk (Shopping/Entertainment)	35.12	107.7
Sub Total - Theme Parks		<u>555.3</u>
Hotels:		
Portofino Bay Hotel	51.77	92.3
Royal Pacific Resort	52.99	96.1
Hard Rock Hotel	32.79	71.2
Future Site #1	32.84	14.0
Future Site #2	70.91	21.3
Sub Total - Hotels		<u>294.9</u>
Parking Garages and People Mover	69.09	150.0
Hard Rock Live/Café	6.69	32.2
Studios and Production Lots	15.28	16.2
Loews Hotel Services/Creative Activities	12.67	11.5
Administrative Offices	4.22	10.2
Employee Parking Lots	36.87	7.1
Other parcels/uses	67.02	25.6
Residential/Homestead Property	81.59	63.6
Totals	<u>779.88</u>	<u>\$ 1,166.6</u>

Source: Orange County Property Appraiser and Orange County Official Records.

OUTSTANDING INDEBTEDNESS

As of September 30, 2011, the Republic Drive District had one outstanding bond issue that is described below.

The Tax Increment Revenue Refunding Bonds, Series 2002, were issued as a current refunding of the outstanding Special Assessment Revenue Bonds, Series 1997A. The Bonds are callable at a premium of 2% of par beginning on April 2, 2009; are callable at a premium of 1% of par beginning on April 1, 2011; and are callable at par beginning on April 1, 2012. The refunding was a variable rate debt to fixed rate debt transaction, and also replaced special assessments as the source of revenue and security with tax increment revenues. Subsequent to September 30, 2011, the Series 2002 Bonds were refunded via the issuance of the Agency's Tax Increment Revenue Refunding Bonds (Republic Drive/Universal Boulevard District), Series 2012.

The table below provides the debt service schedule for the 2002 Bonds and the estimated debt service coverage based upon historic revenues.

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**ESTIMATED DEBT SERVICE SCHEDULE AND COVERAGE
BASED ON HISTORIC REVENUES**

Fiscal Year Ending Sept. 30	2002 Bond Principal (1)	2002 Bond Interest	Total Debt Service	Increment Revenues (2)	Estimated Total Debt Service Coverage
2011	\$ 1,645,000	\$ 1,685,444	\$ 3,330,444	\$ 7,294,619	2.19
2012	1,710,000	1,623,756	3,333,756	8,067,882	2.42
2013	1,780,000	1,555,356	3,335,356	8,067,882	2.42
2014	1,850,000	1,484,156	3,334,156	8,067,882	2.42
2015	1,945,000	1,389,344	3,334,344	8,067,882	2.42
2016	2,045,000	1,289,663	3,334,663	8,067,882	2.42
2017	2,150,000	1,184,856	3,334,856	8,067,882	2.42
2018	2,260,000	1,074,669	3,334,669	8,067,882	2.42
2019	2,375,000	958,844	3,333,844	8,067,882	2.42
2020	2,495,000	837,125	3,332,125	8,067,882	2.42
2021	2,625,000	709,256	3,334,256	8,067,882	2.42
2022	2,760,000	574,725	3,334,725	8,067,882	2.42
2023	2,890,000	443,625	3,333,625	8,067,882	2.42
2024	3,030,000	302,738	3,332,738	8,067,882	2.42
2025	3,180,000	155,025	3,335,025	8,067,882	2.42
TOTALS	\$ 33,095,000	\$ 13,583,138	\$ 46,678,138	\$ 112,950,348	

(1) Matures April 1st

(2) Assumes that Increment Revenues collected in the Fiscal Year ending September 30, 2012, will remain constant through September 30, 2025, exclusive of interest earnings.

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PERTINENT AGREEMENTS

The Cooperation Agreement

In connection with the issuance of the Series 1997A Bonds, a Cooperation Agreement dated as of August 26, 1997 (the “1997 Cooperation Agreement”), was executed by the City, the Agency, and Universal City Florida Partners and Universal City Development Partners (the “Universal Partnerships”), general partnerships which were at such time owned indirectly by Universal Studios, Inc. and Rank Leisure Holdings P.L.C.

Under the terms of the 1997 Cooperation Agreement, certain “Benchmarks” (as defined therein) encouraged and promoted the Universal Partnerships’ plan to develop their properties within the Interstate 4/Republic Drive Interchange Community Redevelopment Area on a timely basis. The resulting increase in property values from such development would in turn create an increase in tax revenues as contemplated in the Interstate 4/Republic Drive Community Redevelopment Plan.

In connection with the issuance of the Series 2002 Bonds, the Agency, the City and Universal City Development Partners, Ltd., successor in interest to the Universal Partnerships (the “Partnership”), entered into the Refunding Cooperation Agreement dated as of August 12, 2002 (the “2002 Cooperation Agreement”), pursuant to which the parties acknowledged that, as of the date of issuance of the Series 2002 Bonds, the 1997 Cooperation Agreement was terminated. Under the 2002 Cooperation Agreement, the Agency and City further acknowledge the Partnership’s compliance through the date of issuance of the Series 2002 Bonds with the Benchmarks. The Partnership further acknowledged that at the time of issuance of the Series 2002 Bonds the Agency was under no obligation to refund the Series 1997A Bonds and the City was under no obligation to discharge the special assessment related to the Series 1997A Bonds or record a satisfaction of lien with respect thereto. By doing so before required to under the terms and conditions of the Interlocal Agreement (as defined below) and the 1997 Cooperation Agreement, the Partnership acknowledged in the 2002 Cooperation Agreement that the Agency and the City conferred a benefit upon the Partnership in consideration for which the Partnership agreed to contribute \$1,667,678 to the Agency for deposit to the 2002 Supplemental Reserve Subaccount to be held under the terms of the Indenture until such time as the 2002 Supplemental Reserve Requirement equals zero or the Series 2002 Bonds are no longer Outstanding, after which time the balance remaining in the 2002 Supplemental Reserve Subaccount will be returned to the Partnership. On any date after January 1, 2006, the 2002 Supplemental Reserve Requirement will be reduced to zero upon delivery by the Agency to the Trustee of a written certificate of the Chief Financial Officer of the City stating that the Increment Revenues deposited into the Interstate 4/Republic Drive Redevelopment Trust Fund in the then-current Fiscal Year and each of the immediately preceding two Fiscal Years have equaled or exceeded 200% of the Maximum Annual Debt Service on all Outstanding Bonds. On January 11, 2006 the supplemental reserve was returned to the partnership.

The Interlocal Agreement

The City and the County entered into an Interlocal Agreement dated as of April 2, 1996 (as amended to date, the “Interlocal Agreement”), which among other things, provides for the disposition of Increment Revenues generated within the Interstate 4/Republic Drive Interchange Community Redevelopment Area. The Interlocal Agreement limits the use of such Increment Revenues to the payment of (i) the principal of, and interest and redemption premium, if any, on obligations issued to provide funds for allowable capital costs of the Project and (ii) certain costs incidental to variable rate obligations. Any surplus Increment Revenues are required to be distributed to the respective taxing authority (the County and the City) within 30 days of receipt of payments by such taxing authority of the Increment Revenues in amounts set forth in Section 163.387(7)(a) of the Redevelopment Act in accordance with the calculations set forth in the Interlocal Agreement.

Pursuant to subsection 163.387(7) of the Redevelopment Act, on the last day of the Fiscal Year of the Agency, any money which remains in the Interstate 4/Republic Drive Redevelopment Trust Fund after the payment of expenses permitted under subsection 163.387(6) of the Redevelopment Act for such year shall be:

- (a) Returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities within the redevelopment area for that year;

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- (b) Used to reduce the amount of any indebtedness to which increment revenues are pledged;
- (c) Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or
- (d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within 3 years from the date of such appropriation.

Under the Interlocal Agreement, the Agency has agreed that on or about January 30 of each year (rather than on the last day of the Agency’s Fiscal Year) the Agency will return to each taxing authority in accordance with subsection 163.387(7)(a) moneys remaining in the Interstate 4/Republic Drive Redevelopment Trust Fund after the payment of expenses permitted under subsection 163.387(6) of the Redevelopment Act and by the Interlocal Agreement (including principal, premium, if any, and interest on the Series 2002 Bonds).

Under the terms of the Interlocal Agreement, the County has the right to cause the legal defeasance or refunding of any Increment Obligations, including the Series 2002 Bonds, in a principal amount equal to the County Share (as defined therein) of the aggregate principal amount then outstanding. The “County Share” is the approximate equivalent of the ratio of the ad valorem tax millage levied by the County to the aggregate ad valorem tax millage levied by the County and the City. Currently, the County Share is approximately 44%. The Interlocal Agreement provides that the existence of the Interstate 4/Republic Drive Interchange Community Redevelopment Area will automatically terminate and the Increment Revenues cease being appropriated and paid by the County upon the earlier to occur of (i) the payment or defeasance in full of all obligations authorized to pay the costs of the Project (or to refinance such costs), or (ii) January 1, 2026.

As part of the proceedings validating the Series 1997A Bonds, the Court validated and confirmed the Interlocal Agreement and found it to constitute a valid, binding and enforceable agreement. The validation also applied to the Series 2002 Bonds.

INCREMENT REVENUES

The Series 2002 Bonds are secured in part by the pledge of Increment Revenues deposited into the Interstate 4/Republic Drive Redevelopment Trust Fund established by the 1995 Ordinance. The tax increment revenues generated within the other two existing community redevelopment areas within the City and any additional areas designated in the future by the City to be a slum or blighted area within the meaning of the Redevelopment Act, shall not constitute Increment Revenues for purposes of the Indenture and shall not be subject to the pledge and lien created by the Indenture securing the Series 2002 Bonds.

Sources of Increment Revenues

Required payments by the taxing authorities to the Interstate 4/Republic Drive Redevelopment Trust Fund are based on the assessed valuation of taxable real property as of the previous January 1. Pursuant to the Redevelopment Act and the 1995 Ordinance (as defined herein), on or before each January 1, each such taxing authority levying taxes in the Interstate 4/Republic Drive Interchange Community Redevelopment Area must appropriate and pay to the Interstate 4/Republic Drive Redevelopment Trust Fund an amount equal to 95% of the difference between:

- (a) The amount of ad valorem taxes levied each year by that taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of the Interstate 4/Republic Drive Interchange Community Redevelopment Area; and
- (b) The amount of ad valorem taxes which would have been produced by the then current millage rate of that taxing authority, exclusive of any debt service millage, had it been applied to the assessed valuation of the taxable real property in the Interstate 4/Republic Drive Interchange Community Redevelopment Area as of January 1, 1994.

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Current and future tax increment revenue accruing within the Interstate 4/Republic Drive Interchange Community Redevelopment Area is predicated upon increases in assessed real property valuations in excess of taxable values recognized for a specific base year. Taxable values within the Interstate 4/Republic Drive Interchange Community Redevelopment Area for the base year of 1994 were \$324,462,644. The following table summarizes the historical gross taxable values for the Interstate 4/Republic Drive Interchange Community Redevelopment Area as of January 1 of the years 2002 through 2011, and the increase or decrease in assessed value for each year.

Measuring Calendar Year (as of January 1)	Fiscal Year Ended September 30	Total Assessed Taxable Values	Increase/(Decrease) in Assessed Value Over Prior Year	Incremental Value
2002	2003	\$ 1,001,684,311	\$ (19,552,199)	\$ 677,221,667
2003	2004	1,029,799,339	28,115,028	705,336,695
2004	2005	1,000,446,569	(29,352,770)	675,983,925
2005	2006	1,006,736,025	6,289,456	682,273,381
2006	2007	1,098,203,867	91,467,842	773,741,223
2007	2008	1,255,690,721	157,486,854	931,228,077
2008	2009	1,287,130,824	31,440,103	962,668,180
2009	2010	1,170,028,762	(117,102,062)	845,566,118
2010	2011	1,085,906,776	(84,121,986)	761,444,132
2011	2012	1,166,580,520	80,673,744	842,117,876

The incremental increase in ad valorem taxes described above is used to measure the amount of the contribution which must be appropriated and contributed by each taxing authority which is required to make payments. The taxing authorities cannot be compelled to levy ad valorem taxes to make such payments. The statutory obligation of a taxing authority to make the required payments to a community redevelopment trust fund continues for so long as a community redevelopment agency has indebtedness pledging Increment Revenues to the payment thereof outstanding, but not to exceed thirty years from the date the redevelopment plan is last amended. In the case of the Agency, this obligation will continue until 2025. Additionally, the obligation of the City of Orlando (the governing body which established the community redevelopment agency), to annually fund the community redevelopment trust fund continues until all loans, advances, and indebtedness, if any, and interest thereon, of the community redevelopment agency incurred as a result of redevelopment in the community redevelopment area have been paid. The Agency has covenanted in the Indenture to diligently enforce its right to receive and dispose of the Increment Revenues and has agreed that it shall not take any action which will impair or adversely affect the Increment Revenues or the right to receive such revenues.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY – REPUBLIC DRIVE
(UNIVERSAL BOULEVARD) DISTRICT**

Millage Rates

The table below summarizes the millage rates levied within the Interstate 4/Republic Drive (Universal Blvd.) Interchange Community Redevelopment Area for the Fiscal Years 2003 through 2012.

**Historic Millage Rates
(last ten years)**

Fiscal Year Ended Sept. 30	City of Orlando	Orange County	Total
2003	5.6916	5.1639	10.8555
2004	5.6916	5.1639	10.8555
2005	5.6916	5.1639	10.8555
2006	5.6916	5.1639	10.8555
2007	5.6916	5.1639	10.8555
2008	4.9307	4.4347	9.3654
2009	5.6500	4.4347	10.0847
2010	5.6500	4.4347	10.0847
2011	5.6500	4.4347	10.0847
2012 ⁽¹⁾	5.6500	4.4347	10.0847

(1) The City and Orange County have approved these millage rates for FY2012.

Established Increment Revenues

The aggregate assessed valuation of taxable real property in the Interstate 4/Republic Drive Interchange Community Redevelopment Area as of January 1, 1994, used for determining the incremental assessed valuation in future years was \$324,462,644 (the “Base Year Value”). The amount of Increment Revenues to be received in any future year is dependent on the assessed valuation of taxable real property in the Interstate 4/Republic Drive Interchange Community Redevelopment Area as of each January 1, the incremental increase in such valuation above the Base Year Value and the total millage rate levied by the relevant taxing authorities; all of which factors are completely outside the control of the Agency.

Factors Affecting Increment Revenues

Neither the City nor any other taxing authority levying ad valorem taxes within the Interstate 4/Republic Drive Interchange Community Redevelopment Area has covenanted or pledged to levy ad valorem taxes on taxable real property within the Interstate 4/Republic Drive Interchange Community Redevelopment Area at a level sufficient to generate Increment Revenues in any particular amount or at all. The pledge of Increment Revenues does not constitute a pledge of the ad valorem taxing power of any taxing authority, including the City or the County. The Agency has no taxing power.

Consequently, the amount of Increment Revenues to be deposited in the Interstate 4/Republic Drive Redevelopment Trust Fund and pledged to the Series 2002 Bonds is dependent upon, among other things, (i) the millage rates, if any, established by any taxing authority, including the City and the County and (ii) growth in the assessed valuation of taxable real property in the Interstate 4/Republic Drive Interchange Community Redevelopment Area, which increase will be affected by the annual appraisal at one hundred percent (100%) of the “just value” of taxable real property, including new construction completed, within the Interstate 4/Republic Drive Interchange Community Redevelopment Area.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY – REPUBLIC DRIVE
(UNIVERSAL BOULEVARD) DISTRICT**

**Increment Revenues
City of Orlando Community Redevelopment Agency
Interstate 4/Republic Drive (Universal Blvd.) Interchange**

Fiscal Year Ended Sept. 30	Total Collections	Annual Rate of Growth/(Decrease)	Debt Service Coverage (1)
2003	\$ 6,984,001	(2.8)%	2.09
2004	7,273,945	4.2	2.18
2005	6,971,238	(4.2)	2.09
2006	6,926,829	(0.6)	2.08
2007	7,654,533	10.5	2.29
2008	8,255,798	7.9	2.48
2009	9,128,483	10.6	2.74
2010	8,100,819	(11.3)	2.43
2011	7,294,619	(10.0)	2.19
2012 (2)	8,067,881	10.6	2.42

- (1) Debt service coverage is calculated based on Maximum Annual Debt Service on the Series 2002 Bonds, \$3,335,356.
(2) Reflects tax increment revenue collected as of December 31, 2011.

Calculation of Increment Revenues - Fiscal Year 2012

Assessed Value	\$ 1,166,580,520
Less Base Year Taxable Value	<u>(324,462,644)</u>
Fiscal Year 2012 Increment Taxable Value	842,117,876
Multiplied by Fiscal Year 2012 Millage Rate	<u>10.0847</u>
Increment Revenue (1)	8,067,882
Less Adjustments to Prior Year Assessed Values	<u>-</u>
Total Collections	<u><u>\$ 8,067,882</u></u>

- (1) Calculated using 95% of taxable value.

**CITY OF ORLANDO, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY – REPUBLIC DRIVE
(UNIVERSAL BOULEVARD) DISTRICT**



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A City on the Move

“No project in our region will have the power to impact people’s daily lives the way SunRail will.”
-Mayor Buddy Dyer



- SunRail, Central Florida’s first commuter rail system, will provide a desperately-needed alternative to clogged roadways and rising gas prices.
- SunRail will immediately create 13,000 construction jobs and more than 100,000 construction jobs within one-half mile of station stops.
- Over the next 30 years SunRail is expected to create more than 250,000 jobs and have an \$8 billion economic impact.
- The 31-mile first phase of SunRail will serve 12 stations linking DeBary to Orlando. Phase II will serve five additional stations, north to DeLand and south to Poinciana. Service will begin in 2014 for Phase I. Phase II will open in 2016.
- Orlando is the only city in Florida with a free downtown bus circulator called LYMMO. Plans to expand LYMMO will provide SunRail riders with easy, free transit in Downtown Orlando.
- Orlando is building a Downtown “Intelligent Transportation System” (ITS) which will make navigating the urban core of the City safer and easier. The ITS will provide real-time traffic and parking information through dynamic roadside message boards. This information will also be available on smart-phones and other web applications.



**CITY OF ORLANDO, FLORIDA
CONROY ROAD INTERCHANGE**

SPECIAL ASSESSMENT REVENUE BONDS

**SUMMARY INFORMATION
As of September 30, 2011**

Individual Bond Issues:	<u>Outstanding</u>	<u>Rating</u>	<u>Credit Facility</u>	<u>Paying Agent</u>	<u>Maturity</u>
Fixed Rate:					
Special Assessment Revenue Bonds (Conroy Road Interchange Project), Series 1998A	<u>\$ 22,455,000</u>	N/A	N/A	Bank of New York	5/1/2026
Debt Service Reserve:	<u>\$ 2,714,441</u>				

Revenue Pledge:

Primary:

The 1998A bonds pledge special assessment and tax increment revenue on the Designated District.

Secondary:

Transportation Impact Fees (limited, see page E-3).

CITY OF ORLANDO, FLORIDA CONROY ROAD INTERCHANGE

INTRODUCTION

An interchange at Conroy Road and Interstate 4 was in the City's, the County's, the Metropolitan Planning Organization, and the Florida Department of Transportation planning agenda for over a decade unrelated to and preceding this developer initiative. In the early 1990's, Orlando Southwest Partners ("the "Developer") acquired the right to purchase 440 acres of property at the location of the future interchange and approached the City to annex the property if tax increment revenues could be used to finance/accelerate the construction. The City and the County agreed to the first of a series of interlocal agreements which would allow tax increment revenues from the "to be annexed" property to be used to construct the interchange. A map of the Community Redevelopment Agency - Conroy Road District is shown on page E-4.

OUTSTANDING INDEBTEDNESS

The Series 1998A Bonds were issued to finance the construction of the interchange improvements at Conroy Road and Interstate 4. The 1998A bonds are callable at a premium of 2% of par on May 1, 2008, callable at a premium of 1% of par on May 1, 2009, and are callable at par on May 1, 2010. The Bonds are payable from and secured by Special Assessments, Pledged Transportation Impact Fees and Pledged Increment Revenues. Provided Development Thresholds are met, Transportation Impact Fees in excess of \$4,175,000 (as amended) but not exceeding \$5,300,000 will be deposited when needed to pay debt service on Series 1998A Bonds after Pledged Increment Revenues have been applied. Transportation Impact Fees in excess of \$8,050,000 may also be available to pay debt service on the Series 1998A Bonds. The debt service schedule for the Series 1998A Bonds is shown below.

Fiscal Year Ending September 30,	1998A Bonds		Total Debt Service
	Principal	Interest (1)	
2012	\$ 980,000	\$ 1,302,390	\$ 2,282,390
2013	1,035,000	1,245,550	2,280,550
2014	1,095,000	1,185,520	2,280,520
2015	1,160,000	1,122,010	2,282,010
2016	1,225,000	1,054,730	2,279,730
2017	1,300,000	983,680	2,283,680
2018	1,375,000	908,280	2,283,280
2019	1,455,000	828,530	2,283,530
2020	1,540,000	744,140	2,284,140
2021	1,630,000	654,820	2,284,820
2022	1,720,000	560,280	2,280,280
2023	1,820,000	460,520	2,280,520
2024	1,925,000	354,960	2,279,960
2025	2,040,000	243,310	2,283,310
2026	2,155,000	124,990	2,279,990
Totals	\$ 22,455,000	\$ 11,773,710	\$ 34,228,710

(1) Interest rate of 5.80%.

**CITY OF ORLANDO, FLORIDA
CONROY ROAD INTERCHANGE**

Set forth below is a tabular description of the revenues pledged to the repayment of the Series 1998A Bonds.

Revenue	Funding for Series 1998A Bonds	Terms
Special Assessments	Full Debt Service Amount with credits for Pledged Increment Revenues and Pledged Transportation Impact Fees	Terminate when 1.60 times coverage of Maximum Annual Debt Service by Increment Revenues for the then current and two prior years.
Pledged Transportation Impact Fees	Impact Fees generated within Assessment Area (on deposit)	Excess above first \$4,175,000 subject to meeting Development Thresholds (less Orlando-Vineland amount)
Pledged Increment Revenues	Increment Revenue generated within the Redevelopment Area.	Only on deposit and lesser of amount deposited in Trust Fund or Annual Debt Service.

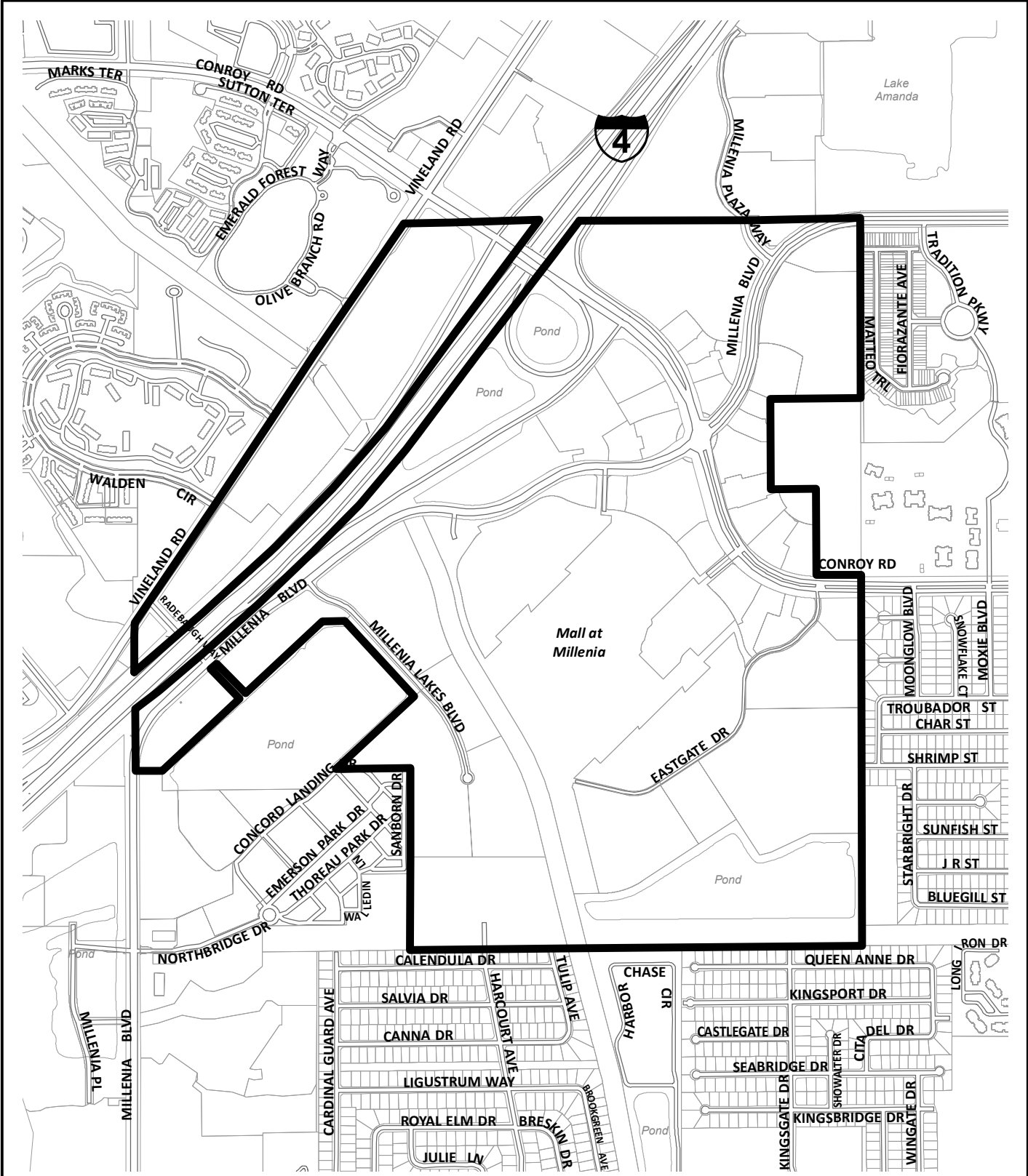
The Assessment Program

The City enacted its Home Rule Special Assessment Ordinance bearing Documentary No. 29102 on January 22, 1996 which added Chapter 52 to the City’s Code (the “Home Rule Special Assessment Ordinance”), which ordinance was enacted under powers granted by Section 2 (b), Article VIII of the Constitution of the State of Florida and Parts I and III, Chapter 166, Florida Statutes. Pursuant to the Home Rule Special Assessment Ordinance, the City Council may levy non-ad valorem assessments on properties within the municipal limits of the City specially benefited by local improvements or services (the “Assessments”).

On December 2, 1996, the City Council duly adopted a Resolution bearing Documentary No. 29837 (the “Resolution of Intent”) expressing its intent to use the uniform method for collection of non-ad valorem assessments, pursuant to Section 197.3632, Florida Statutes, within the area of the City being subject to the special assessments as shown below (the “Assessment Area”).

The methodology contained in the Assessment Resolutions is mathematically designed so that, in any year, a parcel of Designated Property which generates Increment Revenue (i.e., has an incrementally increased assessed value for ad valorem tax purposes) in an amount equal to the Development Rights initially assigned to such parcel will not incur a Series 1998A Assessment as the Assessment Resolutions so provide. In addition, the Indenture permits the City to release the lien of the Series 1998A Assessments at such time as the Increment Revenues deposited into the Redevelopment Trust Fund have equaled or exceeded 1.60 times Maximum Annual Debt Service for the current and two preceding Bonds Years (the “Assessment Termination Date”). As of January 1, 2011, the Increment Revenues in the most recent year (FY 2011) produced coverage equal to 1.50 times Maximum Annual Debt Service. Coverage for the preceding two years was 1.73 in FY 2010 and 1.91 in FY 2009.

When any parcel of land within the Assessment Area becomes Designated Property, the Assessment Resolutions require that a calculation be made of the per acre Series 1998A Assessment remaining on the balance of the Undesignated Property. In the event that the per acre Series 1998A Assessment on the balance of the Undesignated Property is greater than the initial per acre Series 1998A Assessment, an Interim Prepayment (as defined in the Assessment Resolutions) of the Series 1998A Assessment is required in an amount equal to such difference. The Interim Prepayment will be held in an Escrow Account established with the City pursuant to the Assessment Resolutions and will either be deposited into the Series 1998A Prepayment Sub-account and used to redeem Series 1998A Bonds in the event that the full principal amount of the Series 1998A Assessments is not allocated to Designated Property, or, rebated to the payer in the event, and to the extent, that the Series 1998A Assessments are fully allocated to Designated Property. This “true-up mechanism” ensures that at the end of the development period there will not be a lien-to-value imbalance between the Series 1998A Assessments remaining on the Undesignated Property (i.e., undeveloped property) and its value.



**Conroy Road
Community Redevelopment Area III**

CITY OF ORLANDO, FLORIDA CONROY ROAD INTERCHANGE

Also, at meetings held on May 11, 1998, June 8, 1998 and November 9, 1998, the City Council duly adopted the Assessment Resolutions authorizing and adopting the Assessments to be levied, collected and enforced within the Special Assessment Area for the purpose of paying the principal of, premium, if any, and interest on the Series 1998 Bonds. The City Council determined that the apportionment methodology employed fairly and reasonably apportioned the Assessments among all parcels in the Special Assessment Area proportionate to the special benefit received by each parcel from the Project.

The Assessment Resolutions authorize various matters including: (i) the collection of the Assessments by direct billing by the City or by the Orange County Tax Collector pursuant to the uniform method of collection, (ii) the optional prepayment in full of the Assessment, or any apportionment thereof, (iii) the acceleration and mandatory prepayment of a property's apportionment of the Assessment if the respective payment thereof becomes delinquent or a tax certificate has been issued and remains outstanding, and (iv) the credit for Increment Revenues (hereinafter described) and the credit for Transportation Impact Fees (hereinafter described) to the extent the City determines to make such funds available for the payment of principal, of premium, if any, or interest on the Series 1998 bonds.

Pursuant to the Final Assessment Resolution dated June 8, 1998, the City will collect Assessments by direct billing to the owner of each affected parcel of property, and will use the uniform method of collection to collect any delinquent Assessments.

Assessment Methodology

The Assessment Area is subject to a Development Order, which provides that substantial portions of the rights to develop parcels within the Assessment Area for specific uses (the "Development Rights") can only be exercised upon construction of the Project. The Assessment Resolutions determined that the relative benefit received by parcels within the Assessment Area correlate to the relative values of the Development Rights appurtenant thereto. Based upon calculations of the Developer and independent experts, the City determined in the Assessment Resolutions that the anticipated incremental assessed valuation of the Development Rights on the specifically benefited land made possible by the construction of the project are \$297 million. Accordingly, the Assessment Resolutions established 297 Assessment Units or one Assessment Unit per \$1 million of Development Rights. For purposes of initially allocating Assessment Units, the Development rights are proportioned pro rata upon a per acre basis.

Upon transfer of any parcel within the Assessment Area, the Assessment Resolutions require the Developer to certify in writing to the City (1) the number of acres included in such parcel, (2) the Development rights Category (hereinafter described) assigned to such parcel, (3) the quantity of Development Rights transferred to such parcel, and (4) the number of Assessment Units corresponding to the quantity of Development Rights so transferred using the Value Parameters set forth in the Assessment Resolutions. The Assessment Resolutions define "Value Parameters" to mean for each of the following Land Use Categories, the following amounts plus or minus ten percent (10%).

<u>Land Use Category</u>	<u>Original Estimated Value Per Unit</u>	<u>Current Estimated Value Per Unit</u>
Commercial out parcel	\$123 per sq. ft.	\$150 per sq. ft.
Mall commercial	\$ 80 per sq. ft.	\$100 per sq. ft.
Non-mall commercial	\$ 75 per sq. ft.	\$ 75 per sq. ft.
Office	\$ 72 per sq. ft.	\$ 81 per sq. ft.
Hotel	\$27,000 per room	\$42,500 per room
Distribution-warehouse/office	\$ 29 per sq. ft.	\$ 29 per sq. ft.

CITY OF ORLANDO, FLORIDA CONROY ROAD INTERCHANGE

Upon receipt of the information described above, the City will reduce the Undesignated Acreage by the number of acres transferred (but not less than .0001 acres) and will subtract from the Undesignated Assessment Units the number of Assessment Units corresponding to the quantity of Development Rights so transferred. The City shall then re-determine the average assessment per acre by dividing the new Undesignated Acreage by the new amount of Undesignated Assessment units.

Reserve Sub-account

The City funded the 1998A Reserve Sub-account held by the Trustee upon the issuance of the Series 1998A Bonds with the deposit of \$2,284,820, which is an amount equal to the Reserve Requirement. The Developer entered into a Reserve Account Deficiency Agreement dated as of November 1, 1998, with the City (the "Deficiency Agreement") pursuant to which the Developer agreed, subject to the terms and provisions of the Deficiency Agreement, to pay to the Trustee on order of the City the amount necessary to restore any withdrawals from the 1998A Reserve Sub-account to pay principal of, or redemption premium or interest on the Series 1998A Bonds (a "Deficiency"). The aggregate amount, which shall be advanced under the Deficiency Agreement, subject to reinstatement, is an amount not less than debt service coming due on the Series 1998A Bonds in the succeeding Bond Year (the "Amount Available"). The Amount Available will be reduced by amounts paid by or on behalf of the Developer under the Deficiency Agreement and reinstated by amounts reimbursed to or on behalf of the Developer under the Deficiency Agreement. The Developer's obligations under the Deficiency Agreement are secured by and required to be payable from an unconditional irrevocable letter of credit issued by a bank acceptable to the City and rated in one of the two highest rating categories by Moody's Investors Service, Standard & Poor's (a division of McGraw-Hill, Inc.) or Fitch Investors Services, Inc., without regard to gradations in ratings.

The Developer's obligation to cure Deficiencies shall be automatically reduced on each November 1 such that the Amount Available shall be equal to the amount by which the average of the Increment Revenues in the current and the preceding Bond Year is less than 1.25 times the Maximum Annual Debt Service (as defined in the Indenture). In the event that the Amount Available is reduced in accordance with the preceding sentence, such amount shall not again be increased. On or after any November 1 on which the average of the Increment Revenues for the current and preceding Bond Years exceeds 1.25 times the Maximum Annual Debt Service, the obligations of the Developer under the Deficiency Agreement shall cease, terminate and be void. As of November 1, 2006, the average of the Increment Revenues for the last two years provided coverage of 1.29 times the Maximum Annual Debt Service, and therefore the obligations of the Developer under the Deficiency Agreement have terminated.

PERTINENT AGREEMENTS

The Cooperation Agreement

A Cooperation Agreement dated as of November 1, 1998, was executed by and between the City, the City of Orlando, Florida, Community Redevelopment Agency (the "CRA"), which is an entity created pursuant to Part III of Chapter 163, Florida Statutes, and the Developer.

Under the terms of the Cooperation Agreement, certain Development Thresholds (as defined therein) have been set forth which encourage the Developer to develop and sell the properties within the Interchange Redevelopment Area on a timely basis. The resulting increase in property values from such development will in turn create an increase in certain tax increment revenues as planned for in the Community Redevelopment Plan. The City will also collect certain transportation impact fees in connection with the issuance of building permits.

As part of the long term financing plan, the Community Redevelopment Plan, and the Cooperation Agreement, the City has established trust funds in which to deposit: (i) certain tax increment revenues generated by an increase in ad valorem property taxes in the Interchange Redevelopment Area; and (ii) the transportation impact fees. The Series 1998 Bonds are not secured by these tax increment revenues or by the transportation impact fees; however, such revenues may ultimately be available and used to pay debt service on or to refund or redeem the Series 1998 Bonds under the terms of the Cooperation Agreement.

CITY OF ORLANDO, FLORIDA CONROY ROAD INTERCHANGE

FINANCIAL INFORMATION

During the 2010/11 fiscal year, the Pledged Increment Revenues, the Pledged Transportation Impact Fees, and related interest earnings were sufficient to pay all applicable debt service on the Series 1998A Bonds and therefore, no special assessment fees were levied on the related property. The fund balances in all funds and accounts established pursuant to the Indenture are shown below.

	Total Funded With Bond Proceeds	Other Sources & Uses Cummulative		Cash Account Balance Y/E 9/30/11	Percentage Proceeds Spent
	Receipts	Disbursements			
Revenue Fund					
Held by City of Orlando:					
1998A Revenue Account - Tax Increment Revenues	\$ -	\$ 29,793,585	\$ 29,792,513	\$ 1,072	N/A
1998A Revenue Account - Transportation Impact Fees	-	2,477,782	2,340,325	137,457	N/A
1998B Revenue Account	-	-	-	-	N/A
1998A Surplus Revenue Account	-	-	-	-	N/A
1998B Surplus Revenue Account	-	-	-	-	N/A
Bond Fund:					
Held by City of Orlando:					
1998 Debt Service Account					
1998A Principal and Interest Subaccount	-	19,290,521	18,589,446	701,075 (1)	N/A
1998B Principal and Interest Subaccount	-	-	-	-	N/A
1998A Capitalized Interest Subaccount	4,252,955	356,114	4,609,069	-	100
1998B Capitalized Interest Subaccount	658,740	65,563	724,303	-	100
1998 Redemption Account					
1998A Prepayment Subaccount	-	-	-	-	N/A
1998B Prepayment Subaccount	-	3,963,411	3,963,411	-	N/A
1998A Optional Redemption Subaccount	-	-	-	-	N/A
Held by Trustee:					
1998 Reserve Account					
1998A Reserve Subaccount-Fair Value	2,284,820	796,354	366,733	2,714,441 (2)	16
1998B Reserve Subaccount-Fair Value	483,000	77,551	560,551	-	100
FDOT Grant	-	5,260,806	5,260,806	-	N/A
Other Revenue	-	2,497,052	2,497,052	-	N/A
Construction Account	24,303,117	1,128,212	25,431,329	-	100
Cost of Issuance Subaccount	365,000	-	365,000	-	100
Total	\$ 32,347,632	\$ 65,706,951	\$ 94,500,538	\$ 3,554,045	

MAXIMUM ANNUAL DEBT SERVICE COVERAGE - 1998A BONDS

Fiscal Year Ended September 30, 2004	1.05
Fiscal Year Ended September 30, 2005	1.12
Fiscal Year Ended September 30, 2006	1.23
Fiscal Year Ended September 30, 2007	1.36
Fiscal Year Ended September 30, 2008	1.44
Fiscal Year Ended September 30, 2009	1.91
Fiscal Year Ended September 30, 2010	1.73
Fiscal Year Ended September 30, 2011	1.49
Fiscal Year Ending September 30, 2012	1.43

(1) Amount on hand for the November 1, 2011 interest payment.

(2) To reasonably ensure that actual earnings were consistent with discounting estimates, required for IRS bond signing purposes, longer term investments were made. With the implementation of GASB #31 and the use of market value reporting for investment income, the interim reporting can and will be affected by market value changes. The actual cash flows will, at maturity of each investment, meet the cash flow requirements projected to fund various accounts.

**CITY OF ORLANDO, FLORIDA
CONROY ROAD INTERCHANGE**

The following table summarizes the historical gross assessment (taxable) values for the Conroy Road Redevelopment Area as of January 1 of each year and the increase or decrease in assessments for each year. Tax increment revenues are collected by December 31 of the same year.

Measuring Calendar Year (as of January 1)	Fiscal Year Ending September 30	Total Assessed Taxable Values	Increase/(Decrease) in Assessed Value Over Prior Year
2002	2003	\$ 99,165,772	\$ 20,685,540
2003	2004	239,558,083	140,392,311
2004	2005	254,343,232	14,785,149
2005	2006	279,753,304	25,410,072
2006	2007	311,198,025	31,444,721
2007	2008	375,398,278	64,200,253
2008	2009	462,393,944	86,995,666
2009	2010	436,745,842	(25,648,102)
2010	2011	365,239,192	(71,506,650)
2011	2012	347,406,400	(17,832,792)

The following table summarizes the actual tax increment revenues collected for fiscal years ending September 30, 2003 through 2012.

Fiscal Year Ended Sept. 30	Tax Increment Revenue	Annual Rate of Growth/(Decrease)
2003	\$ 955,614	28.7 %
2004	2,403,442	151.5
2005	2,555,917	6.3
2006	2,817,963	10.3
2007	3,096,533	9.9
2008	3,282,116	6.0
2009	4,367,655	33.1
2010	3,957,967	(9.4)
2011	3,397,690	(14.2)
2012 ^(a)	3,266,022	(3.9)

(a) Reflects tax increment revenue collected as of December 31, 2011.

During the 2010/11 fiscal year the City issued a certificate of occupancy within the redevelopment area to Millenia Crossings (retail shops).

CITY OF ORLANDO, FLORIDA CONROY ROAD INTERCHANGE

THE COMMUNITY REDEVELOPMENT AGENCY

Agency Members and Staff

The members of the Agency are the seven members of the City Council with the Mayor serving as Chairman of the Agency and the Mayor Pro-Tem serving as the Vice Chairman. The Agency's staff is led by Thomas C. Chatmon, Jr., Executive Director.

Thomas C. Chatmon, Jr. was appointed Executive Director of the Community Redevelopment Agency on February 19, 2007. Prior to accepting his position with the CRA, he was the President and Chief Executive Officer (CEO) for Albany Tomorrow, Inc. for ten years. Albany Tomorrow, Inc. is a non-profit organization that contracted with the City of Albany, Georgia and Dougherty County to manage and administer the Albany Downtown Riverfront Master Plan. Mr. Chatmon also has 18 years experience in business as President/CEO of a retail/wholesale distribution corporation.

The Redevelopment Act provides that the governing body of the municipality shall serve as the Agency's Board members and constitute the head of a separate legal entity, distinct and independent from the governing body of the municipality. Under the Redevelopment Act, the Agency is a separate public body corporate and politic, independent of the City.

In order to receive comments and advice on actions proposed to be undertaken within the Downtown District, the City Council established an Official Advisory Board to the Agency (the "Advisory Board") composed of the members of the Downtown Development Board, plus two representatives appointed by the Board of County Commissioners of Orange County, one of which must be an elected Orange County official. Although the Agency is responsible for all final decisions, all matters relating to the goals and objectives, projects and the budget of the Agency are reviewed by the Advisory Board.

CITY ADMINISTRATION

Management of the City

The Mayor is the Chief Executive Officer with eight departments reporting to him (Business and Financial Services, Economic Development, Families, Parks & Recreation, Fire, Housing and Community Development, Orlando Venues, Police, and Public Works). The Chief Administrative Officer assists him in the day-to-day oversight of city operations. Separately, under the Mayor's Chief of Staff, there are five offices (City Clerk, Communications and Neighborhood Relations, Community Affairs, Constituent Relations and Intergovernmental Relations).

Mayor Buddy Dyer is a native of Central Florida, born in Orlando and raised in the nearby City of Kissimmee. Following graduation from high school, he was awarded a scholarship to Brown University where his studies were concentrated on civil engineering. Upon graduation, Mayor Dyer returned to Orlando to work as an environmental engineer, later enrolling in the University of Florida Law School, where he was named editor-in-chief of the University of Florida Law Review. Following graduation from law school, Mayor Dyer began his legal career with the Orlando law firm of Winderweedle, Haines, Ward & Woodman. Prior to becoming Mayor, Buddy Dyer served the Orlando area for ten years as State Senator in the Florida Legislature. Mayor Dyer was first elected in 2003 to fill an unexpired term and was subsequently re-elected to full four-year terms in 2004, 2008, and 2012.

Financial and Budgetary Support Systems

The Chief Financial Officer (CFO) is responsible for the oversight of the City's financial affairs. This includes the functions of accounting, accounts payable, accounts receivable, operating and capital budgeting, fleet management, facilities management, real estate management, financial forecasting, financial reporting, debt management, grants management, investment management, investor relations, payroll, pension management, purchasing, risk management, and technology management. In addition, the CFO provides counseling to various Departments and Business Units and is an active participant in strategic planning activities.

CITY OF ORLANDO, FLORIDA CONROY ROAD INTERCHANGE

The City has been recognized for both its CAFR and its annual budget document. A Certificate of Achievement for Excellence in Financial Reporting has been awarded to the City by the GFOA for each Fiscal Year since 1978. The City was also an early participant in the GFOA's Distinguished Budget Presentation Awards program and received the budget award for its budget document for Fiscal Years 1984 through 1989. Due to perceived problems with consistency in the budget awards program at the time, the City elected to discontinue participation but maintain internally the high standards which had been recognized. In light of substantial changes to the program recently, the City resumed its participation beginning with its fiscal year 2004 Budget document. The City has been awarded the Distinguished Budget Presentation Award for each fiscal year since 2004.

Rebecca W. Sutton was appointed Chief Financial Officer on December 5, 2005. Before joining the City, she served the State of Florida as its Deputy Chief Financial Officer from September 2002 to December 2005; and as Deputy Secretary/Chief Information Officer for the Department of Management Services from December 2001 to September 2002. Prior to her service with the State, Ms. Sutton worked for American Management Systems (AMS) implementing ERP-like system projects for large state and local governments. Before joining AMS, she served as the Controller for the City of Dallas and the Director of Finance for Carrollton, Texas. Ms. Sutton began her career as an auditor for state and local governments for a worldwide accounting firm. She holds a Bachelor of Business Administration from Texas Tech University and a Master of Business Administration from the University of Florida.

Christopher P. McCullion was appointed City Treasurer on September 8, 2008. Prior to his appointment, Mr. McCullion served as the Assistant Treasurer for the City of Orlando. He has served in various positions in municipal government since 2000 in the areas of operating and capital budgeting, investment management, debt management and economic development. He holds a Bachelor of Science in Business Administration, a Bachelor of Arts in Political Science, and a Master of Business Administration, all from the University of Florida.



*"Keeping people safe, picking up trash, cleaning and repairing streets, maintaining great parks and ball fields, providing clean water; these services are the foundation for our lives. I want residents to be proud that they live in a city that delivers them better than anyone else."
-Mayor Buddy Dyer*

A City with Superior Services

Families, Parks & Recreation 407.246.4300
Public Works 407.246.2266



- Orlando cleans its streets more often and responds to potholes faster than any major city in Florida.
- Orlando has more bike lanes and more park acres per thousand residents than almost any other major Florida city.
- The City's floodplain management efforts have allowed it to achieve and maintain a Class VI Community Rating through the National Flood Insurance Program. This qualifies residents who have flood insurance for a 20% discount on premiums.
- The City owns and operates 11 pools, 7 gyms, 47 playgrounds, 49 basketball courts, 43 tennis courts, and 66 ball fields. More than 60,000 people played sports on our ball fields in 2011.
- The City's nationally-renowned children's program, Parramore Kidz Zone, has helped reduce juvenile crime in the Parramore neighborhood by 81.3%.
- More than 3,300 children attend the City's after school and summer camp programs which offer parents safe, affordable places to leave their children when they are at work.

CITY OF ORLANDO, FLORIDA

**OTHER SELF SUFFICIENT DEBT
BOND DISCLOSURE SUPPLEMENT**

**SUMMARY INFORMATION
Outstanding Balance as of September 30, 2011**

TOURIST DEVELOPMENT TAX REVENUE BONDS (6TH CENT CONTRACT PAYMENTS)							
Individual Bond Issues:	Outstanding	Ratings (1)		Bond Insurer	Liquidity Facility	Trustee	Final Maturity
Fixed Rate:							
Senior Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series 2008A	\$ 187,750,000	Moody's S&P Fitch	Baa2 BB BB+	Assured Guaranty	N/A	Wells Fargo Bank, N.A. Orlando, FL	11/1/2038
2nd Lien Subord. Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series 2008B	33,365,000	Moody's S&P Fitch	Ba1 CCC B	Assured Guaranty	N/A	Wells Fargo Bank, N.A. Orlando, FL	11/1/2038
3rd Lien Subord. Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series 2008C	<u>87,270,000</u>	Moody's S&P Fitch	N/A CC N/A	Assured Guaranty	N/A	Wells Fargo Bank, N.A. Orlando, FL	11/1/2038
Total TDT Bonds Outstanding	<u>\$ 308,385,000</u>						
Debt Service Reserves:							
Senior Lien Liquidity Reserve	\$ 6,459,206						
Senior Lien Debt Service Reserve	\$ 6,459,206						
2nd Lien Liquidity Reserve	\$ 1,329,300						
2nd Lien Debt Service Reserve	\$ 1,329,300						
3rd Lien Liquidity Reserve	\$ 3,361,736						
3rd Lien Debt Service Reserve	\$ 4,363,500						
Revenue Pledge:							
Primary: Contract 6th Cent Tourist Development Tax Payments received from Orange County, Florida, pursuant to the Community Venues Interlocal Agreement.							
1) Does not reflect ratings obtained through the use of municipal bond insurance.							

STATE SALES TAX PAYMENTS REVENUE BONDS							
Individual Bond Issues:	Outstanding	Ratings		Bond Insurer	Liquidity Facility	Paying Agent	Final Maturity
Fixed Rate:							
State Sales Tax Payments Revenue Bonds, Series 2008	\$ 29,775,000	Moody's S&P Fitch	Aa2 A+ AA+	N/A	N/A	Regions Bank Orlando, FL	2/1/2038
Total Sales Tax Bonds Outstanding	<u>\$ 29,775,000</u>						
Debt Service Reserves:							
Debt Service Reserve	\$ 1,059,867						
Revenue Pledge:							
Primary: State Sales Tax Payments pursuant to Florida Statutes 288.1162 and 212.20(6)(d)7.b.							

CITY OF ORLANDO, FLORIDA

TOURIST DEVELOPMENT TAX REVENUE BONDS (6TH CENT CONTRACT PAYMENTS) INTRODUCTION

The Tourist Development Tax Revenue Bonds (6th Cent Contract Payments) were issued pursuant to the Community Venues Interlocal Agreement between the City of Orlando, Orange County, and the City of Orlando Community Redevelopment Agency to finance a portion of the costs of the Amway Center, which opened on October 1, 2010.

Interlocal Agreement

Pursuant to the Interlocal Agreement dated as of August 6, 2007 (the "Interlocal Agreement") among the City, Orange County, Florida (the "County"), and the City of Orlando, Florida Community Redevelopment Agency (the "Agency"), the County has covenanted to deposit on a monthly basis Contract Sixth Cent Revenues with the Trustee on the fifteenth day of each month after Sixth Cent TDT are collected and available for distribution commencing with the hotel collection month of October 1, 2008, and continuing until the earlier of (a) the date the Contract Sixth Cent Obligations (as that term is defined in the Interlocal Agreement) are defeased or paid in full, or (b) November 15, 2038. The Series 2008 Bonds are being issued as Contract Sixth Cent Obligations with respect to the Interlocal Agreement.

Contract Sixth Cent Revenues

Funds available to pay debt service on the Series 2008 Bonds, other than Series 2008 Bond proceeds, interest thereon and interest on funds and accounts created pursuant to the Indentures are limited to the Contract Sixth Cent Revenues as defined in the Interlocal Agreement.

Contract Sixth Cent Revenues are defined in the Interlocal Agreement to mean the following moneys when deposited with the Trustee pursuant to the Interlocal Agreement: (1) for each of the Fiscal Years 2008-2009 through 2017-2018, an amount equal to 50% of the Sixth Cent TDT collected in each fiscal year plus an amount equal to 5% of the Sixth Cent TDT collected in Fiscal Years 2005-2006 through 2007-2008 and (2) for each of the fiscal years 2018-2019 through 2037-2038, an amount equal to 50% of the Sixth Cent TDT collected in each Fiscal Year. Collections of the Sixth Cent TDT are based on an accrued revenue basis.

The portion of Contract Sixth Cent Revenues which is attributable to the Sixth Cent TDT collected in Fiscal Years 2005-06 through 2007-08 and distributed to the Trustee concurrently with revenues collected in Fiscal Years 2008-2009 through 2017-2018, as set forth in the definition of Contract Sixth Cent Revenues is referred to herein as the "Installment Payments."

Sixth Cent TDT is defined in the Interlocal Agreement to mean the tourist development tax collected by the County pursuant to Section 125.0104(3)(n), Florida Statutes, or any successor statute, and does not include investment earnings, if any, earned by the County prior to any distributions to the Trustee.

The County currently levies tourist development taxes, which are comprised of the Tourist Development Taxes (as defined herein), the Fifth Cent TDT and the Sixth Cent TDT, at the combined rate of six percent of each whole and major fraction of each dollar of the total rental charged for Tourist Rentals (as defined in the Official Statement). The County Comptroller currently collects and administers tourist development taxes locally. The TDT Act authorizes the County to retain a portion of the tax for costs of administration, but such portion may not exceed three percent of collections.

CITY OF ORLANDO, FLORIDA

TOURIST DEVELOPMENT TAX COLLECTIONS

The following table shows the County's receipts of the Sixth Cent TDT for the past two fiscal years:

**ORANGE COUNTY, FLORIDA
SIXTH CENT TDT MONTHLY COLLECTIONS
FISCAL YEARS ENDING SEPTEMBER 30, 2010 AND 2011**

Sixth Cent TDT Collections				
Collection Month (1)	Unaudited FY 2010	Unaudited FY 2011	Year/Year Change	Y/Y Percent Change
October	\$ 1,876,835	\$ 2,192,711	\$ 315,876	16.8%
November	1,864,906	2,194,629	329,723	17.7%
December	2,071,497	2,388,100	316,603	15.3%
January	1,944,408	2,122,689	178,281	9.2%
February	2,022,417	2,448,846	426,429	21.1%
March	2,657,418	3,092,206	434,788	16.4%
April	2,300,926	2,671,662	370,735	16.1%
May	1,903,481	2,211,120	307,639	16.2%
June	2,248,899	2,507,696	258,797	11.5%
July	2,236,796	2,329,127	92,331	4.1%
August	1,848,578	1,918,112	69,534	3.8%
September (2)	1,650,169	3,232,200	1,582,032	95.9%
TOTAL	\$ 24,626,328	\$ 29,309,096	\$ 4,682,768	19.0%

Source: Orange County Comptroller's Office Annual Revenue Monitoring Report.

(1) Hotel collection month. Remitted to the County in the following month (e.g., October hotel collections are remitted to the County in November).

(2) FY 2011 includes one-time receipt of 6th Cent funds from the Expedia settlement with Orange County.

The following table shows collections for the first six (6) months of FY 2012 compared with prior year collections during the same timeframe:

**ORANGE COUNTY, FLORIDA
SIXTH CENT TDT MONTHLY COLLECTIONS
FIVE MONTHS ENDING FEBRUARY 28-29, 2011 AND 2012**

Sixth Cent TDT Collections				
Collection Month (1)	Unaudited FY 2011	Unaudited FY 2012	Year/Year Change	Y/Y Percent Change
October	\$ 2,192,711	\$ 2,268,683	\$ 75,973	3.5%
November	2,194,629	2,342,017	147,388	6.7%
December	2,388,100	2,367,367	(20,733)	-0.9%
January	2,122,689	2,232,983	110,295	5.2%
February	2,448,846	2,622,183	173,337	7.1%
TOTAL	\$ 11,346,974	\$ 11,833,233	\$ 486,260	4.3%

Source: Orange County Comptroller's Office Annual Revenue Monitoring Report and monthly TDT collections press releases.

(1) Hotel collection month. Remitted to the County in the following month (e.g., October hotel collections are remitted to the County in November).

CITY OF ORLANDO, FLORIDA

The following table shows historical collections of one cent of the tourist development tax in Orange County, Florida, for each of the Fiscal Years shown, derived by dividing the amount of the first two cents of the tourist development tax received in each Fiscal Year by two.

**TABLE OF HISTORICAL COLLECTIONS OF ONE CENT
OF THE TOURIST DEVELOPMENT TAX**

Fiscal Year Ending September 30,	One Cent of County TDT Collections	Percent Change From Prior Year
1979	\$ 1,745,581	--
1980	2,043,614	17.1%
1981	2,145,290	5.0%
1982	2,263,578	5.5%
1983	3,204,990	41.6%
1984	3,815,943	19.1%
1985	4,258,308	11.6%
1986	5,183,573	21.7%
1987	6,264,121	20.8%
1988	6,735,903	7.5%
1989	9,046,180	34.3%
1990	10,278,491	13.6%
1991	10,698,571	4.1%
1992	12,131,135	13.4%
1993	12,661,711	4.4%
1994	12,878,488	1.7%
1995	13,721,151	6.5%
1996	15,446,536	12.6%
1997	18,005,858	16.6%
1998	19,489,957	8.2%
1999	19,840,382	1.8%
2000	21,639,172	9.1%
2001	20,964,981	-3.1%
2002	18,324,455	-12.6%
2003	18,671,206	1.9%
2004	22,203,319	18.9%
2005	24,033,575	8.2%
2006	25,699,938	6.9%
2007	27,176,129	5.7%
2008	28,028,268	3.1%
2009	23,704,214	-15.4%
2010	24,626,779	3.9%
2011	29,309,210	19.0%

Source: Orange County Comptroller's Office.

CITY OF ORLANDO, FLORIDA

CONTRACT SIXTH CENT REVENUES

Historical Contract 6th Cent Revenues

Contract 6th Cent Revenues began flowing from the County to the Trustee in December 2008 (based on revenues collected during hotel collection month of October 2008). The following tables show the Trustee's receipts of the Contract 6th Cent Revenues transferred from Orange County:

**CONTRACT 6TH CENT REVENUES RECEIVED BY TRUSTEE
FISCAL YEARS ENDING SEPTEMBER 30, 2010 AND 2011**

Contract 6th Cent Revenues				
Collection Month (1)	Unaudited FY 2010	Unaudited FY 2011	2009/2010 Change	2009/2010 % Change
October	\$ 1,174,007	\$ 1,332,027	\$ 158,020	13.5%
November	1,168,043	1,332,986	164,943	14.1%
December	1,271,339	1,429,722	158,383	12.5%
January	1,207,746	1,297,016	89,270	7.4%
February	1,246,799	1,460,095	213,296	17.1%
March	1,564,299	1,781,775	217,476	13.9%
April	1,386,054	1,571,503	185,449	13.4%
May	1,187,331	1,341,232	153,901	13.0%
June	1,360,040	1,489,520	129,480	9.5%
July	1,353,806	1,400,235	46,429	3.4%
August	1,159,880	1,194,445	34,565	3.0%
September (2)	1,060,756	1,851,772	791,016	74.6%
TOTAL	\$ 15,140,101	\$ 17,482,329	\$ 2,342,228	15.5%

Source: Wells Fargo Corporate Trust Reports. Amounts include monthly Installment Payment of \$235,672.

(1) Hotel collection month. Remitted to County in following month and transferred to the Trustee in the following month (e.g., October hotel collections are remitted to the Trustee in December).

(2) FY 2011 includes one-time receipt of 6th Cent funds from the Expedia settlement with Orange County.

**CONTRACT 6TH CENT REVENUES RECEIVED BY TRUSTEE
FIVE MONTHS ENDING FEBRUARY 28-29, 2011 AND 2012**

Contract 6th Cent Revenues				
Collection Month (1)	Unaudited FY 2011	Unaudited FY 2012	2010/2011 Change	2010/2011 % Change
October	\$ 1,332,027	\$ 1,373,522	\$ 41,494	3.1%
November	1,332,986	1,399,086	66,100	5.0%
December	1,429,722	1,424,667	(5,055)	-0.4%
January	1,297,016	1,356,814	59,798	4.6%
February	1,460,095	1,549,180	89,085	6.1%
TOTAL	\$ 6,851,847	\$ 7,103,269	\$ 251,422	3.7%

Source: Wells Fargo Corporate Trust Reports. Amounts include monthly Installment Payment of \$235,672.

(1) Hotel collection month. Remitted to County in following month and transferred to the Trustee in the following month (e.g., October hotel collections are remitted to the Trustee in December).

Installment Payments

The portion of Contract 6th Cent Revenues attributable to 5% of the Sixth Cent TDT collected in the 25 month collection period beginning September 2006 through September 2008 and distributed to the Trustee in 120 equal monthly installments commencing December 15, 2008 and paid over the ten-year period beginning Fiscal Year 2008-2009 is referred to herein as the "Installment Payments." Based on the amount of Sixth Cent TDT collected by the County through the hotel collection month ending September 2008, the annual Installment Payment

CITY OF ORLANDO, FLORIDA

is calculated to be \$2,828,065 (a monthly Installment Payment of \$235,672), which pursuant to the Interlocal Agreement continues through Fiscal Year 2017-2018 as follows (reflected on a Bond Year basis):

<u>Bond Year</u> <u>Ending 11/1</u>	<u>Installment</u> <u>Payment Amounts⁽¹⁾</u>
2009	\$2,592,393
2010	2,828,065
2011	2,828,065
2012	2,828,065
2013	2,828,065
2014	2,828,065
2015	2,828,065
2016	2,828,065
2017	2,828,065
2018	2,828,065
2019	235,672

- (1) For the Bond Year ending November 1, 2009 Installment Payments include eleven (11) monthly distributions commencing December 15, 2008 and through October 15, 2009. For the Bond Years ending November 1, 2010 through November 1, 2018, Installment Payments include twelve (12) monthly distributions (November 15, through October 15). For the Bond Year ending November 1, 2019, Installment Payments include a one (1) month distribution (November 15, 2018).

BONDHOLDER RISKS

Pledged Revenues - Volatility

Since its inception in 1978, the tourist development tax has been a revenue source that demonstrated long-term historical growth characterized by significant year-to-year volatility. Future collections of the Sixth Cent TDT, and therefore the amounts of Contract Sixth Cent Revenues available to pay debt service on the Series 2008 Bonds, are dependent upon a number of factors beyond the control of the City and the County, which may include the following:

- strength of the tourism industry in Orange County
- general economic conditions (both domestically and internationally)
- the occurrence of terrorist attacks
- weather events such as hurricanes
- tax reform or other legislative changes
- other events or trends which could affect future tourist development tax collections, including sale of discounted rooms over the internet and free stays associated with hotel point reward programs.

The foregoing list is not intended to be definitive or exhaustive, but instead is intended to highlight some of the various factors which could potentially affect the amounts of Sixth Cent TDT collected and, therefore, Contract Sixth Cent Revenues deposited with the Trustee in the future.

Pledged Revenues - Collections

The City does not collect the Sixth Cent TDT. The County collects the Sixth Cent TDT and has covenanted in the Interlocal Agreement to deposit Contract Sixth Cent Revenues with the Trustee on the fifteenth day of each month after Sixth Cent TDT are collected and available for distribution. The first monthly deposit of Contract Sixth Cent Revenues was made on December 15, 2008. Collection of the Sixth Cent TDT and timely deposit of Contract Sixth Cent Revenues with the Trustee are the exclusive responsibility of the County and beyond the control of the City except to the extent of its enforcement of its legal rights under the Interlocal Agreement.

CITY OF ORLANDO, FLORIDA

Pledged Revenues - Termination Date

Pursuant to the Interlocal Agreement, the obligation of the County to deposit Contract Sixth Cent Revenues with the Trustee terminates on the earlier of (a) the date the Contract Sixth Cent Obligations are defeased or paid in full, or (b) November 15, 2038. There is no provision in the Interlocal Agreement for such termination date to be extended beyond November 15, 2038 for the purpose of making additional deposits of Contract Sixth Cent Revenues to the Trustee for unpaid debt service on any Bonds or for any other reason.

Pledged Revenues - Installment Payments

The amount of Contract Sixth Cent Revenues deposited with the Trustee will not include "Installment Payments" (as defined in the Official Statement) after Fiscal Year 2017-2018. Pursuant to the Interlocal Agreement, the components of Contract Sixth Cent Revenues consist of (i) 50% of the Sixth Cent TDT collected in each of the Fiscal Years 2008-2009 through 2037-38, and (ii) 5% of the Sixth Cent TDT collected in the 25 month collection period – September 2006 through and including Fiscal Year 2007-08 – and which is deposited by the County to the Trustee in each of the Fiscal Years 2008-2009 through 2017-2018.

Conditional Redemption of Third Lien Subordinate Bonds (Series C Bonds)

The Third Lien Subordinate Indenture provides that certain revenues, if available, will be deposited into the Third Lien Subordinate Principal Account and used to redeem the Series 2008C Bonds in years 2010 through 2037, subject to a maximum amount in each year ("Series C Bonds Target Principal Amounts"). Deposits into the Third Lien Subordinate Principal Account that will be used to make Series C Bonds Target Principal Amounts redemptions will occur annually only to the extent that all requirements in such year to (a) pay principal and interest on all Outstanding Bonds under the Indentures, (b) pay any mandatory redemption (sinking fund) requirements of all Outstanding Bonds under the Indentures as described more fully in the Indentures, and (c) replenish any deficiencies in the Debt Service Reserve Accounts and Liquidity Reserve Accounts of all Outstanding Bonds under the Indentures, are satisfied.

To the extent moneys are on deposit in the Third Lien Subordinate Principal Account following the October receipt by the Trustee of the Monthly Contract Sixth Cent Revenues in each year to make such Series C Bonds Target Principal Amounts redemptions, the Trustee shall redeem up to, but not exceeding, the following principal amounts of Series 2008C Bonds, which are the Series C Bonds Target Principal Amounts, by calling for redemption Series 2008C Bonds then subject to optional redemption on or about December 1 in the following years:

CITY OF ORLANDO, FLORIDA

	Series C Bonds Target	
<u>Year</u>	<u>Principal Amounts</u> ⁽¹⁾	
2010	\$	1,270,000
2011		1,340,000
2012		1,420,000
2013		1,500,000
2014		1,585,000
2015		1,675,000
2016		1,775,000
2017		1,875,000
2018		1,980,000
2019		2,090,000
2020		2,205,000
2021		2,325,000
2022		2,455,000
2023		2,590,000
2024		2,730,000
2025		2,880,000
2026		3,040,000
2027		3,205,000
2028		3,385,000
2029		3,570,000
2030		3,765,000
2031		3,970,000
2032		4,190,000
2033		4,420,000
2034		4,665,000
2035		4,920,000
2036		5,190,000
2037 ⁽²⁾		5,475,000

(1) Preliminary, subject to change

(2) Final maturity of the Series 2008C Bonds is November 1, 2038

MATERIAL EVENT DISCLOSURES

On March 26, 2010, Fitch Ratings ("Fitch") downgraded its underlying rating on the City of Orlando, Florida Senior Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series 2008A (the "2008A Bonds") to "BB+" from "BBB+." Concurrently, Fitch revised the Rating Outlook on the 2008A Bonds from Negative to Stable. The Fitch rating on the 2008A Bonds based solely on the financial guaranty insurance policy issued by Assured Guaranty Corp. ("Assured") for the 2008A Bonds was withdrawn on February 24, 2010 at the request of Assured. The ratings reports issued by Fitch can be obtained from Fitch, the website for which is fitchratings.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on March 30, 2010.

On March 26, 2010, Fitch downgraded its underlying rating on the City of Orlando, Florida Second Lien Subordinate Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series 2008B (the "2008B Bonds") to "B" from "BBB-." The Rating Outlook on the 2008B Bonds remains Negative. The Fitch rating on the 2008B Bonds based solely on the financial guaranty insurance policy issued by Assured Guaranty Corp. ("Assured") for the 2008B Bonds was withdrawn on February 24, 2010 at the request of Assured. The ratings reports issued by

CITY OF ORLANDO, FLORIDA

Fitch can be obtained from Fitch, the website for which is fitchratings.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on March 30, 2010.

On April 8, 2010, Moody's Investors Service, Inc. ("Moody's") downgraded its underlying rating on the 2008A Bonds to "Baa2" from "A3" and assigned a negative outlook to the 2008A Bonds. The ratings reports issued by Moody's can be obtained from Moody's, the website for which is www.moody.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on April 19, 2010.

On April 8, 2010, Moody's downgraded its underlying rating on the 2008B Bonds to "Ba1" from "Baa1" and assigned a negative outlook to the 2008B Bonds. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on April 19, 2010.

On April 14, 2010, Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") downgraded its underlying rating on the 2008A Bonds to "BB" from "A+," and stated that the outlook on the 2008A Bonds is developing. The ratings report issued by S&P can be obtained from S&P, the website for which is www.standardandpoors.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on April 19, 2010.

On April 14, 2010, S&P downgraded its underlying rating on the 2008B Bonds to "CCC" from "A," and stated that the outlook on the 2008B Bonds is developing. The ratings report issued by S&P can be obtained from S&P, the website for which is www.standardandpoors.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on April 19, 2010.

On April 14, 2010, S&P downgraded its underlying rating on the City of Orlando, Florida Third Lien Subordinate Tourist Development Tax Bonds (6th Cent Contract Payments), Series 2008C (the "2008C Bonds") to "CC" from "BBB+" and stated that the outlook on the 2008C Bonds is negative. The ratings report issued by S&P can be obtained from S&P, the website for which is www.standardandpoors.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on April 19, 2010.

On October 25, 2010, S&P downgraded its rating on the 2008A Bonds, 2008B Bonds, and 2008C Bonds to "AA+" from "AAA" based upon the bond insurance policies guaranteeing the timely payment of the principal of and the interest on the Bonds issued by Assured Guaranty Corp. Concurrently, S&P revised the outlook on the Bonds from Negative to Stable. The ratings report issued by S&P can be obtained from S&P, the website for which is www.standardandpoors.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on October 28, 2010.

On February 24, 2011, Fitch affirmed its underlying "B" rating on the 2008B Bonds. The Rating Outlook on the 2008B Bonds was revised to "Stable" from "Negative". The ratings reports issued by Fitch can be obtained from Fitch, the website for which is fitchratings.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on March 1, 2011.

On November 30, 2011, S&P downgraded its rating on the 2008A Bonds, 2008B Bonds and 2008C Bonds to "AA-" from "AA+" based upon the bond insurance policies guaranteeing the timely payment of the principal of and the interest on the Bonds issued by Assured Guaranty Corp. Concurrently, S&P revised the Outlook on the Bonds from Negative to Stable. The ratings reports issued by S&P can be obtained from S&P, the website for which is www.standardandpoors.com. A material event notice was filed with the MSRB's Electronic Municipal Market Access (EMMA) system on December 9, 2011.

CITY OF ORLANDO, FLORIDA

**TOURIST DEVELOPMENT TAX REVENUE BONDS (6TH CENT CONTRACT PAYMENTS)
OUTSTANDING GROSS DEBT SERVICE REQUIREMENTS TO MATURITY**

Bond Year Ending 11/1	Series 2008A			Series 2008B			Series 2008C ^(a)			Aggregate Debt Service ^(a)		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2011	2,750,000	9,581,888	12,331,888	--	1,753,863	1,753,863	--	4,827,350	4,827,350	2,750,000	16,163,100	18,913,100
2012	3,325,000	9,471,888	12,796,888	--	1,753,863	1,753,863	--	4,827,350	4,827,350	3,325,000	16,053,100	19,378,100
2013	3,520,000	9,338,888	12,858,888	250,000	1,753,863	2,003,863	--	4,827,350	4,827,350	3,770,000	15,920,100	19,690,100
2014	3,750,000	9,162,888	12,912,888	480,000	1,743,863	2,223,863	--	4,827,350	4,827,350	4,230,000	15,734,100	19,964,100
2015	3,940,000	8,975,388	12,915,388	880,000	1,724,663	2,604,663	--	4,827,350	4,827,350	4,820,000	15,527,400	20,347,400
2016	4,095,000	8,817,788	12,912,788	965,000	1,689,463	2,654,463	--	4,827,350	4,827,350	5,060,000	15,334,600	20,394,600
2017	4,260,000	8,653,988	12,913,988	1,005,000	1,649,656	2,654,656	--	4,827,350	4,827,350	5,265,000	15,130,994	20,395,994
2018	4,435,000	8,478,263	12,913,263	1,050,000	1,605,688	2,655,688	--	4,827,350	4,827,350	5,485,000	14,911,300	20,396,300
2019	4,535,000	8,245,425	12,780,425	--	1,558,438	1,558,438	--	4,827,350	4,827,350	4,535,000	14,631,213	19,166,213
2020	4,910,000	8,007,338	12,917,338	--	1,558,438	1,558,438	--	4,827,350	4,827,350	4,910,000	14,393,125	19,303,125
2021	5,165,000	7,749,563	12,914,563	350,000	1,558,438	1,908,438	--	4,827,350	4,827,350	5,515,000	14,135,350	19,650,350
2022	5,440,000	7,478,400	12,918,400	700,000	1,540,938	2,240,938	--	4,827,350	4,827,350	6,140,000	13,846,688	19,986,688
2023	5,725,000	7,192,800	12,917,800	1,000,000	1,505,938	2,505,938	--	4,827,350	4,827,350	6,725,000	13,526,088	20,251,088
2024	6,025,000	6,892,238	12,917,238	1,200,000	1,454,688	2,654,688	--	4,827,350	4,827,350	7,225,000	13,174,275	20,399,275
2025	6,330,000	6,583,456	12,913,456	1,265,000	1,391,688	2,656,688	--	4,827,350	4,827,350	7,595,000	12,802,494	20,397,494
2026	6,655,000	6,259,044	12,914,044	1,330,000	1,325,275	2,655,275	--	4,827,350	4,827,350	7,985,000	12,411,669	20,396,669
2027	7,000,000	5,917,975	12,917,975	1,400,000	1,255,450	2,655,450	--	4,827,350	4,827,350	8,400,000	12,000,775	20,400,775
2028	7,355,000	5,559,225	12,914,225	1,475,000	1,181,950	2,656,950	--	4,827,350	4,827,350	8,830,000	11,568,525	20,398,525
2029	7,745,000	5,173,088	12,918,088	1,555,000	1,100,825	2,655,825	--	4,827,350	4,827,350	9,300,000	11,101,263	20,401,263
2030	8,150,000	4,766,475	12,916,475	1,640,000	1,015,300	2,655,300	--	4,827,350	4,827,350	9,790,000	10,609,125	20,399,125
2031	8,575,000	4,338,600	12,913,600	1,730,000	925,100	2,655,100	--	4,827,350	4,827,350	10,305,000	10,091,050	20,396,050
2032	9,030,000	3,888,413	12,918,413	1,825,000	829,950	2,654,950	--	4,827,350	4,827,350	10,855,000	9,545,713	20,400,713
2033	9,500,000	3,414,338	12,914,338	1,925,000	729,575	2,654,575	--	4,827,350	4,827,350	11,425,000	8,971,263	20,396,263
2034	10,000,000	2,915,588	12,915,588	2,030,000	623,700	2,653,700	--	4,827,350	4,827,350	12,030,000	8,366,638	20,396,638
2035	10,525,000	2,390,588	12,915,588	2,145,000	512,050	2,657,050	--	4,827,350	4,827,350	12,670,000	7,729,988	20,399,988
2036	11,080,000	1,838,025	12,918,025	2,260,000	394,075	2,654,075	--	4,827,350	4,827,350	13,340,000	7,059,450	20,399,450
2037	11,660,000	1,256,325	12,916,325	2,385,000	269,775	2,654,775	--	4,827,350	4,827,350	14,045,000	6,353,450	20,398,450
2038	12,270,000	644,175	12,914,175	2,520,000	138,600	2,658,600	87,270,000	4,827,350	92,097,350	102,060,000	5,610,125	107,670,125
Total	\$ 187,750,000	\$ 172,992,058	\$ 360,742,058	\$ 33,365,000	\$ 34,545,113	\$ 67,910,113	\$ 87,270,000	\$ 135,165,800	\$ 222,435,800	\$ 308,385,000	\$ 342,702,961	\$ 651,087,961

a) Based on repayment of the Series2008C principal at the stated maturity date. Assumes no early redemption of principal. See "Conditional Redemption of Third Lien Subordinate Bonds (Series C Bonds)" herein for additional information regarding the target amortization of the Series C Bonds.

CITY OF ORLANDO, FLORIDA

STATE SALES TAX PAYMENTS REVENUE BONDS, SERIES 2008 INTRODUCTION

The City of Orlando State Sales Tax Payments Revenue Bonds, Series 2008, were issued to finance a portion of the construction of the Amway Center, which opened on October 1, 2010.

Pledged Funds

Pledged Funds means (i) the State Sales Tax Payments Revenue, and (ii) all moneys on deposit in the funds and accounts established under the Bond Resolution and investment earnings thereon, but excluding moneys on deposit in the Rebate Fund established in the Bond Resolution. The State Sales Tax Payments Revenue means all distributions to the City pursuant to the Sections 288.1162 and 212.20(6)(d)7.b., Florida Statutes, with respect to the “facility for a professional sports franchise” to be financed in part with the proceeds of the Series 2008 Bonds. Such distributions are derived from State sales tax revenues. As a condition precedent to the City’s receipt of the State Sales Tax Payments Revenue, the Office of Tourism, Trade, and Economic Development of the State must certify the Events Center as a facility for a new professional sports franchise. Such certification was received on November 30, 2007.

Description of Sales Tax Revenues

Section 212.05, Florida Statutes, as amended, imposes a 6% tax on the sales price of tangible personal property sold at retail in the State subject to certain exemptions therefrom. A similar tax is imposed on the cost price of tangible personal property when the property is not sold, but is used, consumed, distributed or stored for use or consumption in the State. The largest single source of tax receipts in the State is the sales and use tax.

Unless a transaction is specifically exempt, the State sales and use tax is applicable to sales of tangible personal property at retail in the State including the business of making mail order sales, the rental or furnishing of things or services taxable under Chapter 212, Florida Statutes, as amended, the storage for use or consumption in the State of any item or article of tangible personal property, and the lease or rental of such property within the State.

The Florida Department of Revenue (“FDOR”) shall pay over to the Chief Financial Officer of the State all funds received and collected by and under Chapter 212, Florida Statutes, as amended, and Sections 202.18(1)(b) and (2)(b), Florida Statutes, as amended, to be credited to the account of the State General Revenue Fund. Of those proceeds, \$166,667 shall be distributed monthly for 30 years to each applicant that has been certified as a “facility for a new professional sports franchise” pursuant to Section 288.1162, Florida Statutes, as amended. As described below, the Events Center has been certified as a “facility for a new professional sports franchise” under this statute.

Certification of Events Center

The City received certification for the Events Center as a “facility for a new professional sports franchise” on November 30, 2007. Accordingly, pursuant to Section 212.20(6)(d)7.b, Florida Statutes, the City received its first monthly distribution of \$166,667 in February, 2008 and shall continue to receive such distributions monthly until January, 2038.

Historical Collections of State Sales Tax Payments Revenue

The City continues to receive \$166,667 monthly from the State. These funds are deposited into the debt service fund for the Series 2008 Bonds and used to make debt service payments when due.

CITY OF ORLANDO, FLORIDA

**STATE SALES TAX PAYMENTS REVENUE BONDS
SUMMARY OF DEBT SERVICE OBLIGATIONS TO MATURITY**

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
February 1, 2012	\$ 295,000	\$ 704,535	\$ 999,535	\$ 1,998,420
August 1, 2012	300,000	699,741	999,741	
February 1, 2013	305,000	694,866	999,866	1,999,608
August 1, 2013	310,000	689,529	999,529	
February 1, 2014	315,000	684,104	999,104	1,998,633
August 1, 2014	320,000	678,591	998,591	
February 1, 2015	325,000	672,991	997,991	1,996,583
August 1, 2015	330,000	666,491	996,491	
February 1, 2016	340,000	659,891	999,891	1,996,383
August 1, 2016	345,000	653,091	998,091	
February 1, 2017	350,000	646,191	996,191	1,994,283
August 1, 2017	360,000	639,191	999,191	
February 1, 2018	365,000	631,991	996,991	1,996,183
August 1, 2018	375,000	624,235	999,235	
February 1, 2019	380,000	616,266	996,266	1,995,501
August 1, 2019	390,000	607,954	997,954	
February 1, 2020	400,000	599,423	999,423	1,997,376
August 1, 2020	405,000	590,423	995,423	
February 1, 2021	415,000	581,310	996,310	1,991,733
August 1, 2021	425,000	571,713	996,713	
February 1, 2022	435,000	561,885	996,885	1,993,598
August 1, 2022	445,000	551,663	996,663	
February 1, 2023	455,000	541,205	996,205	1,992,868
August 1, 2023	465,000	530,285	995,285	
February 1, 2024	480,000	519,125	999,125	1,994,410
August 1, 2024	490,000	507,125	997,125	
February 1, 2025	505,000	494,875	999,875	1,997,000
August 1, 2025	515,000	482,881	997,881	
February 1, 2026	525,000	470,650	995,650	1,993,531
August 1, 2026	540,000	458,181	998,181	
February 1, 2027	550,000	445,356	995,356	1,993,538
August 1, 2027	565,000	432,294	997,294	
February 1, 2028	580,000	418,875	998,875	1,996,169
August 1, 2028	595,000	404,375	999,375	
February 1, 2029	610,000	389,500	999,500	1,998,875
August 1, 2029	625,000	374,250	999,250	
February 1, 2030	640,000	358,625	998,625	1,997,875
August 1, 2030	655,000	342,625	997,625	
February 1, 2031	670,000	326,250	996,250	1,993,875
August 1, 2031	690,000	309,500	999,500	
February 1, 2032	705,000	292,250	997,250	1,996,750
August 1, 2032	725,000	274,625	999,625	
February 1, 2033	740,000	256,500	996,500	1,996,125
August 1, 2033	760,000	238,000	998,000	
February 1, 2034	780,000	219,000	999,000	1,997,000
August 1, 2034	800,000	199,500	999,500	
February 1, 2035	820,000	179,500	999,500	1,999,000
August 1, 2035	840,000	159,000	999,000	
February 1, 2036	860,000	138,000	998,000	1,997,000
August 1, 2036	880,000	116,500	996,500	
February 1, 2037	905,000	94,500	999,500	1,996,000
August 1, 2037	925,000	71,875	996,875	
February 1, 2038	1,950,000	48,750	1,998,750	2,995,625
Totals	<u>\$ 29,775,000</u>	<u>\$ 24,120,053</u>	<u>\$ 53,895,053</u>	<u>\$ 54,893,938</u>

“Great cities have one thing in common; they all have great downtowns. We have worked hard to reinvent our center city as both the economic engine that drives Central Florida’s economy and the social hub for our residents.”
-Mayor Buddy Dyer

A City with a Modern Metropolitan Downtown

Downtown Development Board
407.246.2555



- Since 2003, Downtown Orlando’s tax base has increased by 57% with more than 600 new businesses opening (and remaining open today).
- Downtown Orlando’s CRA (Community Redevelopment Agency) has made strategic investments in five projects since 2003. Every dollar invested in these projects has spurred more than \$115 of investment in Downtown Orlando.
- Since 2003, 25 major building projects have been completed or are underway in Downtown Orlando. These projects have spurred \$1.7 billion of investment in Downtown Orlando and created 1,100 new jobs.
- For the first time ever, Orlando was able to leverage tourist tax dollars to create the Amway Center, a public facility for the use and benefit of Central Florida’s residents. Orlando is also building the Dr. Phillips Center; a world-class performing arts facility.





CITY OF ORLANDO

DEBT MANAGEMENT POLICY

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**CITY OF ORLANDO
DEBT MANAGEMENT POLICY**

I. Introduction

This Debt Management Policy is intended to (a) set forth guidelines under which the City's debt management program shall be administered, (b) set appropriate targets and boundaries for the City's current debt program, and (c) ensure that future generations of elected officials have reasonable latitude to address the financial circumstances of their tenure. This Debt Management Policy, as amended and adopted by City Council annually, sets forth the goals and objectives of the program and authorizes the City's Finance Committee to further define targets and benchmarks within these parameters. The City's original Debt Management policy was adopted by City Council on October 4, 1994.

II. Scope

This Debt Management Policy shall apply to all debt issued by the City and the Community Redevelopment Agency on behalf of the citizens, ratepayers and taxpayers of the City of Orlando.

III. Objectives

The objectives of this Debt Management Policy are as follows:

A. Balance multiple financial management objectives, including:

1. Creativity: examine new or different means to achieve established objectives at the lowest possible cost;
2. Innovation: address, consider or conceive new financing options which are either developed in the City's traditional municipal markets or adaptable from other existing financial markets;
3. Flexibility: retain the City's current and future options to meet the financing challenges of the City;
4. Responsibility: be fair, reasonable and equitable to each generation of taxpayers, rate payers, users and other beneficiaries when distributing the debt burden or costs of government;
5. Corporate Image: act as a good corporate citizen, to maintain or enhance the City's credit worthiness and reputation and to ensure the trust of those who have or will purchase the City's debt or other forms of borrowing; and
6. Due Care: pay timely attention to and comply with each and all of the agreements, laws, contracts, covenants, policies and obligations which make up or are related to the City debt management program(s).

B. Define and categorize the City's current debt programs as governmental or proprietary within the self-supporting and non-self supporting categories.

- C, Enhance the City's ability to access the credit markets and enhance or maintain the credit ratings for each of its programs.
- D. Address the purpose, use and advantages of the City's Internal Loan Fund program, as it is appropriately integrated into the City's overall debt management program.
- E. Evaluate each of the following in anticipation of new borrowing initiatives:
 - 1. Appropriate final maturity (1 to 30 years);
 - 2. Principal Amortization pattern (e.g., level principal, level debt service, etc.);
 - 3. Use of long-term fixed, intermediate term fixed or variable rate debt pricing options, and
 - 4. Use of risk management techniques (caps, swaps, floors, collars, etc.) to manage the City's variable rate risk exposure consistent with the City's Interest Rate Risk Management Products Policy.
- F. Identify appropriate debt constraints or limits in an effort to ensure adequate flexibility for future generations of elected officials;
- G. Provide for changes in targets and amendments to this Policy which can be approved by the Finance Committee and City Council, and an appropriate time frame to implement such changes.
- H. Provide a framework within which the City's corporate styled Debt Management Program can effectively operate.
- I. Provide for the publication of a Bond Disclosure Supplement that reports on the status of the City's debt management programs.

IV. Categorize Debt Program(s)

The City shall periodically establish standards for and classify each of the City's debt programs into one of the following:

- A. Self-Supporting Debt:
 - 1. Proprietary operations
 - i) Wastewater
 - ii) Parking
 - 2. Other Governmental (Non-General Fund revenues)
 - i) Community Redevelopment Agency (CRA)
 - ii) Special Assessment and Tax-Increment
 - iii) State Sales Tax Payments Revenues Bonds
 - iv) Contract Tourist Development Tax Payments Revenue Bonds
- B. Non Self-supporting Debt:
 - 1. Proprietary operations

2. General Governmental (including the General Fund)
 - i) Covenant Program
 - ii) General Obligation

This distinction recognizes that self-supporting proprietary programs do not directly or indirectly place a burden on taxpayers in the form of increased taxes. As long as each system's user rates meet the needs of both operations and debt service, the debt program is not considered part of either the General Government or Tax-Supported Debt of the City.

Having made these classifications, the Mayor and City Council shall commit to:

- A. Act with regard to self-supporting proprietary operations, when necessary, to increase rates to ensure that each operation maintains rate coverages (revenue to debt service ratios) as required by the higher of either City policy or related debt covenants.
- B. Limit the level of annual debt service as a percentage of available annual revenues to ensure a reasonable ability to address recurring operations and maintenance and/or capital requirements on a pay-as-you-go basis for all self-supporting governmental operations.
- C. Establish the annual subsidy required and compare it to the actual subsidy needed for all non self-supporting proprietary operations.
- D. Adhere to debt limits established herein to ensure current and future flexibility for all Non Self-Supporting Debt.

V. Manage the Use/Commitment of Pledgable Resources

- A. The City uses its Covenant Program as the primary financing mechanism and security source used to finance general government capital projects.
- B. The City recognizes that pledgable revenue sources are limited. The City will treat the use of each as a deployment of a scarce resource, and careful attention will be focused on balancing future flexibility with the need to consume scarce resources. The use of scarce resources as a secondary pledge should be thoughtfully addressed, used strategically, and, wherever possible, be:
 1. Limited to specific dollar amounts, and
 2. Subject to recapture, if and when the primary revenue pledge demonstrates sufficient strength on its own.

VI. Measuring Interperiod Equity

When measuring its commitment to its infrastructure and related service delivery potential, the City shall address both its capital and operating and maintenance requirements. For purposes of this policy, the City shall focus on its capital portion. When measuring interperiod equity, the City must consider the need to allocate the burden between generations and, more specifically, fiscal periods. The City will seek to measure the impact of proposed capital finding sources (debt and Pay-As-You-Go) for both a single year and longer-term forward forecasts. This future

capacity analysis shall consider debt service maturities and payment patterns as well as the City's commitment to a Pay-As-You-Go budgetary capital allocation.

VII. Maintaining/Improving Credit Ratings

The City shall strive to maintain its Ratings and enhance the overall credit standing of not only its general credit, but also, each of its specific debt programs. When addressing efforts to enhance its current ratings, the City will seek to balance its current flexibility (and related ability to meet the challenges facing the community) with potential limitations or restrictions which may be required to enhance a bond rating. In light of the then current market conditions, the City will have to judge the enhanced market advantage of a projected rating by program against the potential loss of flexibility which may be necessary to achieve the rating enhancement. The City's current ratings are regularly published by the Rating Agencies and are summarized annually in the City's Bond Disclosure Supplement.

The need for three ratings and merit of various rating services' ratings may be judged (a) at the time and in the circumstances of the contemplated issue and (b) in the perspective of the City's overall programs.

VIII. The Internal Loan Fund

In 1986-87, the City created its Internal Loan (banking) Fund as a conduit device to distribute the debt proceeds which it initially received from the Sunshine State Governmental Financing Commission (SSGFC) into loans to various operating funds of the City. In 1991, the City established its current Covenant Program, which is used as the primary funding source for the Internal Loan Fund and incorporated the pledge associated with the SSGFC.

The goal of the Internal Loan Fund is to provide funding for various projects around the City, with flexibility of loan terms and a low, blended interest rate. The blended loan rate is achieved through a mix of variable, medium-term, and long-term Covenant backed debt instruments. In general, loan repayment schedules are established that are shorter than bond repayment provisions, in order to provide the City an internal and revolving source of capital financing without needing to access the public markets for small projects.

Loans are provided to both proprietary and non-proprietary operations. Loan repayments from proprietary operations are subordinate to revenue bond debt issued for and secured by proprietary funds.

IX. Criteria for Evaluating Debt Options

The City Council has authorized the Finance Committee to establish specific target benchmarks for potential exercise of debt options. Further, within the framework established by the goals, objectives and established target benchmarks, City Council authorizes the Chief Financial Officer to act on behalf of the City, in a manner intended to lower the effective cost of debt to the taxpayers and citizens of Orlando. With regard to this delegation of authority, both to the Finance Committee and ultimately to the Chief Financial Officer, the following criteria for evaluating debt options has been established:

A. Maturity Analysis

For self-supporting proprietary operations, the primary strategy is to use a long-term level debt service maturity structure. To the extent that shorter maturities or alternative amortization strategies are utilized in an effort to reduce the effective borrowing costs, a comparative advantage must be considered in relationship to the potential negative impacts on user rates and charges.

For all other categories of debt, the City may consider opportunities to either shorten maturities or alter amortization structures. A level principal structure may be considered versus level debt service generally as long as the structure does not increase the maximum annual debt service by more than 25%. Additionally, the City should consider a level principal maturity structure compared to shorter maturity level debt service structure when maximum annual debt service is similar.

B. Market Options

(i). Election to Issue Fixed Rate Debt

The City has available to it two separate fixed rate programs: long-term Fixed Rate Debt and Medium Term Notes. Fixed Rate Debt is the traditional way municipalities have issued debt-- debt is offered to investors with a fixed maturity schedule at rates fixed in a single offering. Long-term Fixed Rate Debt issuance should be based upon a consideration of the following factors: (a) the level of long-term rates at the time of issuance versus the last 3 to 10 years, (b) a short to intermediate range forecast for long term rates to be trending upwards, (c) the ratio of short-term (or variable rate) debt to current program debt outstanding and/or (d) the amount of Variable Rate Debt outstanding by program.

The City issued its first series of Medium Term Notes in 2002. This issue of Medium Term Notes was sold to investors with an initial amortization schedule of 2 to 12 years. As the individual principal amounts come due, the City re-offers the debt on a 1 to 15 year maturity basis until the designated final maturity. The benefit of the Medium Term Note structure is that the City prices its debt in the lower interest rate portion of the yield curve. The risk to the City of this structure is primarily the risk that interest rates will rise in successive re-offerings at a level sufficient to offset the initial interest savings. Including Medium Term Notes in the City's overall debt profile is part of the goal to achieve a balanced portfolio, and the City should consider issuing Medium Term Notes under circumstances where the structure is expected to provide the City with a lower cost of capital compared to long-term fixed rate debt using a breakeven rate analysis. The City should limit the amount of Medium Term Note issuance consistent with rating agency and bond insurer guidelines. The City currently limits the amount of Medium Term Note total maturities in any one year to (a) an amount not greater than 200% of the liquidity portion of the City's investment portfolio as of April 1st, and (b) not to exceed \$12 million. In addition, this limit may be raised up to \$20 million if a liquidity facility is provided for 50% of the amount of total maturities in any single year.

(ii). Election to Issue Variable Rate

Issuing Variable Rate Debt permits the City access rates on the very short end of the yield curve. The difference in short versus long-term rates varies with the shape of the yield curve and has typically ranged from 100-350 basis points (or 1.0% to 3.5%). By issuing Variable Rate Debt, the issuer is subject to interest rate risk. However, Variable Rate

Debt has historically been at lower interest rate levels than recognized fixed rate indices, and is generally able to create a natural hedge against changes in the City's Short-Term Investment portfolio.

Variable Rate Debt should be used for two purposes: (1) as an interim financing device (during construction periods) and (2), subject to limitations, as an integral portion of a long-term strategy to lower the City's effective cost of capital. The City's interim variable rate program allows the City to avoid the inefficiency of borrowing for small projects and allows for an aggregation of small projects and, thus, a more cost effective debt management program. Under either circumstance, when the cycle of long-term rates moves down to or near historic lows, consideration should be given to fixing (converting to a fixed rate to maturity alternative) a portion of the then outstanding Variable Rate Debt to take advantage of the attractive long-term fixed rates.

(iii). Hedging Election

The City's Interest Rate Risk Management Products Policy provides guidelines for any hedging the City's Variable Rate Debt exposure.

(iv). Debt Program Targets

In general, the City seeks to lower its overall cost of funds through an issuance of Variable Rate Debt and Medium Term Notes since these products are generally lower than fixed rates of interest. In addition, the Variable Rate Debt would simultaneously create a hedge against its variable rate investments to protect its financial condition in lower interest rate environments. The potential savings and benefits justify interest rate exposure as long as the risk is mitigated by limiting the amount of the Net Variable Rate Debt. In considering Net Variable Rate Debt, the rating agencies generally recognize the issuer's ability to match its assets and liabilities and generally exclude or net variable rate debt equal to (i) certain variable rate assets and (ii) applied Debt Hedging Products such as interest rate caps and swaps where appropriate. The following targets are established for the overall City's debt portfolio, including all Self-Supporting Debt and Non Self Supporting Debt:

Overall City and CRA Debt

Overall City and CRA	Targets
• Fixed Rate	
• Goal	50-60%
• Unhedged or Net Variable Rate:	
• Goal	25-35%
• Maximum	40%

Covenant Program

The following targets are established for the Covenant Program:

Covenant Program	Targets
<ul style="list-style-type: none"> • Fixed Rate <ul style="list-style-type: none"> • Goal 	40-50%
<ul style="list-style-type: none"> • Unhedged or Net Variable Rate: <ul style="list-style-type: none"> • Goal • Maximum 	25-35% 50%
<ul style="list-style-type: none"> • Composite rate advantage when compared to Bond Buyer’s Revenue Bond Index (measured as an average of available rates over the last three years) of at least: 	50-75 b.p.

Other Debt Program Targets

In addition to the aforementioned targets for the overall City and CRA debt, and the Covenant Program, specific targets regarding the limits on unhedged or Net Variable Rate Debt exposure for the senior debt of each separate borrowing program are set forth below:

Other Debt Programs	Target Maximum Net Variable Rate Debt (1) Exposure
Wastewater	35%
Parking	15%
CRA (Downtown District)	15%
Special Assessment	N/A
State Sales Tax Payments	N/A
Contract TDT Payments	N/A
New Debt Programs:	TBD.

(1) The maximum Net Variable Rate Debt exposure limits have been established in recognition of each program’s variable rate exposure associated with the Internal Loan Fund exposure. The City’s Wastewater program does not currently have Internal Loan Fund exposure and therefore, a higher maximum is more appropriate compared to the Parking and the CRA (Downtown District) Programs which have Internal Loan Fund (subordinate lien) variable rate exposure.

(v). **Refunding Options**

Targets for a Fixed Rate Debt to Fixed Rate Debt refunding should include the following criteria:

1. Maximum true interest cost
2. Minimum economic present value of at least 5% of refunded bonds,
3. Minimum annual average debt service savings of at least \$100,000.

Lower net present value cost savings and annual average debt service savings criteria may be appropriate for shorter term or smaller fixed rate refunding issues.

Refunding Variable Rate Debt to Fixed Rate Debt cannot provide for the similar measurable benchmarks and should be based on the aforementioned Election to Issue Fixed Rate Debt criteria.

Refunding of Variable Rate Debt to Variable Rate Debt should be based primarily on the economic or structured advantages of the new program.

Criteria and savings targets associated with Synthetic Refundings that are consistent with the provisions of the City's Interest Rate Risk Management Policy, should be established on a case-by-case basis and should generally be higher (more restrictive) than the criteria for Fixed Rate Debt refundings.

While a framework (a delegation of authority) has been established regarding the management of the City's debt portfolio, specific City Council approval is still required prior to the issuance of any new debt. Once the City Council has approved a refunding (revenue source, structure and target benchmark), the Finance Committee may act to adjust the target benchmarks, within the goals and objectives framework, to address changing market conditions.

X. Measures of Future Flexibility

As the City addresses its needs at any one period in time, the Mayor and City Council must both be prepared to ensure the flexibility of this and future generations of elected officials to meet the then present needs and challenges which face the community. Since neither State law nor the City Charter provide any fixed limits on the amount of debt which may be incurred (other than the requirement to have General Obligation debt approved in advance by referendum), the following targets or limits are established to ensure future flexibility. The following goals/targets are set to ensure the current and future flexibility, and financial vitality of the City.

<u>Description</u>	<u>Targets</u>
General Government Debt Service as a percentage of non-ad valorem General Fund expenditures:	
• Debt Limit (within the covenant program limitation)	20% max.
• Goal/Target	10% max.
Weighted Average Maturity of Debt Program(s):	
• Self-supporting Proprietary Operations	15 year max.
• Self-supporting Other Governmental	25 year max.
• Non self-supporting	20 year max.
Weighted Average Maturity of Internal Loan Program	12 year max.
General Government Direct Debt per capita	\$850 max.
Net Direct Tax Supported Debt as a percentage of ad valorem property values:	
• General Government	2.5% max.
• Total Tax Supported	3.5% max.
Debt Service requirement as a percentage of a new governmental revenue stream that is dedicated for capital and operations	50% max.
General Fund reserve, (as a percentage of the current year's operating budget)(a)	15% to 25%

(a) Includes City's Utility Services Tax reserves.

While the City currently operates well within these targets/goals, it is appropriate to use these various common measures of debt burden as a means of setting parameters for the overall City's Debt Management Program.

XI. Monitoring, Reporting, Amendments and/or Exceptions

The Chief Financial Officer shall monitor the actual results against the targets presented in this policy and shall publish a comparison of the targets against the fiscal year end numbers in the City's Bond Disclosure Supplement. The report will include the following information, to the extent applicable:

- A. Debt Program Targets, and
- B. Measures of Future Flexibility Targets;

From time to time, circumstances may suggest that an exception be approved to one or more of the policy constraints established herein. Amendments and/or exceptions must be submitted through the Finance Committee to the City Council and shall become effective only after approved by the City Council.

As is established in the policy governing the Finance Committee, within the guidelines established by the goals/policies and objectives/strategies, the Finance Committee can establish

and amend, where necessary, the target benchmarks which further define the aggregate guidelines within which the Chief Financial Officer operates.

XII. Debt Management Policy Review and Modification

The City's Debt Management Policy will be submitted by the Finance Committee for annual ratification by the City Council by May 1st of each year. The authority to effect any change, modification or amendment of this Debt Management Policy shall rest solely with the City Council. The Finance Committee and staff recommendations for policy changes may be submitted in conjunction with the annual ratification or more often as deemed necessary. Policy changes initiated by City Council may be made as deemed appropriate. Policy changes will become effective on the date stipulated by City Council.

XIII. Time-Line for Implementation of Amendments

Considering the then current position of the interest rate curve, recent movements and indication of possible short term direction, the City shall consider a reasonable time-line(s) to bring the then current debt program in line with amendments to this Debt Management Policy.

XIV. Effective Date

The City's Debt Management Policy was ratified and approved by the City Council on February 27, 2012.

Glossary of Key Terms

“Amortization” means the schedule of debt principal to be paid over a period of time.

“Banking Fund” See “Internal Loan Fund”.

“Bond Disclosure Supplement” The City’s annual report which provides market disclosure relating to the City’s debt offerings.

“Covenant Program” means the City’s debt program that is secured by covenant to budget and appropriate from non-ad valorem revenues and encompasses all debt that is defined as Covenant Obligations under the City’s Covenant Ordinance.

“Debt Hedging Products” means interest rate risk mitigation products such as swaps, caps, floors, collars and options in connection with the incurrence of City debt obligations.

“Debt Service” means scheduled payments of interest and principal on debt obligations.

“Fixed Rate Debt” means a debt obligation issued with a predetermined interest rate.

“General Government Debt” means all Non Self Supporting debt. These are the programs whose expenditures for debt service are in direct competition with other General Fund expenditures (salaries, utilities, supplies, etc.).

“Hedged Variable Rate Debt” total variable rate debt less any associated Debt Hedging Products and allocated Short-Term Investments.

“Internal Loan Fund” means a conduit financing device to distribute proceeds of debt into loans to various operating funds of the City. The goal of Internal Loan Fund is to provide funding for various projects around the City, with flexibility of loan terms and low, blended rate. The blended loan rate is achieved through a mix of variable, medium-term, and long-term Covenant backed debt instruments. In general, loan repayment schedules are established that are shorter than bond repayment provisions, in order to provide the City a revolving source of capital financing without needing to access the public markets for each capital need.

“Maturity” means the length of time until the principal amount of a bond must be repaid.

“Medium Term Loans” means debt issued with a fifteen year or less maturity that is Designated Maturity Debt as defined in the Covenant Program. See above, IX. Criteria for Evaluating Debt Options, B. Market Options, (i) Election to Issue Fixed Rate Debt.

“Net Variable Rate Debt” means total Variable Rate Debt less Hedged Variable Rate Debt.

“Non-Self Supporting Debt” means any indebtedness of the City other than Self Supporting Debt

“Pay-As-You-Go” refers to the payment of capital projects or other non operating projects using non-capitalized revenues.

“Present Value” means the amount that a future sum of money is worth today given a specified rate of return.

"Ratings" means ratings that are issued by Moody's Investors Service, Fitch and Standard & Poor's Corporation and any other nationally recognized rating agency, to the extent they have in effect a rating on City debt.

"Self Supporting Debt" means any indebtedness of the City for borrowed money that is either (a) secured by or payable exclusively from a source of revenues other than Covenant Revenues, or (b) primarily payable from revenues of the type described in clause (a) above and secondarily from Covenant Revenues if the Covenant Revenues have not been used (or, as provided below, deemed to have been used) to pay any portion of such indebtedness for the three Fiscal Years preceding the date of determination and if the City projects that the Covenant Revenues will not be so used during the next two Fiscal Years; and either (c) that is secured by a revenue source that has been in effect for at least three Fiscal Years and that would have provided coverage of at least 125% of the average annual debt service on such obligations secured by such revenue source in each of the three preceding Fiscal Years or, (d) if the revenue source has not been in existence for at least three Fiscal Years, that is secured by a revenue source that would have provided coverage of at least 150% of the average annual debt service on such obligations secured by such revenue source in at least the last full Fiscal Year preceding the issuance of such obligations and that is projected to provide at least 150% debt service coverage (based on revenue and debt service projections by the City) in each of the three ensuing Fiscal Years; and (e) in any such case, in the three preceding Fiscal Years, no debt service on which has been paid (or, as provided below, deemed to have been paid) from Covenant Revenues deposited in the General Fund or the Utilities Services Tax Fund. For purposes of calculating the coverage requirements described in this definition, the historical and projected receipts of a particular revenue source shall be adjusted retroactively to the initial date of the calculation period to reflect changes in rates, levies or impositions enacted prior to the date of calculation. For purposes of this definition, Covenant Revenues will be deemed to have been used to pay debt service on any debt if Covenant Revenues have been transferred in the relevant period, other than pursuant to a Capital Transfer, to a fund or account used to pay debt service on such debt.

“Synthetic Refundings” means refunding transactions that include the use of interest rate risk management products such as swaps, caps, floors, collars and options.

“Short-term Investments” means liquid investment assets of the City.

“Tax-Supported Debt” means General Government Debt programs plus Other Governmental Self-Supporting Debt. This creates two categories of debt which place direct or indirect burden on the taxpayers of the City.

“Unhedged Variable Rate Debt” means Net Variable Rate Debt.

"Variable Rate Debt" means debt obligations entered into that use a variable, auction reset, adjustable, convertible or other similar interest rate which is not fixed in percentage at the date of issue.

**CITY OF ORLANDO
DEBT MANAGEMENT POLICY**

DEBT POLICY COMPLIANCE

Overall City and CRA Debt

The table below demonstrates the City and CRA outstanding debt compared to the targets set forth in the Debt Management Policy for both the Fixed Rate and Net Variable Rate components.

<u>Overall City and CRA</u>	<u>Targets</u>	<u>Actual 9/30/11</u>
• Fixed Rate		
• Goal	50-60%	89%
• Unhedged or Net Variable Rate:		
• Goal	25-35%	11%
• Maximum	40%	

Covenant Program

The following table shows the debt targets for the Covenant Program as well as the actual debt result for each category as of September 30, 2011.

<u>Covenant Program</u>	<u>Targets</u>	<u>Actual 9/30/11</u>
• Fixed Rate		
• Goal	40-50%	70%
• Unhedged or Net Variable Rate:		
• Goal	25-35%	30%
• Maximum	50%	
• Composite rate advantage when compared to Bond Buyer's Revenue Bond Index (measured as an average of available rates over the last three years) of at least:	50-75 b.p.	161 b.p.

Other Debt Program Targets

The following table indicates the compliance with the Debt Policy for the non-covenant debt programs of the City, including the CRA. The Covenant Program is the only program that has variable rate exposure in its senior level debt.

<u>Other Debt Programs</u>	<u>Maximum Net Variable Rate Debt Exposure</u>	<u>Actual Variable Rate Debt 9/30/11</u>	
		<u>Total</u>	<u>Unhedged</u>
Wastewater	35%	0%	0%
Parking	15%	0%	0%
CRA (Downtown District)	15%	0%	0%
Special Assessment	N/A	N/A	N/A
New Debt Programs:	TBD	N/A	N/A

**CITY OF ORLANDO
DEBT MANAGEMENT POLICY**

Measures of Future Flexibility

Neither State law nor the City Charter provide any fixed limits on the amount of debt which may be incurred (other than the requirement to have G.O. debt approved in advance by referendum). However, the following targets or limits are established in the Debt Policy to ensure the City's future financial flexibility.

<u>Description</u>	<u>Targets</u>	<u>Actual</u> 9/30/2011
General Government Debt Service as a percentage of non-ad valorem General Fund expenditures:		
• Debt Limit (within the covenant program limitation)	20% max.	5.7%
• Goal/Target	10% max.	
Weighted Average Maturity of Debt Program(s):		
• Self-supporting Proprietary Operations	15 year max.	15.7
• Self-supporting Other Governmental	25 year max.	13.4
• Non self-supporting	20 year max.	12.8
Weighted Average Maturity of Internal Loan Program	12 year max.	7.8
General Government Direct Debt per capita	\$850 max.	\$1,263
Net Direct Tax Supported Debt as a percentage of ad valorem property values:		
• General Government	2.5% max.	1.6%
• Total Tax Supported	3.5% max.	2.9%
Debt Service requirement as a percentage of a new governmental revenue stream that is dedicated for capital and operations	50% max.	N/A
General Fund reserve, (as a percentage of the current year's operating budget)	15% to 25%	36.3%(a)

(a) Includes the City's Utility Services Tax reserves.



CITY OF ORLANDO

**INTEREST RATE RISK MANAGEMENT
PRODUCTS POLICY (DERIVATIVES POLICY)**

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CITY OF ORLANDO

INTEREST RATE RISK MANAGEMENT PRODUCTS POLICY (DERIVATIVES POLICY)

I. Introduction

The Interest Rate Risk Management Products Policy (Derivatives Policy) has been developed to provide guidelines for the use of interest rate risk management products such as swaps, caps, floors, collars and options in connection with the incurrence of debt obligations included in the City of Orlando (the “City”) Debt Management Policy (see attached Glossary for further definitions of terms). While the use of these financing products can reduce the City’s exposure to interest rate risk on its variable rate debt, careful monitoring of such products is required to preserve the City’s credit strength and budget flexibility.

This policy describes the circumstances and methods with which interest rate risk management products can be used, the guidelines that will be imposed on them, and who in the City is responsible for implementing these policies. In evaluating a particular transaction involving the use of derivative financing products, the Chief Financial Officer will review the long-term implications associated with entering into such agreements, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, opportunities to refund related debt obligations and other similar considerations.

II. Scope of Policy

This derivative products policy shall apply to all swaps, caps, collars, floors, options, or any other interest rate risk mitigation product used to manage the debt of the City of Orlando.

III. Interest Rate Risk Mitigation Objectives

The objectives for which the City will consider the use of these products are as follows:

- A. Hedging Strategy - To prudently reduce exposure to changes in interest rates in the context of a particular financing or the overall asset/liability management of the City; or
- B. Reduce Cost - To achieve a lower net cost of borrowing with respect to the City’s debt.

IV. No Speculation

Interest rate risk mitigation products will not be used for speculative purposes.

V. Form of Agreements

To the extent possible, Agreements entered into by the City will contain the terms and conditions set forth in the International Swap and Derivatives Association, Inc. (“ISDA”) Master Agreement, including any schedules and confirmation. However, the City reserves the right to amend these terms and conditions including the remedies and obligations as is appropriate to benefit the City. The schedule may be modified to reflect specific legal requirements, business terms and changes to the remedies and obligations as determined by the Chief Financial Officer. The Chief Financial Officer will consider whether to include provisions that permit it to assign its rights and obligations under Agreements and to optionally terminate the Agreement at its market value at any time. The counterparty shall not have the right to optionally terminate an agreement. The Chief Financial Officer will transmit the proposed form of Agreements to the Finance Committee and forward a request for authorization from City Council and the Mayor to approve and execute these Agreements within parameters delegated to the Chief Financial Officer.

VI. Methods to Solicit and Procure Interest Rate Swaps

The Chief Financial Officer will solicit and procure Agreements by competitive bid whenever feasible. The Chief Financial Officer will pre-qualify financial institutions as potential counterparties using the City's investment banking team and current counterparties to participate in a competitive transaction, but these parties must conform to the minimum credit standards outlined in this Policy.

Notwithstanding the above, the Chief Financial Officer may procure Agreements by negotiated methods if it is determined that due to the size or complexity of a particular transaction competitive bidding is undesirable, impractical or impossible and a negotiated transaction would result in the most favorable pricing. Such finding will be based on advice by an independent financial advisory firm and with the assistance of appropriate legal counsel. In this situation, the Chief Financial Officer should attempt to price the products based upon an agreed-to methodology relying on available pricing screens to obtain inputs to a mathematical model. If appropriate, the Chief Financial Officer should use an independent financial advisory firm to assist in the price negotiations.

Regardless of the method of procurement, the Chief Financial Officer will obtain a finding from an independent financial advisory firm that the terms and conditions of Agreements reflect a fair market value of such Agreement as of the date of its execution.

VII. Aspects of Risk Exposure

Before the City enters into an Agreement, the Chief Financial Officer will evaluate the risks inherent in the transaction. The risks to be evaluated could include amortization risk, basis risk, credit risk, counterparty risk, interest rate risk, rollover risk, tax event risk and termination risk. Identification of the risks and discussion of the means, if any, employed to mitigate the risks will be contained in the Chief Financial Officer's report recommending approval of the Agreements to the Finance Committee, Mayor and City Council.

- A. Credit Risk – Credit risk is the risk that the counterparty will not fulfill its obligations. Credit risk includes the risk of an occurrence of an event modifying the credit rating of the counterparty and the failure of the counterparty to make its required payments. Certain interest rate risk management products create a continuing exposure to the creditworthiness of financial institutions that serve as the City's counterparties on such transactions. The Chief Financial Officer will endeavor to minimize credit risk by establishing strong minimum counterparty credit standards and diversifying the City's exposure to counterparties. To that end, before entering into a transaction, the Chief Financial Officer will analyze the City's existing exposure to that counterparty and then determine how the proposed transaction would affect the exposure.
- B. Basis Risk - Basis risk refers to the mismatch between the actual variable rate debt service and variable rate index used to determine the swap payments. The Chief Financial Officer will evaluate different swap indices as part of the analysis of the proposed agreement and identify the amount of basis risk that may result from various indices. Tax Events Risk, a form of basis risk, is the risk created by potential changes to the Federal and State income tax codes on the interest rates to be paid by the City on its variable rate bonds. The Chief Financial Officer will evaluate the potential impact of changes in marginal tax brackets as part of its analysis of basis risk.
- C. Termination Risk – Termination risk refers to the possibility that, upon a default by the counterparty, the City may be required to make a large payment to the counterparty if the Agreement is terminated prior to its scheduled maturity pursuant to its terms. For certain types of Agreements, a payment by the City may be required if interest rates have fallen causing the market value of the remaining payments to be in favor of the counterparty. Chief Financial Officer will minimize termination risk by recommending to the Mayor and City Council the selection of counterparties with strong creditworthiness, under certain circumstances requiring the counterparty to post collateral in excess of the Agreement's market value, limiting the circumstances where a payment may be required and permitting the assignment of the Agreement to a creditworthy entity in lieu of termination.
- D. Rollover Risk – Rollover risk refers to the potential need to find a replacement counterparty as part of the overall plan of finance if the interest rate swap does not extend to the final maturity of

the underlying variable rate bonds. The rollover risk can be minimized through the initial plan of finance by not relying on the execution of future Agreements.

- E. Market Risk – Market risk is the risk that a government will not be able to enter credit markets or that credit will become more costly. The Chief Financial Officer will evaluate the potential loss of market access and the risk that credit will become more costly as part of any proposed transaction.

VIII. Counterparty Credit Standards

To protect the City’s interests in the event of a credit problem, the Chief Financial Officer will recommend entering into an Agreement with a counterparty only if it meets the following standards:

- A. At least two of the counterparty’s credit ratings are rated at least “Aa3” or “AA-”, or equivalent, by any two of the nationally recognized rating agencies (i.e. Moody’s, Standard and Poor’s, or Fitch); or
- B. The payment obligations of the counterparty are unconditionally guaranteed by an entity with such a credit rating.

IX. Collateralization on Downgrade

The obligations of the counterparty will be collateralized at levels and with securities acceptable to the Chief Financial Officer, as set forth in the Agreements, should the rating:

- A. of the counterparty, if its payment obligations are not unconditionally guaranteed by another entity, not satisfy the requirements set forth in Section VIII “Counterparty Credit Standards” above, or
- B. of the entity that unconditionally guarantees its payment obligations, if so secured, not satisfy the requirements set forth in Section VIII “Counterparty Credit Standards” above.

X. Termination

A termination payment to or from the City may be required in the event of termination of an Agreement due to a default of either the City or the counterparty, certain additional termination events or optional termination by the City. Prior to making any termination payment due to the default of a counterparty, the Chief Financial Officer will evaluate whether it is financially advantageous for the City to obtain a replacement counterparty to avoid making such termination payment.

XI. Legality

The City Attorney must receive an opinion reasonably acceptable to the market from a nationally recognized law firm that any interest rate risk mitigation product contracts that the City enters are legal, valid and binding obligations of the City.

XII. Responsibilities

The Chief Financial Officer is responsible for determining the appropriate uses for interest rate risk management products in conjunction with the City’s debt financing and programmatic needs and making recommendations for the use of such products to the Finance Committee, Mayor and City Council.

The Chief Financial Officer is responsible for monitoring and reporting on all City debt obligations and reporting on such debt to the Mayor and City Council. In this capacity, the Chief Financial Officer will review and report on the activities and assumptions related to the various interest rate risk mitigation transactions. In addition, the Chief Financial Officer is responsible for reflecting the use of Agreements and other financing transactions on the City’s financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the Governmental Accounting Standards Board (GASB).

XIII. Monitoring And Reporting

The Chief Financial Officer will issue an annual report to the Finance Committee, which will be forwarded to the Mayor and City Council. The report will include the following information, to the extent applicable:

- A. Highlights of all material changes to Agreements including counterparty downgrades and/or terminations;
- B. A summary of any new Agreements entered into by the City since the last report;
- C. A summary of any planned interest rate management product transactions and the impact of such transactions on the City;
- D. A description of each outstanding Agreement, including a summary of its terms and conditions, the notional amount, rates, maturity, the estimated market value of each Agreement, the method of procurement (competitive or negotiated), and the full name, description and credit ratings of the Agreement's counterparty and, if necessary, its applicable guarantor;
- E. Any amounts which were required to be paid and received, and any amounts which actually were paid and received under each outstanding Agreement;
- F. Any credit enhancement, liquidity facility or reserves associated with the interest rate management products including an accounting of all costs and expenses incurred, whether or not in conjunction with the procurement of credit enhancement or liquidity facilities under each outstanding Agreement; and
- G. An assessment of the counterparty risk, termination risk, and other risks associated therewith, which will include the aggregate marked to market value for each counterparty and relative exposure compared to other counterparties

This report will also include a copy of this Policy in the quarter after it is adopted or subsequently modified. The Chief Financial Officer, with the assistance of the City Attorney, and the City Treasurer, will periodically review this Policy for changes in best practices (i.e., GFOA Recommended Practices) and recommend modifications to this Policy to the Mayor and City Council.

XIV. Policy Review and Modification

The City's Interest Rate Risk Management Products Policy will be submitted by the Finance Committee for annual ratification by the City Council by May 1st of each year. The authority to effect any change, modification or amendment of this Policy shall rest solely with the City Council. Finance Committee and staff recommendations for policy changes may be submitted in conjunction with the annual ratification or more often as deemed necessary. Policy changes initiated by City Council may be made as deemed appropriate. Policy changes will become effective on the date stipulated by City Council.

XV. Effective Date

The City's Interest Rate Risk Management Products Policy was ratified and approved by the City Council on February 27, 2012.

Glossary of Key Terms

Agreement: A contract between the City and Counterparty related to interest rate risk management products such as swaps, caps, floors, collars and options in connection with the incurrence of debt obligations by City of Orlando.

Amortization Risk: Represents the cost to the issuer of servicing debt or honoring swap payments due to a mismatch between bonds and the notional amount of swap outstanding. Amortization risk is characteristic of swaps used to hedge variable rate bonds issued to finance amortizing assets, such as mortgages. Amortization risk occurs to the extent bonds and swap notional amounts become mismatched over the life of a transaction.

Basis Risk: Refers to a mismatch between the interest rate received from the swap contract and the interest actually owed on the issuer's bonds.

Call Option: A contract through which the owner is given the right but is not obligated to purchase the underlying security or commodity at a fixed price within a limited time frame.

Cap: A ceiling on the interest rate that would be paid.

Collar: The combination of owning Cap and selling a Floor. Generally, it is structured so that the net cost of the collar is zero or close to zero. This means that the expense for the long cap premium is offset by the credit received for the floor premium.

Counter Party Risk: The risk that the swap counterparty will not fulfill its obligation to honor its obligations as specified under the contract.

Derivative: A financial product that is based upon another product. Generally, derivatives are risk mitigation tools.

Floor: A lower limit on the interest rate that would be paid.

Interest Rate Risk: The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

Interest Rate Swap: The contract whereby one party typically agrees to exchange a floating rate for a fixed coupon rate. An essential characteristic of swaps is the swapping of cashflows and not principal amounts.

ISDA: The International Swaps and Derivatives Association, a global trade association representing participants in the derivatives industry.

Notional Amount: The stipulated principal amount for a swap transaction. There is no transfer of ownership in the principal for a swap; but there is an exchange in the cash flows for the designated coupons.

Option: A derivative contract. There are two primary types of options (see Put Option and Call Option). An option is considered a wasting asset because it has a stipulated life to expiration and may expire worthless. Hence, the premium could be wasted.

Put Option: A contract that grants to the purchaser the right but not the obligation to exercise.

Rollover Risk: The risk that the swap contract is not coterminous with the related bonds.

Swap: A customized financial transaction between two or more counterparties who agree to make periodic payments to one another. Swaps cover interest rate, equity, commodity and currency products. They can be simple floating for fixed exchanges or complex hybrid products with multiple option features.

Tax Events Risk: Issuers that issue tax-exempt variable rate bonds inherently accept risk stemming from changes in marginal income tax rates. This is due to the tax code's impact on the trading value of tax-exempt bonds. This risk is also a form of basis risk under swap contracts.

Termination Risk: The risk that the swap could be terminated by the counterparty due to any of several events, which may include issuer or counterparty ratings downgrade, covenant violation by either party, bankruptcy of either party, swap payment default by either party, and default events as defined in the issuer's bond indenture. The events of default and termination, which could lead to involuntary termination of the contract, would include failure to pay, bankruptcy, merger without assumption of obligations and legality.

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.



CITY OF ORLANDO

INVESTMENT POLICY

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CITY OF ORLANDO INVESTMENT POLICY

I. Introduction

The City of Orlando Investment Policy within the context of the City's Investment Ordinance is intended to set forth the framework within which the City's investment activities will be conducted. The Investment Policy establishes parameters for investment activity which may be further restricted by the Finance Committee, Investment Committee (as established herein) and the Chief Financial Officer, in order of authority. The Investment Policy provides both minimums and maximums to limit risk and ensure a broadly diversified portfolio.

In establishing this Investment Policy, the City Council recognizes the traditional relationship between risk and return and acknowledges that all investments, whether they are for one day or years, involve a variety of risks related to maturity, credit, market and other factors. Additionally, some investments involve intermediaries (counter-parties) whose performance (or failure to perform) may affect the value or liquidity of the underlying investment.

When choosing between alternative investments, staff should structure the portfolio based on an understanding of the variety of risks and the basic principle of diversification (imposed by this policy) on the structure of the portfolio. With adoption of this Investment Policy, the City recognizes that total return portfolio management may necessitate the sale of securities at a loss in order to reduce portfolio risk (with the intent to avoid a material reduction in return) or to achieve a greater overall return (with the intent to avoid a material increase in risk) than could have been obtained if the original position had been held.

This Investment Policy and the actions of staff and Third Party Managers will be guided by the standard of care expected of a "Prudent Person". The Prudent Person Rule states that, "Investments should be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

The Investment Policy provides that the City will utilize a) internal management for shorter-term investments and b) Third-Party Managers to manage longer-term investments or specialty investment areas. The policy framework has been developed to permit the subsequent consideration (by separate City Council action) of the inclusion of Specialty Risk sub-portfolios which are to be managed by Third-Party Managers. These exposures will provide for further diversification of the Aggregate Investment Portfolio while providing correlation and other investment advantages.

The changes to the policy are a continuation of the City's commitment with regard to its financial affairs. It is the intent to at all times make sure that the investments of the City are being managed in a prudent and effective manner, thus giving the City the best opportunity to take advantage of all market environments and generate the best risk adjusted returns that fit within the scope of this Policy Statement, while maintaining liquidity and preserving capital.

II. Scope of Investment Policy

This Investment Policy shall apply to all funds held by the City on behalf of the citizenship of the

City of Orlando with the exception of:

- A. Pension or similar trust fund assets.
- B. Funds whose uses are restricted by debt covenants, prior contracts or legal, regulatory or other constraints.

III. Investment Objectives

The following define the objectives, in order of priority, for the investment of the City's funds which are subject to the scope of this Investment Policy:

A. Safety of Capital

To ensure safety of capital by:

1. Establishing minimally acceptable credit ratings and limiting any exception thereto.
2. Limiting the portfolio duration and the duration of individual holdings.
3. Setting maximum exposure by market sector as well as individual holdings.
4. Requiring a minimum investment in a basket of securities either fully guaranteed by the U.S. Government or issued by an Agency or Instrumentality of the U.S. Government.
5. Defining authorized transactions and delegated authority levels.
6. Establishing, at a minimum, two segregated portfolios, the Liquidity and Active Portfolios, in order to diversify the City's credit, interest rate and management risks.
7. Requiring Third Party Managers to acknowledge in writing their compliance with the Investment Policy Statement as it currently exists or as modified in the future.

B. Liquidity of Funds

To provide liquidity in order to fund projected operating expenses by:

1. Creating and maintaining a separately managed Liquidity Portfolio; and
2. Investing in securities which are traded in a reasonably liquid market in order that funding may be provided for unanticipated expenditures.

C. Investment Return

To provide a reasonable return on the City's investable assets given the diversification and the level of risk taken in the portfolio, and achieve a rate of return on the aggregate City portfolio commensurate with exceeding the established benchmarks.

IV. Delegation of Authority; Reporting Requirements

A. Finance Committee

1. The policies and procedures which govern the Finance Committee are defined in the General Administration Policy and Procedure Manual, Section 401.3 and are hereby incorporated, by reference, into the City's Investment Policy. The following authority is granted to the Finance Committee under Section 401.3:
 - a. To establish policies - long-range (five to ten year) directional guidelines, limitations and/or goals, which define a general framework within which strategies and target benchmarks will be established.
 - b. To establish strategies - short or intermediate term (one to three year) guidelines within established policies.
 - c. To establish target benchmarks - within the policies and strategies and giving consideration to the changing market circumstances.
2. Also, the Finance Committee acts on behalf of City Council in:
 - a. Interpreting and enforcing the policies set forth in this document;
 - b. Setting policy which further restricts those contained herein; and
 - c. Approving Third Party Managers and investment funds which, in the judgment of the Finance Committee, are substantially in compliance with the policies set forth in this document and which do not require prior approval by City Council.
3. Resolution of matters shall be referred to City Council if such matters are outside the scope of, or if a majority of the Committee deems such matter to be outside the scope of, the authority delegated to the Finance Committee.
4. In accordance with the General Administration Policy and Procedures Manual, Section 401.3, the minutes of each Finance Committee Meeting shall be provided to the City Council.

B. Investment Committee

1. An Investment Committee, as hereby established, shall report periodically to the Finance Committee. The Investment Committee will be chaired by the Chief Financial Officer and be comprised of, at minimum, the Deputy Chief Financial Officer, Treasurer, Controller, and Budget Division Manager as voting members. The Chief Financial Officer shall have the authority to appoint additional members to the committee as well as designate individuals to serve on the committee in the event any of the positions named in this policy is vacant.
2. The Investment Committee, at their discretion, may utilize the services of an

investment consultant to assist in executing their charged responsibilities, such as: establishing Investment/Asset Allocation Strategies and Policy, hiring of third party managers, and monitoring of the portfolio.

3. The Investment Committee shall be charged with:
 - a. Formulating Investment and Asset Allocation Strategies within the framework of this Investment Policy and within those policies which, from time to time, may be promulgated by the Finance Committee;
 - b. Establishing appropriate investment procedures and controls;
 - c. Establishing rate of return objectives, appropriate benchmarks and performance measurement methodology for each portfolio; and
 - d. Monitoring the risk and performance of each portfolio and the performance of the respective managers.
4. The Investment Committee shall have the authority to set policy which further restricts that established by the City's Investment Policy as same may have been further restricted by the Finance Committee.
5. The Investment Committee shall meet at least quarterly or more often as deemed appropriate.
6. A summary of investment holdings, performance reports and Investment Committee minutes will be prepared for the Committee and provided to the Finance Committee on at least a quarterly basis.
7. Resolution of matters shall be referred to the Finance Committee if such matters are outside the scope of, or if a majority of the Investment Committee deems such matter to be outside the scope of, the authority delegated to the Investment Committee.

C. Staff Members

1. The Chief Financial Officer, and/or other staff as may be designated by the Chief Financial Officer, shall have the authority to execute trades and to otherwise conduct business within the scope of the City's Investment Policy.
2. The Chief Financial Officer shall have the authority to further restrict the authority delegated to any staff member.
3. Staff, through the Treasurer, shall report to the Investment Committee with regard to material issues, open items and/or exceptions related to the scope of this Investment Policy and actions taken.
4. Staff shall prepare and distribute month-end reports to the Investment Committee which, at a minimum, include:

- a. Investment Holdings Reports which shall, at a minimum detail:
 - (1) holdings by class of security;
 - (2) income earned;
 - (3) market value and portfolio reallocations;
 - (4) compliance with the Investment Policy; and
 - (5) compliance by third party managers with their individual parameters
- b. Performance Measurement Reports for the City's Aggregate Investment Portfolio, as well as for each separate portfolio, sub-portfolio, respective third-party manager and Specialty Risk portfolios, as and if appropriate.
- c. Each Third Party Manager will report on their individual portfolio characteristics, which will be reviewed by City staff.

The investment consultant is expected to provide monthly performance reports reflecting the current allocation versus target, and the performance of each third party manager and total fund composite relative to established benchmarks.

V. Prudent and Ethical Standards

- A. Those staff members, and any third party service providers, who have been delegated authority to conduct City business under this Investment Policy shall be required to act in accordance with the provisions of the "Prudent Person Rule", as is defined on page 1 herein, as well as in the compliance with the City's Ethics Policy as recited in the City of Orlando's Ethics Manual.
- B. Each employee, authorized to conduct investment activities for the City, is deemed by the City Council, through adoption of this Investment Policy and any amendment hereto, to be performing within the course and scope of his or her employment.

VI. Portfolio Management

- A. Aggregate Investment Portfolio
 - 1. The Aggregate Investment Portfolio shall be actively managed on a total return basis consistent with the directives and objectives established by this Investment Policy.
 - 2. Performance Measurement for the Aggregate Portfolio is to achieve a rate of return over the established benchmarks for a rolling three year period
 - 3. All calculations and measures of compliance and performance shall be based upon the market value of individual securities and portfolios. Investment in (e), (f), (g), (h), (i), and (j) listed below will be Externally Managed and will require the prior approval of City Council. The Aggregate Investment Portfolio shall be invested within the following parameters:

- a. No less than 10% of the Aggregate Investment Portfolio shall be used to establish the City's Liquidity Portfolio (See Part B of this Section).
 - b. The average duration shall be within +/- 30% of its benchmark index. As a measure of interest rate sensitivity of individual securities and of the portfolio(s), the calculation methodology to be used will be the effective duration.
 - c. No less than 30% of the Aggregate Investment Portfolio shall be invested in a combination of U.S. Government and Agency Debt Obligations and in securities issued by Federal Instrumentality Debt Obligations, as each term is defined in Section IX. Of this 30%, no less than 10% of the Aggregate Investment Portfolio shall be invested in U.S. Government and Agency Debt Obligations.
 - d. No more than 60% of the Aggregate Investment Portfolio shall be invested in High Grade Corporate Debt, as defined in Section IX. C.
 - e. No more than 35% of the Aggregate Investment Portfolio shall be invested in Mortgage Backed Securities.
 - f. No more than 30% of the Aggregate Investment Portfolio shall be separately managed as Specialty Risk Externally Managed Funds, requiring specific Council approval (Section IX.J.2.).
 - g. No more than 10% of the Aggregate Investment Portfolio shall be invested in securities with a long term debt rating below Investment Grade, specifically below Baa by Moody's, BBB- by S&P or BBB- by Fitch.
 - h. No more than 10% of the Aggregate Investment Portfolio shall be invested in Investment Grade securities denominated in non-U.S. currency.
 - i. No more than 10% of the Aggregate Investment Portfolio shall be invested in Emerging Markets Securities.
 - j. No more than 10% of the Aggregate Investment Portfolio shall be invested in non-U.S. dollar, non-hedged securities.
4. Policy Exception: Deviations from the limits defined in items 2(b) through 2(j) above shall be permitted if:
 - a. The manager believes it is in the best interest of the portfolio to hold the security.
 - b. The portfolio is re-balanced and compliance is reestablished no less frequently than 30 days following each fiscal quarter end.
 5. Authority to Grant Exception(s) to policy limits.

A Third Party Manager may hold securities which are outside of these policy guidelines or the Third Party Manager's specific investment guidelines separately approved by City Council, subject to conditions only as follows:

- In aggregate, the value of all securities, which constitute a variance to this policy, shall not exceed 2% of the Aggregate Investment Portfolio based on market value;
- The investment represents no more than 4% of a manager's portfolio and the overall investment in the security across all managers' portfolios does not exceed 2% of the Aggregate Investment Portfolio based on market value;
- Securities held outside the investment guidelines at the request of the money manager shall be brought to the Investment Committee on a regular basis for review.
- The Investment Committee has the authority to direct the manager to sell any security held in their account that is listed as an exception if it is in the best interest of the Operating Portfolio.
- Exceptions to the Investment Policy will be presented to the Finance Committee at each regularly scheduled quarterly meeting.

B. Liquidity Portfolio

1. As part of the Aggregate Investment Portfolio, staff shall create a Liquidity Portfolio which, at a minimum, has the following characteristics:
 - a. The funds allocated to the Liquidity Portfolio shall not be less than 10% of the average of the month-end balance for the Aggregate Investment Portfolio over the preceding fiscal year.
 - (1) The allocation shall be established, i.e., funds added to or removed from the Liquidity Portfolio, on or before December 31 each year.
 - (2) The allocation percentage shall be based upon market value of the investments in the Liquidity Portfolio in relation to the total market value of all investments subject to the scope of this Policy.
 - b. The Liquidity Portfolio shall be managed with primary emphasis on matching investment maturities with known cash needs and funding anticipated cash flow requirements and secondary emphasis on fulfilling the Investment Objectives contained in this Policy.
 - c. The average duration of the Liquidity Portfolio shall not exceed 1.25 years.
 - d. The maximum duration of any single holding in the Liquidity Portfolio shall not exceed 3.00 years.

2. The Performance expectation for the Liquidity Portfolio is to achieve a rate of return that exceeds the six month Treasury Bill Index, measured quarterly, over a rolling three year period.
3. The Finance Committee and/or the Investment Committee shall have the authority to create one or more "sub-portfolios" of the Liquidity Portfolio if such action is deemed in the best interest of the City. The characteristics and management style associated with each "sub-portfolio" must comply with this Policy. In addition, when combined, each "sub-portfolio" must comply with the Policy requirements of the Liquidity Portfolio.

C. Active Portfolio

1. Those funds not required to establish the Liquidity Portfolio shall be used to establish the Active Portfolio. Third party managers and Treasury staff will direct the investment activities of the Active Portfolio. The Active Portfolio shall be managed with primary importance placed on fulfilling the Investment Objectives contained in this Policy and then in order to enhance the long-term performance and to provide diversification for the Aggregate Investment Portfolio. The duration of the Active Portfolio shall be within +/- 30% of its benchmark index.
2. The Performance expectation for the Active Portfolio is to achieve a rate of return that exceeds the Barclays U.S. Aggregate Index, measured quarterly, over a rolling three year period.
3. The Finance Committee and/or the Investment Committee shall have the authority to create one or more "sub-portfolios" of the Active Portfolio if such action is deemed in the best interest of the City. The characteristics and management style associated with each "sub-portfolio" must comply with this Policy. In addition, when combined, each "sub-portfolio" must comply with the Policy requirements of the Active Portfolio.

VII. Asset Allocation Directives

The portfolio shall be invested only in those instruments specifically designated as Authorized Investment Instruments. Within the exposure limits set for each instrument, the Investment Committee or staff shall have the authority to weight the portfolio(s) as to its type or duration as deem appropriate. Exposure percentages shall be based upon market value and shall include cash, investments managed by the City's staff and investments managed by outside managers. Staff shall maintain a schedule, on a manager and portfolio basis, to help ensure compliance with Investment Policy constraints. Securities held under a repurchase agreement and the specific assets underlying a mutual fund or money market fund shall not be included when determining compliance with the exposure limits to a particular asset type, except as noted below, though compliance with exposure limits to repurchase agreements, mutual funds, and/or money market funds as an asset type must be maintained. Mutual funds invested substantially in U.S. Treasuries may be used to meet the minimum requirement for investment in Treasury securities.

VIII. Authorized Transactions

Staff shall have the authority to execute trades on Authorized Investment Instruments in any of the following forms:

A. Cash Settlement

An agreement which obligates the City to buy or sell on the same day as the trade is executed.

B. Regular Settlement

An agreement which obligates the City to buy or sell on a date, other than the trade date, which is normal and customary for the specific security.

C. Short Sales

An agreement which obligates the City to sell a security which is not currently held in its portfolio. The following shall apply to short sales:

1. Short sales are authorized only on Treasury Securities which are otherwise Authorized Investment Instruments.
2. The transaction must settle in no more than 5 business days from the trade date.
3. Short positions must be identifiable as a hedge position against a particular holding, group of holdings or portfolio whose characteristics are effectively, though not necessarily perfectly, hedged by the short position.

D. Futures Contract

An agreement which obligates the City to either buy or sell the underlying security on a specified date, or within a specified time, in the future. Long and short futures positions are authorized. The following shall apply to Futures Contracts:

1. The Futures Contract must be traded on a recognized exchange; and
2. The Futures Contract must be for a term not to exceed 12 months; and either
 - a. The Futures Contract must be on a cash security which is otherwise an Authorized Investment Instrument; or
 - b. The Futures Contract must be on an interest rate index to which exposure could otherwise be achieved through the purchase of an Authorized Investment Instrument or by an Authorized Transaction; and
3. Short positions must be identifiable as a hedge position against a particular holding, group of holdings or portfolio whose characteristics are effectively, though not necessarily perfectly, hedged by the short position.

E. Forward Agreements

An agreement, including those on "When-Issued" (WI) Treasuries, and "To Be Announced" (TBA) Mortgage Backed Securities, which obligates the City to either buy or sell the underlying security on a specified date, or within a specified time, in the future to a counterparty. Long and short positions are authorized. The following shall apply to Forward Agreements:

1. The counterparty must be an Approved Broker; and
2. The Forward Agreement cannot exceed six months; and either
 - a. The Forward Agreement must be on a cash security which is otherwise an Authorized Investment Instrument; or
 - b. The Forward Agreement must be on an interest rate index to which exposure could otherwise be achieved through the purchase of an Authorized Investment Instrument or Authorized Transaction; and
3. Short positions must be identifiable as a hedge position against a particular holding, group of holdings or portfolio whose characteristics are effectively, though not necessarily perfectly, hedged by the short position.

F. Interest Rate Swap Agreements

An agreement between the City and a counterparty to pay/receive a fixed interest rate payment in exchange for variable rate payment over a specified term. The following shall apply to Interest Rate Swap Agreements:

1. The counterparty must be an Approved Broker; and
2. The Swap Agreement cannot exceed three years; and
3. The Swap Agreement must be on an interest rate index to which exposure could otherwise be achieved through the purchase of an Authorized Investment Instrument or Authorized Transaction; and
4. Swap positions must alter the interest rate exposure to a particular holding, group of holdings or portfolio.

G. Option Contracts

An agreement which gives the City the right, though not the obligation (a long option position) to buy (call) or sell (put) the underlying security; or an agreement which obligates the City, at the option of the counterparty, (a short option position) to buy (put) or sell (call) the underlying security. The following shall apply to Option Contracts:

1. The Option Contract must be traded on a recognized exchange; and
2. The Option Contract must be for a term not to exceed 12 months; and either

- a. The Option Contract must be on a cash security which is otherwise an Authorized Investment Instrument; or
 - b. The Option Contract must be on a futures contract which is otherwise an Authorized Transaction; or
 - c. The Option Contract must be on an interest rate index to which exposure could otherwise be achieved through the purchase of an Authorized Investment Instrument or Authorized Transaction; and
3. Short call positions must be identifiable as written against a particular holding, group of holdings or portfolio whose characteristics are substantially similar to the position against which it is written.

IX. Authorized Investment Instruments

The following classes of securities are deemed suitable for investment by the City. The securities listed below may be purchased up to the limits and subject to standards defined for each asset type.

A. U.S. Government and Agency Debt Obligations

Definition: Debt obligations of the U.S. Government or its agencies whose interest payment and principal repayment is backed by the full faith and credit of the U.S. Government or of a U.S. Government agency.

Duration: Individual security duration will be left up to the discretion of the portfolio manager (or Staff with regards to the internally managed portfolio), with the average duration of the portfolio being within +/- 30% of its benchmark index.

Exposure: No less than 10% and no more than 100% of the Aggregate Investment Portfolio shall be invested in this sector.

B. Federal Instrumentality Debt Obligations

Definition: Securities issued and guaranteed by a government sponsored enterprise which carry the "implied guarantee" of the U.S. Government.

Duration: Individual security duration will be left up to the discretion of the portfolio manager (or Staff with regards to the internally managed portfolio), with the average duration of the portfolio being within +/- 30% of its benchmark index.

Exposure: 1. No more than 45% of the Aggregate Investment Portfolio shall be invested in this sector.

2. No more than 20% of the Aggregate Investment Portfolio shall be

invested with any one issuer.

C. High Grade Corporate Debt

Definition: U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the United States or in foreign markets. This shall include, but not be limited to, corporate notes and bonds, medium term notes, Eurodollar notes and bonds, Yankee notes and bonds, bankers acceptances, commercial paper and certain asset backed securities. Asset-Backed Securities included in this classification shall not be collateralized by mortgages or home improvement loans.

Duration: Individual security duration will be left up to the discretion of the portfolio manager (or Staff with regards to the internally managed portfolio), with the average duration of the portfolio being within +/- 30% of its benchmark index.

Credit Rating:

1. Securities maturing in more than one year shall have a long-term debt rating which meet the following criteria:
 - a. The security must be rated by two nationally recognized credit rating agencies, one of which must be either Moody's, S&P or Fitch; and
 - b. The security must be rated, at a minimum, Investment Grade, specifically at or above Baa3 by Moody's, BBB- by S&P, or BBB- by Fitch or, if not rated such by two of these three, an equivalent minimum rating by a nationally recognized rating agency.
2. Securities maturing in one year or less shall have a short-term debt rating which meet the following criteria:
 - a. The security must be rated by either Moody's, S&P or Fitch; and
 - b. The security must be rated, at a minimum, P1 by Moody's, A1 by S&P or F1 by Fitch or, if the required short-term debt rating is unavailable; then
 - c. The security must otherwise meet the criteria in this Section C under Credit Rating, Item 1 for High Grade Corporate Debt maturing in one year or more.

Exposure:

1. No more than 60% of the Aggregate Investment Portfolio shall be invested in this sector; with
2. No more than 5% of the Aggregate Investment Portfolio being invested with any one issuer.

D. Mortgage-Backed Securities

Definition: Securities collateralized by mortgages (or deeds of trust) on residential property (“Residential Mortgage-Backed Securities”) or commercial (industrial, office, retail, etc.) property (“Commercial Mortgaged-Backed Securities”). The securities may be issued by a Federal Instrumentality or by a private corporation and may be structured as collateralized mortgage obligations or unstructured pass-through securities.

Duration: Individual security duration will be left up to the discretion of the portfolio manager (or Staff with regards to the internally managed portfolio), with the average duration of the portfolio being within +/- 30% of its benchmark index. Securities must have a reasonable and supportable prepayment assumption.

Credit Rating:

1. The security must be rated by two nationally recognized credit rating agencies, one of whom must be either Moody's, S&P or Fitch; and
2. The security must be rated, at a minimum, Aa3 by Moody's, AA- by S&P, or AA- by Fitch or, if not rated such by two of these three, an equivalent minimum rating by a nationally recognized rating agency.

Exposure:

1. No more than 35% of the Aggregate Investment Portfolio shall be invested in this sector; with
2. No more than 20% of the Aggregate Investment Portfolio may be invested in securities of a single Federal Instrumentality of the United States.
3. No more than 15% of the Aggregate Investment Portfolio shall be invested in Commercial Mortgage Backed Securities.
4. No more than 10% of the Aggregate Investment Portfolio shall be invested in securities of any one (non-Instrumentality) issuer.

E. Bank Certificates of Deposit

Definition: Deposits in interest bearing accounts at institutions approved as Qualified Public Depositories under applicable law.

Duration: A maximum of 2.00 years

Credit Rating: Credit quality will be subject to approval by Investment Committee.

Exposure:

1. No more than 20% of the Aggregate Investment Portfolio shall be invested in this sector; with
2. No more than 5% of the Aggregate Investment Portfolio being

invested in securities of any one issuer.

3. Can be purchased directly by the City only, not by third party managers

F. Repurchase Agreements

Definition: Transactions in which the City purchases Approved Securities from an institution with an agreement to re-sell the same securities on a specified future date. Institutions who are a party to this transaction must:

1. Be approved by the Investment Committee; and
2. Have entered into a Master Repurchase Agreement; and
3. Have entered into a Tri-Party Custody Agreement which provides for a third party to take custody of the securities subject to the Master Repurchase Agreement.

Transaction

Terms: Shall adhere, at a minimum, to the requirements of the Master Repurchase Agreement.

Approved

Securities: Shall be limited to Direct Obligations of the U.S. Government or its Instrumentalities with maturities not in excess of 5 years.

Collateral

Valuation: Collateral shall be marked-to-market daily at no less than 102% of the security's market value

Maturity: The term of the Repurchase Transaction shall not exceed 60 days.

Exposure: 1. No more than 20% of the Aggregate Investment Portfolio shall be invested in this sector; with

2. No more than 10% of the Aggregate Investment Portfolio shall be invested with any single counterparty.

G. Money Market Mutual/Trust Funds

Definition: A mutual or trust fund which meets the Securities and Exchange Commission definition of a money market fund and whose investment policies are otherwise in substantial compliance with the City's Investment Policy; as substantial compliance is determined by the Investment Committee. Investment in money market funds (including 2a-7 like funds) offered or sponsored by the State Board of Administration are specifically approved for investment of City funds.

Duration: Funds must provide daily liquidity.

Credit Rating: The Investment Committee shall have the authority to determine the credit-worthiness of a particular Money Market Mutual/Trust Fund.

- Exposure:
1. No more than 40% of the Aggregate Investment Portfolio shall be invested in this sector; with
 2. No more than 20% of the Aggregate Investment Portfolio shall be invested in any one particular fund.

H. State and Local Taxable and/or Tax Exempt Debt

Definition: General Obligation or Revenue debt obligations issued by states, counties, cities or other taxing authorities.

Duration: Individual security duration will be left up to the discretion of the portfolio manager (or Staff with regards to the internally managed portfolio), with the average duration of the portfolio being within +/- 30% of its benchmark index.

- Credit Rating:
1. The security must be rated by two nationally recognized credit rating agencies, one of whom must be either Moody's, S&P or Fitch; and
 2. The security must be rated, at a minimum, A3 by Moody's, A- by S&P, or A- by Fitch or, if not rated such by two of these three, an equivalent minimum rating by a nationally recognized rating agency.

- Exposure:
1. No more than 10% of the Aggregate Investment Portfolio shall be invested in this sector; with
 2. No more than 5% of the Aggregate Investment Portfolio shall be invested in securities of any one issuer.

I. Fixed Income Mutual Funds/Commingled Funds

Definition: Mutual funds and other types of commingled investment vehicles provide, under some circumstances, lower costs and better diversification than can be obtained with a separately managed fund pursuing the same investment objectives. However, commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. The Investment Committee is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds. Therefore, commingled investment vehicles selected are exempt from the policies and restrictions specified herein as long as the fund's guidelines fit the overall intention/criteria/parameter/scope of this Investment Policy. Compliance will be determined by the Investment Committee.

Liquidity: Funds must provide liquidity no less frequently than monthly.

Credit Rating: The Investment Committee shall have the authority to determine the credit-worthiness of a particular fund.

- Exposure:
1. No more than 85% of the Aggregate Investment Portfolio shall be invested in this sector; with
 2. No more than 20% of the Aggregate Investment Portfolio shall be invested in any one particular fund.

J. Other Externally Managed Funds

Definition: Separate and/or co-mingled investment funds managed by a third party.

1. The Finance Committee shall have the authority to authorize management by a third-party manager if, in the judgment of the Finance Committee, the investment objectives and style of the manager is substantially in compliance with this Investment Policy.
2. City Council approval shall be required prior to engaging a third-party manager to invest in the following “Specialty Risk” categories:
 - a. Corporate securities with a long-term debt rating below Investment Grade, specifically below Baa3 by Moody's, BBB- by S&P or BBB- by Fitch.
 - b. Investment Grade debt issued in a currency other than the U.S. dollar.
 - c. Debt issued in the Emerging Markets segment of the Non-U.S. Market.
 - d. Other investment instruments or strategies, which may be contemplated in the future, which are currently outside the scope of this Investment Policy.

Duration: As provided for in each Third Party Manager’s specific investment guidelines separately approved by City Council.

Credit Rating: As provided for in each Third Party Manager’s specific investment guidelines separately approved by City Council.

- Exposure:
1. No more than 90% of the Aggregate Investment Portfolio shall be managed by Third Party Managers.

2. No more than 30% of the Aggregate Investment Portfolio shall be invested in Specialty Risk categories.
3. No more than 10% of the Aggregate Investment Portfolio, shall be invested in any one particular fund.
4. Fully hedged, non-dollar denominated holdings shall be equated to dollar equivalent securities.

K. Derivative Securities

Definition: A financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values.

Authorization:

1. Staff shall have the authority to invest, either individually or in combination, in the following types of derivative structures on securities which are otherwise an Approved Investment Instrument:
 - a. Floating interest rate - no cap or floor
 - b. Floating interest rate - with a cap and/or a floor
 - c. Call feature
 - d. Put feature
 - e. Step Interest Rate
 - f. Principal Strips
2. Finance Committee shall have the authority to authorize investment in other derivative structures on Authorized Investment Instruments as deemed appropriate.

X. Reverse Repurchase Agreements

Definition: Transactions in which the City sells Authorized Investment Instruments to an institution with an agreement to repurchase the same securities on a specified future date.

Staff is authorized to enter into reverse repurchase agreements, as it deems necessary and subject to the limitations defined herein, in order to finance short term cash flow needs or to provide liquidity for the Aggregate Investment Portfolio.

Authorized

Counterparty: Institutions who are a party to this transaction must:

1. Be approved by the Investment Committee; and
2. Have entered into a Master Repurchase Agreement; and
3. Have entered into a Tri-Party Custody Agreement which provides for a third party to take custody of the securities subject to the Master Repurchase Agreement.

Approved Securities: Any securities held by the City which may be acceptable to the counterparty.

Collateral Valuation: Collateral shall be marked-to-market as often as reasonably required by the counterparty.

Collateral Maintenance: Investment Committee shall have the authority to set maximum amount of collateral to be pledged based upon the nature of the counterparty and the form of the collateral.

Maturity: The term of the Reverse Repurchase Transaction shall not exceed 60 days and the maturity date of the reinvested proceeds shall not materially exceed the maturity date of the Reverse Repurchase transaction.

Exposure: No more than 20% of the Aggregate Investment Portfolio, net of the balance of all existing and pending reverse repurchase agreements, shall be leveraged with reverse repurchase agreements.

XI. Approved Broker/Dealers and Financial Intermediaries

A. Security Purchases and Sales

1. Except for Externally Managed funds, security purchases and sales shall be transacted through the following approved entities:
 - a. Institutions designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York;
 - b. Federal or state insured financial institutions who are designated as Qualified Public Depositories by the State of Florida and who operate a branch or office within the City of Orlando; or
 - c. Regional or local broker/dealers approved by the Investment Committee as it deems appropriate.
2. Of those Broker/Dealers who are eligible to be approved, the Investment Committee shall have the authority to select those with whom transactions are authorized as well as the number of approved Broker/Dealers necessary to conduct City business.

3. External Managers are charged with the responsibility to transact purchases and sales on a best execution basis.

B. Repurchase and Reverse Repurchase Agreements

The City shall enter into repurchase and reverse repurchase agreements with the following approved entities:

1. Institutions designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York.
2. The City's primary correspondent bank.

The Finance Committee may approve other institutions who meet specific requirements as developed by the Finance Committee from time to time.

XII. Bid Requirements

Securities, identified by staff as candidates for purchase or sale, shall, when feasible and appropriate, be competitively bid or offered. In compliance with industry standards, External Managers will use a form of "bid process" when feasible and appropriate to achieve best execution.

XIII. Internal Control Directives

The Investment Committee shall establish the following minimum level of internal controls for the investment operations of the City in order to prevent losses of funds due to fraud, employee error, and misrepresentation by third parties, or imprudent actions by City employees:

A. Responsibility

The Chief Financial Officer shall hold primary responsibility for assuring compliance with the City's Investment Policy.

B. Delegation of Responsibility

The Chief Financial Officer shall have the authority to delegate to competent staff those responsibilities as deemed appropriate, but such delegation shall accomplish, at a minimum, the following separation of responsibilities:

1. Authority to execute trades and accounting for trades.
2. Accounting for trades and check or wire transfer authority.
3. Check and wire transfer authority from bank and custodial account reconciliation responsibility.
4. Preparation of performance reports from authority to execute trades.

C. Transaction Settlement

All investment transactions executed by the City, except those authorized by the Chief Financial Officer or the Treasurer as further approved by the Mayor, shall be settled on a Delivery vs. Payment basis through the City's custodian. Any securities settled under the exception above shall be secured or controlled by a written agreement approved by the Office of Legal Affairs.

D. Third-Party Custodial Agreement

The custodial relationship shall be governed by a written agreement properly executed by all parties and shall specify, at a minimum that:

1. All securities owned and cash held by the City shall be held in the City's, or its nominee's, name in an account separate from all other accounts maintained by the custodian and shall at all times, while in the custody of the Custodian, be designated as an asset of the City.
2. The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Chief Financial Officer and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be permitted unless directed by such a duly authorized person.
3. The custodian shall, as it pertains to all transactions settled by the custodian, ensure that the City receives good and marketable title to all securities purchased and has immediately available cash for all securities sold on a "delivery vs. payment" basis.

XIV. Continuing Education

When appropriate, staff members directly responsible for directing the investment decisions pertaining to those funds subject to the scope of this policy will participate in continuing education opportunities. This will be facilitated at either quarterly meetings, or other educational programs such as industry conferences. The Chief Financial Officer shall determine the nature of the continuing education that shall satisfy this Section as well as the staff member(s), who are subject to this requirement.

XV. Investment Policy Statement Review and Modification

The City's Investment Policy will be submitted by the Finance Committee for ratification by City Council by May 1st of each year. The authority to effect any change, modification or amendment of this Investment Policy shall rest solely with City Council. Finance Committee, Investment Committee and staff recommendations for policy changes may be submitted in conjunction with the annual ratification or more often as deemed necessary. Policy changes initiated by City Council may be made as it deems appropriate. Policy changes will become effective on the date stipulated by City Council.

XVI. Effective Date

The City's Investment Policy was ratified and approved by City Council on February 27, 2012.



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