

Financial Services  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: ANNUAL REPORT OF THE ACTIVITIES OF THE TREASURY ADVISORY COMMITTEE; REAPPOINTMENT AND APPOINTMENT TO THE TREASURY ADVISORY COMMITTEE; AND AMEND THE STATEMENT OF PURPOSE, SCOPE, STRUCTURE, AND SELECTION FOR THE SCHOOL BOARD TREASURY ADVISORY COMMITTEE.**

**COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

**LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES**

It is requested that The School Board of Miami-Dade County, Florida receive the Annual Report of the activities of the Treasury Advisory Committee for 2009, Attachment A.

Throughout the year the Treasury Advisory Committee (TAC) has had 5 external members serving staggered terms. Mr. Mike Brown has been an active member since July 1984 and Ms. Susan Racher has been an active member since July 1997. Their current four-year term expired on December 2009. Both have been excellent contributors to the Committee and each has generously agreed to continue providing service and advice to the District and the Committee for another term.

In addition, the Committee recommends that Mr. Carter Hammer, Miami-Dade County Finance Director, be appointed to the Committee as part of the Miami-Dade County Education Compact, Reciprocal Membership in Financial Committee(s).

The Treasury Advisory Committee Members for 2010 are as follows:

Ms. Rachel Baum, Chair (Retired Director of Finance, Miami-Dade County)  
Mr. Mike Brown, Vice Chair (President, Wometco Enterprises, Inc.)  
Mr. Andres Bolaños Jr. (President, Andres Bolaños, C.P.A.)  
Ms. Jacqueline de Souza (Assistant Treasurer, Lennar Corporation)  
Mr. Carter Hammer (Miami-Dade County Finance Director)  
Ms. Susan Racher (Chief Financial Officer, Wallace H. Coulter Foundation)  
Dr. Wilbert "Tee" Holloway (School Board Member, Miami-Dade County Public Schools)  
Dr. Richard H. Hinds (Associate Superintendent & Chief Financial Officer)  
Ms. Connie Pou (Controller, Miami-Dade County Public Schools)  
Ms. Judith Marte (Chief Budget Officer, Miami-Dade County Public Schools) \*  
Ms. Silvia R. Rojas (Treasurer, Miami-Dade County Public Schools)

\* The Statement of Purpose Scope, Structure and Selection for the School Board Treasury Advisory Committee is being amended to include the Chief Budget Officer, see Attachment B.

Under the Treasury Advisory Committee Statement of Purpose, Scope, Structure and Selection approved by the Board on January 16, 2006 members are to be independent and recognized financial professionals with broad experience in the financial areas. Due to the specific expertise and conflict of interest issues that would arise if members would need to be replaced periodically from the local financial community, term limits were not included in the Statement of Purpose, Scope, Structure and Selection.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida:

1. receive the annual report of the activities of the Treasury Advisory Committee for 2009;
2. reappoint Mr. Mike Brown, & Ms. Susan Racher, to the Treasury Advisory Committee for a period of four years;
3. appoint Mr. Carter Hammer to the Treasury Advisory Committee for a period of four years; and
4. amend the Statement of Purpose, Scope, Structure and Selection for the School Board Treasury Advisory Committee to include the Chief Budget Officer as an ex-officio permanent member.

## TREASURY ADVISORY COMMITTEE ANNUAL REPORT

Presented to the School Board on January 13, 2010

Since the last annual report, the Treasury Advisory Committee has met on December 19, 2008, May 6, 2009, June 24, 2009, and October 26, 2009.

Highlights of major items reviewed by the Committee are as follows:

1. Monthly Performance Measurement and Portfolio Statistics Reports
2. Interest Revenue Projections for FY 2008-2009
3. Interest Revenue Projections for FY 2009-2010
4. Fixed Income Investment Updates, First Southwest Asset Management
5. SunTrust's Compensating Balances Offer
6. Revision to Deposit and Investment Policies For School Board Funds, Board Rule 6Gx13-3B-1.01
7. Proposed Interest Bearing Checking or "NOW" accounts at selected banks.
8. Update on current management of SBA, Local Government Investment Pool (Florida Prime)
9. M-DCPS Supplemental Early Retirement Plan Investment Performance Analysis and Update
10. Investigated Certificates of Deposit Account Registry Service (CDARS) Program
11. Discussed possibility of more bank failures due to Residential & Commercial Real Estate Market foreclosures.
12. Discussed impact to the District and Investment Policies related to upcoming change to Self-Insurance for Health Insurance in January 2010
13. Property Tax Collection Projected Shortfall Fy 2008-2009
14. Reviewed COP 2009A Financing Ideas and Selection of Underwriting Teams
15. Overview of Financing Options available under ARRA
16. COP 2009B Financing Ideas, Request For Indication of Interest - Qualified School Construction Bonds (QSCBs), and Selection of Underwriter
17. COP 2009A and COP 2008B Amendments for Project Swaps to qualify projects for ARRA financing and repayment of 2009 Revenue Anticipation Notes

18. TAN 2008 & 2009 Update
19. RAN 2009 Update
20. Debt Capacity and 0.25 Millage Reduction
21. Banc of America Lease Schedule #7, ERP Project
22. JP Morgan's P3 (Public-Private-Partnerships) Analysis
23. Miami-Dade County Education Compact - Reciprocal Membership in Financial Committees

## **FINANCIAL OPERATIONS**

### **STATEMENT OF PURPOSE, SCOPE, STRUCTURE AND SELECTION**

#### **FOR**

#### **THE SCHOOL BOARD TREASURY ADVISORY COMMITTEE**

### **PURPOSE**

The purpose of the Treasury Advisory Committee is to act in an independent, expert, advisory role for the purpose of improving the financial performance of the District's treasury management activities. Specifically, the Committee will seek ways to:

- 1) Advise on prudent investment management to maximize income while maintaining safety and liquidity of principal
- 2) Advise on prudent debt management to minimize cost and maximize proceeds available to fund capital projects at acceptable risks
- 3) Advise on risk management objectives that seek to reduce risk and enhance long-term financial performance by employing prudent asset liability strategies
- 1) Advise on optimizing treasury management techniques & systems to provide safe and efficient management of assets and liabilities at acceptable costs

### **SCOPE**

The scope of the Treasury Advisory Committee should include the following activities:

- 1) Advise and recommend investment policies concerning the use and selection of legal investment alternatives.
- 2) Advise the District's Treasurer concerning current market trends, opportunities and risks in developing near and longer-term investment strategies.
- 3) Review implementation plans for the use of new investment techniques and methods.
- 4) Advise on the assumptions used in preparing revenue estimates for investment earnings.
- 5) Advise on performance monitoring methods and criteria for cash/treasury management activities, i.e., performance benchmarks, interest rate projections and comparisons with budget, cash flow projections/plans, cash flow variances, yield and cost rates performance, banking services agreements and relationships, statutory and regulatory compliance.

- 6) Review investment and debt performance in relation to objectives and benchmarks.
- 7) Advise and recommend debt policies concerning the purpose, limitations, types, structural features, and overall debt program.
- 8) Advise and monitors adherence to investment and debt policy.
- 9) Advise on all aspects of the Capital Financing Plans, including review of Debt Capacity Analysis and timing of issuance.
- 10) Advise on the suitability of new municipal market products and their implications to the long-term financial condition of the School Board.
- 11) Advise and recommend asset/liability management strategies that reduce risk and enhance the long-term financial condition of the School Board.
- 12) Comment and advise on methods and selection of outside finance professionals.
- 13) Comment and advise on selection and implementation of treasury systems and techniques.

## **STRUCTURE**

The structure of the Treasury Advisory Committee relates to logistical arrangements, membership, terms of appointment, and governance. A proposed structure is as follows:

- 1) Membership of the Committee will include at least five external members (see next section for criteria for selection). At least four ex-officio permanent members are recommended including a Board member, two staff members appointed by the Superintendent and the Superintendent or designee.
- 2) The Committee will meet not less than quarterly, reporting to the Board as necessary, but at least annually.
- 3) Members (lay citizens who are representative of the entire community) are recommended either by the Superintendent or other sources that the School Board deems appropriate for approval by the Board.
- 4) Members will be appointed for four-year terms. Appointments shall be for staggered terms to provide for continuity in the committee.
- 5) The members will annually select a Chairperson (lay citizen) and a Vice Chairperson who will preside at the meetings.
- 6) Non-voting members (staff) are appointed by the Superintendent for Board approval and shall constitute a minority of committee membership.
- 7) The District Treasurer will be responsible for maintaining minutes of the meetings and will prepare and distribute agenda prior to each meeting with the concurrence of the Chairperson.

## SELECTION OF THE COMMITTEE MEMBERS

As stated previously, the committee is to act in an independent, expert, and advisory role. Its membership should reflect its purpose. The following are proposed as selection guidelines:

- 1) Members should be independent of any financial institution or securities firm with which the District could or does conduct its investment or bargain activities.
- 2) Members should be financial professionals recognized as knowledgeable in the financial markets, treasury management, investment management, corporate financial, general financial management, or financial economics.
- 3) Membership should be diverse representing broad experience in the financial areas within the topic of treasury management.

Potential sources of Committee members include corporate cash managers, corporate treasurers; financial managers, universities, or other nonprofit institutions; a university faculty member; and retired banker or investment dealer no longer associated with their former employer.