



Submit Proposals To:
 City of Hollywood
 2600 Hollywood Boulevard
 Hollywood, Florida 33020
 Office of City Clerk, Room 221

CITY OF HOLLYWOOD, FLORIDA

REQUEST FOR PROPOSALS

PROPOSER ACKNOWLEDGMENT

RFP Title: Financial Advisory Services

RFP No.: RFP-4413-14-RD

Service Required: Financial Advisor on Debt Collections

A Cone of Silence is in effect with respect to this RFP. The Cone of Silence prohibits certain communications between potential vendors and the City. For further information, please refer to Section 30.15(F) of the City's Code of Ordinances.

Proposals must be received prior to 3:00 P.M., Thursday, May 1, 2014, 2014 and may not be withdrawn within 90 calendar days after such date and time. Proposals received by the date and time specified will be opened in Room 303. All Proposals received after the specified date and time will be returned unopened.

Procurement Services Contacts: Ralph Dierks, or Linda Silvey, or Joel Wasserman, or his designee
 Telephone No.: (954) 921-3223 or (954) 921-3200 or (954) 921-3290

PROPOSER ACKNOWLEDGMENT

THIS FORM MUST BE COMPLETED AND SUBMITTED ALONG WITH THE COMPLETE PROPOSAL PRIOR TO THE DATE AND THE TIME OF PROPOSAL OPENING. THE PROPOSAL SUMMARY SHEET PAGES ON WHICH THE PROPOSER ACTUALLY SUBMITS A PROPOSAL AND ANY PAGES UPON WHICH INFORMATION IS REQUIRED MUST BE COMPLETED AND ATTACHED WITH ALL PAGES OF THE PROPOSAL DOCUMENT.

Proposer's Name: Dunlap & Associates, Inc.	Fed. ID No. or SS Number 59-3328233
Complete Mailing Address: 1146 Keyes Avenue Winter Park, FL 32789	Telephone No.: 407-678-0977
	Fax No.: 407-678-6240
Do You Have a Permanent Office Located in the City of Hollywood? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	E-Mail Address: jcdunlap@dunlapandassociates.com
Indicate type of organization below: Corporation <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Individual <input type="checkbox"/> Other	

ATTENTION: FAILURE TO SIGN (PREFERABLY IN BLUE INK) OR COMPLETE ALL RFP SUBMITTAL FORMS AND FAILURE TO SUBMIT ALL PAGES OF THE RFP DOCUMENT AND ANY ADDENDUMS ISSUED MAY RENDER YOUR RFP NON-RESPONSIVE.

THE PROPOSER CERTIFIES THAT THIS PROPOSAL IS BASED UPON ALL CONDITIONS AS LISTED IN THE PROPOSAL DOCUMENTS AND THAT HE HAS MADE NO CHANGES IN THE PROPOSAL DOCUMENT AS RECEIVED. HE FURTHER PROPOSES AND AGREES, IF HIS PROPOSAL IS ACCEPTED, HE/SHE WILL EXECUTE AN APPROPRIATE AGREEMENT FOR THE PURPOSE OF ESTABLISHING A FORMAL CONTRACTUAL RELATIONSHIP BETWEEN HIM AND THE CITY OF HOLLYWOOD, FLORIDA, FOR THE PERFORMANCE OF ALL REQUIREMENTS TO WHICH THIS PROPOSAL PERTAINS. FURTHER, BY SIGNING BELOW IN BLUE INK, ALL RFP PAGES ARE ACKNOWLEDGED AND ACCEPTED AS WELL AS ANY SPECIAL INSTRUCTION SHEET(S) IF APPLICABLE. I AM AUTHORIZED TO BIND PERFORMANCE OF THIS RFP FOR THE ABOVE PROPOSER.

Authorized Name and Signature

President

Title

4/30/14

Date

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RFP CHECKLIST

Please check each line item after the completion of the appropriate item.

- ✓ I verify that the signature on page number one (1) is the signature of the person authorized to bind the agreement. (Preferably in blue ink)
- ✓ I acknowledge reading and signing the Hold Harmless Statement.
- ✓ I have included all information, certificates, licenses and additional documentation as required by the City in this RFP document.
- ✓ I have checked for any addendums to this RFP, and will continue to check for any addendums up to the due date and time of this RFP.
- ✓ I have submitted one (1) original and twelve (12) copies and one (1) electronic copy (CD) of the entire proposal with addendums.
- ✓ I have verified that the outside address label of my RFP package is clearly marked to include my company's name, address, RFP number and date of RFP opening.
- ✓ I have read and completed (if applicable) the "Disclosure of Conflict of Interest".
- ✓ I am aware that a Notice of Intent to award this bid shall be posted on the City's website at www.hollywoodfl.org and on the Procurement Services bulletin board in room 303 at City Hall, and that it is my responsibility to check for this posting. Also, I have provided my email address, as the City, at its discretion, may provide me information by such means regarding this procurement process.
- N/A I have submitted all supporting documentation for local preference eligibility, which must be received with the bid package prior to the bid opening date and time (if applicable).

NAME OF COMPANY: Dunlap & Associates, Inc.

PROPOSER'S NAME: J. Craig Dunlap

PROPOSER'S AUTHORIZED SIGNATURE: 

DATE: 4/30/14

Please Note: The Certificate shall contain a provision that coverage afforded under the policy will not be cancelled until at least thirty (30) days prior written notice has been given to the City. Certificates of insurance, reflecting evidence of the required insurance, shall be provided to the City. In the event the Certificate of Insurance provided indicates that the insurance shall terminate and lapse during the period of this Agreement, the vendor shall furnish, at least thirty (30) days prior to the expiration of the date of such insurance, a renewed Certificate of Insurance as proof that equal and like coverage for the balance of the period of the Agreement or extension thereunder is in effect.

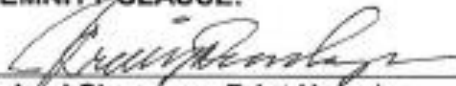
The insurance policy shall not contain any exceptions that would exclude coverage for risks that can be directly or reasonably related to the scope of goods or services in this bid/proposal. A violation of this requirement at any time during the term, or any extension thereof shall be grounds for the immediate termination of any contract entered in to pursuant to this bid/proposal. In order to show that this requirement has been met, along with an insurance declaration sheet demonstrating the existence of a valid policy of insurance meeting the requirements of this bid/proposal, the successful proposer must submit a signed statement from insurance agency of record that the full policy contains no such exception.

The City reserves the right to require additional insurance in order to meet the full value of the contract.

The City reserves the right to require any other insurance coverage it deems necessary depending upon the exposures.

HOLD HARMLESS AND INDEMNITY CLAUSE:

Dunlap & Associates, Inc.

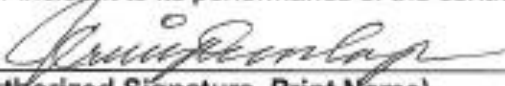


J. Craig Dunlap

(Company Name and Authorized Signature, Print Name),

the contractor shall indemnify, defend and hold harmless the City of Hollywood, its elected and appointed officials, employees and agents for any and all suits, actions, legal or administrative proceedings, claims, damage, liabilities, interest, attorney's fees, costs of any kind whether arising prior to the start of activities or following the completion or acceptance and in any manner directly or indirectly caused, occasioned or contributed to in whole or in part by reason of any act, error or omission, fault or negligence whether active or passive by the contractor, or anyone acting under its direction, control, or on its behalf in connection with or incident to its performance of the contract.

Dunlap & Associates, Inc.



J. Craig Dunlap

(Company Name and Authorized Signature, Print Name),

further certifies that it will meet all insurance requirements of the City of Hollywood and agrees to produce valid, timely certificates of coverage.



Dunlap & Associates, Inc.

Financial Consultants

April 30, 2014

Mr. Ralph Dierks
City of Hollywood
2600 Hollywood Blvd., Rm# 221
Hollywood, FL 33020

Re: RFP-4413-14-RD

Dear Mr. Dierks,

On behalf of Dunlap & Associates, Inc., I am pleased to submit our qualifications to serve as the Financial Advisor to the City of Hollywood, Florida. Dunlap & Associates, Inc.'s personnel to be assigned to the City of Hollywood, Florida understand the work that needs to be performed and will be committed to the timely completion of such work. The persons assigned to this account who are authorized to make representations are Mr. Craig Dunlap, Mr. Damon Adams, Mr. Michael Levinson, Ms. Kelly Ryman, and Mr. Justin Baumgardner (contact information provided below). Dunlap & Associates, Inc. offers the City the breadth of experience, depth of financial planning expertise and unsurpassed local knowledge necessary to serve the City of Hollywood, Florida. Dunlap & Associates, Inc. is an independent financial advisory firm which does not underwrite bonds. **Mr. Dunlap owns 100% of the Firm, there is no outside ownership.** Our advice is independent, unbiased, and not influenced by corporate pressures.

The City of Hollywood, Florida has faced several fiscal challenges since the economic downturn that began in 2008. These challenges have negatively impacted property tax revenues, other general fund non ad-valorem revenues and the unfunded liabilities in the City's "Other Post-Employment Benefits" (OPEB) in the General Employees, Police and Firefighters Pension Funds. On September 13, 2011, a Special Referendum was approved by the voters of the City of Hollywood, Florida. This referendum authorized significant changes to the General Employees, Police and Firefighters Pension Plans.

Since 2011, significant progress has been made in restoring the Fund Balance in the General Fund, increasing this fund by \$21 million in Fiscal Year 2012. Also in Fiscal Year 2012, the "Financial Emergency" declaration was lifted and the City of Hollywood, Florida entered Fiscal Year 2013 in a more secure financial position.

Dunlap & Associates, Inc. has consistently ranked 2nd in the number of issues done in the State of Florida and we clearly have the most experienced staff to represent municipalities as Financial Advisor. The City of Hollywood, Florida needs a seasoned and experienced Financial Advisor to work with the Staff in their continuing efforts to improve the fiscal health of the City of Hollywood, Florida. These continuing efforts will include:

1. Outlining the steps required to implement a financing plan with the assignment of individuals responsible for the execution of the plan.

2. A thorough review of the City's Debt Management Policy wherein the Financial Advisor will recommend improvements with emphasis on maintaining and upgrading the bond ratings from Moody's and Fitch.
3. Implementation of a Strategic Plan for the City of Hollywood, Florida. This planning document will be used to communicate to the City and Staff the organizational goals, the strategies and actions needed to achieve those goals, to develop measures and targets in order to evaluate progress and realize results. These strategies were successfully used at the City of Coral Springs, Florida under the direction of Mr. Mike Levinson, former City Manager, and current employee of Dunlap & Associates, Inc. We served the City of Coral Springs, Florida as Financial Advisor for over 20 years, during which time the City obtained "AAA" ratings from all three rating agencies.
4. Evaluating Public Private Partnerships (P3) opportunities for various services provided by the City of Hollywood, Florida or for unsolicited proposals received from private companies. Dunlap & Associates, Inc. personnel have and continue to be very active in P3 activities throughout the State of Florida. Mr. Dunlap was invited to be a guest speaker at the Florida P3 Conference being held in Orlando, Florida on May 1-2, 2014. Our P3 experience in the State of Florida includes financings at Florida Atlantic University, Florida International University and numerous private utility acquisitions for the Florida Governmental Utilities Authority. These transactions require extensive negotiations between both private and public parties and typically involve the issuance of both taxable and tax-exempt debt.
5. Evaluating the outstanding debt of the City of Hollywood, Florida and recommending refunding opportunities. We have identified opportunities in the Water and Sewer Bonds, Series 2003, the General Obligation Bonds, Series 2005, and the Community Redevelopment Agency Bonds, Series 2004.
6. Offer other creative financing solutions through the Florida Governmental Utility Authority (FGUA) to Monetize Equity in Certain Enterprise Systems of the City of Hollywood, Florida. This can be done without the City relinquishing input on the operations, capital budget and rates charged. Funds derived from monetizing equity can be used by the City for multiple purposes.

We strongly encourage you to contact our client references. We have held many of these financial advisory relationships with clients on average for 18 years and, in some cases, for over 30 years. This is a testament to the dedicated service that is the cornerstone of the philosophy of Dunlap & Associates, Inc. Our unique qualifications, expertise, independence and reputation will provide the City of Hollywood, Florida the quality of service that is necessary to continue the improvements the City has made over the past 2-3 years. Dunlap & Associates, Inc. looks forward to serving the City of Hollywood, Florida as Financial Advisor and we appreciate your consideration of our proposal.

Sincerely,



J. Craig Dunlap
President, Dunlap & Associates, Inc.
1146 Keyes Avenue
Winter Park, FL 32789
(407) 678-0977
jcdunlap@dunlapandassociates.com

Mr. Damon Adams, SVP
2440 Middle River Drive
Ft. Lauderdale, FL 33305
(954) 565-7504

Mr. Michael Levinson, SVP
4884 Hampshire Court, #203
Naples, FL 34112
(954) 258-4900

Ms. Kelly Ryman, VP
3790 Williamson Road
Ft. Myers, FL 33905
(239) 693-5201

Mr. Justin Baumgardner, Assoc.
1146 Keyes Avenue
Winter Park, FL 32789
(407) 678-0977

1146 Keyes Avenue Winter Park, Florida 32789
Telephone: 407.678.0977 Telecopy: 407.678.6240

- a. State how and under what state the firm is organized. Your firm must provide evidence that it is authorized to do business in the State of Florida.

Firm Information

Dunlap & Associates, Inc. is an independent financial advisory firm registered as an "S Corporation" in the State of Florida. Provided below, as evidence, is a certificate from the State.

State of Florida Department of State

I certify from the records of this office that DUNLAP & ASSOCIATES, INC. is a corporation organized under the laws of the State of Florida, filed on June 7, 1995.

The document number of this corporation is P95000043814.

I further certify that said corporation has paid all fees due this office through December 31, 2014, that its most recent annual report/uniform business report was filed on January 15, 2014, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

*Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capital, this
the Twenty-second day of April,
2014*



Ken Detjen
Secretary of State

Authentication ID: CU9226624764

To authenticate this certificate, visit the following site, enter this ID, and then follow the instructions displayed.

<https://efile.sunbiz.org/certauthver.html>

Municipal Securities Rulemaking Board (MSRB)

Dunlap & Associates, Inc. is also registered with the MSRB as an independent Municipal Advisor. Provided below is proof of registration.

Municipal Securities Rulemaking Board		Page 1 of 1	
MSRB Registration - Printable Summary			
MSRB records include the following registration information for your organization as of 1/8/2014 1:30:36 PM Eastern			
Organizational Details:		Organizational Type(s):	
Organization Name: Dunlap & Associates, Inc. MSRB ID: K0227 Phone Number: 407 - 678 - 0977 Ext. Fax Number: 407 - 678 - 6240 Address 1: 1146 Keyes Avenue Address 2: City: Winter Park State: FL Zip: 32789 Country: US		1. Municipal Advisor - Status: <u>Authorized</u> Municipal Advisory Activities Include: 1. Financial Advisor 2. Placement Agent Municipal Advisor SEC ID: 866-00081-00	
Primary Contact:		Billing Contact:	
First Name: J Craig Middle Name: Last Name: Dunlap Name Suffix: Email Address: jcdunlap@dunlapandassociates.com Phone Number: 407 - 678 - 0977 Ext. Address1: 1146 Keyes Avenue Address2: City: Winter Park State: FL Zip: 32789 Country: US		(None currently defined)	
		First Name: J Craig Middle Name: Last Name: Dunlap Name Suffix: Email Address: jcdunlap@dunlapandassociates.com Phone Number: 407 - 678 - 0977 Ext. Address1: 1146 Keyes Avenue Address2: City: Winter Park State: FL Zip: 32789 Country: US	
https://www.msrb.org/msrb1/control/registration/FormalRegistration/PrintableDetails.asp			
1/8/2014			

- b. Does your firm maintain any full-time public finance offices in Florida or the southeastern United States? If so, how would such offices assist with the proposed financings?*

Office Locations

Dunlap & Associates, Inc. is headquartered in Winter Park, Florida with branch offices in Naples, Fort Lauderdale, and Fort Myers. These locations and the responsiveness of our personnel provide a high degree of accessibility to the City of Hollywood. We are available to serve our clients 7 days a week if necessary. The Project Manager on this account is Mr. Craig Dunlap who is the owner of Dunlap & Associates, Inc., and is available to serve our clients' needs when necessary.

- c. *If your firm's primary business is investment banking, will the financial advisory work requested through this RFP be performed by investment bankers or persons dedicated exclusively to financial advisory services?*

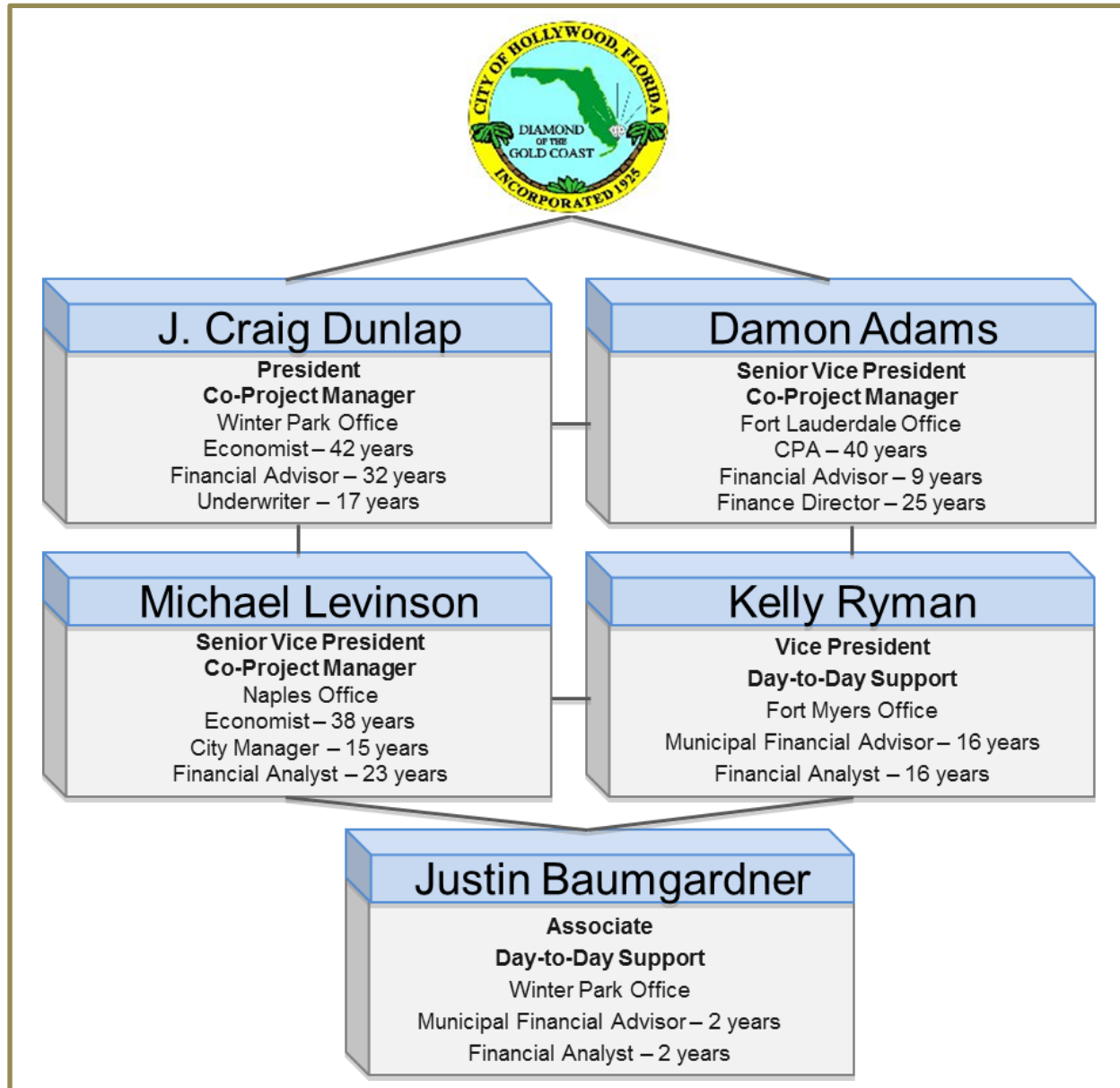
Primary Business

Dunlap & Associates, Inc. only provides independent financial advisory services. Dunlap & Associates, Inc. does not participate in underwriting securities. All of Dunlap & Associates, Inc. personnel are dedicated exclusively to financial advisory services.

- d. Names, qualifications and experience in providing similar services of those persons who will be assigned to work with the City. Please include brief resumes addressing both experience over the past five (5) years and education.

Assigned Personnel

Dunlap and Associates, Inc. brings a unique set of professional qualifications, including **strategic planning, credit, financial, and public policy experience**, to the City of Hollywood. Provided below is a diagram of the personnel assigned to work with the City of Hollywood, including their years of experience and qualifications.



Provided on the following pages are brief resumes of each of the professionals assigned to this engagement.

Mr. Craig Dunlap
Co-Project Manager

Experience:	Economist:	42 years
	Financial Advisor:	32 years
	Underwriter:	17 years

Mr. Dunlap founded Dunlap and Associates, Inc. in 1995. He holds an undergraduate degree from Florida State University and a Master's degree from the School of Business of the University of North Dakota while serving in the U.S Air Force. He was employed by the Division of Bond Finance of the State of Florida for four years, the last of which he served as Director.

As an economist for 41 years, a financial advisor for 31 years and an underwriter for 17 years, Mr. Dunlap is the most experienced financial advisor in the State of Florida. His expertise in public finance includes: tax-exempt, taxable bond, note, bank financings, utility system, general obligation, water and sewer, public facilities, public improvement, public power, transportation bonds tax increment, capital improvement, guaranteed entitlement, public service tax, pooled loans, derivative products, community redevelopment agencies, community development districts, counties, universities, joint agency financing programs, Airports, Port Authorities, Convention Center/Convention Center Hotel, and school districts, to mention a few.

He has worked as the head of the public finance office for two financial advisory and one underwriting firm in Florida, including Evensen Dodge, now part of Public Financial Management (PFM) and Dean Witter/Morgan Stanley. In January, 1980, the Governor of Florida appointed Mr. Dunlap to the **Municipal Advisory Council of the Division of Bond Finance** as one of two investment banking representatives. He was reappointed for an additional two-year term in January, 1982 and January, 1984.

Mr. Dunlap has served on the investment advisory boards for: **Kissimmee Utility Authority, the Utility Board of the City of Key West, City of Cocoa, Florida Municipal Power Agency and he developed investment and debt policies for Florida Municipal Power Agency, Kissimmee Utility Authority, Cities of West Palm Beach, Coral Springs and Winter Park.**

Client Experience

Cities/Towns		
Apopka	Destin	Naples
Atlantic Beach	Fort Lauderdale	Ocala
Bartow	Hallandale Beach	Orlando
Casselberry	Holly Hill	Plant City
Clewiston	Jacksonville Beach	Pompano Beach
Cocoa	Lake Worth	Tallahassee
Coral Gables	Lakeland	Temple Terrace
Coral Springs	Lauderhill	Vero Beach
Davie	Maitland	West Palm Beach
Daytona Beach	Miami	Winter Park
DeBary	Miramar	
Counties		
Broward County	Lee County	Palm Beach County
Citrus County	Orange County	Pasco County
Dade County		
Other Government Entities		
Florida Governmental Utility Authority	Keys Energy Services	New Smyrna Beach Utilities Commission
Florida Intergovernmental Finance Commission	Kissimmee Utility Authority	Reedy Creek Improvement District (Disney)
Florida Municipal Power Agency		
Higher Education		
Bethune-Cookman University	Florida International University	University of Central Florida
Florida Atlantic University	Florida State University	University of South Florida (St. Pete Campus)
Florida Gulf Coast University	Nova Southeastern University	
Community Redevelopment Agency		
Casselberry CRA	Maitland CRA	West Palm Beach CRA
Destin CRA	Temple Terrace CRA	Winter Park CRA
Fort Lauderdale CRA		

Mr. Damon Adams, CPA, CGFO
Co-Project Manager

Experience:	Finance Director:	25 years
	CPA:	40 years
	Financial Advisor:	9 years

Mr. Adams joined Dunlap & Associates, Inc. in 2004. Mr. Adams holds a Bachelor of Arts degree in Business Administration from the University of South Florida and is a Certified Public Accountant and a Certified Government Finance Officer.

Mr. Adams is located in Fort Lauderdale and has a distinguished 40 year career in municipal finance. As Finance Director for the City of Fort Lauderdale, he directed the issuance of general obligation, tax increment, CRA, water and sewer, parking, sanitation, special assessment, conduit, leasing, tax-exempt and taxable bond, loans and note financings, derivative products, and excise tax financings.

As the Finance Director for the City of Fort Lauderdale, Mr. Adams demonstrated leadership in financings such as the creation of a "special assessment investment loan" and his City being the first in Florida to sell bonds over the internet. In addition to his debt financing work, he brings a unique perspective to financial advisory services drawing on his many years of experience in other areas of municipal finance including: 1) operating and capital budgeting, 2) preparation of financial statements, 3) treasury management, 4) financial policies, 5) pension fund management, and 6) financial controls, to mention a few.

Mr. Adams is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. He has also served on the Executive Board of the Government Finance Officers Association of the United States and Canada and was a member of the Special Review Executive Committee for six years. He held various positions of the Florida Government Finance Officers Association (including President), was named a Certified Government Finance Officer in 1997 and received the Association's prestigious Lifetime Achievement Award in 2003. In 1999 he was one of the five finalists interviewed in New York City by the Financial Accounting Foundation for a position on the Governmental Accounting Standards Board (GASB).

Client Experience

Cities/Towns	
Aventura	Miami
Coral Springs	Naples
Dania Beach	Oakland Park
Davie	Ocala
Daytona Beach	Pompano Beach
Destin	Temple Terrace
Fort Lauderdale	West Palm Beach
Lake Worth	Winter Park
Lauderhill	
Community Redevelopment Agencies	
Destin CRA	Temple Terrace CRA
Fort Lauderdale CRA	West Palm Beach CRA
Higher Education	
Florida Atlantic University	Nova Southeastern University
Florida International University	University of South Florida

Mr. Michael Levinson
Co-Project Manager

Experience:	Economist:	38 years
	City Manager:	15 years
	Financial Analyst:	23 years

Mr. Levinson joined Dunlap & Associates, Inc. in 2011. Mr. Levinson holds a Bachelor of Science degree in Economics and Business Administration from Quinnipiac University, a Master's degree in Economics from Southern Connecticut State University and attended Yale University Graduate School of Economics, taking coursework toward his Ph.D.

Mr. Levinson is located in Naples and has extensive knowledge in municipal finance. Prior to joining the firm, he served as **City Manager of the City of Coral Springs, Florida for 15 years, during which time he volunteered as financial advisor to the Coral Springs Economic Development Corporation, resulting in the relocation and expansion of over 100 companies.** Also during his time as City Manager, Mr. Levinson was responsible for structuring numerous, successful public-private partnership (P3) projects, including a hotel/conference center, middle and high school charter school, recreational uses, museum of art and performing arts center.

Prior to 1995, he served as Managing Director of Innovative Financial Services, Inc. where he developed public-private partnerships and innovative approaches for the financing of public infrastructure and corporate facilities. He also served as Economic Development Director/Economist for the City of Dallas, managing the Dallas Industrial Development Corporation and Small Business Corporation, and was responsible for preparing and presenting economic information to the bond rating agencies (Dallas was an "AAA" rated municipality). In addition he served as Development Finance Administrator for the City of Miami.

In 2010, Mr. Levinson received a Tribute from the Florida House of Representatives for dedication and managerial excellence and was recognized by the Broward Board of County Commissioners for 15 years of exemplary service as City Manager of Coral Springs by dedicating October 30, 2010 as Michael Levinson Appreciation Day.

Mr. Levinson serves as the First President Emeritus of the Florida Sterling Council, advancing corporate excellence throughout the State of Florida. Under his stewardship, the City of Coral Springs received the Malcolm Baldrige National Quality Award for corporate excellence, becoming the first local or state government to receive this Presidential Award. The City of Coral Springs was granted the highest underlying credit rating by the three major credit rating agencies. The City was the first corporation in the State of Florida to become a two-time recipient of the Governor's Sterling Award for performance excellence (1997 and 2003). Mr. Levinson has also received Leader of the Year Award (2008) from Leadership Broward Foundation.

Client Experience

County/City	
Lee County	South Lake Tahoe, California
Pasco County	Riviera Beach
Cocoa	Reno, Nevada
Hallandale Beach	Yakima, Washington
North Miami Beach	Lauderdale Lakes
Other Government Entities	
Bonita Springs Utility	IBI - Jamaica Project
Japan Productivity Center, Tokyo	Miami Dade Health Department
Performance Excellence, New Zealand	Sunshine Water Control District
United Arab Emirates	Demand Pooling Global Services (DEPO)
Providencia, Chile	West Palm Beach Charter School

Ms. Kelly Ryman
Day-to-Day Support

Experience: Municipal Finance: 16 years
 Financial Advisor: 16 years
 Financial Analyst: 16 years

Ms. Ryman joined Dunlap & Associates, Inc. in 2007. She is a member of the Florida Government Finance Officers Association and has been a financial advisor for 16 years. She also has been a speaker at Florida Government Finance Officers Association programs. Ms. Ryman holds a degree in Paralegal Studies.

Ms. Ryman is located in Fort Myers and obtained her public finance experience at Public Financial Management in Fort Myers, Florida where she was a Senior Managing Consultant for Public Financial Management (PFM). Ms. Ryman has provided project management as well as quantitative and technical support for many clients.

Ms. Ryman has experience in working with cities similar to Naples, such as the Cities of **Atlantic Beach, Apopka, Casselberry, Ft. Lauderdale, Lauderhill, Oakland Park, Ocala, Sanibel, Sebring, Temple Terrace and Vero Beach**, to name a few.

Ms. Ryman municipal experience includes: tax-exempt and taxable bond and note financings, utility system, general obligation, tax increment, capital improvement, guaranteed entitlement, public service tax, community redevelopment agencies, community development districts, counties, universities, public power, joint agency financing programs, public facilities, public improvement, transportation bonds, pooled loans, various derivative product options, and school districts. Also, she has performed debt sizing and structuring analyses, refunding analyses and has assisted several clients in obtaining interim financing for capital improvement projects.

Ms. Ryman's main expertise involves special assessment issues. She has managed transactions and negotiated with Florida banks to assure clients the most cost effective financing. Ms. Ryman has assisted in the development and execution of special assessment models for Sarasota County and Lee County. She has also advised clients and is thoroughly familiar with the process of obtaining loans through the Florida Association of Counties' Commercial Paper Program and the United States Department of Agriculture's Rural Utilities Services Loan Program.

Client Experience

Cities/Towns		
Atlantic Beach	Green Cove Springs	Ocala
Apopka	Hallandale Beach	Plant City
Brooksville	Jacksonville Beach	Pompano Beach
Casselberry	Lake City	Riviera Beach
Clermont	Lake Worth	Sanibel
Clewiston	Lauderhill	Sebring
Cocoa	Maitland	Temple Terrace
Dade City	Miami	Vero Beach
Davie	New Port Richey	West Palm Beach
Destin	North Miami Beach	Winter Park
Fort Lauderdale	Oakland Park	
Counties		
Citrus County	Hendry County	Monroe County
Clay County	Highlands County	Pasco County
Collier County	Lee County	Sarasota County
Other Government Entities		
Winter Park CRA	Keys Energy Services	New Smyrna Beach Utilities Commission
Florida Governmental Utility Authority	Kissimmee Utility Authority	Reedy Creek Improvement District (Disney)
Florida Municipal Power Agency	Bonita Springs Utilities	
Higher Education		
Bethune-Cookman University	Florida International University	University of Central Florida
Florida Atlantic University	Florida State University	University of South Florida (St. Pete Campus)
Florida Gulf Coast University	Nova Southeastern University	

Mr. Justin Baumgardner
Day-to-Day Support

Experience: Municipal Finance: 2 years
 Financial Analyst: 2 years

Mr. Baumgardner recently joined Dunlap & Associates, Inc. in 2012. He holds a Bachelor of Science in Business Administration with a Major in Finance and Minor in Economics from Auburn University.

Mr. Baumgardner previously held a FINRA Series 7 License and Series 63 License. He assists clients on a variety of financings including: utility systems, capital improvement, public power, and higher education.

Mr. Baumgardner assists clients on a day-to day basis and his responsibilities include: technical and quantitative analysis for new money, refunding and restructuring issues, analyzing bond refundings, originating and analyzing request for proposals for financing options, and assisting through the financing process from origination to execution.

Mr. Baumgardner has experience preparing and reviewing disclosure documents pertaining to bond transactions, reviewing bond resolutions to evaluate the financial impact of certain covenants, working with insurance companies and rating agencies, and provides quantitative analytical support. In addition, he has assisted clients in the evaluation of bank loan proposals and the selection process for various services such as paying agent/registrar, official statement printers and other services necessary to complete a financing. His responsibilities also include preparation of rating agency presentations and review of feasibility studies.

Client Experience	
Florida Atlantic University	Holly Hill
Florida State University	Kissimmee Utility Authority
Florida Gulf Coast University	Neptune Beach
Aventura	Ocala
Cocoa	Pasco County
DeBary	Reedy Creek Improvement District (Disney)
Florida Governmental Utility Authority	Temple Terrace
Florida Municipal Power Agency	Trinity Preparatory School
Hallandale Beach	Vero Beach

- e. *Describe availability of individuals assigned to engagement. What other individuals would be available to the City?*

Availability of Personnel

Mr. Craig Dunlap, President, will oversee this engagement as the Project Manager. Mr. Dunlap will be assisted by Mr. Damon Adams and Mr. Michael Levinson, as Co-Project Managers. In addition, Ms. Kelly Ryman and Mr. Justin Baumgardner will serve as Day-to-Day Support. All of the personnel assigned to the City will be available 7-days a week, when needed.

- a. Describe the firm, including the size, range of activities, similar work performed, etc. Particular emphasis should be given as to how the experience and expertise in the financial advisory area will be brought to bear on the proposed work.

Firm Description

Dunlap & Associates, Inc. was founded in 1995, as an **independent financial advisory firm headquartered in Winter Park, Florida with offices located in Naples, Fort Lauderdale, and Fort Myers.** Our firm has served as Financial Advisor on over **\$1.9 billion of Florida transactions** in the past three years, executing in excess of \$920 million in financings in 2013, \$510 million in financings in 2012, and \$500 million in 2011. **These financings included new money issues and refunding bank loans and bonds for water and wastewater utility systems, public improvement, general government purposes, ad valorem tax, community redevelopment agencies, tourist development tax, SRF loans and public-private partnerships,** among others. Provided below is Dunlap & Associates, Inc. rankings as financial advisor in Florida over the past two years by number of issues, per Thomson Reuters.

2012-2013 Financial Advisor Florida Rankings (# of New Issues)		
	2012	2013
Long Term Municipal New Issues	2	2
Tax-Exempt Long Term New Issues	2	2
Taxable New Issues	2	1
Negotiated New Issues	2	2
Revenue New Issues	2	2
New Money New Issues	2	2
Refunding New Issues	2	2

Financial advisory services account for 100% of the firm's total revenues. Our advice is **independent, unbiased, and not influenced by corporate pressures.**

Dunlap & Associates, Inc. has the most experienced professionals in the State of Florida, with a **combined 130 years of experience in the public finance industry,** as shown below:

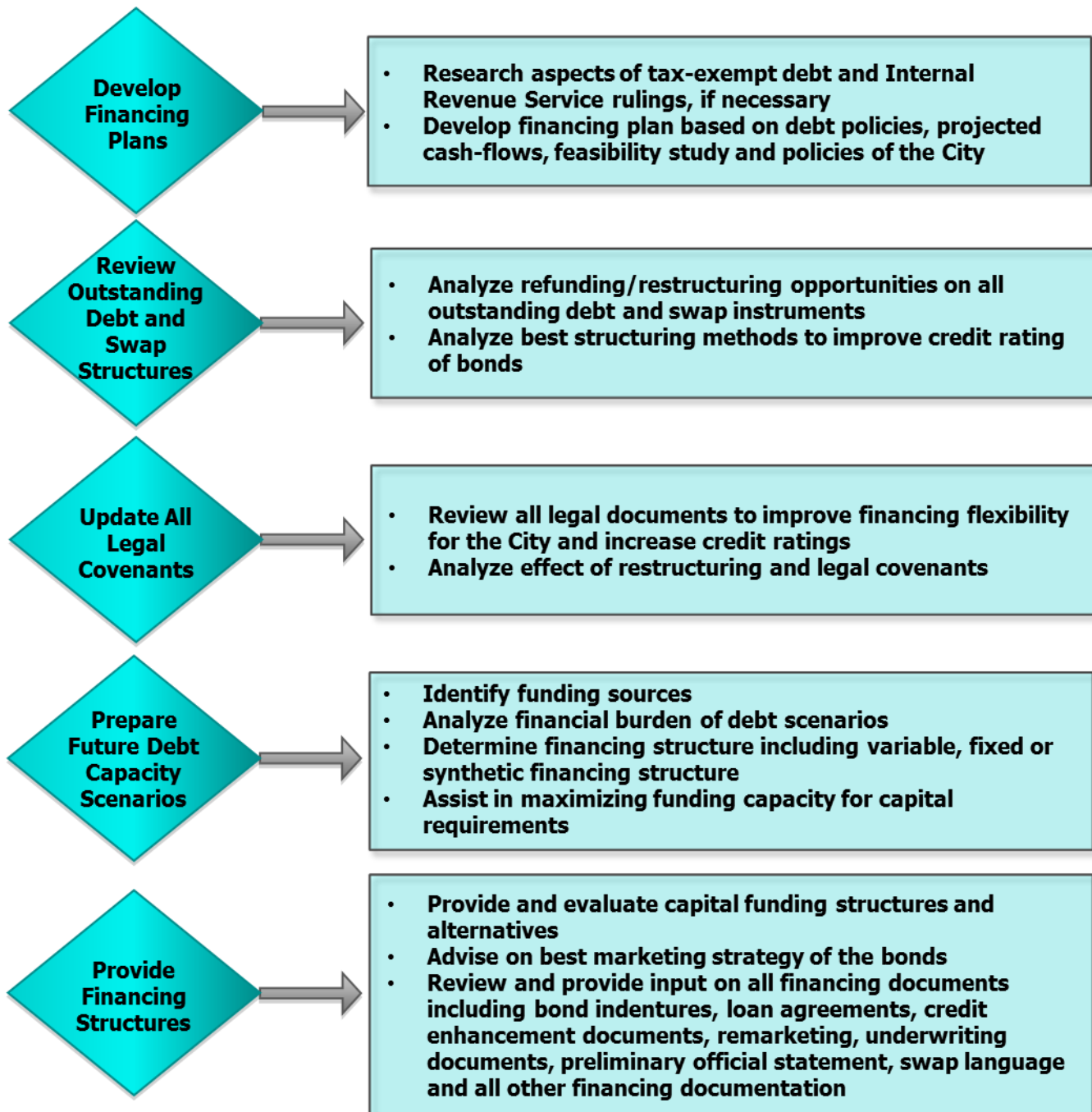
J. Craig Dunlap – 42 years
 Damon Adams – 40 years
 Michael Levinson – 38 years
 Kelly Ryman – 16 years
 Justin Baumgardner – 2 years

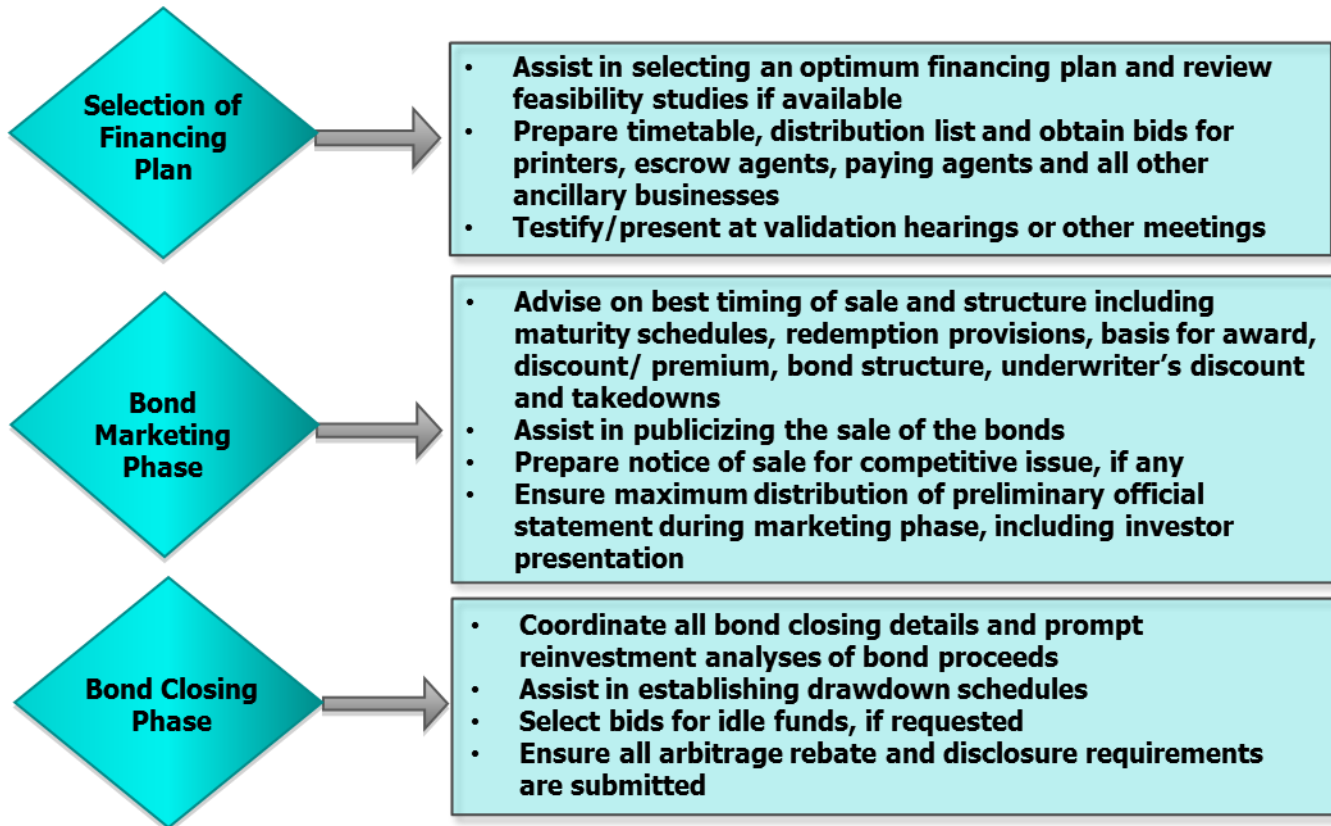
Throughout the years our personnel has served innumerable issuers similar to the City of Hollywood in the areas of **strategic planning, capital management, debt issuance, municipalization and privatization of services, arbitrage rebate services and has assisted the majority of its clients in drafting debt management policies.**

- b. Outline your firm's approach and the steps that it would take in developing a financing plan and debt management policy and the duties of the financial advisor at each step.*

Financing Plan

Dunlap & Associates, Inc. financial advisory services will be comprehensive in scope and will include a planning, development, bond marketing and bond closing phase. Our expertise in every phase of the financing will ensure the City a maximum of financing flexibility at a minimum interest cost. The approach in developing a financing plan will include and is not limited to:





Debt Management Policy

A carefully drafted and consistently applied debt management policy is regarded positively when evaluating the credit worthiness of an issuer. It provides evidence to the rating agencies of the City's **commitment to follow prudent borrowing practices**, thereby protecting and enhancing bond ratings. **The credit agencies look at four main categories when determining a credit rating: debt burden, management, financial performance and economic base.**

Regularly updated debt management policies will ensure that the City's resources are used to meet its commitments and provide the services with sound financial management practices. **Debt management policies should be sufficiently flexible to permit the City to take advantage to market opportunities or to respond to changing market conditions without jeopardizing essential public services**

Developing a Debt Management Policy is a collaborative effort among management, elected officials, City attorney and the City's financial advisor. Dunlap & Associates, Inc. will assist the City in developing a comprehensive set of Debt Management Policies that will serve as guidelines, allowances and restrictions regarding the City's debt issuance practices. Dunlap & Associates, Inc. will utilize the widely accepted "GFOA Best Practice for Developing a Debt Management Policy" as the framework for creating a customized set of policies for the City of Hollywood. Adherence to such policies will demonstrate to the rating agencies and capital markets that the City is well managed, fiscally prudent and responsible when it comes to borrowing.

Comprehensive debt management policies should identify management **objectives, preferred risk tolerances, determine what type of debt may be incurred, structural features, method of sale and establish procedures to select professionals.** The policy should offer several advantages to integrate the issuance of long-term debt with other long term planning objectives. The policy should establish the core values, goals and financial and management objectives specially under changing market conditions.

In developing a debt management policy we will focus on four major areas:

- Credit worthiness objectives
- Purposes and uses of debt
- Debt standards and structure
- Debt administration and process

Credit worthiness objectives: This will determine how the City will be viewed in the marketplace. Credit ratings, financial disclosure, capital planning and debt limits will be evaluated. **To ensure sound credit ratings we will evaluate the city's total debt burden goals, management, financial performance and economic base and ensure that these factors are contained in your debt management policy.**

Purposes and uses of debt: We will assist in defining those items that quantify debt funded projects, asset lives and debt guarantees. Clarity in debt issuances will be important. Reliance on internally generated funds/or grants and contributions from other agencies should be defined. **Determine how future debt payments will be funded between current and future users.**

Debt standards and structure: We will determine the length of the debt and its structure, the type of debt such as fixed rate, variable rate, subordinate, derivatives, bond anticipation notes, tax anticipation notes, conduit debt, bank loans and lines of credit. The use of credit enhancement, sureties in lieu of fully funded debt service reserves and bond insurance, if economically beneficial. The goal will be to achieve the lowest true interest rate on the debt being financed, given the urgency of the project and the nature of the security. We will take into account the broad range of legal policies and financial objectives. Additionally, we will take into account legal statutory constraints which must be met in issuing debt, and how the new debt will be integrated into the existing debt.

The specific steps Dunlap & Associates, Inc. will take in developing a Debt Management Policy include the following:

- **Step 1: Baseline Analysis.** Dunlap & Associates, Inc. will conduct an examination of the City's debt profile, CIP, five year forecasts, existing related policies, local Charter, approved bond referenda, and existing issuance practices.
- **Step 2: Debt Limits.** Dunlap & Associates, Inc. will assist in setting specific limits or acceptable ranges for each type of debt, addressing legal restrictions, public policies and goals related to economic development, prohibited types of debt (e.g. derivatives, sales/leasebacks), permissible uses of proceeds, linkage to the CIP and financial restrictions. Financial restrictions, particularly for direct debt, will be a function of established performance measures ratios, including; debt per capita, debt to personal

income, debt to taxable property value and debt service payments as a percent of general fund expenditures. Dunlap & Associates, Inc. will provide comparative ratios for “AA” and “AAA” rated municipalities. In the case of revenue debt, financial restrictions may be set by revenue coverage of debt service ratios. Dunlap & Associates, Inc. will furnish “best practice” data regarding these ratios. Variable rate debt should be governed by policies which dictate when such debt is appropriate (shape of yield curve, variable rate debt as a % of total debt outstanding).

- **Step 3: Debt Structuring.** Dunlap & Associates, Inc. will assist in setting policies that address;
 - Maximum term vs. useful life of assets funded,
 - Average maturity,
 - Debt service pattern
 - Use of optional redemption features,
 - When to use credit enhancements,
 - Limitations on capitalized interest,
 - Conditions, if any, for principal deferral
- **Step 4: Debt Management Practices.** Dunlap & Associates, Inc. will assist in developing policies to provide guidance related to the following administrative responsibilities through the assembly of related best practices for “AA” and “AAA” rated cities;
 - Investment of bond proceeds,
 - Arbitrage rebate monitoring and filing,
 - Legal compliance practices (with assistance from City Attorney),
 - Updates to rating agencies.
- **Step 5: Debt Issuance Practices.** Dunlap & Associates, Inc. will assist in developing policies regarding the following practices by furnishing the City with best practice data from selected “AA” and “AAA” rated cities;
 - Selection of service providers, such as bond counsel, underwriters, rebate and verification agents
 - Criteria for determining the sales method, a competitive vs. a negotiated sale
 - Criteria for advance refundings and current refundings (e.g. present value savings as a percent of the refunded bonds)
 - Use of credit ratings, number of ratings and selection of rating agency

Dunlap and Associates, Inc. has developed debt management policies for a multitude of issuers, which are provided in “Appendix B”. Furthermore once these policies have been established we review them annually and suggest changes based on changing market conditions.

Recently the majority of the updates and changes to policies have included the following:

- ✓ Based on the shape of the yield curve evaluate the portion of each financing that is optimally financed through variable, short, medium and fixed rate debt .

- ✓ Reimbursement resolutions should be incorporated into bond authorization legislation to allow the City to reimburse for cost associated with the project in anticipation of issuing debt
- ✓ Establish savings thresholds for current and advance refundings
- ✓ Restrict capitalized interest on any financing to no more than six months beyond the construction period
- ✓ Fully fund debt service reserves in lieu of sureties for new money issues to strengthen credit quality. This will be governed by the type and security for such debt.
- ✓ Bank loans should be executed without any gross up provisions or capital adequacy requirements which will allow the bank to adjust the interest rate in the future.
- ✓ Conduct semiannual updates for the rating agencies.
- ✓ Eliminate the use of interest rate swaps under current low fixed rate environment.

Dunlap & Associates, Inc. has assisted multiple issuers in establishing their debt management policies including:

Fort Lauderdale



Kissimmee Utilities Authority



West Palm Beach



Florida Municipal Power Agency



Tallahassee



Florida State University



Reedy Creek Improvement District (Disney)



Florida International University



Jacksonville Beach



Florida Atlantic University



Ocala



Florida Gulf Coast University



Oakland Park



- c. For each debt issue, the firm shall facilitate the sale and marketing of the City's debt. Outline the activities the firm would undertake to perform this function. Describe the firm's experience with these activities.

Scope of Services

Dunlap & Associates, Inc. will provide the following services to facilitate the sale and marketing of the City's debt:

Marketing Phase

- a. Advise on the appropriate terms and conditions of the sale, including maturity schedule, underwriter discount, redemption provisions, interest rate bidding requirements and basis for award.
- b. Advise on the timing of the bond sale, taking into consideration such factors as changing economic conditions, current and projected market trends and specific requirements to the City.
- c. Coordinate with bond counsel the preparation of authorizing resolutions and other documents involved in the sale of bonds or other methods of financing. Dunlap & Associates, Inc. will also assist in publicizing the issue in advance with an Official Statement, Notice of Sale, Bid Forms and such other means necessary and advisable to develop nationwide public and institutional interest.
- d. Assist the City in meeting full disclosure requirements and conforming to suggested guidelines when preparing the Official Statement either.
- e. Analyze the best method of sale (competitive/negotiated)
- f. Distribute the Official Statement to potential purchasers of the City's securities across the nation. Directly contact those lead underwriters most likely to be syndicate managers. Maximize efforts to market the City's debt issuance most effectively.
- g. Conduct informational meetings with the investment community, including investment bankers (dealers and dealer banks) and institutional investors (banks, bank holding companies, and insurance companies) in New York and elsewhere, if necessary, to establish bidding interest on this offering. This was done recently for the Reedy Creek Improvement District (Disney).
- h. Advertise the bond sale in nationally prominent financial publications for competitive bids, in addition to coordinating local publication requirements.
- i. Assist in advertising and creating a competitive Bank Loan RFP
- j. Attend the bid opening to assist with the verification and evaluation of bids and recommend the most favorable bid for award.

Our experience is evidenced by the successful financial/marketing of over **\$1.9 billion** in the last three years as detailed on **page 41** of our response to **Question "h"**.

- d. What role would your firm expect to play in refinancing municipal debt? Describe in detail your firm's experience in refinancing or in alternative transactions that reduce debt service cost of existing debt.

Refinancing Opportunities

In reviewing the City's outstanding debt, Dunlap & Associates, Inc. has determined that there are three refinancing opportunities, including the Water and Sewer Bonds, Series 2003, the General Obligation Bonds, Series 2005, and the Community Redevelopment Agency Bonds, Series 2004. Provided below are summaries of each potential refinancing (supporting numbers are provided in "Appendix A").

General Obligation Series 2005		
	<u>Bank Loan</u>	<u>Bond Issue</u>
PV % of Savings	10.93%	6.00%
PV \$ of Savings	5,031,825.71	2,764,335.04
Par Amount	47,990,000.00	43,785,000.00
Maturities Refunded	2015-2030	2015-2030
All-In TIC	2.77%	3.36%
Maximum Annual Debt Service (MADS)	3,772,750.00	3,942,231.26
Total Debt Service	59,917,735.42	62,604,805.88
Escrow - Cash Funded	Escrow until 6/1/15	Escrow until 6/1/15

As noted above the most efficient means of refunding the Series 2005 General Obligation Bonds is through a bank loan, which could provide \$5 million in savings versus \$2.7 million if executed as a bond issue, based on current market rates.

Water and Sewer Series 2003 - Current - "AA" Category		
	<u>Bank Loan</u>	<u>Bond Issue</u>
PV % of Savings	9.16%	11.90%
PV \$ of Savings	5,618,913.01	7,302,703.90
Par Amount	56,875,000.00	51,025,000.00
Maturities Refunded	2014-2023	2014-2023
All-In TIC	2.63%	2.08%
Maximum Annual Debt Service (MADS)	8,913,750.00	8,706,050.00
Total Debt Service	64,619,197.50	62,879,062.50
Escrow - Cash Funded	35 Day Escrow	35 Day Escrow

As noted above the most efficient means of refunding the Series 2003 Water and Sewer Bonds is through a bond issue, which could provide \$7.3 million in savings versus \$5.6 million if executed as a bank loan, based on current market rates.

CRA (Beach) Series 2004 - Current - "BBB" Category		
	<u>Bank Loan</u>	<u>Bond Issue</u>
PV % of Savings	14.30%	12.51%
PV \$ of Savings	1,806,464.86	1,579,698.96
Par Amount	12,775,000.00	11,880,000.00
Maturities Refunded	2015-2024	2015-2024
All-In TIC	2.72%	3.08%
Maximum Annual Debt Service (MADS)	1,475,340.00	1,503,687.50
Total Debt Service	14,568,003.33	14,819,312.50
Escrow - Cash Funded	35 Day Escrow	35 Day Escrow

As noted above the most efficient means of refunding the Series 2004 CRA (Beach District) Bonds is through a bank loan, which could provide \$1.8 million in savings versus \$1.5 million if executed as a bond issue, based on current market rates.

Additionally, **the Downtown District of the City of Hollywood Community Redevelopment Agency issued its Promissory Note, Series 2006A** in the original principal amount of \$20,500,000 on September 22, 2006. This Promissory Note has no "basis risk" due to the fact that the variable rate payments made and received are "matched". As of September 30, 2013 the Mark-to-Market (MTM) on the Interest Rate Swap with the Bank of America was (\$2,151,043). The LIBOR swap curve for the "weighted average life" of the CRA swap (approximately 6 years) has increased by 21 basis points since September 30, 2013. As a result of this increase in swap rates, the MTM has decreased. The estimated MTM as of April 25, 2014 is approximately (\$1,935,000). Dunlap & Associates, Inc. is not recommending a refinancing of the Series 2006A Promissory Note at this time.

Provided on the following pages is a debt profile for the City of Hollywood.

Water and Sewer Debt

Par Amount Issue Series Dated Date Due	\$114,705,000 Water and Sewer Refunding and Improvement Revenue Bonds Series 2003 October 1				\$4,185,000 Water and Sewer Improvement Revenue Bonds Series 2010A October 1				\$48,160,000 Water and Sewer Improvement Revenue Bonds Series 2010B (BAB) October 1			
	Principal	Coupon	Interest	Debt Service	Principal	Coupon	Interest	Debt Service	Principal	Coupon	Interest	Debt Service
10/1/2014	6,435,000	5.000%	2,941,125	9,376,125	1,090,000	3.000%	32,700	1,122,700	-		3,278,856	3,278,856
10/1/2015	6,760,000	4.000%	2,619,375	9,379,375			-	-	1,125,000	4.687%	3,278,856	4,403,856
10/1/2016	5,120,000	5.000%	2,348,975	7,468,975			-	-	1,160,000	5.087%	3,226,127	4,386,127
10/1/2017	5,370,000	5.000%	2,092,975	7,462,975			-	-	1,200,000	5.406%	3,167,118	4,367,118
10/1/2018	5,645,000	5.000%	1,824,475	7,469,475			-	-	1,245,000	5.506%	3,102,246	4,347,246
10/1/2019	5,930,000	5.000%	1,542,225	7,472,225			-	-	1,290,000	5.606%	3,033,697	4,323,697
10/1/2020	6,225,000	5.000%	1,245,725	7,470,725			-	-	1,335,000	5.706%	2,961,379	4,296,379
10/1/2021	6,540,000	5.000%	934,475	7,474,475			-	-	1,390,000	5.956%	2,885,204	4,275,204
10/1/2022	6,860,000	4.500%	607,475	7,467,475			-	-	1,445,000	6.059%	2,802,416	4,247,416
10/1/2023	6,460,000	4.625%	298,775	6,758,775			-	-	1,505,000	7.048%	2,714,863	4,219,863
10/1/2024							-	-	1,575,000	7.048%	2,608,791	4,183,791
10/1/2025							-	-	1,650,000	7.048%	2,497,785	4,147,785
10/1/2026							-	-	1,730,000	7.048%	2,381,493	4,111,493
10/1/2027							-	-	1,810,000	7.048%	2,259,562	4,069,562
10/1/2028									1,895,000	7.048%	2,131,994	4,026,994
10/1/2029									1,980,000	7.048%	1,998,434	3,978,434
10/1/2030									2,075,000	7.198%	1,858,884	3,933,884
10/1/2031									2,175,000	7.198%	1,709,525	3,884,525
10/1/2032									2,280,000	7.198%	1,552,969	3,832,969
10/1/2033									2,385,000	7.198%	1,388,854	3,773,854
10/1/2034									2,500,000	7.198%	1,217,182	3,717,182
10/1/2035									2,620,000	7.198%	1,037,232	3,657,232
10/1/2036									2,745,000	7.198%	848,644	3,593,644
10/1/2037									2,875,000	7.198%	651,059	3,526,059
10/1/2038									3,015,000	7.198%	444,117	3,459,117
10/1/2039									3,155,000	7.198%	227,097	3,382,097
Outstanding	61,345,000				1,090,000				48,160,000			
Callable	61,345,000				N/A				42,140,000			
Non-Callable	N/A				1,090,000				6,020,000			
Call Provisions	10/1/13 at par				Non-Callable				10/1/19 at par			
Credit Enhancement	N/A				N/A				N/A			
Purpose	Refund Series 1993 and improvements				Funding portion of CIP				Funding portion of CIP			
Underwriter	Citi				Bank Loan				BofA Merrill Lynch			

Community Redevelopment Agency Debt

Par Amount Issue Series Dated Date	\$20,010,000 CRA Revenue Bonds Series 2004 March 1				\$40,000,000 CRA Revenue Bonds Series 2007 March 1				\$20,500,000 CRA Promissory Note (Swap) Series 2006A March 1			
	Principal	Coupon	Interest	Debt Service	Principal	Coupon	Interest	Debt Service	Principal	Coupon	Interest - Swap Not Included	Debt Service
Due												
3/1/2014	925,000	5.125%	757,844	1,682,844	2,170,000	4.000%	1,444,863	3,614,863	1,366,667	7.075%	894,398	2,261,065
3/1/2015	975,000	5.625%	710,438	1,685,438	2,255,000	4.000%	1,358,063	3,613,063	1,366,667	7.075%	797,706	2,164,373
3/1/2016	1,030,000	5.625%	655,594	1,685,594	2,345,000	5.000%	1,267,863	3,612,863	1,366,667	7.075%	701,015	2,067,682
3/1/2017	1,090,000	5.625%	597,656	1,687,656	2,460,000	5.000%	1,150,613	3,610,613	1,366,667	7.075%	604,323	1,970,990
3/1/2018	1,150,000	5.625%	536,344	1,686,344	2,585,000	4.250%	1,027,613	3,612,613	1,366,667	7.075%	507,631	1,874,298
3/1/2019	1,215,000	5.625%	471,656	1,686,656	2,695,000	5.000%	917,750	3,612,750	1,366,667	7.075%	410,939	1,777,606
3/1/2020	1,280,000	5.625%	403,313	1,683,313	2,835,000	5.000%	783,000	3,618,000	1,366,667	7.075%	314,248	1,680,915
3/1/2021	1,355,000	5.625%	331,313	1,686,313	2,975,000	5.000%	641,250	3,616,250	1,366,667	7.075%	217,556	1,584,223
3/1/2022	1,430,000	5.625%	255,094	1,685,094	3,125,000	5.000%	492,500	3,617,500	1,366,667	7.075%	120,864	1,487,531
3/1/2023	1,510,000	5.625%	174,656	1,684,656	3,280,000	5.000%	336,250	3,616,250	341,664	7.075%	24,173	365,837
3/1/2024	1,595,000	5.625%	89,719	1,684,719	3,445,000	5.000%	172,250	3,617,250				
3/1/2025												
3/1/2026												
3/1/2027												
3/1/2028												
3/1/2029												
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3/1/2035												
3/1/2036												
3/1/2037												
3/1/2038												
3/1/2039												
Outstanding	13,555,000				30,170,000				12,641,667			
Callable	13,555,000				20,940,000				N/A			
Non-Callable	N/A				9,230,000				N/A			
Call Provisions	3/1/14 at par				3/1/17 at par				Effective: 9/22/2006 Termination: 11/1/2022			
Credit Enhancement	N/A				XL Capital				N/A			
Purpose	Road improvements, underground water and sewer lines and property purchase				Parking, Boardwalk improvements and water and sewer upgrades				Refunding its Promissory Notes Series, 2004B, 2005A and 2005B			
Underwriter	UBS				Citi				Counterparty: Bank of America			

General Obligation Debt

Par Amount Issue Series Dated Date Due	\$53,680,000 General Obligation Bonds Series 2005 June 1			
	Principal	Coupon	Interest	Debt Service
6/1/2014	1,670,000	4.000%	2,266,638	3,936,638
6/1/2015	1,875,000	5.000%	2,199,838	4,074,838
6/1/2016	2,055,000	5.000%	2,106,088	4,161,088
6/1/2017	2,155,000	5.000%	2,003,338	4,158,338
6/1/2018	2,265,000	5.000%	1,895,588	4,160,588
6/1/2019	2,380,000	5.000%	1,782,338	4,162,338
6/1/2020	2,500,000	5.000%	1,663,338	4,163,338
6/1/2021	2,620,000	5.000%	1,538,338	4,158,338
6/1/2022	2,755,000	5.000%	1,407,338	4,162,338
6/1/2023	2,890,000	5.000%	1,269,588	4,159,588
6/1/2024	3,035,000	5.000%	1,125,088	4,160,088
6/1/2025	3,185,000	5.000%	973,338	4,158,338
6/1/2026	3,345,000	5.000%	814,088	4,159,088
6/1/2027	3,515,000	4.250%	646,838	4,161,838
6/1/2028	3,665,000	4.250%	497,450	4,162,450
6/1/2029	3,820,000	4.375%	341,688	4,161,688
6/1/2030	3,990,000	4.375%	174,563	4,164,563
6/1/2031				
6/1/2032				
6/1/2033				
6/1/2034				
6/1/2035				
6/1/2036				
6/1/2037				
6/1/2038				
6/1/2039				
Outstanding	47,720,000			
Callable	44,175,000			
Non-Callable	3,545,000			
Call Provisions	6/1/15 at par			
Credit Enhancement	FGIC Insurance			
Purpose	Improvements to parks, sports fields and playgrounds			
Underwriter	Bank of America			

Loans Payable

Loans Payable	Original Par Amount	Outstanding Par Amount
Special Obligation Note, Series 2010	8,700,000	6,934,536
Promissory Note, Series 2009A	4,090,122	3,688,306
Promissory Note, Series 2009B	12,245,660	8,097,631
US. Dept of Housing and Urban Development		
Sec 108 Loan Guarantee Program (paid quarterly)	5,585,000	2,640,000
State of Florida Revolving Fund Loans	60,038,666	55,576,850
First Florida Loans - Business Type Activity	7,815,000	5,318,479
First Florida Governmental Financing Commission	59,675,000	30,919,521

Notes:

Per FY 2013 Unaudited CAFR

Outstanding Par is the total outstanding as of 9/30/2013 minus amount due in FY14

Refinancing Experience

Provided below is a listing of Dunlap & Associates, Inc. refinancing experience over the past three years.

Refinancing Experience			
<u>DATE</u>	<u>ISSUER</u>	<u>SALE DESCRIPTION</u>	<u>AMOUNT</u>
11/1/2013	Pasco County	Guaranteed Entitlement Refunding Revenue Bonds, Series 2013B	\$15,310,000
9/25/2013	City of Temple Terrace	Taxable Non-Ad Valorem Refunding Revenue Note, Series 2013	\$24,335,000
9/11/2013	Town of Davie	Water and Sewer Revenue Refunding Bonds, Series 2013	\$14,405,000
9/10/2013	City of Neptune Beach	Water and Sewer Refunding Revenue Note, Series 2013B	\$745,000
9/5/2013	Reedy Creek Improvement District	Ad Valorem Tax Refunding Revenue Bonds, Series 2013B	\$40,950,000
8/22/2013	FSU Financial Assistance, Inc.	Educational, Including Athletic, Facilities Improvement Revenue Refunding Bond, Series 2013	\$8,115,000
8/15/2013	Florida Municipal Power Agency	Tri-City Project Refunding Revenue Bonds, Series 2013	\$16,460,000
8/14/2013	Lee County	Non-Ad Valorem Refunding Bonds, Series 2013	\$35,540,000
8/9/2013	City of Ocala	Capital Improvement Refunding Revenue Certificate Series 2013	\$7,700,000
8/6/2013	Bonita Springs Utilities	Utility System Refunding Revenue Bond, Series 2013	\$7,330,000
7/25/2013	Florida Municipal Power Agency	Stanton Project Refunding Revenue Bonds, Series 2013	\$7,175,000
7/10/2013	Reedy Creek Improvement District	Utilities Revenue Refunding Bonds, Series 2013-1	\$54,915,000
7/10/2013	Pasco County	Half-cent Sales Tax Refunding and Improvement Revenue Bonds, Series 2013A	\$33,785,000
7/10/2013	Pasco County	Guaranteed Entitlement Revenue Refunding Bonds, Series 2013A	\$9,985,000
7/1/2013	Florida Gulf Coast University	Amended and Restated Capital Improvement Revenue Bonds, Series 2005B (Parking Project)	\$5,100,000
7/1/2013	Florida Gulf Coast University	Amended and Restated Capital Improvement Revenue Bonds, Series 2005A (Housing Project)	\$6,800,000
6/10/2013	City of Vero Beach	Water and Sewer System Refunding Revenue Note, Series 2013	\$8,465,000
12/28/2012	City of Dania Beach	Sales Tax Revenue Refunding Bonds, Series 2012	\$1,615,000
12/6/2012	City of DeBary	Stormwater Utility Assessment Refunding Revenue Note, Series 2012	\$4,400,000

Refinancing Experience			
DATE	ISSUER	SALE DESCRIPTION	AMOUNT
11/30/2012	Florida Atlantic University Finance Corporation	Capital Improvement Refunding Revenue Bonds (Student Housing Project), Series 2012B	\$3,440,000
10/31/2012	Lee County	Non Ad Valorem Refunding Revenue Bonds, Series 2012	\$48,385,000
8/29/2012	Lee County	Water and Sewer Refunding Revenue Bonds, Series 2012B	\$7,490,000
8/29/2012	Lee County	Water and Sewer Refunding Revenue Bonds, Series 2012A	\$19,990,000
8/8/2012	Lee County IDA - Bonita Springs Utilities, Inc.	Utility System Refunding Revenue Bond, Series 2012B	\$18,500,000
8/1/2012	City of Ocala	Capital Improvement Refunding Revenue Certificates, Series 2012	\$8,405,000
7/25/2012	City of Vero Beach	Capital Improvement Refunding Revenue Note, Series 2012A	\$2,385,000
7/25/2012	City of Vero Beach	Capital Improvement Refunding Revenue Note, Series 2012B	\$3,505,000
7/11/2012	City of Holly Hill	Water and Sewer System Refunding Revenue Bonds, Series 2012	\$8,440,000
5/3/2012	City of Sanibel	General Obligation Refunding Bank Loan, Series 2012	\$2,970,000
4/30/2012	CityPlace Community Development District (West Palm Beach)	Special Assessment and Revenue Refunding Bonds, Series 2012	\$39,890,000
4/25/2012	City of Holly Hill	Redevelopment Refunding Revenue Bonds, Series 2012	\$4,835,000
3/21/2012	City of North Miami Beach	FMLC Refunding Bonds, Series 2012	\$8,190,000
3/15/2012	Lee County IDA - Bonita Springs Utilities, Inc.	Utility System Refunding Revenue Bond, Series 2012A	\$6,665,000
3/14/2012	FSU Financial Assistance, Inc.	Taxable Educational, Including Athletic, Facilities Improvement Revenue Refunding Bonds, Series 2012B	\$5,925,000
3/14/2012	FSU Financial Assistance, Inc.	Educational, Including Athletic, Facilities - Improvement Revenue Refunding Bonds, Series 2012A	\$35,580,000
2/28/2012	South Lake Tahoe	RFJPA CFD No. 2000-1, Series 2001 Refunding	\$4,521,930
12/7/2011	City of North Miami Beach	Promissory Note, Series 2011A (Refunding of FAC Loan)	\$1,672,000
11/9/2011	Lee County	Transportation Refunding Bank Loan, Series 2011	\$30,700,000
10/4/2011	City of Casselberry	Utility System Revenue Refunding Note, Series 2011A	\$5,400,000
9/23/2011	Florida Municipal Power Agency	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011B	\$44,523,000
9/23/2011	Florida Municipal Power Agency	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011A-2 (Taxable)	\$42,265,000

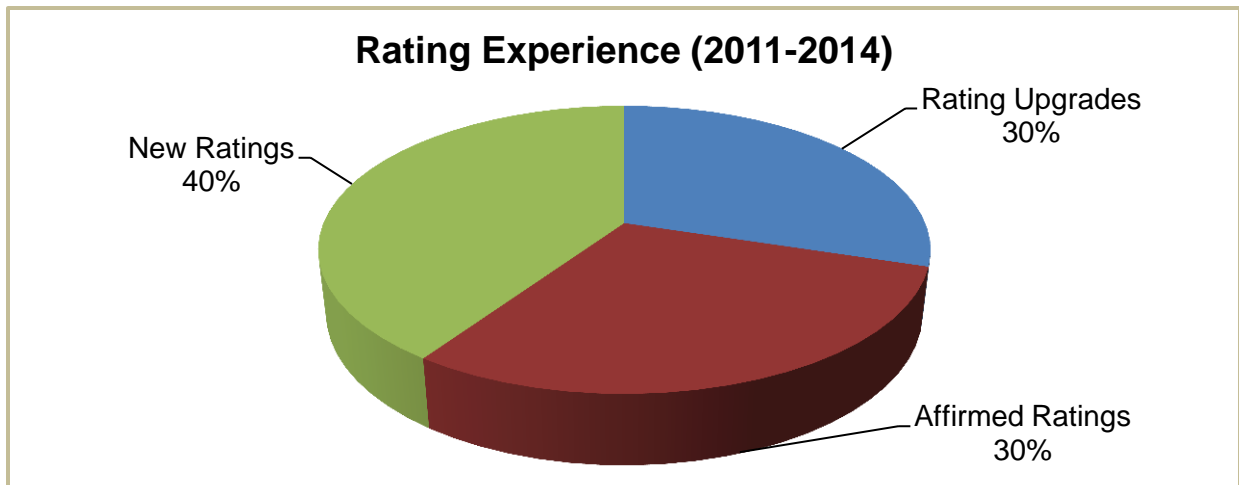
Refinancing Experience			
DATE	ISSUER	SALE DESCRIPTION	AMOUNT
9/23/2011	Florida Municipal Power Agency	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011A-1	\$29,682,000
8/31/2011	City of Lauderhill	Half-Cent Revenue Sales Tax Refunding Bonds, Series 2011B	\$3,700,000
8/31/2011	City of Lauderhill	Half-Cent Revenue Sales Tax Refunding Bonds, Series 2011A	\$2,595,000
8/31/2011	City of Lauderhill	Electric Franchise Refunding Bank Loan, Series 2011B	\$4,901,470
8/31/2011	City of Lauderhill	Electric Franchise Refunding Bank Loan, Series 2011A	\$4,024,569
8/18/2011	City of Casselberry	Sales Tax Refunding Revenue Bond, Series 2011B	\$3,100,000
8/2/2011	Reedy Creek Improvement District	Utilities Revenue Refunding Bonds, Series 2011-1	\$1,200,000
7/21/2011	City of Ocala	Utility Systems Refunding Revenue Bond, Series 2011	\$13,875,000
6/16/2011	Kissimmee Utility Authority	Electric System Refunding Revenue Bonds, Series 2011	\$30,005,000
6/10/2011	City of North Miami Beach	Promissory Note, Series 2011 (Refunding of FMLC Loan)	\$14,835,000
5/26/2011	Pasco County	Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2011 (AMT)	\$39,150,000
4/20/2011	Reedy Creek Improvement District	Ad Valorem Tax Refunding Bonds, Series 2011	\$47,715,000
3/9/2011	Lee County	Capital Revenue Refunding Note, Series 2011 (2000)	\$7,060,000
1/25/2011	City of Aventura	Promissory Note, Series 2011 (Refunding of FMLC Loan)	\$5,565,000
12/30/2010	City of Oakland Park	Refunding Revenue Bonds, Series 2010 (Refunding of FMLC Loan)	\$15,637,000
12/22/2010	City of Winter Park	Water and Sewer Refunding Revenue Bonds, Series 2010	\$16,500,000
12/20/2010	City of Winter Park	Electric Refunding Revenue Bonds, Series 2010	\$5,245,000
12/14/2010	City of Atlantic Beach	Utilities System Revenue Refunding Bonds, Series 2010B	\$690,000
12/7/2010	City of Cocoa	Capital Improvement and Refunding Revenue Bond, Series 2010	\$3,200,000
10/19/2010	City of Jacksonville Beach	Utility Revenue Refunding Bonds, Series 2010	\$37,285,000
9/30/2010	Florida Governmental Utility Authority	Utility Refunding Revenue Bonds (Aloha Utility System), Series 2010B (BABS)	\$121,145,000
9/30/2010	Florida Governmental Utility Authority	Taxable Utility Refunding Revenue Bonds (Aloha Utility System), Series 2010A	\$2,760,000
9/29/2010	City of Lauderhill	Half-Cent Sales Tax Revenue Refunding Bonds, Series 2010	\$6,565,000

Refinancing Experience			
<u>DATE</u>	<u>ISSUER</u>	<u>SALE DESCRIPTION</u>	<u>AMOUNT</u>
9/23/2010	Reedy Creek Improvement District	Ad Valorem Tax Refunding Bonds, Series 2010	\$12,150,000
7/29/2010	City of Plant City	Utility System Refunding Revenue Bonds, Series 2010	\$7,045,000
7/15/2010	City of Winter Park	Park Avenue Refunding Improvement Revenue Bonds, Series 2010	\$2,370,000
6/3/2010	City of Plant City	Non-Ad Valorem Refunding Revenue Note, Series 2010	\$4,610,000
4/6/2010	City of Coral Springs	Water and Sewer Revenue Refunding Bonds, Series 2010	\$8,735,000
2/9/2010	City of West Palm Beach	Utility System Revenue Refunding Bonds, Series 2010	\$15,140,000
1/21/2010	City of West Palm Beach	Public Service Tax Refunding Bonds, Series 2010	\$11,170,000

- e. Outline your firm's experience during the past three years with the major rating agencies. Discuss this experience and its potential applicability to the City.

Rating Agency Experience

Dunlap & Associates, Inc. is the most experienced financial advisory firm in Florida in dealing with rating agencies. Our philosophy is to take a very pro-active role to improve the credit ratings of the clients which we represent.



We have assisted the **majority of our clients** to apply for their **first credit rating**. In fact, we obtained the **first** water and sewer revenue bond rated **AAA in Florida** on behalf of our clients, **the City of Coral Springs and the City of Naples, Florida**. Similarly, for **the City of Coral Springs** general obligation bonds, we were also able to obtain the highest rating of **AAA** from Moody's, Fitch and Standard and Poor's. Due to our knowledge of this process, rating agencies consider our requests for upgrades very seriously and have respected our assessments and justifications for requesting credit upgrades.

Our professionals were trained as credit analysts at major banking institutions. These professionals **continually monitor our clients' financial condition and submit annual or semi-annual credit rating reviews or requests for credit rating upgrades**, depending on the financial condition of each client.

We will provide a specifically tailored rating agency presentation outline for the City of Hollywood, Florida. Once the City compiles the rating agency materials, we review, edit, provide comments and compare to other equally and higher rated issuers to identify strengths or weaknesses. Subsequently, once the rating presentation is in its final stages, we schedule **"practice presentations"** with the presenters which will include **City staff members**. During these practice presentations, **we provide comments to the presenters and ask the questions that can be anticipated from the rating agencies** to ensure that during the day of the credit rating presentations, all issues are properly addressed. Additionally, **we will schedule a rating agency site tour**. In summary, the involvement of the City and our detailed and exhaustive analysis and planning of the presentation, including questions and answers session, will be critical to a successful rating agency presentation and outcome.

Structuring a Financing to Achieve the Highest Credit Rating

Our **in-depth knowledge of the rating agency process, the criteria and guidelines** for each type of financing, allows us to structure each financing to achieve **the highest possible credit rating** while providing a maximum of financing flexibility to our clients, and in turn, **achieve the lowest interest rate cost**. Throughout our financial advisory experience, **we have been successful in obtaining and identifying possible credit rating upgrades** for our clients and to position each one of them in an optimal financial position to achieve high credit ratings.

Provided below is our firm's experience with credit rating agencies over the past three years.

Summary of Recent Ratings (2011-2014)			
Client	Security Type	Recent Rating (Fitch/Moody's/S&P)	Updated
City of Cocoa	Water and Sewer	NA/Aa2/AA	2013
City of Oakland Park	Water and Sewer	AA-/NA/AA-	2011
Florida Governmental Utilities Authority			
Unified Utility System	Utility	A-/A3/NA	2013
Lake Aqua Utility System	Utility	A-/Baa1/NA	2013
Pasco Aqua Utility System	Utility	BBB+/Baa1/NA	2013
Consolidated Utility System	Utility	A-/A2/NA	2012
Golden Gate Utility System	Utility	NA/A3/A	2012
Lehigh Utility System	Utility	A/A2/A	2012
Florida Gulf Coast University Financing Corp.			
Housing System	Housing System	A+/A2/NA	2013
Florida Municipal Power Agency			
St. Lucie Project	Utility	A/A2/NA	2013
Stanton II Project	Utility	A+/A1/NA	2013
Kissimmee Utility Authority	Electric	AA-/A1/NA	2011
Lee County			
Water and Sewer	Water and Sewer	AA/Aa3/AA+	2013
Tourist Development Tax	Tourist Tax	AA-/Aa3/NA	2013
Non-Ad Valorem	Non-Ad Valorem	NA/Aa2/A+	2012
Pasco County			
Guaranteed Entitlement	Guaranteed Entitlement	AA/A1/NA	2013
Half-cent Sales Tax	Half-cent Sales Tax	AA/Aa3/NA	2013
Solid Waste Disposal and Resource Recovery	Solid Waste	-/A1/AA-	2011
Reedy Creek Improvement District			
Ad Valorem Tax	Ad Valorem Tax	AA-/Aa3/A+	2013
Utilities	Utility	A/A1/A	2013
Sunshine Water Control District	Utility	NA/NA/A-	2011
Town of Davie	Water and Sewer	NA/A1/A	2011

* **Red Font - Rating Affirmed**; **Green Font - New Rating**; **Blue Font - Rating Upgrade**

Rating Experience and Applicability to the City of Hollywood, Florida

Provided below are the City's various debt issuances, including ratings, attributes, and drawbacks.

Issue	Fitch	Moody's	Attributes	Drawbacks
General Obligation Debt	"A" Stable revised from Negative	"A1"	Management's ability to negotiate agreements with labor unions. Low debt levels in the future with existing debt maturing in 16 yrs. Improved economic matrix including unemployment levels	Unfunded pension liabilities levels. Ability to achieve housing market improvements above pre-recession levels
Non Ad valorem - First Florida Gov.		"A2"	Same as above	Same as above
Water & Sewer Series 2003, 2010A and 2010B (BABs)	"AA-"		Strong debt service coverage with strong liquidity levels equivalent to 630 days of operation in 2012. Manageable CIP future debt expected to be funded with reserves and subordinated debt	Relatively higher rates than other cities. Continue development of and expansion of reverse osmosis water treatment capabilities and eliminate Atlantic Ocean wastewater outflow by 2015
CDD Parking Taxable 2014 P3 project		"A2"	City backstop with covenant guaranty, strong legal provisions. Revenues include net parking, net public user fee revenues special assessments 1.10 Coverage	Over leveraging of non-ad valorem revenues in the future. Location vulnerable to climate natural hurricanes and narrow topography. Economic conditions/ recessionary pressures on tourism
CRA 2004 ⁽¹⁾ CRA 2007	"A-" "A-"		Strong debt service coverage Area resilient to stress scenarios	Same as above

⁽¹⁾ Only 6.6% of total debt is swapped

Dunlap & Associates, Inc. believes that a **strong case can be made to Fitch for an upgrade to “AA” on the Water and Sewer Bonds**. This recommendation is based on strong debt service coverage levels, liquidity levels and a manageable debt program that is primarily funded with cash.

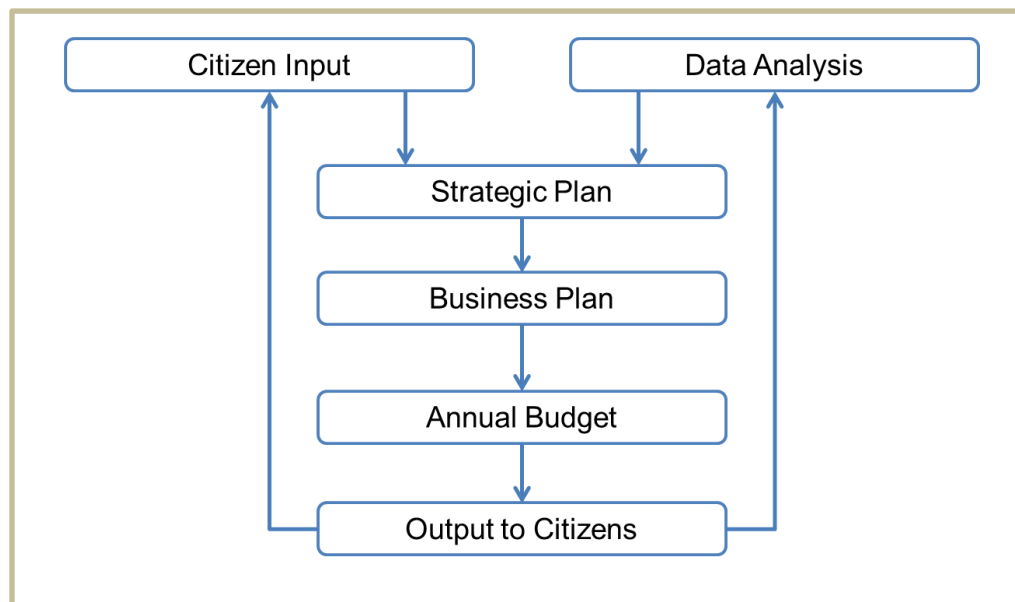
If the City currently has a project that would not qualify for tax-exempt financing, we are aware that the City of Gulf Breeze has approximately \$20 million of “Pre 1986” money is available for lending. Since these funds are governed by “Pre 1986” tax laws, they offer more flexible use in the area of Private Activity Bond. If the City of Hollywood, Florida is interested, Dunlap & Associates, Inc. can assist with the application and closing must occur before December 31, 2014.

- f. Describe the experience of your proposed personnel in developing long-term strategic financial plans for municipal clients. Include case studies completed over the past three (3) years which illustrate the experience of your proposed personnel in this area.

Development of Long-Term Strategic Financial Plans

Michael Levinson, SVP will lead this initiative. As City Manager of Coral Springs, FL (1995-2010), Mr. Levinson developed and implemented a business model that enabled the City to align its scarce resources with customer needs in a most responsive and fiscally responsible way. This proven and practical model is driven by the Malcolm Baldrige criteria and embraces and adapts the principles, practices and decision making tools of high performing companies to the unique challenges of local governments. Employment of this business model enabled the City to achieve an “AAA” credit rating from the three major rating agencies, while reaching customer satisfaction levels from residents, businesses and employees as high as 97%. These results and others enabled the City to become the first local government to receive the Malcolm Baldrige National Quality Award, often referred to as the “Nation’s Nobel Prize for Business”. The City also became the first two-time recipient of the Governors Sterling Award under Mr. Levinson’s leadership. Mr. Levinson continues to serve as the First President Emeritus of the Florida Sterling Council, promoting business excellence throughout the State of Florida. He has advised local governments in Japan, UAE, Chile and New Zealand. He served for 10 years as a faculty member of the Academy for Strategic Management at FIU, lecturing on topics including; strategic planning, business planning, performance based budgeting, capital improvement planning and life cycle costing, forecasting, performance measurement and financial trend monitoring. He utilizes a holistic and integrated approach to strategic and business planning to achieve financial sustainability and customer satisfaction. During the past 3-4 years, Mr. Levinson has advised organizations, including; City of Hallandale Beach, Miami-Dade Health Dept., City of North Miami Beach, Nova Southeastern University, City of South Lake Tahoe (CA), City of Yakima (WA)., Lee County (FL), City of Plantation.

Provided below is a static representation of a dynamic business model to improve customer satisfaction and achieve financial sustainability.



Case Study – South Lake Tahoe

Challenge: “Revenues are stagnant or declining and the public has no appetite for new taxes or fees. The City must adhere to a fiscally prudent course that ensures quality core services and capital investments while living within its means. This financial course necessitates a paradigm shift to a new business model that works better and costs less.” (Source: City Manager)

Strategies:

- Adopt a new business model that is customer-focused and data driven.
- Right size the City organization for long term sustainability and success.
- Prioritize program and services to ensure delivery of strategic and essential services within a balanced budget.
- Development public/private partnerships to leverage City resources.
- Implement a monthly budget variance report to monitor progress and proactively make operational changes to stay within budget.
- Implement a Financial Trend Monitoring System.
- Implement a Renewal and Replacement Fund for the City’s capital assets, including systems, buildings, equipment and rolling stock (fund depreciation).
- Identify long term cost savings and cost-containment opportunities, including pensions, health care plan and outsourcing recession-sensitive services.

Outcomes:

The City has worked successfully in establishing and sustaining a balanced budget, rebuilding cash and reserves, reducing pension liabilities and health care costs. The City recently adopted a capital investment strategy, including investment criteria, for addressing infrastructure decline and prioritizing projects.

- g.** Describe the experience of your proposed personnel with taxable financings. Include descriptions of taxable transactions completed over the past three (3) years which illustrate the experience of your proposed personnel in this area.

Taxable Financing Experience

Provided below is our firm's taxable financing experience over the past three years.

Taxable Financing Experience			
DATE	ISSUER	SALE DESCRIPTION	AMOUNT
9/25/2013	City of Temple Terrace	Taxable Non-Ad Valorem Refunding Revenue Note, Series 2013	\$24,335,000
7/16/2013	Seminole Boosters, Inc.	Promissory Note, Series 2013 (Student Athletic Dorm)	\$6,500,000
6/29/2012	Florida Governmental Utility Authority	Taxable Utility Revenue Bonds (Consolidated Utility System), Series 2012B	\$705,000
3/14/2012	FSU Financial Assistance, Inc.	Taxable Educational, Including Athletic, Facilities Improvement Revenue Refunding Bonds, Series 2012B	\$5,925,000
9/23/2011	Florida Municipal Power Agency	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011A-2 (Taxable)	\$42,265,000
12/14/2010	City of Coral Springs	Capital Revenue Note, Series 2010 (Federally Taxable -Build America Bonds-	\$5,913,000
12/13/2010	City of Cocoa	Water and Sewer System Revenue Bonds, Series 2010 (BABS)	\$24,770,000
9/30/2010	Florida Governmental Utility Authority	Utility Refunding Revenue Bonds (Aloha Utility System), Series 2010B (BABS)	\$121,145,000
9/30/2010	Florida Governmental Utility Authority	Taxable Utility Refunding Revenue Bonds (Aloha Utility System), Series 2010A	\$2,760,000
8/23/2010	Lee County	Tourist Development Tax Revenue Bonds, Series 2010B (BABS)	\$37,403,000
8/23/2010	Lee County	Tourist Development Tax Revenue Bonds, Series 2010A (BABS)	\$42,480,000
7/30/2010	Town of Davie	Water and Sewer Revenue Bonds, Series 2010 (BABS)	\$46,245,000
7/22/2010	Florida Governmental Utility Authority	Taxable Utility Revenue Bonds (North Fort Myers Utility System), Series 2010B (BABS)	\$52,475,000
2/25/2010	Florida Governmental Utility Authority	Taxable Utility Revenue Bonds (Lindrick Utility System), Series 2010 (BABS)	\$24,665,000

In addition to the three years of experience referenced above, **Dunlap & Associates, Inc. has been involved in numerous taxable transactions, including:**

- \$44,100,000 University of Central Florida– taxable lease program
- \$44,500,000 Florida Atlantic University– taxable stadium debt
- City of Vero Beach, Florida (\$11,945,000 – taxable refunding)
- City of West Palm Beach, Florida Community Redevelopment Agency (\$55,155,000 – lease-leaseback)
- Reedy Creek Improvement District (\$9,630,000 – taxable utility debt) and

- Various taxable loans for cities borrowing through the Sunshine State Governmental Financing Commission (SSGFC)

Case Studies



Florida Municipal Power Agency All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011A-2 (Taxable)

Amount:	\$42,265,000
Issuer:	Florida Municipal Power Agency (FMPA) (Client for 35 years)
Credit Rating:	No credit rating required for a taxable bank loan
Purpose of Issue:	Refund outstanding All-Requirements Power Supply Project Revenue Bonds, Series 2008E and 2008D
Structure:	Variable rate bank loan, 13-year maturity
Unique Features:	Refunded bonds eliminated letter of credit requirements, callable any time at par, no debt service reserve fund



Florida State University Financial Assistance, Inc. Taxable Educational, Including Athletic, Facilities Improvement Revenue Refunding Bonds, Series 2012B

Amount:	\$5,925,000
Issuer:	Florida State University Financial Assistance, Inc. (Client for 23 years)
Credit Rating:	A1/A (Moody's/Fitch)
Purpose of Issue:	Issued Taxable bonds to advance refunding of the outstanding Educational, Including Athletic, Facilities Improvement Revenue Refunding Bonds, Series 2003A
Structure:	Fixed rate bond, 7-year maturity
Unique Features:	10-year par call, no debt service reserve fund



Florida Governmental Utility Authority
Taxable Utility Revenue Bonds (Consolidated Utility System), Series
2012B

Amount:	\$705,000
Issuer:	Florida Governmental Utility Authority (FGUA) (Client for 5 years)
Credit Rating:	A2/A- (Moody's/Fitch)
Purpose of Issue:	Issued taxable bonds to finance a portion of 1) the cost of the acquisition of and improvements to the Mad Hatter/Paradise Lakes Utility System by FGUA, and 2) refund existing system debt
Structure:	Fixed rate bond, 20 year maturity
Unique Features:	Swap unwind, fully funded debt service reserve fund, rated, uninsured, non-callable, utility reserve fund

- h. Provide, in chart form, a description of similar municipal engagements performed in the State of Florida since 2010. List date of issue, issue name, issue size, method of sale, participating underwriters, and bond counsel for the transaction, relevant Bond Buyer Index on sale date, T.I.C., gross spread, and the components of the gross spread. Also include in the chart your firm's role in the financing.*

Florida Municipal Engagements

Provided below is a listing of similar municipal engagements in the State of Florida since 2010, all of which Dunlap & Associates, Inc. served as Financial Advisor. (**Legend for “Method of Sale”:** **BL**-Bank Loan, **BN**-Bond Issue, **FR**-Fixed Rate, **VR**-Variable Rate, **C**-Competitive, **N**-Negotiated)

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
11/1/2013	Pasco County	\$15,310,000	Guaranteed Entitlement Refunding Revenue Bonds, Series 2013B	BL, FR	C
10/3/2013	Florida Municipal Power Agency	\$16,745,000	St. Lucie Project Revenue Note, Series 2013	BL, FR	C
9/25/2013	City of Temple Terrace	\$24,335,000	Taxable Non-Ad Valorem Refunding Revenue Note, Series 2013	BL, FR	C
9/16/2013	Florida Municipal Power Agency	\$15,000,000	All-Requirements Power Supply Project Revenue Bonds, Series 2013A	BL, FR	C
9/11/2013	Town of Davie	\$14,405,000	Water and Sewer Revenue Refunding Bonds, Series 2013	BL, FR	C
9/10/2013	City of Neptune Beach	\$3,280,000	Water and Sewer Revenue Note, Series 2013A	BL, FR	C
9/10/2013	City of Neptune Beach	\$745,000	Water and Sewer Refunding Revenue Note, Series 2013B	BL, FR	C
9/5/2013	Reedy Creek Improvement District	\$344,960,000	Ad Valorem Tax Bonds, Series 2013A	BN, FR	N
9/5/2013	Reedy Creek Improvement District	\$40,950,000	Ad Valorem Tax Refunding Revenue Bonds, Series 2013B	BN, FR	N
8/22/2013	FSU Financial Assistance, Inc.	\$8,115,000	Educational, Including Athletic, Facilities Improvement Revenue Refunding Bond, Series 2013	BL, FR	C
8/15/2013	Florida Municipal Power Agency	\$16,460,000	Tri-City Project Refunding Revenue Bonds, Series 2013	BL, FR	C
8/14/2013	Lee County	\$35,540,000	Non-Ad Valorem Refunding Bonds, Series 2013	BN, FR	N
8/9/2013	City of Ocala	\$7,700,000	Capital Improvement Refunding Revenue Certificate Series 2013	BL, FR	C
8/6/2013	Bonita Springs Utilities	\$7,330,000	Utility System Refunding Revenue Bond, Series 2013	BL, FR	C
7/31/2013	Lee County	\$53,755,000	Water and Sewer Revenue Bonds, Series 2013A	BN, FR	N
7/31/2013	Lee County	\$39,440,000	Water and Sewer Revenue Bonds, Series 2013B	BN, FR	N

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
7/25/2013	Florida Municipal Power Agency	\$7,175,000	Stanton Project Refunding Revenue Bonds, Series 2013	BL, FR	C
7/16/2013	Seminole Boosters, Inc.	\$6,500,000	Promissory Note, Series 2013 (Student Athletic Dorm) (Taxable)	BL, FR	C
7/11/2013	City of Lauderhill	\$11,225,000	Capital Improvement Revenue Bonds, Series 2013 (Electric)	BN, FR	N
7/10/2013	Reedy Creek Improvement District	\$54,915,000	Utilities Revenue Refunding Bonds, Series 2013-1	BN, FR	N
7/10/2013	Pasco County	\$33,785,000	Half-cent Sales Tax Refunding and Improvement Revenue Bonds, Series 2013A	BN, FR	N
7/10/2013	Pasco County	\$9,985,000	Guaranteed Entitlement Revenue Refunding Bonds, Series 2013A	BN, FR	N
7/1/2013	Florida Gulf Coast University	\$5,100,000	Amended and Restated Capital Improvement Revenue Bonds, Series 2005B (Parking Project)	BL, FR	C
7/1/2013	Florida Gulf Coast University	\$6,800,000	Amended and Restated Capital Improvement Revenue Bonds, Series 2005A (Housing Project)	BL, FR	C
6/26/2013	City of Holly Hill	\$1,540,000	Water and Sewer Revenue Note, Series 2013	BL, FR	C
6/11/2013	Florida Gulf Coast University	\$30,000,000	Capital Improvement Revenue bonds, Series 2013	BN, FR	C
6/10/2013	City of Vero Beach	\$8,465,000	Water and Sewer System Refunding Revenue Note, Series 2013	BL, FR	C
5/29/2013	Lee County	\$41,475,000	Tourist Development Tax Bonds, Series 2013 (Minnesota Twins)	BN, FR	N
4/24/2013	City of Holly Hill CRA	\$5,000,000	Redevelopment Revenue Note, Series 2013	BL, FR	C
3/28/2013	Florida Governmental Utility Authority	\$18,090,000	Utility Revenue Bonds (Lake Aqua Utility System), Series 2013A and 2013B	BN, FR	N
3/28/2013	Florida Governmental Utility Authority	\$20,140,000	Utility Revenue Bonds (Pasco Aqua Utility System), Series 2013A and 2013B	BN, FR	N
3/28/2013	Florida Governmental Utility Authority	\$27,325,000	Utility Revenue Bonds (Unified Utility System), Series 2013A and 2013B	BN, FR	N
3/1/2013	Trinity Preparatory School	\$13,000,000	Industrial Development Revenue Bonds, (Trinity Preparatory School Project), Series 2013	BL, VR	N
12/28/2012	City of Dania Beach	\$1,615,000	Sales Tax Revenue Refunding Bonds, Series 2012	BL, FR	C
12/21/2012	Florida Governmental Utility Authority	\$20,275,000	Utility Refunding Revenue Bonds (Golden Gate Utility System), Series 2012	BN, FR	N
12/21/2012	Florida Governmental Utility Authority	\$31,080,000	Utility Refunding Revenue Bonds (Lehigh Utility System), Series 2012	BN, FR	N

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
12/6/2012	City of DeBary	\$4,400,000	Stormwater Utility Assessment Refunding Revenue Note, Series 2012	BL, FR	C
11/30/2012	Florida Atlantic University Finance Corporation	\$3,440,000	Capital Improvement Refunding Revenue Bonds (Student Housing Project), Series 2012B	BL, FR	N
11/28/2012	Town of Davie	\$28,190,000	Water and Sewer Revenue Bonds, Series 2011	BN, FR	N
11/21/2012	City of Hallandale Beach	\$5,050,000	Revenue Notes, Series 2012	BL, FR	C
11/4/2012	City of Cocoa	\$1,250,000	Transportation Improvement Revenue Note, Series 2012	BL, FR	N
10/31/2012	Lee County	\$48,385,000	Non Ad Valorem Refunding Revenue Bonds, Series 2012	BN, FR	N
10/17/2012	FSU Financial Assistance, Inc.	\$13,065,000	Educational, Including Athletic, Facilities - Improvement Revenue Bonds, Series 2012C	BN, FR	N
9/26/2012	City of Lauderhill	\$5,000,000	Water and Sewer Revenue Bonds, Series 2012	BL, FR	C
9/12/2012	Florida Municipal Power Agency	\$58,870,000	St. Lucie Project Revenue Bonds, Series 2012	BN, FR	N
9/12/2012	Florida Municipal Power Agency	\$77,520,000	Stanton II Project, Series 2012	BN, FR	N
9/6/2012	City of Oakland Park	\$17,175,000	Water and Sewer Bonds, Series 2012	BN, FR	N
8/29/2012	Lee County	\$7,490,000	Water and Sewer Refunding Revenue Bonds, Series 2012B	BL, FR	N
8/29/2012	Lee County	\$19,990,000	Water and Sewer Refunding Revenue Bonds, Series 2012A	BL, FR	N
8/8/2012	Lee County IDA - Bonita Springs Utilities, Inc.	\$18,500,000	Utility System Refunding Revenue Bond, Series 2012B	BL, FR	C
8/3/2012	City of Hallandale Beach	\$2,770,000	Promissory Note, Series 2012	BL, FR	C
8/1/2012	City of Ocala	\$8,405,000	Capital Improvement Refunding Revenue Certificates, Series 2012	BL, FR	C
7/25/2012	City of Vero Beach	\$2,385,000	Capital Improvement Refunding Revenue Note, Series 2012A	BL, FR	C
7/25/2012	City of Vero Beach	\$3,505,000	Capital Improvement Refunding Revenue Note, Series 2012B	BL, FR	C
7/28/2012	The FAU Finance Corporation	\$46,205,000	Capital Improvement Revenue Bonds (Student Housing Project), Series 2012A	BN, FR	C
7/11/2012	City of Holly Hill	\$8,440,000	Water and Sewer System Refunding Revenue Bonds, Series 2012	BL, FR	C
6/29/2012	Florida Governmental Utility Authority	\$705,000	Taxable Utility Revenue Bonds (Consolidated Utility System), Series 2012B	BL, FR	N
6/29/2012	Florida Governmental Utility Authority	\$20,640,000	Utility Revenue Bonds (Consolidated Utility System), Series 2012A	BL, FR	N

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
6/15/2012	City of Aventura	\$9,885,000	Promissory Note, Series 2012	BL, FR	C
5/3/2012	City of Sanibel	\$2,970,000	General Obligation Refunding Bank Loan, Series 2012	BL, FR	C
4/30/2012	CityPlace Community Development District (West Palm Beach)	\$39,890,000	Special Assessment and Revenue Refunding Bonds, Series 2012	BL, FR	N
4/25/2012	City of Holly Hill	\$4,835,000	Redevelopment Refunding Revenue Bonds, Series 2012	BL, FR	C
3/21/2012	City of North Miami Beach	\$8,190,000	FMLC Refunding Bonds, Series 2012	BL, FR	C
3/15/2012	Lee County IDA - Bonita Springs Utilities, Inc.	\$6,665,000	Utility System Refunding Revenue Bond, Series 2012A	BL, FR	C
3/14/2012	FSU Financial Assistance, Inc.	\$5,925,000	Taxable Educational, Including Athletic, Facilities Improvement Revenue Refunding Bonds, Series 2012B	BN, FR	N
3/14/2012	FSU Financial Assistance, Inc.	\$35,580,000	Educational, Including Athletic, Facilities - Improvement Revenue Refunding Bonds, Series 2012A	BN, FR	N
12/15/2011	City of Oakland Park	\$5,765,000	Stormwater Assessment Bonds, Series 2011	BL, FR	C
12/7/2011	City of North Miami Beach	\$1,672,000	Promissory Note, Series 2011A (Refunding of FAC Loan)	BL, FR	C
11/9/2011	Lee County	\$30,700,000	Transportation Refunding Bank Loan, Series 2011	BN, FR	N
10/4/2011	City of Casselberry	\$5,400,000	Utility System Revenue Refunding Note, Series 2011A	BL, FR	C
9/28/2011	Town of Davie	\$49,930,000	Water and Sewer Revenue Bonds, Series 2011	BN, FR	N
9/23/2011	Florida Municipal Power Agency	\$44,523,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011B	BN, FR	N
9/23/2011	Florida Municipal Power Agency	\$42,265,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011A-2 (Taxable)	BN, FR	N
9/23/2011	Florida Municipal Power Agency	\$29,682,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2011A-1	BN, FR	N
8/31/2011	City of Lauderhill	\$3,700,000	Half-Cent Revenue Sales Tax Refunding Bonds, Series 2011B	BL, FR	C
8/31/2011	City of Lauderhill	\$2,595,000	Half-Cent Revenue Sales Tax Refunding Bonds, Series 2011A	BL, FR	C
8/31/2011	City of Lauderhill	\$4,901,470	Electric Franchise Refunding Bank Loan, Series 2011B	BL, FR	C
8/31/2011	City of Lauderhill	\$4,024,569	Electric Franchise Refunding Bank Loan, Series 2011A	BL, FR	C

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
8/18/2011	City of Casselberry	\$3,100,000	Sales Tax Refunding Revenue Bond, Series 2011B	BL, FR	C
8/18/2011	City of Casselberry	\$5,345,000	Sales Tax Revenue Bond, Series 2011A	BL, FR	C
8/2/2011	Reedy Creek Improvement District	\$1,200,000	Utilities Revenue Refunding Bonds, Series 2011-1	BL, FR	C
7/21/2011	City of Ocala	\$13,875,000	Utility Systems Refunding Revenue Bond, Series 2011	BL, FR	C
6/28/2011	Florida Municipal Power Agency	\$24,305,000	St. Lucie Project Revenue Bonds, Series 2011B	BN, FR	N
6/28/2011	Florida Municipal Power Agency	\$34,870,000	St. Lucie Project Revenue Bonds, Series 2011A	BN, FR	N
6/16/2011	Kissimmee Utility Authority	\$30,005,000	Electric System Refunding Revenue Bonds, Series 2011	BN, FR	N
6/14/2011	Florida Gulf Coast University	\$30,000,000	Capital Revenue Bonds, Series 2011A	BN, FR	C
6/10/2011	City of North Miami Beach	\$14,835,000	Promissory Note, Series 2011 (Refunding of FMLC Loan)	BL, FR	C
5/26/2011	Pasco County	\$39,150,000	Solid Waste Disposal and Resource Recovery System Refunding Revenue Bonds, Series 2011 (AMT)	BN, FR	N
4/26/2011	City of Holly Hill	\$4,550,000	Water and Sewer System Revenue Bond, Series 2011	BL, FR	C
4/20/2011	Sunshine Water Control District	\$12,880,000	Special Assessment Revenue Improvement Bonds, Series 2011	BN, FR	N
4/20/2011	Reedy Creek Improvement District	\$47,715,000	Ad Valorem Tax Refunding Bonds, Series 2011	BL, FR	C
3/9/2011	Lee County	\$7,060,000	Capital Revenue Refunding Note, Series 2011 (2000)	BL, FR	N
1/25/2011	City of Aventura	\$5,565,000	Promissory Note, Series 2011 (Refunding of FMLC Loan)	BL, FR	C
12/30/2010	City of Oakland Park	\$15,637,000	Refunding Revenue Bonds, Series 2010 (Refunding of FMLC Loan)	BN, FR	N
12/22/2010	City of Winter Park	\$16,500,000	Water and Sewer Refunding Revenue Bonds, Series 2010	BN, FR	N
12/20/2010	City of Winter Park	\$5,245,000	Electric Refunding Revenue Bonds, Series 2010	BL, FR	N
12/17/2010	Florida Municipal Power Agency	\$20,500,000	St. Lucie Project Revenue Bonds, Series 2010	BL, FR	N
12/14/2010	City of Atlantic Beach	\$690,000	Utilities System Revenue Refunding Bonds, Series 2010B	BL, FR	C
12/14/2010	City of Atlantic Beach	\$9,137,440	Utilities System Subordinated Revenue Bonds, Series 2010A-2	BL, FR	C
12/14/2010	City of Atlantic Beach	\$892,560	Utilities System Revenue Bonds, Series 2010A-1	BL, FR	C

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
12/14/2010	City of Coral Springs	\$5,913,000	Capital Revenue Note, Series 2010 (Federally Taxable -Build America Bonds-Recovery Zone Economic Development Bonds-Direct Subsidy)	BL, FR	C
12/13/2010	City of Cocoa	\$24,770,000	Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable - BABs - Direct Subsidy)	BN, FR	N
12/7/2010	City of Cocoa	\$3,200,000	Capital Improvement and Refunding Revenue Bond, Series 2010	BL, FR	C
11/23/2010	Florida Atlantic University	\$44,500,000	Capital Improvement Revenue Bonds (Football Stadium Project), Series 2010 (Direct Subsidy BABs)	BL, FR	N
11/12/2010	City of Neptune Beach	\$700,000	Infrastructure Surtax Revenue Bond, Series 2010B	BL, FR	C
11/12/2010	City of Neptune Beach	\$1,700,000	Infrastructure Surtax Revenue Bond, Series 2010A	BL, FR	C
10/29/2010	Higher Educational Facilities Financing Authority	\$23,825,000	Educational Facilities Revenue Bonds, Series 2010 (Bethune-Cookman University, Inc. Project)	BN,VR	N
10/19/2010	City of Jacksonville Beach	\$37,285,000	Utility Revenue Refunding Bonds, Series 2010	BL, FR	C
9/30/2010	Florida Governmental Utility Authority	\$121,145,000	Utility Refunding Revenue Bonds (Aloha Utility System), Series 2010B (Federally Taxable BABs-Direct Subsidy)	BN, FR	N
9/30/2010	Florida Governmental Utility Authority	\$2,760,000	Taxable Utility Refunding Revenue Bonds (Aloha Utility System), Series 2010A	BN, FR	N
9/29/2010	City of Lauderhill	\$6,565,000	Half-Cent Sales Tax Revenue Refunding Bonds, Series 2010	BL, FR	C
9/29/2010	City of Lauderhill	\$10,000,000	Water Utility Tax Revenue Bonds, Series 2010	BL, FR	C
9/23/2010	City of Aventura	\$10,385,000	Promissory Note, Series 2010	BL, FR	C
9/23/2010	Reedy Creek Improvement District	\$12,150,000	Ad Valorem Tax Refunding Bonds, Series 2010	BL, FR	C
9/22/2010	FGCU Financing Corporation	\$17,000,000	Capital Improvement Revenue Bonds, Series 2010B (Housing Acquisition Project)	BN, FR	N
8/23/2010	Lee County	\$1,275,000	Tourist Development Tax Revenue Bonds, Series 2010C	BN, FR	N
8/23/2010	Lee County	\$37,403,000	Tourist Development Tax Revenue Bonds, Series 2010B (Federally Taxable BABs)	BN, FR	N
8/23/2010	Lee County	\$42,480,000	Tourist Development Tax Revenue Bonds, Series 2010A (Federally Taxable BABs-Direct Subsidy)	BN, FR	N

Issue Date	Issuer	Issue Size	Issue Description	Method of Sale	
8/12/2010	City of Oakland Park	\$14,885,000	Water and Sewer Revenue Bonds, Series 2010	BN, FR	N
7/30/2010	Town of Davie	\$46,245,000	Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable BABs-Direct Subsidy)	BN, FR	N
7/29/2010	City of Plant City	\$7,045,000	Utility System Refunding Revenue Bonds, Series 2010	BL, FR	C
7/22/2010	Florida Governmental Utility Authority	\$52,475,000	Taxable Utility Revenue Bonds (North Fort Myers Utility System), Series 2010B (Federally Taxable - BABs - Direct Subsidy)	BL, FR	N
7/22/2010	Florida Governmental Utility Authority	\$9,965,000	Tax-Exempt Utility Revenue Bonds (North Fort Myers Utility System), Series 2010A	BN, FR	N
7/22/2010	FGCU Financing Corporation	\$32,000,000	Capital Improvement Revenue Bonds, Series 2010A (Housing Project)	BN, FR	N
7/15/2010	City of Winter Park	\$2,370,000	Park Avenue Refunding Improvement Revenue Bonds, Series 2010	BL, FR	C
6/9/2010	Lee County	\$115,987	Revenue Note, Series 2010A (McGregor Isles)	BL, FR	C
6/3/2010	City of Plant City	\$4,610,000	Non-Ad Valorem Refunding Revenue Note, Series 2010	BL, FR	C
5/28/2010	City of Dania Beach	\$1,005,855	Lease/Purchase Agreement with TD Equipment Financing	BL, FR	C
5/4/2010	City of Dania Beach	\$3,500,000	General Obligation Bank Loan, Series 2010	BL, FR	C
4/6/2010	City of Coral Springs	\$8,735,000	Water and Sewer Revenue Refunding Bonds, Series 2010	BN, FR	C
2/25/2010	Florida Governmental Utility Authority	\$24,665,000	Taxable Utility Revenue Bonds (Lindrick Utility System), Series 2010 (Federally Taxable - BABs - Direct Subsidy)	BN, FR	N
2/24/2010	The FAU Finance Corporation	\$3,365,000	Capital Improvement Subordinate Revenue Bonds (Innovation Village Project), Series 2010B	BN, FR	N
2/24/2010	The FAU Finance Corporation	\$112,455,000	Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010A-BAB	BN, FR	N
2/24/2010	The FAU Finance Corporation	\$8,475,000	Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010A (Tax-Exempt)	BN, FR	N
2/16/2010	City of Winter Park CRA	\$8,100,000	Redevelopment Revenue Bonds, Series 2010 (Community Center)	BN, FR	C
2/9/2010	City of West Palm Beach	\$15,140,000	Utility System Revenue Refunding Bonds, Series 2010	BN, FR	N
1/21/2010	City of West Palm Beach	\$11,170,000	Public Service Tax Refunding Bonds, Series 2010	BN, FR	N

- i. *What experience does your firm have in representing public entities in negotiations with private vendors or developers in matters of service agreements and financial plans?*

Case Study – City of Coral Springs, Florida Hotel and Convention Center Project

Dunlap & Associates, Inc. served as Financial Advisor to the City of Coral Springs for a Public Private Partnership (P3) to construct a full service Marriott Resort Hotel. Mr. Mike Levinson, a current employee of Dunlap & Associates, Inc. was the City Manager of Coral Springs at the time and was the City's primary negotiator on the Master Development Agreement and Convention Center Lease Agreement with John Q. Hammons (JQH) and WCI Communities. Dunlap & Associates, Inc.'s responsibilities were:

- Review feasibility reports, capital improvement plans, cash flows and legal documents
- Review proformas to determine the best structuring opportunities to maximize lease payments to the City
- Obtain, through a competitive process, the lowest cost of capital to construct the Convention Center portion of the Project while weighing the risks and rewards of various options
- Prepared an RFP for the financing, setting the terms and conditions
- Reviewed the financial terms of the Feasibility Study for the Hotel portion of the Project
- Reviewed and proposed financial products under consideration for suitability, financial benefits, and risk levels
- Assisted in the preparation of RFP's for potential vendors and served as a consultant to the Evaluation Committee

Provided below is a summary of the transaction:

Project Description: A partnership between The City of Coral Springs (City), John Q. Hammons (JQH) and WCI Communities (WCI) resulting in a 241 room, full-service Marriott Resort Hotel owned and operated by JQH, a 30,000 sq. ft. City-owned Convention Center, including convention, meeting room and exhibition space, operated by JQH, and an 18 hole TPC public golf course owned and operated by WCI, home to the Honda Classic Golf Tournament.



- City purchases 8 acres of land from WCI and conveys approximately 3.5 acres of land to JQH.
- JQH designs, finances, builds, owns and operates the Hotel.
- City contracts with JQH to design and build the Convention Center (connected to Hotel) and convey same to City.
- City issues \$8 million of taxable capital improvement bonds to fund the design and construction of Convention Center by JQH.

- City leases Convention Center to JQH wherein JQH agrees to be responsible for all costs, expenses and obligations associated with the operation of Convention Center.
- JQH agrees to hold City harmless for all matters related to the operation and management of Convention Center (including operating deficits).
- In consideration of said lease, JQH agrees to compensate the City a percentage of gross revenues (1.5%) from the operation of the Convention Center and Hotel.
- JQH enters into franchise agreement with Marriott to operate the Hotel and Convention Center under the Marriott Resort flag, payable from operating revenues.
- WCI agrees to design, finance, build, own and operate a TPC course adjacent to the Hotel, open to the public.
- Parties agree to joint marketing arrangement.

Case Studies – Florida Atlantic University

1. Florida Atlantic University began its vision to transform the University to a more traditional college campus with the financing of the **FAU Finance Corporation, \$120.93 million Capital Improvement Revenue Bonds, Series 2010A Tax Exempt and Taxable Build America Bonds (Innovation Village Project)**. The purpose of the Series 2010 Bonds was to (1) acquire a lease hold interest in the site of the Existing Housing Facilities on the FAU campus, (2) acquire and finance the construction and installation of a new 504,000 square foot, 1,216 beds student housing facility located on the northeast portion of the FAU campus in Boca Raton. Construction of these facilities began in March 2010 and was completed in August 2011.



Dunlap & Associates, Inc. served as Financial Advisor for this transaction after the Developer and Underwriters were competitively selected. Dunlap & Associates, Inc. responsibilities included:

- Review of the plan of finance, structure and interest rates
- Work with the Underwriter to prepare Rating Presentations. Ratings were secured from S&P (A), Moody's (A2), and Fitch (A)
- Proposed that the Series 2010 Bonds be issued as Build America Bonds, which provided for a 35% Federal interest subsidy. This idea resulted in the annual debt service being reduced by approximately \$900,000 per year. The all-in true interest cost, net of the 35% subsidy was **4.871%**. Due to the Federal Budget Sequestration, the 35% subsidy has been temporarily reduced to 28%; however the net interest cost is still very attractive when compared to traditional tax-exempt rates available in March 2010.

2. FAU Finance Corporation, \$44.5 million Capital Improvement Revenue Bonds, Series 2010 (Football Stadium Project).

This project could not be financed at reasonable interest rate in the public market due to the “start-up” nature and no historical revenue and expense history. This financing was done by way of a “private placement” with Regions Bank. The financing terms, conditions, and structure required creative solutions in order to obtain financing. Dunlap & Associates, Inc. worked as an integral part of the TEAM which included FAU Staff from the Office of Administration, Finance, General Counsel, Athletics, Purchasing, and Facilities Management. The private placement also included Build America Bonds, which were also eligible for a 35% Federal interest subsidy. The initial interest rate was for a seven year period and carried a rate of approximately **3.816%** net of the 35% Federal interest subsidy.



3. FAU Finance Corporation, \$46.205 million Capital Improvement Revenue Bonds, Series 2012A. This project financed the acquisition, construction, and installations of a new 614 bed Housing Facility of Approximately 190,000 square feet. Dunlap & Associates, Inc. served as Financial Advisor on this P3 Project and performed traditional Financial Advisory services similar to those done on other P3 projects.

Case Study – CityPlace Community Development District

On December 15, 1998, the CityPlace Community Development District (CDD) issued its \$55,155,000 Capital Improvement Revenue Bonds, Series 1998. Dunlap & Associates, Inc. served as Financial Advisor to the City of West Palm Beach, Florida and was the “Architect” of this financing structure. The security for these Bonds was:



1. The Tax Incremental Revenues of the CityPlace CRA.
2. Special Assessments levied by the CityPlace CDD located within the CityPlace CRA.
3. A pledge of up to \$2 million per year from the existing West Palm Beach Downtown CRA (Coverage Revenues)
4. A “Debt Service Reserve Fund” (DSRF) Support Agreement from the City of West Palm Beach, Florida to reimburse the DSRF, if required, within 12 months from legally available non-ad valorem revenues of the City. This Support Agreement was never called upon to reimburse the Series 1998 Debt Service Reserve Fund. This was a “springing covenant” that was extinguished in 2008.

On April 30, 2012, the CityPlace CDD issued its \$39,890,000 Special Assessment and Revenue Refunding Bonds, Series 2012. Dunlap & Associates, Inc. due to our “institutional knowledge” of this transaction and its structure was asked to serve as the Financial Advisor for this refunding transaction by the City of West Palm Beach.

Case Studies – Florida Governmental Utility Authority

- A. Private to Public Acquisition of the Lindrick Utility System**
Size: \$24,665,000
Dated Date: 03/10/2010

- B. Private to Public Acquisition of the North Ft. Myers Utility System**
Size: \$62,440,000
Dated Date: 07/30/2010

- C. Private to Public Acquisition of the Aloha Utility System**
Size: \$123,905,000
Dated Date: 10/13/2010

- D. Private to Public Acquisition of the Consolidated Utility System**
Size: \$21,345,000
Dated Date: 06/29/12

These transactions involved the issuance of taxable and tax-exempt debt by the Florida Governmental Utility Authority (FGUA) to acquire Private Utility Systems.

FGUA was created pursuant to Chapters 125, 163 and 166 of the Florida Statutes in 1999. FGUA acquires Private Utility Systems in cooperation with a host municipal government. Government Services Group (GSG) has an Agreement with FGUA to own and operate their utility systems. The professionals involved in these transactions perform the same types of analysis found in Public/Private Partnership transactions.

Case Study – Florida International University

Dunlap & Associates, Inc. is currently working on a Public-Private Partnership financing to build approximately 600 beds for student housing and 200 parking spaces for the FIU Biscayne Bay Campus. This \$80 million project will be financed in June 2014 through the Miami-Dade Industrial Development Authority. Dunlap & Associates, Inc. reviewed all proposals from the Private Developers and participated in the negotiating sessions.

- j. Provide samples of work products, such as a comprehensive debt management policy, long-term financial plans and non-transactional project reports.*

Sample Work Products

Provided in “Appendix B” are the following sample work products:

1. Florida Municipal Power Agency (FMPA) Debt Policy
2. Oakland Park Debt Policy

For additional sample work products please refer to pages 64-68 of our response.

- a. *What technical and legal support services do you have available? How would you utilize them in the formulation of the financing plan and in support of the City's financing program?*

Technical Support

Dunlap & Associates, Inc. has the most **advanced computer capabilities**, telecommunications and market information systems available in the industry. Our firm has state-of-the-art computer equipment, including local units which enable us to promptly verify bids or escrow requirements. Currently, we maintain the most modern software program for sizing, structuring, refunding, data base and graphics. Additionally, our programs are able to provide for **optimum open market escrow funding** through linear programming techniques which have proven valuable in periods of negative arbitrage. Our analytical and computer capabilities are available to our clients for all phases of their financings. In fact, with our local units, we can provide clients with this information while we are at their offices. This will prove extremely beneficial, especially during volatile market conditions. **The accuracy of all of our software has been actuarially verified by major accounting firms** involved in the verification of bond issues and/or escrow funds. Dunlap & Associates, Inc. provides its clients with a comprehensive array of analytical capabilities. Dunlap & Associates, Inc. professionals include members experienced in credit research, economic analysis, computer analysis, municipal bond structuring and refunding techniques.

To supplement Dunlap & Associates, Inc. in-house financial analysis models, **Dunlap & Associates, Inc. uses a bond structuring program developed by DuBois, Brown & Co., Inc.**, which optimally sizes and structures debt issues given any number of constraints. This municipal finance program, which currently constitutes the industry standard, is integrated with other proprietary computer programs transformed into graphics for presentation purposes. Dunlap & Associates, Inc. maintains extensive computer applications which are used for debt structuring, cash flow analyses, debt management, and other modeling requirements.

- b. Describe the specific services that your firm provides to municipal clients during bond pricing. What sources of information are utilized to provide pricing comparisons? Identify firm resources, including any dedicated staff that will be available to the City during bond pricing.*

Bond Pricing Services

Our access to market information is among the finest in the industry. Available resources include real-time Telerate, Market Master and Reuters as well as syndicate managers with major municipal securities underwriting desks in Florida and New York. In short, our pulse is continually on the market. This capability is critical during the pricing of issues, especially because unlike other firms, we do not rely on second-hand information.

Our firm subscribes to several online services, including Bloomberg and Thomson Financial Municipal Market Data (MMD). Though we do not engage in underwriting of tax-exempt debt, our personnel possess the knowledge and expertise necessary to provide market information on a current basis. This is done through the above mentioned services, the DAC system and the tracking of interest rate trends for sales occurring in Florida and nationally. Mr. Craig Dunlap also worked for twelve years as the head of the public finance department in Florida for Dean Witter Reynolds, now Morgan Stanley. His primary duties included negotiated underwritings in the State of Florida. As a result of this experience, he has a complete knowledge of the underwriting process and can discuss markets with syndicate desks. This underwriting knowledge, coupled with Dunlap & Associates, Inc. being an **independent** financial advisory firm, will provide the City **unbiased** advice that is not influenced by corporate pressures.

On both the week and business day prior to the day of pricing, Dunlap & Associates, Inc., as Financial Advisor, will coordinate with the book-running senior manager a pre-pricing conference call with the City and the underwriting team to discuss the proposed pricing terms, order period, underwriting spreads components, market conditions, priority of orders and allocations and other necessary pricing information.

Dunlap & Associates, Inc. is committed to providing the City with the most cost-effective financing structure, including competitive underwriting fees, aggressive interest rates and a bond structure that is tailored most efficiently to market preferences and the City's objectives.

The Financial Advisor will assist the City in choosing an underwriting team that, as a group, can market its issue with strength to the entire investor spectrum. We recommend an underwriting team that has **both strong institutional and retail investor relations**. With a steady retail demand for Florida bonds, Dunlap & Associates, Inc. recommends **a separate retail order period with retail orders having equal priority with institutional orders**. The City and the financial advisor can then weigh what is best for the overall allotment of bonds and still satisfy both investor constituencies.

Specifically, regional and national firms with local offices will provide the most value to the transaction as co-managers. Such a syndicate structure will ensure additional secondary market liquidity. In the past, we have achieved success with this structure, as the underwriting team is equipped to target different tiers of investors which can provide the incremental margin of demand that will enable the City to maximize demand on its offering.

- c. *What role would your firm expect to play in evaluating financing alternatives other than municipal bonds? What alternatives would be considered?*

Financing Alternatives

Dunlap & Associates, Inc. has extensive experience in alternative financing approaches, including, bank loans, monetization of equity strategies, leasing, public/private partnerships, and structuring economic development incentive packages.

We are strong proponents of public/private partnerships wherein municipalities leverage non or under-performing assets with the assets of the private sector, non-profits or other governmental entities to accomplish public-purpose objectives otherwise unattainable in the foreseeable future. Dunlap, in this regard, will assist the City in identifying, soliciting partners (preparation of prospectuses), structuring (achieving a balance between risk and financial reward) and implementing these opportunities. Mr. Dunlap and Mr. Levinson will be available to assist the City in these matters. Mr. Dunlap's relevant experience includes CityPlace CDD, Florida Atlantic Finance Corporation, Florida International Housing (P3), and Florida Governmental Financing Authority acquisitions of private utility systems. Mr. Levinson's experience includes South Lake Tahoe Ice Arena, Saveology IcePlex – Official Practice Facility of the Florida Panthers and public skating facility, Coral Springs Marriott Hotel and Convention Center, Coral Glades High School (Coral Springs), SunWest Wake Park Project (Pasco County), Wiregrass Sports Park (Pasco County), Coral Springs Municipal Charter School, Broward College Coral Springs Campus, Coral Springs Museum of Art.

Provided on the following page is a summary of different financing alternatives.

	Capital Markets Solution					Bank Product			
Product	Fixed	Commercial Paper	Bond Anticipation Note	Public Market Floating Rate	VRDB	Line of Credit	DP-Variable	DP-Drawdown	DP-Fixed
Description	Fixed interest rate and fixed maturity	Ability to draw from line when needed	Short-term note issued in anticipation of future bond sale	Floating rate note reset at fixed spread	Variable rate, reset weekly or daily by remarketing agent; trades on strength of LOC provider	Revolving line. Ability to borrow when needed	Bank purchased Index Floater; fewer upfront costs	Ability to draw from line when needed. Draws purchased by Bank	Fixed rate for set term purchased by Bank
Term	Up to 30 Years	Up to 270 Days	Up to 3 Years	1-5 Years	Up to 30 Years	1-3 Years	----- 1-7 Years -----		
Purchaser	----- Investor -----					----- Bank -----			
Interest Rate	Fixed	Term Dependent, Set by Dealer	Fixed	Index + Spread	SIFMA + Spread	Index + Spread	Index + Spread	Index + Spread	Fixed
Additional Support Costs	--	LOC + Dealer Fee	--	--	LOC + Remarketing	--	--	--	--

Considerations

Drawdowns	●	●	●	●	●	●	●	●	●
Prepayment Flexibility	●	●	●	●	●	●	●	●	●
Negative Arbitrage	●	●	●	●	●	●	●	●	●
Bank Risk	●	●	●	●	●	●	●	●	●
Remarketing Risk (During Term)	●	●	●	●	●	●	●	●	●
Bank/Market Renewal Risk	●	●	●	●	●	●	●	●	●
Interest Rate Risk	●	●	●	●	●	●	●	●	●
AMT Penalty	●	●	●	●	●	●	●	●	●

- d. For each debt issue, the firm will recommend the method of sale. Please outline the circumstances under which each method (competitive or negotiated) would be preferred. What role would your firm expect to play as financial advisor under each method of sale?*

Negotiated and Competitive Sales

Dunlap & Associates, Inc. has unsurpassed experience as financial advisor on both competitive and negotiated sales, making us most qualified to advise on the optimal method of sale for each of the City's transactions. Since 2005, 41% of the financings we have served as Financial Advisor have been sold competitively. We are leaders in Florida in electronic competitive sales, selling among the first internet, MuniAuction and Parity offerings. The market knowledge gained through years of active participation ensures that our financial advisory clients achieve the lowest interest rate possible on the day of pricing, be it a competitive or negotiated sale.

Dunlap & Associates, Inc. will advise the City as to the advantages and disadvantages of a public negotiated sale vs. a competitive sale on a case by case basis. We are the only financial advisory firm which for all competitively sold issues has the expertise and takes the time to develop and prepare the Notice of Bond Sale in conjunction with Bond Counsel to ensure that all of the financial elements important to the client are included. Most financial advisory firms leave this task to Bond Counsel.

Negotiated Sales

Dunlap & Associates, Inc. is committed to providing the City with the most cost-effective financing structure, including competitively negotiated underwriting fees, aggressive interest rates and a bond structure that is tailored most efficiently to market preferences and the City's objectives.

The Financial Advisor will assist the City in choosing an underwriting team that, as a group, can market its issue with strength to the entire investor spectrum. We recommend an underwriting team that has both strong institutional and retail investor relations. With a steady retail demand for Florida bonds, Dunlap & Associates, Inc. recommends a separate retail order period with retail orders having equal priority with institutional orders. The City can then weigh what is best for the overall allotment of bonds and still satisfy both investor constituencies.

Specifically, regional and national firms with local offices will provide the most value to the transaction as co-managers. Such a syndicate structure will ensure additional secondary market liquidity. In the past, we have achieved success with this structure, as the underwriting team is equipped to target different tiers of investors which can provide the incremental margin of demand that will enable the City to maximize demand on its offering.

Additionally, Dunlap & Associates, Inc., as financial advisor, will request the senior manager provide a fair allocation of bonds be allotted to satisfy buyers' demands by requesting the following:

1. **Allocation and Designation of Bonds** – the book-running manager shall be responsible for ensuring that the overall allocation of bonds meets the City's goals of: (a) obtaining the best price for the issue and (b) providing firms with allocations that are commensurate with work performed. The City and the financial advisor reserve the right to monitor the order-taking process and to revise bond allocations prior to their release.

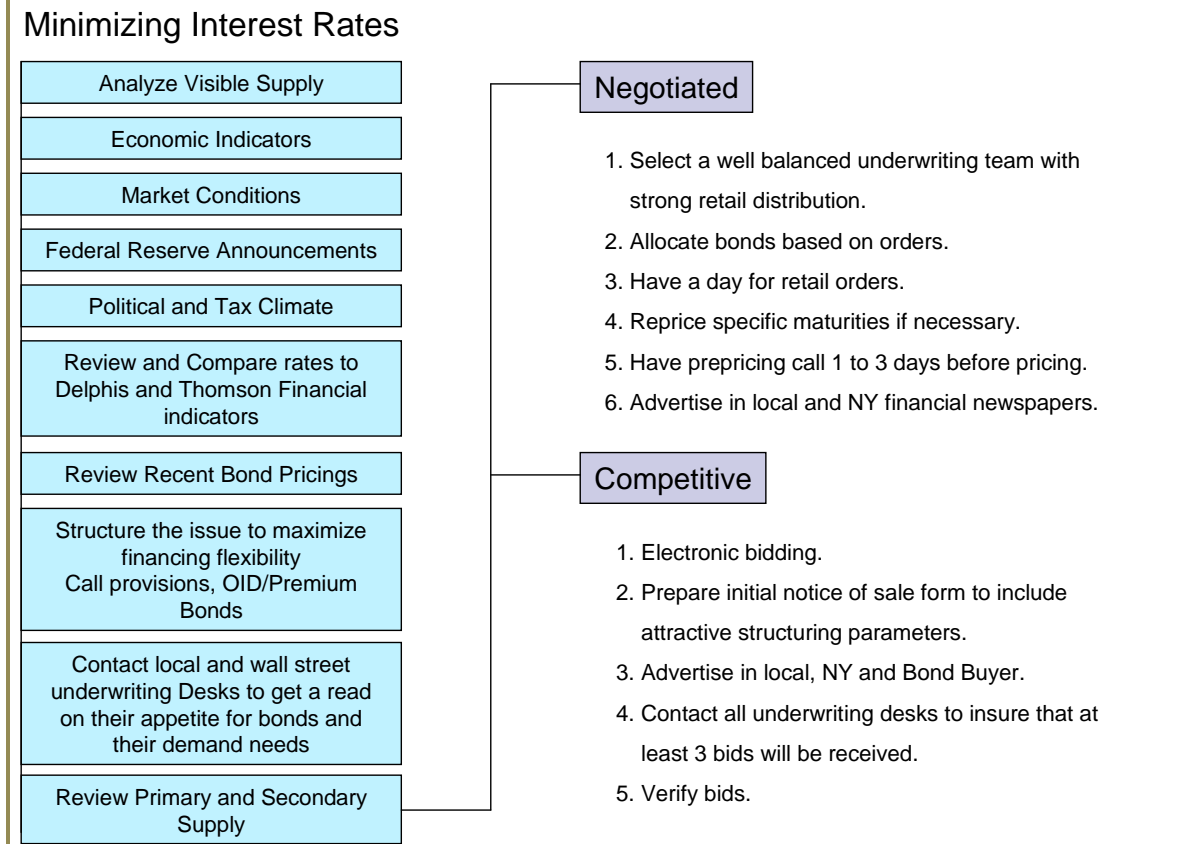
2. Priority for assigning orders and allocation of bonds

- a. **Member Orders** - when practical, retail orders, especially those from the City, are to be assigned the highest priority by the book-running senior manager. Net designated institutional orders shall be given second priority. Allocations shall be assigned only to those firms that place orders, which place their firm's capital at risk. Group net and stock orders shall receive the lowest priority.
- b. **Designated Orders** – whenever practical, the City shall permit the use of designation methods in its negotiated bond sales which provide institutional investors some ability to direct the credit for their orders.
- c. **Stock Orders** – orders placed during the pricing period for which there is no identifiable retail or institutional customer shall only be filled from under-subscribed maturities.
- d. **Group Net Orders** – the sale of an entire issue on a group net basis is to be avoided in order to encourage competitive pricing dynamics during the order period.
- e. The City may choose to privately place debt with a sophisticated investor if the cost to the City is less than selling bonds in the open market.

Competitive Sales

- Competitive sales may, on a given day, result in a reduced interest cost to the issuer, especially for highly rated, simple transactions. Additionally, a competitive sale almost always produces the lowest interest rate for a given day. **The use of a competitive sale** is only effective if the bid form and sale parameters are properly structured. The underwriters must be given defined parameters in structuring their bid, and the method of determining the lowest bid must not artificially favor one structure over another. Due to Dunlap & Associates, Inc.'s extensive experience in bidding successfully at competitive sales, we are better qualified to ensure a cost effective competitive sale than any other firm.
- A competitive sale involves a public auction in which the deal is awarded to the underwriter with the highest bid which will have the lowest interest cost to the issuer; whereas for an issuer with strong credit ratings, a competitive sale is well suited given the other conditions favoring such a sale.

Under differing conditions, competitive and negotiated sales are advantageous for a client:



- e. *Describe any innovations you have developed or worked on for tax-exempt security issues, briefly outlining the problem, your solution, and the results.*

Innovations

The personnel employed at our firm have over a combined 130 years of experience in the field of public finance. As a result of this experience, we have been exposed to and have “hands-on experience” with a myriad of financing structures. Provided below are some innovative financing mechanisms that Dunlap & Associates, Inc. has utilized in the past.

- **Special Assessments**

Dunlap & Associates, Inc. has assisted clients with special assessment financings that include Lee County’s Airport Woods Project (sewer improvements), Emily Lane Project (water and sewer improvements), Port Carlos Project (channel dredge), McGregor Villages Project (sewer improvements), and McGregor Isles Project (channel dredge), City of West Palm Beach’s CityPlace Community Development District, and Town of Celebrations Enterprise and Celebration Community Development Districts.

- **Municipalization of Utility Services**

Florida Governmental Utility Authority (FGUA) acquires private utilities that operate inefficiently to help create economies of scale and allow the utilities to run efficiently. Dunlap & Associates, Inc. assists FGUA in financing these acquisitions through tax-exempt bonds. The approximately twenty acquired utility systems were located in different Counties throughout Florida.

- **Public-Private Partnerships (P3)**

As it relates to public-private partnerships our firm is seeing many issuers utilizing public-private partnerships to build, operate, and manage physical assets, as well as leveraging scarce resources to accomplish customer-driven objectives otherwise not achievable. Dunlap & Associates, Inc. is currently serving as financial advisor for **Florida International University** on a new student housing facility located on their Biscayne Bay Campus, **Lee County** for the Boston Red Sox and Minnesota Twins, **Pasco County** on a new water sports facility and multi-purpose sports complex (Wake Park and Wiregrass Projects), and **Florida Atlantic University** on the monetization of the University Commons (retail center) and their Innovation Village. Dunlap & Associates, Inc. also has submitted a P3 proposal to **Miami-Dade College to expand their Medical Campus adjacent to Jackson Memorial Hospital**.

- **Malcolm Baldrige National Criteria**

Dunlap & Associates, Inc. uses Florida Sterling Council’s Assessment Tools to prioritize performance objectives of Counties and Cities. These tools are based on the well-known Malcolm Baldrige National Criteria for Performance and are available as a planning tool to any interested governmental entity. As financial advisor, we have recommended this model to many counties and cities in Florida. **The results have been outstanding and measurable.** A great example is the City of Coral Springs who won the Sterling Award on two occasions, during which Mr. Michael Levinson was City Manager. The City of Coral Springs’ credit rating improved to **“AAA” from all three rating agencies after following this institutional performance model.** This model has been a factor to the City’s ability to maintain its AAA rating.

- **Financial Sustainability Planning**

Dunlap & Associates, Inc. can provide a comprehensive overview and evaluation of outstanding debt, operating budgets, capital improvement plans, outsourcing contracts, and other pertinent financial and operational information to **ascertain ways to reduce expenses and enhance revenues moving forward**. Our firm has implanted this type of planning with clients such as Lee County, Pasco County, City of Hallandale Beach, City of North Miami Beach, City of Yakima, Washington and City of South Lake Tahoe, California.

- **Competitive Bank Loans**

Banks have become more aggressive in lending to municipalities. Since 2012, Dunlap & Associates, Inc. has financed **over \$345,000,000 in bank loan transactions**. We recently executed one of the longest, 20-year, fixed rate bank loans in the State of Florida for Pasco County. Bank loans can provide a lower cost of funding for shorter maturities and typically do not require credit ratings. Additionally, they often have a more expedited schedule than a traditional bond issue. Dunlap & Associates, Inc. has assisted many of our clients in the RFP process and is familiar with all of the unique provisions associated with bank loans. We are also seeing certain banks providing **18-month forward rate bank loans** for refunding issues that have a final maturity of less than 10 years and are fully amortizing. **Dunlap & Associates, Inc. assisted Reedy Creek Improvement District (Disney) in executing a \$111,595,000 forward direct purchase bank loan** that will currently refund the District's Series 2003-2 Utility Revenue Refunding Bonds, and is set to close on July 3, 2014.

Monetization of Equity

Dunlap & Associates, Inc. also has extensive experience in the monetization of equity. Our firm takes into consideration the following steps/procedures when looking at a monetization of equity opportunity:

- ❖ Conduct preliminary due diligence investigation to establish acquisition price
- ❖ Due diligence includes:
 - Engineering evaluation to assess the physical/operational condition of the system; identify capital needs/deficiencies, R&R needs, review regulatory status, etc.; and
 - Financial & Operational analysis to update the financials and perform detailed revenue and expenditure analysis; review rate sufficiency; review operational needs, including number and type of personnel needed; prepare operational budget
- ❖ Meet with City officials
- ❖ Develop preliminary due diligence budget and timeline
 - 60-90 days
 - Estimated cost of issuance is \$25,000-30,000 per utility (City is reimbursed from transaction)
- ❖ Present interlocal to City for consideration

Provided on the following page is preliminary monetization analysis of the City of Hollywood's Water and Sewer System.

Estimated Monetization of Equity Water and Sewer System City of Hollywood, Florida		
	Audited FY2012	Unaudited FY2013
Total Operating Revenues	\$ 85,710,553	\$ 90,178,270
Less: Operating Expense (Excl. Depreciation)	\$ (42,028,493)	\$ (42,632,436)
<u>Net Operating Revenues</u>	<u>\$ 43,682,060</u>	<u>\$ 47,545,834</u>
Outstanding Debt		
Water and Sewer 2003 (Matures 2023)	\$ 67,470,000	\$ 61,345,000
Water and Sewer 2010 (Matures 2039)	\$ 50,310,000	\$ 49,250,000
First Florida Loan (Matures 2020)	\$ 5,994,990	\$ 5,660,739
SRF Loans (Matures 2035)	\$ 58,014,540	\$ 59,917,657
<u>Total Outstanding Debt</u>	<u>\$ 181,789,530</u>	<u>\$ 176,173,396</u>
Bonding Capacity		
<u>\$43,682,060 ÷ 1.40x</u>	<u>\$ 31,201,471</u>	<u>\$ -</u>
<u>\$47,545,834 ÷ 1.40x</u>	<u>\$ -</u>	<u>\$ 33,961,310</u>
\$31,201,471 @ 20yrs @ 4.25%	\$ 414,800,000	\$ -
\$33,961,310 @ 20yrs @ 4.25%	\$ -	\$ 451,495,000
Less: Debt Service Reserve Fund	\$ (31,201,471)	\$ (33,961,310)
Less: Cost of Issuance	\$ (4,148,000)	\$ (4,514,950)
Net Amount to Hollywood	\$ 379,450,529	\$ 413,018,740
Payoff of Existing Water and Sewer Debt	<u>\$ (181,789,530)</u>	<u>\$ (176,173,396)</u>
<u>Monetization of Equity for any lawful purpose</u>	<u>\$ 197,660,999</u>	<u>\$ 236,845,344</u>

*** For discussion purposes only ***

- f. Describe your firm's method of providing client computer support and modeling for complex financial analysis. Is this service provided with in-house resources? If not, please describe how the services are provided.*

Computer Modeling

All employees of our firm have prepared numerous computer models to assist with forecasting revenues and expenses to determine cash flow availability for pay-as-you-go funding versus debt issuances, refunding analysis and assessment calculations.

Experience

1. Assisted Clients with updating current Assessment Models
2. Assisted Clients with CIP models to determine if pay-as-you-go or debt issuance provides the wanted outcome
3. Analyze structure options for all debt issuances to determine the optimal outcome – coverage and lowest interest costs
4. Refunding Analyses
5. Assist Clients with creation of models when required – experts in spreadsheet formulas – be a second set of hands
6. Daily working knowledge of current computer programs (Excel, PowerPoint, Word and DBC) to quickly create or update client models

Debt Structuring

Dunlap & Associates, Inc. prepares refunding analyses, on a continuous basis, to determine any possible refunding opportunities. In addition, we prepare analyses to assure the savings thresholds are achieved and additional bond tests are met.

Dunlap & Associates, Inc. assists our clients in determining what structure would provide the highest coverage and the lowest interest cost. Often a “plain vanilla” level debt service will not meet the results desired by the client. Through our modeling, our clients have been able to achieve their goals and thus provide the outcome their governing body has requested.

Example of Financial Modelings

	08-09	09-10	10-11	11-12	12-13	13-14
Operating Revenue						
Football Ticket Sales	\$505	\$595	\$685	\$745	\$762	\$779
Special Events	68	109	111	154	199	245
Net Concessions and Catering	195	237	263	310	351	394
Net Novelties	13	18	20	24	29	33
Net Parking	62	82	90	162	186	211
Facility Fee/Rebates	106	132	143	167	187	209
Other Revenue	37	38	39	39	40	43
Total Operating Revenue	\$986	\$1,211	\$1,351	\$1,601	\$1,754	\$1,914
Less: Total Expenses	(742)	(831)	(870)	(1,027)	(1,121)	(1,222)
Net Operating Income	\$244	\$380	\$480	\$573	\$633	\$692
Non-Operating Revenue						
Premium Seating, less 3% fulfillment	\$908	\$921	\$935	\$949	\$964	\$1,048
Sponsorship, less 15% fulfillment	255	268	275	281	289	296
Naming Rights, less 7% fulfillment	651	651	651	651	651	651
Conference Revenue	300	300	300	300	300	300
Fundraising - Contracted Commitments	900	900	900	900	900	900
Athletic Fee Support	655	655	655	655	655	655
Total Non-Operating Revenue	\$3,669	\$3,695	\$3,716	\$3,736	\$3,759	\$3,850
Less: Deposit to Maintenance Reserve Account	(168)	(183)	(193)	(209)	(220)	(235)
Less: Reimbursement of O&M Reserves (1)	(500)	(500)	(500)	(500)	(500)	---
Net Non-Operating Income	3,001	3,012	3,023	3,027	3,040	3,616
Net Operating and Non-Operating Income	3,245	3,392	3,504	3,601	3,673	4,307
Debt Service		1,677	2,488	2,487	2,489	2,485
Total Operating & Non-Operating Income	\$3,913	\$2,398	\$1,708	\$1,822	\$1,903	\$2,057
Cummulative Operating & Non-Operating Income	\$3,913	\$6,311	\$8,019	\$9,842	\$11,745	\$13,802
Debt Service Coverage (Net Operating Income)	N/A	0.23	0.19	0.23	0.25	0.28
Debt Service Coverage (Total Non-Operating)	N/A	2.20	1.49	1.50	1.51	1.55
Debt Service Coverage	N/A	2.43	1.69	1.73	1.76	1.83

Description		FY '05-'06	FY '06-'07	Year 1	Year 2	Year 3	Year 4	Year 5
Category	Sub-category	Formula						
Ticket revenue		# tickets sold, see below for yearly assumptions						
Fundraising	Stadium naming rights	\$15,000,000 payout over 15 years, length of rights TBD						
Suite Leases	Leased	21 leaseable suites (18 @ \$30,000/yr & 3 @ \$40,000)						
Club Seat Leases	Outdoor seating	Q=850 at \$1,250 seat per year						
Fundraising	Other donations	\$5,000,000 payout over 10 years						
Concessions/Catering		\$5.00 per cap X 40% fee, see below for attendance assumptions						
Merchandise	Score/Video board	\$2.50 per cap X 40% fee, see below for attendance assumptions						
Advertising	Advertising	5 ads at \$20,000 per year						
Advertising	other in-stadium	20 at \$5,000 per year						
Parking	Others	\$5 per space, 3,000 spaces per game, 6 games						
Parking Rights		\$50 per cap, see below for attendance assumptions						
UCFAA, Inc.	rent savings	based on 04 actual rent of approx. \$50,000 per game						
Sub-Totals				\$6,584,500	\$6,866,500	\$7,160,500	\$7,340,500	\$7,520,500
Operating Expense	Personnel	Seat option sales (2)						
Operating Expense	Advertising(1)	\$150,000 plus benefits(25%)						
Operating Expense	Personnel	\$45,000 plus benefits(25%)						
Operating Expense	Grounds & Maint.(1)	\$45,000 plus benefits(25%)						
Operating Expense	Game day expenses	6 games x \$20,000/game						
Operating Expense	Advertising	15% of advertising revenue						
Operating Expense	Customer Service	Naming rights (7%), suites (7%) and club seats (7%) agreements						
Operating Expense	Maint & Repairs							
Operating Expense	Landscaping							
Operating Expense	Repair & Maint.							
Operating Expense	Grounds supplies							
Operating Expense	Security							
Operating Expense	Cleaning/trash removal							
Operating Expense	General & Admin.							
Operating Expense	Utilities	54,000 sq. ft. of conditioned space						
Operating Expense	Electric	based on other similar football stadiums noted in feasibility study						
Operating Expense	Water/Sewage	based on other similar football stadiums noted in feasibility study						
Operating Expense	Capital Reserve	\$7.50 per seat per year						
Operating Expense	Contingencies							
Sub-Totals				(\$1,590,575)	(\$1,639,575)	(\$1,691,025)	(\$1,745,048)	(\$1,801,771)
Funds available for Debt Service				\$4,993,925	\$5,226,925	\$5,469,475	\$5,595,453	\$5,718,729
Debt Service								
Gross Revenue to Debt Service ratio				\$1,333,333	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Net Revenue to Debt Service ratio				4.94	1.72	1.79	1.84	1.88
				3.75	1.31	1.37	1.40	1.43
Project Surplus				\$3,660,592	\$1,226,925	\$1,469,475	\$1,595,453	\$1,718,729

An example of a refunding analysis to determine if restructuring would be advantageous is provided below:

Sample - 100% Fixed Rate Bond Issue - Uninsured - No DSRF - 2026							
Dated/Delivery: 10/1/2009							
Maturity	Principal	Coupon	Interest	Debt Service	Total Debt Service	Aggregate	Net Debt Service
						Less Available Funds	
10/1/2010	2,500,000.00	2.000%	1,326,533.33	3,826,533.33	3,826,533.33		3,826,533.33
10/1/2011	665,000.00	2.000%	3,929,600.00	4,594,600.00	4,594,600.00		4,594,600.00
10/1/2012	680,000.00	3.000%	3,916,300.00	4,596,300.00	4,596,300.00		4,596,300.00
10/1/2013	700,000.00	4.000%	3,895,900.00	4,595,900.00	4,595,900.00		4,595,900.00
10/1/2014	730,000.00	4.000%	3,867,900.00	4,597,900.00	4,597,900.00		4,597,900.00
10/1/2015	755,000.00	4.000%	3,838,700.00	4,593,700.00	4,593,700.00		4,593,700.00
10/1/2016	785,000.00	5.000%	3,808,500.00	4,593,500.00	4,593,500.00		4,593,500.00
10/1/2017	825,000.00	5.000%	3,769,250.00	4,594,250.00	4,594,250.00		4,594,250.00
10/1/2018	865,000.00	5.000%	3,728,000.00	4,593,000.00	4,593,000.00		4,593,000.00
10/1/2019	5,650,000.00	5.000%	3,684,750.00	9,334,750.00	9,334,750.00	4,800,000.00	4,534,750.00
10/1/2020	24,550,000.00	5.000%	3,402,250.00	27,952,250.00	27,952,250.00	23,400,000.00	4,552,250.00
10/1/2021	2,750,000.00	5.000%	2,174,750.00	4,924,750.00	4,924,750.00	401,000.00	4,523,750.00
10/1/2022	2,950,000.00	5.000%	2,037,250.00	4,987,250.00	4,987,250.00	395,000.00	4,592,250.00
10/1/2023	17,950,000.00	5.000%	1,889,750.00	19,839,750.00	19,839,750.00	15,300,000.00	4,539,750.00
10/1/2024	3,750,000.00	5.000%	992,250.00	4,742,250.00	4,742,250.00	200,000.00	4,542,250.00
10/1/2025	3,995,000.00	5.000%	804,750.00	4,799,750.00	4,799,750.00	250,000.00	4,549,750.00
10/1/2026	12,100,000.00	5.000%	605,000.00	12,705,000.00	12,705,000.00	8,150,000.00	4,555,000.00
Total	82,200,000.00		47,671,433.33	129,871,433.33	129,871,433.33	52,896,000.00	76,975,433.33

	PV @ Arb. Yield			
	Current Debt Service	Refunding Debt Service	Savings	4.75%
10/1/2010	4,916,866.67	3,826,533.33	1,090,333.33	1,073,610.77
10/1/2011	15,500,000.00	4,594,600.00	10,905,400.00	10,251,605.39
10/1/2012	15,500,000.00	4,596,300.00	10,903,700.00	9,785,587.07
10/1/2013	15,500,000.00	4,595,900.00	10,904,100.00	9,342,552.09
10/1/2014	15,500,000.00	4,597,900.00	10,902,100.00	8,917,612.04
10/1/2015	15,500,000.00	4,593,700.00	10,906,300.00	8,516,841.47
10/1/2016	15,500,000.00	4,593,500.00	10,906,500.00	8,131,098.81
10/1/2017	15,500,000.00	4,594,250.00	10,905,750.00	7,762,150.93
10/1/2018	15,500,000.00	4,593,000.00	10,907,000.00	7,411,303.00
10/1/2019	15,500,000.00	9,334,750.00	6,165,250.00	3,999,471.98
10/1/2020	15,500,000.00	27,952,250.00	(12,452,250.00)	(7,711,919.88)
10/1/2021	15,500,000.00	4,924,750.00	10,575,250.00	6,252,706.33
10/1/2022	15,500,000.00	4,987,250.00	10,512,750.00	5,934,121.52
10/1/2023	15,500,000.00	19,839,750.00	(4,339,750.00)	(2,338,662.34)
10/1/2024	15,500,000.00	4,742,250.00	10,757,750.00	5,534,609.30
10/1/2025	15,500,000.00	4,799,750.00	10,700,250.00	5,255,598.21
10/1/2026	225,000,000.00	12,705,000.00	212,295,000.00	99,547,580.26
Total	462,416,866.67	129,871,433.33	332,545,433.33	187,665,866.97

Assessment Calculations

Our firm assists clients with modeling assessments. We provide modeling for special assessment calculations for placement on tax-rolls and financing structures to assure that assessments are sufficient to pay for debt issuance. A generic sample is below.

Issuer, Florida							
Project		Sample Assessment					
Debt Service Schedule to Property Owners							
Date	Principal	Coupon	Interest	Debt Service	Maximum Discount	Total Assessment	Tax Roll
11/1/2011	27,639.12	8.50%	20,556.60	48,195.72	4.00%	50,123.55	2011
11/1/2012	27,639.13	8.50%	32,890.56	60,529.69	4.00%	62,950.88	2012
11/1/2013	27,639.13	8.50%	30,541.24	58,180.37	4.00%	60,507.58	2013
11/1/2014	27,639.13	8.50%	28,191.91	55,831.04	4.00%	58,064.28	2014
11/1/2015	27,639.13	8.50%	25,842.59	53,481.72	4.00%	55,620.99	2015
11/1/2016	27,639.13	8.50%	23,493.26	51,132.39	4.00%	53,177.69	2016
11/1/2017	27,639.13	8.50%	21,143.93	48,783.06	4.00%	50,734.38	2017
11/1/2018	27,639.13	8.50%	18,794.61	46,433.74	4.00%	48,291.09	2018
11/1/2019	27,639.13	8.50%	16,445.28	44,084.41	4.00%	45,847.79	2019
11/1/2020	27,639.13	8.50%	14,095.96	41,735.09	4.00%	43,404.49	2020
11/1/2021	27,639.13	8.50%	11,746.63	39,385.76	4.00%	40,961.19	2021
11/1/2022	27,639.13	8.50%	9,397.30	37,036.43	4.00%	38,517.89	2022
11/1/2023	27,639.13	8.50%	7,047.98	34,687.11	4.00%	36,074.59	2023
11/1/2024	27,639.13	8.50%	4,698.65	32,337.78	4.00%	33,631.29	2024
11/1/2025	27,639.13	8.50%	2,349.33	29,988.46	4.00%	31,188.00	2025
Total	414,586.94		267,235.83	681,822.77		709,095.68	
Interest Rate Calculation to Owners							
Loan Rate		7.50%					
Plus Service Charge		1.00%					
Total Interest Rate		8.50%					

Investment Earnings Estimates

Often our clients will ask if certain investments would provide sufficient interest earnings to assist with earlier pay-off or reductions of debt payments. We provide estimated earning calculations and provide analysis to determine if debt can be reduced. Below is an example of a spreadsheet providing interest earning estimates.

Investment Earnings									
	Investment 1 - MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest		Investment 2 - MARKET VALUE	Rate	Term from Purchase to Maturity	
2/15/2021					10/1/2021				
7/21/2005	\$2,500,000.00	4.00%	15.56666667	4,631,183.86	11/2/2009	\$750,000.00	4.00%	11.91388889	1,202,220.82
	Investment 3 - MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest		Investment 4 - MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest
12/1/2020					9/1/2020				
2/11/2008	\$785,000.00	4.00%	12.80555556	1,303,555.75	7/22/2005	\$1,000,000.00	4.00%	15.10833333	1,819,150.05
	Investment 5 - MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest		Investment 6 - MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest
12/1/2019					9/1/2021				
8/1/2015	\$1,520,000.00	4.00%	4.333333333	1,804,589.43	3/1/2005	\$258,000.00	4.00%	16.5	495,935.70
	Investment 8 MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest		Investment 9 MARKET VALUE	Rate	Term from Purchase to Maturity	Compounding Interest
6/1/2021					8/1/2021				
12/30/2005	\$6,520,000.00	4.00%	15.41944444	12,007,907.59	3/15/2005	\$1,350,000.00	4.00%	16.37777778	2,582,481.22
						MATURED - REINVESTED TO 10/1/21		1,202,220.82	
						10/1/2019		495,935.70	
						10/1/2020		3,122,705.81	
						10/1/2021		15,086,324.52	
						Total		19,907,186.85	

- a. *Does your firm have any arrangement with any unrelated individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to acting as a financial advisor for the City? If so, provide a copy of any contract relating to the arrangement and the manner in which compensation or fees would be shared.*






Other Business Arrangements

Dunlap & Associates, Inc. has **no** arrangement(s) with any unrelated individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to acting as a financial advisor for the City.

- b. Give three references of governmental issuers for which your firm serves or served as financial advisor in Florida. Please provide a contact name, phone number, and email address.*

References

Below you will find references for Dunlap & Associates, Inc. We proudly encourage you to call any of our clients for references. We have had financial relationships with them for an average of over 18 years, and in some cases for over 30 years.

Client References		
Client	Contact Information	
City of Ocala 110 SE Watula Ave. Ocala, FL 34471 Client Since 2001	Mr. Matthew Brower, City Manager (352) 629-8401 mbrower@ocalafl.org Ms. Diane Reichard, CFO/Assistant City Manager (352) 629-8365 dreichard@ocalafl.org	
City of Lauderhill 5581 W. Oakland Park Blvd. Lauderhill, FL 33313 Client Since 2004	Mr. Kennie Hobbs, Finance Director (954) 730-3033 khobbs@lauderhill-fl.gov	
Town of Davie 6591 Orange Drive Davie, FL 33314 Client Since 2006	Bill Ackerman, Finance Director (954) 797-1053 William_Ackerman@davie-fl.gov	
Florida Governmental Utility Authority 1500 Mahan Drive, Suite 250 Tallahassee, Florida 32308 Client Since 2009	Robert Sheets, General Manager (850) 681-3717 rsheets@govserv.com	
Reedy Creek Improvement District (Disney) 1900 Hotel Plaza Blvd. Lake Buena Vista, FL 32830 Client Since 1995	Mr. Bill Warren, District Administrator (407) 934-7480 bwarren@rcid.org Ms. Ann Blakeslee, Deputy District Administrator (407) 828-3548 ablakeslee@rcid.org	

- c. *Will the selection of your firm or the assignment of any employee of your firm result in any current or potential conflict of interest? If so, your firm's response must specify the party with which the conflict exists or might arise, the nature of the conflict and whether your firm would step aside or resign from the engagement or representation creating the conflict.*

Conflict of Interest

The selection of Dunlap & Associates, Inc. or the assignment of any employee of Dunlap & Associates, Inc. will **not** result in any current or potential conflict of interest.

- d. *Identify fully the extent to which your firm or individual partners or employees are the subject of any ongoing municipal securities investigation, are a party to any municipal securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation.*

Investigations

Dunlap & Associates, Inc. has **no** ongoing municipal securities investigation, is **not** a party to any municipal securities litigation or arbitration, or is the subject of a subpoena in connection with a municipal securities investigation.

- e. *Additionally, include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last five (5) years.*

Concluded Investigations

Dunlap & Associates, Inc. has **no** investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last five (5) years.

Describe your approach to performing the contracted work. This should include the following points:

- *Type of services provided. Discuss your role and that of other parties involved in the data gathering, data analysis and recommendation process.*
- *Discuss your project plan for this engagement outlining major tasks and responsibilities, time frames and staff assigned.*

Project Plan

A summary of the types of services is provided below and followed by a table of Dunlap & Associates, Inc.'s project plan, including major tasks, parties involved, and timeframes.

Financial Planning/ Forecasting

- Review feasibility, capital improvement plans, debt policies, cash flows and legal documents
- Review long-term debt policy and strategy
- Prepare debt capacity and debt service coverage
- Proformas to determine best structuring opportunities

Financial Advisory Consulting

- Review structuring options and impact on cash flow
- Provide input to modernize all debt policies, legal covenants and structuring options
- Strategize on available financing options and analyze advantages/disadvantages of each option
- Advise on matters related to financing structure

Credit Enhancement Consulting

- Evaluate opportunities for credit enhancement, including LOC's, lines of credit, insurance, and guarantees by maturities or issue
- Negotiate pricing, terms and conditions and credit enhancement
- Review legal documents
- Prepare savings reports on each alternative

Quantitative, Analytical Structuring Capabilities

- Review all outstanding debt and refunding/restructuring opportunities
- Escrow restructuring
- Verification of quantitative and analytical proposals submitted by underwriters
- Sizing, structuring, optimum escrow funding and negative arbitrage mitigation techniques

Internal and External Credit Ratings

- Prepare internal credit rating reviews
- Assist in preparing external credit rating presentations
- Advise on rating presentation strategies, site visits vs. non-site visits
- Prepare City in anticipation of rating questions

Interest Rate Hedging

- Develop and review strategy, build consensus on policy and goals
- Review financial products under consideration for suitability, financial benefit and risk level
- Negotiation of swap documents to include credit protection, provisions for early termination, minimize risk of having to post collateral and reduce impact of potential termination payments
- Ongoing swap management, including payment verification and compliance with accounting standards and reporting requirements

Pricing Bonds – Negotiated Sale

- Prepare RFPs and conduct interviews to select the underwriting syndicate
- Publish the sale in a major financing newspaper and the bond industry's web sites
- Develop maximum market exposure and interest in the Bonds
- Analyze the credit markets to determine the appropriate time to negotiate the sale
- Assure that the Bonds are being sold at a competitive level

Pricing Bonds – Competitive Sale

- Prepare official notice of bond sale/bid form
- Advertise notice of sale in The Bond Buyer
- Coordinate printing and distribution of the official statement
- Advise brokerage firms and banks to maximize market and exposure and interest
- Verify all bids for compliance with bid specifications and make recommendation as to the award of the Bonds

Type of Service	Time Frame	Assigned Personnel	Years of Experience
Financial Planning/Forecasting	Weeks 1-2	Craig Dunlap Damon Adams Michael Levinson Kelly Ryman Justin Baumgardner	42 years 40 years 38 years 16 years 2 years
Financial Advisory Consulting	Weeks 1-2	Craig Dunlap Damon Adams Michael Levinson	42 years 40 years 38 years
Credit Enhancement Consulting	Weeks 3-4	Craig Dunlap Damon Adams Michael Levinson Kelly Ryman Justin Baumgardner	42 years 40 years 38 years 16 years 2 years
Quantitative, Analytical Structuring Capabilities	Weeks 3-4	Kelly Ryman Justin Baumgardner Craig Dunlap	16 years 2 years 42 years

Type of Service	Time Frame	Assigned Personnel	Years of Experience
Internal and External Credit Ratings	Weeks 5-6	Craig Dunlap Damon Adams Michael Levinson Kelly Ryman	42 years 40 years 38 years 16 years
Interest Rate Hedging	Weeks 4-5 (if applicable)	Craig Dunlap	42 years
Pricing Bonds - Negotiated Sale	Weeks 7-8	Craig Dunlap Kelly Ryman Justin Baumgardner	43 years 16 years 2 years
Pricing Bonds - Competitive Sale	Weeks 7-8	Craig Dunlap Kelly Ryman Justin Baumgardner	43 years 16 years 2 years

Please explain the firm's proposed fee schedule for the work to be performed as itemized under Section A above, for the various financing sources specified. Fee schedule should be fixed for the original three-year period. Fees for the renewal period must also be specified. Payment of fees will be contingent upon the successful issuance of the bonds. Explain how fees may differ in the cases of a competitive versus a negotiated sale. Explain timing of payments and retainer arrangement, if any. Clearly state which incidental expenses will be the responsibility of the City, if any.

Each proposer is to include hourly rates for special non-transaction services and financings not involving a public offering of securities, by level of personnel to be involved. The successful proposer must submit a not to exceed fee quote for each project subject to written approval by the City.

Proposed Fee

The proposed fees per bond together with the minimum and maximum amounts are stated in the matrix provided in the RFP. These fees are contingent upon the successful closing of a transaction. Fees invoiced will be due within 30 days after receipt by the City. Renewal fees will remain the same as stated in the original submission. There is no differentiation in the stated fees for a negotiated or competitive sale. Dunlap & Associates is not proposing an annual retainer, however, work performed on special non-transaction services will be billed at the applicable hourly rates stated with the consent of the City.

Hourly Fees:

Sr. Vice President and Above	\$180.00
Vice President	\$110.00
Analyst/Associate	\$80.00

	General Obligation Negotiated Sale	General Obligation Competitive Sale	Revenue Bond Negotiated Sale	Revenue Bond Competitive Sale	Variable Rate Bonds	Private Placement Debt	Bank Loan	Derivatives
Fee per \$1000								Per Treasury Regulations
First \$25 million	\$0.70	\$0.70	\$0.80	\$0.80	\$0.80	\$0.60	\$0.60	N/A
Next \$25 million	\$0.50	\$0.50	\$0.60	\$0.60	\$0.60	\$0.40	\$0.40	N/A
Next \$50 million	\$0.35	\$0.35	\$0.40	\$0.40	\$0.40	\$0.30	\$0.30	N/A
Amount over \$100 million	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	N/A
Minimum	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$20,000	\$20,000	\$25,000
Maximum	\$60,000	\$60,000	\$65,000	\$65,000	\$65,000	\$40,000	\$40,000	\$70,000

Project time schedule, if applicable. Provide a detailed time schedule for this project.

Project Time Schedule

The City's proposed FY 2014-2018 Capital Improvement Program (CIP) details multi-year capital projects, primarily focused on maintaining existing City assets and infrastructure, and slowing the beginning of any new project until the recessionary condition improve to limit debt service. **The CIP identified \$210,236,741 of capital improvement projects of which \$190 million or 90% of the CIP will be for public utilities.** Of the total CIP projects only \$12.3 million is expected to be funded with debt for general fund supported projects.

As financial advisor, we will work with City staff to coordinate the financing and timing of any financing to minimize the cost and maximize the return to the public. In evaluating the most cost efficient financing instrument for the funding of \$12.3 Million for 5 years we will evaluate and bid out RFPs for:

- 1) A line of credit with the ability to convert to a fixed rate loan
- 2) A fixed rate loan with forward rates, set to the time of the draws
- 3) A bond issue

Traditionally **bank loans can be executed within one to two months**, and **bond issues typically take three to four months to complete.**

Once we establish the City's final timing for the new money projects we will produce a detailed timetable based on the timeframe detailed above for a bank loan and bond issue.

Samples timetables for a typical bank loan and a bond issue financings are provided below.

Bank Loan Timetable

<u>Date</u>	<u>Event</u>	<u>Responsibility</u>
Day 1	Distribute Timetable and Distribution List to Working Group	FA
Day 5	First Draft of Bank RFP to Working Group First Draft of Bond Ordinance	FA BC
Day 9	Comments Due on Draft of Bank RFP	ALL
Day 12	Second Draft of Bank RFP to Working Group	FA
Day 13	Second Draft of Bond Ordinance	BC
Day 16	Comments Due on Bond Ordinance and RFP	ALL
Day 20	Third Draft of RFP to Working Group	FA
Day 23	Comments Due on Bond Ordinance and RFP	ALL
Day 27	Final Draft of Bank RFP to Working Group	FA
Day 30	Distribute RFP to Banks	City/FA

<u>Date</u>	<u>Event</u>	<u>Responsibility</u>
Day 51	Responses Due for RFP	FA
Day 55	Response Analysis to City	FA
Day 63	First Reading of Ordinance	City
Day 77	Second Reading of Ordinance Pre-Closing	City ALL
Day 78	Closing	ALL

BC – Bond Counsel; City – City of Hollywood; FA – Financial Advisor

Bond Issue Timetable

<u>Date</u>	<u>Event</u>	<u>Responsibility</u>
Day 1	Distribute Timetable and Distribution List	FA
Day 5	Draft Underwriter RFP Distributed to Working Group	FA
Day 7	Comments Due on RFP	ALL
Day 9	Distribute RFP for Underwriter	FA/CITY
Day 30	Responses Due on RFP for Underwriter	FA/CITY
Day 33	First Draft of Legal Documents Distributed	BC
Day 40	Comments Due on Legal Documents Request for Proposals for Printer/Paying Agent Distributed	ALL FA
Day 43	Responses Due for Printer/Paying Agent	FA
Day 44	Recommendation for Printer/Paying Agent Due to City Second Draft of Legal Documents Distributed	FA BC
Day 49	Appointment of Underwriter	CITY
Day 54	Comments Due on Second Draft of Legal Documents	ALL
Day 61	Final Draft of Legal Documents Rating Packages Distributed	BC FA
Day 77	First Reading of Bond Ordinance	ALL
Week of Day 82-86	Meetings with Rating Agencies (all three)	CITY/FA
TBD	Agenda Package Deadline	BC/UNDC/DC
Day 96	Ratings Due	FA

<u>Date</u>	<u>Event</u>	<u>Responsibility</u>
Day 97	Insurance Quote Received (if needed)	FA
Day 98	City Approval of Documents Second Reading of Bond Ordinance	ALL ALL
Day 99	Distribute Preliminary Official Statement	UNDC or DC
Day 104	Pricing	ALL
Day 119	Pre-Closing	ALL
Day 120	Closing	ALL

BC – Bond Counsel; CITY – City of Hollywood, FL; FA – Financial Advisor; UND – Underwriter; UNDC – Underwriter Counsel; DC – Disclosure Counsel

SOURCES AND USES OF FUNDS

Refunding
CRA Refunding Bonds, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014

Sources:

Bond Proceeds:	
Par Amount	11,880,000.00
Premium	1,128,184.10
	<u>13,008,184.10</u>
Other Sources of Funds:	
Sinking Funds (4 mths Interest)	236,812.50
	<u>13,244,996.60</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	12,933,909.38
Delivery Date Expenses:	
Cost of Issuance	250,000.00
Underwriter's Discount:	
Other Underwriter's Discount	59,400.00
Other Uses of Funds:	
Additional Proceeds	1,687.22
	<u>13,244,996.60</u>

SUMMARY OF REFUNDING RESULTS

Refunding
CRA Refunding Bonds, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
Arbitrage yield	2.589697%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	11,880,000.00
True Interest Cost	2.683252%
Net Interest Cost	2.849244%
Average Coupon	4.477247%
Average Life	5.526
Par amount of refunded bonds	12,630,000.00
Average coupon of refunded bonds	5.625000%
Average life of refunded bonds	5.615
PV of prior debt to 07/01/2014 @ 2.589697%	14,823,008.34
Net PV Savings	1,579,698.96
Percentage savings of refunded bonds	12.507514%
Percentage savings of refunding bonds	13.297129%

SUMMARY OF BONDS REFUNDED

Refunding
CRA Refunding Bonds, Series 2014
For Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
CRA Bonds, Series 2004, CRA04:					
TERM24	03/01/2015	5.625%	975,000.00	08/05/2014	100.000
	03/01/2016	5.625%	1,030,000.00	08/05/2014	100.000
	03/01/2017	5.625%	1,090,000.00	08/05/2014	100.000
	03/01/2018	5.625%	1,150,000.00	08/05/2014	100.000
	03/01/2019	5.625%	1,215,000.00	08/05/2014	100.000
	03/01/2020	5.625%	1,280,000.00	08/05/2014	100.000
	03/01/2021	5.625%	1,355,000.00	08/05/2014	100.000
	03/01/2022	5.625%	1,430,000.00	08/05/2014	100.000
	03/01/2023	5.625%	1,510,000.00	08/05/2014	100.000
	03/01/2024	5.625%	1,595,000.00	08/05/2014	100.000
			12,630,000.00		

SAVINGS

Refunding
CRA Refunding Bonds, Series 2014
For Discussion Purposes Only

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/01/2014 @ 2.5896967%
03/01/2015	1,685,437.50	236,812.50	1,448,625.00	1,324,225.00	124,400.00	121,698.55
03/01/2016	1,685,593.76		1,685,593.76	1,499,287.50	186,306.26	179,579.02
03/01/2017	1,687,656.26		1,687,656.26	1,503,687.50	183,968.76	172,669.52
03/01/2018	1,686,343.76		1,686,343.76	1,501,487.50	184,856.26	168,978.28
03/01/2019	1,686,656.26		1,686,656.26	1,497,687.50	188,968.76	168,213.05
03/01/2020	1,683,312.50		1,683,312.50	1,495,937.50	187,375.00	162,497.62
03/01/2021	1,686,312.50		1,686,312.50	1,501,437.50	184,875.00	156,195.67
03/01/2022	1,685,093.76		1,685,093.76	1,498,687.50	186,406.26	153,413.44
03/01/2023	1,684,656.26		1,684,656.26	1,497,937.50	186,718.76	149,690.30
03/01/2024	1,684,718.76		1,684,718.76	1,498,937.50	185,781.26	145,076.28
	16,855,781.32	236,812.50	16,618,968.82	14,819,312.50	1,799,656.32	1,578,011.74

Savings Summary

Dated Date	07/01/2014
Delivery Date	07/01/2014
PV of savings from cash flow	1,578,011.74
Plus: Refunding funds on hand	1,687.22
Net PV Savings	1,579,698.96

PRIOR BOND DEBT SERVICE

Refunding
 CRA Refunding Bonds, Series 2014
 For Discussion Purposes Only

Dated Date 07/01/2014
 Delivery Date 07/01/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2014			355,218.75	355,218.75	
03/01/2015	975,000	5.625%	355,218.75	1,330,218.75	1,685,437.50
09/01/2015			327,796.88	327,796.88	
03/01/2016	1,030,000	5.625%	327,796.88	1,357,796.88	1,685,593.76
09/01/2016			298,828.13	298,828.13	
03/01/2017	1,090,000	5.625%	298,828.13	1,388,828.13	1,687,656.26
09/01/2017			268,171.88	268,171.88	
03/01/2018	1,150,000	5.625%	268,171.88	1,418,171.88	1,686,343.76
09/01/2018			235,828.13	235,828.13	
03/01/2019	1,215,000	5.625%	235,828.13	1,450,828.13	1,686,656.26
09/01/2019			201,656.25	201,656.25	
03/01/2020	1,280,000	5.625%	201,656.25	1,481,656.25	1,683,312.50
09/01/2020			165,656.25	165,656.25	
03/01/2021	1,355,000	5.625%	165,656.25	1,520,656.25	1,686,312.50
09/01/2021			127,546.88	127,546.88	
03/01/2022	1,430,000	5.625%	127,546.88	1,557,546.88	1,685,093.76
09/01/2022			87,328.13	87,328.13	
03/01/2023	1,510,000	5.625%	87,328.13	1,597,328.13	1,684,656.26
09/01/2023			44,859.38	44,859.38	
03/01/2024	1,595,000	5.625%	44,859.38	1,639,859.38	1,684,718.76
	12,630,000		4,225,781.32	16,855,781.32	16,855,781.32

BOND SUMMARY STATISTICS

Refunding
CRA Refunding Bonds, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
First Coupon	09/01/2014
Last Maturity	03/01/2024
Arbitrage Yield	2.589697%
True Interest Cost (TIC)	2.683252%
Net Interest Cost (NIC)	2.849244%
All-In TIC	3.083862%
Average Coupon	4.477247%
Average Life (years)	5.526
Duration of Issue (years)	4.953
Par Amount	11,880,000.00
Bond Proceeds	13,008,184.10
Total Interest	2,939,312.50
Net Interest	1,870,528.40
Total Debt Service	14,819,312.50
Maximum Annual Debt Service	1,503,687.50
Average Annual Debt Service	1,533,032.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	108.996499

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term	11,880,000.00	109.496	4.477%	5.526	01/09/2020	6,288.00
	11,880,000.00			5.526		6,288.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	11,880,000.00	11,880,000.00	11,880,000.00
+ Accrued Interest			
+ Premium (Discount)	1,128,184.10	1,128,184.10	1,128,184.10
- Underwriter's Discount	-59,400.00	-59,400.00	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts			
Target Value	12,948,784.10	12,698,784.10	13,008,184.10
Target Date	07/01/2014	07/01/2014	07/01/2014
Yield	2.683252%	3.083862%	2.589697%

BOND DEBT SERVICE

Refunding
CRA Refunding Bonds, Series 2014
For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2014			84,806.25	84,806.25	
03/01/2015	985,000	3.000%	254,418.75	1,239,418.75	1,324,225.00
09/01/2015			239,643.75	239,643.75	
03/01/2016	1,020,000	3.000%	239,643.75	1,259,643.75	1,499,287.50
09/01/2016			224,343.75	224,343.75	
03/01/2017	1,055,000	4.000%	224,343.75	1,279,343.75	1,503,687.50
09/01/2017			203,243.75	203,243.75	
03/01/2018	1,095,000	4.000%	203,243.75	1,298,243.75	1,501,487.50
09/01/2018			181,343.75	181,343.75	
03/01/2019	1,135,000	5.000%	181,343.75	1,316,343.75	1,497,687.50
09/01/2019			152,968.75	152,968.75	
03/01/2020	1,190,000	5.000%	152,968.75	1,342,968.75	1,495,937.50
09/01/2020			123,218.75	123,218.75	
03/01/2021	1,255,000	5.000%	123,218.75	1,378,218.75	1,501,437.50
09/01/2021			91,843.75	91,843.75	
03/01/2022	1,315,000	5.000%	91,843.75	1,406,843.75	1,498,687.50
09/01/2022			58,968.75	58,968.75	
03/01/2023	1,380,000	5.000%	58,968.75	1,438,968.75	1,497,937.50
09/01/2023			24,468.75	24,468.75	
03/01/2024	1,450,000	3.375%	24,468.75	1,474,468.75	1,498,937.50
	11,880,000		2,939,312.50	14,819,312.50	14,819,312.50

SOURCES AND USES OF FUNDS

Refunding
CRA Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014

Sources:

Bond Proceeds:	
Par Amount	12,775,000.00
Other Sources of Funds:	
Sinking Funds (4 mths Interest)	236,812.50
	13,011,812.50

Uses:

Refunding Escrow Deposits:	
Cash Deposit	12,933,909.38
Delivery Date Expenses:	
Cost of Issuance	75,000.00
Other Uses of Funds:	
Additional Proceeds	2,903.12
	13,011,812.50

SUMMARY OF REFUNDING RESULTS

Refunding

CRA Refunding Bank Loan, Series 2014

For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
Arbitrage yield	2.600378%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	12,775,000.00
True Interest Cost	2.600378%
Net Interest Cost	2.600000%
Average Coupon	2.600000%
Average Life	5.398
Par amount of refunded bonds	12,630,000.00
Average coupon of refunded bonds	5.625000%
Average life of refunded bonds	5.615
PV of prior debt to 07/01/2014 @ 2.600378%	14,815,374.24
Net PV Savings	1,806,464.86
Percentage savings of refunded bonds	14.302968%
Percentage savings of refunding bonds	14.140625%

SUMMARY OF BONDS REFUNDED

Refunding
CRA Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
CRA Bonds, Series 2004, CRA04:					
TERM24	03/01/2015	5.625%	975,000.00	08/05/2014	100.000
	03/01/2016	5.625%	1,030,000.00	08/05/2014	100.000
	03/01/2017	5.625%	1,090,000.00	08/05/2014	100.000
	03/01/2018	5.625%	1,150,000.00	08/05/2014	100.000
	03/01/2019	5.625%	1,215,000.00	08/05/2014	100.000
	03/01/2020	5.625%	1,280,000.00	08/05/2014	100.000
	03/01/2021	5.625%	1,355,000.00	08/05/2014	100.000
	03/01/2022	5.625%	1,430,000.00	08/05/2014	100.000
	03/01/2023	5.625%	1,510,000.00	08/05/2014	100.000
	03/01/2024	5.625%	1,595,000.00	08/05/2014	100.000
			12,630,000.00		

SAVINGS

Refunding

CRA Refunding Bank Loan, Series 2014

For Discussion Purposes Only

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/01/2014 @ 2.6003778%
03/01/2015	1,685,437.50	236,812.50	1,448,625.00	1,306,433.33	142,191.67	139,551.73
03/01/2016	1,685,593.76		1,685,593.76	1,473,940.00	211,653.76	204,923.05
03/01/2017	1,687,656.26		1,687,656.26	1,473,520.00	214,136.26	201,846.68
03/01/2018	1,686,343.76		1,686,343.76	1,472,320.00	214,023.76	196,418.12
03/01/2019	1,686,656.26		1,686,656.26	1,475,340.00	211,316.26	188,819.97
03/01/2020	1,683,312.50		1,683,312.50	1,472,450.00	210,862.50	183,413.01
03/01/2021	1,686,312.50		1,686,312.50	1,473,780.00	212,532.50	179,931.02
03/01/2022	1,685,093.76		1,685,093.76	1,474,200.00	210,893.76	173,775.51
03/01/2023	1,684,656.26		1,684,656.26	1,473,710.00	210,946.26	169,151.71
03/01/2024	1,684,718.76		1,684,718.76	1,472,310.00	212,408.76	165,730.92
	16,855,781.32	236,812.50	16,618,968.82	14,568,003.33	2,050,965.49	1,803,561.74

Savings Summary

Dated Date	07/01/2014
Delivery Date	07/01/2014
PV of savings from cash flow	1,803,561.74
Plus: Refunding funds on hand	2,903.12
Net PV Savings	1,806,464.86

PRIOR BOND DEBT SERVICE

Refunding
CRA Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date 07/01/2014
Delivery Date 07/01/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2014			355,218.75	355,218.75	
03/01/2015	975,000	5.625%	355,218.75	1,330,218.75	1,685,437.50
09/01/2015			327,796.88	327,796.88	
03/01/2016	1,030,000	5.625%	327,796.88	1,357,796.88	1,685,593.76
09/01/2016			298,828.13	298,828.13	
03/01/2017	1,090,000	5.625%	298,828.13	1,388,828.13	1,687,656.26
09/01/2017			268,171.88	268,171.88	
03/01/2018	1,150,000	5.625%	268,171.88	1,418,171.88	1,686,343.76
09/01/2018			235,828.13	235,828.13	
03/01/2019	1,215,000	5.625%	235,828.13	1,450,828.13	1,686,656.26
09/01/2019			201,656.25	201,656.25	
03/01/2020	1,280,000	5.625%	201,656.25	1,481,656.25	1,683,312.50
09/01/2020			165,656.25	165,656.25	
03/01/2021	1,355,000	5.625%	165,656.25	1,520,656.25	1,686,312.50
09/01/2021			127,546.88	127,546.88	
03/01/2022	1,430,000	5.625%	127,546.88	1,557,546.88	1,685,093.76
09/01/2022			87,328.13	87,328.13	
03/01/2023	1,510,000	5.625%	87,328.13	1,597,328.13	1,684,656.26
09/01/2023			44,859.38	44,859.38	
03/01/2024	1,595,000	5.625%	44,859.38	1,639,859.38	1,684,718.76
	12,630,000		4,225,781.32	16,855,781.32	16,855,781.32

BOND SUMMARY STATISTICS

Refunding
CRA Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
First Coupon	09/01/2014
Last Maturity	03/01/2024
Arbitrage Yield	2.600378%
True Interest Cost (TIC)	2.600378%
Net Interest Cost (NIC)	2.600000%
All-In TIC	2.720353%
Average Coupon	2.600000%
Average Life (years)	5.398
Duration of Issue (years)	4.978
Par Amount	12,775,000.00
Bond Proceeds	12,775,000.00
Total Interest	1,793,003.33
Net Interest	1,793,003.33
Total Debt Service	14,568,003.33
Maximum Annual Debt Service	1,475,340.00
Average Annual Debt Service	1,507,034.83
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term	12,775,000.00	100.000	2.600%	5.398	11/23/2019	10,858.75
	12,775,000.00			5.398		10,858.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	12,775,000.00	12,775,000.00	12,775,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-75,000.00	
- Other Amounts			
Target Value	12,775,000.00	12,700,000.00	12,775,000.00
Target Date	07/01/2014	07/01/2014	07/01/2014
Yield	2.600378%	2.720353%	2.600378%

BOND DEBT SERVICE

Refunding
 CRA Refunding Bank Loan, Series 2014
 For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2014			55,358.33	55,358.33	
03/01/2015	1,085,000	2.600%	166,075.00	1,251,075.00	1,306,433.33
09/01/2015			151,970.00	151,970.00	
03/01/2016	1,170,000	2.600%	151,970.00	1,321,970.00	1,473,940.00
09/01/2016			136,760.00	136,760.00	
03/01/2017	1,200,000	2.600%	136,760.00	1,336,760.00	1,473,520.00
09/01/2017			121,160.00	121,160.00	
03/01/2018	1,230,000	2.600%	121,160.00	1,351,160.00	1,472,320.00
09/01/2018			105,170.00	105,170.00	
03/01/2019	1,265,000	2.600%	105,170.00	1,370,170.00	1,475,340.00
09/01/2019			88,725.00	88,725.00	
03/01/2020	1,295,000	2.600%	88,725.00	1,383,725.00	1,472,450.00
09/01/2020			71,890.00	71,890.00	
03/01/2021	1,330,000	2.600%	71,890.00	1,401,890.00	1,473,780.00
09/01/2021			54,600.00	54,600.00	
03/01/2022	1,365,000	2.600%	54,600.00	1,419,600.00	1,474,200.00
09/01/2022			36,855.00	36,855.00	
03/01/2023	1,400,000	2.600%	36,855.00	1,436,855.00	1,473,710.00
09/01/2023			18,655.00	18,655.00	
03/01/2024	1,435,000	2.600%	18,655.00	1,453,655.00	1,472,310.00
	12,775,000		1,793,003.33	14,568,003.33	14,568,003.33

SOURCES AND USES OF FUNDS

Refunding
General Obligation Refunding Bonds, Series 2014 (Advanced)
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014

Sources:

Bond Proceeds:	
Par Amount	43,785,000.00
Premium	4,598,607.90
	<u>48,383,607.90</u>
Other Sources of Funds:	
Sinking Funds (1 mth Princ)	183,319.79
Sinking Funds (1 mth Interest)	156,250.00
	<u>339,569.79</u>
	<u>48,723,177.69</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	48,249,837.50
Delivery Date Expenses:	
Cost of Issuance	250,000.00
Underwriter's Discount:	
Other Underwriter's Discount	218,925.00
Other Uses of Funds:	
Additional Proceeds	4,415.19
	<u>48,723,177.69</u>

SUMMARY OF REFUNDING RESULTS

Refunding
General Obligation Refunding Bonds, Series 2014 (Advanced)
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
Arbitrage yield	3.109006%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	43,785,000.00
True Interest Cost	3.286769%
Net Interest Cost	3.504916%
Average Coupon	4.567956%
Average Life	9.410
Par amount of refunded bonds	46,050,000.00
Average coupon of refunded bonds	4.660378%
Average life of refunded bonds	9.438
PV of prior debt to 07/01/2014 @ 3.109006%	51,918,791.27
Net PV Savings	2,764,335.04
Percentage savings of refunded bonds	6.002899%
Percentage savings of refunding bonds	6.313429%

SUMMARY OF BONDS REFUNDED

Refunding
General Obligation Refunding Bonds, Series 2014 (Advanced)
For Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2005, GO05:					
SERIAL	06/01/2015	5.000%	1,875,000.00		
	06/01/2016	5.000%	2,055,000.00	06/01/2015	100.000
	06/01/2017	5.000%	2,155,000.00	06/01/2015	100.000
	06/01/2018	5.000%	2,265,000.00	06/01/2015	100.000
	06/01/2019	5.000%	2,380,000.00	06/01/2015	100.000
	06/01/2020	5.000%	2,500,000.00	06/01/2015	100.000
	06/01/2021	5.000%	2,620,000.00	06/01/2015	100.000
	06/01/2022	5.000%	2,755,000.00	06/01/2015	100.000
	06/01/2027	4.250%	3,515,000.00	06/01/2015	100.000
	06/01/2028	4.250%	3,665,000.00	06/01/2015	100.000
	06/01/2029	4.375%	3,820,000.00	06/01/2015	100.000
	06/01/2030	4.375%	3,990,000.00	06/01/2015	100.000
TERM24	06/01/2023	5.000%	2,890,000.00	06/01/2015	100.000
TERM26	06/01/2024	5.000%	3,035,000.00	06/01/2015	100.000
	06/01/2025	5.000%	3,185,000.00	06/01/2015	100.000
	06/01/2026	5.000%	3,345,000.00	06/01/2015	100.000
			46,050,000.00		

SAVINGS

Refunding

General Obligation Refunding Bonds, Series 2014 (Advanced)

For Discussion Purposes Only

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/01/2014 @ 3.1090055%
06/01/2015	4,074,837.50	339,569.79	3,735,267.71	3,532,836.98	202,430.73	191,555.68
06/01/2016	4,161,087.50		4,161,087.50	3,939,831.26	221,256.24	209,953.65
06/01/2017	4,158,337.50		4,158,337.50	3,933,831.26	224,506.24	206,391.12
06/01/2018	4,160,587.50		4,160,587.50	3,939,831.26	220,756.24	196,634.22
06/01/2019	4,162,337.50		4,162,337.50	3,942,231.26	220,106.24	189,930.67
06/01/2020	4,163,337.50		4,163,337.50	3,938,231.26	225,106.24	188,294.01
06/01/2021	4,158,337.50		4,158,337.50	3,933,731.26	224,606.24	182,135.21
06/01/2022	4,162,337.50		4,162,337.50	3,938,481.26	223,856.24	175,979.48
06/01/2023	4,159,587.50		4,159,587.50	3,936,731.26	222,856.24	169,838.33
06/01/2024	4,160,087.50		4,160,087.50	3,938,781.26	221,306.24	163,184.89
06/01/2025	4,158,337.50		4,158,337.50	3,936,281.26	222,056.24	158,711.56
06/01/2026	4,159,087.50		4,159,087.50	3,936,781.26	222,306.24	154,010.55
06/01/2027	4,161,837.50		4,161,837.50	3,939,781.26	222,056.24	149,110.41
06/01/2028	4,162,450.00		4,162,450.00	3,939,781.26	222,668.74	145,058.15
06/01/2029	4,161,687.50		4,161,687.50	3,936,531.26	225,156.24	142,307.11
06/01/2030	4,164,562.50		4,164,562.50	3,941,131.26	223,431.24	136,824.82
	66,488,837.50	339,569.79	66,149,267.71	62,604,805.88	3,544,461.83	2,759,919.85

Savings Summary

Dated Date	07/01/2014
Delivery Date	07/01/2014
PV of savings from cash flow	2,759,919.85
Plus: Refunding funds on hand	4,415.19
Net PV Savings	2,764,335.04

PRIOR BOND DEBT SERVICE

Refunding
General Obligation Refunding Bonds, Series 2014 (Advanced)
For Discussion Purposes Only

Dated Date 07/01/2014
Delivery Date 07/01/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			1,099,918.75	1,099,918.75	
06/01/2015	1,875,000	5.000%	1,099,918.75	2,974,918.75	4,074,837.50
12/01/2015			1,053,043.75	1,053,043.75	
06/01/2016	2,055,000	5.000%	1,053,043.75	3,108,043.75	4,161,087.50
12/01/2016			1,001,668.75	1,001,668.75	
06/01/2017	2,155,000	5.000%	1,001,668.75	3,156,668.75	4,158,337.50
12/01/2017			947,793.75	947,793.75	
06/01/2018	2,265,000	5.000%	947,793.75	3,212,793.75	4,160,587.50
12/01/2018			891,168.75	891,168.75	
06/01/2019	2,380,000	5.000%	891,168.75	3,271,168.75	4,162,337.50
12/01/2019			831,668.75	831,668.75	
06/01/2020	2,500,000	5.000%	831,668.75	3,331,668.75	4,163,337.50
12/01/2020			769,168.75	769,168.75	
06/01/2021	2,620,000	5.000%	769,168.75	3,389,168.75	4,158,337.50
12/01/2021			703,668.75	703,668.75	
06/01/2022	2,755,000	5.000%	703,668.75	3,458,668.75	4,162,337.50
12/01/2022			634,793.75	634,793.75	
06/01/2023	2,890,000	5.000%	634,793.75	3,524,793.75	4,159,587.50
12/01/2023			562,543.75	562,543.75	
06/01/2024	3,035,000	5.000%	562,543.75	3,597,543.75	4,160,087.50
12/01/2024			486,668.75	486,668.75	
06/01/2025	3,185,000	5.000%	486,668.75	3,671,668.75	4,158,337.50
12/01/2025			407,043.75	407,043.75	
06/01/2026	3,345,000	5.000%	407,043.75	3,752,043.75	4,159,087.50
12/01/2026			323,418.75	323,418.75	
06/01/2027	3,515,000	4.250%	323,418.75	3,838,418.75	4,161,837.50
12/01/2027			248,725.00	248,725.00	
06/01/2028	3,665,000	4.250%	248,725.00	3,913,725.00	4,162,450.00
12/01/2028			170,843.75	170,843.75	
06/01/2029	3,820,000	4.375%	170,843.75	3,990,843.75	4,161,687.50
12/01/2029			87,281.25	87,281.25	
06/01/2030	3,990,000	4.375%	87,281.25	4,077,281.25	4,164,562.50
	46,050,000		20,438,837.50	66,488,837.50	66,488,837.50

BOND SUMMARY STATISTICS

Refunding
General Obligation Refunding Bonds, Series 2014 (Advanced)
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
First Coupon	12/01/2014
Last Maturity	06/01/2030
Arbitrage Yield	3.109006%
True Interest Cost (TIC)	3.286769%
Net Interest Cost (NIC)	3.504916%
All-In TIC	3.355566%
Average Coupon	4.567956%
Average Life (years)	9.410
Duration of Issue (years)	7.697
Par Amount	43,785,000.00
Bond Proceeds	48,383,607.90
Total Interest	18,819,805.88
Net Interest	14,440,122.98
Total Debt Service	62,604,805.88
Maximum Annual Debt Service	3,942,231.26
Average Annual Debt Service	3,933,286.23
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	110.002702

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term	43,785,000.00	110.503	4.568%	9.410	11/27/2023	31,057.50
	43,785,000.00			9.410		31,057.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	43,785,000.00	43,785,000.00	43,785,000.00
+ Accrued Interest			
+ Premium (Discount)	4,598,607.90	4,598,607.90	4,598,607.90
- Underwriter's Discount	-218,925.00	-218,925.00	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts			
Target Value	48,164,682.90	47,914,682.90	48,383,607.90
Target Date	07/01/2014	07/01/2014	07/01/2014
Yield	3.286769%	3.355566%	3.109006%

BOND DEBT SERVICE

Refunding
General Obligation Refunding Bonds, Series 2014 (Advanced)
For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			819,471.35	819,471.35	
06/01/2015	1,730,000	3.000%	983,365.63	2,713,365.63	3,532,836.98
12/01/2015			957,415.63	957,415.63	
06/01/2016	2,025,000	4.000%	957,415.63	2,982,415.63	3,939,831.26
12/01/2016			916,915.63	916,915.63	
06/01/2017	2,100,000	4.000%	916,915.63	3,016,915.63	3,933,831.26
12/01/2017			874,915.63	874,915.63	
06/01/2018	2,190,000	4.000%	874,915.63	3,064,915.63	3,939,831.26
12/01/2018			831,115.63	831,115.63	
06/01/2019	2,280,000	5.000%	831,115.63	3,111,115.63	3,942,231.26
12/01/2019			774,115.63	774,115.63	
06/01/2020	2,390,000	5.000%	774,115.63	3,164,115.63	3,938,231.26
12/01/2020			714,365.63	714,365.63	
06/01/2021	2,505,000	5.000%	714,365.63	3,219,365.63	3,933,731.26
12/01/2021			651,740.63	651,740.63	
06/01/2022	2,635,000	5.000%	651,740.63	3,286,740.63	3,938,481.26
12/01/2022			585,865.63	585,865.63	
06/01/2023	2,765,000	3.000%	585,865.63	3,350,865.63	3,936,731.26
12/01/2023			544,390.63	544,390.63	
06/01/2024	2,850,000	5.000%	544,390.63	3,394,390.63	3,938,781.26
12/01/2024			473,140.63	473,140.63	
06/01/2025	2,990,000	5.000%	473,140.63	3,463,140.63	3,936,281.26
12/01/2025			398,390.63	398,390.63	
06/01/2026	3,140,000	5.000%	398,390.63	3,538,390.63	3,936,781.26
12/01/2026			319,890.63	319,890.63	
06/01/2027	3,300,000	5.000%	319,890.63	3,619,890.63	3,939,781.26
12/01/2027			237,390.63	237,390.63	
06/01/2028	3,465,000	5.000%	237,390.63	3,702,390.63	3,939,781.26
12/01/2028			150,765.63	150,765.63	
06/01/2029	3,635,000	4.000%	150,765.63	3,785,765.63	3,936,531.26
12/01/2029			78,065.63	78,065.63	
06/01/2030	3,785,000	4.125%	78,065.63	3,863,065.63	3,941,131.26
	43,785,000		18,819,805.88	62,604,805.88	62,604,805.88

SOURCES AND USES OF FUNDS

Refunding

General Obligation Refunding Bank Loan, Series 2014 (Advanced)

For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014

Sources:

Bond Proceeds:	
Par Amount	47,990,000.00
Other Sources of Funds:	
Sinking Funds (1 mth Princ)	183,319.79
Sinking Funds (1 mth Interest)	156,250.00
	<u>339,569.79</u>
	<u>48,329,569.79</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	48,249,837.50
Delivery Date Expenses:	
Cost of Issuance	75,000.00
Other Uses of Funds:	
Additional Proceeds	4,732.29
	<u>48,329,569.79</u>

SUMMARY OF REFUNDING RESULTS

Refunding
General Obligation Refunding Bank Loan, Series 2014 (Advanced)
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
Arbitrage yield	2.750167%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	47,990,000.00
True Interest Cost	2.750167%
Net Interest Cost	2.750000%
Average Coupon	2.750000%
Average Life	9.038
Par amount of refunded bonds	46,050,000.00
Average coupon of refunded bonds	4.660378%
Average life of refunded bonds	9.438
PV of prior debt to 07/01/2014 @ 2.750167%	53,356,663.21
Net PV Savings	5,031,825.71
Percentage savings of refunded bonds	10.926875%
Percentage savings of refunding bonds	10.485155%

SUMMARY OF BONDS REFUNDED

Refunding
General Obligation Refunding Bank Loan, Series 2014 (Advanced)
For Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2005, GO05:					
SERIAL	06/01/2015	5.000%	1,875,000.00		
	06/01/2016	5.000%	2,055,000.00	06/01/2015	100.000
	06/01/2017	5.000%	2,155,000.00	06/01/2015	100.000
	06/01/2018	5.000%	2,265,000.00	06/01/2015	100.000
	06/01/2019	5.000%	2,380,000.00	06/01/2015	100.000
	06/01/2020	5.000%	2,500,000.00	06/01/2015	100.000
	06/01/2021	5.000%	2,620,000.00	06/01/2015	100.000
	06/01/2022	5.000%	2,755,000.00	06/01/2015	100.000
	06/01/2027	4.250%	3,515,000.00	06/01/2015	100.000
	06/01/2028	4.250%	3,665,000.00	06/01/2015	100.000
	06/01/2029	4.375%	3,820,000.00	06/01/2015	100.000
	06/01/2030	4.375%	3,990,000.00	06/01/2015	100.000
TERM24	06/01/2023	5.000%	2,890,000.00	06/01/2015	100.000
TERM26	06/01/2024	5.000%	3,035,000.00	06/01/2015	100.000
	06/01/2025	5.000%	3,185,000.00	06/01/2015	100.000
	06/01/2026	5.000%	3,345,000.00	06/01/2015	100.000
			46,050,000.00		

SAVINGS

Refunding

General Obligation Refunding Bank Loan, Series 2014 (Advanced)

For Discussion Purposes Only

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/01/2014 @ 2.7501670%
06/01/2015	4,074,837.50	339,569.79	3,735,267.71	3,374,747.92	360,519.79	350,584.89
06/01/2016	4,161,087.50		4,161,087.50	3,770,187.50	390,900.00	376,481.17
06/01/2017	4,158,337.50		4,158,337.50	3,766,162.50	392,175.00	367,300.27
06/01/2018	4,160,587.50		4,160,587.50	3,770,350.00	390,237.50	355,434.38
06/01/2019	4,162,337.50		4,162,337.50	3,772,475.00	389,862.50	345,286.74
06/01/2020	4,163,337.50		4,163,337.50	3,772,537.50	390,800.00	336,522.98
06/01/2021	4,158,337.50		4,158,337.50	3,765,537.50	392,800.00	328,837.98
06/01/2022	4,162,337.50		4,162,337.50	3,771,612.50	390,725.00	318,017.64
06/01/2023	4,159,587.50		4,159,587.50	3,770,350.00	389,237.50	307,978.39
06/01/2024	4,160,087.50		4,160,087.50	3,766,887.50	393,200.00	302,382.21
06/01/2025	4,158,337.50		4,158,337.50	3,766,225.00	392,112.50	293,090.30
06/01/2026	4,159,087.50		4,159,087.50	3,768,225.00	390,862.50	283,936.60
06/01/2027	4,161,837.50		4,161,837.50	3,772,750.00	389,087.50	274,667.79
06/01/2028	4,162,450.00		4,162,450.00	3,769,662.50	392,787.50	269,532.26
06/01/2029	4,161,687.50		4,161,687.50	3,769,100.00	392,587.50	261,861.35
06/01/2030	4,164,562.50		4,164,562.50	3,770,925.00	393,637.50	255,178.47
	66,488,837.50	339,569.79	66,149,267.71	59,917,735.42	6,231,532.29	5,027,093.42

Savings Summary

Dated Date	07/01/2014
Delivery Date	07/01/2014
PV of savings from cash flow	5,027,093.42
Plus: Refunding funds on hand	4,732.29
Net PV Savings	5,031,825.71

PRIOR BOND DEBT SERVICE

Refunding
General Obligation Refunding Bank Loan, Series 2014 (Advanced)
For Discussion Purposes Only

Dated Date 07/01/2014
Delivery Date 07/01/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			1,099,918.75	1,099,918.75	
06/01/2015	1,875,000	5.000%	1,099,918.75	2,974,918.75	4,074,837.50
12/01/2015			1,053,043.75	1,053,043.75	
06/01/2016	2,055,000	5.000%	1,053,043.75	3,108,043.75	4,161,087.50
12/01/2016			1,001,668.75	1,001,668.75	
06/01/2017	2,155,000	5.000%	1,001,668.75	3,156,668.75	4,158,337.50
12/01/2017			947,793.75	947,793.75	
06/01/2018	2,265,000	5.000%	947,793.75	3,212,793.75	4,160,587.50
12/01/2018			891,168.75	891,168.75	
06/01/2019	2,380,000	5.000%	891,168.75	3,271,168.75	4,162,337.50
12/01/2019			831,668.75	831,668.75	
06/01/2020	2,500,000	5.000%	831,668.75	3,331,668.75	4,163,337.50
12/01/2020			769,168.75	769,168.75	
06/01/2021	2,620,000	5.000%	769,168.75	3,389,168.75	4,158,337.50
12/01/2021			703,668.75	703,668.75	
06/01/2022	2,755,000	5.000%	703,668.75	3,458,668.75	4,162,337.50
12/01/2022			634,793.75	634,793.75	
06/01/2023	2,890,000	5.000%	634,793.75	3,524,793.75	4,159,587.50
12/01/2023			562,543.75	562,543.75	
06/01/2024	3,035,000	5.000%	562,543.75	3,597,543.75	4,160,087.50
12/01/2024			486,668.75	486,668.75	
06/01/2025	3,185,000	5.000%	486,668.75	3,671,668.75	4,158,337.50
12/01/2025			407,043.75	407,043.75	
06/01/2026	3,345,000	5.000%	407,043.75	3,752,043.75	4,159,087.50
12/01/2026			323,418.75	323,418.75	
06/01/2027	3,515,000	4.250%	323,418.75	3,838,418.75	4,161,837.50
12/01/2027			248,725.00	248,725.00	
06/01/2028	3,665,000	4.250%	248,725.00	3,913,725.00	4,162,450.00
12/01/2028			170,843.75	170,843.75	
06/01/2029	3,820,000	4.375%	170,843.75	3,990,843.75	4,161,687.50
12/01/2029			87,281.25	87,281.25	
06/01/2030	3,990,000	4.375%	87,281.25	4,077,281.25	4,164,562.50
	46,050,000		20,438,837.50	66,488,837.50	66,488,837.50

BOND SUMMARY STATISTICS

Refunding

General Obligation Refunding Bank Loan, Series 2014 (Advanced)

For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
First Coupon	12/01/2014
Last Maturity	06/01/2030

Arbitrage Yield	2.750167%
True Interest Cost (TIC)	2.750167%
Net Interest Cost (NIC)	2.750000%
All-In TIC	2.770403%
Average Coupon	2.750000%

Average Life (years)	9.038
Duration of Issue (years)	7.838

Par Amount	47,990,000.00
Bond Proceeds	47,990,000.00
Total Interest	11,927,735.42
Net Interest	11,927,735.42
Total Debt Service	59,917,735.42
Maximum Annual Debt Service	3,772,750.00
Average Annual Debt Service	3,764,465.05

Underwriter's Fees (per \$1000)

Average Takedown

Other Fee

Total Underwriter's Discount

Bid Price	100.000000
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Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term	47,990,000.00	100.000	2.750%	9.038	07/15/2023	61,427.20
	47,990,000.00			9.038		61,427.20

	TIC	All-In TIC	Arbitrage Yield
Par Value	47,990,000.00	47,990,000.00	47,990,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-75,000.00	
- Other Amounts			
Target Value	47,990,000.00	47,915,000.00	47,990,000.00
Target Date	07/01/2014	07/01/2014	07/01/2014
Yield	2.750167%	2.770403%	2.750167%

BOND DEBT SERVICE

Refunding

General Obligation Refunding Bank Loan, Series 2014 (Advanced)

For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			549,885.42	549,885.42	
06/01/2015	2,165,000	2.750%	659,862.50	2,824,862.50	3,374,747.92
12/01/2015			630,093.75	630,093.75	
06/01/2016	2,510,000	2.750%	630,093.75	3,140,093.75	3,770,187.50
12/01/2016			595,581.25	595,581.25	
06/01/2017	2,575,000	2.750%	595,581.25	3,170,581.25	3,766,162.50
12/01/2017			560,175.00	560,175.00	
06/01/2018	2,650,000	2.750%	560,175.00	3,210,175.00	3,770,350.00
12/01/2018			523,737.50	523,737.50	
06/01/2019	2,725,000	2.750%	523,737.50	3,248,737.50	3,772,475.00
12/01/2019			486,268.75	486,268.75	
06/01/2020	2,800,000	2.750%	486,268.75	3,286,268.75	3,772,537.50
12/01/2020			447,768.75	447,768.75	
06/01/2021	2,870,000	2.750%	447,768.75	3,317,768.75	3,765,537.50
12/01/2021			408,306.25	408,306.25	
06/01/2022	2,955,000	2.750%	408,306.25	3,363,306.25	3,771,612.50
12/01/2022			367,675.00	367,675.00	
06/01/2023	3,035,000	2.750%	367,675.00	3,402,675.00	3,770,350.00
12/01/2023			325,943.75	325,943.75	
06/01/2024	3,115,000	2.750%	325,943.75	3,440,943.75	3,766,887.50
12/01/2024			283,112.50	283,112.50	
06/01/2025	3,200,000	2.750%	283,112.50	3,483,112.50	3,766,225.00
12/01/2025			239,112.50	239,112.50	
06/01/2026	3,290,000	2.750%	239,112.50	3,529,112.50	3,768,225.00
12/01/2026			193,875.00	193,875.00	
06/01/2027	3,385,000	2.750%	193,875.00	3,578,875.00	3,772,750.00
12/01/2027			147,331.25	147,331.25	
06/01/2028	3,475,000	2.750%	147,331.25	3,622,331.25	3,769,662.50
12/01/2028			99,550.00	99,550.00	
06/01/2029	3,570,000	2.750%	99,550.00	3,669,550.00	3,769,100.00
12/01/2029			50,462.50	50,462.50	
06/01/2030	3,670,000	2.750%	50,462.50	3,720,462.50	3,770,925.00
	47,990,000		11,927,735.42	59,917,735.42	59,917,735.42

SOURCES AND USES OF FUNDS

Refunding

Water and Sewer Refunding Bond Issue, Series 2014

For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014

Sources:

Bond Proceeds:

Par Amount	51,025,000.00
Premium	6,281,207.15
	<u>57,306,207.15</u>

Other Sources of Funds:

Sinking Funds (3 mths Interest)	735,281.25
Sinking Funds (9 mths Princ)	4,826,250.00
	<u>5,561,531.25</u>

62,867,738.40

Uses:

Refunding Escrow Deposits:

Cash Deposit	62,358,054.17
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Delivery Date Expenses:

Cost of Issuance	250,000.00
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Underwriter's Discount:

Other Underwriter's Discount	255,125.00
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Other Uses of Funds:

Additional Proceeds	4,559.23
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62,867,738.40

SUMMARY OF REFUNDING RESULTS

Refunding
Water and Sewer Refunding Bond Issue, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
Arbitrage yield	1.891710%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	51,025,000.00
True Interest Cost	1.984421%
Net Interest Cost	2.141843%
Average Coupon	4.356490%
Average Life	5.333
Par amount of refunded bonds	61,345,000.00
Average coupon of refunded bonds	4.800706%
Average life of refunded bonds	4.839
PV of prior debt to 07/01/2014 @ 1.891710%	70,165,883.07
Net PV Savings	7,302,703.90
Percentage savings of refunded bonds	11.904318%
Percentage savings of refunding bonds	14.312012%

SUMMARY OF BONDS REFUNDED

Refunding
Water and Sewer Refunding Bond Issue, Series 2014
For Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Water and Sewer Bonds, Series 2003, SW03:					
SERIAL	10/01/2014	5.000%	6,435,000.00	08/05/2014	100.000
	10/01/2015	4.000%	6,760,000.00	08/05/2014	100.000
	10/01/2016	5.000%	5,120,000.00	08/05/2014	100.000
	10/01/2017	5.000%	5,370,000.00	08/05/2014	100.000
	10/01/2018	5.000%	5,645,000.00	08/05/2014	100.000
	10/01/2019	5.000%	5,930,000.00	08/05/2014	100.000
	10/01/2020	5.000%	6,225,000.00	08/05/2014	100.000
	10/01/2021	5.000%	6,540,000.00	08/05/2014	100.000
	10/01/2022	4.500%	6,860,000.00	08/05/2014	100.000
	10/01/2023	4.625%	6,460,000.00	08/05/2014	100.000
			61,345,000.00		

SAVINGS

Refunding

Water and Sewer Refunding Bond Issue, Series 2014

For Discussion Purposes Only

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/01/2014 @ 1.8917096%
10/01/2014	7,905,562.50	5,561,531.25	2,344,031.25	537,762.50	1,806,268.75	1,771,669.66
10/01/2015	9,379,375.00		9,379,375.00	8,706,050.00	673,325.00	659,826.48
10/01/2016	7,468,975.00		7,468,975.00	6,794,400.00	674,575.00	648,383.20
10/01/2017	7,462,975.00		7,462,975.00	6,785,800.00	677,175.00	638,457.60
10/01/2018	7,469,475.00		7,469,475.00	6,794,800.00	674,675.00	623,946.64
10/01/2019	7,472,225.00		7,472,225.00	6,795,400.00	676,825.00	613,944.30
10/01/2020	7,470,725.00		7,470,725.00	6,793,150.00	677,575.00	603,057.76
10/01/2021	7,474,475.00		7,474,475.00	6,797,400.00	677,075.00	591,268.09
10/01/2022	7,467,475.00		7,467,475.00	6,792,150.00	675,325.00	578,633.19
10/01/2023	6,758,775.00		6,758,775.00	6,082,150.00	676,625.00	568,957.74
	76,330,037.50	5,561,531.25	70,768,506.25	62,879,062.50	7,889,443.75	7,298,144.67

Savings Summary

Dated Date	07/01/2014
Delivery Date	07/01/2014
PV of savings from cash flow	7,298,144.67
Plus: Refunding funds on hand	4,559.23
Net PV Savings	7,302,703.90

PRIOR BOND DEBT SERVICE

Refunding
Water and Sewer Refunding Bond Issue, Series 2014
For Discussion Purposes Only

Dated Date 07/01/2014
Delivery Date 07/01/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2014	6,435,000	5.000%	1,470,562.50	7,905,562.50	7,905,562.50
04/01/2015			1,309,687.50	1,309,687.50	
10/01/2015	6,760,000	4.000%	1,309,687.50	8,069,687.50	9,379,375.00
04/01/2016			1,174,487.50	1,174,487.50	
10/01/2016	5,120,000	5.000%	1,174,487.50	6,294,487.50	7,468,975.00
04/01/2017			1,046,487.50	1,046,487.50	
10/01/2017	5,370,000	5.000%	1,046,487.50	6,416,487.50	7,462,975.00
04/01/2018			912,237.50	912,237.50	
10/01/2018	5,645,000	5.000%	912,237.50	6,557,237.50	7,469,475.00
04/01/2019			771,112.50	771,112.50	
10/01/2019	5,930,000	5.000%	771,112.50	6,701,112.50	7,472,225.00
04/01/2020			622,862.50	622,862.50	
10/01/2020	6,225,000	5.000%	622,862.50	6,847,862.50	7,470,725.00
04/01/2021			467,237.50	467,237.50	
10/01/2021	6,540,000	5.000%	467,237.50	7,007,237.50	7,474,475.00
04/01/2022			303,737.50	303,737.50	
10/01/2022	6,860,000	4.500%	303,737.50	7,163,737.50	7,467,475.00
04/01/2023			149,387.50	149,387.50	
10/01/2023	6,460,000	4.625%	149,387.50	6,609,387.50	6,758,775.00
	61,345,000		14,985,037.50	76,330,037.50	76,330,037.50

BOND SUMMARY STATISTICS

Refunding
Water and Sewer Refunding Bond Issue, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
First Coupon	10/01/2014
Last Maturity	10/01/2023
Arbitrage Yield	1.891710%
True Interest Cost (TIC)	1.984421%
Net Interest Cost (NIC)	2.141843%
All-In TIC	2.075836%
Average Coupon	4.356490%
Average Life (years)	5.333
Duration of Issue (years)	4.856
Par Amount	51,025,000.00
Bond Proceeds	57,306,207.15
Total Interest	11,854,062.50
Net Interest	5,827,980.35
Total Debt Service	62,879,062.50
Maximum Annual Debt Service	8,706,050.00
Average Annual Debt Service	6,797,736.49
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	111.810058

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term	51,025,000.00	112.310	4.356%	5.333	10/30/2019	27,300.45
	51,025,000.00			5.333		27,300.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	51,025,000.00	51,025,000.00	51,025,000.00
+ Accrued Interest			
+ Premium (Discount)	6,281,207.15	6,281,207.15	6,281,207.15
- Underwriter's Discount	-255,125.00	-255,125.00	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts			
Target Value	57,051,082.15	56,801,082.15	57,306,207.15
Target Date	07/01/2014	07/01/2014	07/01/2014
Yield	1.984421%	2.075836%	1.891710%

BOND DEBT SERVICE

Refunding
Water and Sewer Refunding Bond Issue, Series 2014
For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2014			537,762.50	537,762.50	537,762.50
04/01/2015			1,075,525.00	1,075,525.00	
10/01/2015	6,555,000	3.000%	1,075,525.00	7,630,525.00	8,706,050.00
04/01/2016			977,200.00	977,200.00	
10/01/2016	4,840,000	4.000%	977,200.00	5,817,200.00	6,794,400.00
04/01/2017			880,400.00	880,400.00	
10/01/2017	5,025,000	4.000%	880,400.00	5,905,400.00	6,785,800.00
04/01/2018			779,900.00	779,900.00	
10/01/2018	5,235,000	4.000%	779,900.00	6,014,900.00	6,794,800.00
04/01/2019			675,200.00	675,200.00	
10/01/2019	5,445,000	5.000%	675,200.00	6,120,200.00	6,795,400.00
04/01/2020			539,075.00	539,075.00	
10/01/2020	5,715,000	5.000%	539,075.00	6,254,075.00	6,793,150.00
04/01/2021			396,200.00	396,200.00	
10/01/2021	6,005,000	5.000%	396,200.00	6,401,200.00	6,797,400.00
04/01/2022			246,075.00	246,075.00	
10/01/2022	6,300,000	5.000%	246,075.00	6,546,075.00	6,792,150.00
04/01/2023			88,575.00	88,575.00	
10/01/2023	5,905,000	3.000%	88,575.00	5,993,575.00	6,082,150.00
	51,025,000		11,854,062.50	62,879,062.50	62,879,062.50

SOURCES AND USES OF FUNDS

Refunding
Water and Sewer Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014

Sources:

Bond Proceeds:	
Par Amount	56,875,000.00
Other Sources of Funds:	
Sinking Funds (3 mths Interest)	735,281.25
Sinking Funds (9 mths Princ)	4,826,250.00
	<u>5,561,531.25</u>
	<u>62,436,531.25</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	62,358,054.17
Delivery Date Expenses:	
Cost of Issuance	75,000.00
Other Uses of Funds:	
Additional Proceeds	3,477.08
	<u>62,436,531.25</u>

SUMMARY OF REFUNDING RESULTS

Refunding
Water and Sewer Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
Arbitrage yield	2.600435%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	56,875,000.00
True Interest Cost	2.600435%
Net Interest Cost	2.600000%
Average Coupon	2.600000%
Average Life	5.237
Par amount of refunded bonds	61,345,000.00
Average coupon of refunded bonds	4.800706%
Average life of refunded bonds	4.839
PV of prior debt to 07/01/2014 @ 2.600435%	68,051,967.18
Net PV Savings	5,618,913.01
Percentage savings of refunded bonds	9.159529%
Percentage savings of refunding bonds	9.879407%

SUMMARY OF BONDS REFUNDED

Refunding
Water and Sewer Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Water and Sewer Bonds, Series 2003, SW03:					
SERIAL	10/01/2014	5.000%	6,435,000.00	08/05/2014	100.000
	10/01/2015	4.000%	6,760,000.00	08/05/2014	100.000
	10/01/2016	5.000%	5,120,000.00	08/05/2014	100.000
	10/01/2017	5.000%	5,370,000.00	08/05/2014	100.000
	10/01/2018	5.000%	5,645,000.00	08/05/2014	100.000
	10/01/2019	5.000%	5,930,000.00	08/05/2014	100.000
	10/01/2020	5.000%	6,225,000.00	08/05/2014	100.000
	10/01/2021	5.000%	6,540,000.00	08/05/2014	100.000
	10/01/2022	4.500%	6,860,000.00	08/05/2014	100.000
	10/01/2023	4.625%	6,460,000.00	08/05/2014	100.000
			61,345,000.00		

SAVINGS

Refunding

Water and Sewer Refunding Bank Loan, Series 2014

For Discussion Purposes Only

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/01/2014 @ 2.6004355%
10/01/2014	7,905,562.50	5,561,531.25	2,344,031.25	369,687.50	1,974,343.75	1,925,824.99
10/01/2015	9,379,375.00		9,379,375.00	8,913,750.00	465,625.00	458,007.09
10/01/2016	7,468,975.00		7,468,975.00	7,005,440.00	463,535.00	443,880.40
10/01/2017	7,462,975.00		7,462,975.00	7,001,720.00	461,255.00	429,821.23
10/01/2018	7,469,475.00		7,469,475.00	7,004,230.00	465,245.00	421,757.59
10/01/2019	7,472,225.00		7,472,225.00	7,007,710.00	464,515.00	409,649.20
10/01/2020	7,470,725.00		7,470,725.00	7,007,030.00	463,695.00	397,751.72
10/01/2021	7,474,475.00		7,474,475.00	7,012,190.00	462,285.00	385,648.35
10/01/2022	7,467,475.00		7,467,475.00	7,002,930.00	464,545.00	376,809.60
10/01/2023	6,758,775.00		6,758,775.00	6,294,510.00	464,265.00	366,285.76
	76,330,037.50	5,561,531.25	70,768,506.25	64,619,197.50	6,149,308.75	5,615,435.93

Savings Summary

Dated Date	07/01/2014
Delivery Date	07/01/2014
PV of savings from cash flow	5,615,435.93
Plus: Refunding funds on hand	3,477.08
Net PV Savings	5,618,913.01

PRIOR BOND DEBT SERVICE

Refunding
Water and Sewer Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date 07/01/2014
Delivery Date 07/01/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2014	6,435,000	5.000%	1,470,562.50	7,905,562.50	7,905,562.50
04/01/2015			1,309,687.50	1,309,687.50	
10/01/2015	6,760,000	4.000%	1,309,687.50	8,069,687.50	9,379,375.00
04/01/2016			1,174,487.50	1,174,487.50	
10/01/2016	5,120,000	5.000%	1,174,487.50	6,294,487.50	7,468,975.00
04/01/2017			1,046,487.50	1,046,487.50	
10/01/2017	5,370,000	5.000%	1,046,487.50	6,416,487.50	7,462,975.00
04/01/2018			912,237.50	912,237.50	
10/01/2018	5,645,000	5.000%	912,237.50	6,557,237.50	7,469,475.00
04/01/2019			771,112.50	771,112.50	
10/01/2019	5,930,000	5.000%	771,112.50	6,701,112.50	7,472,225.00
04/01/2020			622,862.50	622,862.50	
10/01/2020	6,225,000	5.000%	622,862.50	6,847,862.50	7,470,725.00
04/01/2021			467,237.50	467,237.50	
10/01/2021	6,540,000	5.000%	467,237.50	7,007,237.50	7,474,475.00
04/01/2022			303,737.50	303,737.50	
10/01/2022	6,860,000	4.500%	303,737.50	7,163,737.50	7,467,475.00
04/01/2023			149,387.50	149,387.50	
10/01/2023	6,460,000	4.625%	149,387.50	6,609,387.50	6,758,775.00
	61,345,000		14,985,037.50	76,330,037.50	76,330,037.50

BOND SUMMARY STATISTICS

Refunding
Water and Sewer Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Dated Date	07/01/2014
Delivery Date	07/01/2014
First Coupon	10/01/2014
Last Maturity	10/01/2023
Arbitrage Yield	2.600435%
True Interest Cost (TIC)	2.600435%
Net Interest Cost (NIC)	2.600000%
All-In TIC	2.627999%
Average Coupon	2.600000%
Average Life (years)	5.237
Duration of Issue (years)	4.851
Par Amount	56,875,000.00
Bond Proceeds	56,875,000.00
Total Interest	7,744,197.50
Net Interest	7,744,197.50
Total Debt Service	64,619,197.50
Maximum Annual Debt Service	8,913,750.00
Average Annual Debt Service	6,985,859.19
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term	56,875,000.00	100.000	2.600%	5.237	09/25/2019	46,068.75
	56,875,000.00			5.237		46,068.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	56,875,000.00	56,875,000.00	56,875,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-75,000.00	
- Other Amounts			
Target Value	56,875,000.00	56,800,000.00	56,875,000.00
Target Date	07/01/2014	07/01/2014	07/01/2014
Yield	2.600435%	2.627999%	2.600435%

BOND DEBT SERVICE

Refunding
Water and Sewer Refunding Bank Loan, Series 2014
For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2014			369,687.50	369,687.50	369,687.50
04/01/2015			739,375.00	739,375.00	
10/01/2015	7,435,000	2.600%	739,375.00	8,174,375.00	8,913,750.00
04/01/2016			642,720.00	642,720.00	
10/01/2016	5,720,000	2.600%	642,720.00	6,362,720.00	7,005,440.00
04/01/2017			568,360.00	568,360.00	
10/01/2017	5,865,000	2.600%	568,360.00	6,433,360.00	7,001,720.00
04/01/2018			492,115.00	492,115.00	
10/01/2018	6,020,000	2.600%	492,115.00	6,512,115.00	7,004,230.00
04/01/2019			413,855.00	413,855.00	
10/01/2019	6,180,000	2.600%	413,855.00	6,593,855.00	7,007,710.00
04/01/2020			333,515.00	333,515.00	
10/01/2020	6,340,000	2.600%	333,515.00	6,673,515.00	7,007,030.00
04/01/2021			251,095.00	251,095.00	
10/01/2021	6,510,000	2.600%	251,095.00	6,761,095.00	7,012,190.00
04/01/2022			166,465.00	166,465.00	
10/01/2022	6,670,000	2.600%	166,465.00	6,836,465.00	7,002,930.00
04/01/2023			79,755.00	79,755.00	
10/01/2023	6,135,000	2.600%	79,755.00	6,214,755.00	6,294,510.00
	56,875,000		7,744,197.50	64,619,197.50	64,619,197.50

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY APPENDIX B

DEBT RISK MANAGEMENT POLICY

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DEBT RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Debt Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and the controls under which Florida Municipal Power Agency (FMPA) may engage in activities to identify, measure and minimize future business risk resulting from the issuance and management of all FMPA debt financing. This Policy is Appendix B of the FMPA Risk Management Policy.

1.0 Policy Statement

The Board of Directors and Executive Committee of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its governing bodies. FMPA staff is hereby authorized to put mechanisms into place, such as those more fully described in Section 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse effect on FMPA’s ability to access capital markets at reasonable rates and with reasonable credit terms.

This Policy covers the planning and management of debt financing. The appropriate governing body may approve exceptions to this Policy for specific debt transactions.

The following summarized the Policy of the Board of Directors and Executive Committee:

- ❖ The debt management program shall conform to all bond resolutions and all applicable federal, state and local legal requirements regarding the issuance and management of debt.
- ❖ The Board of Directors or Executive Committee must approve all forms of FMPA debt issuance.

- ❖ Authority is delegated to the Assistant General Manager and CFO to create procedures to facilitate the management of debt and administer this Policy.
- ❖ FMPA's Debt Financing Team (as defined by this Policy) shall be active participants in all contemplated debt transactions.
- ❖ FMPA's Financial Advisor shall provide a written recommendation to the appropriate governing body prior to approval of any debt issuance.
- ❖ FMPA's Debt Financing Team shall provide a written financial and risk analysis of any proposed debt structure to the General Manager as required in Section 4.1.
- ❖ FMPA shall manage its debt portfolios to contribute to the goal of maintaining credit ratings of no less than "A-" or "A3".
- ❖ Interest rate hedging strategies may only be employed as detailed in Section 5.0 of this Policy.
- ❖ The Treasurer shall report on the debt portfolio as required in Section 7.0 of this Policy.
- ❖ The Agency Risk Manager shall report deviations from this Policy to the Audit and Risk Oversight Committee (AROC).

2.0 Scope and Authority

FMPA has the authority to undertake and finance projects including, among other things, to plan, finance, acquire, construct, reconstruct, own, lease, operate, maintain, repair, improve, extend, or otherwise participate jointly in those projects and to issue debt obligations for the purpose of financing or refinancing the costs of such projects. The debt management program shall further conform to all federal, state, and local legal requirements governing the issuance and management of debt.

The Board of Directors or Executive Committee, respectively, is responsible for the approval of all forms of FMPA debt issuance and the details associated therewith. The General Manager has ultimate responsibility for administration of FMPA's financial policies. The Assistant General Manager and CFO or designee coordinates

the administration and issuance of debt, and is responsible for the attestation of financial disclosure and other bond related documents. The Assistant General Manager and CFO or designee, in consultation with the Debt Financing Team, must also recommend to the General Manager and appropriate governing body the selection of any external agents, review proposed annual capital expenditures and financing plans, and recommend specific projects for debt financing.

3.0 Types of Debt Issuance Risk

This Policy is intended to guide the types of debt issued, given FMPA's risk tolerance and awareness of market fluctuations, capital market outlooks, future capital needs, tax implications, rating agency considerations, and industry competition. The Assistant General Manager and CFO will cause Debt Management Procedures to be created that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. The FMPA Risk Management Policy identifies ten risks composing FMPA's common risk framework. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the framework provides insight into the major areas of risk exposure for FMPA. The following selected framework risks are those risks presented by typical debt management and interest rate hedging activity.

3.1 Market Risk: The risk of potential change in the value of a portfolio caused by adverse changes in market factors. When considering debt management including interest rate hedging, the types of market risk that FMPA is most exposed to are interest rate risk and basis risk. An example of interest rate risk occurs when a change in interest rates inversely affects a bond's value, such as when higher interest rates cause bond value to fall. This risk can be reduced by diversifying (issuing fixed rate debt with different durations) or hedging (such as interest rate swaps). An example of basis risk can occur in a floating-to-fixed rate swap when there is a difference between the interest rate paid on

variable rate demand obligations and the rate received from the swap counterparty. This mismatch in rates could cause higher than expected interest rate costs.

3.2 Credit Risk: The potential of financial losses due to the failure of counterparties to fulfill the terms of a contract on a timely basis. When considering debt management including interest rate hedging, the types of credit risk that FMPA is most exposed to are counterparty risk and concentration risk. An example of counterparty risk would be if FMPA depends on the performance of a counterparty to provide interest payments under a swap agreement. The failure of that counterparty to make interest payments as required under the swap agreement might expose FMPA to current market conditions, which may or may not be favorable at the time of non-performance. An example of counterparty concentration risk might occur if a counterparty with several swap agreements fails to make required payments. This failure might cause FMPA to terminate several swap agreements and again expose FMPA to market conditions on a greater scale.

3.3 Regulatory Risk: The potential adverse impact of an action or direction from an administrative body such as, but not limited to, FERC, DOE, or Treasury Department. An example of regulatory risk might occur if tax laws are changed, and the Agency becomes ineligible to issue tax-exempt debt. This change would expose the Agency to the market rate for taxable debt and increase the cost of debt issuance.

4.0 Debt Issuance

Effective debt management includes an analysis of what level of debt is acceptable given a particular set of circumstances and assumptions. FMPA's debt portfolios shall contribute to the goal of maintaining at least "A-" or "A3" credit ratings, in

coordination with strategic plans and member needs. Management of the Agency's credit ratings is addressed in the FMPA Risk Management Policy.

FMPA may consider issuing bonds, short term debt, and other debt instruments as allowed by law and subject to the approval of the appropriate governing body. Debt may only be issued for capital projects with asset lives of five years or more. Short term capital needs should be provided for in the budget process. The use of subordinated debt, capital leasing, certificates of participation, and capital appreciation bonds (zero coupon bonds) require special scrutiny by the Debt Financing Team.

4.1 Debt Financing Team: A team of FMPA staff and advisors shall determine the details of all debt transactions to be proposed to and approved by any governing body. The Debt Financing Team shall at a minimum consist of the following members:

- Assistant General Manager and CFO (Chairperson)
- Treasurer
- General Counsel
- Risk Management Department Representative
- System Planning Manager (as necessary)
- FMPA's Financial Advisor
- FMPA's Swap Advisor (as necessary)
- Bond Counsel (as necessary)

The Debt Financing Team shall ensure that any proposed debt issuance complies with the requirements of this Policy. The CFO, as Chairperson of the Debt Financing Team, shall present all Debt Financing Team recommendations to the General Manager.

4.2 Types of Debt: FMPA's capital structure may consist of fixed rate and variable rate debt in traditional as well as synthetic form, along with hedging instruments such as interest rate swaps, caps, collars and other non-speculative derivative products. The Debt Financing Team shall fully explain the risks associated with any given structure and the financial instruments used to those who must decide and approve any final financing structure.

The debt mix for each of FMPA's projects shall be measured at the time of each debt issuance and compared to limits below. The governing body issuing debt may approve exceeding limits when a particular type of debt issue would be prudent given market conditions.

Limits for each Project are shown in Appendix B of this Debt Policy.

4.3 Structure: The following structuring guidelines shall govern the issuance of new money financing:

- The maturity of debt shall be less than or equal to the useful economic life of the item financed, not to exceed the remaining length of relevant Participant contracts. The table below shows the assumed useful economic life for different types of financed generation assets to be used at time of debt issuance:

Financed Generation Assets	Useful Economic Life
Combined-Cycle	30
Combustion Turbine	25
Coal Plant	30
Nuclear	30
Photovoltaic	25

Exceptions may be approved by the appropriate governing body. The Power Resources Division shall determine the useful economic life of financed generation assets not contained in the table above.

- The use of a cash funded debt service reserve shall always be evaluated against the use of a surety or other debt service reserve product.
- The Debt Financing Team shall evaluate the costs and benefits of call provisions for each debt issue.
- Non-rated securities may be issued if obtaining a credit rating on the issue does not perform any economic benefit or add any value to capital market participants.

4.4 Tax Status: FMPA may issue either taxable or tax-exempt debt. The Debt Financing Team shall consider the economic value of tax status and on the advice of legal counsel recommend a taxable or tax-exempt debt issuance, unless a taxable debt issuance is required by law.

4.5 Credit Enhancement: The use of credit enhancement (including bond insurance, letter of credit, and other securitization products) shall be evaluated on a maturity-by-maturity basis. The Debt Financing Team shall analyze the benefits and costs of issuing debt without credit enhancements, with consideration of the risks and restrictions of using credit enhancement. Credit enhancement shall only be used when the benefits exceed the costs. Post-issuance, the Treasurer shall monitor any credit enhancement associated with variable-rate debt for possible effects on credit or basis risk.

4.6 Methods of Sale: FMPA's policy is to sell public debt using the method of sale expected to achieve the best result, taking into consideration short-term and long-term implications. Decisions on selecting either a competitive or negotiated sale are the responsibility of the Debt Financing Team. The Debt Financing Team shall evaluate whether to seek funding by way of a private placement or bank loan where the size of the borrowing does not justify the

incurrence of typical bond issuance expenses or market conditions favor such funding. The Assistant General Manager and CFO and FMPA's Financial Advisor if used shall compare the overall costs of a private placement with those of a public offering and recommend the most cost effective approach.

4.7 Debt Service Coverage: Debt service coverage shall conform to bond resolutions and remain at or above those levels to ensure that FMPA's credit rating is not diminished.

4.8 Refunding Bonds: Refunding bonds may be issued to achieve debt service savings on outstanding bonds by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt advance refunding bonds to refinance bonds issued after 1986. There is no similar limitation for tax-exempt current refunding bonds.

4.8.1 Structure: The life of the refunding bonds shall not exceed the remaining life of the assets financed. Refunding bonds should generally be structured to achieve the desired objectives of the authorizing governing body.

4.8.2 Present Value: Refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 3% of the par amount of the bonds being refunded. The 3% minimum target savings level for refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of refunding bonds, the 3% target shall not prohibit refundings when the circumstances justify a deviation from the guideline.

4.9 Defeasance: Defeasance is a provision that allows the exchange of one type of collateral, such as pledged revenues for another type of collateral (for FMPA usually treasury securities), where the borrower sets aside cash or bonds sufficient to service the borrowers's debt. FMPA may use this tool when financially beneficial and as allowed by bond covenants. Allowable securities would be purchased by FMPA and held by an Escrow Agent, with the principal and interest earned on the securities sufficient to meet all payments of principal and interest on the outstanding bonds when they become due.

5.0 Interest Rate Hedging

FMPA and its Projects are exposed to volatility in interest rates both during the period between a known capital project and its associated debt issuance and with the issuance of any variable interest rate debt. Management defines interest rate hedging as balancing gains and losses to an asset by taking offsetting positions in a derivative product. FMPA's business purpose for the interest rate hedging program is to balance taking measured risk with facilitating the lowest reasonable cost of capital. FMPA will not enter into hedging transactions that have no authorized business purpose, as determined by the Debt Financing Team and affirmed by appropriate governing body.

The use of interest rate swaps and any other derivative instruments such as interest rate caps or collars shall only be upon the express approval of the appropriate governing body, and pursuant to the requirements of this Policy. The CFO, as Chairperson of the Debt Financing Team, shall present all interest rate hedging related Debt Financing Team recommendations to the General Manager before such recommendations are made to any governing body.

The CFO, in consultation with the Debt Financing Team, shall ensure active oversight of the interest rate hedging program according to these standards. See Section 7.0 for reporting requirements.

5.1 Hedging Objectives: FMPA's objective for interest rate hedging is to manage interest rate risk for each Project's debt portfolio. The benefits and risks of a specific interest rate hedge should be compared to fixed rate bonds or future interest rate projections, with consideration that an expected lower interest cost should be obtained if the derivative product contains an element of basis risk or if the product is long-dated (greater than 10 years in duration).

5.2 Transaction Management: The Debt Financing Team shall review any interest rate hedging transaction before it is presented to a governing body for consideration. The Debt Financing Team shall specifically review:

- Purpose of proposed interest rate hedge
- Type of interest rate hedge instrument and counterparty(s) to be used
- Duration of interest rate hedge
- Expected results and probabilities of achieving those results
- Risks of the interest rate hedge strategy or transaction

As Chairperson of the Debt Financing Team, the Assistant General Manager and CFO or designee shall notify rating agencies, applicable insurers and other interested parties before entering into an interest rate swap agreement.

The Treasurer shall notify the Debt Financing Team of any collateral calls and/or collateral returns within 1 business day.

5.3 Counterparty Risk: Interest rate swap counterparties must have long-term bond ratings of A1/A+ or higher when the interest rate swap transaction is entered into. Where possible, counterparties shall be required to collateralize

their obligations if their ratings are down-graded below the counterparty's rating at the time the interest rate swap is entered into, dependent upon the specific terms of the approved ISDA agreement. Interest rate hedging counterparties must be specifically approved by the appropriate governing body.

The Assistant General Manager and CFO shall report any interest rate swap transaction default by or with a counterparty to the Debt Financing Team, General Manager and AROC, EC and BOD chairs within 1 business day.

5.4 Hedging Criteria: Products shall be favored which have well-established and liquid markets to facilitate liquidity of the hedging contract. Interest rate hedging products can be transacted on a negotiated or competitive basis, as determined by the Debt Financing Team. Interest rate swap agreement documentation shall include a standard ISDA Master Agreement, a Schedule to the Agreement, a Credit Support Agreement or Guarantee (if required) and trade confirmations as the primary documents for terms and conditions.

5.5 Diversification: No more than 35% of a Project's total debt shall be hedged with interest rate swaps, caps or other hedging instruments, in the aggregate, with any one provider, to be measured at the time of purchase and annually thereafter as detailed in Section 7.1. In the event that a particular provider exceeds the 35% maximum, the Assistant General Manager and CFO shall cause such condition to be reported to the AROC and submit for approval a strategy for addressing that condition.

5.6 Termination: FMPA shall include in each interest rate swap agreement a provision that permits it to terminate the swap at a negotiated spread to mid-market value of the agreement at any time at its option. The appropriate governing body must approve the initiation of optional termination by FMPA. In general, FMPA shall not agree to terms that permit a counterparty to

terminate a swap at its unconditioned option unless giving the counterparty such right is in the best interest of FMPA, taking into consideration the purposes for and circumstances under which the Agency is entering into the swap. Criteria for termination/default events are found in each specific ISDA agreement.

5.7 Collateral at Risk: The Assistant General Manager and CFO shall cause any amounts posted for interest rate hedging collateral to be reported to the AROC at each regular meeting along with a strategy for handling the collateral at risk level. Such strategy shall consider liquidity requirements, termination costs, rating downgrade posting thresholds, and impact on rates. Amounts posted for collateral shall also be included in the monthly swap report detailed in Section 7.1 below.

6.0 Internal Controls

The Assistant General Manager and CFO shall cause to be established a system of written internal controls to manage debt issuance and related activities, consistent with this Policy and Debt Management Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. FMPA will continue to commit the resources necessary to debt management activities to be viewed by investors in the most favorable light, doing so with highest ethical principles, and consistent with all applicable rules and laws.

The Assistant General Manager and CFO or designee is responsible for issuance of debt. Accounting staff shall maintain accounting records for debt transactions, but shall not have any responsibility for the process of financing assets.

6.1 Policy and Procedure Compliance: The Agency Risk Manager shall cause compliance with this Policy and associated Procedures to be monitored on an ongoing basis. This shall include a review of policy compliance following

each debt issuance. Any unresolved compliance issues will be presented to the AROC by the Agency Risk Manager.

6.2 Post Issuance: Following the issuance of bonds for any project, the Treasurer shall cause the following requirements to be met:

- Primary Disclosure: As required by the Florida Division of Bond Finance.
- Continuing Disclosure: MSRB/EMMA as required, in compliance with SEC rule 15c2-12 concerning primary and secondary market disclosure.
- Arbitrage Rebate Reports: To be completed annually by a qualified third party. Amounts calculated as liabilities will be reported in the annual audited financial statements. Rebate payments, if required, will be paid for each bond issue as required by regulatory requirements.
- Investor Relations: See the Accounting, Internal Controls & Audit Policy, Appendix J of the FMPA Risk Management Policy, for financial reporting requirements.
- Economic Life Evaluation: Treasurer shall provide outstanding debt information in a timely manner to the Power Supply System Planning Manager for any required evaluations of outstanding term to remaining economic life per the Power Supply & Resource Planning Policy, Appendix H of the FMPA Risk Management Policy.

6.3 Off-Balance Sheet Debt Obligations: During the normal course of business, and subject to other requirements, FMPA may enter into off-balance sheet debt obligations. The manager of any such obligation shall report the item at the next regular AROC meeting when: either the length of the obligation exceeds one year or the value exceeds \$1,000,000. The AROC shall use the Credit Risk Policy in determining if further examination of the counterparty to the off-balance sheet debt obligation is necessary.

7.0 Reporting

Required reports shall be obtained from information maintained in treasury database software (such as Integrity) which is subject to Risk Management mid-office oversight. Reports not obtained from such software shall be subject to additional oversight as deemed appropriate by the Agency Risk Manager.

7.1 Debt Portfolio Reports: The Treasurer is responsible for completion of the following reporting requirements:

- A. Swap report to be posted monthly on the Member website to include at a minimum:
 - 1) Description of each interest rate swap agreement, including at a minimum the effective date, notional amount, pay and receive coupon rates, and counterparty.
 - 2) Market value as of report date from independent third party source (such as Bloomberg or FMPA's swap advisor). Value per counterparty may be used when independent market value is not widely obtainable.
 - 3) Collateral posting thresholds per counterparty.
 - 4) Collateral posted with or by counterparties.
 - 5) Interest earned on collateral postings.
- B. Annual debt report to Executive Committee and Board of Directors at their first regular meetings following approval of audited financial statements. Such annual debt reports shall include at a minimum:
 - 1) Percentage of portfolio that is fixed rate, variable rate, and synthetic fixed rate at fiscal year end.
 - 2) Total cost of debt (effective interest rate) per Project for the previous fiscal year.
 - 3) Interest rate swap counterparty diversification report.

7.2 Post-closing Report: The Assistant General Manager and CFO, as chairperson of the Debt Financing Team, is responsible for completion of a post-closing debt report. Such report shall be made to the appropriate governing body at their next regular meeting following closing of a debt financing transaction. The report shall include, at a minimum, total cost of debt financing, type of debt issued and effect on portfolio mix, any associated interest rate swaps, any credit enhancement, method of sale, and underwriter diversification for the Project.

The Agency Risk Manager shall cause any deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be completed by the AROC as described in Section 7.0 of the FMPA Risk Management Policy. The Treasurer shall report on the current risk environment affecting FMPA's debt outstanding to the Debt Financing Team as needed, which shall engage any necessary discussion before recommending action to the appropriate governing body.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Debt Management Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Policy Reference
Collateral Call or Return	As needed	Treasurer	Section 5.2	Transaction Management
Swap Transaction Defaults	As needed	CFO	Section 5.3	Counterparty Risk
Swap Diversification Exceptions	As needed	CFO	Section 5.5	Diversification
Collateral Posted	As needed	CFO	Section 5.7	Collateral at Risk
Policy and Procedure Compliance	As needed	Risk Management	Section 6.1	Policy and Procedure Compliance
Primary and Continuing Disclosure	As needed	Treasurer	Section 6.2	Post Issuance
Interest Rate Swap Report	Monthly	Treasurer	Section 7	Reporting
Annual Debt Report	Annually	Treasurer	Section 7	Reporting
Post Closing Report	Upon debt issuance	CFO	Section 7	Reporting
Off-Balance Sheet Obligations	As needed	All Managers	Section 7	Reporting
Deviations from Policy	As needed	Agency Risk Manager	Section 7	Reporting
Policy Operation & Effectiveness	Annually	The AROC	Section 7	Reporting

Appendix B

The table below shows the approved debt portfolio mix as described in Section 4.2 of this Debt Risk Management Policy.

LIMITS OF EXECUTIVE COMMITTEE DEBT PORTFOLIO MIX			
	Minimum Fixed Rate	Maximum Fixed Rate	Maximum % of Debt w/ Interest Rate Swaps
All-Requirements Project	60%	100%	25%

LIMITS OF BOARD OF DIRECTORS DEBT PORTFOLIO MIX			
Stanton Project	60%	100%	25%
Stanton II Project	60%	100%	25%
St. Lucie Project	60%	100%	25%
Tri-City Project	60%	100%	25%

DEBT MANAGEMENT POLICY
CITY OF OAKLAND PARK, FLORIDA

1. **Administration of debt policy:** The Financial Services Director of the City of Oakland Park, Florida (the "City") is charged with overseeing and implementing the provisions of this policy. It shall be his/her specific responsibility to recommend to the City Manager/Assistant City Manager and subsequently to the City Commission the selection of any external agents (bond counsel, financial advisors, underwriters, arbitrage rebate consultants, paying agents, trustees, printers, etc.), to review the proposed annual capital expenditures and financing plan, to recommend specific projects for debt financing and to participate as members of the financing team in the issuance of any debt obligations of the City.

The City Manager and Financial Services Director are responsible for administration of the City's financial policies. The City Commission is responsible for the approval of any form of the City's borrowing and the details associated therewith. Unless otherwise designated, the Financial Services Director coordinates the administration and issuance of debt.

2. **Purpose and Objective:** The adoption of a written debt policy by the City's City Commission and its active use help ensure a consistent approach to debt issuance which will benefit existing and future holders of City debt. Access to capital markets at reasonable interest rates and credit terms is a fundamental goal that is facilitated through the adoption of appropriate debt policies taking into consideration the amount and types of fixed and variable rate debt given the City's risk tolerance to market fluctuations, capital market outlook, future capital needs, credit, rating agency considerations, tax implications and industry competition.

Additionally, the following items will be considered:

Revenues

- The City will maintain a stable and diversified revenue base to offset possible shortfalls caused by short-term fluctuations.
- The City will develop, investigate and implement new and expanded revenue sources.
- The City will maintain aggressive policies on revenue collections.
- The City will estimate revenues at realistic levels.
- The City will analyze trends and regional data to accurately estimate revenues.
- The City will regularly review and analyze fee structures to ensure cost-of-service coverage.

- The City will begin development of three-year projections to better evaluate long-term trends and weaknesses.
 - The City will apply property taxes as revenue of last choice.
3. **Scope:** This policy shall apply to all debt obligations of the City, whether for the purpose of acquisition or construction of City assets and the refunding of existing debt.
 4. **Exceptions:** Exceptions to this policy will be approved by the City Commission.
 5. **Accounting, Budgeting and Reporting Practices:**
 - a. Quarterly financial statements prepared on a budget-basis and annual financial statements prepared on a GAAP basis are to be prepared by the Financial Services Department and submitted to the City Commission at their regularly scheduled meeting dates.
 - b. An annual budget shall be prepared by the Financial Services Department and approved by the City Commission. The budget should provide reasonable detail as to the operating, capital and debt service expenditures in the coming year.
 - c. Five Year Capital Improvement Budgets should be prepared by the Financial Services Department and approved by the City Commission. Details of the anticipated capital expenditures should be provided such that financing plans can be developed. These financing plans should be reviewed and approved as part of the budget approval process.
 - d. The Financial Services Department or designees will promptly notify the rating agencies of any debt restructuring, derivative products entered into or any other transaction, which does not involve issuance of debt but has an impact on the overall rate of interest on its debt or its debt structure. The Department or designees shall also respond to all inquiries from creditors, investors, and credit evaluation organizations in a complete and prompt fashion.
 6. **General Debt Issue Policies:**
 - a. **Structure:** The City's capital structure shall consist of fixed rate or variable rate debt. The percentage of total debt that may be variable rate-based may from time-to-time change, as debt management strategies change given interest rate environments and appropriate approvals. The risks associated with any given structure and the financial instruments used shall be fully explained to those who must decide and approve any final financing structure. Total variable rate debt as a percent of total debt should preferably remain below **30%**.
 - b. **Borrowing:** The City Commission shall have the authority to borrow money, contract loans and issue bonds in accordance with the provisions of the Constitution of the State of Florida and the general laws of the state. However, approval by voter referendum shall be required prior to the issuance of any general obligation bonds which pledge the full faith and credit of the taxing power of the City.

- c. The City will strive to maintain a high reliance on pay-as-you-go financing for its capital improvements and capital assets.
- d. As a goal, the City will maintain its net general obligation bonded debt at a level not to exceed two (2) percent of the assessed valuation of taxable property within the City unless otherwise directed by the City Commission.
- e. The City will maintain revenue bond reserves to comply with the covenants of the bond issues and ensure adherence to federal arbitrage regulations.
- f. To the extent that the unreserved General Fund balance exceeds 30% of General Fund expenditures and transfers out for recurring operational costs reported in other funds as of the most recent audited financial statements, the City may draw upon the excess to provide pay-as-you-go financing for capital projects as approved by the City Commission.
- g. **Purpose and Projects:** Long-term borrowing will not be used to finance current operating expenditures.

For any enterprise fund that is supporting debt, an annual rate study will be performed by staff to ensure that the fees or rates are sufficient to meet the debt service requirements.

- h. **Term:** The following guidelines should govern the issuance of new money financing.
 - The maturities of debt will be equal to or less than the useful economic life of the item financed.
 - All debt issues, including lease-purchase methods, will be repaid within a period not to exceed the expected useful lives of the improvements or capital assets financed by the debt.
 - Where practicable, the debt service structure on new money financing should be level debt service if economically feasible.
 - The use of credit enhancement should be evaluated on a maturity-by-maturity basis and only used where the economic benefits exceed the costs of issuing rated or unrated debt obligations.
 - In addition, call features are preferred and should be analyzed closely.
 - The use of a fully funded debt service reserve should always be evaluated against the use of a surety or other debt service reserve product.
- i. **Bond Insurance:** Bond insurance is an insurance policy purchased by an issuer or an underwriter for either an entire issue or specific maturities, which guarantees the payment of principal and interest. This insurance provides a higher credit rating and must result in a lower borrowing cost for an issuer after consideration of the premium rate and underlying ratings.

Bond insurance can be purchased directly by the City prior to the bond sale (direct purchase) or at the underwriter's option and expense (bidder's option). The City will attempt to qualify its bond issues for insurance if it derives economic benefit from using insurance.

When insurance is purchased directly by the City, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The bond insurance company will usually be chosen based on an estimate of the greatest net present value insurance benefit (present value of debt service savings less insurance premium).

In addition to bond insurance, credit enhancement may take other forms such as LOCs (Letters of Credit) or other securitization products and may be used if economically beneficial to the City.

- j. **Credit Ratings:** Credit ratings have wide investor acceptance as tools for differentiating credit quality of investments. Credit ratings tend to close credit risk arbitrage opportunities in capital markets, thus benefiting the City by reducing interest rate expense. The City shall attempt to continually improve its credit ratings. Annual updates and ongoing communication of events affecting the City's overall credit, including asset and liability management issues should be disclosed to the rating agencies if the City has an underlying rating issued by them.
- k. **Non-Rated:** Non-rated securities may be issued if the credit rating on the issue does not perform any economic benefit or add any value to capital market participants.
- l. **Tax Status:** The City has traditionally issued tax-exempt debt which results in significant interest cost savings compared with the interest cost on taxable debt. Accordingly, all of the City's debt should be issued to take advantage of the exemption from federal income taxes unless prohibited by federal law or applicable federal regulations. Taxable bonds could be considered where federal law allows a credit tax credit in lieu of a tax exemption. An example of this is the Build America Bonds program.
- m. **Subordinated Debt:** The lien status and credit rating on this type of debt is inferior and protection to the bondholder is lower, therefore, this type of debt should be minimized to protect the City's credit rating, unless it is the only method available to finance a project. There may be occasions when this type of debt is issued for potential restructuring reasons, when current senior-lien debt covenants are undesirable and this debt is soon to be retired or refunded.
- n. **Capital Leasing:** Over the lifetime of a lease, the total cost to the City will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets shall generally be

avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a “pay-as-you-go” basis.

- o. **Certificates of Participation:** Under this type of financing, payments to holder of the securities are made from rental payments or other revenues which are subject to annual appropriation. The holders typically have no legal recourse against the City if it fails to make the necessary appropriation. Although this type of financing arrangement is not considered debt under a legal analysis, it is viewed as a financial obligation of the City and failure to make timely payments would damage the City's reputation in the credit markets and increase the cost of future borrowings. Accordingly, the City may utilize this financing vehicle, but it should be considered as debt of the City and, absent compelling extraordinary circumstances, non-appropriation should not be considered.
- p. **CABS:** *Capital Appreciation Bonds, Strips, Zero Coupon Bonds.* Capital appreciation bonds and other similar debt instruments pay no interest until their stated maturity. Although there may be extraordinary circumstances in which the use of capital appreciation bonds is fiscally prudent, in most cases the debt service deferral is not appropriate and should be discouraged. Accordingly, only when a compelling City interest is demonstrated should capital appreciation bonds be issued.
- q. **Callable Bonds:** Call provisions on bonds provide future flexibility to refinance or restructure debt and eliminate onerous covenants. Consequently, the City shall attempt to always have call provisions on its debt. Standard call provisions are five to ten years. Ideally, each case should be analyzed upon marketing the bond issue and determined at the time, upon recommendation of the Financial Advisor.
- r. **Refunding Criteria:** Generally, the City issues refunding bonds to achieve debt service savings on its outstanding bonds by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt advance refunding bonds to refinance bonds issued after 1986. There is no similar limitation for tax-exempt current refunding bonds. The following guidelines should apply to the issuance of refunding bonds, unless circumstances warrant a deviation therefrom:

 - refunding bonds should generally be structured to achieve level annual debt service savings;
 - preferably, the life of the refunding bonds should not exceed the remaining life of the bonds being refunded or the assets financed, whichever is longer;
 - advance refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 3% of the par amount of the bonds being refunded; and

- refunding bonds which do not achieve debt service savings may be issued to restructure debt or provisions of bond documents only if such refunding serves a compelling City interest or under extraordinary conditions.

The 3% minimum target savings level for refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of refunding bonds, the 3% target should not prohibit refundings when the circumstances justify a deviation from the guideline.

- s. **Debt Service Coverages:** Debt service coverages shall conform to bond resolutions and remain at those levels to ensure that the City's credit rating is not diminished.

7. Method of Sale

The City's policy is to sell public debt using the method of sale expected to achieve the best result, taking into consideration short-term and long-term implications. However, there is a divergence of views as to the merits of the competitive and negotiated methods of sale due to lack of comprehensive, empirical evidence that favors one method over the other. The following section of this policy is intended to ensure that the most appropriate method of sale is selected in light of financial, market, transaction-specific and issuer conditions.

- a. **Competitive vs. Negotiated Preference:** Competitive method sale should be preferred and considered when the following conditions are present:
 - The City has been a stable and regular borrower in the public market.
 - There is an active secondary market for the City's debt.
 - The City has an underlying credit rating of A or above.
 - The issue is neither too large to be absorbed by the market or too small to attract investors.
 - The issue is not composed of complex or innovative features (e.g., a refunding issue).
 - Interest rates are stable, market demand is strong and the market is able to absorb reasonable levels of buying and selling with reasonable price reliability.

If conditions for a competitive bond sale are not available then the following practice will apply to negotiated bond sales:

- A competitive underwriter-selection process that ensures that multiple proposals are considered will be used.
- The City's staff and the Financial Advisor will remain actively involved in each step of the negotiation and sale processes to uphold the public trust.
- The City's staff and Financial Advisor, who are familiar with and abreast of the condition of the municipal market shall assist in structuring the issue, pricing, and monitoring sales activities.
- The Financial Advisor will not serve as underwriter of an issue.
- The City will require that financial professionals disclose the name(s) of any person or firm compensated to promote the selection of the underwriter; any existing or planned arrangements between outside professionals to share tasks, responsibilities and fees; the name(s) of any person or firm with whom the sharing is proposed; and the method used to calculate the fees to be earned.

b. Pricing a Negotiated Sale:

One of the most important outcomes of a bond sale, the cost of borrowing, is established through the pricing process. Unlike a competitive sale, bond pricing in a negotiated sale requires a much greater degree of issuer involvement. The issuer negotiates both the yield on the bonds and the underwriters' compensation, which includes the takedown (or sales commission), management fee, underwriting risk, and expenses.

It is the City's policy to strive for the best balance between the yield for each maturity and the takedown (sales commission) to achieve the lowest overall cost of financing. The following actions by the City's staff and its advisors are required in the pricing process:

- Take steps during the underwriter selection process and prior to final pricing to manage and establish the compensation to underwriters.
- Develop an understanding of prevailing market conditions, evaluate key economic and financial indicators, and assess how these indicators likely will affect the outcome of the pricing. Among the types of information that will be helpful are:

c. Payment of the Expense Component of Underwriter Discount:

When using the negotiated method of sale for tax-exempt bonds, the underwriter's compensation consists of various costs incurred by the underwriter on behalf of the issuer. To insure that these expenses are reasonable and explicitly identified, the City's policy is to:

- Require firms proposing to serve as senior managing underwriters to present an itemized list of expenses that they expect to incur.
 - Require staff to convey clearly to the firm selected as senior managing underwriter, the expenses that the issuer regards as legitimate and those that the issuer does not view as reasonable.
- d. **Private Placements:** The City may determine to seek funding by way of a private placement or bank loan where the size of the borrowing does not justify the incurrence of typical issuance expenses. The City's Financial Advisor will compare the overall costs of a private placement with those of a public offering and recommend the most cost effective approach.
- e. **Allocation of Bonds:** The City should have underwriting firms under contract who have access to institutional, retail, regional and local buyers of debt. As markets change, so do potential buyers of tax-exempt or taxable debt. In order to achieve the lowest overall cost of borrowing, flexibility to access different markets is essential.

8. Plan of Finance

The Financial Services Department will prepare, from time to time, a Plan of Finance that will be submitted to the City Commission for information purposes. Such Plan of Finance will address at a minimum the amount of debt projected to be issued during the next five fiscal years and whether such debt is senior, subordinated or fixed.

a. Factors to be considered in the final projections are:

- The forecast of spending levels for capital projects.
- The availability of internal funds to pay for capital projects.
- Desired debt service coverage levels consistent with a highly-rated municipality.
- The additional bonds test calculation outlined in the applicable bond ordinances or related documents.

b. Tax-exempt vs. Taxable

As a municipality, the City is authorized to issue tax-exempt debt and must comply with appropriate tax regulations. The City will endeavor at all times to issue tax-exempt debt. For certain transactions, due to tax regulations, it may be necessary for the City to issue taxable debt. Such prevailing circumstances may include excessive transferred proceeds, volume cap limitations, tax credits in lieu of exemptions, and private use restrictions. The Financial Services Department will monitor current tax regulations and utilize tax-exempt financing whenever possible.

c. Fixed vs. Variable Debt

The City will utilize a mix of fixed and variable rate debt to lower the overall cost of capital. Variable rate debt will generally be used as an efficient way to fund

new construction requirements and as a permanent component of a long-term funding strategy. The amount of variable rate debt outstanding shall be based on any one or a combination of the following factors:

(1) Interest Rates

The absolute level of interest rates, the forecasted direction of interest rates and the shape of the yield curve are all factors in managing the amount of variable rate debt outstanding. If fixed rates are high relative to the current cycle of rates and the yield curve is steep, a higher percentage of net variable rate debt may be desirable. Conversely, if interest rates are low relative to the current cycle of rates and the yield curve is flat, a higher percentage of net fixed rate debt may be desirable.

(2) Capital Structure and Liquidity Levels

Given that the City has capital programs with projects beginning at various points in time and the lack of correlation between low interest rate environments and the need to begin a project, having a variable rate program will allow for financing as needed while providing for market timing flexibility. Additionally, variable rate debt adds flexibility for capital structure changes like accelerating the pay down of debt. The City's overall liquidity levels will be positively correlated to its levels of variable rate debt.

(3) Other Related Variable Rate Risks

The City will take into consideration, when determining the appropriate variable rate risk levels, the potential exposure to variable rate risk on joint financing programs with other related agencies.

To assist in the decision making process, a forecast of interest rate volatility over the short and long terms and expected performance of various financial products (debt or hedging instruments) under various interest rate scenarios will be modeled on a periodic basis. In determining when to use alternative financing arrangements including variable, fixed, and synthetic structures, the availability of internal and external technical expertise to properly manage risk will be evaluated along with ongoing administrative costs. These analyses will be reviewed on a quarterly basis by the Financial Services Director and City Management.

d. As needed/"Just in Time" Financing.

The cash flow forecast for budgeted capital projects is the main factor used in determining the appropriate timing of new money debt transactions. The goal is to issue new debt as outstanding debt proceeds are spent. However, the timing of debt transactions may also depend upon factors including:

- Desired debt service coverage levels
- Budget, financial statement and ratings impacts

- Ability to earn positive arbitrage
- Interest rate environment

All of the above factors are considered prior to making the final determination of the most optimal time to issue new debt to fund capital projects.

e. Credit Ratings

The City recognizes that strong credit ratings are necessary to ensure the lowest possible borrowing costs which will factor into maintaining low tax rates for our citizens.

The City will strive to achieve the highest possible municipal ratings.

9. Fixed Rate Debt

a. Overview

Fixed rate debt is authorized to finance capital projects and for any other allowable purpose as stipulated in the governing bond ordinances and tax regulations.

b. Type

The City may issue any type of fixed rate debt as authorized by the City's various bond ordinances and recommended by the City's Financial Advisor. Some of the various types of debt authorized include, but are not limited to, serial and term bonds issued at par, discount or premium, capital appreciation bonds, and bullet bonds (e.g., refundable principal installments).

c. Maturity, Structure, and Call Provisions

Prudent debt management requires that there be a proper matching of the lives of the assets and the length of the debt, whether taxable or tax-exempt, used to finance such asset. In addition, the City will, at all times, structure the amortization and maturity of any fixed rate debt to comply with the appropriate tax regulations.

To provide the maximum amount of flexibility, the City will utilize **(five)**-year or less par calls whenever possible. City staff, along with the financial advisor and underwriter, will assess the market at the time of pricing to determine its ability to issue bonds with such features while minimizing interest costs.

d. Providers

The City is allowed to sell debt by either negotiated sale or competitive bid. The determination of the method is to be made prior to each financing.

If the City selects the “competitive sale” method, determination of the winning bid will be based on the underwriting firm with the lowest True Interest Cost (TIC) proposal.

The City will employ staff or an outside professional financial advisor, other than the underwriter, who is familiar with and abreast of the conditions of the municipal market, and is available to assist in structuring the issue, pricing, and monitoring of sales activities. The City shall not use a firm to serve as both the financial advisor and underwriter. Selection of underwriters, financial advisors, bond counsel, and other necessary consultants involved in the debt transactions will be selected as outlined in the City Purchasing Policy.

e. Debt Service Reserve Account

Unless otherwise recommended by the City’s financial adviser and approved by the City Commission, a debt service reserve account will be funded, maintained, and held for the benefit of bondholders as specified in the ordinance authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond ordinance.

- The debt service reserve account may be in the form of cash and/or investments funded from the proceeds of bonds and/or revenues from operations or other pledged sources.
- If allowed by the ordinance, a surety issued by a financial institution nationally recognized in the industry to issue such policies may be used in place of a cash-funded debt service reserve.
- If allowed under the respective bond ordinance, any other form of financial instruments may be used in place of cash-funded or surety-funded debt service reserve, provided such financial instruments are issued by firms of nationally recognized standing.
- The City will weigh the benefits of each method of funding the debt service reserve account prior to each issue and will choose the method most beneficial to the City based upon the facts and circumstances of each issue.

A debt service reserve account may also be maintained if, in the opinion of the underwriter or the financial advisor, it is reasonably required to provide security for the payment of debt service with respect to the City’s bonds and is consistent with normal practice in respect of bonds of the same general type as those being issued by the City. Selection of a surety provider or provider of any financial instrument acceptable to fund the debt service reserve requirement under the appropriate ordinance will be pursuant to the City Purchasing Policy.

f. Approvals

The structure, maturity, and call provisions for each fixed rate financing must be approved in writing by the Financial Services Director or designee on or prior to the date of pricing. Negotiation with the underwriter on negotiated bond transactions will be conducted by the Financial Advisor. Final transaction approval must be obtained from the City Commission.

g. Compliance/Reporting Requirements

All outstanding debt will be reported annually in the Comprehensive Annual Financial Report as required by the pronouncements of the Government Accounting Standards Board (GASB).

The City will monitor and report any arbitrage rebate liability due to the U.S. Treasury on bond proceeds from fixed rate transactions.

10. Variable Rate Debt Instruments

a. Overview

Variable rate debt is authorized to finance capital projects and for any other allowable purpose as stipulated in the governing bond ordinances and tax regulations.

The City must adhere to the variable rate debt limits outlined in this Policy.

b. Type

The City may issue any type of variable rate debt as authorized by the various bond ordinances and recommended by the City's Financial Advisor. Some of the various types of debt authorized include, but are not limited to, Commercial Paper, Variable Rate Demand Obligations and Medium Term Notes.

c. Management

On a periodic basis, the Financial Services Director or designee will make decisions regarding any changes to the interest mode for variable rate demand obligations and desired maturities for commercial paper.

d. Maturity and Call Provisions

As with fixed rate debt, the City will structure the maturity dates of the variable rate debt to match the lives of the assets being financed. The City will, at all times, structure the amortization and maturity of any variable rate debt to comply with the appropriate tax regulations. For any City commercial paper program, the maturity of a Commercial Paper Note shall not exceed 270 days and the term of a commercial paper program shall not exceed 30 years in order to stay within the current safe harbor rules to be treated as part of a single issue. For variable rate debt with tender rights, the current safe harbor rules limit the maturity to no longer than 35 years.

e. Providers

Underwriters, remarketing agents or dealers of the City's variable rate debt program will be selected pursuant to the City's Purchasing Code.

Banks providing Liquidity Facilities for variable rate debt shall be reviewed regularly with the Financial Advisor and minimum ratings established for these

providers shall be AA- or its equivalent from at least two of the three rating agencies: Fitch, Moody's, and Standard & Poor's.

If bond insurance is necessary for variable rate debt, the insurance provider will be selected pursuant to the City's Purchasing Policy. Financial institutions which insure bonds for investors of the City must have the top rating from at least two of the three rating agencies: Fitch, Moody's, and Standard & Poor's.

f. Variable Rate Debt Amount

The City's total variable rate debt outstanding shall not exceed **30%** of its total debt. Variable rate debt synthetically fixed through a swap agreement will not be considered variable rate debt for this criterion.

g. Approvals

The structure and maturity for each variable rate financing must be approved in writing by the Financial Services Director or designee prior to the transaction. Final transaction approval must be obtained from the City Commission.

h. Compliance/Reporting Requirements

All outstanding debt will be reported annually in the Comprehensive Annual Financial Report as required by GASB.

The City will monitor and report any arbitrage rebate liability due to the U.S. Treasury on bond proceeds from variable rate transactions.

11. Debt Refunding

a. Overview

Refunding of outstanding debt represents unique opportunities for the City to realize savings in debt service cost. Refunding also allows the City to re-structure its existing debt or debt profile to enable the City to operate in a more competitive manner. Many of the policies and practices applicable to new money fixed and variable rate financings are applicable to debt refundings as well and those policies and practices shall be adhered to in any debt refunding issue unless specifically addressed below.

b. Management

Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refundings will be considered within federal tax law constraints. The City and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings. Current tax regulations permit one Advance Refunding opportunity for a post 1986 issue of bonds. There are no similar limitations with respect to a current refunding of bonds. The following guidelines should apply to the issuance of refunding bonds:

- (1) Any refunding will be evaluated on the economic savings or structure advantages relating to issuing the new debt. For a fixed rate refunding, a five percent savings target is a general guideline. However, refunding issues that produce a net present value savings less than three percent (3%) may be issued for various business and/or economic purposes. Examples include but are not limited to (a) restructuring debt, (b) amending provisions of a bond document, and (c) taking savings based on structure or low interest rate environment considerations. Savings below the five percent guideline must be approved by the Department of Administration/Financial Services or designee prior to the execution of the refunding transaction.
- (2) Refundings involving variable rate debt generally do not produce savings and will not have a savings guideline. These transactions are usually executed to take advantage of structuring opportunities or may be utilized to take advantage of low long-term interest rates.

c. Fixed and Variable

The City can utilize fixed or variable rate debt for refunding purposes and must adhere to the variable rate debt limits outlined in this Policy.

d. Maturity and Call Provisions

The maturity of refunding bonds shall be in accordance with the safe harbor rules for the creation of replacement proceeds found in the tax regulations.

To provide the maximum amount of flexibility, the City will utilize five year or less par calls whenever possible. The City staff, along with the financial advisor and underwriter, will assess the market at the time of pricing to determine its ability to issue bonds with such features while minimizing interest costs.

e. Debt Service Reserve

To the extent of an existing cash funded debt service reserve, in the event of a refunding that reduces the debt service reserve requirement, the City will deposit any such reduction into the escrow for the refunded bonds or utilize the reduction for any lawful purpose.

f. Approvals

The structure, maturity, and call provisions for each refunding must be approved, in writing, by the Financial Services Director or designee on or prior to the date of pricing. Negotiations with the underwriter on negotiated bond transactions will be conducted by the Financial Advisor. Final transaction approval must be obtained from the City Commission.

12. Effective Date

This Policy will become effective upon adoption by the City Commission. This Policy shall be reviewed and amended from time to time as necessary with the approval of the City Commission.

13. Definitions

Advance Refunding - A bond is treated as issued to advance refund another bond if it is issued more than 90 days before the redemption of the refunded bond.

Amortization Risk – the potential cost to the issuer resulting from a mismatch between the outstanding underlying bond amortization and the outstanding notional amount of the swap.

Auction Rate Bonds - means “Short-term Adjustable Rate Securities” which are issued and outstanding under the “Auction Rate Mode” and which bear interest for each Auction Period, payable in arrears, at the Auction Rate in effect on the Auction Date (as defined in the respective Supplemental Ordinance) for the Auction Period as defined. Such securities do not normally required Liquidity Facility support, but may require Bond Insurance.

Capacity Expansion - Capital expansion projects are those projects designed to accommodate new customers, acquisitions, and expansion of existing system capacity.

Commercial Paper Note - shall mean any Bond which has a maturity date which is not more than 270 days after the date of issuance thereof.

Competitive Bid - a method of submitting proposals for the purchase of new issue of municipal securities by which the securities are awarded to the underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale.

Construction Loan Credit Facility - means obligations of the City of a particular credit facility for construction advance purposes which shall be similar to Bond Anticipation Notes.

Credit Enhancement - shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance Policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by the City or otherwise, the principal of and interest on such Bonds.

Current Refunding - A bond is treated as issued to current refund another bond if the refunding issue is issued not more than 90 days before the redemption of the refunded bond.

Mark-to-market – calculation of the value of a financial instrument (like an interest rate swap) based on the current market rates or prices of the underlying instrument (i.e. the variable on which the derivative is based).

Medium Term Note - any bond which has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance and is designated as a medium term note in the supplemental ordinance authorizing such bond.

Negotiated Sale - the sale of a new issue of municipal securities by an issuer through an exclusive agreement with an underwriter or underwriting syndicate selected by the issuer.

True Interest Cost - is the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment date to the purchase price received for the bonds.

Variable Rate Bond - shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance.

Variable Rate Demand Obligations (VRDO) - A long term maturity security which is subject to a frequently available put option or tender option feature under which the holder may put the security back to the issuer or its agent at a predetermined price (generally par) after giving specified notice or as a result of a mandatory tender. Optional tenders are typically available to investors on a daily basis while in the daily or weekly mode and mandatory tenders are required upon a change in the interest rate while in the flexible or term mode. The frequency of a change in the interest rate of a variable rate demand obligation is based upon the particular mode the security is in at the time.