Proposal to Provide Financial Advisory Services RFP-4413-14-RD

City of Hollywood, Florida

May 1, 2014

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May 1, 2014

City of Hollywood
Office of the City Clerk
2600 Hollywood Blvd., Room 221
Hollywood, Florida 33020

Ladies and Gentlemen:

On behalf of FirstSouthwest, I am pleased to submit our proposal to provide financial advisory services to City of Hollywood, Florida (the "City"). FirstSouthwest is a leader in public finance, well-equipped and ideally suited to serve as financial advisor to the City. Our relevant experience, longevity in the marketplace, high-quality service, and available resources are unequaled when compared to other public finance firms.

National Financial Advisory Experience. Over the past 68 years, FirstSouthwest has amassed a wealth of knowledge and experience in all types and roles of municipal financing. According to Ipreo MuniAnalytics, since January 1, 2011, FirstSouthwest is ranked number-one nationwide among financial advisory firms for number of issues (2,531 and $83.70 billion par volume).

Florida Financial Advisory Experience. The FirstSouthwest team has a significant presence in the state of Florida, with offices in Orlando and Aventura. Florida is a strategic region for our firm, with substantial experience with other sophisticated Florida issuers including the Miami-Dade County Expressway Authority, the Miami International Airport and the Tampa-Hillsborough County Expressway Authority. FirstSouthwest is fully dedicated to working with the City to achieve its financial goals, and our resources within Florida will provide significant benefit in this regard.

City Experience. Ipreo MuniAnalytics ranks FirstSouthwest as the number-one firm in the nation for cities and counties over the same three year period, with 1,439 issues, and $28.91 billion in par volume. Some of our clients include City of North Port (FL), City of North Miami Beach (FL), City of Palm Bay (FL), City of Port St. Lucie (FL), City of Palm Coast (FL), City of Fort Lauderdale (FL), City of Fernandina Beach (FL), and City of Oviedo (FL).

CRA and Tax Increment Financing Experience. The First Southwest team has extensive experience with CRA tax increment financings, special assessment financings, and parking garage and parking garage system financings in Florida, including the following:

- City of Port St. Lucie –Tesoro District
- City of Punta Gorda CRA
- City of Sanford CRA
- City of Riviera Beach CRA

- City of Naples CRA
- City of Miami CRA
- Miami Parking Authority
- City of Palm Coast CRA
- City of Jacksonville Beach CRA
- City of Fort Lauderdale

We also have a great understanding of the credit issues that the City might be faced with in securing this type of financing and can suggest structures that the City can utilize to assist in the project with the least possible financial risk. The members of the Florida team have also completed a number of combined tax-exempt/taxable financings and are familiar with the legal issues surrounding these types of projects.

Water and Sewer Financing Experience. Ipeo MuniAnalytics ranks FirstSouthwest as the number one firm in the nation for water and sewer experience for the past five years, with 745 issues and $15.65 billion in par volume. In addition to our large national clients, such as the cities of Atlanta, Dallas and El Paso, FirstSouthwest has significant Florida water and sewer financing experience with issuers such as the cities of Fort Lauderdale, North Miami Beach, Palm Bay, Fernandina Beach, Oviedo, Cocoa Beach and Pinellas Park; the Peace River/Manasota Regional Water Supply Authority; the Toho Water Authority; and Martin, Indian River and Bay counties. In addition, we have assisted water and sewer issuers in securing more favorable alternative non-bond financing for projects, such as state and federal grants, state revolving fund loans and bank loans.

Extensive Market Knowledge. In our role as financial advisor, we believe that maintaining a trading and underwriting desk is essential to advise the City properly about current conditions in today's highly volatile market. FirstSouthwest's underwriting and trading desk routinely provides market information to our financial advisory clients based on its active market involvement and extensive institutional investor relationships. While FirstSouthwest agrees to abide by the City's restrictions on participating as an underwriter both during and for a period after the financial advisory contract, we believe that this expertise provides an unparalleled benefit to the City in our role as financial advisor. In addition, FirstSouthwest maintains an active and sophisticated interest rate swap advisory practice and has expertise with banks that provide an array of credit products to our clients.

Broker/Dealer Advantage. FirstSouthwest is a registered broker/dealer with the Financial Industry Regulatory Authority, with its activities regulated by the Securities and Exchange Commission, and we operate under the rules of the Municipal Securities Rulemaking Board. FirstSouthwest is subject to the rules and regulations of these governmental bodies, among others. This distinguishes us from most other firms that propose to provide financial advisory services without being subject to such oversight and the capital requirements that accompany such regulation.

Team Concept. FirstSouthwest's business philosophy to provide services using a team approach, whereby a team of professionals from different disciplines is assembled to meet each client's needs for a given engagement and project, is the foundation of our success.

We thank you again for this opportunity to respond to your RFP and we enthusiastically look forward to the prospect of serving as the City's financial advisor. We are confident we can perform the work. As Managing Director of the firm, Ed Stull is authorized to make representations on behalf of the firm.

Sincerely yours,

Edward D. Stull, Jr. Managing Director	Lakshmi McGrath Vice President	Joel Tindal Vice President

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FirstSouthwest is pleased to submit our response to the Request for Proposals issued by the City of Hollywood (the "City").

Firm Qualifications and Key Personnel

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.

FirstSouthwest is a corporation authorized under the laws and state of Delaware.

FirstSouthwest provides the required forms in *Appendix A.*

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?

FirstSouthwest has maintained an office in the State of Florida since 1987, and currently has offices in Aventura and Orlando. Currently, FirstSouthwest employs five public finance professionals in addition to an administrative assistant in the Orlando office and one public finance professional in the Aventura office. Our professionals in the Aventura and Orlando offices will provide substantial support to the City of Hollywood (the "City") in the engagement.

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?

FirstSouthwest's primary business is financial advisory services. Approximately 85% of the firm's Florida business is dedicated to providing financial advisory services to Florida municipal issuers. The financial advisory work performed on behalf of the city will be led by Ed Stull, Managing Director, with over 17 years of financial advisory experience.

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.

FirstSouthwest offers a staff of experienced and skilled professionals for its engagement with the City. The specializations of our professionals are diverse such that our internal resources alone meet the complete financial needs of our clients. For the City's engagement, Mr. Ed Stull, Managing Director and Mr. Joel Tindal, Vice President, will serve as Co-Project Managers. Assisting Mr. Stull and Mr. Tindal will be Mr. Mark Galvin, Senior Vice President in our Orlando office, and Lakshmi McGrath, Vice President in our Aventura office. The FirstSouthwest team brings both extensive city issuer experience, as well as substantial Florida experience to the table. By acting as an extension of the City's staff, Messrs. Stull, Tindal, Galvin, and Ms. McGrath will coordinate the efforts of FirstSouthwest's analytical and specialized staff while communicating our efforts to the City.

FirstSouthwest provides detailed resumes addressing experience and education in *Appendix B.*

Proposed Finance Team	
Co-Project Managers	
Edward D. Stull, Jr. Managing Director Orlando Office	Joel Tindal Vice President Orlando Office
Senior Banking Support	
Mark Galvin Senior Vice President Orlando Office	Lakshmi McGrath Vice President Aventura Office
Credit Specialist	
Angela Kukoda Senior Vice President Dallas Office	Susan Kendall Senior Vice President Boston Office
Quantitative/Analytical Support	
Rick Fox Managing Director Dallas Office	Andrew Mazlin Analyst Orlando Office

Structured Products	
Richard Konkel Senior Vice President Dallas Office	
Investment Management	
Scott McIntyre Senior Vice President Austin Office	
Bond Pricing Support Long-Term	**Bond Pricing Support Short-term**
Pete Stare Managing Director Dallas Office	Donna Ciccimarro Senior Vice President New York Office

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

Constant Key Personnel Availability

At FirstSouthwest, our corporate infrastructure is designed to accommodate all facets of a client's financial advisory service needs. The depth and breadth of the firm's resources thrive in the hands of highly knowledgeable senior-level executives who possess years of public finance experience. This ensures each client that our firm has the support capacity and available resources to perform effectively and *cost-effectively* as financial advisor. As such, we carefully consider an issuer's needs when developing the finance team. Team assignments are meticulously evaluated to make certain the Project Manager and other key personnel have the appropriate industry expertise and redundancy to devote ample time and resources to the engagement, ensuring its success.

In the event that the Co-Project Managers are not available, the Senior Banking support and other members of the team will be available to the City if needed.

Work Experience

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 Overview

FirstSouthwest is a full service financial advisory firm focused on one mission: to provide superior financial advisory and related services to public entities nationwide. FirstSouthwest is confident that our 68 years of experience with providing financial advisory services to issuers of tax-exempt and taxable debt, along with our extensive analytical and human resources will provide the full scope of financial advisory services the City seeks.

Founded in 1946

403 Employees Firm Wide

25 Offices in 14 States

150 Employees in Public Finance

FIFTEEN "Deal of the Year" Awards

Reliable, Firsthand Market Information

#1 Financial Advisor in the Nation
to Cities 2009-2013*

#1 Financial Advisor in the Nation for 2013*

* Source: Ipreo MuniAnalytics (Ranked by Number of Issues)

Financial Advisor since 1946

Since inception, we consistently have been ranked as a leading financial advisory firm nationally based on both number of issues and par volume. The following table demonstrates our activities in the role as financial advisor in the last decade alone.

A Decade as Financial Advisor
FirstSouthwest's National Experience
Source: Ipreo MuniAnalytics

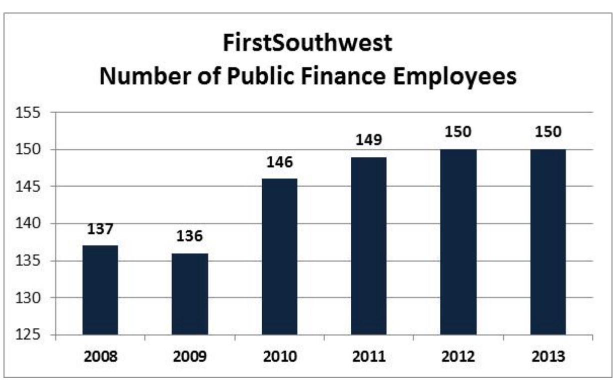
Year	Par Amount	Number of Issues
	($ Bil)	Issues
2013	26.52	831
2012	31.72	882
2011	25.45	817

2010	33.37	873
2009	27.22	744
2008	24.59	708
2007	35.25	910
2006	22.76	876
2005	22.74	896
2004	17.08	792
TOTAL	$266.7 Billion	8,329 Issues

Personnel & Public Finance Focus

FirstSouthwest currently employs just over 400 staff members firm-wide. With approximately 150 public finance employees as of 2014, FirstSouthwest's Public Finance Department has been the mainstay of our growth. Each of FirstSouthwest's branch offices and approximately 40% percent of total staff firm-wide are dedicated almost exclusively to public finance banking. Approximately 50% of total personnel are dedicated to public finance when sales and underwriting personnel are included. FirstSouthwest's commitment to excellence and financial strength enabled the firm to increase public finance staff since 2008. It should also be noted that no staff reductions have taken place over the past few years as a result of the 2008 financial crisis or the significant decline in municipal issuance in 2011.

FirstSouthwest's commitment to serving public issuers and expertise in the areas of public finance should enable our team to provide valuable insights and advice when it comes to making decisions regarding the City's financial needs.



Full Service Approach and Capabilities

At FirstSouthwest, we organize our Public Finance Department by industry, region, and product, giving us a focus group for nearly every type of public entity. Ancillary services further support our financial advisory practice: capital markets, asset management, structure finance, corporate finance, and pension and OPEB advisory among others.

All areas of our firm will support our Finance Team as necessary when providing financial advisory services to the City.

Expertise Across Sectors & Types

FirstSouthwest has served as financial advisor to municipal issuers on virtually all types of municipal financings. The collective experience of our firm extends to the issuance of many different types of municipal debt, including but not limited to:

- General Obligations
- Special Tax
- Non-Ad Valorem
- COPs
- Water & Sewer
- Airport Revenue
- Toll Road Bonds
- Rapid Transit
- Solid Waste
- Special Tax Bonds
- Fixed Rate Bonds
- Variable Rate Bonds
- Mortgage Revenue Bonds
- Refunding Bonds
- Synthetic Structures
- Forward Delivery
- Taxable Bonds
- VRDOs
- FRNs

- Housing
- Revolving Funds
- Student Loan
- Healthcare
- Higher Education
- Ports
- CRA Financing
- School District
- Public Power
- Convention Center/Hotel
- Industrial Revenue Bonds
- Lease Purchase
- Limited Tax
- Tax Increment Financing
- Commercial Paper
- ARRA Instruments
- Tax Anticipation Notes
- Revenue Anticipation Notes
- Special Districts
- Bond Anticipation Notes
- Grant Anticipation Notes
- Loans
- Leases
- Pooled Programs

As financial advisor, the scope of services we offer is entirely comprehensive, constantly evolving, easily adaptable, and truly unmatched by that of other firms. We provide analysis of the costs/benefits of different pricing and structuring options, including fixed rate versus variable rate; taxable versus tax-exempt versus AMT or a combination thereof; private placement versus letter of credit backed; callable versus non-callable; par versus premium or discount; pooled financings versus stand-alone, among countless other considerations.

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.

Methodical Approach to Financial Advisory Services

FirstSouthwest offers an approach to providing financial advisory services that addresses each phase in the debt issuance process. Our approach combines all of the firm's public finance capabilities and also employs as needed representatives of our many complimentary practice groups. The following briefly summarizes each step of our approach.

Phase 1: Develop Financing Program

FirstSouthwest will review the City's current financial standing in every aspect, including but not limited to arbitrage rebate, investment policies, marketing strategies, technical resources, legal structures, and borrowing capacity. FirstSouthwest will make an insightful, in-depth analysis of where the City is and create a finance plan to take it where it wants to be.

Phase 2: Set Financing Terms

FirstSouthwest will determine the optimal conditions of each financing by running scenarios that quantify the benefits and costs of various structuring considerations, and by preparing cash flow forecasts that enable the City to evaluate the expected annual debt service requirements associated with those structuring considerations. In this phase, we will recommend the method of sale that maximizes the marketability of the City's securities.

Phase 3: Coordinate Related Service Providers

The costs of bond lawyers, financial printers, paying agents/registrars, auction agents, liquidity providers, remarketing agents, trustees, and a host of other service providers can create great expense. Our team will assist the City in controlling those costs by securing competitive bids or quotes while recruiting reliable service providers to help the City save resources and build a winning team.

Phase 4: Prepare Documentation

Our Team will create for the City precise documents that provide credit strength and operating flexibility. In addition, those documents provide security to the investor and marketability for the underwriter. We will assist in the preparation of an Official Statement and other disclosure documents that fully describe all terms and conditions of the transaction.

Phase 5: Coordinate Rating and Credit Enhancement Process

Because credit rating and credit enhancers are of such importance, we will take great care in preparing information required to be submitted to bond rating agencies and credit enhancers. Additionally, we will consult continually with the City on bond ratings, establish bond-rating goals, monitor bond-rating progress, and assist and participate in necessary presentations to help the City achieve the best rating possible. Furthermore, we will coordinate all efforts related to credit enhancers to ensure that bids are based upon the desired structure of the plan of finance.

Phase 6: Conduct Marketing and Sale of Debt

The Team will take all the steps necessary to obtain the broadest possible participation in bidding a competitively sold issue. In the case of a negotiated sale, we will represent the City in all areas of pricing and sale, assisting in the negotiation of covenants, coupons, expenses, takedowns, and yields to ensure that the City's bonds are sold at the most favorable rates possible. In the case of floating rate debt, we will monitor rate resets and offer advice on term-outs, remarketing agents, liquidity provider and advise on optimization of multi-modal structures. We will conduct pre-pricing calls with the City and the underwriters, set marketing priorities, monitor all orders, and evaluate requests for re-pricing.

Phase 7: Ongoing Services

We will continue to monitor legislative, economic, budgetary and regulatory changes as they relate to the City and advise as to where action and participation will be beneficial. Additionally, we will continue to comment on the credit implications of local actions and events, develop debt management policies, evaluate financing alternatives, and evaluate the appropriateness and benefit of derivative products and services.

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.

FirstSouthwest will take the steps necessary to obtain the broadest possible participation in bidding. We ensure that investors and underwriters understand the City's credit and the mechanics of the sale, evaluating such to determine the most beneficial financing structure. For a negotiated sale, we will represent the City in all areas of pricing and sale. We will assist with the negotiation of covenants, coupons, expenses, takedowns, and yields to ensure that the City's bonds are sold at market rates. Our professionals will conduct pre-pricing calls with the City and the underwriters, set marketing priorities, monitor all orders, and balance requests for re-pricing.

As stated previously in the answer to question b. above, our team with assist the City in preparing and evaluating requests for proposals in order to select the underwriting team members.

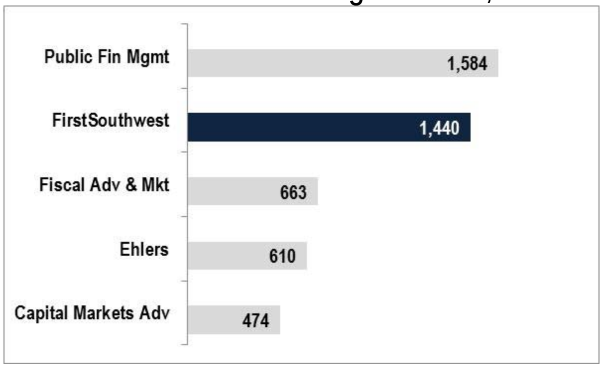
FirstSouthwest's constant evaluation of alternatives to re-marketing and the implementation of those alternatives, when appropriate, will be highly beneficial to the City. We will recommend approval of final pricing only after our underwriting desk has assured the City that the borrowing has achieved a fair cost of capital for the sale date, based on to-the-minute market conditions for that type of security.

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.

In our role as Financial Advisor to the City, FirstSouthwest will continue to monitor the City's outstanding debt and identify possible refunding candidates. Once a refunding is identified, we will look at various structures to provide maximum benefit to the City based upon the City's objectives, whether it is providing budgetary relief, maximizing present value savings, or providing additional future financing flexibility. FirstSouthwest will present the City with the various alternatives and recommend a financing plan that is based upon the City's objectives.

For the three-year period ending March 2014, FirstSouthwest is ranked as the number- two financial advisor in the nation for number of refinancing deals with 1,440 transactions totaling $55.82 billion par amount, according Ipreo MuniAnalytics.

National Financial Advisory Rankings
Number of Refinancing Transactions
Three-Year Period Ending March 31, 2014



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.

From April 1, 2011 through March 31, 2014, FirstSouthwest served as financial advisor on 2,541 bond issues nationwide (per Ipreo MuniAnalytics). Of these, 2,105 were rated by at least one of the major agencies; our firm averages approximately 13 rated transactions per week. More than 96% of our par volume is rated. As part of each rated transaction, our bankers interact closely with the rating agencies throughout the transaction. This experience has led our firm to develop an in-depth understanding of how a rating agency presentation should be structured and what information is necessary to obtain the best possible credit rating.

The following table illustrates the impressive percentage of transactions assigned a credit rating for which FirstSouthwest served as financial advisor.

FirstSouthwest as Financial Advisor Rated Transactions April 1, 2011 – March 31,2014		
Type of Transaction	Volume	Par Amt ($ mil)
Overall Issues	2,541	$88.72
Rated Issues	2,105	$85.12
Percentage of Issues that were Rated	82%	96%

As a result of our experience, FirstSouthwest has relationships with Moody's Investors Service, Standard & Poor's, Fitch and Kroll. This continual "hands-on" exposure to all aspects of the rating process affords the City a major advantage: an in-depth understanding of the rating agencies' typical concerns regarding municipal government credits. We will closely guide the City through the presentation process in order to help the City achieve its rating goals.

Reflecting the importance FirstSouthwest places on assisting clients in their interactions with rating agencies, FirstSouthwest employs two former rating agency analysts, including Ms. Angela Kukoda, Senior Vice President, who is part of the financial advisory team assembled to support the City. She joined FirstSouthwest from Standard and Poor's Corporation. As a result, she offers the City unparalleled insight into the thought process of the agencies, including the factors considered in the rating process of the City and their relative influence. Ms. Kukoda can share such historical knowledge, as well as her experience participating in numerous rating agency presentations as a rating agency analyst. However, the greatest value she offers the City is insight into how proposed financing plans, and changes in financial, tax, investment and debt policies may or may not affect the credit rating of the City going forward.

FirstSouthwest Rating Strategy

Communication with the rating agencies has always been important. However, it is now even more critical to maintain an ongoing dialogue with the rating analysts during the current volatile economic environment. Although there are often similarities between different issuers, each rating agency presentation is unique. After analyzing the applicable finances of the City, FirstSouthwest will determine the relative strengths and weaknesses of the City's financial position. We then can anticipate and prepare for the lines of questioning of the rating agencies and propose a presentation outline that anticipates such questions. As a step in developing a bond rating strategy, we will recommend the most appropriate rating presentation method, including site visits, conference calls, or direct presentation. FirstSouthwest takes a supportive role, rather than an active one, in the actual presentation of materials because the rating agencies stress direct discussions with the issuer. Therefore, we will prepare fully the City and its staff for the presentations that they will make to the rating services. Our contribution to the actual presentation is focused primarily on our preparatory work with the City; preparing solid answers for different lines of questioning, drawing from experience gained from our participation in many other presentations.

In a review of the City's outstanding debt, we noticed that there is a significant amount of debt that is secured by a covenant to budget and appropriate (CB&A) revenue pledge. This revenue pledge worked well as taxable values and budgets increased from the early 1990's to the mid-2000's, but have become increasing restrictive as municipal budgets have declined and the typical CB&A anti-dilution covenants have limited financial flexibility. As we will detail later in the City of Fort Lauderdale $337,755,000 Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) case study, we have been finding that due to the recent unrest in the financial markets, the concept of securing debt with direct pledges on specific non-ad valorem revenues has provided for higher ratings and more financial flexibility for issuers versus the traditional CB&A revenue pledge. In addition to addressing the pension liabilities of the City, securing debt with specific non-ad valorem revenues is a concept that may be very beneficial to the City's credit ratings as the City looks to issue new debt or refinance existing debt.

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.

As part of FirstSouthwest's comprehensive service, we are capable of assisting our clients in long-term strategic financial planning. Our professionals maintain significant experience in the municipal sector, and have helped clients on numerous projects over the years. Management teams are able to draw upon our extensive experience, analytical capabilities, technology, and market participation in developing and making strategic decisions for their organizations. Whether the particular needs of our clients include general capital planning, pension and OPEB consulting, public-private partnership consulting, among others, we are able to deliver the expertise and resources to accomplish their goals.

The following case studies illustrate experience with relevant services, as performed by members of the finance team assigned to the City.

Case Studies

City of Fort Lauderdale, Florida

Transaction: $337,755,000 Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)

Closing Date: October 3, 2012

Services Provided: Long-Term Planning, Financial Advisory

Transaction Overview: On September 19, 2012, the City of Fort Lauderdale priced the Series 2012 Taxable Bonds to fund a portion of the $400 million unfunded actuarial accrued liability (UAAL) of its two pension funds at an All-In true Interest Cost of 4.17%. The sale of the bonds occurred after a 16 month process to educate the staff and the elected officials on:

- An overview of pension funding and how the City funded its pension funds;
- An explanation of the UAAL and the factors that can change the UAAL over time;
- A comprehensive series of discussions on the benefits and risks in issuing Pension Obligation Bonds.

Planning Overview: In May, 2011, the City asked FirstSouthwest to develop a finance plan to deal with the rising costs of funding its annual required contributions to the pension plans. Pension funding has a direct effect on current budgets and a long term impact on financial flexibility, so the City wanted to explore issuing pension obligation bonds as a part of a plan to lower its annual pension funding costs.

The City had a history of making 100% of its annual actuarial required contribution, but experienced a rise in funding costs of approximately $23 million annually over a five year period due to lower than projected investment returns. The UAAL was accruing interest at the estimated rate of return on the pensions, which was 7.75% of the general employee pension and 7.5% for the police/fire pension. As a highly rated issuer, the City had an opportunity to significantly lower the cost on the UAAL amortization by accessing the taxable bond market.

Preserving the future financing flexibility of the City was a stated goal, so FirstSouthwest developed a structure using the concept of securing the bonds with direct pledges on designated revenues versus a general covenant to budget and appropriate revenue pledge. Working with the City actuaries in developing a bond structure that mirrored the amortization of the UAAL, FirstSouthwest developed a structure which resulted in budgetary savings of nearly $7 million in the first year and present value budgetary savings of $84 million in total.

Once the initial structure was developed, FirstSouthwest took the lead in putting together and presenting a series of presentations to educate the City Commission on the risks and benefits of the pension obligation bonds. Once a decision was made to move forward on the concept, FirstSouthwest lead the City's efforts in putting together the rating agency packages and presentations and assisted the City in a process to select a negotiated underwriting team via a competitive RFP process.

The financing received ratings of "AA-" from S&P and "A1"" from Moody's and the City received favorable reviews on the inclusion of a provision in the resolution that requires the City to fully fund any future increases in benefits at the time that they are granted, which is viewed to lower future pension funding costs.

Sarasota County, Florida

Five Year Work Plan: $200 Million

Services Provided: FirstSouthwest assisted the County in all aspects of the transaction including: the development of a comprehensive financing plan and model; creating a credit rating presentation and obtaining credit ratings; soliciting bond insurance bids; and putting together bids for paying agent/registrar and printer services. FirstSouthwest also coordinated with the County in issuing a mini-RFP and selecting an underwriting team from the County's current pool of Underwriters to produce the best overall financing results on the bond issue.

Planning Overview: FirstSouthwest assisted the County in the issuance of the $69,895,000 Infrastructure Sales Surtax Revenue Bonds, the second of five anticipated financings to be secured by Infrastructure Sales Surtax Revenues totaling approximately $208 million in aggregate principal amount to construct roads, sidewalks, other transportation-related improvements, health projects, parks, libraries, and environmental projects. The Board authorized a special referendum election to be held to obtain voter approval to issue bonds payable from Infrastructure Sales Surtax Revenues in an aggregate principal amount of not to exceed Three Hundred Million Dollars ($300,000,000) maturing not later than December 31, 2024 (the "$300 Million Limitation") and 68.6% of the voters approved.

City of Punta Gorda CRA

Services Provided: Long-Term Planning, Financial Advisory

Planning Overview: The Punta Gorda CRA has been impacted by the downturn in the real estate market over the past few years, and is currently faced with substantially reduced revenues compounded by a large debt burden. In March 2012, FirstSouthwest, as financial advisor, prepared a detailed review and analysis of the CRA cash flow projections, existing CRA debt service and lease payments, and current CRA sunset date. Our review and analysis focused on the current debt load of the CRA, projected tax increment revenues, extension of the sunset date, and restructuring of the existing obligations. The analysis prepared by FirstSouthwest included a sensitivity analysis under alternative growth scenarios within the district, allowing the Board to make an informed decision on the future financial planning within the district. FirstSouthwest additionally provided assistance the City in the restructuring of existing obligations to more closely track projected revenue projections.

Orlando-Orange County Expressway Authority

Five-Year Work Plan (FY2011-15): $1.363 Billion

Services Provided: Long-Term Capital Planning, Financial Advisory, Swap Advisory

Planning Overview: FirstSouthwest assisted the Authority in the development of a comprehensive capital planning model that provided the Authority with a timely and accurate decision making tool for planning its future and negotiating with existing stakeholders. Our significant involvement in the capital planning and structuring process enabled the Board to have a better understanding of what is achievable through alternative financing techniques and capital project funding horizons. Most recently, given the enormous challenge to efficiently fund the Wekiva project, FirstSouthwest analyzed the various methods to fund the project given the Authority's existing debt profile and system revenue implications. We provided the Authority with feasible alternatives to fund the Wekiva without additional toll increases after the 2012 CPI adjustment, while continuing to provide maintenance and expansion funding for the remainder of the system.

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.

FirstSouthwest has extensive experience serving as financial advisor on taxable transactions. From April 1, 2011 to March 31, 2014, Ipreo MuniAnalytics ranks FirstSouthwest the number-two financial advisor in the country for number of issues on taxable transactions, with 157 transactions and $12.26 billion par volume.

The following case studies illustrate our taxable financing experience with relevant services, as performed by members of the finance team assigned to the City.

Case Studies

City of Palm Bay, Florida

Transaction: $50,855,000 Taxable Special Obligation Refunding Bonds, Series 2013

Closing Date: November 26, 2013

Services Provided: Financial Advisory & Swap Termination Services

Transaction Overview: The City issued its Taxable Special Obligation Refunding Bonds, Series 2013 for the purposes of refunding its outstanding Taxable Special Obligation Bonds (Pension Funding Project), Series 2008 and terminating the related interest rate swap agreement. The Series 2008 Bonds were originally issued as insured variable rate demand bonds with a liquidity facility, and the City simultaneously entered into an interest rate swap agreement to hedge the variable interest rates. Due to the downgrades of the Series 2008 bond insurer, the City experienced increased capital cost and exposure to certain risks with the variable rate bonds and interest rate swap, including an upcoming replacement of an expiring liquidity facility. At the request of the City, FirstSouthwest assisted in evaluating alternative options relating to the Series 2008 Bonds including alternative variable rate and fixed rate options. In order to reduce the variable rate and swap risks associated with the Series 2008 Bonds, the City decided to refund the Series 2008 Bonds using fixed rate bonds and to terminate the related interest rate swap. FirstSouthwest assisted the City in developing a security structure for the Series 2013 refunding bonds that provided a pledge of designated revenues and a back-up covenant to budget and appropriate if designated revenues were insufficient to pay debt service. This structure, in part, allowed the City to obtained credit ratings on the Series 2013 Bonds of 'AA-' from Fitch and 'A+' from S&P while not funding a debt service reserve fund or including an anti-dilution test relating to the back-up covenant to budget and appropriate. FirstSouthwest assisted the City and the finance team throughout the planning and execution stages of the financing, and the City was able to successfully achieve its goal of risk reduction related to the Series 2008 Bonds.

Sarasota County, Florida

Transaction: $39,435,000 Utility System Refunding Bond, Series 2011D (Taxable)

Closing Date: November 3, 2011

Services Provided: Financial Advisory & Escrow Structuring Services

Transaction Overview: The County issued its Utility System Refunding Bond, Series 2011D (Taxable) (the "Series 2011D") for the purposes of advance refunding a portion of its outstanding Series 2002C utility system bonds. Because the refunded bonds were not allowed to be advance refunded on a tax-exempt basis, FirstSouthwest assisted the County in evaluating viable refunding alternatives. FirstSouthwest evaluated taxable bonds, a taxable bank loan, and a forward-delivery tax-exempt bond issue. The Series 2011D was completed using a taxable bank loan due to favorable refunding economics, prepayment without penalty at any time, and the ability to refund to tax-exempt once the escrow matured. Utilizing the taxable bank loan option saved the County approximately $0.7 to $1 million versus the alternative options.

City of Fort Lauderdale, Florida

Transaction: $30,000,000 Taxable Special Obligation Bond, Series 2011

Closing Date: December 14, 2011

Services Provided: Financial Advisory Services

Transaction Overview: The City issued its Taxable Special Obligation Bond, Series 2011 (the "Series 2011") for the purposes of pre-funding the annual contribution to the City's Police and Fire Pension Fund. The City's annual pension contribution included an interest accrual that was higher than the short term interest rates available to the City in the bank market at the time of the loan. By utilizing a taxable short-term loan to pre-fund the annual pension contribution, the City was able to achieve a budgetary benefit of approximately $1.5 million.

City of Palm Bay, Florida

Transaction: $5,485,000 Public Service Tax Revenue Bonds, Series 2010 (Taxable – RZEDBs – Direct Subsidy)

Closing Date: November 3, 2010

Services Provided: Financial Advisory Services

Transaction Overview: The City issued its $5,485,000 Public Service Tax Revenue Bonds, Series 2010 (Federally Taxable – Recovery Zone Economic Development Bonds – Direct Subsidy) in a transaction that resulted in significant interest cost savings compared to a traditional tax-exempt financing. This innovative financing addressed the City's need to build an annex to the City Hall at an annual cost less than the existing office space lease. FirstSouthwest provided the City's staff and elected officials with information on the mechanics, risks, and rewards of these stimulus related bonds authorized under the ARRA, equipping the City with information needed to make an educated and informed decision. The City ultimately decided to use its allocation of Recovery Zone Bonds, and achieved an extremely attractive True Interest Cost of 3.38% with a final maturity of 2040.

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.

FirstSouthwest provides this list in *Appendix C.*

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?

FirstSouthwest has extensive experience in representing public entities in negotiations with private vendors and developers. We have experience in assisting issuers in crafting agreements with numerous community reinvestment area developments, hotel and convention centers, sports facilities, energy projects and other types of public private partnerships. We are currently working with a number of major airport-centered plans to stimulate local and global economic activity, including working with the aero-tropolis concepts in Atlanta and Memphis. As a former commercial lender and real estate lender with formalized credit training, Ed Stull brings additional knowledge in these areas to his municipal clients. Below are a couple of examples of our work in this area:

Miami-Dade Aviation Department (MDAD)

Miami International Airport – Public-Private Partnerships

In an effort to address unfunded capital needs not included in the CIP and generate additional revenues, MDAD initiated a multi-phased Public Private Investor Partnership program (PPIP) in 2007. The Aviation Department's goals were:

1. To obtain investments in projects which will generate the highest financial return to the Department, as well as provide long term source of income for the operation of its system of airports;
2. To achieve a functional and aesthetic integration of the airport and the proposed investments and to encourage and facilitate the use and accessibility of both; and,
3. To focus density and stimulate activity around the airport, and to encourage patronage of the airport in general.

MDAD issued an Expression of Interest (EOI) seeking a qualified developer/investor to finance, design, construct, renovate, manage, and/or operate projects in four available investment areas in the vicinity of MIA's Central Boulevard, the main thoroughfare that connects to all passenger landside and terminal facilities, consisting of a hotel, existing structures, and underutilized land.

The four investment sites included in the EOI were:

- Area "A" – A 25± acre site. MDAD did not mandate the type of development that should occur on this site
- Area "B" -- An 8± acre site designated for the development of a new retail service area
- Area "C" -- A 3± acre site designated new hotel site
- Area "D" -- The existing in-terminal hotel located on Concourse E. Extensive renovations were required, along with the expansion of the hotel into three floors of adjoining space occupied by MDAD

The EOI was issued as a two-step process that allowed MDAD to measure what type of interest there is for a project and to pre-qualify potential participants. The first step invited participants to submit information regarding their companies and their ability to meet the financial and development capability that has been set forth by MDAD. The second step allowed the County to select a limited number of participants based upon the EOI information submitted with whom to negotiate to develop the sites.

FirstSouthwest was engaged to serve as Owner's Representative. In this role, we worked with senior MDAD staff, the County Manager's Office, County Attorney's Office, and other pertinent consultants to:

- Prepare an outline of "Financial Considerations Related to Possible Public Private Investment"
- Determine any significant operational impacts, if any, that the proposed developments may have on MDAD's day-to-day operations. There were no significant impacts.

- Participate in industry workshop to confirm existing market and interest for potential development projects: Approximately 50 investor/development industry representatives attended the MDAD Workshop and one-on-one informational meetings with prospective investors
- Assist in preparation of and selection of industry mediums for advertisements for national and international prospective investors of Hotel and Real Estate development
- Recruit firms to disseminate EOI to P3 developers/investors

MDAD received EOIs from five respondents, all of whom were invited to discuss their EOIs and submit a Request for Proposals (RFP) and financial information. After reviewing their qualifications, the Aviation Department invited two respondents to present their ideas to the PPIP-EOI-II Advisory Group. FirstSouthwest was asked to serve as a member of the Committee along with other Economic, Finance, Hotel and Real Estate development experts to evaluate each candidate's proposal for each parcel, and make the final developer/investor selection. The Committee asked FirstSouthwest's Power/Energy specialist to perform a detailed review and assessment of the usefulness of a proposed co-generation power plant for the Airport. The study revealed that the plant was not economically needed.

The Advisory Group selected their candidate, which started the negotiation phase. At MDAD's request, FirstSouthwest was appointed to the Negotiation Committee along with County and senior Aviation staff to mediate the terms for each project. Miami-Dade's Aviation Department and proposed developer have agreed on lease terms for an "Airport City" project three years in the making. The plans are to transform the 40 acres that include Miami International Airport's gateway into a profit-making visitor and business hub by constructing two hotels, a retail center and an office park that could cost in excess of $500 million. Public-private partnership is one vehicle to get revenue-generating infrastructure built instead of borrowing the money and paying the associated debt service.

George Bush Intercontinental Airport / Houston

Climate Control System Enhancement Project

The George Bush International Airport/Houston ("IAH" or the "Airport") is owned by the City of Houston and operated through the Houston Airport System ("HAS"). The Airport includes a central heating and cooling plant ("Central Plant") and associated chilled and hot water distribution systems and mechanical system end devices.

FirstSouthwest was engaged as financial advisor by HAS to evaluate the cost effectiveness of and financing techniques for capital improvement for enhancing, improving and operating the Climate Control System in order to increase efficiency and reduce operating expenses to HAS and its tenants, including the airlines serving the travelling public at the Airport.

In order to achieve these objectives, FirstSouthwest issued and coordinated the conduct of a Request for Proposals process on behalf of HAS, pursuant to which the "Developer" was selected.

Overview of Climate Control System Enhancement Project

The City and the Developer attempted to enter into a comprehensive agreement or agreements related to a leasehold interest in the Climate Control System. The Developer agreed to provide to HAS, and HAS agreed to purchase, chilled water and hot water ("Thermal Products") and the excess electric power generated by the Climate Control System that was not required to operate the Central Plant ("Available Electricity") (collectively, "Products") provided by the Climate Control System at rates and charges which were agreed upon.

Improvements to Climate Control System

The Developer provided a program to enhance the Climate Control System which included a retrofit of the Climate Control System to increase efficiency and capacity and construction of a gas-fired electrical generation facility proximate to the Central Plant.

Bonds

Climate Control Bonds would have a 30-year term with "interest only" for 3 years. The documents which would have governed the Bonds assured that HAS payments for its Minimum Purchase when applied on a priority basis were sufficient to fund current debt service on the Bonds, pay all operating and maintenance expenses and replenish any debt service reserves. The Bond Documents did not impose "coverage" requirements and provided a mechanism for funding a special Renewal and Replacement Fund.

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

FirstSouthwest includes these samples in *Appendix D.*

Technical Ability of Firm

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?

Technological Resources

FirstSouthwest currently employs 34 skilled individuals who maintain FirstSouthwest's nationwide network, build or otherwise devise software and other department solutions and maintain daily information technology ("IT") operations. Such extensive personnel resources make it possible for our firm to have state-of-the-art hardware, software and networking capabilities.

FirstSouthwest's approach to providing financial advisory services centers on detailed analysis and continuous technical support during the planning process and throughout each transaction, often before an underwriter is selected. We develop detailed financial models to help quantify the benefits and risks of any proposed financing. We want our clients to have total confidence in the final transaction structure and to be assured that all options are analyzed thoroughly.

The software packages FirstSouthwest utilizes include DBC Finance, MUNEX Advanced Decision Support Software for Public Finance and Financial Management Systems, Micro-Muni Debt Refund and Sizing, and Microsoft Office. Occasionally, specific software is built on a contract basis for clients should the complexities of transactions exceed the capabilities of the standard software packages. FirstSouthwest maintains proprietary models for the evaluation of derivative structures and investments. In addition to the software that directly supports the public finance effort, we subscribe to Bloomberg, Reuters, Dalnet, Ipreo MuniAnalytics, and Thomson Reuters.

Representative Analytical Capabilities

- Production of cash flow models with the flexibility to calculate bond capacities based on debt service installments; utilize sales and use tax forecast, operating revenues, federal and state grants, RTC Funding, expenditures and growth factors; model construction drawdowns and interest earnings; and projected revenue increases, etc.
- Complex capital planning models that integrate revenue forecasts, capital improvement programs, and various financing structures including short term commercial paper through long-term bond financing
- Size a financing including allowance for capitalized interest, construction costs, escrow requirements, insurance costs, interest earnings, issuance costs and reserve funds.
- Structure a payment amortization to a tailored schedule based on projected revenue and expenditure constraints.
- Defeasance of outstanding debt utilizing a state of the art advance refunding software system that will structure an optimal escrow fund, structure new debt on a level, front-end or tail-end savings basis, and provide as necessary other structures.
- Customized software solution, which we utilize to identify, monitor and track potential refundings that can benefit our clients. By running similar credits on a generic scale and using pre-determined assumptions, the software determines any potential savings for the issuer.

- Calculate detailed tax statistics and allocations based using guidance from tax counsel for complex transactions
- Refunding analysis for all debt issues of a client, with the capability of tracking both cashflow and present value savings on an aggregate and maturity by maturity basis
- Complex project financings structuring capabilities involving different liens, structures, purposes, tax-status, and financing characteristics
- Bank financing comparisons to traditional capital market financings
- Refunding analysis comparison between current, advance refundings, forward refundings, and taxable refundings among other less used forms
- Option Adjusted Spread (OAS) analysis providing the value of the embedded option for call feature of a particular bond or series.
- Derivative structures including swaps, collars, caps, floors, equity derivatives, and fuel hedges

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.

Direct and Extensive Market Knowledge.

FirstSouthwest is not only an experienced financial advisory firm, but also a registered broker-dealer and underwriter of new issue municipal securities (*FirstSouthwest would not, however, underwrite any of the City's securities while engaged as its financial advisor*). This means that we are uniquely qualified among financial advisory firms to monitor existing transactions, provide timely market developments, recommend appropriate structures, and provide advice on the timing of offerings.

As one of the largest financial advisors in the Country and as an active market maker in the primary and secondary municipal market as an underwriter, FirstSouthwest often participates in more pricings than any firm in the Country on an annual basis.

Peter Stare, a Managing Director with over 38 years of pricing experience with tax-exempt, AMT and taxable municipal bonds and Mark McGruder, a Senior Vice President with over 25 years of pricing experience will assist the FirstSouthwest team in pricing the City's bonds. The City will have the advantage of drawing upon the advice and recommendations of not only their own underwriters, but also the underwriters on our own desks, as the tenured professionals on FirstSouthwest's underwriting desks spend approximately 70% of their time assisting our *financial advisory* clients. Our underwriting professionals work in partnership with our banking professionals from the beginning preliminary structuring, updating with current scales and coupon ideas, call features, priority of order decisions all the way to the final allocations. They understand all facets of the underwriting process, from how to capture the largest retail sales percentage to working with the most difficult institutional orders.

Through the years, the FirstSouthwest's underwriting staff has been involved with pricing an average of 22 deals per week as financial advisor or underwriter. That same underwriting staff works daily with our financial advisors. Our local team can cite numerous examples in which our underwriting and trading desks have provided valuable information and recommendations that ultimately led to the lowest possible cost of borrowing for our financial advisory clients. Our underwriting desk has successfully negotiated lower takedowns and yield reductions at pricing on behalf of clients.

In comparison, financial advisors that are not registered broker-dealers do not have access to the same level of timely market data and must obtain pricing information from third-party underwriters or via other indirect means. Oftentimes, financial advisory firms that do not operate their own underwriting desks request market data from us, regardless of whether we have a vested interest in the transaction for which they are requesting information.

FirstSouthwest believes that when an issuer is selecting a financial advisor, accountability and transparency is paramount. As a broker/dealer, FirstSouthwest is subject to the rules and regulations of various governmental bodies such as the U.S. Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Commission ("FINRA"), among others, and we adhere to the rules of the Municipal Securities Rule Making Board ("MSRB"). FirstSouthwest is also a registered securities dealer under the SEC Act of 1934 and functions as a member of the Depository Trust Company and the National Clearing Corporation. Such heightened level of accountability and the transparency behind all of our advice and actions distinguish us from most other firms that propose to provide financial advisory services without being subject to such oversight and the capital requirements that go along with such regulation. As a broker/dealer, we maintain more than $127 million in equity capital (as of 12/31/13).

We believe that the discipline of maintaining an active broker/dealer operation benefits our clients in numerous ways. In addition to being active participants in the marketplace every day, risking our capital gives us additional perspective into the nuances of the underwriting process and lends us valuable credibility with the underwriting community. Other broker/dealers know that we are willing and able to provide the same functions we ask of them. They know we are speaking on a daily basis to many of the same institutional investors. Our clients directly and significantly benefit from this firsthand, direct, real-time market participation.

We strongly believe that this approach distinguishes our services from our competitors, but most importantly, it provides a higher quality service to our clients and allows them to achieve the lowest possible cost of borrowing. The City can be confident that when the time arrives to price its issue, our professional underwriters will be watching over every detail of the transaction and getting the most value for the City's securities the market will allow.

After the pricing, FirstSouthwest has invested a substantial amount in the software to track the trading activity in the City's outstanding bonds and can assist with identifying pricing deviations in the secondary market.

Real-Time Market Data

Our continuing investment in the capital markets information technology capabilities is fundamental both to broker/dealer operations and enhances the value of the financial advisory services that FirstSouthwest provides. Therefore, FirstSouthwest is committed to staying abreast of the latest developments in the digitalization of fixed income trading. Since the emergence of the Electronic Communication Networks ("ECNs") and electronic bid submission systems, we have been a pioneer, working with the leading vendors in the field to provide unique insight. Among the vendors we are actively utilizing today are: Bloomberg, i-Deal, MuniAuction, Thomson, MuniCenter, Bonddesk and Valubond. We have recently engaged Random Walk, a consulting firm notable for its development of the Real Time Reporting System ("RTRS") for the MSRB.

The real-time data that FirstSouthwest can access as a result of being a broker/dealer provides a distinct advantage to our financial advisory clients by allowing us to ensure that our clients' bonds are priced and sold at market levels.

Market Resources

We believe that the discipline of maintaining an active capital markets operation benefits our clients in numerous ways. Primarily, we are active participants in the marketplace every day, not merely observers. Risking our capital gives us additional perspective into the nuances of the underwriting process, and lends us valuable credibility with the underwriting community. Underwriters know that we are able to provide the same functions we ask of them. They know we are speaking on a daily basis to many of the same institutional investors. Therefore, our clients benefit from market advice that we obtain from firsthand, direct, real-time information as opposed to secondhand observations obtained from calling other firms or compiled from information vendors.

We strongly believe that this approach distinguishes our services from our competitors, but most importantly, it provides a higher quality service to our clients and allows them to achieve the lowest possible cost of borrowing. ***To ensure the best execution for a bond pricing, Financial Advisors must employ individuals that are actively involved in capital markets and not just monitoring the market.***


FirstSouthwest's Dallas Capital Markets

The capital markets group at FirstSouthwest works in partnership with our financial advisors from the beginning preliminary structuring, updating with current yield and coupon ideas, call features, priority of order decisions all the way to the final allocations. We have multiple capital markets professionals with more than 25 years of experience each working for both national and regional firms. They understand all facets of the underwriting process, from how to capture the largest retail sales percentage to working with the most difficult institutional orders. As much as 70% of our time is invested in working with financial advisory clients. The City can be confident that when the time arrives to price its issue, our professionals will be watching over every detail of the transaction and getting the most value for the City.

In our role as financial advisor, FirstSouthwest's capital markets group routinely provides recommendations regarding the following:

- Structure
- Call options and premiums
- Yields
- Coupons
- Placement of Term Bonds and pricing
- Serial Bonds and Pricing
- Capital Appreciation Bonds and pricing
- Cost effectiveness of insurance
- Credit aspects
- Underwriters' takedown and spread
- Syndicate rules
- Allocation of bonds

In short, these capabilities provide an enormous advantage to the City and differentiate FirstSouthwest from other advisory firms, which do not have actual market involvement and capabilities.

Another benefit of having dedicated capital markets group is that we have the tools to enable us to know which institutions have invested in the City's bonds and which have not. Knowing the existing buyer base of the City's outstanding bonds can play an important role in obtaining the best rates and terms possible.

Swap Advisory Services

As swap advisor, FirstSouthwest will ensure that the City achieves the highest quality service at the best value. FirstSouthwest will use a highly structured and technical approach to evaluating derivative portfolios. In connection with direct access to all debt capital markets, we have the ability to employ a series of proprietary models that have been developed and proven during a number of years by in-house derivative professionals.

Fair Pricing and Execution

The primary value added by a swap advisor lies in the advisor's ability to determine, at arm's length, the fair market value of any financial products employed, to enhance swap structures, and to maximize the economic benefits to the client (through calls, puts, knock-outs, etc. Having an independent derivative model enhances FirstSouthwest's ability to provide "certification of fair market value," which often is critical to the integrity of a derivative products transaction and can be an essential representation on which auditors and tax counsels can rely in rendering their opinions

For negotiated transactions, we follow a three-stage pricing procedure. During the initial pre-pricing stage, our derivatives specialists perform a series of pricing calculations that we share with a client and any selected counterparty(ies). Differences of opinion as to market price are discovered at this stage, and differences in assumptions or calculation methodology are evaluated before pricing proceeds. No live pricing can begin until all interested counterparties' pricing models are in agreement with one another. After pricing methodologies have been established and pricing models calibrated, we recommend a transaction date based on a client's calendar, near-term economic releases, and other market-related data. Leading up to this date, we continue to monitor the market on a daily basis and revise the schedule as appropriate. Additionally, we continue to seek pricing indications from the counterparties, and these are checked and confirmed against our real-time market information and internal pricing views.

Ongoing Risk Surveillance

Even before the credit crisis, our swap advisory practice focused on the identification, quantification, and management of the risks related to derivative products. With the failings of Bear Stearns, Lehman Brothers, and several other swap providers, risk analysis has become a central issue in assessing an existing swap portfolio or a contemplated swap transaction. Governmental and non-profit issuers must also consider other risks related to certain derivative transactions, such as interest rate risk, basis risk, and tax risk. FirstSouthwest's experienced team can assist our clients in identifying and quantifying the following risks when advising on specific swap transactions:

Interest Rate Risk – Interest rate risk is the possibility that debt service costs associated with variable rate debt increase and negatively affect coverage ratios and cash flow margins. The interest rate an issuer pays can increase as interest rates increase generally or because of sector or issuer-specific credit concerns.

Liquidity Risk – VRDO issuers face particular liquidity risk due to the embedded tender options in this debt. If a VRDO bond remarketing were to fail, the liquidity provider providing liquidity support to cover tenders would own the bonds, at which point the issuer would have to pay the "bank rate" and pay off the bonds in a much shorter period of time. If and issuer provides self-liquidity, it may be forced to liquidate investment assets at an inopportune time to pay for tendered, but unremarketed, bonds.

Tax Risk – All issuers who issue tax-exempt variable rate debt inherently accept risk stemming from changes in marginal income tax rates. Decreases in marginal income tax rates for individuals and corporations could result in tax-exempt variable rates rising faster than taxable variable rates. This is a result of the tax code's impact on the trading value of tax-exempt bonds. Percentage of LIBOR swaps expose issuers to tax event risk. This risk is a form of basis risk under swap contracts.

Basis Risk – Basis risk refers to a mismatch between the interest rate received from the swap contract and the interest actually owed on the issuer's bonds. An issuer's risk is that the variable interest payments received from the counterparty will be less than the variable interest payments actually owed on the VRDOs. The mismatch between the actual bond rate and the percentage of LIBOR swap rate could cause financial loss. This mismatch could occur for various reasons, including an increased supply of tax-exempt bonds, deterioration of an issuer's credit quality, or a reduction of federal income tax rates for corporations and individuals.

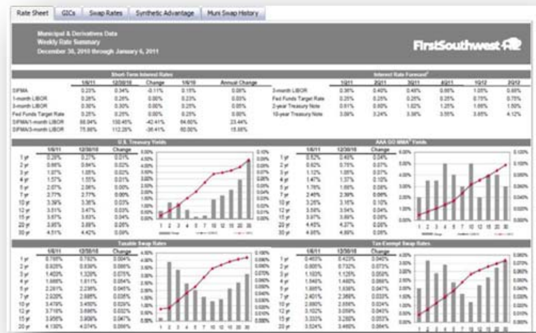
Counterparty Risk Counterparty risk is generally understood as the risk associated with non-performance under the terms of a swap (or other derivative) agreement. Counterparty risk includes three main components: (i) the risk that a counterparty does not have the liquidity to make a termination payment (termination risk); (ii) the risk that a counterparty does not make regularly scheduled swap payments (cash flow risk); and (iii) the likelihood of default under the terms of the agreement (credit risk). Termination risk can be quantified by periodic valuation of derivative transactions (mark-to-market). Cash flow and credit risks are generally measured by the credit ratings of a counterparty. For a portfolio of swaps with multiple counterparties, total notional exposure to a counterparty should be quantified along with aggregate collateralization requirements.

Amortization Risk – Amortization risk represents the potential cost to an issuer of servicing debt or honoring swap payments resulting from a mismatch between bonds and the notional amount of swap outstanding. Amortization risk occurs to the extent bonds and swap notional amounts become mismatched over the life of the transaction. This could occur to the extent bond proceeds have been used to finance an asset that is liquidated and used to redeem bonds in advance of the swap notional schedule, causing an unhedged swap position. Conversely, an issuer could be faced with some unhedged variable rate bonds to the extent the financed asset does not generate the expected cash flow to repay bonds in accordance with a relatively faster amortizing swap notional schedule. Amortization mismatches could potentially force an issuer to terminate a portion of the swap prior to maturity under unfavorable market conditions.

Financial Statement Risk – With the introduction of FASB and GASB pronouncements, most derivative agreements (including interest rate swaps) are now reported directly on the financial statements. Those derivatives that are deemed to be "effective" hedges are reported by fair value on the balance sheet. However, derivative agreements that are not found to be effective hedges are considered investment derivatives to be reported on the income statement. The terms of the derivative agreement can affect the complexity of effectiveness testing and possibly the results.

Sophisticated Online Tools

FirstSouthwest clients have convenient online access to a suite of management tools and insights for our clients to monitor their swaps and investments.



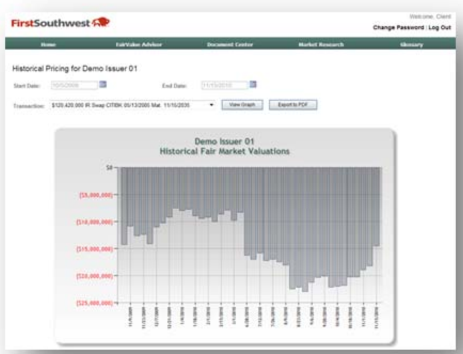
Our web-based platform provides access to:

- *FairValue Advisor*SM fair market valuation tools
- Investment tools
- Daily-updated rate information
- Current and historical market data
- White papers
- Proprietary market research
- Transaction documentation
- GASB and FASB accounting reports

FirstSouthwest's comprehensive online platform puts our suite of web-based investment tools, research and data at your fingertips.

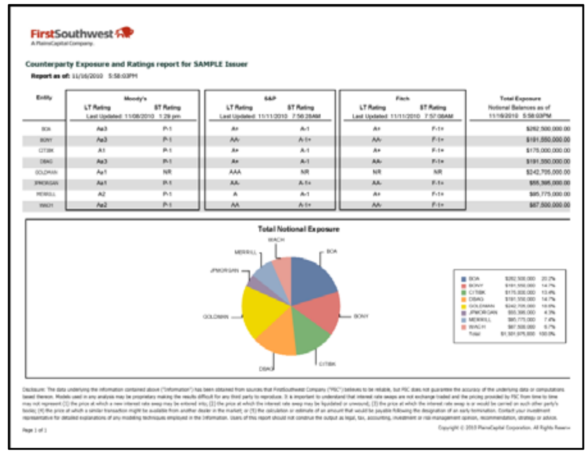
In 2009 FirstSouthwest released its online swap surveillance tool, *FairValue Advisor*SM to address governmental entities needs for timely, independent and accurate information regarding their swap exposure. FairValue Advisor provides our clients with SSAE 16-compliant daily mid-market valuations based on a standardized end-of-day market snapshot (*i.e.*, all transactions are evaluated with the same market inputs). FirstSouthwest feels that our clients' use of FairValue Advisor can (i) increase swap portfolio management efficiency, (ii) reduce cost associated with period end reporting, (iii) increase accessibility to swap-related information.

Current and Historical Pricing – Users have the ability to view fair values aggregated by issuer, related bond series, revenue type, counterparty, or any other desired grouping.



FairValue Advisor stores mid-market pricing histories, giving our clients the ability to quickly determine general trading ranges over any selected time range. This functionality is especially useful for setting triggers for market unwind strategies. In addition to interest rate swaps, FairValue Advisor has the ability to price forward purchase agreements (FPA), guaranteed investment contracts (GIC), repurchase agreements (Repo), currency and commodity swaps, swaptions, caps, floors, and forward rate agreements (FRA).

Counterparty Exposure – The Counterparty Exposure and Ratings section contains up-to-date information regarding aggregate notional exposure to each counterparty, along with current long- and short-term credit ratings. Notional exposure is also represented graphically for a quick visualization of counterparty allocations for each specific debt issuer.



Document Center – The Document Center provides a single access point for all transaction related documents (ISDA master/schedule, trade confirm, credit support, etc.), GASB/FASB accounting reports and a variety of other market research documents.

Administration and Security – Administration of State debt issuers' swap portfolios is role-based. For example, individual State debt issuer staff could view their swap portfolios while certain staff might be able to view all issuers' portfolios. Individual users are enabled with self-service credential support, further improving efficiency and reducing access-related down time. Finally, data transfer is achieved via HTTPS, 1024-bit SSL encryption, ensuring that information is secure.

Accounting Consulting Services

The FirstSouthwest team is able to provide its clients with consulting assistance with GASB/FASB requirements related to derivative valuation and reporting. Our professionals are highly regarded in the field of financial accounting for derivatives and we currently provide accounting related services to numerous governmental and not-for-profit clients.

With more than 70 years of collective experience in structured finance transactions, our four-person team has advised our clients on numerous types of swaps and understands how the nuances of a transaction can impact GASB/FASB analysis and reporting. FirstSouthwest's Structured Finance group has developed and implemented specific tools for GASB 53/64, FASB Topic 815 and 820 that provide accurate, independent results while minimizing time for analysis and delivery.

In addition to understanding our clients' goals, our professionals work directly with the accounting standards board as representatives of the municipal sector.

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

FirstSouthwest routinely assists our financial advisory clients in the evaluation of alternative financing mechanisms. Each financing structure in which the City may wish to pursue would include its own unique benefits and disadvantages. Tax-status, and the use of financing proceeds are critical in determining which financing vehicle to utilize, and we would work with the City staff in order to solidify its goals and objectives in order to determine the most efficient financing vehicle. The following are commonly used financing vehicles for municipal governments, and FirstSouthwest maintains substantial expertise in these financing types.

Bank Loans

- Often utilized for shorter duration financings, or where the issue size may be relatively small
- Typically do not require debt service reserve fund, which may improve economics on a transaction
- Do not require as much documentation, and often do not require bond-type annual continuing disclosure
- Typically will contain gross-up provisions and/or capital adequacy provision

Bond Issues

- Allow municipalities to borrow through a mortgage style payment structure of 30-years or longer
- Typically carry higher issuance costs than loans, which include rating fees and underwriting fees
- The longer duration and efficiency in the capital markets can help to offset the higher issuance costs
- Reserve funds equal to one year worth of debt service is often required for lower rated credits or by existing resolutions

Pooled Loan Programs

- Various pooled loan programs exist to provide economies of scale for smaller or lower rated borrowings
- Fixed and variable rate or commercial paper programs are available, and pre-1986 funds may be available in some cases
- Lower rated credits have historically been subsidized by the higher credits in the pools

Commercial Paper

- Can provide low interest, short-term financing for projects or construction financing
- May need economies of scale in order to overcome credit and professional costs

Governmental Loans

- SRF loans have historically provided a relatively low cost of capital to utilities in Florida
- SIB loans can provide low financing costs for transportation related projects in a region

Internal Bank

- A municipality could utilize internal banking functions to provide loans to other funds
- Can create some risk, use additional staff time, and may not efficiently price risk/reward

Leases

- Lease structures can provide insulation for certain entities or component units, while providing efficient financing
- COPS can provide for an annual appropriation structure that does not receive a long-term obligation classification
- Equipment and vehicle financing with short useful lives can potentially benefit from a lease structure

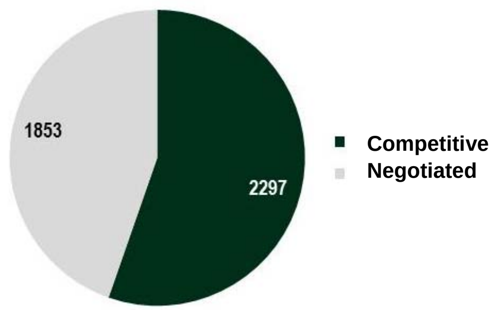
Public Private Partnerships

- P3 financings can provide equity capital structure for various revenue producing projects, but require an ROI
- Lease structures and/or divestitures of assets can provide payment streams to use on other projects
- Private parties may be willing to take additional risk in certain instances for a start-up project
- Private entities may not be able to obtain a lower cost capital structure than a highly rated municipality

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?

Competitive Bids versus Negotiated Sales

FirstSouthwest has a great deal of experience with both competitively bid and negotiated transactions. The following graph reflects our volume of participation with each transaction type during the most recent five year period ending December 31, 2013. Details on our philosophy and approach for each issue type follows.



When evaluating between competitive bids and negotiated sales, every situation must be evaluated independently. FirstSouthwest's overall goal is to advise the City on the sale method that provides the lower all-in cost of funds. Therefore, if one method has higher costs, we would evaluate the likelihood of those costs being offset by lower yields. We have developed a comparison of the two methods that helps us determine the all-in cost of each method:

Negotiated Sale

- Pre-selected syndicate negotiates the rates and terms with the financial advisor.
- Pricing occurs 1 to 3 days prior to the sale date.
- Size and structure can be finalized at pricing.
- Underwriting spreads are generally less since there is less uncertainty involved in the process.

Competitive Bid

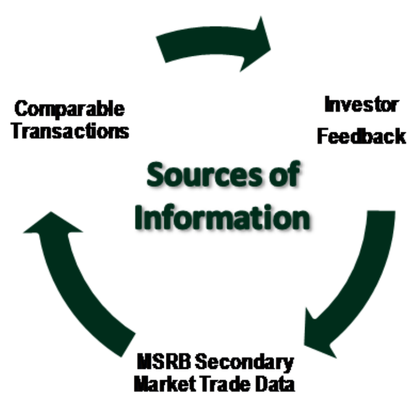
- Bonds sold at a certain date and time.
- Once announced, the date, time, and size cannot be as easily changed.
- Underwriter's discount is imputed in the interest rate.
- Cost is likely higher during volatile markets.
- Cost is likely higher with more complex credits.

Negotiated Process

FirstSouthwest will take the steps necessary to obtain the broadest possible participation in bidding. We ensure that investors and underwriters understand the City's credit and the mechanics of the sale, evaluating such to determine the most beneficial financing structure. For a negotiated sale, we will represent the City in all areas of pricing and sale. We will assist with the negotiation of coupons, expenses, takedowns, and yields to ensure that the City's bonds are sold at market rates. Our professionals will conduct pre-pricing calls with the City and the underwriters, set marketing priorities, monitor all orders, and balance requests for re-pricing.

FirstSouthwest's constant evaluation of alternatives to re-marketing and the implementation of those alternatives, when appropriate, will be highly beneficial to the City. We will recommend approval of final pricing only after our underwriting desk has assured the City that the borrowing has achieved a fair cost of capital for the sale date, based on to-the-minute market conditions for that type of security.

As noted in the following diagram, FirstSouthwest relies on three sources of information when negotiating with underwriters.



FirstSouthwest has the technological resources and personnel to gather data from all three of these sources, and as such, we do not have to rely on outside or third party firms to gather such data. Each resource provides insight into the value of an issuer's bonds on any give market day. Many of our competitors simply rely on spread to Municipal Market Data ("MMD"), and while MMD has its uses, it has proven faulty in down and volatile markets.

Prior to each transaction, we will send the City pre-pricing information regarding how the City's outstanding bonds initially priced with a spread to MMD, along with information as to how those bonds have traded in the secondary market. We also will give the City current market data and scales reflecting what our underwriting desk believes are the current trading values for the City's new issue. This information will provide the basis of professional negotiations with the underwriters.

FirstSouthwest's role in either issue is to assist the client in executing the transaction with the lowest all-in cost. On a negotiated transaction, we would serve as pricing representative for the client. All pricings are negotiated by our underwriting and trading desk. We feel that it is of utmost importance that an issuer be represented by a broker/dealer on a negotiated transaction. An independent firm simply has no way of understanding the market without the assistance of a registered broker/dealer. FirstSouthwest underwrites and trades municipal bonds on a daily basis. While there is not a definitive recommendation for competitive or negotiated method of sale, please find the following chart that outlines the conditions favoring each method.

	Conditions Favoring Competitive Sale	Conditions Favoring Negotiated Sale
Debt Structure ❖ Pledge ❖ Debt Instrument	✓ General Obligation ✓ Serial or term CIBs	✓ System or project supported revenues ✓ Derivatives, discounts, CABs, PACs
Credit Quality ❖ Rating ❖ Outlook	✓ Highly Rated ✓ Stable	✓ Lower Rated ✓ Weak or negative
Market Conditions ❖ Interest Rates ❖ Supply & Demand	✓ Stable, predictable ✓ Strong investor demand, good liquidity, light forward calendar	✓ Volatile or declining market ✓ Oversold Market /heavy supply
Policy Considerations ❖ Participation in Sale of Bonds ❖ Stimulation of Investor Interest	✓ Broad Market Participation desired for Sale of Bonds/Notes ✓ Broad Market Participation desired for Purchase of Bonds/Notes	✓ Desire to ensure the participation of DBE and/or regional and retail firms ✓ Desire to make bonds/notes available to regional investors

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

History of Innovation

FirstSouthwest has received fifteen "Deal of the Year" awards for innovative and effective banking strategies, listed below. Our professionals were at the forefront of several innovations in municipal finance, including the use of a forward derivative transaction in 1994; Internet competitive bidding; and the issuance of municipal debt in foreign markets.

- 2013 Southwest Region Deal of the Year Award for Financial Advisor to the DFW Airport for its $2.73 billion of refunding and new money transactions to finance the airport's Terminal Renewal and Improvement Program (*The Bond Buyer*)
- 2012 National Bond Buyer Deal of the Year Award and Midwest Region Award for Financial Advisor to Michigan Finance Authority for its $2.9 billion unemployment insurance deal (*The Bond Buyer*)
- 2011 Southwest Region for Financial Advisor to the Love Field Modernization Corporation for its $310 million special facilities revenue bonds (*The Bond Buyer*)
- 2011 Southeast Region for Financial Advisor to the Atlanta Department of Aviation for its $1.5 billion new money and refunding deal (*The Bond Buyer*)
- 2010 Regional Title, for Co-Managing Underwriter to The La Vernia Higher Education Finance Corp. for the Kipp Academy's $66.17 million education revenue bonds (*The Bond Buyer*)
- 2009 Regional Title for The Dallas County Hospital District for its $705 million deal to renovate Parkland Memorial Hospital (*The Bond Buyer*)
- 2008 Regional Title for Financial Advisor to the Camino Real Regional Mobility Authority (*The Bond Buyer*)
- 2006 Small Issuer for Financial Advisor to the Town of Clayton, New Mexico (*The Bond Buyer*)
- 2005 Southwest Region for Financial Advisor to the Central Texas Regional Mobility Authority (*The Bond Buyer*)
- 2004 Runner-Up for Financial and Swap Advisor to New Mexico Finance Authority – State Department of Transportation (*The Bond Buyer*)
- 2003 Regional Title for Financial Advisor to Dallas/Fort Worth International Airport (*The Bond Buyer*)
- 2003 for Financial and Swap Advisor to Orlando-Orange County Expressway (*The Bond Buyer*)
- 1996 for Swap Advisor to the City of Fort Worth (*The Bond Buyer*)
- 1993 for Financial and Swap Advisor to the City of Lewisville, Texas (*Institutional Investor*)
- 1990 for Financial and Swap Advisor to the Dallas/Fort Worth Regional Airport (*Institutional Investor*)

Case Studies

City of Fort Lauderdale

$337,755,000 Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)

On September 19, 2012, the City of Fort Lauderdale priced the Series 2012 Taxable Bonds to fund a portion of the $400 million unfunded actuarial accrued liability (UAAL) of its two pension funds at an All-In true Interest Cost of 4.17%. The sale of the bonds occurred after a 16 month process to educate the staff and the elected officials on:

- An overview of pension funding and how the City funded its pension funds;

- An explanation of the UAAL and the factors that can change the UAAL over time;
- A comprehensive series of discussions on the benefits and risks in issuing Pension Obligation Bonds.

In May, 2011, the City asked FirstSouthwest to develop a finance plan to deal with the rising costs of funding its annual required contributions to the pension plans. Pension funding has a direct effect on current budgets and a long term impact on financial flexibility, so the City wanted to explore issuing pension obligation bonds as a part of a plan to lower its annual pension funding costs.

The City had a history of making 100% of its annual actuarial required contribution, but experienced a rise in funding costs of approximately $23 million annually over a five year period due to lower than projected investment returns. The UAAL was accruing interest at the estimated rate of return on the pensions, which was 7.75% of the general employee pension and 7.5% for the police/fire pension. As a highly rated issuer, the City had an opportunity to significantly lower the cost on the UAAL amortization by accessing the taxable bond market.

Preserving the future financing flexibility of the City was a stated goal, so FirstSouthwest developed a structure using the concept of securing the bonds with direct pledges on designated revenues versus a general covenant to budget and appropriate revenue pledge. Working with the City actuaries in developing a bond structure that mirrored the amortization of the UAAL, FirstSouthwest developed a structure which resulted in budgetary savings of nearly $7 million in the first year and present value budgetary savings of $84 million in total.

Once the initial structure was developed, FirstSouthwest took the lead in putting together and presenting a series of presentations to educate the City Commission on the risks and benefits of the pension obligation bonds. Once a decision was made to move forward on the concept, FirstSouthwest lead the City's efforts in putting together the rating agency packages and presentations and assisted the City in a process to select a negotiated underwriting team via a competitive RFP process.

The financing received ratings of "AA-" from S&P and "A1"" from Moody's and the City received favorable reviews on the inclusion of a provision in the resolution that requires the City to fully fund any future increases in benefits at the time that they are granted, which is viewed to lower future pension funding costs.

City of Miami, Florida

Transaction: $84,540,000 Tax-Exempt Special Obligation Parking Revenue Bonds, Series 2010A and $16,830,000 Taxable Special Obligation Parking Revenue Bonds, Series 2010B

Closing Date: July 29, 2010

Services Provided: Financial Advisory Services

Transaction Overview: The City of Miami issued its $84,540,000 Tax-Exempt Special Obligation Parking Revenue Bonds, Series 2010A and $16,830,000 Taxable Special Obligation Parking Revenue Bonds, Series 2010B to construct the four (4) parking garages that will serve the Marlins Stadium and future development that will be adjacent to the Marlins Stadium site. As financial advisor to the City of Miami, FirstSouthwest was intimately involved in the bond process from assisting in negotiations of pledged revenues with other stakeholders through the successful closing of the bonds. Due to the ascending nature of the pledged revenues, which consisted of convention development tax, bulk sale revenue, and parking surcharge revenue, the City provided a backup covenant pledge from non-ad valorem revenues. This allowed the financing to be structured with an ascending debt structure to match the projected revenues. Additionally, the parking garages will generate revenue that will accrue to the city, including advertising revenues and rents from retail leases that do not constitute pledged revenues securing the bonds.

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.

As stated previously, FirstSouthwest currently employs 34 skilled individuals who maintain FirstSouthwest's nationwide network, build or otherwise devise software and other department solutions and maintain daily information technology ("IT") operations. Such extensive personnel resources make it possible for our firm to have state-of-the-art hardware, software and networking capabilities.

FirstSouthwest's approach to providing financial advisory services centers on detailed analysis and continuous technical support during the planning process and throughout each transaction, often before an underwriter is selected. We develop detailed financial models to help quantify the benefits and risks of any proposed financing. We want our clients to have total confidence in the final transaction structure and to be assured that all options are analyzed thoroughly.

The software packages FirstSouthwest utilizes include DBC Finance, MUNEX Advanced Decision Support Software for Public Finance and Financial Management Systems, Micro-Muni Debt Refund and Sizing, and Microsoft Office. Occasionally, specific software is built on a contract basis for clients should the complexities of transactions exceed the capabilities of the standard software packages. FirstSouthwest maintains proprietary models for the evaluation of derivative structures and investments. In addition to the software that directly supports the public finance effort, we subscribe to Bloomberg, Reuters, Dalnet, Ipreo MuniAnalytics, and Thomson Reuters.

As described, FirstSouthwest's IT department maintains state-of-art computer hardware, software, and intra and internet based networking capability. We also maintain commercial business software used by our clients so as to minimize any problems with exchanging information. It allows FirstSouthwest personnel to accept information from clients that can be included in presentations and offering documents directly.

Additionally, FirstSouthwest personnel have laptop computers that allow them to have access to all the software available to them at the office. We also have laptop based internet access that does not require free internet access to be able to communicate with our clients when FirstSouthwest personnel are traveling away from the office

Representative Analytical Capabilities

- Production of cash flow models with the flexibility to calculate bond capacities based on debt service installments; utilize sales and use tax forecast, operating revenues, federal and state grants, RTC Funding, expenditures and growth factors; model construction drawdowns and interest earnings; and projected revenue increases, etc.
- Complex capital planning models that integrate revenue forecasts, capital improvement programs, and various financing structures including short term commercial paper through long-term bond financing
- Size a financing including allowance for capitalized interest, construction costs, escrow requirements, insurance costs, interest earnings, issuance costs and reserve funds.
- Structure a payment amortization to a tailored schedule based on projected revenue and expenditure constraints.
- Defeasance of outstanding debt utilizing a state of the art advance refunding software system that will structure an optimal escrow fund, structure new debt on a level, front-end or tail-end savings basis, and provide as necessary other structures.
- Customized software solution, which we utilize to identify, monitor and track potential refundings that can benefit our clients. By running similar credits on a generic scale and using pre-determined assumptions, the software determines any potential savings for the issuer.
- Calculate detailed tax statistics and allocations based using guidance from tax counsel for complex transactions

- Refunding analysis for all debt issues of a client, with the capability of tracking both cashflow and present value savings on an aggregate and maturity by maturity basis
- Complex project financings structuring capabilities involving different liens, structures, purposes, tax-status, and financing characteristics
- Bank financing comparisons to traditional capital market financings
- Refunding analysis comparison between current, advance refundings, forward refundings, and taxable refundings among other less used forms
- Option Adjusted Spread (OAS) analysis providing the value of the embedded option for call feature of a particular bond or series.
- Derivative structures including swaps, collars, caps, floors, equity derivatives, and fuel hedges

Real-Time Market Data

Our continuing investment in the capital markets information technology capabilities is fundamental both to our operations and enhances the value of the financial advisory services that FirstSouthwest provides. Therefore, FirstSouthwest is committed to staying abreast of the latest developments in the digitalization of fixed income trading. Since the emergence of the Electronic Communication Networks ("ECNs") and electronic bid submission systems, we have been a pioneer, working with the leading vendors in the field to provide unique insight. Among the vendors we are actively utilizing today are: Bloomberg, i-Deal, MuniAuction, Thomson, MuniCenter, Bonddesk and Valubond. We also engaged a consulting firm notable for its development of the Real Time Reporting System ("RTRS") for the MSRB.

The real-time data that FirstSouthwest can access provides a distinct advantage to our financial advisory clients by allowing us to ensure that our clients' bonds are priced and sold at market levels. FirstSouthwest believes maintaining a capital markets group is essential to properly advise clients about market conditions as a financial advisor. Our capital markets group routinely provides recommendations based on its active market involvement and extensive institutional investor relationships. These capabilities provide an enormous advantage to the City and differentiate FirstSouthwest from other advisory firms that do not have actual market involvement and capabilities.

Independent of Firm

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.

FirstSouthwest has no binding or implied affiliation or relationship with any other broker-dealer. In the role of underwriter, on competitive and negotiated sales, FirstSouthwest enters into "an agreement among underwriters" to market and sell municipal securities, which defines the liability and compensation to all members of the syndicate. Additionally, acting in the role of financial advisor, FirstSouthwest has a small number of co-financial advisor relationships. These arrangements are directed by and fully disclosed to the issuer. FirstSouthwest does not pay or receive any fees for the direct or indirect solicitation of business and has no other contractual arrangements that we believe would create a conflict of interest if the firm is selected to provide financial advisory services to 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.

FirstSouthwest believes that strong recommendations from our clients are the most accurate indications of our firm's level of service and expertise. The following are selected client references for which we have provided financial advisory services that will be helpful in assessing our ability to serve the City.

CITY OF FORT LAUDERDALE

City of Fort Lauderdale, Florida
Mr. Lee Feldman
City Manager
954.828.5013

lfeldman@fortlauderdale.gov

City of North Miami Beach, Florida
Ms. Janette Smith
Finance Director
305.948.2930
Janette.Smith@citynmb.com

City of Fernandina Beach, Florida
Ms. Patti Clifford
Controller
904.310.3333
pclifford@fbfl.org

City of Palm Bay, Florida
Ms. Yvonne McDonald
321.953.8937
mcdony@palmbayflorida.org

Martin County, Florida
Ms. Taryn Kryzda
County Administrator
772.288.5939
tkryzda@martin.fl.us

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.

FirstSouthwest does not believe that its selection to provide financial advisory services to the City should create a 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.

From time to time in the ordinary course of its business, FirstSouthwest is called upon to respond to inquiries or is subject to investigations or proceedings by federal, state or industry self-regulatory organizations. The firm is also involved, from time to time, in civil legal proceedings and arbitration proceedings concerning matters arising in connection with the conduct of its business. To the best of our knowledge, information and belief based upon the facts available at this time, there is no threatened or pending inquiry, investigation, litigation, arbitration or regulatory proceeding that we believe would have a material adverse impact on the ability of FirstSouthwest to perform public finance investment banking and advisory services.

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

The Financial Industry Regulatory Authority (FINRA) maintains a public database known as BrokerCheck© that discloses reportable regulatory matters for FirstSouthwest. BrokerCheck© may be found at www.FINRA.org.

Project Understanding, Proposed Approach and Methodology

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.

FirstSouthwest's history of providing financial advisory services to municipalities around the country spans decades, and assures our clients that the advice we provide stands the test of time. The most important part of our new and existing engagements is to listen to our clients, and identify their needs and goals. This is an important step because each one of our clients present unique challenges, and tailoring solutions provides for the best possible outcomes. Once the needs and goals of our clients are established, we provide an array of options and solutions to meet those needs and goals. Each potential option is explained in detail to provide our clients with a true understanding of the benefits and disadvantages of each. We then work with our clients to gain consensus on the preferred approach, provide recommendations, and assist in bringing the chosen financial plan to fruition.

Having provided financial advisory services to cities throughout the country, FirstSouthwest fully understands the scope of services the City is requesting. We have reviewed the scope of services outlined in the RFP, and have indicated our ability to perform the tasks outlined in the RFP.

	FirstSouthwest Scope of Services	Team Members Involved
Phase1	Planning Activities • **Review** current financial standing • **Make** in-depth analysis • **Create** strategic planning model	Ed Stull Lakshmi McGrath Joel Tindal Andrew Mazlin
Phase 2	Set Financing Terms • **Quantify** benefits and costs of various structuring • **Prepare** cash flow forecasts to evaluate expected annual debt service requirements • **Recommend** method of sale	Ed Stull Joel Tindal Andrew Mazlin
Phase 3	Coordinate Related Service Providers • **Keep costs low** by securing competitive bids on ancillary services like bond lawyers, financial printers, auction agents, liquidity providers	Ed Stull Lakshmi McGrath Andrew Mazlin
Phase 4	Prepare Documentation • **Create** precise documents to provide credit strength and operating flexibility • **Prepare** an Official Statement and other disclosure documents that fully describe all terms and conditions	Ed Stull Joel Tindal Angela Kukoda
Phase 5	Coordinate Rating and Credit Enhancement Process • **Prepare** information required to submit to bond rating agencies and credit enhancers • **Consult** on Bond ratings • **Establish** bond-rating goals • **Monitor** bond-rating progress • **Assist** and participate in presentations to achieve best rating • **Coordinate** all efforts related to credit enhancers to ensure bids are based upon desired finance structure	Ed Stull Joel Tindal Angela Kukoda
Phase 6	Conduct Marketing and Competitive/Negotiated Pricing • As a registered broker dealer, we will o **Monitor** existing transactions o **Provide** timely market developments o **Recommend** appropriate new structures o **Offer** advice on timing of offerings	Ed Stull Lakshmi McGrath Joel Tindal
Phase 7	Provide Ongoing Services • **Monitor** legislative, economic, budgetary, and regulatory changes	Ed Stull Lakshmi McGrath Joel Tindal Andrew Mazlin

Compensation

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.

	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								
First $25 million	$0.75	$0.75	$0.75	$0.75	$0.75	$0.75	$0.50	$2.00
Next $25 million	$0.75	$0.75	$0.75	$0.75	$0.75	$0.75	$0.50	$2.00
Next $50 million	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.25	$2.00
Amount over $100 million	$0.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.25	$2.00
Minimum	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$25,000
Maximum	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$95,000	$250,000

Hourly Rates:

Managing Director	$225
Senior Vice President	$200
Vice President	$185
Associate Vice President & Analyst	$150
Administrative / Clerical	$75

Project Time Schedule

Provide a detailed time schedule for this project.

1st Meeting of the 1st Month	City Commission meeting to authorize staff to solicit RFP's for Underwriters	City/FA
Day 1	Kickoff / Organizational Meeting	ALL
Day 3	Advertisement of RFP for Bond Underwriters	City/FA
Day 7	1st draft of Bond Documents circulated	BC
Day 10	Comments due on 1st draft of Bond Documents	ALL
Day 14	Workgroup meeting to review 1st drafts of documents	ALL
Day 17	1st draft Preliminary Official Statement (POS) circulated	DC
	2nd drafts of Bond Bond circulated	BC
Day 18	Packages sent to Rating Agencies and Bond Insurer	City/FA
Day 20	First draft of rating presentation circulated	City/FA
Day 21	Solicit Paying Agent/Registrar and Financial Printer Bids	City/FA
	Comments due on 1st draft POS and 2nd draft of Bond Documents	ALL
Day 24	RFP for Bond Underwriters due	City/FA
Day 26	Meeting with City Staff to review and discuss Underwriting RFP responses	City/FA
Day 27	Finalize rating presentation	City/FA
Day 28	Meetings/Presentations with Rating Agencies & Bond Insurer	City/FA
1st Meeting of the 2nd Month	City Commission Meeting - Selection of Underwriting Team	City
Day 34	Workgroup meeting to review 1st & 2nd draft documents	ALL
Day 38	Receive ratings; Finalize POS	City/FA/DC
Day 39	Agenda Deadline for all final documents	ALL
	1ST draft of Bond Purchase Agreement (BPA) circulated	UC
Day 43	Comments due on 1st draft BPA	ALL
Day 45	2nd draft BPA circulated	UC
2nd Meeting of the 2nd Month	City Commission Meeting – Approval of Bond Documents and deem POS Final	ALL
Day 48	Print and Mail POS	DC/FA
Day 59	Price and Award Bonds	City/FA
Day 62	Print and Mail Final OS	DC/FA
Day 66	Pre-closing	City/BC/FA/UW
Day 67	Closing	City/BC/FA/UW

City	*Issuer*
BC	*Bond Counsel*
DC	*Disclosure Counsel*
FA	*Financial Advisor*
UW	*Underwriter*
UWC	*Underwriter's Counsel*
ALL	*Core Working Group*

Required Forms

Please see *Appendix A, Required Forms*, for a copy of FirstSouthwest's certificate of registration with the State of Florida Division of Corporations and Disclosure of Conflict of Interest.

Equal Employment Opportunity

Equal Employment Opportunity Policy

Equal employment opportunity has been, and will continue to be, a fundamental principle at FirstSouthwest, and we are committed to operating within all applicable laws and regulations with respect to this policy. It is the firm's policy to provide equal employment opportunity for all applicants and employees, fulfilling the objective to obtain individuals qualified and/or trainable by virtue of job-related standards of education, training, experience and personal qualifications as they relate to the requirements of the position. FirstSouthwest does not discriminate on the basis of race, color, religion, sex, citizenship, national origin, ancestry, age, pregnancy, physical or mental disability, veteran or military status, predisposing genetic characteristic, sexual orientation, marital status, domestic partner or civil union status, or any other basis protected by applicable law. FirstSouthwest's Equal Employment Opportunity Policy applies to all practices and procedures relating to recruitment and hiring, training and development, compensation, benefits, promotion, transfer, demotion, termination, retirement, layoff and all other terms and conditions of employment.

We recognize that to be effective, equal employment opportunity must consist of more than just a policy statement. FirstSouthwest and its clients are best served by communication and a demonstration of commitment to equal employment opportunity through the firm's policies and practices, which are consistent with the firm's objectives as well as those of the clients we represent. It is our commitment to adhere fully to this policy in the future as we have in the past with the intent that our employment practices and our procurement of contracts will not deviate from these tenets.

Disclosure of Conflict of Interest

Vendor shall disclose below, to the best of his or her knowledge, any City of Hollywood officer or employee, or any relative of any such officer or employee as defined in Section 112.3135, Florida Statutes, who is an officer, partner, director or proprietor of, or has a material financial interest in the vendor's business or its parent company, any subsidiary, or affiliated company, whether such City official or employee is in a position to influence this procurement or not.

None.

Appendix A

Required Forms

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: First Southwest Company	Fed. ID No. or SS Number 75-0708002
Complete Mailing Address: 325 N. St. Paul Street, Suite 800 Dallas, TX 75201	Telephone No.: 407.426.9611 Fax No.: 407.426.7835
Do You Have a Permanent Office Located in the City of Hollywood? Yes ☐ No ☒	E-Mail Address: Ed.Stull@firstsw.com
Indicate type of organization below: Corporation ☒ Partnership ☐ Individual ☐ Other	

ATTENTION: FAILURE TO SIGN (<u>PREFERABLY IN BLUE INK</u>) 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.

Jack. E. Addams	Vice Chairman	4/30/2014
Authorized Name and Signature	Title	Date

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:

First Southwest Company Jack E. Addams

(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.

First Southwest Company Jack E. Addams

(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.

L. DISCLOSURE OF CONFLICT OF INTEREST

Vendor shall disclose below, to the best of his or her knowledge, any City of Hollywood officer or employee, or any relative of any such officer or employee as defined in Section 112.3135, Florida Statutes, who is an officer, partner, director or proprietor of, or has a material interest in the vendor's business or its parent company, any subsidiary, or affiliated company, whether such City official or employee is in a position to influence this procurement or not.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City of Hollywood Purchasing Ordinance.

Name	Relationship
None.	

In the event the vendor does not indicate any name, the City shall interpret this to mean that no such relationship exists.

RFP CHECKLIST

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

__X__ 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)

__X__ I acknowledge reading and signing the Hold Harmless Statement.

__X__ I have included all information, certificates, licenses and additional documentation as required by the City in this RFP document.

__X__ 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.

__X__ I have submitted one (1) original and twelve (12) copies and one (1) electronic copy (CD) of the entire proposal with addendums.

__X__ 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.

__X__ I have read and completed (if applicable) the "Disclosure of Conflict of Interest".

__X__ 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.

__X__ 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: First Southwest Company

PROPOSER'S NAME: Jack E. Addams

PROPOSER'S AUTHORIZED SIGNATURE: Jack E. Addams

DATE: 4/30/2014

EQUAL EMPLOYMENT PRACTICES

FirstSouthwest is committed to promoting diversity and equal opportunity in business development through recruitment, hiring, retention, procurement strategies, vendor and community relationships, as well as internal business practices.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

Equal employment opportunity has been, and will continue to be, a fundamental principle at FirstSouthwest, and we are committed to operating within all applicable laws and regulations with respect to this policy. It is the firm's policy to provide equal employment opportunity for all applicants and employees, fulfilling the objective to obtain individuals qualified and/or trainable by virtue of job-related standards of education, training, experience and personal qualifications as they relate to the requirements of the position. FirstSouthwest does not discriminate on the basis of race, color, religion, sex, citizenship, national origin, ancestry, age, pregnancy, physical or mental disability, veteran or military status, predisposing genetic characteristic, sexual orientation, marital status, domestic partner or civil union status, or any other basis protected by applicable law. FirstSouthwest's Equal Employment Opportunity Policy applies to all practices and procedures relating to recruitment and hiring, training and development, compensation, benefits, promotion, transfer, demotion, termination, retirement, layoff and all other terms and conditions of employment.

We recognize that to be effective, equal employment opportunity must consist of more than just a policy statement. FirstSouthwest and its clients are best served by communication and a demonstration of commitment to equal employment opportunity through the firm's policies and practices, which are consistent with the firm's objectives as well as those of the clients we represent. It is our commitment to adhere fully to this policy in the future as we have in the past with the intent that our employment practices and our procurement of contracts will not deviate from these tenets.

Total employment at FirstSouthwest as of 2/24/2014 is 403 persons distributed as follows

FirstSouthwest Company
Employee Representation

NUMBER OF EMPLOYEES AS OF 2/24/2014

Job Category	Total	Male					Female				
		White	Black	Hispanic	Asian/ Pacific Islander	Native American	White	Black	Hispanic	Asian/ Pacific Islander	Native American
Officers & Managers	100	51	6	6	7	0	24	2	3	1	0
Professionals	215	106	8	7	3	0	69	4	14	4	0
Office & Clerical	88	10	3	5	2	0	35	15	16	2	0
Total	**403**	**167**	**17**	**18**	**12**	**0**	**128**	**21**	**33**	**7**	**0**
		Male					**Female**				
		White	Black	Hispanic	Asian/ Pacific Islander	Native American	White	Black	Hispanic	Asian/ Pacific Islander	Native American
Percent		**41%**	**4%**	**4%**	**3%**	**0%**	**32%**	**5%**	**8%**	**2%**	**0%**

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/10/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	
Roach Howard Smith & Barton 8750 North Central Expressway Suite 500 Dallas TX 75231	CONTACT NAME: Helen Stuart PHONE (A/C, No, Ext): (972) 744-2704 FAX (A/C, No): (972) 744-2804 E-MAIL ADDRESS: hstuart@rhsb.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Great Northern Ins Co	20303
INSURER B: Federal Ins Co	20281
INSURER C: Travelers Prop Cas America	36161
INSURER D: Texas Mutual Ins Co	22945
INSURER E: Fireman's Fund Insurance Co	21873
INSURER F:	

INSURED (214) 953-4000
First Southwest Company
First Southwest Asset Management, Inc.
325 N. St. Paul
Suite 800
Dallas TX 75201

COVERAGES **CERTIFICATE NUMBER:** Cert ID 26332 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT X LOC			35787714	12/15/2013	12/15/2014	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ Included
							Location Agg Limit	$ 10,000,000
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			74968567	12/15/2013	12/15/2014	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			79785393	12/15/2013	12/15/2014	EACH OCCURRENCE	$ 10,000,000
							AGGREGATE	$ 10,000,000
								$
DC	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		TSF0001199604 - TX HJUB3491N91613 - OS	4/1/2013 4/1/2013	4/1/2014 4/1/2014	X WC STATU-TORY LIMITS OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
E	Excess Umbrella			SHX00015077290	12/15/2013	12/15/2014	Each Occurrence	$ 10,000,000
							Aggregate	$ 10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

General and auto liability policies include a blanket automatic additional insured endorsement or provision that provides additional insured status to certificate holder only when there is a written contract between named insured and certificate holder that requires such status. General and auto liability policies contains a special endorsement or provision with "primary additional insured" wording. General and auto liability, and workers compensation policies include a blanket automatic waiver of subrogation endorsement or provision that provides this feature only when there is a written contract between named insured and certificate holder that requires it.

CERTIFICATE HOLDER	CANCELLATION
For Informational Purposes Only Confers No Rights to Holder	**SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.** AUTHORIZED REPRESENTATIVE Bart Tucker

MSRB
Municipal Securities
Rulemaking Board

Certificate of Current MSRB Registration

The Municipal Securities Rulemaking Board (MSRB) certifies that the organization listed below is registered with the MSRB as of the date of this letter.

MSRB ID:	A0503	**Registration Date:**	December 23, 2010
Registration Type:	Municipal Advisor	**Company Name:**	First Southwest Company

This certificate may be verified by contacting the MSRB Product Operations Department at (703) 797-6668 or by email to msrbsupport@msrb.org .

Signature: Stephanie Braddell

Name: Stephanie Braddell, Operations Manager

Date: December 17, 2013

1900 Duke Street, Suite 600
Alexandria, VA 22314-3412
p 703 797 6600
f 703 797 6700
www.msrb.org

City of Hollywood, Florida

Appendix B

Team Resumes

Appendix B

Edward D. Stull, Jr.
Managing Director

450 S. Orange Avenue, Suite 460
Orlando, Florida 32801

Telephone: 407.426.9611
ed.stull@firstsw.com

Areas of Focus

Specializes in the areas of cities; counties; water, sewer and stormwater utilities; special assessments; CRAs; transportation and toll financing; and not-for-profit organizations

Profile

- More than 27 years experience in banking and public finance
- Joined FirstSouthwest in 2001
- Has served as banker on over $15 billion in municipal transactions, including fixed and variable rate municipal bonds, private placements, and interest rate swaps
- Has provided services for issuers such as the Cities of North Port, Venice, Punta Gorda, Oviedo, Fort Lauderdale, Port St. Lucie, Palm Bay, North Miami Beach, Bay Harbor Islands, Miami and Fernandina Beach, Florida; the counties of Indian River, Martin, Sarasota, Taylor and Lake; Tampa-Hillsborough County Expressway Authority; New Jersey Turnpike Authority; Rhode Island Turnpike and Bridge Authority; Orlando-Orange County Expressway Authority; Oklahoma Turnpike Authority; New York State Thruway Authority; Illinois State Toll Highway Authority; Buffalo and Fort Erie Public Bridge Authority (Peace Bridge); Miami-Dade County Expressway Authority; and the Florida Ports Financing Commission
- Prior to joining FirstSouthwest, Ed served as a relationship manager with SunTrust Bank where he specialized in providing direct bank loans, letters of credit, liquidity facilities, investments, cash management and interest rate hedging products to a variety of clients in the governmental and institutional markets
- Served as banker and financial advisor for two regional investment banking firms

Accomplishments

- Has participated in over $15 billion in municipal and tax-exempt transactions
- In 2003, Ed served as the lead financial advisor on the $1.07 billion financing for the Orlando-Orange County Expressway Authority, a complex financing that received recognition as *The Bond Buyer's* "Deal of the Year" as one of the 10 most innovative deals in the country for 2003

Education

- Bachelor of Science in Finance, University of Florida

Current Affiliations

- International Bridge, Tunnel and Turnpike Association
- Florida Citrus Sports

Past Affiliations

- Central Orlando Kiwanis Club, past treasurer
- Central Florida Crimeline, board member
- Heart of Florida United Way, Fund Distribution Committee

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Securities Principal, Series 53
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79

Lakshmi McGrath
Vice President

18851 NE 29th Avenue, Suite 520
Aventura, Florida 33180

Telephone: 305.819.8886
lakshmi.mcgrath@firstsw.com

Areas of Focus

Specializes in public finance

Profile

- Joined First Southwest in 1998
- Has been in the municipal business since 1987
- Serves as financial advisor to issuers including Miami International Airport, Miami-Dade County Expressway Authority, Housing Finance Authority of Lee County, and other South Florida issuers
- Provides quantitative financial analysis, models proposed financing structures, analyzes credit and cash flow, reviews legal documentation, prepares rating agency and bond insurer presentations, obtains credit enhancement, and oversees the general processing of financings
- Involved in more than $6 billion in new money, refunding, variable rate debt issuances, and over $2 billion in commercial paper transactions
- Previously served as the lead banker in a wide array of financings for Florida issuers, including utility systems, ad valorem and non-ad valorem issues, and many other types of general governmental financings, as well as many financings in specialized sectors such as housing, transportation, and healthcare
- Previously served as Vice President in the Corporate Trust department at First Union National Bank and administered a large diverse portfolio of bond issues for major Florida and Georgia issuers (specialization in Housing)
- Has more than 16 years of banking, trust operations and administration experience in both corporate and consulting environments
- Has worked for the First Union National Bank, Federal Reserve Bank of Atlanta/Miami Branch, Southeast Bank, N.A., Bradford Trust, FIDATA Trust, Wall Street Trust, and Bank of New York (which acquired Wall Street Trust)

Education

- Bachelor's degree in Mathematics, Rutgers University

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79

Joel G. Tindal
Vice President

450 S. Orange Avenue, Suite 460
Orlando, Florida 32801

Telephone: 407.426.9611
joel.tindal@firstsw.com

Areas of Focus

Specializes in public finance

Profile

- Joined First Southwest in 2005
- Provides quantitative financial analysis, models proposed financing structures, analyzes credit and cash flow, reviews legal documentation, prepares rating agency and bond insurer presentations, obtains credit enhancement, and contributes to the general processing of financings
- Has provided services for issuers such as the University of Central Florida; University of North Florida; Seminole Community College Foundation; the cities of Fort Lauderdale, Palm Bay, Punta Gorda, South Miami, Venice; the counties of Bay, Charlotte, Escambia, Sarasota; the Florida Ports Financing Commission, Gasparilla Island Bridge Authority, Orlando Orange County Expressway Authority and Tohopekaliga Water Authority
- Participated in over $6 billion in municipal transactions including fixed and variable rate municipal bonds, loans, and interest rate swaps

Education

- Bachelor of Science in Business Administration majoring in Finance, University of Florida

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 7
    - Uniform Securities Agent, Series 63
    - Investment Banking Representative, Series 79

Mark P. Galvin
Senior Vice President

450 S. Orange Avenue, Suite 460
Orlando, Florida 32801

Telephone: 407.426.9611
mark.galvin@firstsw.com

Areas of Focus

Specializes in general municipal finance, utilities, higher education and non-for-profits

Profile

- Joined FirstSouthwest in 2002
- Has more than 30 years of investment banking and financial advisory experience
- Has provided services for issuers such as the Florida A&M University, University of Central Florida, University of North Florida, Seminole Community College Foundation, Lake Highland Preparatory School; the cities of Deltona, Edgewater, Haines City, Lake Mary, Mascotte, New Smyrna Beach, Ocoee, Orlando, Oviedo, Palm Coast, Sanford, South Daytona, Tavares; the counties of Citrus and Okaloosa; Florida Community Services Corporation of Walton County, Florida Gas Utility, Florida PACE Funding Agency, Orlando-Orange County Expressway Authority, Pace Water Authority, and Tohopekaliga Water Authority.
- Knowledgeable in all aspects of municipal finance including: certificates of participation, general obligation bonds, higher education and healthcare financings, utility bonds, airport revenue bonds, storm water, and general infrastructure financings

Education

- Bachelor of Science in Business Administration, University of Central Florida
- Master of Business Administration, University of Central Florida

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 7
    - Municipal Securities Representative, Series 52
    - Uniform Securities Agent, Series 63
    - Investment Banking Representative, Series 79

Richard A. Fox
Managing Director

325 North St. Paul, Suite 800
Dallas, Texas 75201

Telephone: 214.953.4030
richard.fox@firstsw.com

Areas of Focus

Specializes in public finance and structuring of municipal issues

Profile

- Joined FirstSouthwest in 1982
- Wrote FirstSouthwest's proprietary software programs
- Developed software for financial modeling, projections and feasibility, structuring new debt, revenue bond sizing, bid comparison and verification, escrow structuring, alternate advance refunding methods, lease analysis and design, and arbitrage yield and rebate calculations
- Has structured more than 625 financings totaling $41 billion for a variety of issuers including airports, counties, cities, power agencies, water authorities, and hospital and school districts
- Responsible for structuring three transactions that have received national "Deal of the Year Award" from *Investors Daily Digest* or the *Bond Buyer*, including an issue which utilized for the Dallas/Fort Worth International Airport the first interest rate swap in Texas
- Structured the first transaction in the nation that incorporates the radical revision to the transferred proceeds rules that occurred in 1987
- Structured the Texas Water Resources Finance Authority's purchase of more than 500 individual loans from the Texas Water Development Board
- Structured transactions for cities including Dallas, Fort Worth, Charlotte, and San Antonio; public power transactions for the Texas Municipal Power Agency, Austin Electric, San Antonio CPS, Florida Gas Utility, and Orlando Utilities Commission; and the states of Rhode Island, New Hampshire, North Carolina, Mississippi, Virginia, Michigan and Texas

Education

- Bachelor of Science in Accounting, Indiana University Kelley School of Business
- Master of Science in Management Information Systems, University of Arizona Eller College of Business and Public Administration

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Securities Principal, Series 53
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79

Andrew A. Mazlin
Analyst

450 S. Orange Avenue, Suite 460
Orlando, Florida 32801

Telephone: 407.426.9611
Andrew.Mazlin@firstsw.com

Areas of Focus

Specializes in technical and analytical investment banking services for a variety of clients

Profile

- Joined FirstSouthwest in 2011
- Responsible for client, project and analytical support for each engagement
- Has provided analytical services to issuers such as the University of Central Florida; the Town of Bay Harbor Islands, the cities of Edgewater, Fort Lauderdale, Hialeah Gardens, North Miami Beach, Ocoee, Panama City, Palm Coast, Sanford, Tavares; and the counties of Bay, Escambia, Lake, Martin and Okaloosa
- Assists with bond sizing, spreadsheet modeling, refunding analyses, interest rate swap analyses, and documentation review for debt offerings

Education

- Bachelor of Literature, Science & Arts in Economics, University of Michigan

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 7
    - Uniform Securities Agent, Series 63

Angela M. Kukoda
Senior Vice President

325 N. St. Paul Street, Suite 800
Dallas, Texas 75201

Telephone: 214.953.4003
angela.kukoda@firstsw.com

Areas of Focus

Provides support with rating agency and credit enhancement issues to offices throughout the FirstSouthwest system.

Profile

- Joined FirstSouthwest in 2010.
- Over 20 years of public finance experience as a financial advisor, investment banker and credit analyst.
- Prior to joining FirstSouthwest, Ms. Kukoda was a senior analyst at a municipal bond insurer, where she specialized in analyzing sophisticated credits.
- Noteworthy transactions she completed include the City of New Orleans' first post-Hurricane Katrina general obligation bond issue; she was also the lead analyst on all transportation credits.
- Ms. Kukoda also worked as an investment banker at two Wall Street firms and a prominent regional firm.
- Noteworthy clients for which she served as lead banker include the Metropolitan Washington Airports Authority, the Alabama State Port Authority, the Kansas Department of Transportation, the State of Indiana, the Chicago Park District, IL and Miami-Dade County, FL.
- She began her career at Standard & Poor's. During her seven years with the rating agency, she covered high-profile credits and state-level issuers throughout the U.S and helped develop analytic criteria for various types of lease and covenant debt, as well as the firm's Issuer Credit (implied G.O.) Rating product.

Education

- Master's Degree in International Economics, Columbia University School of International and Public Affairs
- Bachelor of Arts in Political Science, New York University
- Phi Beta Kappa

Current Affiliations

- National Federation of Municipal Analysts Board of Governors
- Southern Municipal Finance Society Board of Directors
- American Association of Port Authorities Finance Committee

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - Municipal Securities Representative, Series 52
    - Uniform Securities Agent, Series 63

Susan L. Kendall
Senior Vice President
54 Canal Street, Suite 230
Boston, Massachusetts 02114
Telephone: 617.619.4419
Susan.Kendall@firstsw.com

Areas of Focus

Public Finance

Profile

- Joined FirstSouthwest in 2012
- Has more than 22 years of experience in the public finance industry including VP/Senior Analyst and Head of Boston Office at Moody's Investor Services
- Served previously as the lead analyst for local governments in Massachusetts and Virginia, as well as an analyst for various other East Coast states
- Served as lead analyst for high profile credits including Massachusetts Water Resources Authority, Boston Water and Sewer, Portland Water, Fairfax Water, Upper Blackstone WPAD, City of Boston, Fairfax County, VA, Central Falls, RI
- Served as Treasurer and Collector for the Town of Belmont, MA
- Frequent presenter at industry and government conferences
- Authored and contributed to many research publications
- Trained and mentored new analysts; taught analyst training sessions
- Contributed to Public Finance Group technology enhancement and credit research projects
- Guest Lecturer at Harvard Kennedy School's Graduate Level State and Public Finance Course

Education

- Master of Public Administration, Harvard Kennedy School
- Bachelor of Arts, Harvard College

Current Affiliations

- Women in Public Finance, Boston Chapter Co-Founder
- Boston Municipal Analysts Forum, Past President
- National Federation of Municipal Analysts, former member, Board of Governors
- Treasurers' Club of Boston
- Government Finance Officers' Association

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 52
    - Uniform Securities Agent, Series 63

Richard A. Konkel
Senior Vice President

325 North St. Paul Street, Suite 800
Dallas, TX 75201

214.953.4020
richard.konkel@firstsw.com

Area of Focus

Structured finance specialist focusing on municipal investment products, municipal derivatives and related technology products

Profile

- Has 14 years of combined experience in public finance and technical project management for financial services, insurance, healthcare and transportation/logistics industries
- Joined FirstSouthwest in 2007; previously at Stifel Nicolaus
- Responsibilities include providing analytical solutions for fair market valuation of derivatives, GASB/FASB consulting and credit surveillance, among others

Education

- Master of Business Administration, Crummer Graduate School of Business, Rollins College
- Bachelor of Science in Mathematics, Florida State University

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 7
    - Uniform Securities Agent, Series 63
    - Investment Banking Representative, Series 79

Scott D. McIntyre, CFA
Senior Vice President and Senior Portfolio Manager

300 West Sixth Street, Suite 1940
Austin, TX 78701

Telephone: 800.575.3792
scott.mcintyre@firstsw.com

Areas of Focus

Specializes in investment consulting and portfolio management for local governments

Profile

- Joined FirstSouthwest in 1998 as Senior Portfolio Manager
- Is the primary manager of FirstSouthwest Asset Management's Investment Management Division and oversees the daily operations of the group
- Develops economic and interest rate outlook
- Determines appropriate investment policies and strategies for fixed income clients.
- Reviews client revenue and expense cash flows
- Analyzes investment alternatives and calculates relative value of individual securities
- Presents various investment options to clients
- Purchases investment securities on a competitive basis
- Reviews monthly and quarterly reports
- Evaluates policy compliance and account performance
- Past experience includes market and securities analysis, management of the mortgage-backed securities portfolio and active trading of short Treasury positions

Education

- Bachelor of Science in Management, Texas State University

Current Affiliations

- CFA Institute
- Association for Financial Professionals
- Austin Society of Financial Analysts
- Government Treasurers Organization of Texas

Licenses and Designations

- Chartered Financial Analyst (CFA) designation from the CFA Institute
- Certified Treasury Professional (CTP) designation from the Association for Financial Professionals
- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Principal, Series 24
    - General Securities Representative, Series 7
    - Uniform Securities Agent, Series 63
    - Uniform Investment Adviser, Series 65

Peter B. Stare
Managing Director

325 North St. Paul Street, Suite 800
Dallas, Texas 75201

Telephone: 214.953.4040
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Area of Focus

Long-Term Underwriting of municipal bonds

Profile

- Joined First Southwest in 1996
- Responsible for the negotiated underwriting efforts of both tax-exempt and taxable municipal issues
- Has been involved in the securities industry since 1974 in the areas of sales, trading, underwriting, and portfolio management
- Worked with several regional and nationally recognized firms managing their trading desks, municipal bond departments, and investment divisions

Education

- Bachelor of Business Administration, Southern Methodist University

Past Affiliations

- The Municipal Advisory Council of Texas, board member
- Municipal Bond Clubs of Dallas and Houston, president

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 7
    - Municipal Securities Principal, Series 53
    - Uniform Securities Agent, Series 63

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Areas of Focus

Tax-exempt money market trading and underwriting

Profile

- Joined FirstSouthwest in May 2009
- Has worked in the municipal securities industry for 27 years
- Previously worked at JPMorgan where she managed and traded the tax-exempt and taxable municipal CP portfolio authorized at more than $14 billion
- Worked as a senior institutional salesperson, distributing tax-exempt money market products to many of the largest domestic money fund customers and corporations
- Worked with issuer clients including the City of Houston, New York City Municipal Water, University of Texas, Texas Public Finance Authority, Harvard University, University of California, City Public Service of San Antonio, South Carolina Public Service, JEA, San Antonio Water, the State of California, NYS Power Authority, Texas A&M, and Stanford University
- Began her career in the municipal industry at Merrill Lynch where she was a trader and underwriter in the short-term group, managing $13 billion portfolio of variable rate products comprised of weekly and daily VRDBs, tax-exempt commercial paper, and put bonds
- Served as a municipal marketing specialist to the retail sales force, analyzing municipal bond portfolios and making recommendations pertaining to individual investors' specific needs

Education

- Bachelor's degree in English Education, Monmouth University; Cum Laude

Current Affiliations

- Municipal Bond Women's Club of New York, President

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63

City of Hollywood, Florida

Appendix C

FirstSouthwest Florida Financial Advisory Experience 2010- Present

Appendix C

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
4/9/2014	City of North Port	Utility System Refunding Revenue Note, Series 2014B	$1.67	BL
4/9/2014	City of North Port	Utility System Refunding Revenue Note, Series 2014A	$10.00	BL
4/7/2014	City of Oviedo	Utility System Refunding Revenue Note, Series 2014	$8.05	BL
4/2/2014	City of Tavares	Capital Improvement Revenue Note, Series 2014	$0.73	BL
3/20/2014	City of Palm Bay	Utility System Refunding Revenue Note, Series 2014	$28.80	BL
3/20/2014	City of Palm Bay	Local Option Gas Tax Refunding Revenue Note, Series 2014	$3.89	BL
3/3/2014	City of Edgewater	Capital Improvement Revenue Note, Series 2014	$1.30	BL
1/21/2014	City of Palm Coast	Redevelopment Refunding Revenue Note, Series 2014 (State Road 100 Corridor CRA)	$5.84	BL
12/17/2013	Bay County	Taxable Series 2013A Credit Note	$0.65	BL
12/11/2013	City of Sebastian	Stormwater Utility Refunding Revenue Note, Series 2013	$3.10	BL
12/11/2013	City of Sebastian	Infrastructure Sales Surtax Refunding Revenue Note, Series 2013	$2.89	BL
12/10/2013	City of New Smyrna Beach	Capital Improvement Revenue Note, Series 2013	$8.05	BL
12/10/2013	Miami-Dade County Expressway Authority	Toll System Refunding Revenue Bonds, Series 2013B	$74.75	N
12/4/2013	City of North Port	Transportation Improvement Assessment Bonds, Series 2013	$39.53	N
12/4/2013	Gasparilla Island Bridge Authority	Tax-Exempt Promissory Note, Series 2013	$10.47	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
11/15/2013	City of Palm Bay	Taxable Special Obligation Refunding Bonds, Series 2013	$50.86	N
11/14/2013	Escambia County	Capital Improvement Refunding Revenue Note, Series 2013 (Institute for Human & Machine Cognition)	$12.00	BL
11/12/2013	City of South Daytona	Capital Improvement Revenue Note, Series 2013	$4.20	BL
10/16/2013	City of Ocoee	Water & Sewer System Refunding Revenue Note, Series 2013	$12.22	BL
9/11/2013	City of North Miami Beach	Transit System Surtax Refunding Revenue Bonds, Series 2013 (FMLC Series 2003B Loan Refunding)	$3.72	BL
9/10/2013	Martin County	Lease Purchase Refunding Revenue Note, Series 2013	$4.12	BL
9/5/2013	City of Oviedo	Limited Ad Valorem Refunding Note, Series 2013	$5.90	BL
8/28/2013	City of Deltona	Utility System Refunding Revenue Bonds, Series 2013	$79.75	N
8/20/2013	Bay County	Taxable Bank Line of Credit, Series 2013	$3.00	BL
8/14/2013	Riviera Beach Community Redevelopment Agency	Redevelopment Taxable Revenue Note, Series 2013B	$8.00	BL
8/14/2013	Riviera Beach Community Redevelopment Agency	Redevelopment Revenue Note, Series 2013A	$3.55	BL
8/7/2013	City of Tavares	Capital Improvement Revenue Note, Series 2013	$2.75	BL
8/5/2013	City of Oviedo	Public Improvement Revenue Note, Series 2013 (Line of Credit)	$3.90	BL
7/1/2013	Gasparilla Island Bridge Authority	State Infrastructure Bank Loan	$30.00	BL
7/1/2013	Orange County Industrial Development Authority	Educational Facilities Refunding Revenue Bonds (UCF Hospitality School Student Housing Foundation, Inc. Project), Series 2013	$14.09	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
6/12/2013	City of Fernandina Beach	Utility System Refunding Revenue Bonds, Series 2013A	$29.72	N
6/11/2013	City of Palm Coast	Utility System Improvement and Refunding Revenue Bonds, Series 2013	$89.60	C
5/28/2013	City of North Port	Cash Defeasance of the Series 2003 Sales Tax Bonds	$10.56	O
5/28/2013	Florida Community Services Corporation of Walton County	Water and Sewer Revenue Refunding Note, Series 2013	$6.80	BL
4/18/2013	City of Haines City	Utility System Refunding Revenue Note, Series 2013B	$2.29	BL
4/18/2013	City of Haines City	Utility System Revenue Note, Series 2013A	$3.67	BL
3/22/2013	Miami-Dade County Expressway Authority	Toll System Refunding Revenue Bonds, Series 2013A	$270.22	N
3/21/2013	Seminole County	Capital Improvement Revenue Bond, Series 2013B	$8.14	BL
3/12/2013	Seminole County	Capital Improvement Revenue Bond, Series 2013A	$10.00	BL
3/12/2013	City of South Daytona	Utility System Revenue Note, Series 2013B	$0.89	BL
3/12/2013	City of South Daytona	Utility System Refunding Revenue Note, Series 2013A	$1.12	BL
3/12/2013	Lake County	Sales Tax Refunding Revenue Bond (Pari-mutuel Revenues Replacement Program), Series 2011 (Modified and Reissued April 1, 2013)	$3.42	BL
3/1/2013	Charlotte County	Utility System Refunding Revenue Bond, Series 2013	$41.39	BL
2/26/2013	City of Panama City	Capital Improvement Revenue Note, Series 2013B	$13.00	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
2/26/2013	City of Panama City	Capital Improvement Taxable Revenue Refunding Note, Series 2013A	$3.32	BL
2/26/2013	Performing Arts Center Authority, Broward County	Capital Improvement Revenue Note, Series 2013B	$16.30	BL
2/26/2013	Performing Arts Center Authority, Broward County	Capital Improvement Revenue Note, Series 2013A	$9.70	BL
2/19/2013	City of Hialeah Gardens	Transportation Tax Refunding Revenue Bonds, Series 2013	$2.06	N
12/18/2012	City of Palm Coast State Road 100 CRA	Redevelopment Improvement and Refunding Revenue Note, Series 2012	$5.45	BL
12/14/2012	City of North Miami Beach	Water Revenue Refunding Bonds, Series 2012	$56.06	N
12/13/2012	Tampa Hillsborough County Expressway Authority	Taxable Refunding Revenue Bonds, Series 2012D	$70.11	N
12/13/2012	Tampa Hillsborough County Expressway Authority	Taxable Revenue Bonds, Series 2012C	$40.42	N
12/13/2012	Tampa Hillsborough County Expressway Authority	Refunding Revenue Bonds, Series 2012B	$141.73	N
12/13/2012	Tampa Hillsborough County Expressway Authority	Refunding Revenue Bonds, Series 2012A	$192.44	N
12/5/2012	City of Tavares	Utility System Improvement Revenue Bond, Series 2012B	$2.37	BL
12/5/2012	City of Tavares	Utility System Refunding Revenue Bond, Series 2012A	$4.72	BL
12/3/2012	City of Edgewater	Lease Purchase Refunding Revenue Note, Series 2013	$4.55	BL
11/30/2012	Miami Dade Co Aviation Department	Aviation Revenue Refunding Bonds, Series 2012B (Non-AMT)	$106.85	N

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
11/30/2012	Miami Dade County (Aviation Dept)	Aviation Revenue Refunding Bonds, Series 2012A (AMT)	$669.67	N
11/20/2012	Bay County	Capital Improvement Revenue Bond, Series 2012	$13.70	BL
11/15/2012	Escambia County	Tourist Development Refunding Revenue Note, Series 2012	$8.41	BL
11/14/2012	City of Punta Gorda	Revenue Note, Series 2012	$20.03	BL
11/13/2012	Bay Harbor Islands	Promissory Note, Series 2012 (Sales Tax)	$4.71	BL
11/13/2012	Bay Harbor Islands	Promissory Note, Series 2012 (Parking Garage)	$4.92	BL
11/13/2012	Bay Harbor Islands	Promissory Note, Series 2012 (Broad Causeway)	$14.64	BL
11/7/2012	City of Port St. Lucie	Special Assessment Refunding Revenue Bonds, Series 2012A (Tesoro Special Assessment)	$15.13	N
11/6/2012	City of Ocoee	Non-Ad Valorem Refunding Revenue Note, Series 2012	$6.29	BL
11/6/2012	City of Ocoee	Water and Sewer System Refunding Revenue Note, Series 2012	$5.33	BL
10/18/2012	City of Palm Bay	Public Service Tax Refunding Revenue Note, Series 2012	$2.27	BL
10/16/2012	Okaloosa County	Beach Restoration Revenue Note, Series 2012	$5.00	BL
10/9/2012	Seminole County	Capital Improvement Revenue Bond, Series 2012	$22.00	BL
9/20/2012	City of Fort Lauderdale	Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)	$337.76	N

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
8/28/2012	Charlotte County	Limited General Obligation Refunding Bond, Series 2012	$41.29	BL
7/24/2012	City of Panama City	Revenue Note, Series 2012	$1.49	BL
7/12/2012	Escambia County	Sales Tax Refunding Revenue Note, Series 2012	$48.04	BL
6/13/2012	City of Tavares	General Obligation Note, Series 2012	$3.30	BL
6/13/2012	City of Tavares	Capital Improvement Refunding Revenue Note, Series 2012	$6.53	BL
6/12/2012	Martin County	Utilities System Refunding Revenue Note, Series 2012	$34.26	BL
6/12/2012	Charlotte County	Taxable Promissory Note, Series 2012 (Murdock Village)	$49.10	BL
6/12/2012	Lake County	Promissory Note, Series 2012	$5.58	BL
6/5/2012	City of Ocoee	Transportation Improvement Refunding Revenue Note, Series 2012	$14.81	BL
5/22/2012	City of Venice	Utility System Refunding Revenue Note, Series 2012	$9.98	BL
5/14/2012	City of Edgewater	Water and Wastewater System Revenue Bond, Series 2012	$8.31	BL
5/10/2012	Orlando-Orange County Expressway Authority	Variable Rate Refunding Revenue Bonds, Series 2008B-1	$131.03	N
5/9/2012	City of Sebastian	Gas Tax Revenue Note, Series 2012	$2.30	BL
5/8/2012	Sarasota County	Capital Improvement Revenue Refunding Note, Series 2012	$4.38	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
5/3/2012	City of Fort Lauderdale	Water and Sewer Revenue Refunding Bonds, Series 2012	$64.59	C
5/3/2012	City of Lake Mary	Public Improvement Refunding Revenue Note, Series 2012	$4.25	BL
5/1/2012	City of Hialeah Gardens	Utilities System Revenue Note, Series 2012	$4.10	BL
4/17/2012	Florida Agricultural & Mechanical University (FAMU)	Master Lease Agreement	$12.30	BL
4/12/2012	Florida Community Services Corporation of Walton County	Water and Sewer System Revenue Refunding Note, Series 2012	$4.87	BL
4/10/2012	City of Panama City	Water and Sewer Refunding Revenue Note, Series 2012	$5.47	BL
3/21/2012	City of Sanford	Sales Tax Refunding Revenue Note, Series 2012	$15.05	BL
2/29/2012	City of Panama City	Capital Improvement Refunding Revenue Note, Series 2012	$1.39	BL
2/21/2012	Okaloosa County	Water and Sewer Revenue Note, Series 2012	$15.61	BL
2/21/2012	Martin County	Capital Improvement Revenue Note, Series 2012	$5.00	BL
2/14/2012	Gasparilla Island Bridge Authority	Taxable Promissory Note, Series 2012 (Line of Credit)	$5.00	BL
2/14/2012	Gasparilla Island Bridge Authority	Tax-Exempt Promissory Note, Series 2012 (Line of Credit)	$10.00	BL
1/23/2012	Orlando-Orange County Expressway Authority	Variable Rate Refunding Revenue Bonds, Series 2003D	$91.72	N
12/14/2011	City of Wauchula	Utility Refunding Revenue Note, Series 2012	$3.50	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
12/12/2011	City of Fort Lauderdale	Taxable Special Obligation Bond, Series 2011	$30.00	BL
12/9/2011	Escambia County	Capital Improvement Refunding Revenue Bond, Series 2011	$19.35	BL
12/7/2011	City of Ocoee	Capital Improvement Refunding Revenue Note, Series 2011	$8.21	BL
12/1/2011	Orlando-Orange County Expressway Authority	Variable Rate Refunding Revenue Bonds, Series 2003C1-4	$408.29	N
11/15/2011	City of Fernandina Beach	Capital Improvement Revenue Note, Series 2011	$1.88	BL
10/20/2011	Escambia County	Sales Tax Refunding Revenue Bond, Series 2011	$29.54	BL
10/12/2011	Sarasota County	Utility System Revenue Refunding Bond, Series 2011D (Taxable)	$39.44	BL
10/13/2011	Sarasota County	Utility System Revenue Refunding Bonds, Series 2011B	$4.44	N
10/13/2011	Sarasota County	Utility System Revenue Refunding Bonds, Series 2011A	$13.43	N
10/5/2011	Town of Orange Park	Water and Sewer Refunding Revenue Note, Series 2010	$1.89	BL
9/20/2011	City of Fort Lauderdale	General Obligation Refunding Bonds, Series 2011B	$13.98	C
9/20/2011	City of Fort Lauderdale	General Obligation Bonds, Series 2011 (Fire-Rescue Facilities)	$20.00	C
9/9/2011	City of Fort Lauderdale	Special Obligation Revenue Bond, Series 2011B	$2.55	BL
9/9/2011	City of Fort Lauderdale	Special Obligation Revenue Bond, Series 2011A	$7.22	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
8/30/2011	City of Hialeah Gardens	City of Hialeah Gardens, FL Special Assessment Improvement Bond, Series 2011	$10.00	BL
8/25/2011	Bay County	Water and Sewer System Refunding Revenue Bond, Series 2011	$29.55	BL
8/17/2011	City of South Miami	Taxable Revenue Note, Series 2011	$7.58	BL
8/10/2011	Orlando-Orange County Expressway Authority	Orlando Orange County Expressway Authority (Floating Rate Notes Conversion of the Subseries 2008B-4)	$99.82	N
8/10/2011	Orlando-Orange County Expressway Authority	Orlando Orange County Expressway Authority (Floating Rate Notes Conversion of the Subseries 2008B-3)	$149.76	N
8/10/2011	Sarasota County	Partial Cash Defeasance of Certain Limited Ad Valorem Tax Revenue Bonds, Series 2008 and Limited Ad Valorem Refunding Revenue Bond, Series 2010	$18.35	BL
7/29/2011	Citrus County	Guaranteed Entitlement Revenue Bond, Series 2011	$2.00	BL
7/20/2011	Florida Community Services Corporation of Walton County	Water and Sewer Revenue Refunding Bonds, Series 2011	$8.69	N
7/13/2011	City of Miami	Special Obligation Non-Ad Valorem Revenue Refunding Bonds, Series 2011A	$70.65	N
7/5/2011	Bay County	Capital Improvement Revenue Bond, Series 2011	$2.34	BL
6/29/2011	Lake County	Sales Tax Refunding Revenue Bond (Pari-mutuel Revenues Replacement Program), Series 2011	$3.64	BL
6/1/2011	Orange County Industrial Development Authority	Industrial Development Refunding Revenue Bonds, Series 2011(Lake Highland Preparatory School, Inc. Project)	$32.61	BL
5/25/2011	City of Palm Bay	Cash Defeasance of Certain Utility Bonds Series 2005 A&B	$20.68	BL
5/18/2011	Escambia County	Santa Rosa Co Conduit (Spl Project) S11	$2.23	N

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
5/17/2011	Okaloosa County	Capital Improvement Revenue Bonds, Series 2011 (2nd Guaranteed Entitlement)	$3.60	BL
5/10/2011	Florida Ports Financing Commission	Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011B (AMT)	$141.67	N
5/10/2011	Florida Ports Financing Commission	Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011A (NON-AMT)	$10.65	N
5/10/2011	Florida Ports Financing Commission	Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011B (AMT)	$49.33	N
5/10/2011	Florida Ports Financing Commission	Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011A (NON-AMT)	$66.30	N
5/2/2011	Bay County	Utility System Revenue BAN, Series 2011 Extension	$21.00	BL
4/27/2011	Riviera Beach Community Redevelopment Agency	Capital Improvement Revenue Bond, Series 2011(Bank Loan)	$2.56	BL
4/27/2011	City of Opa Locka	Revenue and Refunding Bank Loan, Series 2011	$7.61	BL
4/5/2011	Charlotte County	Utility System Refunding Revenue Bonds, Series 2011	$64.90	N
3/1/2011	Martin County	Capital Improvement Revenue Note, Series 2011	$5.75	BL
1/14/2011	Tampa Hillsborough County Expressway Authority	Cash Defeasance, Series 2011 (Defeasance of Certain Revenue Bonds, Series 2002 and Series 2005)	$60.00	BL
1/4/2011	City of Miami	2 YR Bond Anticipation Loan	$50.00	BL
12/30/2010	City of Haines City	City of Haines City, Florida (Capital Improvement Revenue Bonds, Series 2010 (Federally Taxable - Build America Bonds - Recovery Zone Economic Development Bonds - Direct Subsidy))	$11.75	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
12/28/2010	Orange County Industrial Development Authority	Orange County Industrial Development Authority (Refunding Revenue Bonds, Series 2010B (Catholic Diocese of Orlando Project))	$12.18	BL
12/28/2010	Orange County Industrial Development Authority	Orange County Industrial Development Authority (Refunding Revenue Bonds, Series 2010A (Catholic Diocese of Orlando Project))	$10.10	BL
12/21/2010	City of Venice	Stormwater and Drainage Refunding Revenue Note, Series 2010	$0.94	BL
12/14/2010	Sarasota County	Utility System Revenue Bonds, Series 2010B (Federally Taxable – Build America Bonds – Direct Subsidy)	$46.66	N
12/10/2010	Sarasota County	Limited Ad Valorem Tax Refunding Note, Series 2010	$15.36	BL
12/6/2010	Sarasota County	Communications Services Tax Revenue Bonds, Series 2010 (Federally Taxable - Build America Bond – Direct Subsidy)	$18.76	N
12/7/2010	DeSoto County	Capital Improvement Refunding Revenue Note, Series 2010	$15.45	BL
12/2/2010	Sarasota County	Capital Improvement Bonds, 2010B (Recovery Zone Economic Development Bonds)	$10.27	N
12/2/2010	Sarasota County	Capital Improvement Bonds, 2010A (Build America Bonds)	$9.38	N
12/1/2010	Bay County	Utility System Revenue BAN, Series 2010 Extension	$21.00	BL
11/23/2010	City of Edgewater	Guaranteed Entitlement Revenue Note, Series 2010	$0.75	BL
11/19/2010	Okeechobee Utility Authority	Utility System Capital Improvement Refunding Revenue Note, Series 2010B	$10.05	BL
11/19/2010	Okeechobee Utility Authority	Utility System Capital Improvement Refunding Revenue Note, Series 2010A	$16.16	BL
11/17/2010	Martin County	Utilities System Refunding Revenue Note, Series 2010	$16.90	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
11/17/2010	City of Ocoee	Water and Sewer System Refunding Revenue Note, Series 2010	$2.07	BL
11/10/2010	Pace Property Financing Authority	Utility System Refunding Revenue Bond, Series 2010	$4.35	BL
10/27/2010	Orlando-Orange County Expressway Authority	Revenue Bonds, Series 2010C	$283.61	N
10/27/2010	Martin County	Capital Improvement Revenue Notes, Series 2010	$3.05	BL
10/21/2010	City of Palm Bay	Public Service Tax Revenue Bonds, Series 2010 (Federally Taxable – Recovery Zone Economic Development Bonds – Direct Subsidy)	$5.49	N
10/20/2010	Peace River/Manasota Regional Water Supply Authority	Utility System Revenue Bonds, Series 2010B (Federally Taxable – Build America Bonds – Direct Subsidy)	$29.56	N
10/21/2010	Peace River/Manasota Regional Water Supply Authority	Utility System Revenue Bonds, Series 2010A	$13.14	N
10/20/2010	City of Fernandina Beach	Capital Improvement Refunding Revenue Notes, Series 2010	$6.60	BL
10/20/2010	City of Fernandina Beach	General Obligation Refunding Notes, Series 2010	$4.03	BL
10/18/2010	Sarasota County	Recovery Zone Facilities Revenue Bonds, Series 2010 (Tervis Tumbler Project)	$7.50	BL
9/17/2010	Sarasota County	Revenue Bonds, Series 2010B (Manatron System)	$3.04	BL
9/17/2010	Sarasota County	Revenue Bonds, Series 2010A (Data Center)	$2.35	BL
9/9/2010	Seminole County	Capital Improvement Revenue Bond, Series 2010	$20.13	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
8/18/2010	Bay County	Capital Improvement Revenue Refunding Bond, Series 2010	$28.32	BL
8/4/2010	Miami-Dade County Expressway Authority	Toll System Refunding Revenue Bonds, Series 2010B	$17.12	N
8/4/2010	Miami-Dade County Expressway Authority	Toll System Revenue and Refunding Revenue Bonds, Series 2010A	$395.59	N
7/22/2010	Miami-Dade County	Aviation Revenue Bonds, Series 2010B	$503.02	N
7/21/2010	City of Miami	City of Miami, FL Tax-Exempt Special Obligation Parking Revenue Bonds, Series 2010A (Marlins Stadium Project)	$84.54	N
7/21/2010	City of Miami	City of Miami, FL Taxable Special Obligation Parking Revenue Bonds, Series 2010B (Marlins Stadium Project)	$16.83	N
6/18/2010	Sarasota County	Sarasota School of Arts & Sciences (Educational Facilities Revenue Bonds, Series 2010)	$11.04	N
6/17/2010	Orlando-Orange County Expressway Authority	Refunding Revenue Bonds, Series 2010B	$201.13	N
6/10/2010	Illinois State Toll Highway Authority	Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1	$279.30	N
4/26/2010	City of Sanford	Utility System Revenue Note, Series 2010	$14.72	BL
4/21/2010	Citrus County	Capital Improvement Revenue and Refunding Bonds, Series 2010A	$9.91	N
4/21/2010	Citrus County	Capital Improvement Revenue Bonds, Series 2010B (Federally Taxable - Build America Bond - Direct Subsidy)	$15.10	N
3/23/2010	City of Hialeah Gardens	Transportation Tax Revenue Bonds, Series 2010	$2.50	BL
03/22/2010	Sarasota County	Recovery Zone Facility Revenue Bonds (JDL Proj) Series 2010	$8.00	BL

FirstSouthwest
Florida Experience
2010- Present
Role: Financial Advisor
Source: Internal Data

Sale Date	Issuer	Issue Description	Par Amount ($ in mils)	Offering Type
03/18/2010	Orlando-Orange County Expressway Authority	Revenue Bonds, Series 2010A	$334.57	N
03/03/2010	Seminole County	Water & Sewer Revenue Bonds, Series 2010B (Taxable Build America Bonds)	$70.71	N
03/03/2010	Seminole County	Water & Sewer Revenue Bonds, Series 2010A	$5.26	N
03/03/2010	City of Cocoa Beach	Cash Defeasance (Utility System Improvement Revenue Refunding Bonds, Series 2002), Series 2010	$1.88	BL
02/16/2010	City of Sebastian	Local Option Gas Tax Revenue Note, Series 2010	$2.46	BL
02/05/2010	Lake County	Industrial Development Bonds, Series 2004) Covanta II, Inc. Resource Recovery	$5.19	BL
02/10/2010	Miami-Dade County	Double Barreled Aviation Bonds (General Obligation), Series 2010	$239.76	N
02/01/2010	North Miami	Taxable Promissory Note, Series 2010	$17.69	BL
01/28/2010	City of Fernandina Beach	Utility System Subordinate Revenue Bonds, Series 2010	$5.22	BL
01/20/2010	Peace River/Manasota Regional Water Supply Authority	Promissory Note, Series 2010 - Refinance of the Series 2008 BAN	$55.00	BL
01/14/2010	Miami-Dade County	Aviation Revenue Bonds, Series 2010A	$600.00	N

*Due the length of this list, 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 are not available, but can be given for specific transactions at a later date

FirstSouthwest Financial Advisory Experience State of Florida 2010-Present Source: Ipreo MuniAnalytics					
Sale Date	**Deal Description**	**Issue Size**	**Issuer**	**Underwriter**	**Issue Offering Type**
03/18/2014	General Obligation Bonds, Series 2014	$74,740,000	City of Port St Lucie	RBC Capital Markets	Negotiated
03/13/2014	Aviation Revenue Refunding Bonds, Series 2014	$328,130,000	Miami-Dade County (FL)	Goldman, Sachs & Co.	Negotiated
12/04/2013	Transportation Improvement Assessment Bonds,	$39,525,000	City of North Port	Raymond James & Associates, Inc.	Negotiated
11/15/2013	Special Obligation Refunding Bonds,	$50,855,000	City of Palm Bay	RBC Capital Markets	Negotiated
08/28/2013	Utility System Refunding Revenue Bonds, Series	$79,745,000	Deltona Utility System (FL)	Raymond James & Associates, Inc.	Negotiated
06/13/2013	Utility System Refunding Revenue Bonds,	$29,720,000	City of Fernandina Beach	RBC Capital Markets	Negotiated
06/11/2013	Utility System Improvement and Refunding	$89,600,000	City of Palm Coast (FL)	Barclays Capital	Competitive
03/22/2013	Toll System Refunding Revenue Bonds, Series 2013A	$270,220,000	Miami-Dade County Expressway Authority	Bank of America Merrill Lynch	Negotiated
12/14/2012	Water Revenue Refunding Bonds, Series 2012	$56,060,000	City of North Miami Beach (FL)	Bank of America Merrill Lynch	Negotiated
12/13/2012	Refunding Revenue Bonds, Series 2012A and Series	$444,690,000	Tampa-Hillsborough County Expressway Authority (FL)	Bank of America Merrill Lynch	Negotiated
11/30/2012	Aviation Revenue Refunding Bonds, Series 2012A	$776,515,000	Miami-Dade County (FL)	Bank of America Merrill Lynch	Negotiated
11/07/2012	Special Assessment Refunding Bonds, Series 2012A	$15,130,000	City of Port St Lucie	RBC Capital Markets	Negotiated
09/20/2012	Special Obligation Bonds, Series 2012	$337,755,000	City of Fort Lauderdale (FL)	Citigroup Global Markets, Inc.	Negotiated
05/03/2012	Water and Sewer Revenue Refunding Bonds,	$64,585,000	City of Fort Lauderdale (FL)	Wells Fargo Securities	Competitive
10/14/2011	Utility System Revenue Refunding Bonds, Series	$17,860,000	Sarasota County (FL)	Bank of America Merrill Lynch	Negotiated
09/20/2011	General Obligation Refunding Bonds, Series 2011B	$13,980,000	City of Fort Lauderdale (FL)	Southwest Securities, Inc.	Competitive
09/20/2011	General Obligation Bonds, Series 2011A	$20,000,000	City of Fort Lauderdale (FL)	Raymond James & Associates, Inc.	Competitive
07/20/2011	Water and Sewer Revenue Refunding Bonds,	$8,685,000	Florida Community Services Corporation of Walton County	Crews & Associates, Inc.	Negotiated
07/13/2011	Special Obligation Non-Ad Valorem Revenue	$70,645,000	City of Miami (FL)	RBC Capital Markets	Negotiated
05/11/2011	Refunding Revenue Bonds (State Transportation	$152,320,000	Florida Ports Financing Commission	Citigroup Global Markets, Inc.	Negotiated
05/10/2011	Refunding Revenue Bonds (State	$115,625,000	Florida Ports Financing	Citigroup Global Markets, Inc.	Negotiated

FirstSouthwest Financial Advisory Experience State of Florida 2010-Present Source: Ipreo MuniAnalytics					
Sale Date	**Deal Description**	**Issue Size**	**Issuer**	**Underwriter**	**Issue Offering Type**
	Transportation		Commission		
04/05/2011	Utility System Refunding Revenue Bonds, Series	$64,900,000	County of Charlotte	Raymond James & Associates, Inc.	Negotiated
10/27/2010	Revenue Bonds, Series 2010C	$283,610,000	Orlando-Orange County Expressway Authority (FL)	Citigroup Global Markets, Inc.	Negotiated
10/21/2010	Public Service Tax Revenue Bonds, Series 2010	$5,485,000	City of Palm Bay	Raymond James & Associates, Inc.	Negotiated
08/04/2010	Toll System Revenue Bonds, Series 2010A and B	$412,710,000	Miami-Dade County Expressway Authority	Citigroup Global Markets, Inc.	Negotiated
07/22/2010	Special Obligation Parking Revenue Bonds,	$101,370,000	City of Miami (FL)	Bank of America Merrill Lynch	Negotiated
07/22/2010	Aviation Revenue Bonds, Series 2010B	$503,020,000	Miami-Dade County (FL)	J.P. Morgan Securities Inc.	Negotiated
06/17/2010	Refunding Revenue Bonds, Series 2010B	$201,125,000	Orlando-Orange County Expressway Authority (FL)	Bank of America Merrill Lynch	Negotiated
04/21/2010	Capital Improvement Revenue and Refunding	$25,010,000	Citrus County	RBC Capital Markets	Negotiated
03/19/2010	Revenue Bonds, Series 2010A	$334,565,000	Orlando-Orange County Expressway Authority (FL)	J.P. Morgan Securities Inc.	Negotiated
03/03/2010	Water and Sewer Revenue Bonds, Series 2010A	$75,960,000	Seminole County	Citigroup Global Markets, Inc.	Negotiated
02/10/2010	Double-Barreled Aviation Bonds (General	$239,755,000	Miami-Dade County (FL)	Morgan Stanley & Co., Inc.	Negotiated
01/14/2010	Aviation Revenue Bonds, Series 2010	$600,000,000	Miami-Dade County (FL)	Citigroup Global Markets, Inc.	Negotiated
12/17/2009	Capital Improvement Revenue Bonds, Series 2009	$20,325,000	Sarasota County (FL)	Raymond James & Associates, Inc.	Negotiated
12/08/2009	Sales Tax Revenue Bonds, Series 2009A and	$26,615,000	Okaloosa County	Crews & Associates, Inc.	Negotiated
11/19/2009	Special Obligation Bonds, Series 2009 (Street	$65,000,000	City of Miami (FL)	Merrill Lynch & Co	Negotiated
10/23/2009	Parking System Revenue and Revenue Refunding	$66,595,000	City of Miami (FL)	Merrill Lynch & Co	Negotiated
10/20/2009	Utilities System Refunding Revenue Bonds, Series	$28,675,000	Martin County (FL)	RBC Capital Markets	Negotiated
10/15/2009	Utilities System Improvement Revenue Bonds,	$7,990,000	Martin County (FL)	RBC Capital Markets	Negotiated
07/31/2009	Water and Sewer Revenue Refunding Bonds,	$26,370,000	Indian River County	RBC Capital Markets	Negotiated
07/10/2009	Refunding Revenue Bonds, Pension Series 2009	$37,435,000	City of Miami (FL)	J.P. Morgan Securities Inc.	Negotiated
05/20/2009	Limited Ad Valorem Tax Bonds, Series 2009	$51,055,000	City of Miami (FL)	Merrill Lynch & Co	Negotiated
04/24/2009	Aviation Revenue Bonds, Series 2009A and B	$600,000,000	Miami-Dade County (FL)	Barclays Capital	Negotiated

*Certain pieces of information are unavailable from this database: bond counsel for the transaction, relevant Bond Buyer Index on sale date, T.I.C., gross spread, and the components of the gross spread.

City of Hollywood, Florida

Appendix D

Work Product Samples

Appendix D

EXPRESSWAY

AUTHORITY

Interest Rate Risk Management Policy

The Orlando Orange County Expressway Authority (the "Authority") will consider the utilization of interest rate swaps, and other financial products (Caps, Collars, ect.) available in the marketplace, only as they relate to the Authority's debt management policy and programs. Derivative financial products will not be employed as investment instruments, or for the purpose of speculation. As a result, any swap or derivative product transaction should not impair the outstanding bond rating of the Authority or negatively affect the amount of credit enhancement capacity available to the Authority. Financial product transactions will be structured in order to support the liquidity of the financial product transaction and achieve highly effective, fair value, accounting treatment. The Authority will be open to innovative ideas for any proposed transaction as well as variations from the following guidelines provided that such variation shall be fully examined in conjunction with the Authority's advisors and justified to the Board of Directors for the Authority.

I. The Transaction

Derivative products can be an integral part of the Authority's asset / liability management, used to hedge market risk. The financial products used are a function of the changing marketplace and must be addressed at any decision point in a manner designed to achieve the best economic advantage available to the Authority. Each transaction using financial products will be evaluated as an alternative to traditional, intermediate, or long-term financing options. Consideration should be given to their comparable cost, ease of entry and exit provisions, and degree of potential risk exposure (quantified to the greatest extent possible). The synthetic financing option should fit into the Authority's aggregate present strategy for fixed or floating debt. In order to address the Authority's needs for ongoing flexibility and the guidelines set forth are not intended to establish any binding or arbitrary limits. Transactions that employ derivative financial products will:

- Comply with all applicable outstanding bond ordinances, insurance covenants, state law and rating agency guidelines.
- Each financial product agreement shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, Schedules to the Master, Credit Support Annex and confirmation.

- Be a market transaction for which competing good faith market quotations may be obtained at the discretion of the Authority and with the advice and recommendation of the Authority's swap advisor, and other financial professionals.

- Include a provision for the right to early termination at market under the guidelines of the ISDA Agreement. The transaction should allow for the Authority to exercise the right to optionally terminate an agreement, at the then prevailing market value of the transaction. Optional termination should produce a benefit to the Authority, either through receipt of a payment from termination, or if termination payment is made by the Authority, in conjunction with a conversion to a more beneficial (desirable) debt obligation of the Authority, as determined by the Authority.

- Produce material economic benefit believed to not otherwise be attainable under the currently existing market conditions, or existing conventional debt structures, and improve the flexibility of debt management strategies.

- Not intend to introduce leverage solely for the means of producing "additional" economic benefit.

- Interest Rate Swaps are typically non-callable instruments. Aside from the market termination which is customary for interest rate swaps the Authority will not unduly cause a synthetic rate transaction to impair its utilization of call features on outstanding bonds.

- Employ a structure that will attempt to minimize any additional floating rate basis risk, tax-law risk or credit risk to the Authority and justify the acceptance of these risks for a particular transaction, based on the additional benefit to Authority.

  Not cause the total amount of financial product transactions to exceed the debt management limitations for fixed or floating debt on outstanding indebtedness, or of any particular asset / liability fund.

II. The Counterparty

The following criteria will be use when considering the use of financial derivative products:

- An attempt will be made to have the counterparty fully disclose all costs and/or embed all associated costs into the transaction. All fees and expenses paid by the counterparty, to designated third parties, will be fully disclosed in writing to the Authority.

- Consider downgrade protection when possible including collateral or credit support, to preserve the rating of any indebtedness and the cost effectiveness of the transaction.

- Not allow for assignment of financial product contracts without the consent of the Authority.

- Shall clearly explain the impact on the transaction, in the event of the counterparty's bankruptcy and include enforceability opinions.

- Shall attempt to have domestically domiciled counterparties and/or utilize ISDA documentation which employs local currency-single jurisdiction status.

- The swap counterparty shall disclose relationships with other third parties which may effect the transaction, such as broker dealers, insurance companies and other swap providers.

- The swap counterparty shall provide its financial statements showing the economic capability of the entity, the amount of its swaps outstanding and credit ratings, all of which shall be acceptable to the Authority. The composition of the approved swap counterparties will change from time to time as changes are made to the City's investment banking team, provided that the related swap provider(s) at the time of entering into the transaction, (i) are rated at least AA-/Aa3/AA- by at least two of the three nationally recognized credit rating agencies and have a minimum capitalization of $50 million, or (ii) alternatively, posts suitable and adequate collateral, given the undertaking involved with the particular transaction.

- Derivative product companies ("DPCs") could terminate their existence upon short notice to bond Issuers, such as Authority, with no penalty, special analysis is necessary in cases where the counterparty is a "terminating" DPC. If the Authority enters into a swap contract with a terminating DPC, rating agencies could assume that termination of the hedge could occur at any time during the life of the transaction. Therefore, executing a swap contract with a counterparty, rated lower than A/A2 long term and/or A-1/P-I short term or with a terminating DPC has credit ramifications which will be carefully examined prior to execution of any agreement.

III. Review and Analysis

Swap proposals submitted by a financial product(s) provider, for consideration by the Authority, shall include a clear analysis which identifies both the potential benefits and risks associated with the proposed transaction. Eligible providers may be required to run additional analysis in light of the existing goals and objectives of the working group and establish the financial product's value in light of the Authority's target benchmarks.

- The Authority's swap advisor will provide independent analysis of the proposed financial product(s) transactions.

- The Authority's cost of the transaction and any ongoing costs, such as remarketing liquidity fees, swap advisors, financial advisors, lawyers and other necessary costs will be included in the cost/benefit evaluations.

- A review of provisions required bond and/or swap insurance providers and the cost/benefit will be included in an evaluation of the transaction.

- The Authority's Financial Advisor may be asked to monitor the results of an adopted swap transaction throughout its life and recommend accordingly any modifications, assignments, collateralization requirements, or early termination when substantial economic benefit or other conditions which merit adjustment action by the Authority.

IV. Legal Analysis

The documentation of the swap or derivative financial product shall be in the form of an enforceable written contract.

- The swap, whenever possible, shall be transacted with State law or, as an alternative New York law with State law jurisdiction.

- When required by law approval of the transaction will first be obtained from other governing bodies. Review of compliance with existing, law and regulation (including but not limited to the Internal Revenue Code of 1986 as amended) bond indentures and bond covenants should be completed before implementation of a financial product transaction.

V. Synthetic Advance Refundings

The Authority will consider synthetic advance refundings, which produce a material economic benefit and will in no way impair the outstanding bond rating of the Authority.

- The present value savings of the transaction must be quantifiable, achieve the target benchmarks set by the debt management policy, and / or annual average debt service savings as approved by the finance committee and the Board.

- Proposals submitted by firms for consideration by the Authority shall identify and address not only the benefits of the proposed transaction, but should include a balanced review of the impacts for the proposed transaction.

- Additional transaction costs such as bond counsel, trustee, independent auditors, liquidity providers, and swap advisor (when applicable) shall be included in the savings calculations.

- The Authority's swap and financial advisors maybe asked to produce an independent analysis of the implications of paying a forward premium vs. waiting to the current call date of the bonds.

Transaction Pricing

One of the primary benefits of derivative products is the degree of customization they can offer. When determining the procurement of a derivative product on a competitive or a negotiated basis, it is essential to establish that the terms and conditions for the product offered reflect industry standard conventions and are evaluated in light of their fair market value. The more generic the size and terms of the product desired, the more likely a competitive bid will result in the best price. The complexity of certain projects, circumstances surrounding innovation, and limiting exposure to counterparties may all be valid reasons to negotiate a particular derivative product transaction. Dependent upon the complexity and sizing of the particular transaction, the working group will decide on their recommendation of competitive versus negotiated. The Financial Advisor will provide the working group with the potential benefits and disadvantages of each method. If other firms are allowed to match the lowest cost submitted for a transaction the size of the transaction has to be large enough so that the fixed costs for each of the counterparties do not impact the efficiency of the particular transaction. The allowance of matching of the lowest cost bid should be disclosed in writing to all permitted providers.

RESOLUTION NO. 2011-34

A RESOLUTION OF THE CITY OF PALM BAY, BREVARD COUNTY, FLORIDA, ESTABLISHING THE CITY OF PALM BAY FUND BALANCE POLICY PURSUANT TO GOVERNMENTAL ACCOUNTING STANDARDS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Governmental Accounting Standards issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in order to clarify the meaning of fund balance on financial statements, and

WHEREAS, the City desires to establish a Fund Balance Policy consistent with the Governmental Accounting Standards Board Statement No. 54, and

WHEREAS, such a policy has been prepared and a copy thereof is attached as Exhibit "A", and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALM BAY, BREVARD COUNTY, FLORIDA, as follows:

SECTION 1. The above recitals are true and correct and by this reference are hereby incorporated into and made an integral part of this resolution.

SECTION 2. The City Council of the City of Palm Bay hereby adopts the "City of Palm Bay Fund Balance Policy", attached hereto as "Exhibit A", and directs the City Manager to implement said policy.

SECTION 3. This resolution shall take effect immediately upon the enactment date.

This resolution was duly enacted at Meeting No. 2011-25, of the City Council of the City of Palm Bay, Brevard County, Florida, held on August 4, 2011.

John J. Mazziotti, MAYOR

ATTEST:

Alice Passmore, CITY CLERK

CORPORATE SEAL CITY OF PALM BAY FLORIDA JANUARY 16, 1960

EXHIBIT "A"

FUND BALANCE POLICY

Background

In February 2009, the Governmental Accounting Standards Board (GASB) issued *GASB #54 Fund Balance Reporting and Governmental Fund Type Definitions.* The statement substantially changes how fund balances are categorized. It clarifies/modifies how some of the governmental funds are presented and classified.

This policy will provide a cross reference between the Pre-GASB #54 Fund Balance Classifications and the Post-GASB #54 Fund Balance Classifications.

Fund Balance Classifications: Current and GASB #54

Pre-GASB #54 Classifications of Fund Balance

Post-GASB #54 Classifications of Fund Balance

<table>
<tr><td>Reserved
Non-spendable</td><td colspan="2">Not available for appropriation
Not available for spending, either now or in the future, because of (e.g., debt retirement)</td></tr>
<tr><td>Designated
Restricted</td><td colspan="2">Available for appropriation but intended for a specific use.
Constraints on spending that are legally enforceable by outside parties.</td></tr>
<tr><td rowspan="3">Unrestricted</td><td>Designated
Committed</td><td>Not available for appropriation.
Constraints on spending that the government imposes upon itself by highest-level formal action prior to the close of the period.</td></tr>
<tr><td>Undesignated
Assigned</td><td>Available for appropriation.
Resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.</td></tr>
<tr><td>Unassigned</td><td>Residual
(general fund only)</td></tr>
</table>

I. PURPOSE

The Fund Balance Policy will provide a stable financial environment for the City's operations that allows the City to provide quality services to its residents in a fiscally responsible manner. The policy also provides a measure of financial protection against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. No other policy or procedure supersedes the authority and provisions of this policy.

This policy is adopted to ensure the City maintains adequate fund balance and reserves to provide the capacity to:

1) Provide sufficient cash flow for daily financial needs
2) Secure and maintain investment grade bond ratings
3) Offset significant economic downturns or revenue shortfalls
4) Provide funds for unforeseen expenditures related to emergencies.

II. DEFINITIONS

Fund Balance – This is the cumulative difference of all revenues and expenditures. It can also be considered to be the difference between assets and liabilities reported in a governmental fund.

Nonspendable Fund Balance - Amounts that are not in spendable form or legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale (unless the proceeds are restricted, committed or assigned). The principal of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts constrained for a specific purpose by formal action of a government using its highest level of decision-making authority. Commitment of fund balance may be made for such purposes including, but not limited to, a) major maintenance and repair projects; b) meeting future obligations resulting from a natural disaster; c) accumulating resources pursuant to stabilization arrangements; d) establishing reserves for disasters; and/or e) for setting aside amounts for specific projects.

Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the original constraint. Action to constrain resources must occur prior to yearend: however, the amount can be determined in the subsequent period.

Assigned Fund Balance - In the General Fund, these are spendable amounts constrained by the City's intend to use for a specific purpose, but are neither restricted nor committed; the *intent* shall be expressed by the city management based on City Council direction. For all governmental funds other than the General Fund, assigned fund balance is any residual positive amounts not classified as nonspendable, restricted or committed.

Unassigned Fund Balance – Unassigned Fund Balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Unrestricted Fund Balance - The total of *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*; it is also referred to as Spendable Fund Balance.

III. POLICY

This policy establishes the procedures for reporting, within the annual financial statements, unrestricted fund balance (comprised of Committed, Assigned, and Unassigned categories) within the City's governmental funds: General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

General Fund – The General Fund is used to account and report all financial resources that are not required to be reported in another fund. The fund shall establish an Unrestricted Fund Balance equivalent to a minimum of **ten (10%)** percent of the subsequent fiscal year's budgeted expenditures less capital outlay and transfers out as originally adopted by ordinance in September.

Special Revenue Fund – Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The term "proceeds for specific revenue sources" establishes that one or more restricted or committed revenues should be the foundation for a specific revenue fund. No specific reservation of Fund Balance is created by virtue or enactment of this policy. The amount of any reservation of Fund Balance shall be governed by the legal authority underlying the creation of the individual funds.

Debt Service Fund – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. This policy does not create any specific reservation of Fund Balance within any Debt Service Fund as it is established as part of the ordinance or resolution which authorizes the issuance of the bonds.

Capital Projects Fund – The Capital Projects Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These projects may extend beyond a fiscal year. No specific reserve requirement is established for the Capital Projects Funds. However, at a minimum, the fiscal year end Fund Balance and estimated revenues for the ensuing fiscal year must be sufficient to meet all outstanding fund encumbrances.

IV. STABILIZATION ARRANGEMENTS AND FUNDS

Stabilization Arrangements and Funds ("Stabilization Funds") can be established for items such as revenue shortfalls, emergencies, or for covering unplanned budgetary imbalances. The Stabilization Funds are subject to controls that dictate the circumstances under which they can be spent.

The formal action that allows spending of stabilization funds should identify and describe the specific circumstances under which a need for stabilization arises. Those circumstances should be such that they would not be expected to occur routinely.

The City Council may set aside 5-7% of operating revenues as contingency reserves to be used to ensure the maintenance of services to the public during unforeseen situations. The contingency reserve should be contained as a separate sub-fund within the General Fund and included as a part of the annual budget process. The contingency reserve shall be classified as unassigned fund balance and it may be used to eliminate temporary cash deficits in the general fund or may be used for any lawful purpose with approval by City Council.

V. SPENDING ORDER OF FUND BALANCES

The City establishes the policy to spend restricted amounts first when both restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications could be used.

VI. AUTHORIZATON OF ENDING FUND BALANCE

GASB 54 allows the City Council authority to "assign" ending fund balances or bestow this authority to a city officer or designee. To provide the City with the most flexibility in financial reporting, the Finance Director is authorized to assign resources and ending fund balances if applicable.

VII. MINIMUM RESERVE REQUIREMENT

In the event funds are not available to maintain the established required balances, the Unrestricted Fund Balance target shall be achieved by adding a designated amount to the budget to cover the deficiency over a period not to exceed five (5) years.

VIII. REPLENISHMENT OF MINIMUM RESERVE DEFICITS

If it is anticipated at the completion of any fiscal year that the projected or estimated amount of Unrestricted Fund Balance, will be less than the minimum requirement, then the City Manager shall prepare and submit in conjunction with the proposed budget a plan for the expenditure reductions and/or revenue increases necessary to restore the minimum requirements in the subsequent budget year or other appropriate period as stipulated in the minimum reserve requirement section.

IX. EFFECTIVE DATE

This policy shall take effect immediately upon adoption and will be applied beginning with the preparation of the City's September 30, 2011 Comprehensive Annual Financial Report and adoption of the City's Fiscal Year 2011-2012 Budget.

X. ANNUAL REVIEW

Compliance with the provisions of this policy shall be reviewed as part of the annual budget adoption process, and the amount of restricted, committed, assigned, and non-spendable and the minimum level of spendable fund balance shall be determined during this process.

XI. ADDITIONAL INFORMATION, REQUIREMENTS/RESPONSIBILITIES

It will be the responsibility of the Finance Department to keep this policy current.

Debt Management Policy

I. Purpose

The purpose of this policy is to establish guidelines for the issuance and management of the debt of the City of Palm Bay, Florida (hereinafter referred to as to "City"). The City is committed to consistent, best practices financial management, including maintaining the financial strength and flexibility of the City and the full and timely repayment of all borrowings.

II. Scope

This debt policy applies to all debt issued by the City. Debt issued by state agencies on behalf of the City is not subject to the provisions of this policy.

III. Capital Budgeting and Debt Issuance Policy

A. Community Investment Program

The City Council annually reviews a 5-year Community Investment Program (CIP). The CIP serves as the planning guide for the construction of public facilities in the City. The CIP is designed to balance the need for public facilities, with the fiscal capability of the City to meet those needs. The City shall issue debt to meet these cash flow needs on a short-term or long-term basis, dependent upon the intended use of the proceeds.

B. Long-Term Debt

Long-term debt will be used to finance essential capital projects and certain equipment where it is cost effective, prudent or otherwise determined to be in the best interest of the City. Long-term debt, which includes capital lease financings, should not be used to fund the City's operations, provided that the City may issue long-term debt to finance pesion or other post employment benefit obligations. Capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the facilities or equipment.

C. Short-Term Debt

Short-term debt can be used to diversify a debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities. The City may issue commercial paper, other forms of variable rate debt and synthetic variable rate debt from time to time, but its use will generally be restricted to providing interim financing for capital projects. The amount of unhedged variable rate debt will generally not exceed 20% of all outstanding debt.

IV. Measures of Debt Levels and Debt Issuance Limits

1. General Obligation Bonds shall have debt ratios necessary to maintain sound credit ratings.

2. Revenue Bonds shall maintain specific coverage ratios not less than the following:

    i. Utility System Net Revenues excluding connection fees should be at least equal to 110% of maximum combined debt service, and 120% including connection fees.
    ii. Public Service Tax Revenues should be at least 135% of combined debt service.
    iii. Sales Tax Revenues should be at least 125% of debt service.
    iv. State Revenue Sharing moneys should be at least equal to 110% of maximum combined debt service.
    v. Local Option Gas Tax Revenues should be at least 150% of the combined maximum debt service requirement.

V. Sale Methods

The City, upon advise of its Financial Advisor will determine whether the sale of debt shall be via a competitive sale or a negotiated sale on a case-by-case basis after considering such factors as the size and the complexity of the offering and market conditions.

VI. Call Provisions

Call provisions for the City bond issues shall be made as short as possible and consistent with the lowest interest cost to the City. When possible, the City bonds shall be callable only at par.

VII. Debt Structure

A. Premium Bonds, Discount Bonds, and Capitalized Interest

The City will utilize various debt structures to accomplish its financing goals. These structures include, but are not limited to, the use of premium bonds, discount bonds, capital appreciation bonds, variable rate and multimodal bonds, and capitalized interest when appropriate.

B. Interest Rate Swaps

The City will consider interest rate swap transactions only as they relate to its debt management program and not as an investment instrument or hedge. As a result, any swap transaction should not impair the outstanding uninsured bond rating of the City. (For additional details, see City's Interest Rate Risk Management Policy)

VIII. Variable Rate Debt

The City may issue variable rate debt obligations in amounts and in proportion to its fixed rate debt that the City, upon advice of its Financial Advisor, determines are appropriate to achieve the City's goals with respect to its credit rating, risk management, debt management flexibility and debt service costs. The specific amount of variable rate obligations permitted will be set considering cash reserves, market conditions, matching of current and future assets and liabilities, budget procedures and other factors deemed relevant by the City, its Financial Advisor and national credit rating agencies. Variable rate obligations that are swapped to a fixed rate for a term of greater than five (5) years will be considered as fixed rate obligations.

IX. Debt Refunding

The City will monitor outstanding debt in relation to existing conditions in the debt market and may refund any outstanding debt when sufficient cost savings can be realized. Refunding outstanding debt may be considered when the net present value savings between the refunded bonds and the refunding bonds is equal to or greater than 3% for either a current refunding or for an advance refunding. A higher savings threshold may be adopted for when the present value savings could vary from the amount presented at closing (i.e. synthetic refundings, put bonds, swaptions, etc.). Conversely, a lower savings level may be acceptable for certain refundings (i.e. refundings with a very short duration). The City may also refund existing debt for the purpose of revising bond covenants to meet particular organizational and/or strategic needs of the City.

X. Credit Objectives

It is the City's intent to maintain and improve the credit ratings on its outstanding bonds. The City will actively seek to adhere to benchmarks and overall debt coverage ratios contemplated in its planning process. The City will also maintain frequent communications with the credit rating agencies and bond insurers.

XI. Credit Enhancement and Liquidity

Bond insurance, surety policies, letter of credit, liquidity facilities and other credit enhancements or liquidity facilities, may be used when it provides an economic savings for the City.

XII. Reporting and Compliance

A. Continuing Disclosure

The City will (1) provide disclosure in connection with the initial sale and distribution of its publicly marketed debt instruments and (2) provide ongoing secondary market information, in compliance with the requirements of applicable federal and state securities laws, rules and regulations.

B. Debt Service Payments

The City will include the appropriations necessary to make the required debt service payments in its annual budget.

C. Compliance with Bond Covenants, Federal and State Law

The City shall comply with all covenants and requirements of bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations.

D. Bond Yield Arbitrage Monitoring

The City shall contract for arbitrage calculation services to monitor the earnings on its bond proceeds for each debt series and determine whether a rebate is necessary.

RESOLUTION NO. 2007-26

A RESOLUTION OF THE CITY OF PALM BAY, BREVARD COUNTY, FLORIDA, ADOPTING A DERIVATIVE POLICY TO BE KNOWN AS THE 'INTEREST RATE RISK MANAGEMENT POLICY'; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, as used in local government finance, derivatives can take the form of interest rate swaps, futures and option contracts, options on swaps and other hedging mechanisms, and

WHEREAS, the use of derivative products are being utilized more in local government's debt and risk management programs, and

WHEREAS, the City of Palm Bay realizes that there are potential risks as well as rewards when utilizing derivative products, and agree that such instruments will not be used for speculation, but in conformance with financial policies that reflect the risk tolerance and management capabilities of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALM BAY, BREVARD COUNTY, FLORIDA, as follows:

SECTION 1. The above recitals are true and correct and, by this reference, are hereby incorporated into and made an integral part of this resolution.

SECTION 2. The City of Council of the City of Palm Bay hereby adopts the Interest Rate Risk Management Policy, which is, by reference, incorporated herein as Exhibit "A".

SECTION 3. This resolution shall take effect immediately upon the enactment date.

This resolution was duly enacted at Meeting No. 2007-11, of the City Council of the City of Palm Bay, Brevard County, Florida, held on April 5, 2007.

John J. Mazziotti, MAYOR

ATTEST:

Alice Passmore, CITY CLERK

cc: 04-06-07 Y. McDonald, Finance

City of Palm Bay, Florida
Resolution No. 2007-26
Exhibit "A"

Interest Rate Risk Management Policy

I. Purpose

The purpose of the Interest Rate Risk Management Policy is to outline a framework for the utilization of interest rate swaps, and other financial products (Caps, Collars, etc.) available in the marketplace, as they relate to the City of Palm Bay's Debt Management Policy and programs. Derivative financial products will not be employed as investment instruments or for the purpose of speculation. Any swap or derivative product transaction should not impair the outstanding bond rating of the City or negatively affect the amount of credit enhancement capacity available to the City. The City will be open to innovative ideas for any proposed transaction as well as variations from the following guidelines provided that such variation shall be fully explored with the City's advisors and explained to the Council Members of the City.

II. The Transaction

Derivative products can be an integral part of the City's asset / liability management process and can be used to hedge market risk. The financial products used are a function of the changing marketplace and must be addressed at any decision point in a manner designed to achieve the best economic advantage available to the City. Each transaction using financial products will be evaluated as an alternative to traditional intermediate or long-term financing options. Consideration should be given to the comparable cost, ease of entry and exit provisions, and degree of potential benefit and risk exposure (quantified to the greatest extent possible). The synthetic financing option should fit into the City's present strategy for aggregate fixed or floating debt. In order to address the City's need for ongoing flexibility, the guidelines set forth are not intended to establish any binding or arbitrary limits. Transactions that employ derivative financial products will:

- Comply with all applicable outstanding bond ordinances, insurance covenants, state law and rating agency guidelines.
- Contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, Schedules to the Master Agreement, Credit Support Annex and confirmation. (Collectively, the "ISDA Agreement")
- Be a market transaction for which competing good faith market quotations may be obtained at the discretion of the City and with the advice and recommendation of the City's swap advisor and other financial professionals.
- Include a provision for the right to early termination at market under the guidelines of the ISDA Agreement.
- Produce material economic benefit believed to not otherwise be attainable under the currently existing market conditions, or existing conventional debt structures, and improve the flexibility of debt management strategies.

- Not be intended to introduce leverage solely for the means of producing "additional" economic benefit.

- Interest Rate Swaps are typically non-callable instruments. Aside from the market termination, which is customary for interest rate swaps, the City will not unduly permit a synthetic rate transaction to impair its utilization of call features on outstanding bonds.

- Employ a structure that will attempt to minimize any additional floating rate basis risk, tax-law risk or credit risk to the City and offset risks for a particular transaction, with acceptable additional benefit to the City.

- Not cause the total amount of the financial product transactions to exceed the debt management limitations for fixed or floating debt on outstanding indebtedness, or of any particular asset / liability fund.

III. The Counterparty

The following criteria will be used when considering the use of financial derivative products:

- The counterparty shall make reasonable disclosure costs whether or not embedded in the transaction. All fees and expenses paid by the counterparty and designated third parties will be fully disclosed in writing to the City.

- Consider downgrade protection when possible including collateral or credit support, to preserve the rating of any indebtedness and the cost effectiveness of the transaction.

- Not allow for assignment of financial product contracts without the consent of the City.

- Clearly explain the impact on the transaction of the counterparty's bankruptcy and provide for enforceability opinions from the counterparty.

- Shall attempt to have domestically domiciled counterparties. Foreign domiciled counterparties may be utilized upon approval of the City Council.

- The swap counterparty shall disclose relationships with third parties such as broker dealers, insurance companies and other swap providers which may effect the transaction,

- The swap counterparty shall provide its financial statements showing the economic capability of the entity, the amount of its swaps outstanding and credit ratings, all of which shall be reviewed by the Financial Advisor and be acceptable to the City. The composition of the approved swap counterparties will change from time to time as changes are made to the City's investment banking team, provided that the related swap provider(s) are rated at least AA-/Aa3/AA- by at least two of the three nationally recognized credit rating agencies and have a minimum capitalization of $50 million, or alternatively, shall post suitable and adequate collateral, given the undertaking involved with the particular transaction.

- Derivative product companies ("DPCs"), that could terminate their existence upon short notice to bond Issuers, such as the City, with no penalty ("terminating" DPCs) require special analysis. If the City enters into a swap contract with a terminating DPC, rating agencies could assume that termination of the hedge could occur at any time during the life of the transaction. Therefore, executing a swap contract with any counterparty rated lower than 'A/A-1' or with a Terminating DPC has credit ramifications which will be carefully examined prior to execution of any agreement.

IV. Review and Analysis

Swap proposals submitted by a financial product(s) provider, for consideration by the City, shall include a clear analysis which identifies both the potential benefits and risks associated with the proposed transaction. Eligible providers may be required to run additional analysis in light of the existing goals and objectives of the working group and establish the financial product's value in light of the City's target benchmarks.

- The City's Financial Advisor will provide independent analysis of the proposed financial product(s) transactions.

- The City's cost of the transaction and any ongoing costs, such as remarketing fees liquidity fees, swap advisor fees, financial advisor fees, lawyer fees and other necessary costs will be included in the cost/benefit evaluations.

- A review of provisions requiring bond and/or swap insurance providers and the cost/benefit will be included in an evaluation of the transaction.

- The City's Financial Advisor shall monitor the results of an adopted swap transaction throughout its life and recommend accordingly any modifications, assignments, collateralization requirements, or early termination when substantial economic benefit or other conditions which merit adjustment action by the City.

V. Legal Analysis

The documentation of the swap or derivative financial product shall be in the form of an enforceable written contract.

- The swap, shall be governed by State law or, New York law with State or New York jurisdiction.

- Review of compliance with existing law and regulation (including but not limited to the Internal Revenue Code of 1986 as amended), bond indentures and bond covenants should be completed before implementation of a financial product transaction. When required by law, approval of the transaction will first be obtained from other governing bodies.

VI. Synthetic Advance Refundings

The City will consider synthetic advance refundings, which produce a material economic benefit and will in no way impair the outstanding bond rating of the City.

- The present value savings of the transaction must be quantifiable, achieve the target benchmarks set by the debt management policy, and / or annual average debt service savings as approved by the City Council.
- Proposals submitted by firms for consideration by the City shall identify and address not only the benefits of the proposed transaction, but should include a balanced review of the risks or detriments of for the proposed transaction.
- Additional transaction costs such as fees for bond counsel, trustee, independent auditors, liquidity providers, and swap advisor (when applicable) shall be included in the savings calculations.
- The City's Financial Advisor shall produce an independent analysis of the implications of paying a forward premium versus. waiting to the current call date of the bonds.

VII. Swap Pricing

One of the primary benefits of derivative products is the degree of customization they can offer. When determining the procurement of a derivative product on a competitive or a negotiated basis, it is essential to establish that the terms and conditions for the product offered reflect industry standard conventions and are evaluated in light of their fair market value. The more generic the size and terms of the product desired, the more likely a competitive bid will result in the best price. The complexity of certain projects, circumstances surrounding innovation, and limiting exposure to counterparties may all be valid reasons to negotiate a particular derivative product transaction. Depending upon the complexity and sizing of the particular transaction, the working group will decide on their recommendation of competitive versus negotiated pricing. The Financial Advisor will provide the working group with the potential benefits and disadvantages of each method. If other firms are allowed to match the lowest cost submitted for a transaction the size of the transaction has to be large enough so that the fixed costs for each of the counterparties do not impact the efficiency of the particular transaction. The allowance of matching of the lowest cost bid should be disclosed in writing to all permitted providers.

LEGISLATIVE MEMORANDUM

The City of Florida
Palm Bay
A Perfect Place to Grow

TO: **Honorable Mayor and Members of the City Council**

FROM: **Lee R. Feldman, City Manager**

DATE: **April 5, 2007**

RE: **Interest Rate Risk Management (Swap) Policy**

The use of derivative products is becoming more prevalent in state and local government's debt and risk management programs. In public finance, derivatives can take the form of interest rate swaps, futures and option contracts, options on swaps, and other hedging mechanisms. Derivative products can be an important interest rate management tool that, when used properly, can increase a governmental entity's financial flexibility, provide opportunities for interest rate savings, alter the pattern of debt service payments, create variable rate exposure, and change variable rate payments to fixed rates.

Municipalities choosing to use financial derivative products, such as interest rate swaps, must also be aware that such products have their own rewards as well as risks. The quantification process needed to analyze financial derivatives in a government's asset/liability strategy must be well thought out in advance.

Derivative projects should not be used for speculation, but rather to manage risk associated with an issuer's assets or liabilities and only in conformance with financial policies that reflect the risk tolerances and management capabilities of the issuer.

The Government Finance Officers Association (GFOA) recommends that state and local officials be cautious in the use of derivative instruments.

Staff, working with the City's Financial Advisor and Bond Attorney, has drafted the attached policy for your consideration.

FISCAL IMPACT:
There is no fiscal impact.

RECOMMENDATION:
Motion to adopt the resolution adopting City of Palm Bay Swap Policy.

JL/YM/tjl

Attachment: 1) Policy

City of Sebastian's financial policies set forth the basic framework for overall fiscal planning and management and set forth guidelines for both current activities and long-range planning. These policies are reviewed annually to assure the highest standards of fiscal management. The City Manager and the Management Team has the primary role of reviewing financial actions and providing guidance on financial issues to the City Council.

Overall goals

The overall financial goals underlying these policies are:

1. **Fiscal Conservatism**: To ensure that the city is in a solid financial condition at all times. This can be defined as:

   A. Cash Solvency – the ability to pay bills
   B. Budgetary Solvency – the ability to balance the budget
   C. Long Term Solvency – the ability to pay future costs
   D. Service Level Solvency – the ability to provide needed and desired services

2. **Flexibility**: To ensure that the city is in a position to respond to changes in the economy or new service challenges without an undue amount of financial stress.

3. **Comply with All Statutory Requirements:** As set forth by the State of Florida and the City ordinances.

4. **Adherence to the highest Accounting and Management Practices**: As set by the Government Finance Officers' Association standards for financial reporting and budgeting, the Government Accounting Standards Board and other professional standards.

Operating Budget Policies

The Finance Department, with support and direction from the Office of the City Manager, coordinates the budget process. The formal budgeting process, which begins in February and ends in September, provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided, given the anticipated level of available resources. Revenues and expenditures are projected on the basis of information provided by city departments, outside agencies, current rate structures, historical data and statistical trends.

Budget Process

The development of the budget is guided by the following budget policies:

1. The budget must be balanced for all funds. Total anticipated revenues must equal total estimated expenditures for each fund (Section 166.241 of Florida Statutes requires that all budgets be balanced).

2. All operating funds are subject to the annual budget process and reflected in the budget document.

3. The enterprise operations of the city are to be self-supporting; i.e., current revenues will cover current expenditures, including debt service.

4. An administrative service fee will be assessed by the General Fund against all enterprise funds of the city. This assessment will be calculated based upon a percentage (number of full-time equivalent employees of the enterprise fund/total number of full-time equivalent employees of the city) of total General Fund administration expenditures budget (includes City Council, City Manager, City Attorney, City Clerk, Finance, and Human Resources) and will be used to reimburse the General Fund for the administrative and support services provided to these funds.

5. A 2.5 percent administrative service fee will be assessed by the General Fund against the Community Redevelopment Agency (CRA) Fund of the city. This assessment will be based on the total tax increment revenue estimate of the CRA Fund and will be used to reimburse the General Fund for the administrative support services provided to the CRA fund.

6. An administrative service fee will be assessed by the General Fund against Stormwater Utility Revenue Fund. The assessment will be calculated based on the maximum allowable percentage set forth by the city's Stormwater Ordinance. Pursuant to the City Ordinance No. O-04-15, no more than 20% of the annual net stormwater fee

revenues is to be used for the operation and maintenance of the stormwater program.

7. In no event will the City of Sebastian levy ad valorem taxes against real property and tangible personal property in excess of 10 mills, except for voted levies (Section 200.081 of Florida Statutes places this millage limitation on all Florida municipalities.)

8. The city will budget 95 percent of anticipated gross ad valorem proceeds to provide an allowance for discounts for early payment of taxes (Section 200.065 of Florida Statutes states that each taxing authority shall utilize not less than 95 percent of the taxable value.)

9. The city will coordinate development of the capital improvement budget with the development of the annual operating budget. Each capital improvement budget is reviewed for its impact on the operating budget in terms of revenue generation, additional personnel required and additional operating expenses.

10. A budget calendar will be designed each year to provide a framework within which the interactions necessary to formulate a sound budget could occur. At the same time, it will ensure that the city will comply with all applicable State legal mandates.

Basis of Budgeting

The basis of budgeting for_ General, Special Revenue, and Debt Service Funds shall be prepared on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized only when they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the fund liability is incurred except for unmatured interest on general long-term debt which is recognized when due, and the non-current portion of accrued fringe benefits (vacation and sick leave) which is recorded as a long-term liability in the Statement of Net Assets in the Comprehensive Annual Financial Report.

The budgets for the Proprietary funds – Golf Course and Airport – are prepared using the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized when the liability is incurred. Revenues are recognized when they are obligated to the City (e.g., Airport leases). The differences between the budget basis and the accrual basis of accounting include: (1) budgeting the full amount of capital expenditures as expense rather than depreciating them and (2) presenting debt service, including principal as an expense.

Guidelines

The Comprehensive Annual Financial Report (CAFR) presents the status of the City's finances on a basis consistent with Generally Accepted Accounting Principles (GAAP) (i.e., a statement of net assets and statement of activities are presented on an accrual basis of accounting, including governmental funds, major governmental and proprietary funds are identified, governmental funds use the modified accrual basis of accounting, while the proprietary and trust funds use the accrual basis of accounting.) In order to provide a meaningful comparison of actual results to the final budget, the CAFR presents the City's operations on a GAAP basis and also shows fund revenue and expenditures on a budget basis for the General, Special Revenue, and Debt Service funds.

Current revenues shall be sufficient to support current expenditures.

The budget process and format shall be performance-based and focused on goals, objectives, programs, and performance indicators.

The budget will provide adequate funding for maintenance and replacement of capital plant and equipment.

Budget Amendment

1. Total fund appropriations changes must be approved by the City Council.

2. Uses of contingency appropriations must be specifically approved by the City Council.

3. Shifts in appropriations within fund totals may be done administratively on the authority of the City manager. In most cases the City Manager will request City Council's approval since the item prompting the change will usually go to the City Council (e.g., award of contract, addition of staff, contract change order). Procedures for appropriation transfers and delegation of budget responsibility will be set by the City manager.

4. A Budgetary Control System will be maintained to ensure compliance with the budget. Quarterly

City of Sebastian
GASB 40 Report
Sorted by Fund
Through 09/30/2009

Security ID	Investment #	Issuer	Par Value	Book Value	Market Value	Reported Value	S&P	Moody's	% of Portfolio	Current Yield	Days to Maturity	Maturity Date	Modified Duration
City of Sebastian													
SYSSBT0006	SBT0006	FLORIDA SBA	2,847,432.55	2,847,432.55	2,847,432.55	2,847,432.55			26.10	0.370	1		0.000
SYSSBT0002	SBT0002	FLORIDA SBA	2,228,928.91	2,228,928.91	2,228,928.91	2,228,928.91			20.43	0.370	1		0.000
SYSSBT0004	SBT0004	FLORIDA SBA	606,684.72	606,684.72	606,684.72	606,684.72			5.56	0.370	1		0.000
SYSSBT0009	SBT0009	FLORIDA SBA (FUND B)	6,527.88	6,527.88	6,527.88	6,527.88			0.06	0.001	1		0.000
SYSSBT0007	SBT0007	FLORIDA SBA (FUND B)	329,699.19	329,699.19	329,699.19	329,699.19			3.02	0.001	1		0.000
SYSSBT0008	SBT0008	FLORIDA SBA (FUND B)	22,662.54	22,662.54	22,662.54	22,662.54			0.21	0.001	1		0.000
313385ML7	SBT0165	FHLB (Disc)	1,000,000.00	999,987.78	1,000,000.00	1,000,000.00	AAA	Aaa	9.17	0.000	1	10/02/2009	0.002
3137EABB4	SBT0125	FHLMC	1,000,000.00	1,002,401.63	1,006,250.00	1,006,250.00	AAA	Aaa	9.23	2.857	60	11/30/2009	0.164
31359MFG3	SBT0175	FNMA	1,000,000.00	1,018,862.16	1,020,625.00	1,020,625.00	AAA	Aaa	9.36	3.062	106	01/15/2010	0.290
3133XTGS9	SBT0170	FHLB	1,000,000.00	1,000,153.99	1,003,125.00	1,003,125.00	AAA	Aaa	9.20	0.294	188	04/07/2010	0.513
3133MBJA6	SBT0160	FHLB	800,000.00	832,732.13	836,000.00	836,000.00	AAA	Aaa	7.66	0.347	225	05/14/2010	0.600
		Subtotal	**10,841,935.79**	**10,896,073.48**	**10,907,935.79**	**10,907,935.79**			**100.00**	**0.796**	**50**		**0.135**
		Report Total	**10,841,935.79**	**10,896,073.48**	**10,907,935.79**	**10,907,935.79**			**100.00**	**0.796**	**51**		**0.13533**

RESOLUTION NO. R-99-51

A RESOLUTION OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, ADOPTING AN INVESTMENT POLICY PURSUANT TO CITY CODE SECTION 2-111 AS AMENDED.

WHEREAS, state law contains provisions for adoption of an investment policy; and

WHEREAS, the City Council has adopted Ordinance O-99-17, making provision for the adoption of an investment policy by resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEBASTIAN, INDIAN RIVER COUNTY, FLORIDA, that:

Section 1. **INVESTMENT POLICY.** There is hereby adopted an investment policy pursuant to Chapter 218.415, F.S. and identified as attachment 1.

Section 2. **CONFLICT.** All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Section 3. **EFFECTIVE DATE.** This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was moved for adoption by Councilmember Barczyk. The motion was seconded by Councilmember Bishop and, upon being put into a vote, the vote was as follows:

Mayor Chuck Neuberger	Aye
Councilmember Walter Barnes	Aye
Councilmember Joe Barczyk	Aye
Councilmember Ben A. Bishop	Aye
Councilmember Edward J. Majcher, Jr.	Absent

The Mayor thereupon declared this Resolution duly passed and Adopted this 3rd day of November, 1999.

CITY OF SEBASTIAN, FLORIDA

By: ______________________
Chuck Neuberger, Mayor

ATTEST:

____
Kathryn M. O'Halloran, CMC/AAE
City Clerk

Approved as to form and legality for the reliance by the City of Sebastian only:

____
Rich Stringer, City Attorney

ATTACHMENT 1

CITY OF SEBASTIAN
INVESTMENT POLICY

I. SCOPE

The investment policy applies to the investment of surplus funds which includes cash and investment balances of the following funds:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds
- Trust and Agency Funds

This policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, redemption, or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depositary. This policy does not apply to funds not under investment control of the City; such as, the Sebastian Police Officer Pension Fund, the International City Management Association deferred compensation program administered by the Retirement Corporation, or the United States Conference of Mayors deferred compensation program administered by the Public Employee Benefit Services Corporation.

II. INVESTMENT OBJECTIVES

The following investment objectives will be applied in the management of the City's funds.

A. The primary objective and the highest priority of the City's investment activities is the safety of principal. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

B. There shall be sufficient liquidity to meet the City's operating, payroll and capital requirements.

C. The optimization of investment returns shall be secondary to the requirements for safety and liquidity, while striving for a reasonable rate of return.

III. PRUDENCE AND ETHICAL STANDARDS

The "Prudent Person Rule" shall be used in the management of the overall investment portfolio. The "Prudent Person Rule" states: "Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income derived."

The Director of Finance or his designee, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

IV. PERFORMANCE MEASUREMENT

The benchmark yield for the overall performance of the portfolio is considered to be a market rate at least equal to the ninety (90) day Treasure Bill rate.

V. DELEGATION OF AUTHORITY

An Investment Committee shall be established consisting of the City Manager, City Attorney, and Director of Finance. The Investment Committee shall approve all investments prior to their purchase, except routine transfers between the State Board Account and the Operating Account of the City. The Investment Committee shall meet at least semi-annually to review the City's investment strategy.

VI. AUTHORIZED INVESTMENTS

Authorized investments are limited pursuant to Chapter 166.261, Florida Statutes and the Cash Management Services Contract.

VII. MATURITY AND LIQUIDITY REQUIREMENTS

A. To the extent possible, investment maturities shall be matched with known cash needs and anticipated cash flow requirements. Investments of operating funds shall have maturities of no longer than twenty-four (24) months.

B. Investments do not necessarily have to be made for the same length of time that the funds are available. The basic criteria for investment maturities are as follows:

1. Keep maturities short in a period of constantly rising interest rates based on Treasury bill auctions or the daily Federal Funds rate.

2. Keep maturities short in a period of an inverted treasury yield curve (short-term rates are higher than the long-term rates.)

3. Maturities should be lengthened when the treasury yield curve is normal and is expected to remain that way based on economic reports taken as a whole. The yield curve is normal when short-term rates are lower than long-term rates.

4. Maturities should be lengthened when interest rates are expected to fall based on economic reports taken as a whole.

5. Maturities should be staggered to provide for sequential maturities.

C. Investments shall be purchased with the intent of earning a favorable rate of interest and return on the City's funds for the stated maturity. The value of individual investments (such as treasury and federal agency securities) will fluctuate with market conditions and may offer opportunities for favorable gains if liquidated. All factors shall be considered when liquidating an investment prior to its scheduled maturity, including market conditions (e.g., rising or falling interest rates) and the opportunity to reinvest the funds at a favorable return.

VIII. BID REQUIREMENTS

Investments shall be made through a competitive bid process. A minimum of three (3) banks and/or dealers shall be contacted and asked to provide bids on the securities on question, except those with City investments of $2,000,000 unless approved by the City Manager. Bids shall be awarded based on the highest yield on the investment, or, at the discretion of the Director of Finance, with the Local Government Surplus Funds Trust Funds administered by the State Board of Administration when it is deemed probable that interest rates will increase in the very near futures and is not prudent to commit funds for a period of time at a lower interest rate. Surplus funds may also be invested with the Local Government Surplus Funds Trust Fund when investments in local financial institutions exceed the maximum authorized per institution.

However, on an exception basis the City may invest in the following instruments and may divest itself of such investments at prevailing market prices or rates:

- Local Government Surplus Funds Trust Fund
- Direct obligations of the U.S. Treasury
- Florida League of Cities Florida Municipal Investment Trust

The Director of Finance or his designee shall notify the successful bidder verbally in order to expedite the purchase of the investments via a check, wire transfer or account transfer. This notice shall be confirmed by a letter from the Director of Finance or another authorized signatory of the City which states the fund and account for which the investment is made, the principal amount of the investment, the yield or interest rate, any premium or discount applicable to the investment, the maturity date, and instructions for payment of interest.

IX. RISK AND DIVERSIFICATION

Investments shall be diversified to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, savings and loan, or bank through which these instruments are bought and sold. No more than $2,000,000 shall be held by any one depository without the approval of the City Manager. The depository that holds the funds for the Local Government Surplus Funds Trust Fund administered by the State Board of Administration pursuant to Chapter 218, F.S., shall be excluded from this requirement.

All investments shall be held in the name of the City of Sebastian and shall be designated as an asset of the City of Sebastian. Securities, other than non-negotiable certificates of deposit, purchased from a bank shall be held in safekeeping by the trust department of the bank. Securities purchased from Primary dealers shall be held in safekeeping by a third party custodian. Due to the cost of safekeeping, one-business day repurchase agreements made pursuant to a Cash Management Services Contract may be placed with the depositary relating to the demand account for which the repurchase agreement was purchased.

X. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The Investments shall only be purchased form financial institutions that are designated as " qualified public depositories" pursuant to Chapter 280, F.S., or from Primary dealers.

Purchases of all investments, except those from the Local Government Surplus Funds Trust Fund administered by the State Board of Administration pursuant to Chapter 218, F.S., shall be made through the local office of the financial institution. Repurchase agreements shall only be entered into with the financial institution providing Cash Management Services.

XI. CASH MANAGEMENT SERVICES

The City shall enter into a Cash Management Services Contract with a local bank no later than March 31, 2000. This contract shall be placed for bid among all the qualified local banks.

This contract shall provide for zero balance checking accounts for certain revenue, operating, and construction accounts of the City. These accounts shall be designated by the Director of Finance.

The Director of Finance or his designee shall monitor investments pursuant to a Cash Management Services Contract. The investment of surplus funds in overnight repurchase agreements pursuant to this contract shall not exceed $1,500,000 for three consecutive working days. These investments hall be guaranteed by obligations of the U.S. Government. Funds in excess of $1,500,000 shall be invested in accordance with the preceding paragraphs.

XII. INVESTMENT REPORTS

In accordance with City of Sebastian Ordinances Section 2-120, quarterly investment reports shall be provided to the City Council. The investment report shall include a list of the investments in the portfolio by fund, type, maturity, interest rate or yield, book value, market value, and income earned as of the report date.

XIII. INTERNAL CONTROLS

The Director of Finance shall, by January 1, 2000, prepare written internal control policies and procedures for investment transactions made pursuant to this Investment Policy. The City Manager shall be notified immediately upon deviations from currently approved investment policies. Compliance with these internal controls shall be audited annually by independent auditors as part of the City's annual financial audit.

XIV. POLICY REVIEW

This Investment Policy shall be reviewed annually by the Director of Finance who shall make recommendations for amendments as appropriate.

budget status reports will be provided to the City Council comparing actual versus budgeted revenue and expense activity for all budgeted funds.

Planning

The City will annually prepare and distribute to departments and the City Council a Five-Year Forecast. The forecast will include estimated operating costs and revenues for future capital improvements, such as new parks and public works facilities, included in the capital budget.

Fund Balance Policies

On an annual basis, after the year-end audit has been completed, but no later than April 1, the City Finance Director shall produce a schedule of all fund surpluses and deficits, with projections of reserve requirements and a plan for the use of any excess surplus for the current year in accordance with the Financial Balance Policies and Use of Surplus Policies. This document will be used not only to ensure compliance with stated and adopted policies, but also to analyze the total reserve and surplus picture to ensure that the policies as adopted do not inadvertently create adverse effects. The Director of Finance shall provide recommended changes to the City Council for any changes to the Financial Balance Policies and Use of Surplus Policies based on needs identified in this analysis.

Working Capital

The General Fund unappropriated fund balance will be maintained in an amount greater than or equal to fifteen percent (15%) of the annual General Fund Expenditures budget. This amount approximates two months or 60 days of working capital.

The City shall include in the General Fund operating budget annually, an Operating Contingency Account equal to 1.5% of the General Fund total expenditures, less debt service, interfund transfers and capital expenditures. This contingency will be used for unforeseen and emergency events that occur during the course of the operating year and will expire at the end of each fiscal year and balances will not be brought forward.

In order to provide the resources necessary to ensure continued operations of the City's programs should a natural disaster or significant changes in the weather pattern occur, the City shall maintain a reserve of $350,000 for emergency services.

The City shall maintain a reserve of $100,000 for Property and Casualty claims representing four claims on a $25,000 deductible.

All retirement programs, Police Pension, CWA/ITU and 401a programs will be funded at 100% of the obligations calculated annually. The defined benefit pension plan will be funded in accordance with an independent actuarial analysis performed at a minimum of every two years, or as needed.

Capital Reserves

The City shall include in the General Fund operating budget annually a Capital Contingency Account equal to 0.5% of the General Fund total expenditures, less debt service, interfund transfers and capital expenditures. This contingency will be used for unanticipated expenditures for the maintenance of buildings and replacement of related equipment and will expire at the end of each fiscal year and balances will not be brought forward.

Annually the City shall transfer fifty percent (50%) of the current year's operating surplus (revenues in excess of expenditures) into a capital equipment replacement reserve for the purpose of creating a perpetual funding method for replacing City capital equipment. Prior to any funds being spent, the budget amendment procedure must be followed.

The City shall maintain a reserve of $1,000,000 for the purpose of providing advances to the airport for capital improvements pursuant to a resolution establishing this loan reserve.

The table listed blow is a summary of all reserve and contingency requirements for the General Fund.

Reserve Description	Requirement
Working Capital Reserve	15% of annual General Fund Expenditures budget
Emergency Reserve	$350,000
Property and Casualty claims Reserve	$100,000
Capital Equipment Replacement Reserve	50% of the current year's operating surplus (revenues in excess of expenditures)
General Fund Advance to Airport Capital Projects Reserve	$1,000,000, expire September 12, 2007
General Fund Operating Contingency (for budget purpose only)	1.5% of the General Fund total expenditures budget, less debt service, interfund transfers and capital expenditures
Capital Contingency (for budget purpose only)	0.5% of the General Fund total expenditures budget, less debt service, interfund transfers and capital expenditures
All retirement programs	100% Funded per independent actuarial analysis performed at a minimum of every two years, or as needed

Use of Surplus Policies

Use of Surpluses

It is the intent of the City to use all surpluses generated to accomplish three goals: meeting reserve policies, avoidance of future debt, and reduction of outstanding debt. The City will not use existing fund balances or year-end surpluses to fund ongoing operating expenses.

Any surpluses realized in the General Fund at year-end shall be used first to meet reserve policies as set forth in the Fund Balance Policies. Excess surplus will then be used for the following purposes, listed in order of priority:

- Capital Replacement Programs. After General Fund reserves have been met, up to 50% of excess reserves may be set aside to provide the cash necessary to implement capital replacement programs (e.g., vehicle and equipment replacement and facility maintenance programs). Any excess surplus remaining after reserve policies have been met may be used to pay down debt existing in the general fund or any other capital loans.
- Cash Payments for Capital Improvement Program Projects. Using cash to purchase capital items that are budgeted to be purchased with the proceeds from any debt will reduce the future debt burden of the City. This strategy may be combined with retirement to reduce future debt service after performing a financial analysis to determine the greatest net present value savings.
- Cemetery Permanent Trust Fund. After all other needs have been satisfied, excess surpluses may be transferred to the Cemetery Permanent Trust Fund that has been established to care for the Cemetery. The amounts transferred shall be deemed corpus to the Cemetery Trust fund for future earnings growth to fund Cemetery care and maintenance.
- Riverfront Redevelopment Agency. After all other needs have been satisfied; excess surpluses may be transferred to the Riverfront Redevelopment Agency that has been established to provide infrastructure and public facility needs.

Special Revenue Fund Surpluses

Local Option Gas Tax Revenue Fund - A reserve will be maintained in an amount greater than or equal to fifteen percent (15%) of the annual Local Option Gas Tax Fund Expenditures budget. Excess surpluses shall first be used for the purpose of reducing debt for the Road Paving Note Payable.

Discretionary Sales Surtax Revenue Fund - A reserve will be maintained in an amount greater than or equal to ten percent (10%) of the total annual Discretionary Sales Tax Fund Expenditures budget for the purpose of providing sufficient funds for unanticipated major repairs or replacements for eligible capital improvements or equipment.

Discretionary Sales Tax revenues will be used in accordance with the following:

1. fund annual debt service payments for which this revenue source is pledged, then;
2. fund emergency vehicles, then;
3. fund pay-as-you go eligible capital improvements, then;
4. fund equipment for the maintenance of Discretionary Sales Tax funded improvements.

Stormwater Utility Revenue Fund - A reserve will be maintained in an amount greater than or equal to fifteen percent (15%) of the total annual Stormwater Utility Revenue Fund Expenditures budget for the purpose of providing sufficient funds for unanticipated major capital improvement program. (Pursuant to City of Sebastian Ordinance No. O-04-

15, capital improvement program of the Comprehensive Growth Management Plan on furtherance of the Stormwater Master Plan adopted by the City Council.)

Performance Measurement Policies

Establishing Performance Requirements

Every two years, the City shall update the existing Strategic Plan that identifies Strategic Priorities for the following two years. Each Strategic Priority should provide three to five Key Intended Outcomes (KIOs) that measure appropriate results for each priority.

Annually, each department shall develop departmental performance measures that correspond with the department programs and file them with the City Manger's Office. Goals should be related to core services of the department and should reflect stakeholder needs. The measures should be of a mix of different types, including effectiveness, efficiency, demand and workload. Measures should have sufficiently aggressive "stretch" goals to ensure continuous improvement.

- Workload – Measures the quantity of activity for a department (e.g., number of calls responded to).
- Demand – Measures the amount of service opportunities (e.g.. total number of calls).
- Efficiency – Measures the relationship between output and service cost (e.g., average cost of the response to a service call).
- Effectiveness – Measures the impact of an activity (e.g., percent of people who feel safe).

Department Directors shall establish performance measures for each program within their department to monitor and project program performance. These objectives must be linked to the departmental measures they support.

Supervisors shall insure that fair, objective and aggressive performance measures for each employee that directly supports program objectives and departmental measures are part of their annual review.

Reporting Performance

Quarterly summaries of progress on goals and objectives and departmental performance measures will be provided to the City Manager for publishing in the Council's Quarterly Budget to Actual Report.

Decision Making and Analysis

The City's Strategic Planning and budgeting decisions are based on a number of processes currently in place. The specific tools used are:

- *Citizen Advisory Boards* – (e.g., Budget Review Committee) are teams made up of Residents and City staff to address specific concerns and provide direction and feedback. Several such advisory boards currently exist;
- *Master Planning* – Specific functions and processes are included in written plans, such as the Comprehensive Plan, Stormwater Master Plan, and the Airport Master Plan;
- *Fiscal Impact Model* – Allocation methodology that quantifies average and marginal revenues and the costs of new development by land use type;
- *Revenue Forecasting Model* – Statistical time series analysis and tracking model of major revenue sources;
- *Performance Measurement System* – Quarterly performance evaluations and reports;
- *Capital Budgeting Tools* – Present Value Payback, Net Present Value Analysis, Own/Lease Analysis, and Return on Investment (ROI) Analysis;
- *Five-Year Financial Plan* – Multi-year forecasting of revenues and expenditures;
- *Ten-Year Fleet Replacement Program* – Equipment replacement covering the useful life of all vehicle classes;
- *Ten-Year Equipment and Maintenance Program* - maintenance and replacement schedule covering the useful life of all equipment, other than vehicles;
- *Financial Trend Monitoring System* – Systematic analysis of major financial indicators;

Capital Improvement Program Policies

Alignment

The City shall coordinate the development of the Capital Improvement Program budget with the development of the Strategic Plan and Operating Budget, as well as ensuring compliance with the Comprehensive Plan Capital Improvement Element. Future operating expenditures and revenues associated with new capital improvements will be projected and included in the operating budget Five-Year Forecasts.

Project Selection

All capital projects submitted for approval must be justified in terms of how the project supports the achievement of the City's Strategic Priorities. Projects are prioritized and approved based on the relevancy of the project to the City's Strategic Plan and the impact on the end stakeholder(s).

Capital Improvement Budget

The City shall adopt an annual Capital Budget based on the Capital Improvement Program. Future capital improvement expenditures necessitated by changes in population, real estate development, or in economic base will be calculated and included in the capital improvement budget projections.

The originating department of the capital improvement project will identify the estimated costs and funding sources for each capital project proposal before it is submitted to the City Council for approval.

The City shall make all capital improvements in accordance with an adopted Capital Improvement Program budget.

The City will determine and use the most prudent financial methods for acquisition of capital improvement projects based upon market conditions at the time of acquisition.

Capital Equipment Outlay

The City will determine and use the most prudent financial methods for acquisition of new or replacement capital equipment, based upon market conditions at the time of acquisition.

Capital Replacement Programs – The City shall establish equipment replacement and maintenance needs for at least a ten-year period and will update this projection each year. From this projection, a maintenance and replacement schedule shall be developed and implemented. Funding for these programs will be made through funded depreciation charges to using departments and held in sinking funds created for the purpose of paying for replacements. Additional funding may be obtained through year-end surpluses as identified in the Use of Surplus Policies. Maintenance programs shall be paid for on a pay-as-you-go program.

Maintenance

The City shall maintain all capital assets at a level adequate to protect the City's capital investment to minimize future maintenance and replacement costs.

Physical Inventory

An annual physical inventory (see Fixed Asset Policies) will be conducted to ensure that the replacement, maintenance, and Capital Improvement Program projections are accurate, and that sufficient internal control over capital items is exercised.

See Fixed Asset Policies for further information on capital purchases.

Debt Management Policies

Market Review

The City, in conjunction with its financial Consultant, shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and incur less debt service costs. In order to consider the possible refunding of an issue, a Present Value savings of three percent (3%) over the life of the respective issue, at a minimum, must be attainable.

Debt Issuance

When the City finances capital projects by issuing bonds, it shall amortize the debt over a term not to exceed the average useful life of the project(s) financed.

If General Obligation Bonds are issued, the City's goal will be to limit the maturity to fifteen (15) years.

Capital Improvements, equipment and facility projects shall be classified into "pay-as-you-go" and "debt financing" classifications. Pay-as-you-go capital items will be $150,000 or less with lives of ten years or less or replacement of existing equipment where depreciation has been paid to a sinking fund. Debt financing will only be used for major, non-recurring items with a minimum of ten (10) years useful life.

The City shall confine long-term borrowing to capital improvements and projects that have useful lives in excess of twenty (20) years.

When possible, the City shall use a special assessment or self-supporting financing instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.

Debt Service Levels

Annual General Fund debt service expense, if any, will be limited to eight percent (8%) of the General Fund expenditures budget.

The City will limit its total outstanding General Obligation debt, if any, to five percent (5%) of the assessed valuation of taxable property.

The City will limit the amount of Variable Rate debt to fifteen percent (15%) of the total debt outstanding.

Bond Ratings

The City, along with its Financial Advisor, shall periodically review possible actions to maintain or improve its bond ratings by various rating agencies.

The City shall maintain good communications with bond rating agencies and its bond insurers about its financial condition.

The City shall follow a policy of "full disclosure" in its Comprehensive Annual Financial Report and bond prospectuses.

Revenue Policies

Revenue Projections

The City shall estimate its annual revenues by objective and analytical processes.

The City shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short-term fluctuations in any one-revenue source.

User Fees

The City shall recalculate on a bi-annual basis the full cost of selected activities currently supported by user fees and charges to identify the impact of inflation and other cost increases.

The City shall set fees and user charges for the Golf Course fund at a level that fully supports the total direct and indirect costs of operation, including depreciation.

Reporting and Analysis

To ensure compliance with Revenue Policies, Fund Balance Policies, and Budget Policies, the City Finance Department shall prepare reports and analyses annually to monitor, project, and estimate revenue and expenditures, to wit:

- *Five-Year Forecast of Revenues and Expenditures* – A planning tool prepared and used by the Finance Department to forecast and project various funds (General, Local Option Gas Tax, Discretionary Sales Tax, Golf Course and Airport);
- *Situational Analysis* – Every two years, as part of the Strategic Planning Process, an analysis of the demographic, legislative, and customer requirements shall be made. Part of the project includes a "SWOT" (Strengths, Weaknesses, Opportunities, Threat) analysis.
- *Financial Trend Monitoring System* – A set of financial trends and ratios used as leading indicators and as a measurement of relative performance. The Finance Department shall produce this report annually.
- *Revenue Manual* – A guide to the major revenue sources that indicates the source, calculation, legal requirements, and accounting guidelines. Updated annually, as necessary, by the Finance Department.
- *Reserve Analysis* – The City Finance Director will annually review the reserve levels and produce a report that indicates up-to-date reserve levels as compared to policy goals.
- *Investment Portfolio Reports* – A quarterly report designed to track and analyze the performance of our investment portfolio.

Investment Policies

Investment Management

The City Finance Department shall perform a cash flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to insure optimum cash availability. (See Investment Policy.)

When permitted by law, the City shall pool cash from each respective fund for investment purposes.

Investments shall be managed by a third-party administrator to achieve optimal return on the City's investments.

Investment Analysis

The City shall review its investment policies established for investing surplus funds to account for changes in legislation and market conditions on an annual basis.

The City shall prepare quarterly investment portfolio reports containing the overall performance of the fund.

Appendix E

Sample Debt Book

Analysis of Outstanding Debt

City of Hollywood, Florida

As of April 1, 2014

City of Hollywood, Florida

Contact:

450 S. Orange Avenue, Suite 460,

Orlando, Florida 32801

Phone: 407.426.9611 Fax 407.426.7835

FirstSouthwest

As of April 1, 2014
Analysis of Outstanding Debt

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April 1, 2014

Tab

Table of Contents

April 1, 2014

City of Hollywood, Florida

Tab A: Summary of Outstanding General Obligation Debt

As of April 1, 2014

General Obligation Debt

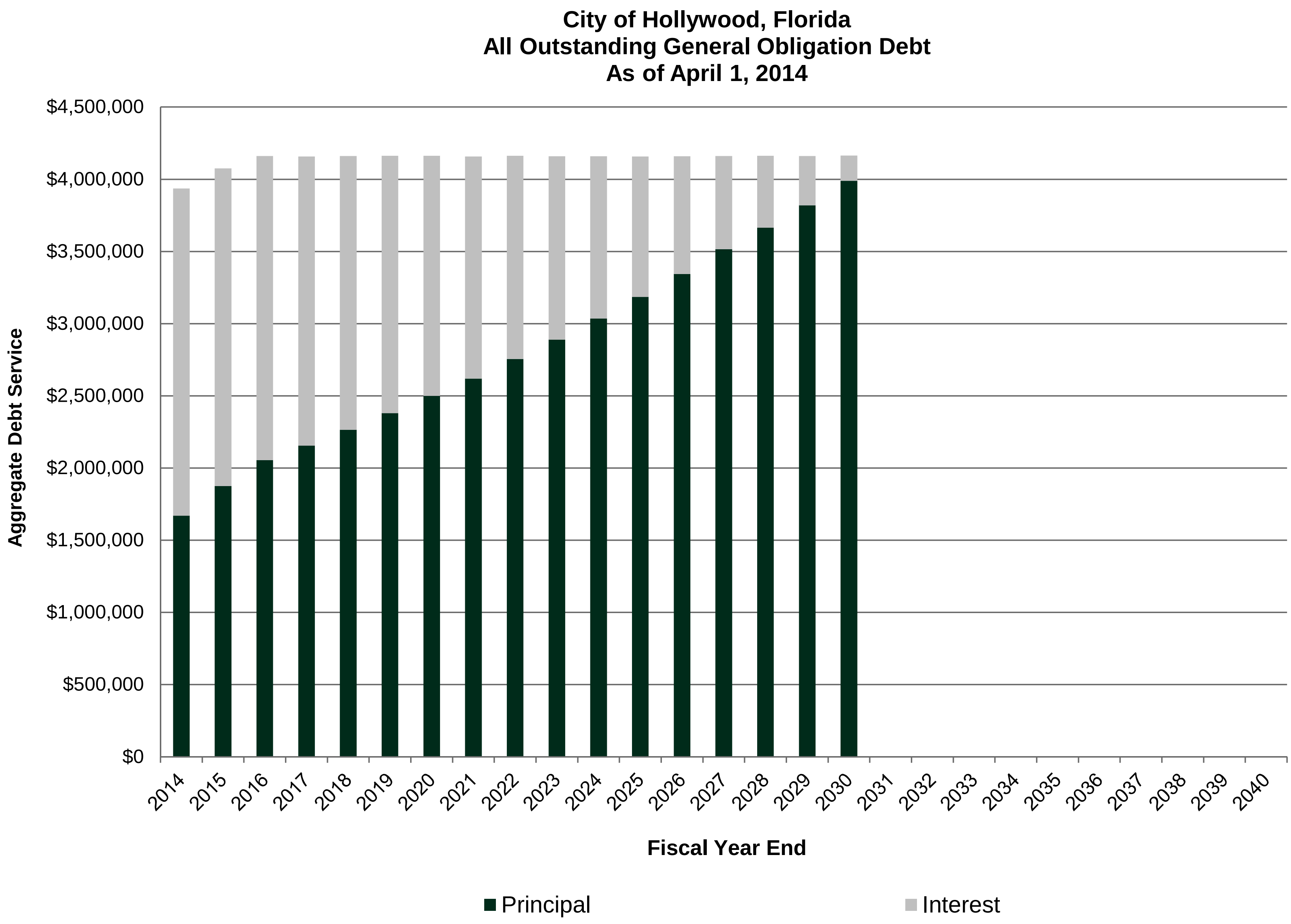
City of Hollywood, Florida

All Outstanding General Obligation Debt

As of April 1, 2014

(000's)

Year Ending December 31	$53,680,000 General Obligation Bonds Series 2005	
	Principal	Coupon
2014	1,670	4.000%
2015	1,875	5.000%
2016	2,055	5.000%
2017	2,155	5.000%
2018	2,265	5.000%
2019	2,380	5.000%
2020	2,500	5.000%
2021	2,620	5.000%
2022	2,755	5.000%
2023	2,890	5.000%
2024	3,035	5.000%
2025	3,185	5.000%
2026	3,345	5.000%
2027	3,515	4.250%
2028	3,665	4.250%
2029	3,820	4.375%
2030	3,990	4.375%
TOTALS	47,720	
Next Call	6/1/2015 @ Par	
Dated Date	6/3/2005	
Coupon Dates	June 1	December 1
Maturity Dates	June 1	
Underlying Rating	A1 / NR / A	
Credit Enhancer	FGIC	
Underwriter	Banc of America Securities	
Paying Agent	J.P. Morgan Trust Company	
Purpose	New Money	
Notes	Construction and improvements to parks, sports fields, construction of a senior center and improvements to public safety	
	Color Legend	
	Non-Callable	Callable


City of Hollywood, Florida
All Outstanding General Obligation Debt
As of April 1, 2014
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
Aggregate Debt Service
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
Fiscal Year End
Principal
Interest

BOND DEBT SERVICE

City of Hollywood, Florida
All Outstanding General Obligation Debt
Aggregate Debt Service Schedule
As of April 1, 2014

Period Ending	Principal	Interest	Debt Service
10/01/2014	1,670,000	2,266,637.50	3,936,637.50
10/01/2015	1,875,000	2,199,837.50	4,074,837.50
10/01/2016	2,055,000	2,106,087.50	4,161,087.50
10/01/2017	2,155,000	2,003,337.50	4,158,337.50
10/01/2018	2,265,000	1,895,587.50	4,160,587.50
10/01/2019	2,380,000	1,782,337.50	4,162,337.50
10/01/2020	2,500,000	1,663,337.50	4,163,337.50
10/01/2021	2,620,000	1,538,337.50	4,158,337.50
10/01/2022	2,755,000	1,407,337.50	4,162,337.50
10/01/2023	2,890,000	1,269,587.50	4,159,587.50
10/01/2024	3,035,000	1,125,087.50	4,160,087.50
10/01/2025	3,185,000	973,337.50	4,158,337.50
10/01/2026	3,345,000	814,087.50	4,159,087.50
10/01/2027	3,515,000	646,837.50	4,161,837.50
10/01/2028	3,665,000	497,450.00	4,162,450.00
10/01/2029	3,820,000	341,687.50	4,161,687.50
10/01/2030	3,990,000	174,562.50	4,164,562.50
	47,720,000	22,705,475.00	70,425,475.00

City of Hollywood, Florida

Tab B: Summary of Special Obligation Debt

As of April 1, 2014

Special Obligation Debt

City of Hollywood, Florida

All Outstanding Special Obligation Debt
As of April 1, 2014
(000's)

Year Ending December 31	$36,395,000 Community Development District I Taxable Revenue Bonds (Public Parking Facilities Project) Series 2014		$13,280,000 First Florida Refunding and Revenue Bond Series 2012		$8,700,000 Special Obligation Note Series 2010 (Estimated Amortization)		$12,245,660 Capital Improvement Promissory Note Series 2009B (Estimated Amortization)		$4,090,122 Refunding Promissory Note Series 2009A (Estimated Amortization)		$5,585,000 U.S. Department of Housing and Urban Development Section 108 Loan Variable Rate (Estimated Amortization)	
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon*
2014			1,295	2.600%	477	4.580%	1,016	4.310%	330	6.460%	320	
2015			1,330	2.600%	499	4.580%	931	4.310%	315	6.460%	340	
2016			1,370	2.600%	554	4.580%	971	4.310%	336	6.460%	405	
2017	530	5.000%	1,575	2.600%	579	4.580%	1,013	4.310%	357	6.460%	410	
2018	555	5.000%	1,615	2.600%	606	4.580%	1,057	4.310%	380	6.460%	410	
2019	580	5.000%	1,660	2.600%	634	4.580%	1,102	4.310%	405	6.460%	410	
2020	610	5.000%	1,215	2.600%	663	4.580%	1,150	4.310%	431	6.460%	415	
2021	640	5.000%	1,250	2.600%	693	4.580%					500	
2022	675	5.000%	1,280	2.600%	725	4.580%						
2023	705	5.000%			758	4.580%						
2024	745	5.000%			793	4.580%						
2025	780	6.000%			829	4.580%						
2026	825	6.000%										
2027	875	6.000%										
2028	930	6.000%										
2029	985	6.000%										
2030	1,045	6.000%										
2031	1,105	6.000%										
2032	1,175	6.000%										
2033	1,245	6.000%										
2034	1,315	6.000%										
2035	1,395	6.125%										
2036	1,480	6.125%										
2037	1,570	6.125%										
2038	1,670	6.125%										
2039	1,770	6.125%										
2040	1,880	6.250%										
2041	1,995	6.250%										
2042	2,120	6.250%										
2043	2,255	6.250%										
2044	2,395	6.250%										
2045	2,545	6.250%										
TOTALS	36,395		12,590		7,808		7,240		2,555		3,210	

Next Call	10/1/2024 @ 100%					
Dated Date	2/11/2014	FY 2012	FY 2010	FY 2009	FY 2009	
Coupon Dates	April 1 October 1	January 1 July 1	January 1	December 1	December 1	Quarterly
Maturity Dates	October 1	July 1	January 1	December 1	December 1	August 1
Underlying Rating	A2 / NR / NR	N/A	N/A	N/A	N/A	N/A
Credit Enhancer	None	N/A	N/A	N/A	N/A	N/A
Security	Net Revenues from District & CB&A Backup Pledge From City	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues	N/A
Underwriter	Herbert J. Sims & Co.	N/A	N/A	N/A	N/A	N/A
Paying Agent	Bank of New York	N/A	N/A	N/A	N/A	N/A
Purpose	New Money	Refunding	New Money	Refunding	Refunding	New Money
Notes		Private Placement With PNC Bank		Refinanced Variable Rate Sunshine State Governmental Financing Commission Loan	Refinanced Variable Rate Sunshine State Governmental Financing Commission Loan	* Variable Interest rate is 3 mo. LIBOR + 0.20%

Color Legend

Non-Callable
Callable

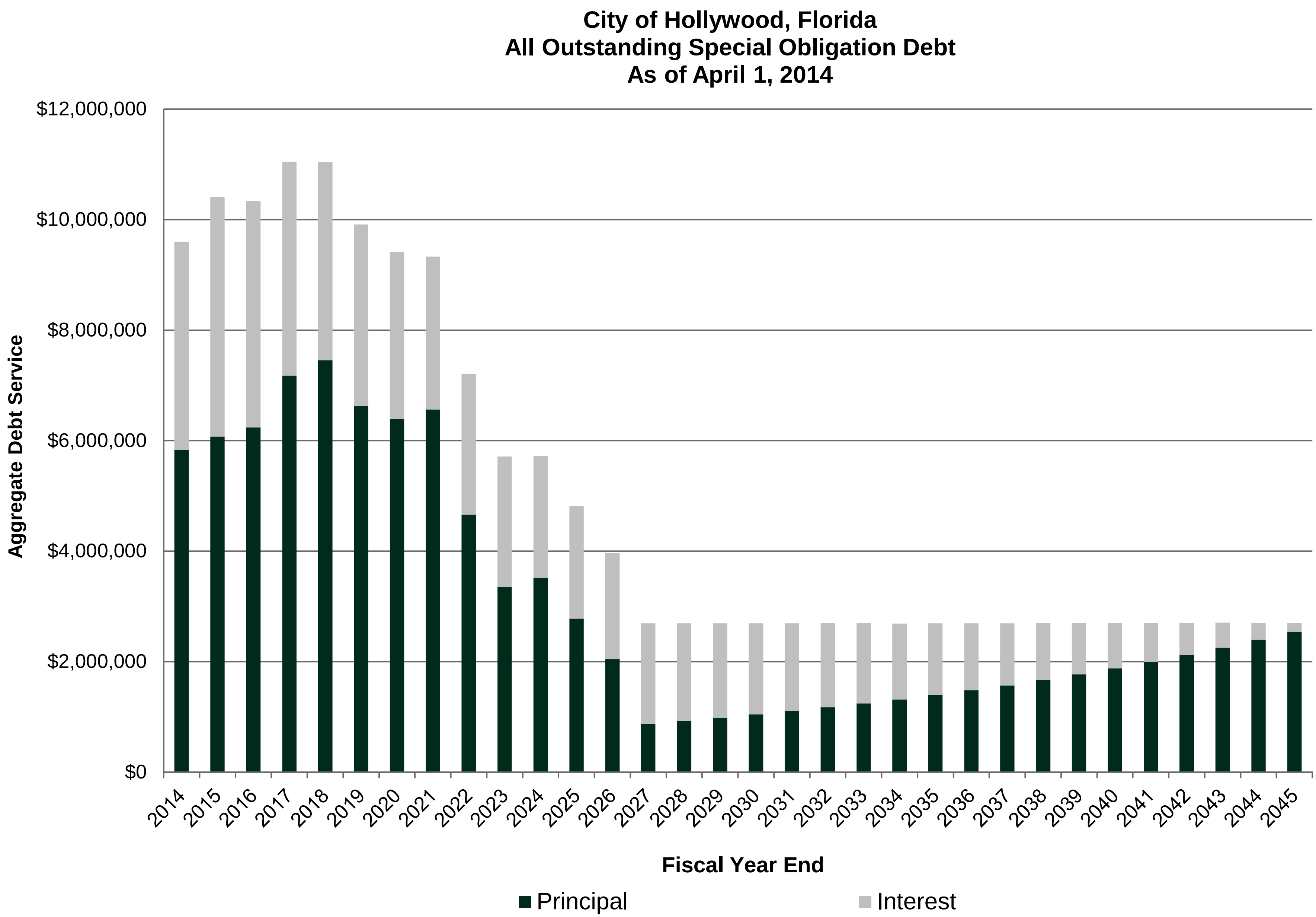
City of Hollywood, Florida

All Outstanding Special Obligation Debt
As of April 1, 2014
(000's)

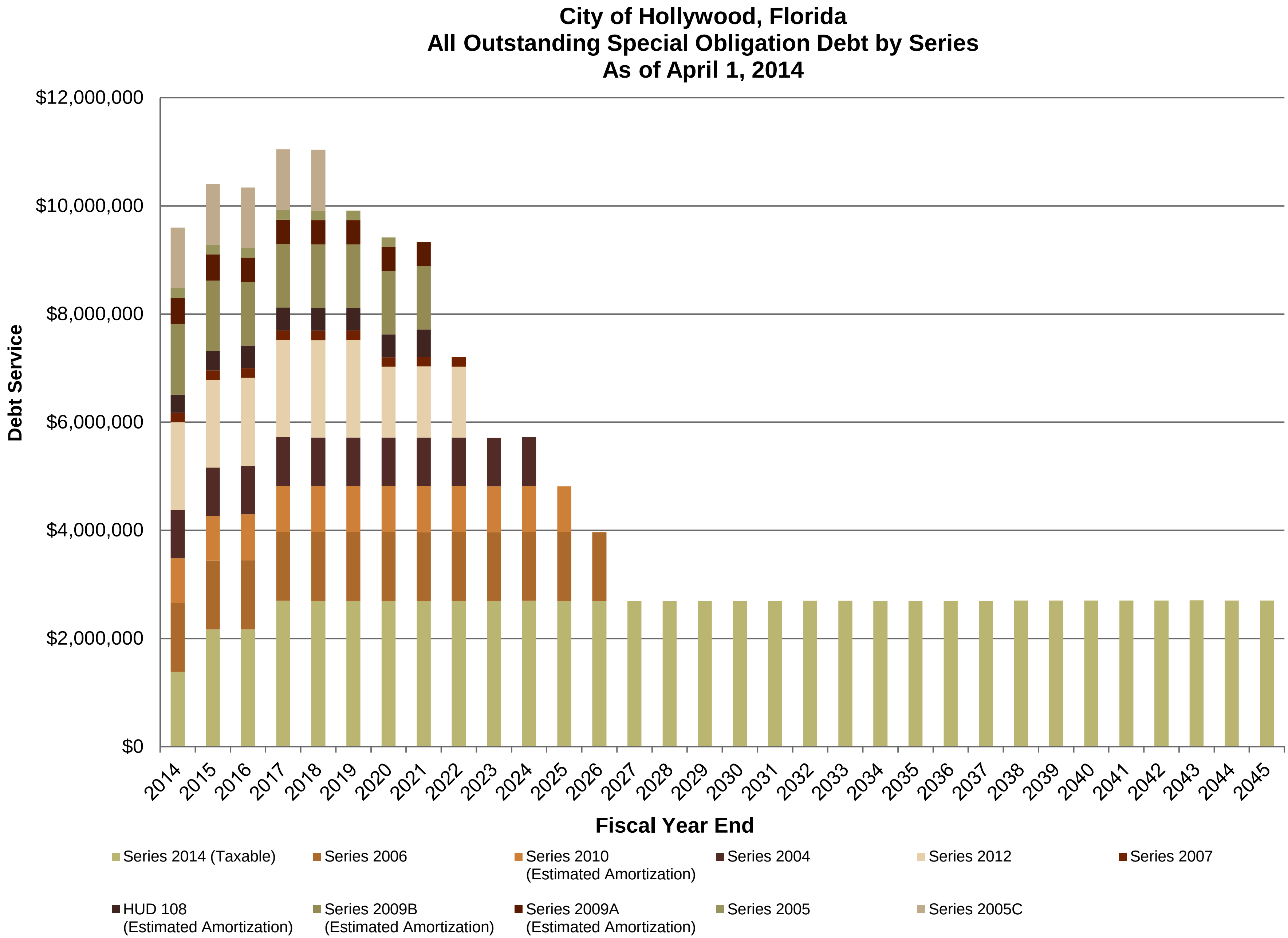
Year Ending December 31	$18,685,000 First Florida Improvement Refunding Revenue Bonds Series 2007		$22,480,000 First Florida Revenue Bonds Series 2006		$7,655,000 First Florida Revenue Bonds Series 2005C		$13,215,000 First Florida Revenue Bonds Series 2005		$11,365,000 First Florida Revenue Bonds Series 2004	
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon
2014	125	4.000%	745	4.000%	900	4.000%	135	4.000%	550	4.000%
2015	130	4.000%	775	4.000%	425 / 515	4.00% / 4.50%	140	3.625%	575	4.000%
2016	135	3.750%	810	4.125%	975	4.000%	150	3.500%	595	4.250%
2017	140	4.000%	840	4.125%	1,020	5.000%	155	3.750%	625	4.375%
2018	145	4.000%	875	4.200%	1,070	5.000%	160	4.000%	650	4.500%
2019	150	4.000%	915	4.250%			165	4.000%	680	4.500%
2020	155	4.000%	950	4.250%			170	4.000%	710	4.625%
2021	165	4.125%	990	4.250%					250 /495	4.50% / 4.75%
2022	170	4.125%	1,030	4.250%					780	4.750%
2023			1,075	4.250%					815	4.750%
2024			1,125	4.375%					855	4.875%
2025			1,170	4.375%						
2026			1,220	4.375%						
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
TOTALS	1,315		12,520		4,905		1,075		7,580	

	Series 2007	Series 2006	Series 2005C	Series 2005	Series 2004
Next Call	7/1/2017 @ 100%	7/1/2016 @ 100%	7/1/2015 @ 100%	7/1/2015 @ 100%	7/1/2014 @ 100%
Dated Date	4/17/2007	6/8/2006	10/18/2005	2/17/2005	6/4/2004
Coupon Dates	January 1 July 1	January 1 July 1	January 1 July 1	January 1 July 1	January 1 July 1
Maturity Dates	July 1	July 1	July 1	July 1	July 1
Underlying Rating	A2 / NR / NR	A2 / NR / NR	A2 / NR / NR	A2 / NR / NR	A2 / NR / NR
Credit Enhancer	Ambac	Ambac	Ambac	Ambac	Ambac
Security	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues	Non-Ad Valorem Revenues
Underwriter	Citigroup	RBC	RBC	Raymond James	RBC
Paying Agent	U.S. Bank	U.S. Bank	SunTrust Bank	SunTrust Bank	SunTrust Bank
Purpose	New Money	New Money	Refunding	New Money	New Money
Notes					

Color Legend
Non-Callable Callable



City of Hollywood, Florida
All Outstanding Special Obligation Debt
As of April 1, 2014
Aggregate Debt Service
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
Fiscal Year End
Principal
Interest



City of Hollywood, Florida
All Outstanding Special Obligation Debt by Series
As of April 1, 2014
Debt Service
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045
Fiscal Year End
Series 2014 (Taxable)
Series 2006
Series 2010 (Estimated Amortization)
Series 2004
Series 2012
Series 2007
HUD 108 (Estimated Amortization)
Series 2009B (Estimated Amortization)
Series 2009A (Estimated Amortization)
Series 2005
Series 2005C

BOND DEBT SERVICE

City of Hollywood, Florida
All Oustanding Special Obligation Debt
Aggregate Debt Service Schedule
As of April 1, 2014
(Estimated Amortization)

Period Ending	Principal	Interest	Debt Service
10/01/2014	5,831,107.00	3,766,858.54	9,597,965.54
10/01/2015	6,074,971.00	4,329,910.47	10,404,881.47
10/01/2016	6,240,256.59	4,102,446.74	10,342,703.33
10/01/2017	7,181,122.09	3,869,038.84	11,050,160.93
10/01/2018	7,456,194.87	3,583,071.28	11,039,266.15
10/01/2019	6,630,687.56	3,282,988.03	9,913,675.59
10/01/2020	6,394,824.11	3,025,335.58	9,420,159.69
10/01/2021	6,563,840.18	2,768,602.28	9,332,442.46
10/01/2022	4,659,618.50	2,547,062.94	7,206,681.44
10/01/2023	3,352,806.00	2,358,247.92	5,711,053.92
10/01/2024	3,517,513.50	2,203,095.60	5,720,609.10
10/01/2025	2,778,810.60	2,037,817.26	4,816,627.86
10/01/2026	2,045,000.00	1,920,850.00	3,965,850.00
10/01/2027	875,000.00	1,817,975.00	2,692,975.00
10/01/2028	930,000.00	1,765,475.00	2,695,475.00
10/01/2029	985,000.00	1,709,675.00	2,694,675.00
10/01/2030	1,045,000.00	1,650,575.00	2,695,575.00
10/01/2031	1,105,000.00	1,587,875.00	2,692,875.00
10/01/2032	1,175,000.00	1,521,575.00	2,696,575.00
10/01/2033	1,245,000.00	1,451,075.00	2,696,075.00
10/01/2034	1,315,000.00	1,376,375.00	2,691,375.00
10/01/2035	1,395,000.00	1,297,475.00	2,692,475.00
10/01/2036	1,480,000.00	1,213,775.00	2,693,775.00
10/01/2037	1,570,000.00	1,124,975.00	2,694,975.00
10/01/2038	1,670,000.00	1,030,775.00	2,700,775.00
10/01/2039	1,770,000.00	930,575.00	2,700,575.00
10/01/2040	1,880,000.00	824,375.00	2,704,375.00
10/01/2041	1,995,000.00	706,875.00	2,701,875.00
10/01/2042	2,120,000.00	582,187.50	2,702,187.50
10/01/2043	2,255,000.00	449,687.50	2,704,687.50
10/01/2044	2,395,000.00	308,750.00	2,703,750.00
10/01/2045	2,545,000.00	159,062.50	2,704,062.50
	98,476,752.00	61,304,437.98	159,781,189.98

City of Hollywood, Florida

Tab C: Summary of Community Redevelopment Agency Debt

As of April 1, 2014

Community Redevelopment Agency Debt

FirstSouthwest

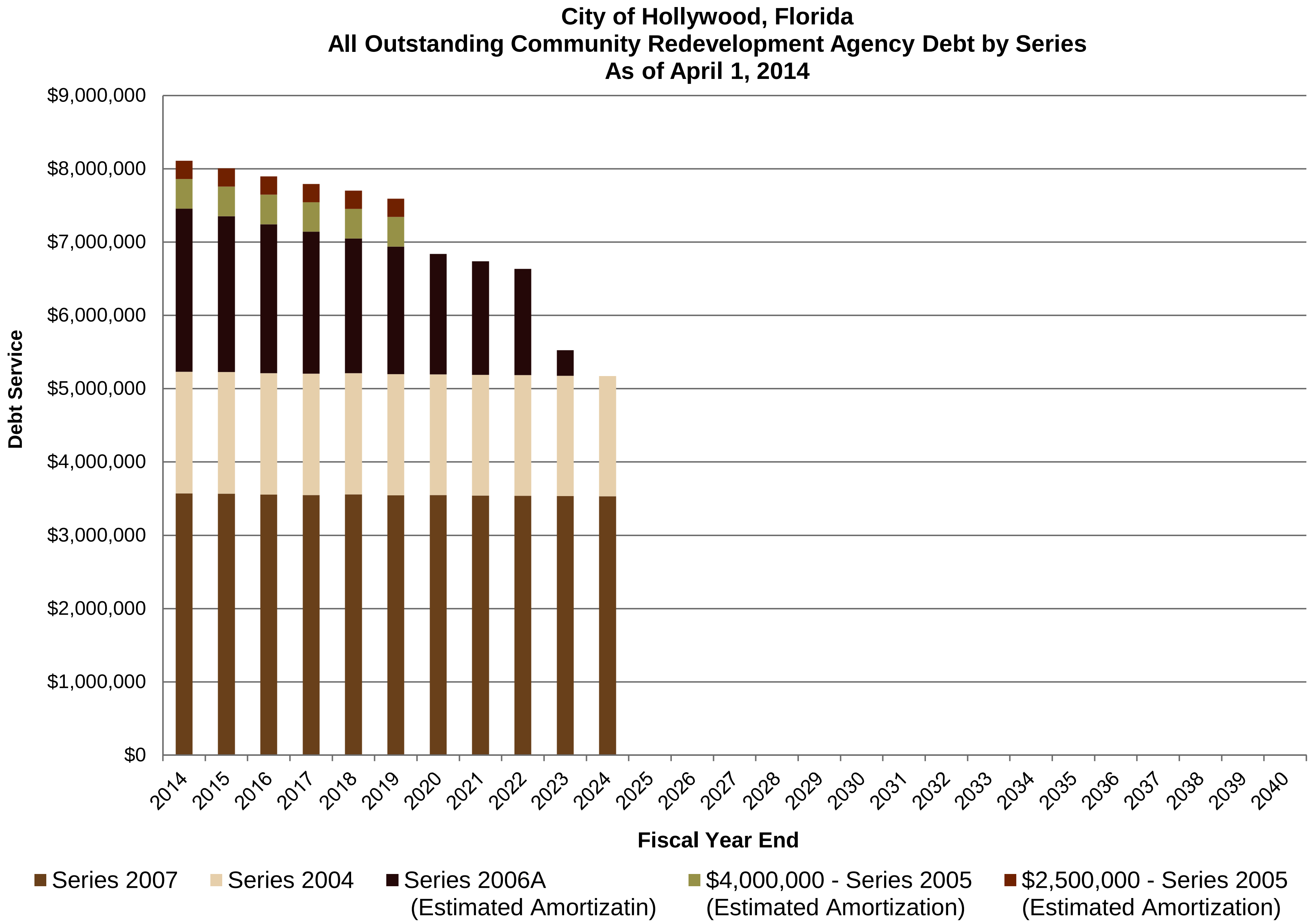
City of Hollywood, Florida

All Outstanding Community Redevelopment Agency Debt
As of April 1, 2014
(000's)

Year Ending December 31	$40,000,000 Community Redevelopment Agency Redevelopment Revenue Bonds (Beach CRA) Series 2007		$20,010,000 Community Redevelopment Agency Redevelopment Revenue Bonds (Beach CRA) Series 2004		$20,500,000 Community Redevelopment Agency Downtown District of Hollywood Promissory Note Series 2006A (Estimated Amortization)		$4,000,000 Community Redevelopment Agency Redevelopment Revenue Loans (Downtown CRA) Series 2005 (Estimated Amortization)		$2,500,000 Community Redevelopment Agency Redevelopment Revenue Loans (Downtown CRA) Series 2005 (Estimated Amortization)	
	Principal	Coupon	Principal	Coupon	Notional	SWAP*	Principal	Coupon	Principal	Coupon
2014	2,170	4.000%	925	5.125%	1,367		291	5.610%	182	5.440%
2015	2,255	4.000%	975	5.625%	1,367		307	5.610%	191	5.440%
2016	2,345	5.000%	1,030	5.625%	1,367		324	5.610%	202	5.440%
2017	2,460	5.000%	1,090	5.625%	1,367		343	5.610%	213	5.440%
2018	2,585	4.250%	1,150	5.625%	1,367		362	5.610%	224	5.440%
2019	2,695	5.000%	1,215	5.625%	1,367	* DCRA pays 7.075% and receives 1 mo. LIBOR + 1.75%	382	5.610%	237	5.440%
2020	2,835	5.000%	1,280	5.625%	1,367					
2021	2,975	5.000%	1,355	5.625%	1,367					
2022	3,125	5.000%	1,430	5.625%	1,367					
2023	3,280	5.000%	1,510	5.625%	342					
2024	3,445	5.000%	1,595	5.625%						
2025										
2026										
2027										
2028										
2029										
2030										
TOTALS	30,170		13,555		12,642		2,009		1,249	

	Series 2007	Series 2004	Series 2006A	Series 2005 ($4,000,000)	Series 2005 ($2,500,000)
Next Call	3/1/2017 @ Par	Currently Callable @ Par			
Dated Date	8/23/2007	5/25/2004	9/22/2006	FY 2005	FY 2005
Coupon Dates	March 1 September 1	March 1 September 1	Quarterly	February 1 August 1	February 1 August 1
Maturity Dates	March 1	March 1	Quarterly	August 1	August 1
Underlying Rating	A3 / NR / A-	A3 / NR / A-	N/A	N/A	N/A
Credit Enhancer	Syncora Guarantee/XL Capital Assurance	None	N/A	N/A	N/A
Security	Tax Increment Revenues	Tax Increment Revenues	Tax Increment Revenues	Tax Increment Revenues	Tax Increment Revenues
Paying Agent	U.S. Bank	Issuer	N/A	N/A	N/A
Purpose	New Money	New Money	Refunding	New Money	New Money
Notes			Refunding Promissory Notes, Series 2004B, 2005A, and 2005B		

Color Legend
Non-Callable | Callable



City of Hollywood, Florida
All Outstanding Community Redevelopment Agency Debt by Series
As of April 1, 2014
Debt Service
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
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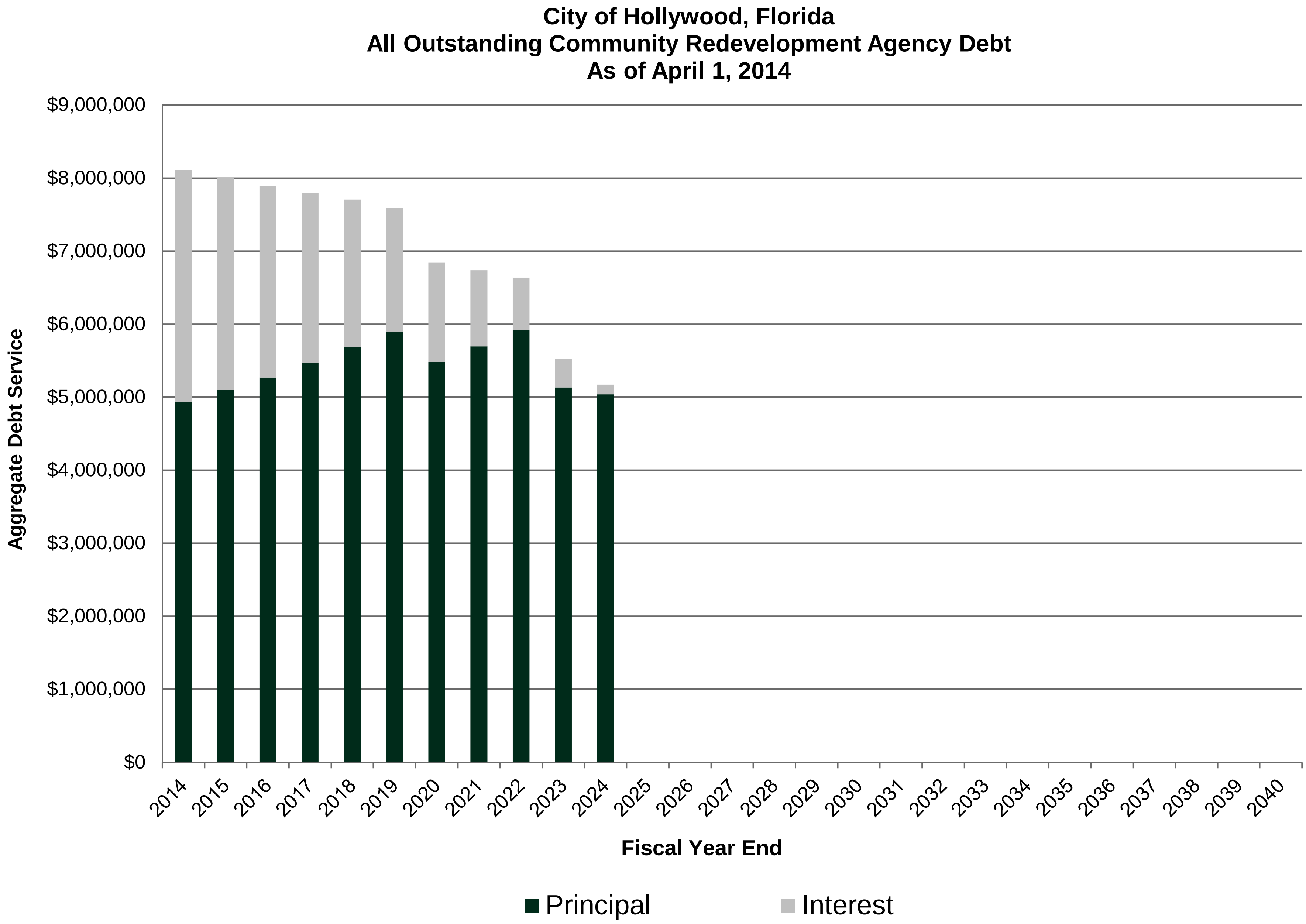
2037
2038
2039
2040
Fiscal Year End
Series 2007
Series 2004
Series 2006A (Estimated Amortizatin)
$4,000,000 - Series 2005 (Estimated Amortization)
$2,500,000 - Series 2005 (Estimated Amortization)


City of Hollywood, Florida
All Outstanding Community Redevelopment Agency Debt
As of April 1, 2014
Aggregate Debt Service
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040
Fiscal Year End
Principal
Interest

BOND DEBT SERVICE

City of Hollywood, Florida
All Outstanding Community Redevelopment Agency Debt
Aggregate Debt Service Schedule
As of April 1, 2014
(Estimated Amortization)

Period Ending	Principal	Interest	Debt Service
10/01/2014	4,934,076.16	3,174,372.95	8,108,449.11
10/01/2015	5,095,269.64	2,911,862.77	8,007,132.41
10/01/2016	5,267,915.79	2,627,409.33	7,895,325.12
10/01/2017	5,472,095.20	2,321,788.23	7,793,883.43
10/01/2018	5,687,892.89	2,014,867.58	7,702,760.47
10/01/2019	5,895,398.65	1,696,848.26	7,592,246.91
10/01/2020	5,481,667.00	1,357,426.12	6,839,093.12
10/01/2021	5,696,667.00	1,041,375.05	6,738,042.05
10/01/2022	5,921,667.00	713,855.23	6,635,522.23
10/01/2023	5,131,666.75	392,480.74	5,524,147.49
10/01/2024	5,040,000.00	130,984.38	5,170,984.38
	59,624,316.08	18,383,270.64	78,007,586.72

City of Hollywood, Florida

Tab D: Summary of Water and Sewer Revenue Debt

As of April 1, 2014

Water and Sewer Revenue Debt

City of Hollywood, Florida

All Outstanding Water & Sewer Revenue Debt
As of April 1, 2014
(000's)

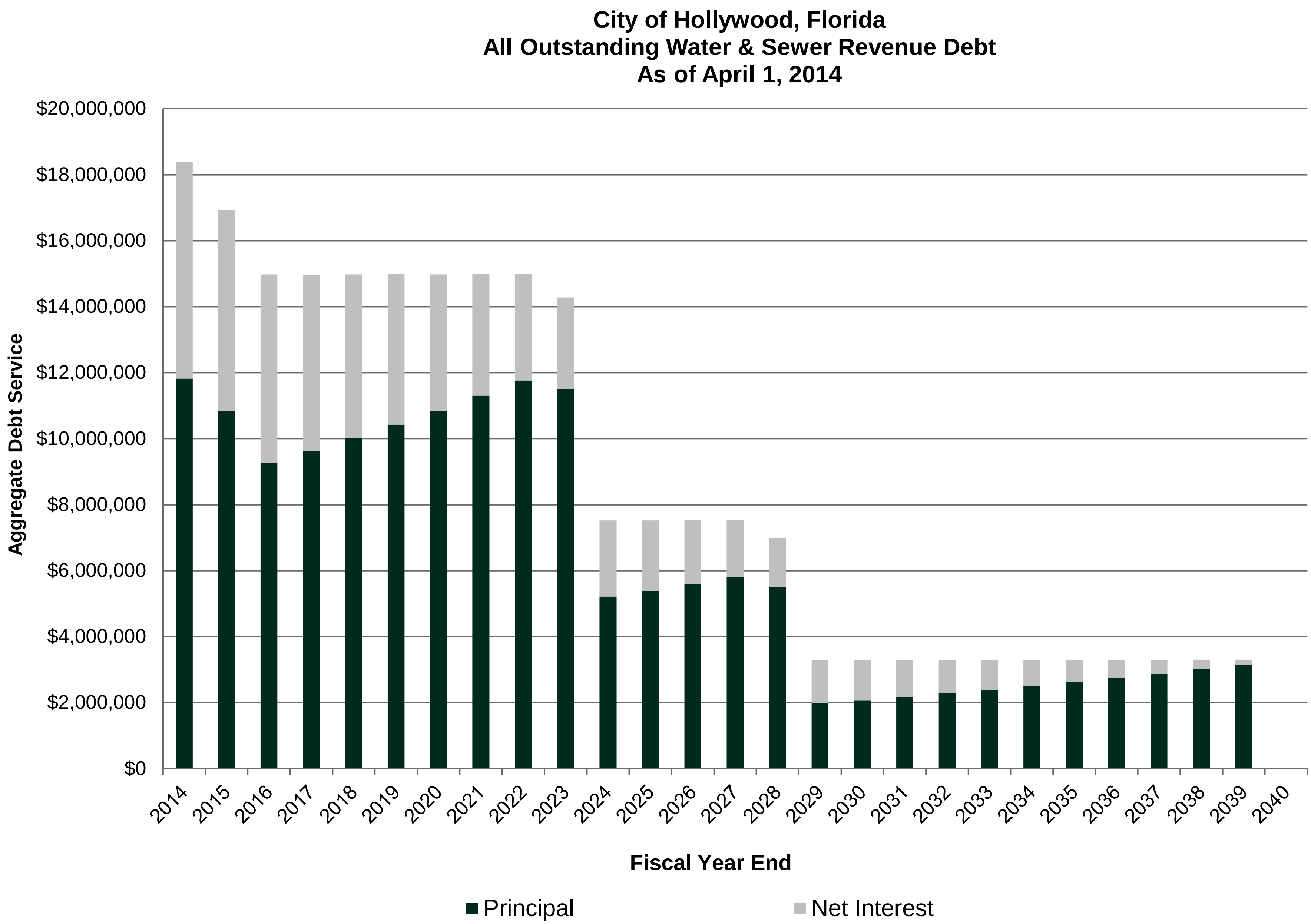
Year Ending December 31	$4,185,000 Water and Sewer Improvement Revenue Bonds Series 2010A		$48,160,000 Water and Sewer Improvement Revenue Bonds Series 2010B (Build America Bonds - Direct Payment)		$114,705,000 Water and Sewer Refunding & Improvement Revenue Bonds Series 2003		$7,815,000 First Florida Governmental Financing Commission Loans Series 2006 (Estimated Amortization)		$60,038,666 State of Florida Revolving Fund Loans (Estimated Amortization)	
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon
2014	1,090	3.000%			6,435	5.000%	345		4,228	
2015			1,125	4.687%	6,760	4.000%	361		4,352	
2016			1,160	5.087%	5,120	5.000%	329		4,048	
2017			1,200	5.406%	5,370	5.000%	342		2,889	
2018			1,245	5.506%	5,645	5.000%	356		2,960	
2019			1,290	5.606%	5,930	5.000%	370		3,034	
2020			1,335	5.706%	6,225	5.000%	385	Coupons range	3,110	Coupons range
2021			1,390	5.956%	6,540	5.000%	401	from 3.70% to	3,188	from 1.35% to
2022			1,445	6.056%	6,860	4.500%	417	4.375%	3,267	3.34%
2023			1,505	7.048%	6,460	4.625%	434		3,349	
2024			1,575	7.048%			452		3,433	
2025			1,650	7.048%			470		3,519	
2026			1,730	7.048%			489		3,607	
2027			1,810	7.048%			509		3,697	
2028			1,895	7.048%					3,789	
2029			1,980	7.048%						
2030			2,075	7.198%						
2031			2,175	7.198%						
2032			2,280	7.198%						
2033			2,385	7.198%						
2034			2,500	7.198%						
2035			2,620	7.198%						
2036			2,745	7.198%						
2037			2,875	7.198%						
2038			3,015	7.198%						
2039			3,155	7.198%						
2040										
TOTALS	1,090		48,160		61,345		5,661		52,469	

	Series 2010A	Series 2010B	Series 2003	First Florida Governmental Financing Commission Loans Series 2006	State of Florida Revolving Fund Loans
Next Call	Non Callable	10/1/2019 @ Par	Currently Callable @ Par		
Dated Date	1/27/2010	1/27/2010	11/20/2003	FY 2006	
Coupon Dates	April 1 October 1	April 1 October 1	April 1 October 1		
Maturity Dates	October 1	October 1	October 1		
Underlying Rating	Aa2 / NR / AA-	Aa2 / NR / AA-	Aa2 / NR / AA-	N/A	N/A
Credit Enhancer	None	None	Assured Guaranty Municipal	N/A	N/A
Security	Net Revenues of Water and Sewer Utility	Net Revenues of Water and Sewer Utility	Net Revenues of Water and Sewer Utility	N/A	Reuse System and Utility System Revenues
Underwriter	Bank of America Merrill Lynch	Bank of America Merrill Lynch	Citigroup		N/A
Paying Agent	Regions Bank	Regions Bank	Wells Fargo Bank	N/A	N/A
Purpose	New Money	New Money	Refunding & New Money	New Money	New Money
Notes	Acquisition, construction and equipping of certain capital improvements and upgrades	Acquisition, construction and equipping of certain capital improvements and upgrades	To current refund the outstanding Water and Sewer Revenue Bonds, Series 1993 and fully prepay the Sunshine State Loans	Construct certain water and sewer capital projects	Construct of a reuse wastewater system and new water supply wellfield

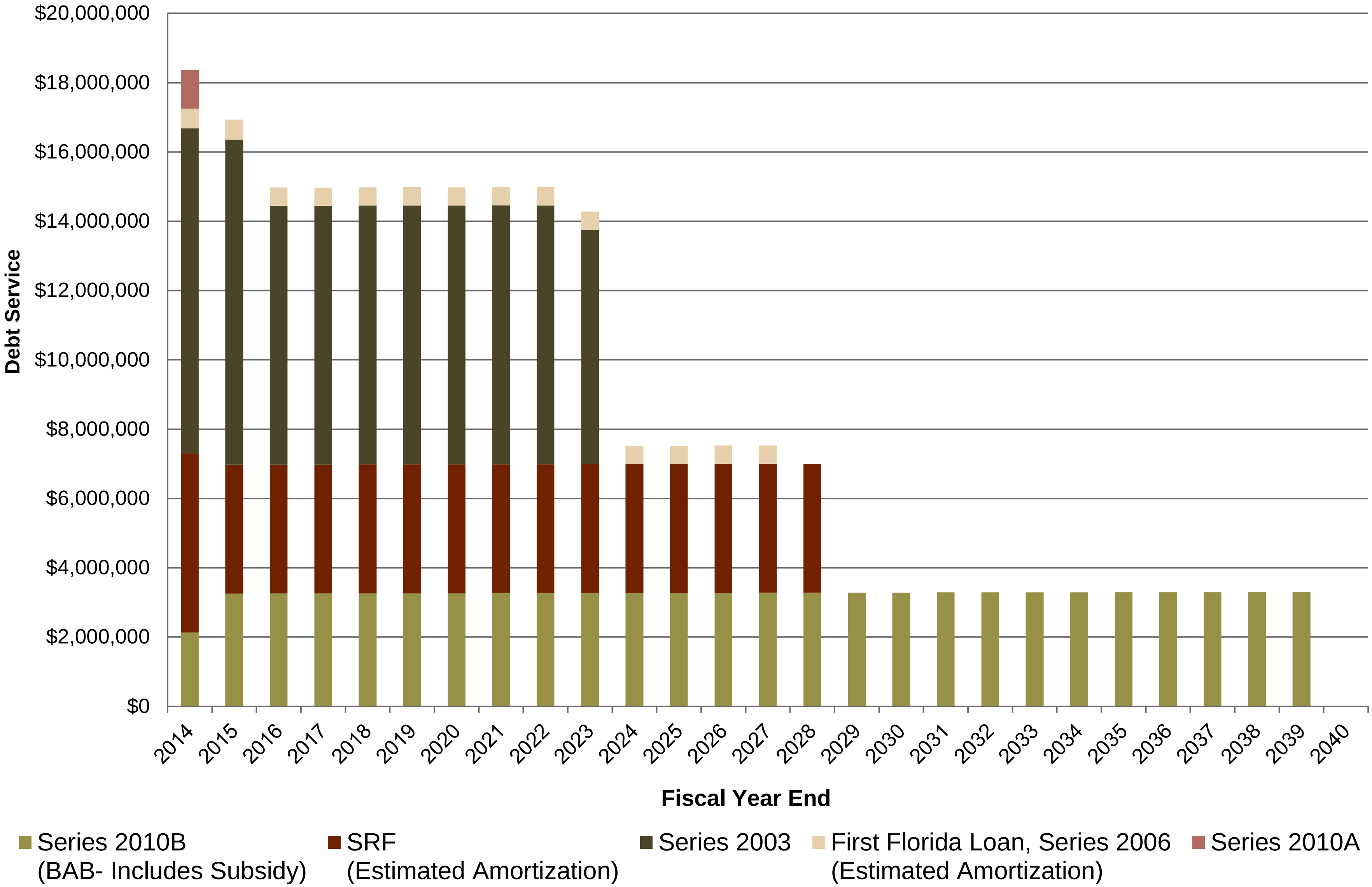
Color Legend

Non-Callable

Callable


City of Hollywood, Florida
All Outstanding Water & Sewer Revenue Debt
As of April 1, 2014
$20,000,000
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
Aggregate Debt Service
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
Fiscal Year End
Principal
Net Interest

City of Hollywood, Florida
All Outstanding Water & Sewer Revenue Debt by Series
As of April 1, 2014



NET DEBT SERVICE

City of Hollywood, Florida
All Outstanding Water and Sewer Revenue Debt
Aggregate Net Debt Service Schedule
As of April 1, 2014
(Estimated Amortization)

Period Ending	Principal	Interest	Total Debt Service	Federal Subsidy	Net Debt Service
10/01/2014	11,819,013.00	7,708,687.70	19,527,700.70	-1,147,584.50	18,380,116.20
10/01/2015	10,832,805.68	7,247,493.50	18,080,299.18	-1,147,584.50	16,932,714.68
10/01/2016	9,256,279.26	6,848,985.86	16,105,265.12	-1,129,129.44	14,976,135.68
10/01/2017	9,621,781.27	6,458,474.66	16,080,255.93	-1,108,476.22	14,971,779.71
10/01/2018	10,019,285.25	6,047,601.76	16,066,887.01	-1,085,771.02	14,981,115.99
10/01/2019	10,428,835.58	5,617,246.12	16,046,081.70	-1,061,778.62	14,984,303.08
10/01/2020	10,850,507.40	5,166,760.32	16,017,267.72	-1,036,467.54	14,980,800.18
10/01/2021	11,304,346.72	4,695,494.52	15,999,841.24	-1,009,806.24	14,990,035.00
10/01/2022	11,765,420.37	4,199,632.08	15,965,052.45	-980,830.30	14,984,222.15
10/01/2023	11,513,786.05	3,715,052.32	15,228,838.37	-950,202.08	14,278,636.29
10/01/2024	5,214,522.34	3,219,473.00	8,433,995.34	-913,076.74	7,520,918.60
10/01/2025	5,382,678.75	3,015,306.34	8,397,985.09	-874,224.64	7,523,760.45
10/01/2026	5,590,647.90	2,771,054.08	8,361,701.98	-833,522.44	7,528,179.54
10/01/2027	5,803,006.95	2,516,756.28	8,319,763.23	-790,846.80	7,528,916.43
10/01/2028	5,495,827.48	2,252,261.14	7,748,088.62	-746,197.72	7,001,890.90
10/01/2029	1,980,000.00	1,998,433.90	3,978,433.90	-699,451.86	3,278,982.04
10/01/2030	2,075,000.00	1,858,883.50	3,933,883.50	-650,609.22	3,283,274.28
10/01/2031	2,175,000.00	1,709,525.00	3,884,525.00	-598,333.76	3,286,191.24
10/01/2032	2,280,000.00	1,552,968.50	3,832,968.50	-543,538.98	3,289,429.52
10/01/2033	2,385,000.00	1,388,854.10	3,773,854.10	-486,098.94	3,287,755.16
10/01/2034	2,500,000.00	1,217,181.80	3,717,181.80	-426,013.64	3,291,168.16
10/01/2035	2,620,000.00	1,037,231.80	3,657,231.80	-363,031.14	3,294,200.66
10/01/2036	2,745,000.00	848,644.20	3,593,644.20	-297,025.48	3,296,618.72
10/01/2037	2,875,000.00	651,059.10	3,526,059.10	-227,870.68	3,298,188.42
10/01/2038	3,015,000.00	444,116.60	3,459,116.60	-155,440.82	3,303,675.78
10/01/2039	3,155,000.00	227,096.90	3,382,096.90	-79,483.92	3,302,612.98
	162,703,744.00	84,414,275.08	247,118,019.08	-19,342,397.24	227,775,621.84

City of Hollywood, Florida

Tab E: Rating Reports

As of April 1, 2014

Rating Reports

FirstSouthwest

MOODY'S
INVESTORS SERVICE

Rating Update: Moody's affirms A1 on Hollywood, FL's GO

Global Credit Research - 13 Sep 2013

A2 Non-ad valorem also affirmed

HOLLYWOOD (CITY OF) FL
Cities (including Towns, Villages and Townships)
FL

Opinion

NEW YORK, September 13, 2013 --Opinion

Moody's Investors Service has affirmed the A1 rating on the City of Hollywood's (FL) general obligation bonds, affecting $49.1 million of rated debt. The bonds are secured by the city's unlimited property tax pledge. Concurrently, Moody's has also affirmed the A2 rating on the city's $34.3 million non-ad valorem obligations related to the First Florida Governmental Financing Commission loans.

RATING RATIONALE

The A1 GO rating reflects the city's sizable and mature tax base, average wealth levels, manageable debt profile, and sufficient financial position. The rating affirmation also considers significant measures management has implemented to regain structural balance, as evidenced by declaring fiscal urgency in fiscal 2011 and fiscal 2012 that opened union contract for salary reductions and pension modifications. In a September 2011 special referendum, voters approved several pension benefit modifications to the three single-employer plans that included elimination of the cost-of-living-adjustment, increase in the retirement age and vesting period, and decrease pensionable compensation. The $21.6 million expenditure savings coupled with a $13 million increase in revenues driven by improved property tax revenues and an increase in the fire assessment fee contributed to the sizable operating surplus in fiscal 2012. The General Fund balance increased to a healthier $25.3 million (or 15.8% of revenues) from a narrow $4.3 million (or 2.7% of revenues) in fiscal 2011. Unaudited fiscal 2013 results indicate a second year of structurally balanced operations that would increase the General Fund balance to $28.8 million (or 18% of revenues), due to a $2.2 million higher than budgeted charges for services revenues and modest savings in general government ($675,000) and public works ($231,000). For fiscal 2014, management is budgeting for balanced operations or a modest surplus, to work toward achieving the city's 17% of expenditures fund balance minimum policy level. The ability to maintain structural balance will continue to be a key component in the city's credit profile.

The local economy shows signs of recovery. The primarily residential base suffered four consecutive years of sizable declines in taxable values following the economic downturn. In all, the tax base contracted approximately 28% from its peak in 2008, with a five-year average annual decline of -5.8% that is typical for the region. Preliminary 2014 taxable and just values grew modestly (3.8% and 4.7%, in 2014) for the second consecutive year to $10.5 billion and $15.1 billion, respectively. Socioeconomic indices are average and have modestly decline in the last four decades. The estimated 2010 per capita income is 93.8%, and median family income is 88.6%% of the nation. Favorably, the unemployment rate reached a six-year low at 6.3%, lower than the state (7.4%) and national (7.8%) rates. Additionally, the city's overall debt burden is expected to remain above average but manageable. Net direct debt is 1.3% of just value and the tax-supported ten-year payout rate is average at 49.2%. All debt is fixed rate and the city does not hold any derivative instruments.

Hollywood has an above average employee pension burden, based on unfunded liabilities for its single-employer Hollywood Employees Retirement Fund, Hollywood Fire Pension Fund, and Hollywood Police Retirement Fund. The combined ARC is $33.4 million, or 17.3% of operating fund expenditures. Moody's adjusted net pension liability (ANPL) for the city, under our methodology for adjusting reported pension data, is $742.3 million, or a substantial 4.77 times operating fund revenues, compared to less than one times on average in the sector. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported liability information, but to improve comparability with other rated entities.

STRENGTHS

-Sizeable tax base with average wealth levels

-Management's demonstrated willingness to restore balanced operations

CHALLENGES

-Significant tax base erosion

-Above average share of fixed costs compared to expenditures

WHAT COULD MAKE THE RATING GO UP:

-Trend of structural balance operations that improve liquidity and reserves

-Continued economic recovery and growth in property values

WHAT COULD MAKE THE RATING GO DOWN:

-Inability for the city to manage budgetary pressure from fixed costs related to debt service and pension contributions

-Regression to structurally imbalanced operations

-Overleveraged debt profile

KEY STATISTICS

2012 Population: 142,374 (+1.1% since 2000 census)

Preliminary FY 2014 just value: $15.131 billion

Preliminary FY 2014 just value per capita: $106,274

Average annual just value growth, FY 2010 to 2014: -5.8%

Estimated 2010 per capita income: $25,267 (99.2% of the state, 93.8% of the U.S.)

Estimated 2010 median family income: $55,034 (99.6% of the state, 88.6% of the U.S.)

Net direct debt burden: 1.3% of just value

GO debt outstanding: $49.2 million

First Florida Governmental Financing Commission loans: $34.3 million

FY 2012 Total general fund balance: $25.257 million (15.8% of revenues)

FY 2013 Unaudited total general fund balance: $28.768 million (18.2% of revenues)

The principal methodology used in this rating was General Obligation Bonds Issued by US Local Governments published in April 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S INVESTORS SERVICE

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns A2 to Hollywood Beach CDD I, FL's $37M Taxable Rev. Bonds, Ser. 2014

Global Credit Research - 09 Dec 2013

Affirms City of Hollywood's A1 on $49M G.O. bonds, and A2 on $34M non-ad valorem obligations

HOLLYWOOD (CITY OF) FL
Cities (including Towns, Villages and Townships)
FL

Moody's Rating

ISSUE	RATING
Taxable Revenue Bonds (Public Parking Facilities Project), Series 2014	A2

Sale Amount	$37,000,000
Expected Sale Date	01/20/14
Rating Description	Special Tax: Non-Sales/Non-Transportation

Moody's Outlook No Outlook

Opinion

NEW YORK, December 09, 2013 --Moody's Investors Service has assigned A2 to Hollywood Beach Community Development District (CDD) I, FL's $37 million Taxable Revenue Bonds (Public Parking Facilities Project), Series 2014. The bonds are being issued to finance construction of the public component of a private/public parking garage located on levels 3 through 8 of the 17-story Margaritaville Hollywood Beach Resort. Proceeds will be used to capitalize interest for 24 months, cash fund the indenture reserve account in an amount equal to maximum annual debt service (MADS), and deposit $28.4 million to the Acquisition and Construction Fund where such money will remain in trust until substantial completion of the garage (Garage Closing) at which point the developer will convey to the district the land easement and public garage improvements via special warranty deed in exchange for the cost of the project (which is not to exceed $28.4 million). The bonds are secured as follows: by net public parking revenues, net public user fee revenues, special assessments, and ultimately by a city guaranty pursuant to which the city has covenanted to budget and appropriate legally available non-ad valorem revenues, by amendment if necessary, to reinstate the reserve account balance within 60 days of the next city commission meeting following trustee transfer (full or partial) from the reserve account to cure a deficiency in the Debt Service Fund (prior to an interest payment date) and subsequent trustee demand for payment under the guaranty. Additionally, the guaranty is effectively collateralized by the development itself, in that an uncured lessee default allows the city to terminate the ground lease and take possession of the collateral. At this time, Moody's has affirmed the A1 rating on $49 million of city General Obligation bonds, and the A2 rating on $34 million of other city non-ad valorem obligations.

SUMMARY RATING RATIONALE

The A2 rating reflects our view as to the ultimate affordability of the obligation were the city to absorb bond payments into its budget, owing to the satisfactory lead time upon notification under the guaranty, sufficient levels of legally available non-ad valorem revenues and General Fund liquidity in the months following payment dates, and improved financial flexibility with which to manage such an obligation. The rating additionally recognizes the strength of legal provisions contained in the development agreement, ground lease and trust indentures, which we believe sufficiently insulates the city from risks commonly associated with such a development.

STRENGTHS

- Legally available non-ad valorem revenues afford solid protection for payment under the guaranty

FitchRatings

Fitch Affirms Hollywood, FL's CRA Bonds at 'A-'; Outlook Stable

Ratings Endorsement Policy
29 Jan 2013 1:14 PM (EST)

Fitch Ratings-New York-29 January 2013: Fitch Ratings affirms an 'A-' rating on the following bonds of city of Hollywood, Florida's Community Redevelopment Agency's (CRA):

--$15.3 million redevelopment bonds, series 2004 (Beach CRA);
--$34.3 million redevelopment bonds, series 2007 (Beach CRA).

The Rating Outlook is Stable.

SECURITY

The bonds are limited obligations of the CRA (the agency) secured by pledged 'trust fund revenues'. On or before each Jan. 1, each such taxing authority levying taxes in the Beach Redevelopment Area must appropriate and pay to the Trust Fund an amount equal to 95% of the incremental ad valorem taxes levied by that taxing authority.

SENSITIVITY/RATING DRIVERS

STRONG DEBT SERVICE COVERAGE: Pledged revenues continue to provide ample debt service coverage of over 3 times (x) maximum annual debt service (MADS) despite a sluggish housing market. Pledged revenues prove resilient under stress scenarios.

SUCCESSFUL, DEVELOPED PROJECT AREA: The project area is a well-developed oceanfront location. While further development is not required to meet future debt service obligations, additional developments are currently planned which are expected to add to the area's value.

SMALL AREA: Additional risk relates to the project area's small size at less than 300 acres and its coastal location, which makes it vulnerable to natural disasters.

ELEVATED DEBT BURDEN: Overall debt levels are high due to the single-purpose nature of the agency and the tourist-based economy, with its relatively small residential population. Capital needs are manageable.

CREDIT PROFILE

The Beach Redevelopment Area (the project area) encompasses 293 acres along the Atlantic Ocean within the southeast area of the city of Hollywood (the city) (ULTGO rated 'A' with a Negative Outlook by Fitch).

STRONG DEBT SERVICE COVERAGE

Debt service coverage is strong and adequately compensates for for risks of future AV declines that may result from loss of one of the largest taxpayers or further depression of the housing market. Pledged revenues totaled $17.4 million in fiscal 2011, covering MADS (of $5.3 million) 3.27x. Debt service is level over the life of the bonds. Fiscal 2012 and 2013 projections for pledged revenue growth is 2.2% and 4%, respectively. Additionally, Fitch notes that the IV to base ratio is moderate at 2.6x.

Coverage levels remain sound under different stress scenarios. Should the project area lose its top taxpayer, thereby decreasing pledged revenues by 18.2%, MADS coverage would still be strong at 2.74x. Fitch determined that MADS coverage would remain above 1.5x even if the tax base fell by over 50% in one year.

SUSTAINED ECONOMIC DEVELOPMENT, TOURISM-DOMINATED ECONOMY
The project area is largely developed and dominated by residential condominiums and hotel/motel property. It encompasses less than 2% of total city acreage but 19% of the city's taxable assessed valuation (TAV). Though the project area ended fiscal 2011 with ample reserves of $34.2 million or a very high 171% of spending, these reserves are not pledged to bondholders.

Some economic development continues within the project area. The Margaritaville Resort Hotel, with approximately 350 rooms, is scheduled to open in March 2014. Also scheduled to open in calendar year 2014 are Costa Hollywood, a condominium hotel, and Villas of Positano II, a residential, retail and commercial development.

The tourism sector, which has a large concentration in the local economy, shows persistent growth as hotel occupancy rates have increased for 35 consecutive months. In fiscal 2011, the city hosted 3.3 million tourists, generating over $405 million in tourist tax revenues. Within Broward County, the City of Hollywood ranks second in the collection of tourist tax dollars.

MODERATELY CONCENTRATED TAX BASE

The tax base and incremental value (IV) have fallen significantly (25% and 26%, respectively) since their peak in fiscal 2008. Though TAV increased a healthy 4% in fiscal 2011 with the opening of the Trump Condominium, it fell again in fiscal 2012 (-2.6%). Management reports stabilization on the horizon, with modest to flat growth for fiscal 2013 and 2014 (0.3% and 1%, respectively). Fitch considers these estimates realistic given signs of an improving housing market.

The top 10 taxpayers represented 16% of TAV (18% of IV) in fiscal 2011, which Fitch considers moderate for a tax increment district. The largest taxpayer, the Diplomat, accounts for a high 13% of TAV. The Diplomat consists of a 38-story hotel, convention center, retail shopping complex, and parking garage. Occupancy levels at the Diplomat Hotel are reportedly sound. There is no significant concentration among any of the other taxpayers in the project area.

Fitch notes as a credit positive that the project area's taxpayer concentration has fallen significantly since fiscal 2010, when the top 10 taxpayers accounted for 30% of the tax base. In fiscal 2010, the project area's top taxpayer was TRG Holiday, representing 14% of TAV (19% of IV). However, as of fiscal 2011, TRG Holiday has sold off its condominium to individual owners and thus is no longer a top taxpayer, reducing the project area's taxpayer concentration by almost half.

SIGNIFICANT STATE AUDIT FINDINGS

Fitch views as credit neutral a recent state audit of the agency, because the findings do not appear to impose a risk to the flow of tax increment revenue to bondholders. Published in November 2012, the audit found four significant weaknesses related to the agency's budget preparation and use of funds for community policing, operational support for capital improvements, and enhanced maintenance, to name a few. The agency released a formal response in December 2012 refuting the auditor's findings based on a divergent interpretation of state statutes and GAAP guidelines. The agency has no plans to take additional action in response to the audit.

Both the auditor's and agency's responses will be posted on the state auditor's website for one year. The state auditor will perform a follow-up audit within a year, and Fitch will review the agency's performance at that time.

HIGH DEBT LEVELS, MODERATE CAPITAL NEEDS

Overall debt levels represent an elevated 6.8% of TAV, which is indicative of a tourist-based economy with a smaller permanent population due to the single-purpose nature of the agency. Risk related to high debt levels is tempered by the rapid amortization of outstanding principal, with over 80% of principal retired in 10 years.

No new debt is planned. Fitch considers the additional bonds test adequate, requiring revenue received within 12 of the last 18 months to cover MADS by at least 1.5x.

Capital needs appear manageable. The fiscal 2011-2015 capital improvement plan (CIP) totals $65.6 million or 3.4% of TAV. Underground utility work and capital improvements for the Margaritaville Resort Hotel account for the majority of the CIP.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors.

Applicable Criteria and Related Research:
--'Tax-Supported Rating Criteria' (Aug. 14, 2012);
--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 14, 2012).

Applicable Criteria and Related Research:
Tax-Supported Rating Criteria
U.S. Local Government Tax-Supported Rating Criteria

FitchRatings

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Fitch Affirms Hollywood, FL's GOs at 'A'; Outlook Revised to Stable

Ratings Endorsement Policy

01 Aug 2013 3:08 PM (EDT)

Fitch Ratings-New York-01 August 2013: Fitch Ratings has affirmed at 'A' the following Hollywood, Florida (the city) general obligation (GO) bonds:

--$47.7 million GO bonds, series 2005.

The Rating Outlook is revised to Stable from Negative.

SECURITY
The bonds are secured by the full faith, credit and taxing power of the city.

KEY RATING DRIVERS

IMPROVED OUTLOOK: The Outlook revision to Stable from Negative is based on new contracts between the city and its police and fire unions that stabilize relations through fiscal 2014, restoration of adequate reserve levels in fiscal 2012 and forecasted balanced financial operations for at least the next few fiscal years. Operating challenges remain, including a high fixed cost burden but the city is better positioned to manage them.

BETTER THAN EXPECTED FINANCIAL RESULTS: The city reported a fiscal 2012 general fund surplus of $21 million, well above budget and city projections. The favorable outcome was due in part to the city's use of financial urgency which sharply reduced costs.

HIGH FIXED COST BURDEN: A high and growing total fixed-cost burden exacerbates the city's already-pressured operating environment, despite its favorable debt position. Elevated pension costs due to subpar funding levels challenge the city's recent efforts to minimize its long-term liability.

LOW RISK DEBT PROFILE: Overall debt levels are modest, and future capital needs are minimal. Amortization of outstanding principal is rapid.

SUSTAINED RECOVERY, ECONOMIC CONCENTRATION: The city's local economy is exhibiting a strong recovery from the past recession with significant gains in employment and housing valuations. Economic activity remains dependent on tourism and service-based industries, such as healthcare.

RATING SENSITIVITIES

FINANCIAL STABILITY: The ability of the city to secure sustainable labor agreements and contain pension costs is a major factor in achieving fiscal balance. Continued progress from the city towards meeting those goals could result in positive rating action.

POOR FINANCIAL RESULTS: Reversal of the city's recent positive financial results including a significant general fund balance drawdown could have a negative impact on the rating.

CREDIT PROFILE

The city is located on the southeastern coast of Broward County (GO bonds rated 'AAA' by Fitch) and is largely residential, with an economy focused on tourism. The city's current population is estimated at 145,000.

RESERVES RESTORED IN FISCAL 2012

Fiscal 2012 reported results were better than expected as the city generated a $21 million general fund surplus boosting overall fund balance by nearly 500% to $25.3 million or 18% of spending. Unrestricted general fund balance equaled $19.2 million or a solid 13.8% of general fund expenditures and transfers out, below the city's unrestricted fund balance target of 17%. Liquidity strengthened considerably as unrestricted cash and investments increased from $4.5 million in fiscal 2011 to $16.5 million in fiscal 2012 or over three times adjusted general fund liabilities.

The strong outcome was attributable to a combination of steep spending cuts including two declarations of financial urgency which allowed the city to renegotiate labor contracts in fiscal 2011, pension reform and an 11% property tax increase raising over $4 million in revenues.

FitchRatings

Click Here for Printer-Friendly Version

Fitch Affirms Hollywood, Florida's $124.6MM Water & Sewer Revs at 'AA-'

Ratings Endorsement Policy

11 Nov 2013 10:22 AM (EST)

Fitch Ratings-New York-11 November 2013: Fitch Ratings affirms the 'AA-' rating for the following Hollywood, FL (the city) revenue bonds:

--Approximately $124.6 million in outstanding utility system revenue bonds, series 2003, 2010A, and 2010B.

The Rating Outlook is Stable.

SECURITY

The bonds are secured by a senior lien pledge of the net revenues from the operation of the city's water and sewer system (the system).

KEY RATING DRIVERS

IMPROVING FINANCIAL PERFORMANCE: Senior and all-in debt service coverage (DSC) have grown steadily over the past five years, both exceeding 2.0x coverage in fiscal 2012. Liquidity has also grown, with the combination of unrestricted cash, a rate stabilization fund, and a renewal, replacement, and improvement fund equating to over 630 days of operations in fiscal 2012.

MODERATING DEBT BURDEN: Debt ratios are steadily improving and very manageable given the system's ample liquidity and coverage. System leverage indicators are not expected to weaken despite the acquisition of additional subordinate state revolving fund (SRF) loans over the five-year capital plan period. However, this could change from regulatory projects expected beyond the capital improvement program (CIP) period.

PROACTIVE CAPITAL PLANNING: The utility's five-year CIP will fund long-term regulatory compliance and water supply projects. The CIP will largely be financed with built-up internal capital reserves and low-interest, short-term subordinate debt.

ABOVE-AVERAGE RATES: Large rate increases imposed over the past five years have improved financial performance to its current strength. However, they also have pushed rates to above average levels relative to peer systems. Though rates currently represent 2.1% of median household income, this may be mitigated by a planned multi-year rate freeze that could support greater rate flexibility in the future.

RECENT ECONOMIC STABILIZATION: Considerable economic investment is currently underway, bolstering the city's tourism industry and supporting a continued drop in unemployment. The city's inclusion in the Miami-Ft. Lauderdale Metropolitan Statistical Area (MSA) lends it significant economic opportunity and support.

RATING SENSITIVITIES

SUSTAINED FINANCIAL STRENGTH: The utility's ability to pay-go the bulk of its capital program while maintaining very manageable debt levels, a solid financial position, and stable rates is positive and may lead to upward rating movement. Better direction of out-year capital costs and how these costs will be mitigated to maintain recent financial results is also key.

CREDIT PROFILE

Hollywood, Florida (general obligation bonds rated 'A' by Fitch) is located in Broward County (GOs rated 'AAA') on the southeast coast of Florida and is a part of the Miami-Ft. Lauderdale MSA. In 2012 the population was 142,374 residents. According to the Bureau of Labor Statistics, the city's unemployment was down to 6% in August 2013 compared to the prior year's rate of 8.1%.

The system provides water and sewer service to a mostly residential and retail customer base within the city. The system also provides wholesale sewer service to the adjacent municipalities of Pembroke Pines, Hallandale Beach, Dania Beach, Broward County, and Miramar. The wholesale customers represented roughly 22% of the system's total fiscal 2012 revenues, a proportion that represents potential customer concentration risk.

This risk is largely mitigated by stiff provisions contained in bulk customer contracts, including a mandatory one-year termination notice, the pre-payment of debt prior to termination, and a present value payment of any other charges that would have been paid by the large user over the ensuing five years.

IMPROVED FINANCIAL STRENGTH

The system has improved its financial position significantly over the past five years. In fiscal 2012, despite a spike in senior lien annual debt service (ADS), senior DSC was very strong at 3.4x and all-in coverage improved to 2.4x. Several years of substantial rate increases contributed to a 28% growth in system revenues from fiscal years 2008-2012.

When coupled with a relatively flat 2% overall growth in expenses, it resulted in a currently very strong operating margin of 51%. In fiscal 2012, operating cash flows represented nearly 2.0x current liabilities, and unrestricted cash and investments, including the cash the utility restricts for its renewal, replacement and improvement (RR&I) fund and rent stabilization fund, equated to over 630 days of operations.

SOUND, FORWARD-LOOKING CAPITAL PROGRAM

The system's five-year CIP (fiscal years 2014-2018, including unspent budgeted funds rolled over from fiscal 2013) totals roughly $250 million and is very comprehensive. It includes the replacement and lining of water and sewer mains, an extensive inflow and infiltration program, lift station upgrades, re-use system expansion, treatment plant upgrades, and water supply well construction among various other projects. Fitch notes the capital plan is fluid and projects can be deferred as needed.

A major priority of the utility is the continued development and expansion of its reverse osmosis water treatment capabilities. This ongoing effort will ensure compliance with Florida Department of Environmental Protection (FDEP) and the South Florida Water Management District (SFWMD) requirements to reduce draws on the Biscayne Aquifer (which is the water produced by the Everglades, an ecologically fragile ecosystem).

The city already has a long-term water use permit for its current supply. That said, it is actively seeking alternative water supplies such as treating the more abundant brackish water from the Lower Floridan Aquifer. This involves the removal of salinity and implies substantial capital outlays and treatment upgrades. Hollywood has proactively addressed these anticipated needs via the construction of additional wells, membranes, and storage facilities, guaranteeing long-term supply needs.

DECLINING DEBT BURDEN

Leverage ratios are very manageable. In fiscal 2012 debt per customer totaled under $1,300, an improvement over the prior year and favorable compared the Fitch 'AA' median average of $1,828. The very strong annual cash flow produced by the system will allow for nearly 70% of the five-year CIP to be funded on a pay-go basis. The remaining costs will be addressed through annual state revolving fund loan acquisitions.

According to the utility's five year financial projections, despite the acquisition of SRF loans, overall debt per customer is expected to decline even further to close to $1,000 over the five year horizon due to rapid amortization of 64% of existing debt in 10 years and 88% in 20 years.

ABSORPTION OF MANDATED OCEAN OUTFALL ELIMINATION PROJECT

In fiscal year 2019 the city plans to issue $147.6 million in senior lien debt to primarily fund the construction of projects related to the city's largest and most impactful capital project in the ten-year outlook, the elimination of its Atlantic Ocean wastewater outfall. This project is mandated by the FDEP and United States Environmental Protection Agency (USEPA) and must be completed by 2025.

The city has initiated the planning and design stages for alternative wastewater discharge options, and at current is implementing a pilot program to test these methods. These options include but are not limited to indirect potable re-use for irrigation and Floridan aquifer recharge via deep injection wells. The bulk of the projects will commence towards the end of the current five year CIP (fiscal 2018) and into the ten year plan.

The utility estimates that the projects will cost between $180 million and $240 million, depending on which course of action the city takes, and will be funded from a mix of debt and pay-go cash. Based on the pro forma financial projections produced by a rate study analysis, Fitch projects that DSC of the additional debt annual burden will stay close to 2.0x for the senior lien and just over 1.3x for all-in coverage.

These estimated coverage levels do not include rate increases that the city will likely implement. Therefore actual coverage levels may prove to be more favorable. Future debt per customer, assuming full absorption of the fiscal year 2019 debt issuance, is also projected to stay relatively favorable, around $2,000, given the flexibility afforded by currently low debt levels. Greater clarity with regards to capital costs and the impact of the proposed debt on the system's cash flows would be viewed favorably.

MODERATELY HIGH RATES; FUTURE FLEXIBILITY EXPECTED

The system has implemented fairly rigorous rate increases over the past five years, yielding significant cash reserves in order to fund the majority of its capital program. The final rate increase of an approved multi-year rate plan was for 7.5% and was implemented at the start of fiscal year 2014. The utility has recommended and received commission approval to not raise rates again until at least 2020. At that point increases are likely to resume in order to support repayment of the future fiscal year 2019 debt issuance.

The average residential customer consumes roughly 5,000 gallons per month (gpm) due to a fairly strict tiered rate structure that discourages excess consumption. Assuming 5,000 gallons, the average consumer will pay roughly $81 per month for combined service in fiscal 2014, which represents close to 2.1% of median household income. Fitch's benchmark for affordability is 2% of MHI for combined charges.

The city's utility charges relative to regional peer utilities are on the high end. However, the utility expects that the five-year rate freeze will bring its relative costs closer to the average of the group. Management expressed that out-year rate increases should be more moderate than those previously levied. However, they are still expected to be high enough to support the system's long-term capital needs and financial goals.

STABLE ECONOMY

Over the past five years, the utility's customer base has been stable despite a waning soft regional housing market and slowed economy. The city is almost completely developed, with future customer growth expected to be minimal. However, several planned re-developments of existing spaces are underway, including a major future tourist destination called 'Margaritaville,' (expected to open in late 2015) as well as the installation of a new Wal-Mart at the long vacant Millennium Mall. Management is optimistic that both projects will help to bolster the local economy and revive tourist interest in the area.

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In addition to the sources of information identified in Fitch's U.S. Municipal Revenue-Supported Rating Criteria, this action was additionally informed by information from Creditscope.

Applicable Criteria and Related Research:
--'Revenue-Supported Rating Criteria' (June 3, 2013);
--'U.S. Water and Sewer Revenue Bond Rating Criteria' (July 31, 2013);
--'2013 Water and Sewer Medians' (Dec. 5, 2012);
--'2013 Outlook: Water and Sewer Sector' (Dec. 5, 2012).

Applicable Criteria and Related Research:
Revenue-Supported Rating Criteria
U.S. Water and Sewer Revenue Bond Rating Criteria
2013 Water and Sewer Medians
2013 Outlook: Water and Sewer Sector

Additional Disclosure
Solicitation Status

RECENT LABOR AGREEMENTS REVERSE PRIOR WAGE REDUCTIONS

The fiscal 2013 budget maintained the fiscal 2012 operating property tax rate of 7.45 mills while accommodating a slightly higher level of spending than in the previous year. Recently, management reached agreements on new labor contracts with the police and fire unions which partially restore the wage cuts of the two prior years. The contracts increase the salaries of police and fire employees by an average of 13% and 17%, respectively. The salary hikes are intended to raise the city's pay scales to a level competitive with those of surrounding jurisdictions. The contracts are retroactive to the middle of fiscal 2013 and run through the end of fiscal 2014. The city is still in negotiations with its other union, AFSCME.

The new labor contracts raise the city's fiscal 2013 operating expenses by nearly $3 million and will increase fiscal 2014 spending by approximately $7.5 million. The higher costs will be mainly offset by the city's receipt of state premium tax rebate revenues totaling $2.4 million in fiscal 2013 for pension purposes. Maintenance of property tax rates at fiscal 2012 levels as well as higher than expected sales tax and building permit revenues are projected to generate a $2 million fiscal 2013 year-end general fund net operating surplus.

FINANCIAL URGENCY, PENSION REFORM LEADS TO SAVINGS

The city experienced years of poor financial management which drained its reserves, reducing fund balance to a low $4.3 million or 2.7% of spending by fiscal 2011. In response, the City Commission merged the finance and budget departments to streamline operations and increase oversight of city finances, and replaced both the city manager and budget director with a seasoned finance director to oversee the city's efforts to improve financial controls. Following negotiations with the city's labor unions which resulted in $5 million of wage concessions, the city declared financial urgency for fiscals 2011 and 2012. By invoking financial urgency, management was able to reopen labor contracts and effect salary cuts of 12.5% and 7.5% for public safety and general/non-union employees, respectively. In an unusual step, the city also held a successful referendum to reduce pension benefits for new employees.

The city's three labor unions responded to these cuts by levying five unfair labor cases against the city. To date, most of these legal challenges have either been rejected by the courts or resolved successfully for the city. Both the police and fire unions are challenging the city's use of financial urgency in court but have agreed not to seek monetary damages.

Last February, an operational audit of the city by the state auditor general criticized a number of city spending practices over the past two or three fiscal years. City officials claim that they have either addressed or are in the process of addressing all of the items cited. The state audit involves no monetary penalties.

Fitch believes that the new labor contracts are a positive development which could signal some stabilization in the city's relations with its unions. However, the city's use of financial urgency remains subject to legal challenge and a new labor agreement with AFSCME is still open. The ability of management to negotiate additional agreements with the labor unions which can be incorporated into the city's existing cost structure will be a key factor in future rating actions.

HIGH PENSION COSTS REDUCE FINANCIAL FLEXIBILITY

High fixed costs are a long term challenge to the attainment of fiscal structural balance as is the maintenance of an affordable salary structure. The city's fixed cost burden remains elevated despite the passage of the pension referendum, which should aid in containing growth of future costs. Pension funding levels are low and growing costs will further pressure financial flexibility. The city maintains three single-employer defined benefit pension plans for general employees, fire and police personnel.

Fiscal 2012 pension contributions represent an elevated 18.3% of general governmental spending less capital. Funding levels are light at 59.6% for employees, 41.7% for fire, and 56.4% for police retirement funds. Fitch estimated ratios fall to 53.7%, 37.7% and 50.8%, respectively, when adjusted to reflect a 7% return assumption. Fitch views the long-term pension liability as a credit concern.

The city had historically offered relatively extensive other post-employment benefits (OPEB) compared to those of other localities in Florida and consequently has above average OPEB obligations. The city has been funding its general government OPEB liability on a pay-as-you-go basis, with a contribution of $8.2 million in fiscal 2012. Full funding of the $27.3 million ARC would equal a notable 14.9% of non-capital spending across governmental funds. As of fiscal 2012, the unfunded actuarial accrued liability of $369.7 million equaled a high 2.7% of MV. Combined debt service, pension and OPEB contribution costs for fiscal 2012 totaled a very high 33.7% of spending.

MODERATE DEBT LEVELS, MODEST FUTURE DEBT PLANS

Overall debt levels are modest at $1,994 per capita and 2% of market value (MV). The majority of the city's debt consists of general obligation bonds or debt secured by the city's covenant to budget and appropriate from non-ad valorem revenues. Fiscal 2012 debt service totaled $20 million or a manageable 11% of general government spending less capital. Principal amortization is rapid as 68% of principal matures within 10 years. Fitch views the city's conservative debt structure as a credit positive.

Future debt plans are modest. The requested tax-supported fiscal 2014-2018 CIP totals $74.2 million and focuses predominately on vehicle purchases and infrastructure improvements. Financing will be a combination of pay-go, grants and proceeds from the sale of non-ad valorem bonds ($12.1 million), issued in annual increments of approximately $2.4 million.

AVERAGE ECONOMIC INDICATORS, SLUGGISH POPULATION TRENDS

Economic indicators are average. Per capita income levels equal those of the nation, while median income levels are 14% lower than national averages. Population growth over the past decade has been tepid, averaging only 0.1% annually; however, estimates show a brisker growth rate for 2011 and 2012.

LOCAL ECONOMIC EXPANSION

The local economy has exposure to the tourism industry, as well as concentration in healthcare, trade and construction sectors. The city's top employer, Memorial Hospital, accounts for 13% of total employment. The city experienced several years of economic recovery after the recession trimmed employment levels by 9%. Annual employment expanded by 2.6% and 3.4% in 2011 and 2012, respectively and was up 3.4% as of April 2013. The city's April unemployment rate of 5.7% is well below the state and national averages. Two strong years of tourist activity has helped fuel the growth. City hotel tax receipts for 2012 are 7.5% higher than already healthy prior year totals.

The housing market has been gaining strength since mid-2011, although market value remains 37% below pre-recession levels. Home prices for June 2013 averaged $160,000 up 12% over the past 12 months, according to Zillow.com. Housing gains have boosted tax base growth. Taxable assessed values for fiscals 2013 and 2014 are up 0.8% and 4%, respectively after four consecutive years of decline.

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In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors and Zillow.com.

Applicable Criteria and Related Research:
--'Tax-Supported Rating Criteria' (Aug. 14, 2012);
--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 14, 2012).

Applicable Criteria and Related Research:
Tax-Supported Rating Criteria
U.S. Local Government Tax-Supported Rating Criteria

Additional Disclosure
Solicitation Status

- Strong legal provisions

CHALLENGES

- City financial flexibility remains constricted by fixed costs

- Development to face convention and tourism competition from other south Florida destinations

CITY FINANCIALLY INVOLVED IN MAJOR DEVELOPMENT

The City of Hollywood has granted a 99-year ground lease to MHBR JV, L.P. (developer) - a partnership consisting substantially of Lojeta-BNE (development JV) and Starwood Capital Group (sponsor parent) - for development of the Margaritaville Hollywood Beach Resort. The development - a $160 million 17-story luxury hotel and Margaritaville themed resort with a private/public parking garage - comprises 6 acres on the barrier island between the Atlantic Ocean and Intracoastal Waterway. Construction of the development commenced July 2013. The construction schedule has a substantial completion date of May 2015 (with liquidated damages paid daily from the contractor fee if missed), and a final completion date of July 2015. Coastal/Tishman, a joint-venture between Coastal Construction and Tishman Construction, has been selected to manage construction (Guaranteed Maximum Price contract) of the development.

The private/public parking garage will have 600 spaces designated for public parking (579 of which will be owned by the district), and 477 spaces designated for private parking (owned by the developer). The district will finance, operate and maintain the district public parking component (project). The current sale will provide $28.4 million to deposit for the cost of the project, $3.9 million to capitalize interest for 24 months (January 2016) and $2.8 million (MADS) for deposit to the reserve account. Debt service is level annually, with the $5.5 million final maturity level after consideration of the liquidated DSRF balance. Upon bond maturity, the CDD may be dissolved and the project may be transferred to the city.

The bonds are subject to extraordinary mandatory redemption (in whole or in part) upon prepayment of special assessments, as well as upon damage to the project to the extent that repair would not be economical. The latter risk is mitigated by the indenture requirement that the district provide insurance for the project with a policy that names the trustee as an additional loss payee for an amount not less than the outstanding principal balance of the bonds, less amounts on deposit in the reserve account. At project completion, the project will be conveyed to the district by the developer via special warranty deed, at which time the trustee will transfer from the Acquisition and Construction Fund the cost of the project, which is not to exceed $28.4 million. This amount is to remain segregated until the closing of the conveyance (Garage Closing), and it too could be applied to redeem bonds in the event of sufficient damage to the project prior to Garage Closing.

LEASE TERMS AND PLEDGED REVENUES HAVE POTENTIAL TO AVERT DRAW ON CITY GUARANTY

The bonds are secured by the pledged revenues and ultimately by the city guaranty. Pledged revenues consist of net public parking revenues, net public user fee revenues, and special assessments. The district covenants to maintain pledged revenues so as to achieve a Debt Service Coverage Ratio equal to 1.10 times MADS. The indenture waterfall confines surplus revenues to the Revenue Account, rather than have them flow to the Redemption Fund to enable early retirement of bonds.

The district will operate 579 public parking spaces, with rates that reflect rates charged by similar parking facilities open to the public on the barrier island. Revenues rely on public demand, which is non-captive and can be highly variable. However, public parking is in limited supply on the barrier island, and in fiscal 2012 the city had gross revenues of $1.7 million from the 800 spaces (1 garage and 2 surface lots) that were eliminated and will be replaced by the project, with the fiscal 2012 revenues received on much lower rates (less than half) compared to those currently contemplated by the district.

Pursuant to a Declaration of Covenants to be filed (upon bond closing) in the public records of Broward County, the developer will impose a Public User Fee (PUF) on all goods and services subject to taxation (other than licenses issued by the developer to wireless providers) by the State that occur within the development. The developer will collect PUF revenues directly, and remit them monthly to the trustee for deposit (net of collection costs) into the User Fee Fund, which is distinct from the Debt Service Fund. The PUF rate will not exceed 2.5%, and will initially be imposed at 1%. The rate at which the PUF is levied may be adjusted, and the actual rate imposed will be determined annually by the developer prior to the adoption of the district's budget for the upcoming fiscal year. While the PUF must be imposed if net public parking revenues are projected to be insufficient for that fiscal year, the rate at which it must be imposed is discretionary. There is very limited precedent for such a fee in

Florida. PUF revenues will be applied to the Debt Service Fund if the Debt Service Coverage Ratio will not be met from net public parking revenues. Our cash flow analysis indicates gross PUF revenues in excess of $500,000 from a 1% rate in year one, which amount should increase with the ramp up of hotel/resort operations. Following a year in which the district has met the debt service coverage ratio, any balance on deposit in the User Fee Fund will be returned to the developer. The developer has an incentive to levy the PUF, but may decide to subsidize the development with payment of special assessments.

If 30 days prior to an interest payment date there is a deficiency in the Debt Service Fund - after giving credit to net public parking revenues and PUF revenues already on deposit - the trustee will notify the city, the developer, and the developer's lender/mortgagee of the deficiency, and the district will simultaneously bill the developer for the special assessment due (proportionate to the deficiency). Due to the treatment of the lease structure under Florida law, the special assessments do not create a lien on the fee interest of the city in the property or on the leasehold interest of the developer in the property, rather they become unsecured debt of the developer (a non-recourse SPV). However, the tenant of the leasehold estate (developer, or successor) must pay both rent and special assessments in order to preserve the ground lease, and failure to pay either is an event of default under the ground lease, for which the city can terminate if uncured. Pursuant to the ground lease, lessee payments to third parties are subordinated to rent and special assessments payable to the city and district, respectively.

There is cumulative risk built into the progression of the pledged revenues, in that insufficient district parking and PUF revenues may signify that the development is experiencing distress. While the developer's willingness to pay special assessments under these circumstances would presumably be diminished, it is here that the payment parity of special assessments and rent is most relevant. The developer has approximately $35 million of short-term secured debt that it expects to refinance with a long-term secured facility. The developer's lender/mortgagee has step-in rights and, if the developer does not cure, the lender/mortgagee can cure, foreclose on the leasehold mortgage and take title to the leasehold estate (leasehold interest in site and all improvements, with the exception of the public parking component which is protected by the special warranty deed), and thereby assume all obligations under the ground lease. Given the 99-year lease term, and the effective carry (rent payments, special assessments, O&M) in relation to either the value of the (discounted) cash flows over the term of the lease, or the replacement cost of the development itself, we believe there is strong incentive for the developer, or a secured lender, to remedy a deficiency in order to preserve claim to the leasehold estate.

If neither the developer nor the lender cures by the business day prior to an interest payment date, the trustee will transfer the deficiency from the debt service reserve account for deposit into principal and interest accounts, and invoke the guaranty.

THE GUARANTY COVENANTS TO PAY SOLELY FROM LEGALLY-AVAILABLE NON-AD VALOREM REVENUES

Per the guaranty, the city covenants to budget and appropriate legally available non-ad valorem revenues, by amendment if necessary, to reinstate the reserve account balance within 60 days of the next city commission meeting following trustee demand for payment (full or partial) pursuant to the guaranty. The guaranty has been validated in Broward County circuit court and is on parity with other city CB&A obligations. By executing the guaranty, the city becomes a Credit Facility Issuer and is able to control remedies upon an event of default under the indenture. Additionally, the guaranty is effectively collateralized by the development itself, in that an uncured lessee default allows the city to terminate the ground lease and take possession of the development as any third-party leasehold mortgage is explicitly subordinated to the city's fee interest in the property. The guaranty does not contain an anti-dilution test, and is not expected to be included as a parity obligation includable in the BB&T Corporation (Long Term Rating A2/negative outlook) and First Florida tests unless it has been invoked.

The city does not expect to annually budget for potential payment on the guaranty, but this is balanced by the identification of various available reserve balances (in enterprise and other governmental funds) that could be applied, as well as by the fact that net non-ad valorem revenues provide comfortable margin for the city to incur payment of the guaranty. While there would be an associated cost of carry (O&M) with the development, the city would likely be able to monetize the hotel/resort property and/or parking garage (foreclosure increases spaces to more than 1,000) to an extent that allows it to call the bonds (extraordinary optional redemption if guaranty is invoked) and potentially realize surplus revenues in the process. Failure by the city to pay under the guaranty would mean the city forfeits the 579 district public parking spaces, and we believe such a failure could also be interpreted to cause an event of default on the outstanding parity BB&T notes and First Florida loans.

The city has worked concertedly in recent years toward establishing and sustaining structural budgetary balance, rebuilding cash and reserves, and reducing its outsized pension liabilities. The city has demonstrated a willingness to roll up its operating tax rate over consecutive fiscal years, implement formal reserve policies and multi-year financial planning, as well as utilize financial urgency and local referendum in order to impose necessary reductions to both short- and long-term operating costs. The city ended fiscal 2012 with a total General Fund balance of $25.3 million (15.8% of revenues) and a net General Fund cash balance of $16.6 million (10.3% of revenues). Fiscal 2013 (unaudited) performance is expected to result in a $3.5 million increase to total General Fund balance ($28.8 million, or 18.2% of revenues). The city's single- and multi-year budgets have been based on conservative assumptions informing both revenues and expenditures - both of which additionally include budgeted contingency amounts - and the city expects it will be able to incrementally strengthen its reserve position over the next several fiscal years to achieve the $3.5 million reserve increase needed to satisfy its 17% fund balance policy. More than 90% of the city's 5-year $193 million capital improvement plan (CIP) is attributable to spending for utilities, and the city does not expect to issue new debt for general government purposes within the next five years.

WHAT COULD CHANGE THE RATING UP

- Continued strengthening of the city's financial profile

- Sustained city tax base growth

WHAT COULD CHANGE THE RATING DOWN

- Deterioration of city's financial profile

- Significant leveraging of city non-ad valorem revenues

KEY STATISTICS

2010 Population: 140,768 (+1% increase from 2000)

Fiscal 2014 Full Value: $15.13 billion

2010 Per Capita Income: $25,267 (99.2% of state)

2010 Median Family Income: $55,034 (99.6% of state)

Net Direct Debt Burden: 1.3% (of full value)

Fiscal 2012 Total General Fund balance: $25.3 million (15.8% of revenues)

Fiscal 2013 (unaudited) Total General Fund balance: $28.8 million (18.2% of revenues)

Fiscal 2013 Operating Tax Rate: 7.45 mills

Reported Unfunded Actuarial Accrued Pension Liability (9/30/2012): $402.1million

Moody's Adjusted Net Pension Liability: $742.3 million

The principal methodology used in the special tax rating was US Public Finance Special Tax Methodology published in March 2012. The principal methodology used in the general obligation rating was General Obligation Bonds Issued by US Local Governments published in April 2013. The additional methodology used in this rating was Moody's Outlines Approach to Analyzing Land Secured Debt Financings published in December 2008. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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Appendix F

Sample Refunding Analysis of Series 2003 Water and Sewer Bonds

Appendix F

FirstSouthwest

City of Hollywood, Florida
Water and Sewer Improvement Refunding Revenue Bonds, Series 2014

Refunding Analysis of:
Water and Sewer Refunding & Improvement Revenue Bonds, Series 2003

Market Rates as of 4/14/2014

Scenario	Uninsured Bond Issue (All Bonds)	Estimated NBQ Bank Rate (All Bonds)
Refunding Results		
Total Cashflow Savings	**$7,020,006**	**$6,146,241**
Avg Annual Savings (2015-2023)	**$758,692**	**$664,255**
Present Value Savings	**$6,184,365**	**$5,367,986**
PV Savings as % of Refunded Bonds	**10.81%**	**8.75%**
Refunding Issue (Series 2014)		
Issuance Date	7/1/2014	7/1/2014
Par Amount	$50,580,000	$57,090,000
Final Maturity	10/1/2023	10/1/2023
All-In (TIC)	**2.44%**	**2.72%**
Refunded Bonds (Series 2003)		
Par Outstanding (As of 4/1/2014)	$61,345,000	$61,345,000
Par Refunded	$61,345,000	$61,345,000
Maturities Refunded	2014-2023	2014-2023
Interest Rates	4.00% - 5.00%	4.00% - 5.00%
Call Dates & Price	Currently Callable @ 100%	Currently Callable @ 100%

- Uninsured 'Aa2 / NR / AA-' Market Rates as of 7/24/2013
- Estimated NBQ Bank Rate as of 4/14/2014
- Assumed COI of $500,000 and Underwriters Discount of $5.0/bond for uninsured bond issue.
- Assumed COI of $325,000 for bank loan
- Assumes DSRF Reserve was not funded in cash after surety downgrade
- Assumes No DSRF will be Needed for 2014 Issue
- Preliminary / Subject to Change

City of Hollywood, Florida

Appendix G

Sample Refunding Analysis of Series 2004 CRA Bonds

Appendix G

City of Hollywood, Florida
CRA Redevelopment Refunding Revenue Bonds, Series 2014

Refunding Analysis of:
CRA Redevelopment Revenue Bonds, Series 2004

Market Rates as of 4/14/2014

Scenario	**Uninsured Bond Issue (All Bonds)**	**Estimated NBQ Bank Rate (All Bonds)**
Refunding Results		
Total Cashflow Savings	**$2,320,333**	**$2,286,382**
Avg Annual Savings	**$232,033**	**$227,538**
Present Value Savings	**$1,508,663**	**$1,448,015**
PV Savings as % of Refunded Bonds	**11.95%**	**11.46%**
Refunding Issue (Series 2014)		
Issuance Date	7/1/2014	7/1/2014
Par Amount	$11,090,000	$11,950,000
Final Maturity	3/1/2024	3/1/2024
All-In (TIC)	**3.14%**	**3.23%**
Refunded Bonds (Series 2004)		
Par Outstanding	$12,630,000	$12,630,000
Par Refunded	$12,630,000	$1,263,000
Maturities Refunded	Term Bond 2024	Term Bond 2024
Interest Rates	5.625%	5.625%
Call Dates & Price	Currently Callable @ 100%	Currently Callable @ 100%

- Uninsured 'A3 / NR / A-' Market Rates as of 4/14/2014
- Estimated NBQ Bank Rate as of 4/14/2014
- Assumed COI of $175,000 and Underwriters Discount of $6.0/bond for uninsured bond issue.
- Assumed COI of $75,000 for bank loan
- Assumes Full Transfer of Existing DSRF and a Cash Funded DSRF for the 2014 Bonds and Note
- Preliminary / Subject to Change