

COPY

City of North Miami Beach

Request for Proposal for Financial Advisor Services

RFP 2012-02



February 1, 2012

The PFM Group

2121 Ponce De Leon Boulevard
Suite 510
Coral Gables, Florida 33134

305-448-6992
305-448-7131 fax

David M. Moore
Managing Director
moored@pfm.com

Sergio D. Masvidal
Senior Managing Consultant
masvidals@pfm.com



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February 1, 2012

Brian K. O'Connor, C.P.M.
 Chief Procurement Officer
 City of North Miami Beach
 17011 NE 19 Avenue
 Room 315
 North Miami Beach, FL 33162

Dear Mr. O'Connor:

The PFM Group ("PFM") is pleased to submit our proposal to serve as financial advisor to the City of North Miami Beach, Florida (the "City"). PFM was founded over thirty-five years ago with the goal of creating an independent financial advisory firm with technical resources matching those of the most sophisticated Wall Street investment banks. This commitment continues today. As a result, PFM has grown to be the leading financial advisor in the nation as well as the State of Florida. From the outset, PFM strived to be a financial advisor that was very different from our competitors. PFM's complete independence is significant, but it is just the beginning of our unique qualifications. PFM is the only firm offering a comprehensive scope of services including: strategic consulting, debt management, investment advice, pension consulting and arbitrage rebate services. The City will have full access to take advantage of as many of these services as it desires. We are confident that you will find that the breadth of our experience with local governments and the depth of our financial planning expertise uniquely qualify PFM to serve the City as its financial advisor.

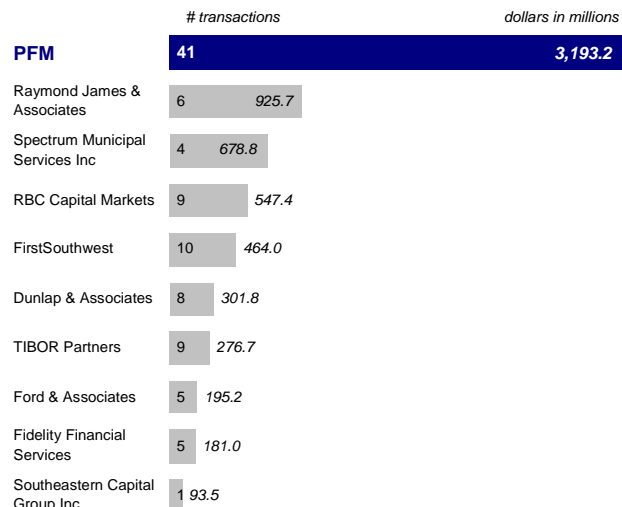
Why should the City of North Miami Beach select PFM as its Financial Advisor?

Leading Advisor to Florida Cities: PFM currently serves as financial advisor to numerous Florida cities including: Miami, Doral, Pompano Beach, Surfside, Golden Beach, West Palm Beach, Boca Raton, Boynton Beach, Clermont, Coral Gables, Orlando, Daytona Beach, Delray Beach, Gainesville, Jacksonville, Melbourne, Melbourne Beach, Panama City Beach, St. Petersburg, and Tallahassee, among others. Working with these entities on a day-to-day basis provides us in-depth knowledge on the issues facing local governments in today's uncertain economic times. This allows PFM to provide a higher level of service than any of our competitors and uniquely qualifies PFM to serve the City of North Miami Beach as its financial advisor.

Scope of Services: PFM provides decades of traditional financial advisory experience along with a broad range of associated services including investment management, bond pricing, escrow structuring, arbitrage rebate, structured products and strategic consulting such as assistance with workforce management and pension issues. Our expertise developing debt management strategies has earned numerous industry awards and more importantly, saved our clients millions of dollars. From the mid 1990's until 2006, the financial markets appeared to be commoditized, enabling small firms and investment banks to serve as financial advisors and achieve acceptable results. However, when municipal issuers in Florida were faced with the combination of (i) the deterioration of the SBA Investment Pool, (ii) the impact of the sub-prime crisis on the municipal market, and (iii) implementation of the Federal Stimulus package, the value added from the depth of PFM's resources became evident. PFM's understanding of the complicated market dynamics combined with the firm's vast

2011 Florida Overall Long-Term Municipal New Issues

*National Municipal Financial Advisory Ranking
 Source: The Bond Buyer/Securities Data Company*





resources enabled us to help our clients quickly gain market access and efficiently restructure or refinance problem credits. Our affiliate, PFM Asset Management LLC, provided leadership to our clients, including the protection of their assets, during the SBA investment pool crisis. Lastly, while other firms were getting up to speed on the various ARRA programs, PFM was implementing them enabling our clients to maximize savings and flexibility before the market was saturated.

Experienced & Broad Team of Professionals: PFM's team is comprised of industry leaders led by David Moore (head of PFM's Southeast Region) who has been the most active public finance professional in Florida during the last decade. Mr. Sergio Masvidal, who is located in PFM's Miami office will provide the day-to-day project management services. Mr. Masvidal has been one of the most active public finance professionals over the last five years, and is very active with South Florida issuers. As shown on the chart on the previous page, PFM completed over 4 times as many transactions in Florida in 2011 than any of our competitors and this trend continues in 2012. The City will also have access to specialists in PFM's Pricing Group, Strategic Consulting Group, Structured Products Group, Environmental Finance Group, and PFM Asset Management if needed.

Innovation: PFM has been at the forefront of virtually every innovation in public finance. For example, PFM completed the first combination BAB/RZEDB/Tax-exempt financing in the country to take advantage of ARRA legislation, saving our Florida client over \$18 million in interest expense. However, we believe innovation should be driven by the client's needs, not the need of investment bankers to sell new products. This philosophy protected our clients well during the most recent market dislocation.

Local Commitment: PFM has the largest independent financial and investment advisory practice in Florida. PFM has been committed to this market for over a decade, and our top ranking within Florida is evidence of that footprint. In addition to our national presence, our Miami office maintains a specific commitment to South Florida issuers such as the City.

Diversity: PFM has a long standing commitment to diversity both within our organization and when selecting the firms we partner with throughout the country. While PFM is not a certified minority business, minorities and women own over 55% of the firm.

Cost Structure: PFM has proposed a fee structure that we believe is reasonable and fair. We are prepared to negotiate the fees in a manner that is mutually agreeable if we are selected. As such we never want prospective clients to dismiss our proposal on the basis of fees. While our proposed fees may not be the lowest, it is important to understand the full array of services that PFM provides and the overall cost benefit that can be accomplished with PFM as the City's financial advisor. Our goal is to create the proper balance of service to provide the most cost effective financial advice.

We have reviewed the RFP scope of work and understand what will be required of PFM should we be fortunate enough to be selected as the City's financial advisor. We are ready to go to work and our team is committed to complete any and all assigned tasks in a professional and timely manner.

Sincerely,
Public Financial Management, Inc.

A handwritten signature in blue ink, appearing to read "DMM", written over a light blue grid background.

David M. Moore
Managing Director

A handwritten signature in blue ink, appearing to read "S77", written over a light blue grid background.

Sergio D. Masvidal
Senior Managing Consultant



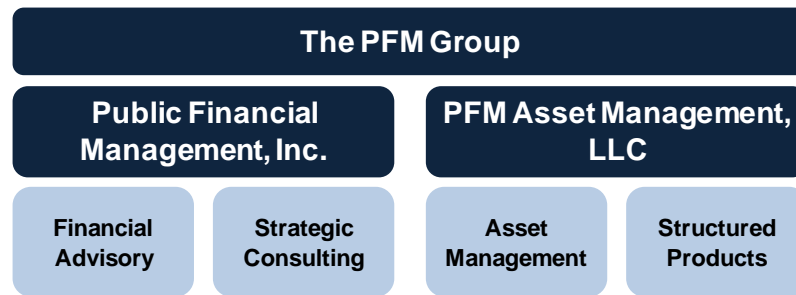
D. Firm Overview



Firm Overview

Provide a brief description of how your firm is organized, including the businesses in which it is engaged, the location of offices, the number of public finance professionals in each office, and the role of the municipal department in your firm. Indicate your firm's commitment to the municipal bond industry and comment on any recent significant changes in your organization. Include a discussion of the specific expertise and services that distinguish your firm.

PFM was incorporated April 11, 1975 in the state of Pennsylvania with a staff of five and has been providing financial advisory services to local governments for over 35 years. The original firm has grown and diversified its resources and is now known as the PFM Group, LLC, which includes Public Financial Management, Inc. and PFM Asset Management LLC. Today, the PFM Group, LLC is the nation's leading provider of independent financial and investment advisory services with 32 offices and 371 professionals throughout the United States. Ownership of the firm is private (helping to ensure our clients of absolute independence) and is comprised of the Managing Directors and a private investment group.



Corporate Headquarters

Two Logan Square, Suite 1600
18th & Arch Street
Philadelphia, PA 19103
215-567-6100
215-567-4180 fax

PFM's Miami and Orlando Offices will have primary responsibility for the engagement with the City. Our Miami office is staffed with 3 Senior Managing Consultants. The Orlando office is staffed with 3 Managing Directors/Partners, 7 Senior Managing Consultants, 6 Consultants and 3 Associates.

Local Office:

2121 Ponce De Leon Boulevard
Suite 510
Coral Gables, Florida 33134

305-448-6992
305-448-7131 fax

Office	Phone #	Total Employees	Number of Finance Professionals
Albany, NY	518.462.0100	3	3
Ann Arbor, MI	734.994.9700	6	5
Arlington, VA	703.741.0175	13	11
Atlanta, GA	404.876.1414	4	3
Austin, TX	512.472.7194	9	8
Bohemia, NY (Long Island)	631.580.6200	10	10
Boston, MA	617.330.6914	7	5
Chandler, AZ	855.885.9621	1	1
Charlotte, NC	704.541.8339	11	10
Chattanooga, TN	423.425.3154	2	2
Chicago, IL	312.977.1570	17	16
Cleveland, OH	440.239.7070	6	5
Denver, CO	303.467.1114	1	1
Des Moines, IA	515.243.2600	12	9
Harrisburg, PA	717.232.2723	108	88
Largo, FL (Tampa)	727.319.9292	4	3
Los Angeles, CA	213.489.4075	10	9
Malvern, PA	610.647.5487	2	1
Memphis, TN	901.682.8356	6	5
Miami, FL	305.448.6992	3	2
Milwaukee, WI	414.771.2700	3	2
Minneapolis, MN	612.338.3535	9	7
New York, NY	866.736.6921	14	11
Oakland, CA	510.622.7762	0	0
Orlando, FL	407.648.2208	22	19
Philadelphia, PA	215.567.6100	121	93
Pittsburgh, PA	412.561.2551	2	2
Princeton, NJ	609.452.0263	4	3
Providence, RI	401.277.8450	3	3
San Francisco, CA	415.982.5544	30	24
Seattle, WA	206.264.8900	8	7
St. Louis, MO	314.878.5000	4	3
December 2011 Totals		455	371



Firm Overview

PFM has been the nation's number one ranked financial advisor for nine consecutive years completing over 7,000 transactions with a par amount in excess of \$380 billion. In 2011 alone, PFM advised on over 750 transactions with a par amount in excess of \$39 billion.

PFM's First Place Ranking Overall Long-Term 2003 - 2011		
	Par Amount (millions)	# of Transactions
2011	39,616.0	757
2010	57,534.9	988
2009	51,588.5	832
2008	43,109.9	691
2007	43,367.1	625
2006	35,340.2	711
2005	39,537.2	891
2004	33,863.0	793
2003	39,226.5	898

“We are what we repeatedly do. Excellence then, is not an act, but a habit.”
—Aristotle

2011 Year End Overall Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking - Equal Credit to Each Financial Advisor

Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	758	39,632.1
Public Resources Advisory Group	119	20,854.7
FirstSouthwest	614	18,438.2
Govt Development Bank for Puerto Rico	24	9,263.5
RBC Capital Markets	175	6,289.5
Lamont Financial Services Corp	43	5,810.8
Kaufman Hall & Associates Inc	54	5,148.6
A C Advisory Inc	30	4,767.2
KNN Public Finance	57	4,621.5
Montague DeRose & Associates LLC	25	4,503.2

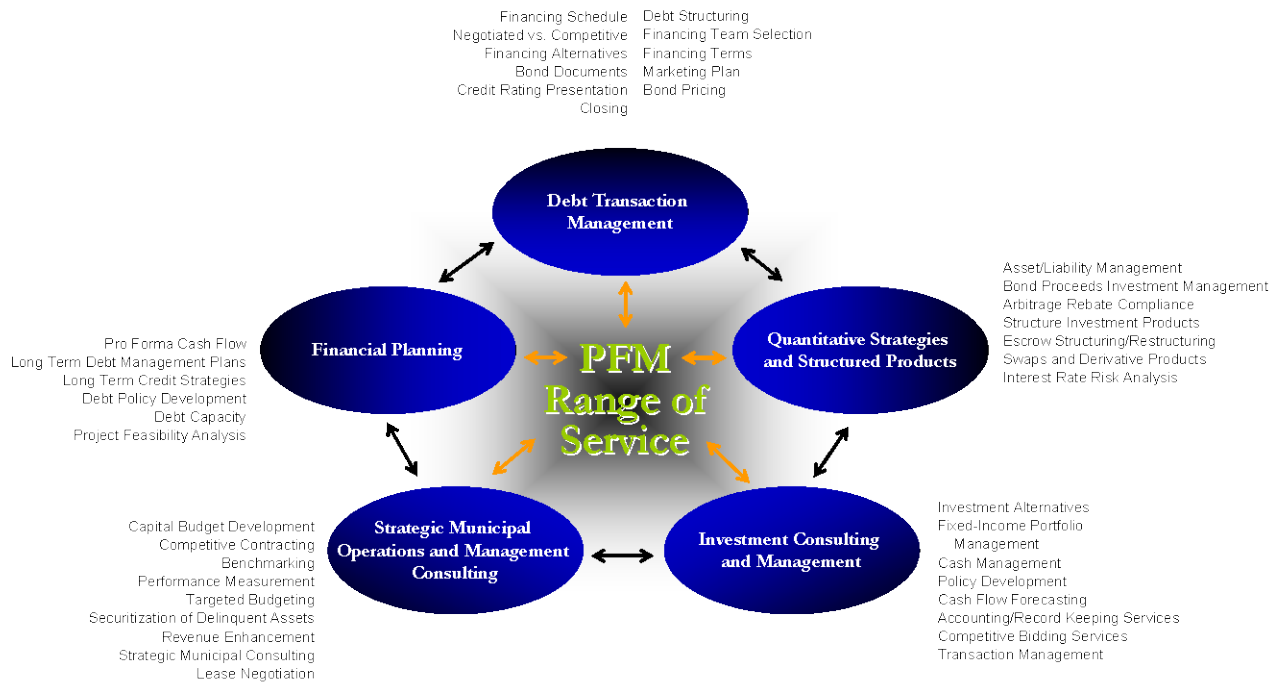
Although rankings provide a shorthand method of measuring success, the length of service and level of satisfaction we provide our clients is a better measure of true success. At PFM, we view our longstanding association with many of our clients as an affirmation of our ability to service their needs thoughtfully and efficiently. We are committed to ensuring our clients' interests are protected and their goals are achieved.

One key to our success in serving our clients is our ability to leverage our nationwide resources and collaborate broadly throughout the firm. New alternatives that have worked for one client can also apply to another client in a different region. Utilizing our technology, PFM employees communicate daily across our offices and can easily access relevant information in a timely manner. This allows us to leverage our institutional knowledge as a national firm and the lessons learned locally so that we may inform clients of best practices and applications of new techniques.



Firm Overview

Throughout the proposal we have provided examples of the value added service PFM provides to clients around the State. PFM is the only firm offering a complete scope of services required by the City's RFP. When PFM is hired, our clients have access to full array of services offered by PFM and our independent affiliates:



Financial Advisory Services: As a financial advisor, PFM engages in capital planning, revenue forecasting and evaluation, resource allocation, debt management policy development and debt transaction management (including structuring, documentation and execution). PFM delivers superior experience and expertise that helps clients resolve the entire range of technical and financial challenges they routinely encounter during the capital formation process. Our national reputation and consistent growth, from \$5 billion in managed debt transactions in 1986 to nearly \$40 billion at year-end 2011, reflects our clients' recognition of our capabilities and the value we add.

Investment Management: PFM Asset Management LLC ("PFMAM") is devoted primarily to providing investment advice and portfolio management for governmental and not-for-profit organizations, corporations, pension funds and other institutions. As an investment manager, PFMAM brings a comprehensive spectrum of services to the business of money management. Managing both investment pools and individual client portfolios designed to earn competitive yields - while maximizing safety and liquidity, PFMAM's services include timely market-driven portfolio management, portfolio design, state-of-the-art accounting and arbitrage rebate calculation services. The value of this service to clients is evident in the growth of assets under our management, from \$1 billion in 1986 to over \$40 billion at December 31, 2011. PFM Asset Management LLC is registered under the Investment Advisers Act of 1940.

Investment Consulting: PFM Advisors is a specialized component division of PFM Asset Management LLC providing investment and retirement plan consulting services to pension funds, endowments and similar funds. We believe that a true partnership with our clients can only be achieved by fully understanding the unique characteristics of their funds. Therefore, our ability to structure simple, reliable, and fundamentally sound asset and retirement planning management strategies results in predictable investment returns, sound vendor services and few surprises. PFM Advisors clients include public funds, Taft-Hartley funds, corporate funds, hospitals, foundations and endowment funds.



Firm Overview

Strategic Consulting: As a strategic consultant, PFM offers its clients the most effective capital and operating budget advice available. We have a proven track record in using various techniques for performance management, benchmarking, revenue enhancement and privatization. From Washington, D.C. to the Commonwealth of Pennsylvania to the City of Miami, PFM helps leaders chart a path through each phase of fiscal health. From financial distress to balance...from balance that is temporary to that which can be sustained...from sustainability to expanded coverage and excellent quality, PFM produces results for our clients.

Structured Products: The Structured Products Group of PFMAM is a group of professionals dedicated to advising clients on the use of cutting edge structured financial products. We assist municipal clients in structuring and procurement of interest rate swaps, caps and collars to help reduce financing costs. On the asset side, the Structured Products Group assists clients in structuring and procurement of forward delivery agreements, guaranteed investment contracts, flexible repurchase agreements and asset swaps. The Group is also responsible for structuring and restructuring advance refunding escrow portfolios for PFMAM clients.

Additional Service:

PFM Client Training – School of Public Finance: PFM believes that the most successful clients and the most effective governmental administrators, are those that understand how we operate and know how to use PFM to add value to their operation. In this regard, PFM offers a free, intensive week-long training course for our clients at our state of the art training center in Philadelphia at least once a year.

During this week, finance directors, treasurers and other senior staff from our clients around the nation spend a full eight to ten hours a day learning the intricacies of bond math, the pricing of bonds, investment techniques, interest rate swaps and arbitrage regulations. Sometimes we expand this training to include on-site sessions for Boards of Directors or other policy makers so that they too can better understand the impact of their decisions.

Locally, PFM Asset Management offers investment training seminars multiple times per year that are registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. These seminars give clients the opportunity to fulfill their required CPE credits while staying abreast of the ever evolving investment markets.



E. Personnel and References



The PFM Team

Provide the names, proposed roles, background and experience, office location and availability of the personnel that would work on the City's account, and specifically identify the primary person(s) who will be responsible for managing the relationship with the City of North Miami Beach. Identify who will provide any computer financial analysis services.

David Moore, who will be the engagement manager for this relationship, is one of the most seasoned finance professionals in Florida providing financial advisory services to a vast array of counties, cities and school districts managing over \$15 billion of debt transactions during the last 20 years. He is located in the Orlando office and will coordinate a team of professionals that offer specialized expertise in the areas of interest identified throughout the RFP.

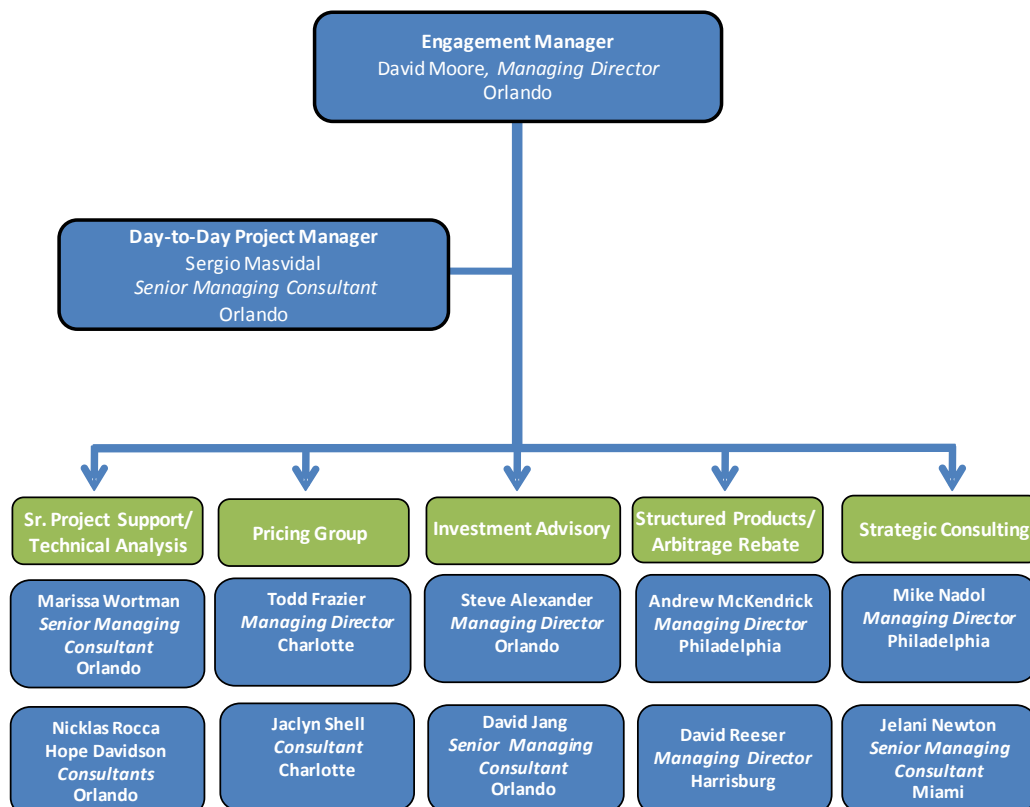
Sergio D. Masvidal, a Senior Managing Consultant in the Miami office, will serve as the project manager and assume day-to-day responsibility for the engagement. Mr. Masvidal specializes in Florida municipal finance for counties, cities and special authorities/CRA's, managing over \$5 billion of debt transactions over the last 7 years. Since 2008, Mr. Masvidal has been one of the most active financial advisors in Florida in terms of both total par amount issued and number of transactions completed. Mr. Masvidal deploys a significant amount of resources and efforts to our local South Florida clients.

Financial Advisory Support

Marissa Wortman, a Senior Managing Consultant in the Miami office, will provide additional senior project support for the engagement. Ms. Wortman specializes in Florida municipal finance for counties, cities, authorities, airports, seaports and colleges and has managed over \$6 billion in financings over the last 10 years.

Nicklas Rocca and Hope Davidson, Consultants in the Orlando office, will assist both Mr. Moore and Mr. Masvidal and provide analytical and technical support for the City's engagement.

PFM will ensure that our team and resources are fully available to the City.





PFM's Team References

For the proposed personnel, provide a list of five clients worked with in the last 36 months; a brief description of the type and size of transaction and the services you provided; and the names, titles, addresses and telephone numbers of the government officials primarily responsible for the transactions. You should only list clients and transactions which are similar to financings contemplated by the City (i.e., taxable or tax-exempt new money issues, variable rate financings, refundings, derivatives, etc.).

City of Pompano Beach, Florida

4 Years of Service

100 W. Atlantic Blvd.
Finance Department (Room 480)
Pompano Beach, FL 33060

Suzette Sibble, Finance Director
(954) 786-4680
suzette.sibble@copbfl.com



PFM has served as Financial Advisor and has assisted the City of Pompano Beach with bond financings related to their CRA. *Recent projects include: a \$20 million parallel loan structure that enabled the City to move forward with the development of projects in their Northwest CRA. The innovative loan structure provided the CRA Board the flexibility to continue negotiating development terms on several projects and borrow on either a taxable or tax-exempt basis depending on the final outcome of the development/lease agreements.*

City of Doral, Florida

2 Years of Services

8300 NW 53rd Street
Suite 100
Doral, FL 33166

Yvonne Soler McKinley, City Manager
(305) 593-6690
yvonne.soler-mckinley@cityofdoral.com



PFM has served as Financial Advisor and has assisted the City of Doral with long-term capital planning strategies. *PFM routinely monitors the City's outstanding debt for refunding opportunities, and is an active participant at the City's annual retreat to discuss future plans including capital and financial matters. PFM assisted the City to evaluate financing options for the development of City Hall and a police building. PFM is presently advising the City on a city-wide park development program.*

Collier County, Florida

8 Years of Service

3301 East Tamiami Trail, Building F
Naples, FL 34112

Derek Johnssen, General Accounting Manager
(239) 252-7863
MarkIsackson@colliergov.net



PFM has served as Financial Advisor and has assisted Collier County with multiple items over the last decade. *In addition to serving the County on bond issuances related to its Utility system, general fund, and CRA, PFM routinely monitors the County's outstanding debt for refunding opportunities. As the County's partner, PFM serves as an active participant at the monthly finance committee meetings. The*



PFM's Team References

purpose of those meetings is to update the group on market conditions and relevant market data, as well as a specific focus on the County's outstanding debt and upcoming capital plans. Most recently, PFM developed a plan of finance that enabled the County to remove onerous restrictions from one of the County's existing bond liens. This plan of finance include refunding several outstanding bonds through a newly created bond lien that removed those covenants. The result of the plan of finance, over the course of three financings to date, has been a total Net Present Value savings in excess of \$5 million and a release of cash from the existing Debt Service Reserve Fund in excess of \$7 million.

Town of Surfside, Florida

2 Years of Services

9293 Harding Ave
Surfside, FL 33154

Roger Carlton, Town Manager
(305) 861-4863 ext. 225
rcarlton@townofsurfsidefl.gov



PFM has served as Financial Advisor and has assisted the Town of Surfside with bond financings related to their Utility system. *The Town is currently in the process of implementing a large utility system improvement project that encompasses the entire Town footprint. PFM worked with the Town to develop a plan of finance that was within the constraints of their rate consultant's long-term plan. Last year PFM assisted the Town to procure, negotiate, and secure a long-term direct bank placement to fund this capital project.*

Miami-Dade County, Florida

10 Years of Service

111 NW 1st Street, Suite 2550
Miami, FL 33147

Arlesa Leverette, Bond Analyst
(305) 375-5147
A12@miamidade.gov



PFM has served as Financial Advisor and has assisted Miami-Dade County with bond financings with an approximate total par amount of \$3 billion. *Recent projects include: an escrow restructuring that resulted in a \$3 million upfront payment to the County; A Water and Sewer Utility refunding that saved over \$1.5 million annually; and providing financial advisory services for the County's "Global Agreement" projects, which included multiple County, City, and State partnerships to fund three large infrastructure projects.*



PFM's Additional Client References

Also include a list of your personnel's experience in the State of Florida and provide three additional client references for your firm.

2011 Florida Overall Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking
Source: The Bond Buyer/Securities Data Company

	# transactions	dollars in millions
PFM	41	3,193.2
Raymond James & Associates	6	925.7
Spectrum Municipal Services Inc	4	678.8
RBC Capital Markets	9	547.4
FirstSouthwest	10	464.0
Dunlap & Associates	8	301.8
TIBOR Partners	9	276.7
Ford & Associates	5	195.2
Fidelity Financial Services	5	181.0
Southeastern Capital Group Inc	1	93.5

Please refer to pages 7 and 8 for PFM's Florida references. PFM is extremely proud of our position as the number one ranked financial advisory firm in the State of Florida each year for the last 10 years. In 2011, PFM advised on 41 transactions with a total par amount in excess of \$3.1 billion for Florida issuers. A representative listing of our Florida clients is provided below.

PFM's First Place Ranking Florida Tax-Exempt Long-Term 2001 - 2011

	# of Transactions	Par Amount (millions)
2011	40	\$3,184.2
2010	48	\$2,729.1
2009	46	\$3,438.9
2008	43	\$3,947.1
2007	61	\$4,960.4
2006	62	\$3,839.4
2005	70	\$4,156.8
2004	51	\$2,687.8
2003	84	\$4,525.0
2002	72	\$4,101.6
2001	40	\$2,227.4

"We are what we repeatedly do. Excellence then, is not an act, but a habit."
—Aristotle

PFM's Florida Clients

Cities

Alachua
Boca Raton
Boynton Beach
Brooksville
Clermont
Coral Gables
Crystal River
Daytona Beach
Delray Beach
Doral
Flagler Beach
Gainesville
Golden Beach
Jacksonville
Key West
Lake Wales
Longboat Key
Melbourne
Melbourne Beach
Miami
New Port Richey
Orlando
Ormond Beach
Oviedo
Panama City Beach
Plant City
Pompano Beach
St. Cloud
St. Petersburg
Sanibel
Sebring
Stuart
Sunrise
Surfside
Tallahassee
Tarpon Springs
Titusville
West Palm Beach
Winter Haven
Winter Garden
Winter Park
Winter Springs

Counties

Alachua
Brevard
Broward
Clay
Collier
Flagler
Highlands
Leon
Marion
Miami-Dade
Monroe
Orange
Osceola
St. Johns
St. Lucie
Volusia

Healthcare

Adventist Health System
Jackson Health System
Naples Community Hospital
North Broward Hospital District
Orange County Health Facilities Authority

Transportation

Jacksonville Aviation Authority
Jacksonville Seaport Authority
Jacksonville Transportation Authority
Lee County Port Authority
Okaloosa County (Northwest Florida Regional Airport)
Hillsborough County Aviation Authority
Tampa Port Authority

The State of Florida

Division of Bond Finance

Higher Education

Edison College
Embry-Riddle Aeronautical University
Flagler College
Jacksonville University
New College
Nova Southeastern University
Ringling School of Art and Design
Saint Leo University
Stetson University
University of South Florida
University of West Florida

School Districts

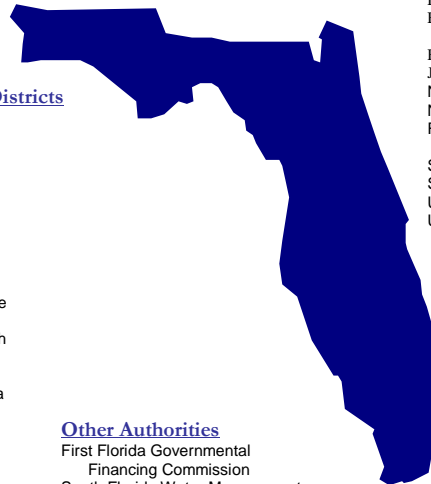
Broward
Citrus
Columbia
Duval
Flagler
Hernando
Lake
Manatee
Marion
Martin
Miami-Dade
Orange
Palm Beach
Pasco
Sarasota
Santa Rosa
Seminole
Volusia
Walton

Other Authorities

First Florida Governmental Financing Commission
South Florida Water Management District
Sunshine State Governmental Financing Commission
Tampa Bay Water

Special Districts

Alachua Library District
Blueprint 2000





F. Long-term Strategic Financial Planning Experience

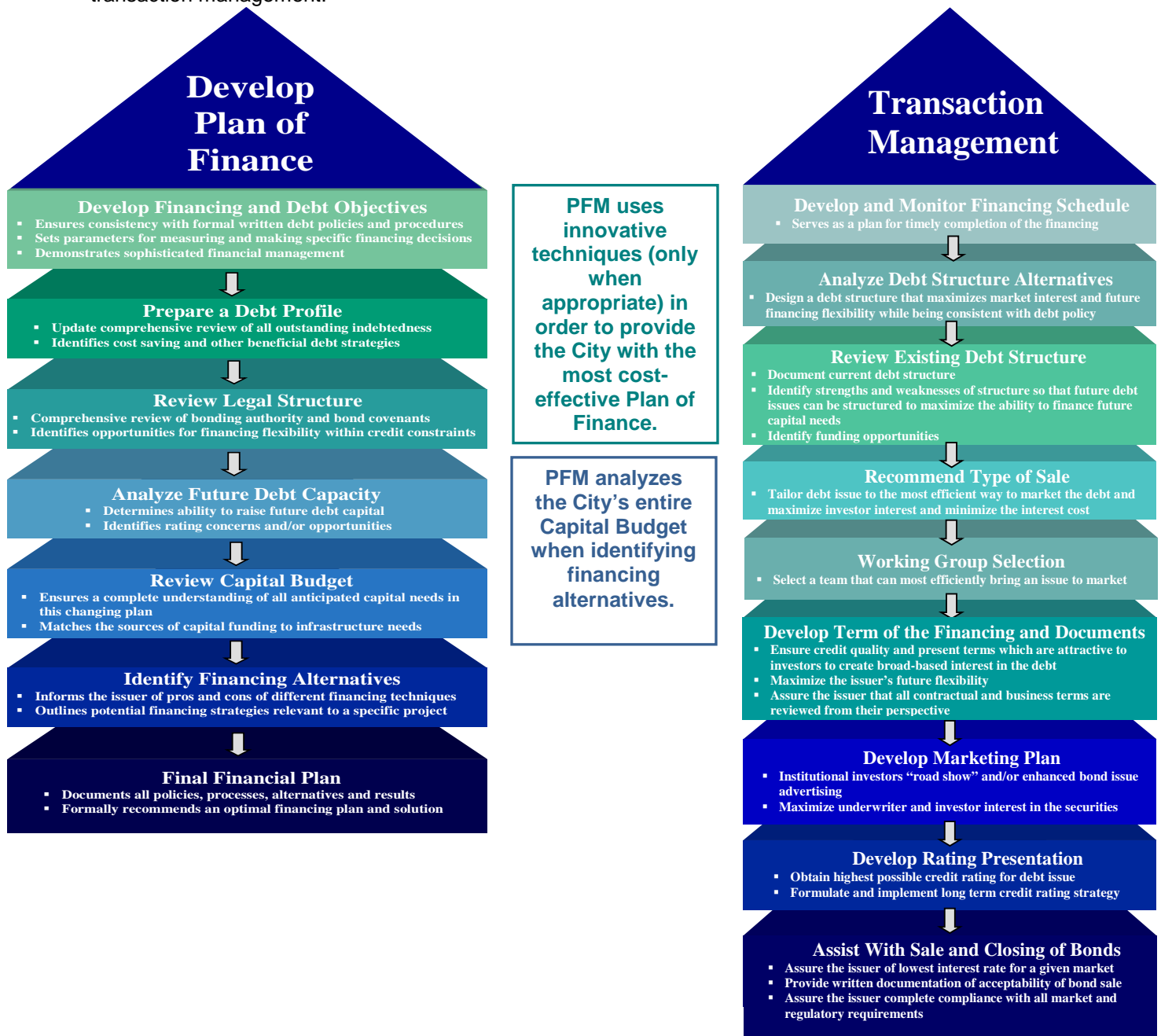


Long-term Strategic Financial Planning Experience

Provide a description of your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant services where the proposed personnel have served as financial advisor.

Plan of Finance Development and Transaction Management

Before the actual issuance of debt, a viable plan of finance must be constructed. Once the Plan of Finance is in place, PFM works through the Transaction Management process to make certain that the necessary actions take place to complete the financing. In many instances, developing the Plan of Finance overlaps with the Transaction Management process. Our expertise in debt structuring, creating credit structures, managing the rating agency/insurer relationship and pricing bonds adds value during each phase of the financing process. The exhibits below outline PFM's approach to the development of long-term strategic financial plans. PFM will serve to administer each step of the plan of finance and transaction management.





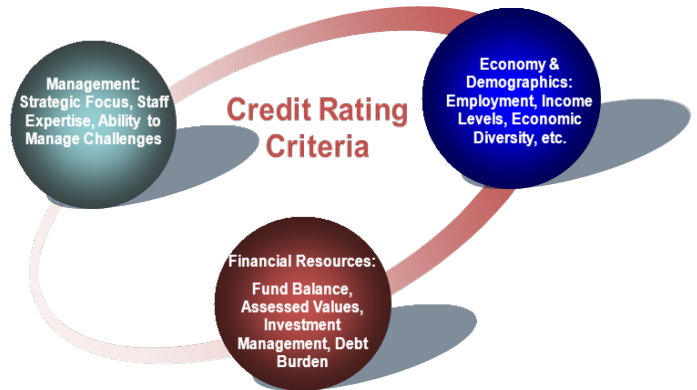
Long-term Strategic Financial Planning Experience

Relationship with Rating Agencies

PFM has developed considerable experience working with the major national rating agencies. As a result of our experience advising hundreds of clients each year on the issuance of tax-exempt securities for a wide range of purposes, PFM has developed a clear understanding of the analytical methods utilized by Moody's Investors Service, Standard & Poor's and Fitch Ratings. Our professional staff is trained to conduct in-depth credit analyses comparable to the rating agencies so that both credit strengths and weaknesses can be identified by the issuer prior to the presentation of materials to rating analysts. This experience has been utilized effectively to improve the credit ratings assigned to several communities across the nation. ***In Florida, PFM led multiple clients to the coveted "AAA" rating, including one of the only "AAA" rated water and sewer utility system.***

We will work closely with the rating agencies to fully understand their concerns and methodology and to design the City's presentation to specifically address each agency's questions in a meaningful way. In addition, we maintain close personal contact with staff members at the rating agencies regarding their views of debt covenants, innovative financing techniques and unusual debt structures.

The relationship PFM has developed with the rating agencies as well as our understanding of their process is of huge importance to our clients in today's volatile market place. The investor community has begun to put more emphasis on an issuer's underlying credit ratings when making an investment decision and thus obtaining the highest underlying rating is imperative. No longer can an issuer of municipal bonds rely on the bond insurance companies to provide them with the AAA credit strength.



Below is an example of PFM's experience working with clients to achieve rating upgrades and lower borrowing costs:

The City of Boca Raton, FL (PFM Project Manager: David Moore)

PFM has served as financial advisor to the City of Boca Raton for over 15 years and during this time has assisted the City with rating agency presentations and bond financings with an approximate par amount of \$400 million. During this time, the City has achieved status as one of the few municipalities to be rated AAA by all three major rating agencies. In addition, the City's water and sewer system maintains AAA ratings from S&P and Fitch, along with an Aa1 rating from Moody's. PFM and the City maintain constant dialogue with the rating analysts in order to maintain these top notch ratings.



During the last 2 years, PFM has worked with the City on the issuance of General Obligation Bonds, Series 2010 to fund the construction of a new downtown library. These bonds were issued in August of 2010 with an all in true interest cost of 3.33%. In addition, the City issued Special Assesment Revenue Bonds in June of 2010 with an all in true interest cost of 4.12%. These bonds were issued to finance improvements to the Downtown Special Assessment District.

Through PFM's continuous monitoring of the City's outstanding debt portfolio, we identified two prior issues of bonds that could provide debt service savings that met the City's threshold of 3.0% savings. PFM used the refunding screen to analyze the amount of savings that would be realized on a maturity by maturity basis in order to maximize the amount of savings the City could realize. The City's Water and Sewer Bonds, Series 1999 were currently refundable and produced the most savings. The City competitively priced the refunding bonds on March 10, 2009. On the day of pricing the City received 6



Long-term Strategic Financial Planning Experience

bids, with the winning bid from Hutchinson, Shockey, Erley & Co. The City achieved \$714,825 of net present value debt service savings or 7.39% of the refunded par amount. In addition, the City successfully sold its Special Assessment Refunding Bonds, Series 2009 via competitive bid on June 9, 2009. This transaction generated \$355,000 of net present value debt service savings or 3.27% of the refunded par amount.

Additional case studies that illustrate PFM's relevant experience are provided below:

City of Pompano Beach CRA (PFM Project Manager: Sergio Masvidal)

PFM was hired by the City of Pompano Beach to serve as their Financial Advisor in 2009. PFM assisted the City and their East District Community Redevelopment Agency (CRA) with the development of their five-year capital improvement plan, as well as with the issuance of their first financing transaction through a two-component (taxable and tax-exempt) \$20 million bank loan.



PFM was recently engaged to serve as the Financial Advisor for the City of Pompano Beach and the Pompano Beach CRA. One of our first tasks for the CRA was to evaluate their capital improvement and implementation plans in order to develop a detailed financing plan that could be introduced to the Council and CRA Board. Upon reviewing the Capital Improvement Plan needs, PFM quickly assessed two key items: the tax-exempt eligibility of the projects and the ability to stagger the timing of the financings in order to minimize the impact of debt service in the first year while projects were still coming on-line.

PFM worked with the City, the CRA, and the other members of the financing team through the following steps:

- Detailed multi-year Plan of Finance
- Board memorandums and presentations to communicate the plan of finance to policy makers
- Request for Proposals for interested lenders
- Negotiated borrowing terms with the selected bank
- Review of the Bond documents

Because the plan of finance could be most efficiently implemented through two financings that would occur several months apart, PFM wanted to ensure that the CRA (1) had access to capital when the project scheduled dictated, and (2) had a borrowing in place that could be drawn upon at a reasonable cost at a future date. To this extent, PFM developed a multi-pronged plan of finance. The first borrowing was implemented so that all of the known tax-exempt projects were funded at closing. The second financing was structured in such a manner that the CRA had the ability to draw from one of two Lines of Credit. Due to the early stage of the project negotiations for the second piece, it could not be determined whether the project would be taxable or tax-exempt eligible. Therefore, the Lines of Credit were established – with no ongoing “carry” cost – to be drawn at a later date. The agreement with the lending bank detailed that at the point a draw was made on the line, the CRA could simply notify the bank as to whether the draw would be considered taxable (drawn from the taxable line) or tax-exempt (drawn from the tax-exempt line). Using this methodology the CRA was afforded future flexibility while it continued to negotiate agreements with other private developers. The financing closed successfully on February 17, 2010.

City of West Palm Beach, FL (PFM Project Manager: Sergio Masvidal)

PFM assisted the City with a competitive loan negotiation that included tax-exempt and taxable components. The taxable portion of the loan was a restructuring in which PFM worked with the City's finance team to craft a solution around a significant prepayment penalty that would have otherwise hindered the restructuring.





Long-term Strategic Financial Planning Experience

As the City's Financial Advisor, PFM regularly monitors the City's existing debt portfolio for upcoming action items and/or potential refunding opportunities. During the first quarter of 2010, the City was advised that the liquidity for one of its outstanding loans with a Florida pooled loan pool program was set to expire in October of 2010. The City's exposure as a result of the expiring liquidity facility would have been approximately \$6 million and would have been immediately due at that time. At the same time, PFM was actively working on a global strategy with the City in an attempt to re-position its balance sheet and remove any unnecessary pledge of its general fund revenues. In order to accomplish these two goals, PFM introduced the possibility of packaging the approximately \$6 million expiring pooled loans with a \$14 million taxable CRA loan.

PFM developed a plan of finance that (a) provided a take-out financing for the \$6 million of loans, and (b) re-securitized the \$14 million CRA loan. That loan in particular was secured by the City's Non-Ad Valorem revenues, and the City received the debt service payments from the CRA through an interlocal agreement. PFM quickly entered into negotiations with the CRA loan provider (bank) on behalf of the City. The difficult negotiation centered on a prepayment penalty in excess of \$1 million that would have been applicable for the CRA loan. In order to remove the prepayment penalty from the transaction, PFM offered the bank the opportunity to also refinance the \$5.735 million loan. As a result, the bank agreed to waive the prepayment penalty in exchange for the bank's ability to (a) provide the loan to refinance the smaller debt (new loan for the bank), and (b) maintain the loan on the restructured \$14 million dollar loan. As a result of the plan of finance, the City was able to refinance an upcoming obligation at a lower rate, and reduce the overall exposure of its general fund by re-securitizing the debt solely with CRA revenues. In total the City saved in excess of \$1 million as a result of the strategy.



G. Tax-Exempt New Money and Derivative Product Experience



PFM's Tax-Exempt & New Money Experience

Describe your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant transactions where the proposed personnel have served as financial advisor.

The following table clearly depicts and reiterates that the primary team comprised of PFM's Florida professionals serves as the most active and experienced financial advisors in Florida. In addition, PFM's overall ranking in the nation since 2009 is provided. Both exhibit our dominance in terms of financial advisory firm rankings.

2009- 2011 Overall Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking – Equal Credit to Each Financial Advisor
Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	2,689	158,408.3
Public Resources Advisory Group	456	94,435.4
FirstSouthwest	1,915	69,179.8
Govt Development Bank for Puerto Rico	49	26,784.6
RBC Capital Markets	569	25,079.1
Kaufman Hall & Associates Inc	248	23,491.0
A C Advisory Inc	127	21,732.5
Montague DeRose & Associates LLC	97	20,711.5
Lamont Financial Services Corp	132	18,870.3
KNN Public Finance	191	15,312.7

2009 – 2011 Florida Overall Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking – Equal Credit to Each Financial Advisor
Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	179	11,977.8
Raymond James & Associates Inc	12	4,673.6
FirstSouthwest	41	3,323.7
Public Resources Advisory Group	26	2,247.7
Spectrum Municipal Services Inc	10	1,818.0
RBC Capital Markets	35	1,655.3
Dunlap & Associates	42	1,448.4
Kaufman Hall & Associates Inc	11	974.8
Frasca & Associates	4	971.4
Tibor Partners	19	653.5



PFM's Tax-Exempt & New Money Experience

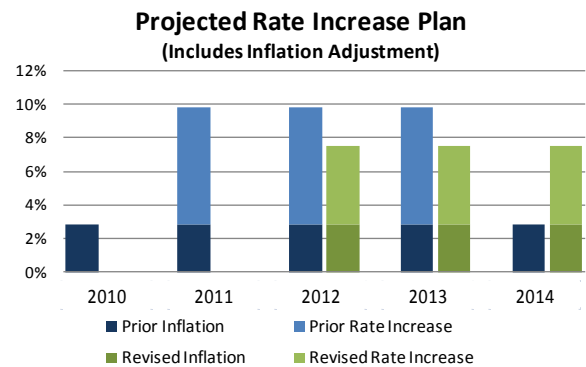
City of Sunrise Utility System Revenue Bonds - Blending Strategic Planning and Bond Issuance

Early in 2009 the City began the process to implement rate increases to fund a \$400 million capital program incorporating \$280 million in debt along with existing cash and residual revenue. The rate consultant initially proposed a rate increase of 50%, followed by multiple future increases approach of 10% in future years, which was unacceptable in that it came at the wrong time for a City hit very hard by the recession and housing foreclosures. In order to keep the capital program moving forward, PFM set about developing a multifaceted program designed to (i) educate the public and elected officials regarding the rationale for the rate increases, (ii) develop strategies to minimize rate increases and (iii) utilize creative financing tools to lower debt service.



For over a year PFM coordinated:

- Developing new/amended financing documents that incorporate provisions for Build America Bonds and allowing greater flexibility in calculating coverage and reserves,
- Educating staff and elected officials regarding the components of the rate increase that were required to provide for operations, and renewal and replacement in addition to funding long-term capital needs. Creating a cash optimization strategy that enabled the City to use restricted cash to defease existing bonds, facilitating a debt restructuring resulting in net present value savings in excess of \$10 million
- The final plan of finance completed in September of 2010 incorporated a combination of refunding bonds, tax-exempt bonds and Build America Bonds that:
 - Reduced the borrowing to \$120 million,
 - Refunded prior bonds producing \$500,000 in savings in addition to the \$11 million in savings produced by the defeasance, and
 - Enabled rate increases to be decreased and deferred, and potentially eliminated based on the timing of future projects.



The City also locked in interest rates near an all time low of 3.75%, which will provide even greater financial flexibility in the future.

City of Jacksonville (Duval County) – Better Jacksonville Plan

The Better Jacksonville Plan (“BJP”) is a comprehensive undertaking by the City to provide road, transportation and infrastructure improvements, park and environmental improvements, economic development and public facilities.



Beginning more than a year before the first issuance of any BJP Bonds, PFM began work with City staff to design an optimal financing structure for funding the total of \$2.25 billion of capital projects within the City over ten years. In fact the two pieces of BJP, i.e. \$1.5 billion from Infrastructure Sales Tax and \$750 million from Transportation Sales Tax, were structured in part based upon long term financial planning models which determined the financing and project capacity of each revenue source. The financial model was in turn driven in part by PFM’s knowledge of likely credit ratings, insurance costs and features, and market acceptance of the BJP Bonds. The City, and JTA, as applicable, adopted two Bond Ordinances authorizing the BJP bond financing program in its entirety. With PFM’s assistance, the entire BJP and associated bond program were reviewed with all



PFM's Tax-Exempt & New Money Experience

three major rating agencies and all four major bond insurers to ensure the program's design would meet the highest standards to the financial community.

Using the two different sales taxes, the City issued nearly \$400 million in revenue bonds as the first tranches to fund the most aggressive building and improvement program ever undertaken by the City. The \$218.43 million Better Jacksonville Sales Tax Revenue Bonds received credit ratings of AA, Aa3, AA- from Fitch, Moody's, and S&P, respectively. The City's \$179.28 million Transportation Revenue Bonds, which are subordinate to JTA's outstanding bonds, received credit ratings of AA, Aa3, A+ from Fitch, Moody's, and S&P, respectively. These made the BJP Bonds among fewer than twenty (according to Moody's at that time) "AA" category sales tax only bond issues in the nation and reflect, in part, the careful financial planning.

The long term financial planning is based on both bond financing and cash funded projects within BJP. It fully incorporated coverage requirements, reserve funds, and liquidity needs. For the Transportation Sales Tax component, the financial model included long-term funding of JTA's transit system operations after payment of debt service and capital needs. For the Infrastructure Sales Tax component, the financial model included long-term defeasance or retirement of the Bonds from excess revenues after completion of the \$1.5 billion in projects. The early BJP Bonds prepayment is a requirement of the referendum. The requirements to develop and implement such a financial plan include not only debt management but also full understanding of investment strategies and asset-liability management. With PFM's assistance, the City's BJP Financial Advisory Committee approved an asset-liability management plan that incorporates variable rate debt and structured investment products such as swaps into the comprehensive financial plan. The City implemented \$50 million fixed-to-variable interest rate swaps against the outstanding Better Jacksonville Sales Tax Revenue Bonds. These swaps, together with the variable rate Transportation Revenue Bonds represent the phases of the overall asset-liability management strategy.



PFM's Derivative Product Experience

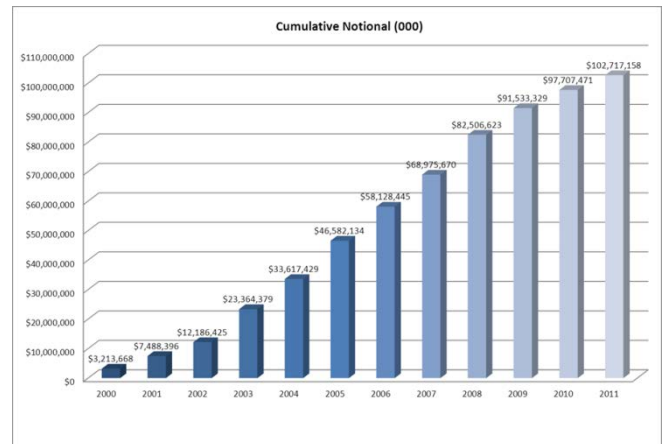
Swap Pricing & Valuation Expertise

PFM is a leader in providing swaps and derivative products advice. Our practice began as a separate business group in the early 1990s and its sole focus is this extremely complex area of public finance. We believe that the knowledge, market access, technical skills and resources we offer are on par with those of the major investment banks. Since January 2000, PFM has arranged 1,385 swap and derivative transactions totaling in excess of \$100 billion notional principal amount. In 2011 alone, PFM arranged 87 swap transactions totaling over \$5 billion of notional principal amount.

PFM is unique among public sector advisory firms in that we have a group of professionals solely dedicated to the derivatives and structured financial products area—the PFM Structured Products Group. PFM Structured Products Group's eleven (11) professionals are focused on providing municipal clients with the highest quality advice and insight on the utilization, structuring, procurement and management of interest rate swaps, derivatives, and other financial products. Our dedicated structured products team with significant Wall Street experience has advised our clients on numerous swap and derivative transactions. With the state-of-the-art resources and capabilities matching or exceeding those of the nation's largest investment banks, PFM can provide the most in-depth analysis and on-going monitoring of derivatives transactions.

The table below summarizes the number, notional principal amount, payment basis and index, and procurement method of interest rate swap and derivative transactions for which PFMAM served as advisor since 2000.

Year	# of transactions	Notional Amount
2000	10	1,352,910,000
2001	43	4,274,727,502
2002	55	4,698,029,000
2003	72	11,177,954,000
2004	138	10,253,049,750
2005	150	12,964,705,241
2006	155	11,546,311,023
2007	153	10,847,225,139
2008	247	13,530,953,232
2009	156	9,026,705,299
2010	119	6,174,142,377
2011	87	5,009,686,965
Total	1,385	\$ 100,856,399,528



PFM SwapViewer™

PFM's latest innovation is the proprietary SwapViewer™. Interest rate swaps and derivatives have become integral to today's municipal financings. They are powerful tools, yet carry significant risks that must be monitored. Swap dealers recognize this risk and spend several millions of dollars a year monitoring exactly where their risk lies, and precisely where their cash flows go and belong for each transaction. PFM believes end-users of swaps need to be equally vigilant.

PFM's proprietary web-based valuation and monitoring platform, SwapViewer™, represents the state-of-the-art in derivatives risk management and is an example of PFM's ongoing innovation in this area. SwapViewer™ is tailored exclusively for tax-exempt clients and enables them to view all of their swap positions, risk and documents online. As soon as a trade is transacted, it is captured in our system for processing. Valuations are performed on a daily basis, and can be reported depending on the frequency of the City's needs and the level of service required. The City would also have access to a website to view these valuations and details on transactions. PFM also presents the rate resets and payment calculations for the City for access through the web. PFM maintains its clients' entire portfolio of swap positions in its database and provides them with regular mark-to-market reports. In addition, we maintain



PFM's Derivative Product Experience

frequent contact with clients to provide them with market “color” and to alert them to current windows of opportunity.

The models, methods and procedures used for ongoing surveillance, are the same used by the PFM team to price all our client transactions. SwapViewer™ provides calculations on the Dollar Value of 1 basis point move (DV01) for each transaction and the entire portfolio. Other risk parameters can be calculated with ease, in order for PFM to work with the City in monitoring the effect of rates on the swaps. SwapViewer™ also affords clients the ability to create custom portfolios to house the transactions, and load information on the associated bonds as well.

The screenshot shows the SwapViewer web application interface. At the top, there is a 'Welcome Managing Public Interest' banner with the PFM logo and 'SwapViewer™' branding. Below this is an 'Overview' section with a 'Refresh' button. The main content area is titled 'State Treasury and Budget' and includes a 'View: Risk' dropdown, a date filter '08/31/2005', and a 'Group By: Client' dropdown. A table displays financial data for various state entities, including columns for Snapshot, DV01, Accrued Interest, and Valuation Amount.

	Snapshot	DV01	Accrued Interest	Valuation Amount
	08/31/2005	\$2,385,671.12	(\$18,689,080.43)	(\$115,309,103.97)
[+] State Government Assistance (3)	08/31/2005	\$512,249.24	(\$9,193,966.57)	(\$30,443,590.57)
[+] State Health Authority (66)	08/31/2005	\$1,629,381.73	(\$5,644,113.49)	(\$63,754,881.19)
[+] State Highway Authority (3)	08/31/2005	\$23,391.66	(\$475,211.62)	(\$1,983,835.16)
[+] State Housing Development Authority (3)	08/31/2005	\$220,648.49	(\$3,375,788.75)	(\$19,126,797.06)

Further services include collateral monitoring when this is necessary as part of an ISDA Credit Support Annex. As a large asset manager, we have access to a database of security prices, which combine with our swap valuation software to create a powerful tool to monitor collateral posted against the value of a derivative portfolio. PFM believes our services are much more comprehensive than the role of a traditional broker or other advisors in this area. We customize our services for each of our clients in this area. For example, in the area of accounting and reporting, some clients require FAS 133 Effectiveness Testing while others may require assistance in writing footnote disclosures for their financial statements. PFM also can provide periodic counterparty credit exposure reports and Value at Risk-type calculations.

The following list provides a preview of SwapViewer™ services available to the City:

Valuations

- Web-based access to valuations and reports
- Customized portfolio groupings
- Graded levels of access

Back-Office Monitoring

- BMA and LIBOR rate settings
- Payment and net payment calculations
- Web-based access to payments

Documentation

- Web-based access to transaction and ISDA documents.

PFM's in-house technical resources, experience and scale enable us to offer clients leading edge technology at an affordable price. SwapViewer™ consolidates PFM's expertise in municipal derivatives, and delivers it onto your desktop.



PFM's Derivative Product Experience

School District of Palm Beach County

PFM has served the District for the last ten years as the District completed one of the largest capital programs in the Florida. The District's debt portfolio includes six swaps that generated over \$16 million in upfront cashflow to the District and over a million per year in additional savings each year. The swaps are divided into three categories:



*Bond Buyer's
2002 Southeast
Deal of the Year*

1. **Synthetic fixed rate** – traditional swaps entered into in order to provide lowest overall cost of financing.
2. **Forward refundings** – swaps were used to lock in low rates, years before tax law would allow a traditional refunding to occur.
3. **Market optimization** – swaps were entered into to take advantage of market abnormalities. The swaps were expected to decrease net debt service payments.

Ongoing Swap/Debt Management:

All the swaps have performed as expected providing cashflow relief and hedges against market changes. Also, as market conditions evolve (both favorable and unfavorable changes), PFM helps the District analyze options for restructuring the swaps and debt. This table summarizes options for conversion of the District's 2002B COPs, which recently led to the District obtaining the lowest "spread to SIFMA" for a variable rate conversion.

2002B Financing Alternatives	Do Nothing*	Short/ Intermediate - Term Takeout (Mode Change)	SIFMA-Indexed Refunding (Private Placement)	Refund/Conversion with new LOC, Swap Remains	Bank Certificates through Maturity	Fixed Rate Refunding, Unwind Swap	Offset Current Swap with SIFMA Swap (Basis Swap)
	Swap/Bond Rate	4.22%	4.22%	4.22%	4.22%	4.22%	5.75%
Estimated COI - Annualized	-	0.20%	0.20%	0.20%	-	0.20%	-
Remarketing Fee	0.08%	-	-	0.10%	0.08%	-	-
Liquidity/LOC Fee	0.16%	1.20%	-	1.20%	0.16%	-	-
Estimated Trading Spread	?????	-	1.50%	-	3.00%	-	-
Swap Termination Payment	-	-	-	-	-	1.90%	-
All-In TIC	4.46%*	5.62%	5.92%	5.72%	7.46%	7.85%	Cost TBD

* Projected Long-Term rate, assuming FSA/Dexia return to historical trading levels. Current Rates (trading spread) are approximately 3.00% higher.

Underwriter Proposals	Do Nothing*	Short/ Intermediate - Term Takeout (Mode Change)	SIFMA-Indexed Refunding (Private Placement)	Refund/Conversion with new LOC, Swap Remains	Bank Certificates through Maturity	Fixed Rate Refunding, Unwind Swap	Offset Current Swap with SIFMA Swap (Basis Swap)
	Bank of America	REC			x		
Citi	REC	x	x	x		x	
JP Morgan	REC	x	x	x	x	x	
Merrill Lynch				x		REC	
RBC Capital Markets	REC	x	x			x	x
Siebert Brandford Shank & Co.						x	REC
Wachovia	x	x		x		x	

x Discussed as a Financing Option
REC UW Recommendation

PFM's structured products group monitors swaps on a daily basis looking for opportunities to extract additional value from the swaps. Due to the dramatic increase in long-term interest rates starting in late September of 2010 and continuing through today, the market value of one of the District's swaps improved dramatically. PFM is in the process of helping the District terminate one swap that will generate approximately \$9 million in immediate cash. We are also developing strategies to manage restructuring options for early 2011 that will create additional opportunities for savings.

It is worth noting that PFM does not recommend the use of swaps for most or our clients. Due to the complex nature of these transactions, the first step we took with the District was to educate Staff, the Finance Committee and the School Board regarding the risks and rewards of the various financing options. Very detailed and comprehensive presentations were made to staff and the Finance Committee, while the Board was presented with the high-level strategic issues and a discussion of the risks versus rewards. Decisions on the ultimate financing vehicles were made only after a thorough education process of everyone involved.



H. Taxable Financing Experience



PFM's Taxable Financing Experience

Describe your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant transactions where the proposed personnel have served as financial advisor.

The following tables provide PFM's recent taxable bond experience. Please note that rankings are listed in terms of total par amount. However, also note that The Bond Buyer and Securities Data Corporation also list the number of transactions completed. PFM leads the competition in par amount issued and has completed over three times the number of transactions as any other firm.

2009 – 2011 Taxable Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking – Equal Credit to Each Financial Advisor

Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	542	39,181.4
Public Resources Advisory Group	166	34,403.6
FirstSouthwest	172	11,277.0
A C Advisory Inc	58	9,852.6
Peralta Garcia Solutions LLC	13	7,793.1
RBC Capital Markets	57	6,573.0
KNN Public Finance	52	5,838.5
Lamont Financial Services Corp	29	4,721.5
Govt Development Bank for Puerto Rico	12	4,591.7
Estrada Hinojosa & Company Inc	30	3,994.8

2009 – 2011 Florida Taxable Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking – Equal Credit to Each Financial Advisor

Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	40	2,251.0
Public Resources Advisory Group	10	741.8
Dunlap & Associates	13	610.8
FirstSouthwest	12	290.5
Ramirez & Co Inc	1	255.0
RBC Capital Markets	9	231.1
Ponder & Co	2	192.0
Fidelity Financial Services	5	144.3
Prager Sealy & Co LLC	3	71.4
Morgan Keegan & Co Inc	3	71.0



PFM's Taxable Financing Experience

To obtain the lowest-cost funds, the taxable market must be approached differently than the tax-exempt market. We have found that municipal issuers frequently fail to make this distinction and therefore pay a penalty. We advise municipal issuers to consider the following:

- The prior paradigm that taxable markets will only purchase large issues has been shifted by the heavy activity of Build America Bond issuance.
- Due to the nature of the taxable investor, issuers should attempt to foster a dialogue with potential investors in order for investors to attain a thorough and fundamental understanding of the issuer's credit – communication is critical;
- Taxable private placements, in certain cases, may have costs that are comparable to public offerings.
- Taxable debt can be structured with varying maturities, however current market preferences have a barbell structure, where maturities are most efficient in the shorter maturity ranges of one to five years, or in the longer ranges of twenty to thirty years.

We have advised issuers on the use of taxable debt to achieve a wide range of objectives, including the simple funding of taxable needs, the diversification of investor and debt types, more accurate matching of assets and liabilities, the economic avoidance of transferred proceeds penalties, the realization of amortization requirements, and the lowering of taxable costs. Some of the taxable products we have advised clients on include: Fixed Rate New Money Debt, Fixed Rate Refunding Bonds, and Adjustable-Rate Debt.

Broward County School Board First Combined QSCB/BAB/Tax-Exempt Financing in the Nation

The School District of Broward County, Florida has a multi-year capital program totaling over \$1 billion, of which \$130 million was planned for debt funding in fiscal year 2009. In a tight budget year it was critical that the District lock in the lowest cost of capital possible. Significant market volatility in the fall of 2008 led PFM to recommend that the District accelerate approval of the summer 2009 financing so that the District could avoid difficult periods in the market and/or take advantage of favorable market conditions.



Credit ratings and bond insurance were obtained early in 2009 and the District prepared to go to the market. However, in early February the market deteriorated significantly; credit spreads for Florida financings widened from approximately 80bps to 150bps over a three week period. PFM recommended that the District take advantage of the flexibility in timing built into the schedule and deferred the financing. Concurrently, Congress was finalizing the details of the ARRA, which included two financing tools for school Districts. Specifically, Congress approved (i) Qualified School Construction Bonds (QSCB), which based on market conditions were effectively 0% interest loans and (ii) Build America Bonds (BAB), which allow tax-exempt issuers to sell debt at taxable interest rates and receive a 35% rebate from the Federal government.

PFM worked with bond counsel, rating agencies, insurers and the underwriter to develop a structure that allowed for any combination of QSCBs, BABs and traditional tax-exempt debt. The strategic decision was to allow all options and then make a "game time" decision regarding which financing tools to employ. Prior to the pricing date PFM arranged to privately place the \$49 million QSCB at par, locking in 0% interest rate for over a third of the financing. In the days leading up to the pricing, PFM's pricing desk worked with the underwriter to determine the optimal mix of tax-exempt and taxable debt (BABs). The final structure included: (i) \$49 million QSCB amortizing prior to 2024, (ii) \$20 million in tax-exempt debt maturing in 2025 through 2027 and (iii) \$64 million in BABs maturing from 2028 through 2034. Below is a comparison of the original plan of finance (100% tax-exempt debt) and the final plan of finance, along with the associated savings.



PFM's Taxable Financing Experience

Issuance Comparison		
	Traditional Tax-Exempt Bonds	COPs, Series 2009A
Total Par	\$134MM	\$134MM
Term	25 years	25 years
Issuer Subsidy	None	35% Tax Credit
Structure	Tax-Exempt \$134MM: Serials 2014-2029, 2034 Term Bond	QSCBs \$49.9MM: 2014-2024 Tax-Exempt \$20.1MM: 2025-2027 BABs \$63.9MM Term Bond 2034 (2028-2034)
Scale	Tax-Exempt COPs Scale (6/4/09)	Actual Rates
Avg. Life	17.38 years	16.96 years
All-in TIC	5.50%	3.80%
Total Net Debt Service	\$258,133,807	\$220,275,307
Present Value of Debt Service¹	\$158,566,819	\$131,690,069
Savings to District	N/A	\$26,876,751 (20.06% of Par)

(1) Debt Service present valued at 3.80% (All-in TIC of Series 2009A COPs)

Market discussion about QSCB and BABs during the weeks leading up to the sale focused on the lack of buyers for QSCB and unfavorable terms for BABs (non-callable, bullet maturities, etc). PFM was able to sell the QSCB at par via private placement and negotiated a traditional 10 year par call for the taxable term bonds, thus eliminating most of the complications associated with both of these structures.

The bottom line is that the combination of a 0% interest loan and the net benefit of the BABs resulted in an All-In TIC of 3.80% for a 25 year financing, which will save the District over \$26 million over a traditional tax-exempt financing on a present value basis.

City of Oviedo, Florida

PFM has served as financial advisor to the City of Oviedo for over 6 years and during this time has assisted the City with rating agency presentations, bank loans and bond financings. These financings were to fund water and sewer projects, and other general capital projects and were completed via bank loans and public offerings on a competitive and negotiated basis. The size has ranged from approximately \$500,000 to \$30 million in par amount. PFM has also assisted the City with the completion of numerous refunding transactions via bank loans that have reduced the City's debt service. In 2010 the City expressed interest in acquiring a private utility system within City limits that services City residents. PFM worked with the City on the financing for the acquisition of Alafaya Utilities. The City's charter requires voter approval on all debt over \$5 million dollars. The referendum passed and PFM worked with the rate consultant to determine the debt service coverage levels that were needed to maintain the City's "AA" rating. PFM advised the City on the structure of the financing which enabled the City to take advantage of the American Recovery Reinvestment Act which allowed to City to issue (Federally Taxable - Build America Bonds - Direct Payment) for the majority of the issue and Tax exempt bonds to finance the earlier maturities of the issue. This provided savings to the City as they were able to take advantage of the 35% federal subsidy which in turn provided a lower All-in TIC of 3.80%.



Issuance Comparison		
	Traditional Tax-Exempt Bonds	Optimal Tax-Exempt and BAB Structure
Total Par	\$35,900,000	\$35,900,000
Term	30 years	30 years
Issuer Subsidy	None	35% Tax Credit
Scale	Tax-Exempt Scale	Actual Rates
Avg. Life	21.125	21.059
All-in TIC	4.08%	3.80%
Total Net Debt Service	\$66,511,154	\$64,208,500
Present Value of Debt Service*	\$36,862,395	\$35,458,832
PV Savings to City	N/A	\$1,403,562

* Debt Service present valued at 3.80% (All-in TIC of Series 2010AB Bonds)



PFM’s Taxable Financing Experience

Citrus County Schools, Florida

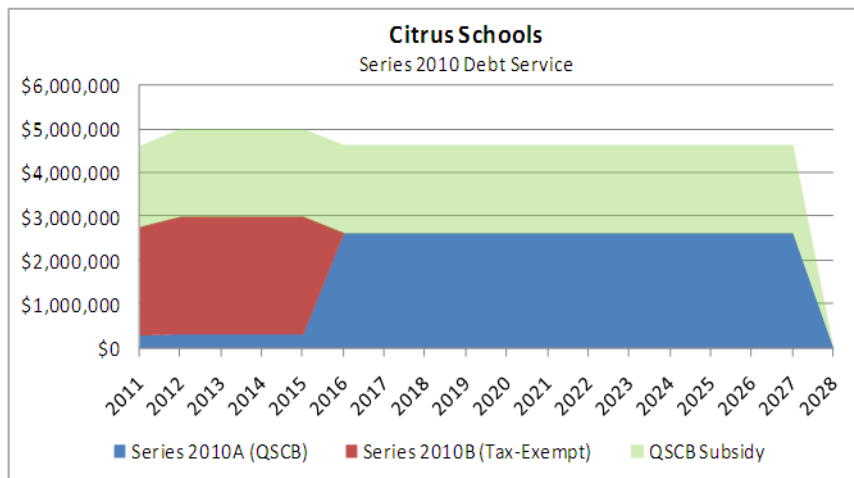
On April 29, 2010, the School District of Citrus County, Florida closed on one of the first two direct subsidy Qualified School Construction Bonds (“QSCB”) in Florida after passage of the HIRE Act that, among other changes, provided QSCB issuers the option of a direct federal interest subsidy in addition to the federal tax credit option. According to the Bond Buyer, the \$35,000,000 QSCB was also one of the first two direct subsidy QSCBs to be sold as certificates of participation in the nation.



While all ended well, it was an interesting process for Citrus Schools. Initial planning for the COPs began in 2008 when the District determined it needed \$45 million to renovate and reconstruct a primary school and a high school but did not have sufficient funds to do so. Based on the District’s tax collections for capital improvements at the time, the District anticipated a short to intermediate term borrowing. However, from 2008 until closing, the District experienced significant loss of property taxes due to declining property values, endured two legislative reductions to Florida school district capital outlay millage levies resulting in a 25% loss of millage capacity (on top of the declining property values), received the resignation of its financial advisor, and received notice that its in-house attorney was taking a leave of absence. One of the few pieces of good news for the District during this time was the passage of ARRA and the creation of QSCBs. The District applied for \$45 million of allocation from the state pool and was awarded 100% of its request.

Thanks to several recommendations from current clients and other industry professionals, the District contracted with PFM to take over as financial advisor. We were officially hired on March 15 and were given instructions to complete the financing before the end of April. The District assured us that at least half of the work had been completed so should not be a problem. They were correct. Other than structuring the issue, determining the method of sale (public offering or private placement), finalizing documents, finalizing credit ratings, applying for bond insurance, receiving final Board approval, pricing and closing the issue, there really wasn’t much work to do! And since we were awaiting passage of the HIRE Act, we also needed to plan for either tax credit or direct interest subsidy structures.

After analyzing the impact of the various QSCB requirements, including Davis-Bacon wage criteria, the District decided to proceed with QSCB financing for the high school but not for the primary school. The Senior Managing underwriter had recommended a 20-year structure comprised of QSCBs, traditional tax-exempt COPs, and potentially BABs for the longer maturities. PFM’s analysis concluded that the District could comfortably amortize the issue within the 17 year final maturity of the QSCB and since BABs provided the most benefit after 15 years, we recommended that BABs be eliminated from the discussion. PFM’s analysis also concluded that the District would achieve the most cost effective debt structure by amortizing the higher cost tax-exempt COPs over the first five years and then amortizing the QSCBs from 2016-2027.





PFM's Taxable Financing Experience

Citrus County School Board Series 2010A (QSCB) and Series 2010B (Tax-Exempt) Bonds													
SF Earnings Rate		4.30%											
QSCB Total Par		35,000,000.00											
Dated Date		4/29/2010											
Sinking Fund Deposit		2,289,529.35											
Start in Year		2016											
	Beginning SFD Balance	Sinking Fund Deposit	Earnings	Ending Balance	6.723%		Net QSCB Payment	Series 2010B Debt Service	Gross DS	Net Payments post Subsidy	Arb Yield	TIC	AIC
					QSCB Payment	QSCB Subsidy					NA	-0.140%	-0.090%
4/29/2010													
4/1/2011	-	-	-	-	2,174,876.67	(1,865,655.56)	309,221.11	2,453,540.00	4,628,416.67	2,762,761.11	-	2,766,340.04	2,765,064.70
4/1/2012	-	-	-	-	2,358,300.00	(2,023,000.00)	335,300.00	2,661,500.00	5,019,800.00	2,996,800.00	-	3,004,897.30	3,002,010.56
4/1/2013	-	-	-	-	2,358,300.00	(2,023,000.00)	335,300.00	2,658,300.00	5,016,600.00	2,993,600.00	-	3,005,905.27	3,001,516.37
4/1/2014	-	-	-	-	2,358,300.00	(2,023,000.00)	335,300.00	2,661,500.00	5,019,800.00	2,996,800.00	-	3,013,345.47	3,007,441.56
4/1/2015	-	-	-	-	2,358,300.00	(2,023,000.00)	335,300.00	2,660,050.00	5,018,350.00	2,995,350.00	-	3,016,118.40	3,008,704.29
4/1/2016	-	2,289,529.35	-	2,289,529.35	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,646,741.51	2,638,915.56
4/1/2017	2,289,529.35	2,289,529.35	98,449.76	4,677,508.46	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,650,459.51	2,641,301.54
4/1/2018	4,677,508.46	2,289,529.35	201,132.86	7,168,170.68	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,654,182.73	2,643,699.68
4/1/2019	7,168,170.68	2,289,529.35	308,231.34	9,765,931.37	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,657,911.19	2,646,079.98
4/1/2020	9,765,931.37	2,289,529.35	419,935.05	12,475,395.77	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,661,644.88	2,648,472.44
4/1/2021	12,475,395.77	2,289,529.35	536,442.02	15,301,367.13	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,665,383.81	2,650,867.07
4/1/2022	15,301,367.13	2,289,529.35	657,956.79	18,248,855.27	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,669,128.00	2,653,263.86
4/1/2023	18,248,855.27	2,289,529.35	784,700.78	21,323,085.40	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,672,877.45	2,655,662.81
4/1/2024	21,323,085.40	2,289,529.35	916,892.67	24,529,507.42	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,676,632.18	2,658,503.94
4/1/2025	24,529,507.42	2,289,529.35	1,054,768.82	27,873,805.59	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,680,392.15	2,660,467.23
4/1/2026	27,873,805.59	2,289,529.35	1,198,573.64	31,361,908.58	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,684,157.42	2,662,872.70
4/1/2027	31,361,908.58	2,289,529.35	1,348,562.07	35,000,000.00	2,358,300.00	(2,023,000.00)	335,300.00	-	4,647,829.35	2,624,829.35	-	2,687,927.98	2,665,280.35
TOTAL		27,474,352.20	7,525,647.80		39,907,676.67	-34,233,655.56	5,674,021.11	13,094,890.00	80,476,916.87	46,243,263.32		-46,814,045.28	46,609,674.64

Based on our recommended structure, the District was able to achieve an estimated all-in cost of debt on the combined issue of (0.09%) net of estimated sinking fund earnings. During the process, we were also able to introduce PFM Asset Management to assist with the investment of the construction fund proceeds. The District was so pleased with the combined efforts of all PFM team members that the firm was awarded multi-year contracts for both financial advisory and asset management services this week.



I. Advance and Current Refunding Experience



PFM's Advanced & Current Refunding Experience

Provide a description of your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant services where the proposed personnel have served as financial advisor.

PFM is in the market very often, providing experience executing numerous current and advance refundings. Additionally, we have developed and have helped to develop numerous innovative advance refunding techniques. With long-term interest rates still below historical averages, PFM is currently advising and assisting many of our clients with the execution of numerous current and advance refundings. Our high level of vigilance enables PFM to continually add value to our clients.

2009 – 2011 Refunding Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking – Equal Credit to Each Financial Advisor
Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	1,236	67,491.0
Public Resources Advisory Group	169	38,332.9
FirstSouthwest	783	28,902.1
Kaufman Hall & Associates Inc	142	14,154.1
Montague DeRose & Associates LLC	52	13,751.2
Govt Development Bank for Puerto Rico	22	10,846.6
Ponder & Co	92	9,572.3
Lamont Financial Services Corp	54	8,382.1
RBC Capital Markets	184	7,820.9
A C Advisory Inc	39	7,033.7

2009 – 2011 Florida Refunding Long-Term Municipal New Issues

National Municipal Financial Advisory Ranking – Equal Credit to Each Financial Advisor
Source: Thomson-Reuters

	# transactions	dollars in millions
PFM	75	5,618.4
FirstSouthwest	17	1,234.9
RBC Capital Markets	20	1,182.9
Kaufman Hall & Associates Inc	10	870.9
Spectrum Municipal Services Inc	6	727.0
Ford & Associates	11	453.9
Public Resources Advisory Group	8	408.9
Dunlap & Associates	15	408.3
Raymond James & Associates Inc	5	240.1
Morgan Keegan & Co Inc	7	226.9



PFM's Advanced & Current Refunding Experience

At some point, the City may contemplate refunding some or all of its outstanding bonds. Accordingly, it is important to properly analyze all aspects of the proposed transaction to optimize savings. To do so, the City must identify the optimal universe of refunding candidates (utilizing both present value savings and option value analytics), optimally structure the refunding bonds, minimize the borrowing cost for the refunding, minimize the cost of purchasing escrow securities (if applicable), and take full advantage of those structures and products that enhance savings, all in consideration of applicable tax laws and management preferences. The assigned team of PFM professionals offers the City a level of knowledge and expertise unmatched in the business.

The following case studies discuss PFM's advance and current refunding experience.

Collier County, Florida

PFM has continuously monitored Collier County's outstanding debt since becoming the County's Financial Advisor in 2004. Routinely updating the County's debt profile and running the issues through PFM's proprietary Refunding Screen model to check for any refunding candidates. Late in 2008, as the insurers were systematically downgraded by the rating agencies, the County suddenly found itself in a position where it needed to replace Debt Service Reserve Sureties on three series of Capital Improvement Bonds (paid by sales tax revenues). The County made the internal decision to use available cash from another fund to temporarily provide the "fund-up" requirement. In the meantime, PFM developed and worked with the County to make multiple contingency plans available and in place in the event that cash was needed prior to the final maturity of the bonds (including the issuance of taxable bonds to fund the surety, replacing pay-go projects with bond funding, implementing a tender option refunding plan, and insurer negotiations). PFM's primary recommendation was to have these plans in place in the event the County needed to act quickly, however continue to monitor market conditions in order to currently refund the bonds. A current refunding under the existing ordinance would have required that the County fund a new reserve, making the refunding un-economical. However, the financing team identified an alternate strategy to refund the bonds through a different security lien (non-Ad Valorem revenues) without impacting debt service coverage or the County's cashflow. This could be achieved because the original security – sales tax revenues – were already going to the County's total non-Ad Valorem fund, after debt service payments. The net impact to the County was identical, while providing the ability to refund without funding a new reserve. In the summer of 2010, PFM identified the 2011-2021 maturities of the County's Capital Improvement Revenue Bonds, Series 2002 outstanding in the par amount of \$25,200,000, as potential candidates. The Refunding Screen model showed the County could achieve over 3.00% net present value savings if the Series 2002 Bonds were refunded in current market conditions. In addition to the savings available from the refunding, the County would also be able to release approximately \$2.7 million from its debt service reserve fund by taking out the refunded Bonds.



The County agreed with the strategy of being prepared to move forward with the refunding if it made economical sense and PFM arranged for the Special Obligation Refunding Revenue Bonds, Series 2010B to be sold competitively via PFM Auction on November 10, 2010. The County received bids from 6 different banks, with a True Interest Cost of 2.939% ultimately being the low bid. The Series 2010B Refunding Bonds resulted in over 5.40% net present value savings, which calculates to gross savings of approximately \$140,000 per year for the County through 2021. In addition to the refunding savings, the County was ultimately able to achieve its primary objective of releasing approximately \$2.7 million of cash that had been designated to replace the surety.



J. Market and Pricing Information



Market & Pricing Information

Describe your firm's knowledge, experience and resources in tracking and monitoring the tax-exempt and taxable bond markets, including fixed rate, variable rate, swaps and other derivative products, and the government securities market. Include a discussion of your firm's participation in underwriting tax-exempt and taxable bonds, acting as a principal in swap transactions, and providing investment services. Also discuss your process for ensuring that the City of North Miami Beach receives the best price for any bonds, financings involving swaps and other derivative products, and any escrow securities as part of any refunding. Include a discussion of how you evaluate the success of any pricing.

Market Experience

PFM offers the County a unique blend of Wall Street knowledge, technical resources and an independent, local fiduciary perspective. As indicated in the table below, PFM is the most active Financial Advisor in the country and is a more frequent market participant than even the largest investment banking firms. In 2011, PFM assisted clients with 758 debt issues with a total par amount in excess of \$39.6 billion.

2011 Presence in the Market - Underwriters and Financial Advisors					
		<u>No. Deals</u>	<u>Avg per Week</u>	<u>Total Par (\$ Billion)</u>	
1	Public Financial Management Inc	FA	758	14.6	39.632
2	RBC Capital Markets	UW	533	10.3	13.773
3	Morgan Keegan & Co Inc	UW	488	9.4	9.255
4	JP Morgan Securities LLC	UW	385	7.4	37.786
5	Bank of America Merrill Lynch	UW	352	6.8	35.351
6	Citi	UW	332	6.4	36.018
7	Morgan Stanley	UW	242	4.7	21.320
8	Wells Fargo & Co	UW	168	3.2	13.162
9	Bardays Capital	UW	119	2.3	14.228
10	Goldman Sachs & Co	UW	94	1.8	17.510

PFM Pricing Group

A unique feature among financial advisory firms is PFM's in-house Bond Pricing Group. While many firms view pricing as a one-day event, we do not. Rather, we view it as the culmination of several critical decisions made throughout the financing process. The diligence brought to each decision during the financing process will be enhanced by PFM's dedicated in-house Bond Pricing Group, which will join the core financing team to support the pricing of the County's bonds. While not an underwriting desk (PFM does not underwrite or trade municipal bonds), our pricing group is structured to capitalize on one of the characteristics that has proven successful to investment banks; a centralized pricing desk where all market data is available and pricing expertise is concentrated. The PFM Pricing Group has complete, real-time access to every market platform necessary to evaluate the municipal market. We also subscribe to all of the major information vendors and are privy to real-time trade data. However, it is the knowledge we obtain through our daily presence in the markets (an average of over 19 deals per week) combined with our intimate knowledge of our clients' needs that we depend upon the most to shape our advice to clients. Unlike broker dealers that serve as financial advisor, PFM's Pricing Group has the benefit of market views from multiple market participants instead of relying on the views of only one underwriting desk. In negotiated sales, we use this knowledge to determine the target price that we expect the underwriter to meet and provide the underwriter our analysis to support our position. In competitive sales, we structure issues and sale times to ensure that as many investors are bidding on our clients' bonds as possible.

PFM Market Access Systems

- Bloomberg
- Tradeweb
 - i.e., Teletrate
- Dow Jones and other news sources
- Inter-Dealer Screens
 - Tullet/Tokyo Liberty/Garban Inter Capital
 - Bloomberg Bond Trader/Prebon Yamane
- Credit Services:
 - Moody's/Standard & Poor's/Fitch



Market & Pricing Information

PFM can assist the City in achieving policy targets and financing projects when the funding is needed, but the PFM Pricing Group also considers factors that affect access to financing alternatives based on then current market conditions. With either competitive or negotiated bond sales or private placements, the City would receive current information on factors such as market rates and credit spreads, bond issuance volume, timing and size of comparable deals entering the market and scheduled economic releases to avoid inopportune selling conditions when possible. Although timing the market is not our primary driver, there are times that we will recommend postponing pricing a transaction when market conditions are volatile and unfavorable to the client.

Negotiated and Competitive Sale Process

PFM possesses extensive expertise and experience in regard to both competitive and negotiated sales. Dependant on our client's needs and situation, PFM has experience in playing a variety of roles in the negotiated sale financing process. We have positive working relationships with all of the national investment banking firms, as well as the major regional firms.

Likewise, PFM, as independent financial advisors, places considerable corporate emphasis on the professional and skillful conduct of competitive issues. The public finance departments of investment banks generate the vast majority of their revenues from negotiated bond issues and therefore have a natural bias both in attitude and experience to negotiated issues. PFM works on hundreds of competitive issues each year and, in fact, the team prides itself on successfully bringing issuers to the competitive markets. PFM is proud of its role as being on the leading edge of the municipal industry in developing innovative ways to use the competitive bid process. Our recommendation regarding the method of sale is derived after considering all the relevant factors.

PFM will recommend the method of sale that will provide the lowest cost of borrowing after taking into consideration market conditions, structural factors and the City's specific goals for the project and broader policies and objectives.

If a negotiated sale is determined to be the appropriate method, PFM has an unmatched expertise in negotiating the lowest cost possible for our clients. Assisting with bond pricing is one of the most critical roles of a financial advisor. Recognizing that, for over 30 years PFM has been at the forefront of the evolution of pricing techniques, resulting in savings to our clients of millions of dollars. Time and time again underwriting firms have said "you can't do that" to many of the concepts PFM has developed, that are now industry standards including par calls, option analysis, minimizing discounts and premiums, designation rules and most recently the PFM Pricing Desk.

Independence

PFM is a firm whose sole business is to provide issuers of tax-exempt debt with a full line of advisory services. We are not underwriters, nor do we engage in any municipal securities sales or trading. We believe it is in the City's best interest to select an independent financial advisory firm rather than an underwriting firm that also provides financial advisory services.

By selecting an independent, non-underwriting firm, the City achieves a critical goal of preserving the maximum possible universe of qualified underwriters for its debt obligations. We believe preserving the City's potential pool of lenders and financiers is extremely critical given the recent developments in the municipal market. Broad and regular participation of these firms, particularly the regional and Florida firms, help the City to reach the widest possible investor base for its bonds. Further, today's market puts a premium on the availability of credit and "off the shelf" lending facilities. It is in the City's best interest to maintain these lending relationships with local and regional credit providers, without concerns for bias or potential conflicts of interest.

In addition, an independent financial advisor is free from certain conflicts inherent when underwriting firms pick and choose between serving in the financial advisory role and the underwriting role. For this reason, GFOA added strong statements in its revised Recommended Practice on the method of sale regarding




Market & Pricing Information

the need for a financial advisor that is free from conflict. Similarly, recent reforms stemming from Dodd-Frank and currently being tackled by the MSRB and SEC are supportive of the business case for independent financial advisors.

On a regular basis, underwriting firms work with one another as teams in underwriting syndicates and determine one another's compensation on bond transactions. A co-manager bond allocation can be worth several times the fee earned as a financial advisor and these allocations go on daily between banking firms. This situation invites compromise and impedes tough, independent negotiations when the underwriter acts as a financial advisor on the "other side of the table" from a former or current "teammate." Consequently, no investment banking firm, acting as a financial advisor is going to negotiate as strongly as a truly independent financial advisor against another underwriter. Investment banks value their relationships with one another because of the widespread mix of senior manager versus co-manager interactions in the marketplace.

Post Issuance Reporting/Compliance and Ongoing Debt Monitoring

After each transaction, PFM customarily prepares a financial advisory memorandum that provides its clients with a summary of the transaction, including the financial alternatives considered, the financial impact of the transaction, and a comparison to similar deals that priced within the same timeframe. Part of this post-sale analysis includes detailed information regarding the pricing performance of the bond sale. This detailed analysis includes a review of the City's prior transactions, other transactions in the market that priced within the same time frame, and a summary of the pricing in comparison to the pricing model. PFM will compile this information for the City as part of the "Financial Advisor's Report" and will also identify the on-going administrative requirements over the life of the transaction. Below is a sample excerpt of the post-pricing analysis that PFM recently provided City of West Palm Beach. PFM would provide the City with a similar Pricing Analysis after a new issuance of Bonds.




Pricing Performance – 2011A Bonds

- Below is an analysis of the pricing performance of the Series 2011A Bonds.

WEST PALM BEACH FLA UTIL SYS R PRICING ANALYSIS										Non-Interpolated MMD				Interpolated MMD		Option Value Analysis			Takedown	
Maturity Date	Maturity Year	Call Date	Bond Type	Ins.	Par Amount	Coupon	Yield (ROY)	Price	Call (YTC)	Yield To (YTM)	5% AAA G.O. Scale	ROY Spread	YTC Spread	YTM Spread	ROY Spread	YTM Spread	OAY	Non-Call Scale		OAY Spread
10/1/11	0.5		Serial		1,505,000	1.000%	0.300%	100.178		0.300%	-			30.0	8.2	8.2				
10/1/12	1.5		Serial		1,215,000	2.000%	0.570%	101.786		0.570%	0.230%	34.0		34.0	28.4	28.4				
10/1/13	2.5		Serial		1,240,000	3.000%	0.950%	104.563		0.950%	0.420%	53.0		53.0	45.1	45.1				2,000
10/1/14	3.5		Serial		1,280,000	4.000%	1.330%	108.477		1.330%	0.690%	64.0		64.0	55.5	55.5				2,500
10/1/15	4.5		Serial		1,075,000	2.000%	1.690%	101.266		1.690%	0.980%	71.0		71.0	64.5	64.5				2,500
10/1/15	4.5		Serial		250,000	4.000%	1.690%	109.444		1.690%	0.980%	71.0		71.0	64.5	64.5				2,500
10/1/16	5.5		Serial		1,355,000	2.000%	1.970%	100.147		1.970%	1.200%	77.0		77.0	66.4	66.4				2,500
10/1/17	6.5		Serial		1,385,000	5.000%	2.380%	115.078		2.380%	1.560%	83.0		83.0	72.7	72.7				2,500
10/1/18	7.5		Serial		1,450,000	5.000%	2.750%	114.704		2.750%	1.910%	84.0		84.0	74.9	74.9				3,750
10/1/19	8.5		Serial		1,530,000	5.000%	3.050%	114.132		3.050%	2.220%	83.0		83.0	75.9	75.9				3,750
10/1/20	9.5		Serial		1,605,000	5.000%	3.260%	113.800		3.260%	2.460%	80.0		80.0	74.7	74.7				3,750
10/1/21	10.5		Serial		1,680,000	5.000%	3.440%	113.380		3.440%	2.640%	80.0		80.0	74.7	74.7				3,750
10/1/22	11.5	10/1/21	Serial		1,770,000	5.000%	3.600%	111.911	3.600%	3.696%	2.820%	78.0	78.0	87.6	73.3	82.9	3.660%	2.870%	79.0	3,750
10/1/23	12.5	10/1/21	Serial		1,850,000	5.000%	3.760%	110.465	3.760%	3.916%	2.980%	78.0	78.0	93.6	73.3	88.9	3.760%	3.037%	73.0	3,750
Issuance Par:				19,200,000																
Average Life:				6.7 years																

Type of Sale: NEGOTIATED Underwriter: RBC CAPITAL MARKETS Bond Counsel: SQUIRE SANDERS & DEMPSEY Financial Advisor: PUBLIC FINANCIAL MGMT INC Tax Status: Tax-Exempt	Dated Date: 6/29/11 Sale Date: 6/15/11 1st Call Date: 10/1/21 1st Call Price: 100.0%	Ratings: Underlying Moody's: Aa2 S & P: AA- Fitch: AA-
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Note: Issuance Par is total par; maturities without known yields are not shown

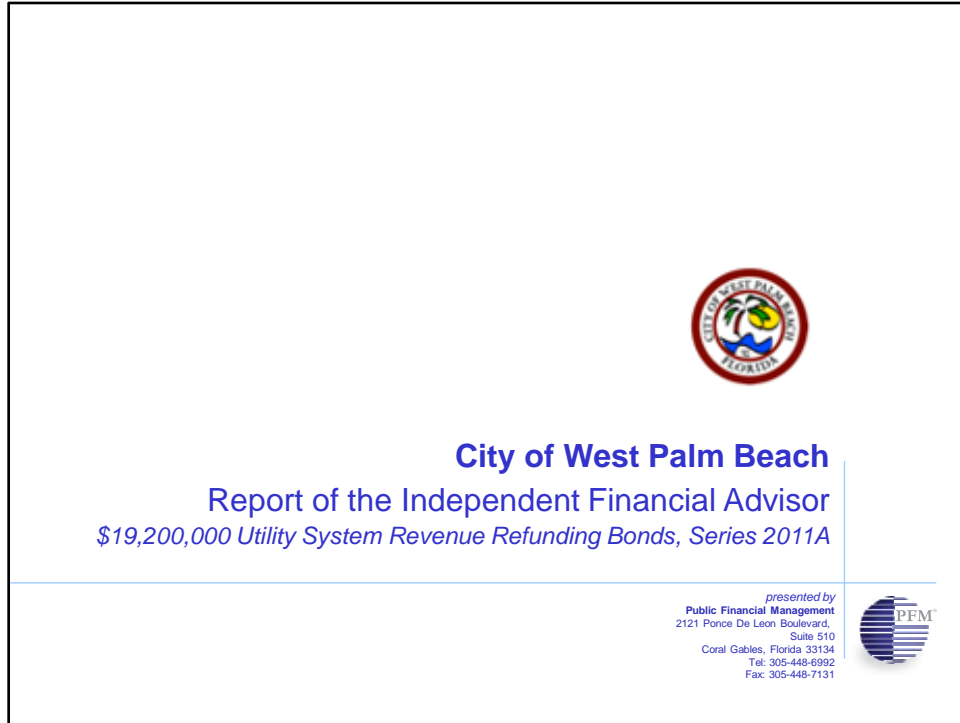

10



Market & Pricing Information

Independent Financial Advisor's Post Sale Report

This report summarizes the Bond Sale and general market conditions leading up to the sale date of the bonds, as well as the pricing performance. Below are select pages taken from the Report provided to City of West Palm Beach Utility System Revenue Refunding Bonds, Series 2011A.



Summary of the 2011A Bonds

- The Series 2011A were issued to currently refund the outstanding Series 2002 Bonds and pay cost of issuance.
- Deal overview:

	2011A
Issue Size	\$19,200,000
Par Amount Refunded	\$21,645,000
All-In TIC	3.251646%
Average Life	6.680 years
Ratings	Aa2 / AA- / AA-





Market & Pricing Information

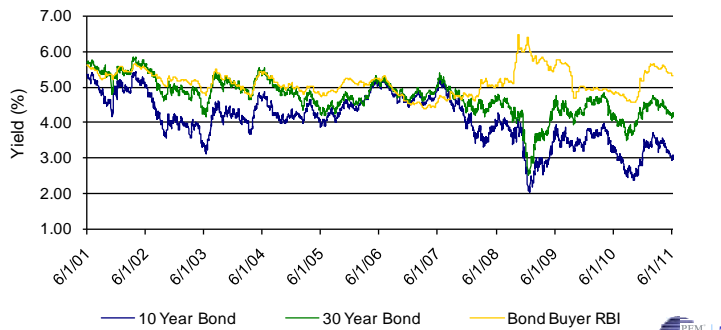
Market Conditions for Sale – Historical Yields



- The following graph shows a ten-year history of the 10 and 30-Year US Treasuries and the Bond Buyer Revenue Bond Index.

	10 Year Bond	30 Year Bond	Bond Buyer RBI
Avg. June 2001-Present	4.09%	4.71%	5.13%
Current: 06/15/2011	2.97%	4.20%	5.34%
Difference	-112 bps	-51 bps	21 bps

Market Yields 2001 to Present



Issuance Details - Series 2011A



- West Palm Beach issued \$19,200,000 Utility System Revenue Refunding Bonds, Series 2011A on June, 29 2011.
- The Series 2011A Bonds were sold via Negotiation on June 15, 2011.
- Below are the Cost of Issuance and Underwriter's Discount for the Series 2011A Bonds.

Cost of Issuance	\$/1000	Amount	Underwriter's Discount	\$/1000	Amount
Financial Advisor Fee	1.041667	20,000	Average Takedown	2.93	56,256
Bond Counsel Fee	1.75	33,600	Dalcomp	0.08	1,536
Disclosure Counsel Fee	1.3125	25,200	CUSIP	0.018229	350
Paying Agent	0.077604	1,490	DTC	0.002	38
Binder Fee	0.117188	2,250	Travel/Communication	0.026042	500
BPA Preparation Fee	0.364583	7,000	Day Loan	0.03	576
Printer	0.182292	3,500			\$ 59,256
Bond Counsel Expenses	0.130208	2,500			
Disclosure Counsel Expenses	0.104167	2,000			
Financial Advisor Expenses	0.052083	1,000			
Rate Consultant	2.604167	50,000			
Moody's Rating Fee	0.833333	16,000			
S&P Rating Fee	0.78125	15,000			
Fitch Rating Fee	0.78125	15,000			
Miscellaneous	0.580031	11,137			
	10.71232	\$ 205,677			

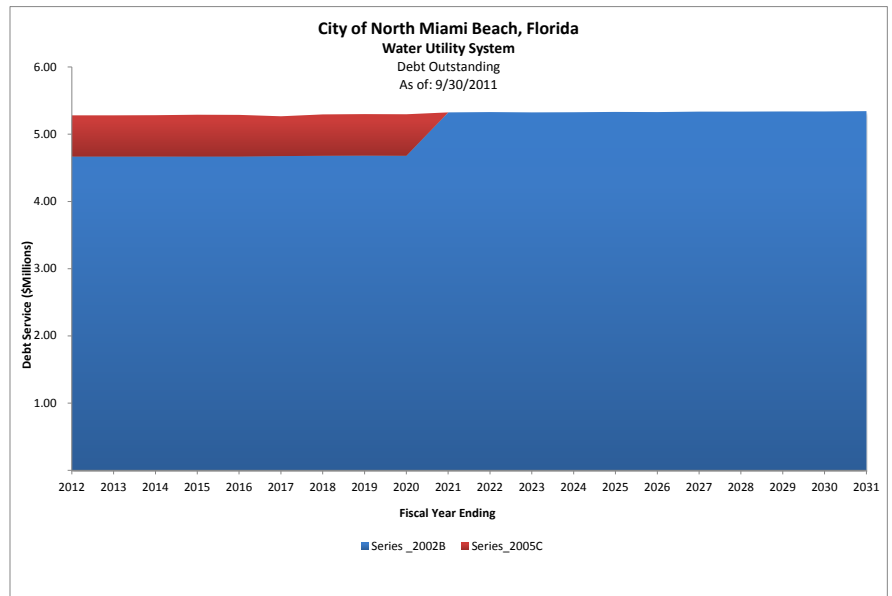


PFM's Debt Profile

Debt Profile

PFM has developed a systematic approach to tracking our clients' debt portfolios and identifying and evaluating various refunding opportunities. In an effort to present a comprehensive, yet simple to understand, analysis of all historical and current debt, PFM has refined a process which has become known as "debt profiling". PFM's debt profiles are easy to use and custom built for each client. Each series report shows the important structural features of the City's bonds including the maturity date, coupon, yield, call date and price, and eligibility for advance, current or forward refunding under the tax code. As the City incurs additional debt and restructures/refinances existing debt, we will update the debt profile to reflect those changes.

We have included, on the following pages, some of the City's Water Utility System Bonds debt profile outputs, including the Debt Service Graph (annual debt service), Advance Refunding Breakdown and the Water Utility System Revenue Bonds, Series 2002B Series Report (summary of all relevant information). These outputs summarize the specific bond transactions, including all of the relevant structural features. PFM will continuously update the City's debt profile and use it as the framework for analyzing financing alternatives and identifying potential opportunities to refund debt for interest cost savings as described below.



PFM actively monitors client debt portfolios for refunding opportunities to achieve net present value savings and/or cash flow relief. Our active approach reduces the likelihood that our clients miss market opportunities and consistently produces significant reductions in interest expense. PFM's recommended savings threshold for a refunding varies depending on the type of refunding structure used (i.e. current refunding, advance refunding, or forward refunding), the risks inherent in the proposed refunding issue, and client preference. Our clients' debt policies often require a minimum of 3% net present value savings for advance refundings. PFM typically recommends higher savings thresholds for forward delivery or other alternative structures and may recommend lower savings thresholds for current refundings with short durations.

Unique among financial advisors, PFM has developed a computer program that estimates the amount of future option value that is captured in a refunding. The program calculates the estimated savings on a maturity by maturity basis due to the inherent differences in future option value of bonds with differing coupons and maturities. PFM typically recommends issuers advance refund bonds only when the savings threshold has been met and at least 60% of the estimated future option value can be obtained.

Lastly, the current interest rate environment of nearly zero short term rates results in a significant amount of negative arbitrage in most refunding escrows. PFM generally does not recommend an issuer proceed with an advance refunding if the negative arbitrage is equal to or exceeds the net present value savings of the refunding. To reduce the impact of the negative arbitrage, PFM has been structuring refunding issues to maximize the time between pricing and closing of refunding bonds to shorten the escrow period. Most underwriting desks have been willing to delay delivery for up to 30 days without any type of forward premium.



PFM's Debt Profile

Water Utility System Revenue Bonds Refunding Opportunity

Through analysis of the City's Debt Profile and through use of PFM's refunding screen, PFM identified a potential refunding opportunity. The City's Water Utility System Revenue Bonds, Series 2002B are currently outstanding in the par amount of \$63,630,000 and have an initial call date of August 1, 2012. Based on current interest rate indications received from local banks, PFM estimates that the City could generate over \$6,000,000 of net present value debt service savings (approximately 10% of the refunded par amount) by completing this refunding. This equates to over \$60,000 annually through 2032. The series report for the 2002B Bonds is shown below.

Series 2002B (Tax-Exempt)		Water Utility System Revenue Bonds					Underwriter: Banc of America Securities LLC		Bond Counsel: Bryant, Miller and O		Financial Advisor: First Southwest							
Bond		Bond Price			Bond Insurance		Redemption		Optional		Outstanding Fiscal Year Debt Service as of 9/30/11							
Date	Comp	Par Amount	Coupon	Yield	Price	MMD	Insurer	Prem	Status	Date	Date	Price	Year	Principal	Int/Accr.	Fee	Net Debt Service	
8/1/03													9/30/02					
8/1/04													9/30/03					
8/1/05	Serial	215,000	3.000%	2.610%	101.457	2.51%	MBIA		Matured				9/30/04					
8/1/07	Serial	155,000	3.000%	2.910%	100.412	2.81%	MBIA		Matured				9/30/06					
8/1/08	Serial	155,000	3.200%	3.230%	99.837	3.13%	MBIA		Matured				9/30/07					
8/1/09	Serial	280,000	3.400%	3.450%	99.691	3.35%	MBIA		Matured				9/30/08					
8/1/10	Serial	505,000	3.600%	3.650%	99.656	3.55%	MBIA		Matured				9/30/09					
8/1/11	Serial	1,445,000	3.700%	3.750%	99.621	3.65%	MBIA		Matured				9/30/10					
8/1/12	Serial	1,505,000	4.000%	3.980%	101.147	3.75%	MBIA		Non-Callable				9/30/11					
8/1/13	Serial	1,565,000	4.000%	3.980%	100.174	3.87%	MBIA		Advance Refundable	8/1/12	101%		9/30/12	1,505,000	3,163,056		4,668,056	
8/1/14	Serial	1,625,000	4.000%	4.100%	99.060	3.99%	MBIA		Advance Refundable	8/1/12	101%		9/30/13	1,565,000	3,102,856		4,667,856	
8/1/15	Serial	1,695,000	5.375%	4.351%	110.057	4.12%	MBIA		Advance Refundable	8/1/12	101%		9/30/14	1,625,000	3,040,256		4,665,256	
8/1/16	Serial	1,785,000	5.375%	4.481%	109.203	4.22%	MBIA		Advance Refundable	8/1/12	101%		9/30/15	1,695,000	2,975,256		4,670,256	
8/1/17	Serial	1,885,000	5.375%	4.592%	108.404	4.32%	MBIA		Advance Refundable	8/1/12	101%		9/30/16	1,785,000	2,884,150		4,669,150	
8/1/18	Serial	1,990,000	5.375%	4.701%	107.503	4.42%	MBIA		Advance Refundable	8/1/12	101%		9/30/17	1,885,000	2,788,206		4,673,206	
8/1/19	Serial	2,100,000	5.375%	4.801%	106.611	4.52%	MBIA		Advance Refundable	8/1/12	101%		9/30/18	1,990,000	2,686,888		4,676,888	
8/1/20	Serial	2,210,000	5.375%	4.892%	105.728	4.62%	MBIA		Advance Refundable	8/1/12	101%		9/30/19	2,100,000	2,579,925		4,679,925	
8/1/21	Term, 2022	2,975,000	4.750%	4.950%	97.479	4.80%	MBIA		Advance Refundable	8/1/12	101%		9/30/20	2,210,000	2,467,050		4,677,050	
8/1/22	Term, 2022	3,120,000	4.750%	4.950%	97.479	4.80%	MBIA		Advance Refundable	8/1/12	101%		9/30/21	2,975,000	2,348,263		5,323,263	
8/1/23	Term, 2027	3,265,000	5.000%	5.040%	99.433	4.95%	MBIA		Advance Refundable	8/1/12	101%		9/30/22	3,120,000	2,206,950		5,326,950	
8/1/24	Term, 2027	3,430,000	5.000%	5.040%	99.433	4.95%	MBIA		Advance Refundable	8/1/12	101%		9/30/23	3,265,000	2,058,750		5,323,750	
8/1/25	Term, 2027	3,605,000	5.000%	5.040%	99.433	4.95%	MBIA		Advance Refundable	8/1/12	101%		9/30/24	3,430,000	1,895,500		5,325,500	
8/1/26	Term, 2027	3,785,000	5.000%	5.040%	99.433	4.95%	MBIA		Advance Refundable	8/1/12	101%		9/30/25	3,605,000	1,724,000		5,323,000	
8/1/27	Term, 2027	3,980,000	5.000%	5.040%	99.433	4.95%	MBIA		Advance Refundable	8/1/12	101%		9/30/26	3,785,000	1,543,750		5,328,750	
8/1/28	Term, 2032	4,180,000	5.000%	5.080%	98.773	4.99%	MBIA		Advance Refundable	8/1/12	101%		9/30/27	3,980,000	1,354,500		5,334,500	
8/1/29	Term, 2032	4,390,000	5.000%	5.080%	98.773	4.99%	MBIA		Advance Refundable	8/1/12	101%		9/30/28	4,180,000	1,155,500		5,335,500	
8/1/30	Term, 2032	4,610,000	5.000%	5.080%	98.773	4.99%	MBIA		Advance Refundable	8/1/12	101%		9/30/29	4,390,000	946,500		5,336,500	
8/1/31	Term, 2032	4,845,000	5.000%	5.080%	98.773	4.99%	MBIA		Advance Refundable	8/1/12	101%		9/30/30	4,610,000	727,000		5,337,000	
8/1/32	Term, 2032	5,085,000	5.000%	5.080%	98.773	4.99%	MBIA		Advance Refundable	8/1/12	101%		9/30/31	4,845,000	496,500		5,341,500	
													9/30/32	5,085,000	254,250		5,339,250	
Issuance Par:		66,385,000										Outstanding Par:		63,630,000				
Average Life:		21.68 years										Average Life:		n.a. w / fiscal dates				
Purpose of Issue										Dates			Sources of Funds			Uses of Funds		
To finance improvements to the potable water production and distribution system.										Dated Date: 8/1/02 Delivery Date: 8/15/02 Sale Date: 7/24/02			Par Amount: 66,385,000.00 Plus: OPICID: 368,391.40 Accrued Interest: 126,788.72 Total Proceeds: 66,880,180.12			Project Fund: 65,220,348.50 Costs of Issuance: 1,033,042.90		
First Interest Payment: 2/1/03 First Maturity Date: 8/1/06													Other Uses: 500,000.00 Accrued Interest: 126,788.72					
Issued by: Florida Municipal Loan Council										Total Sources: 66,880,180.12			Total Uses: 66,880,180.12					



K. Disciplinary Action



Disciplinary Action

List any and all disciplinary action, administrative proceeding, malpractice claim or other like proceeding against your firm or any of its personnel relating to your firm's services as financial advisor current, pending or occurring in the last five (5) years.

None

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L. Cost Proposal and Reimbursement for “Out-of-Pocket” Expenses



PFM's Cost Proposal & Reimbursement of "Out-of-Pocket" Expenses

1. Cost Proposal

Present a concise list of the scope of services and the work products that your firm proposes to provide. Given your proposed scope of services and work products, discuss your proposed fee arrangement based on each of the following alternatives:

FINANCIAL PLANNING

1. Development of Capital Plan and Financial Policies. PFM views capital planning as an essential component of the City's overall debt issuance and financing program. Having an idea of future financing needs and future revenue projections will enable the City to structure current debt offerings to ensure cost-effective financings in the future. Establishing policies regarding the capital plan provides formal written procedures for measuring and making financial decisions. In addition, rating agencies look favorably on debt issues that are part of a well-conceived, long-term plan as opposed to financings that are carried out in a fragmented, disorganized manner; establishing long-term policies and plans demonstrates sophisticated financial management. Ultimately, implementing financing and debt policies will enable the City to carry out capital expansion or debt restructuring plans more efficiently while preserving market access for future debt.

PFM is driven not by financial transactions, but by financial planning. We believe our performance can be successful only if our clients have developed a long-term capital plan which includes financial policies and the identification of alternative revenues. After assisting the City to develop a capital plan which is customized to meet its needs, if requested, PFM will help ensure that each successive financing is executed in a manner consistent with the policies set forth in the long-term plan.

2. Review Existing Debt Structure. As your financial advisor, PFM will analyze the financial resources available to the City by considering the types of revenues available, their stability over time, and their forecasts for growth. The results will be compared to the existing debt structure to determine how much debt can be issued while still maintaining sufficient cash flow coverage to preserve the City's present credit rating. Finally, a review of the legal structure will provide the basis for the consideration of financing alternatives that are currently available.

3. Review Capital Budget. In order to determine the optimal method of issuing debt, some estimate of the amount of capital needed to finance the planned projects included in the City's capital plan is required. PFM will review the City's capital budget to determine the amount and source of funds the City is willing and able to commit to funding its infrastructure needs. The goal of this review is to determine the optimal match of the sources of capital funding with the infrastructure funding needs.

4. Analyze Future Debt Capacity. In order to assess the City's ability to raise debt capital in the future, a computerized financial model is formulated to assess the ability of alternative financing strategies to economically provide the required level of funding over time. The first step is the identification of the key assumptions that will be common to all strategies. The second step is to structure each alternative and evaluate its feasibility.

Once the model is constructed, existing debt structures will be incorporated to test the impact of each alternative financing strategy on the overall financial statements and financing plan. As a result, the current financing program can be evaluated by itself and in concert with future financings or refundings depending on the financing policies established from the outset (e.g., minimize debt service, maintain level debt service, lengthen or shorten maturities, etc.).

Finally, the financial model will have the flexibility to project the capital program using both "constant" and "current" dollar scenarios. This will prevent the City from embarking on a financing plan that, while feasible using constant dollars, becomes suspect or infeasible when the impact of inflation is recognized.



PFM's Cost Proposal & Reimbursement of "Out-of-Pocket" Expenses

5. Identify Financing Alternatives. As an independent, non-underwriting financial advisory firm, PFM offers its clients advice uninfluenced by the conflicts of interest which may affect other firms, such as municipal bond underwriters. This independence from the underwriting business is important because it allows PFM to develop objective capital financing plans for our clients which incorporate a full range of financing alternatives; as your advisors, we are not blindly committed to the notion that a municipal financing must result in the issuance of municipal bonds. We will develop an optimization model to address various financing alternatives, including the following:

- Pay-As-You-Go Financing
- Notes
- Taxable Notes and Bonds
- Lease-Appropriation Obligations/Certificates of Participation (COP's)
- Variable Rate Demand Notes/Bonds (VRDBs)
- Tax-Exempt Commercial Paper
- Capital Appreciation or Zero Coupon Bonds
- Bond Banks and Pooled Programs
- Derivative Financing Products

DEBT MANAGEMENT SERVICES

1. Develop and Monitor Financing Schedule. To facilitate the timely completion of all tasks, PFM will prepare a bond sale calendar that clearly identifies the responsibilities of each participant in the transaction. The schedule will be designed to permit sufficient time for review of all disclosure materials by City officials prior to final printing and distribution.

PFM will utilize its extensive experience to prepare a schedule that allows for the orderly completion of each component of the transaction. Moreover, we will work closely with all external participants (e.g., bond counsel, rating analysts, etc.) to ensure that their tasks are coordinated with the activities of the City's staff.

Finally, we will keep the proper officials informed about the progress of the financing and, if necessary, remind team members of deadlines.

2. Analyze Debt Structure Alternatives. The determination of an efficient issue structure will be a function of three elements: (i) is the proposed amortization schedule well coordinated with the City's existing debt obligations and projected revenues? (ii) are the resources pledged to debt redemption sufficient to meet total debt service requirements plus operating and maintenance expenses, renewal and replacement reserves, etc.? (iii) is the proposed maturity schedule designed to attract maximum interest from underwriters and potential investors in the current market?

Working with other members of the financing team and the City's staff, PFM will use the information it has gathered from the policy review and development phase of the engagement to facilitate the formulation of the issue structure and the terms under which the bonds are to be offered in order to answer the aforementioned questions in the best possible manner, given the current market. PFM's experience with the structuring and sale of over \$98 billion of debt has given us an appreciation for this task and an awareness of how to design terms and conditions of sale that are compatible with underwriter and investor interests under varying market conditions while consistent with the City's fiscal policy objectives. Some of the key issues to be addressed are:

- Maturity Schedule and Pattern of Debt Service
- Security Structure
- Call Features
- Credit Enhancement
- Book Entry vs. Certificates



PFM's Cost Proposal & Reimbursement of "Out-of-Pocket" Expenses

- Reserve Requirements
- Premium or Discount Restrictions

3. Recommend a Negotiated or Competitive Sale. One of the most important decisions in the bond sale process will be choosing between a competitive or a negotiated sale. This decision will be essential in determining what financial services will be needed for any financing and will be instrumental in determining the ultimate cost of any financing to the City. In making the choice between the two approaches, the City should specifically consider the costs of the sale process, the type of security being sold, the marketability of the security and market volatility at the time of the sale. At the outset of the engagement, we will evaluate existing and expected credit market conditions, features of the credit, and the financing time schedule associated with the proposed bond sale. These and other factors will be used to develop a recommended method of sale.

4. Assist Issuer in Selecting Working Group Members and Procuring Services.

a. Underwriter Selection. When it is determined that a negotiated sale is appropriate, PFM will work with City officials to develop a detailed request for underwriting proposals. This approach to the selection of its underwriting group gives the City an opportunity to control all components of the underwriting spread and identify those firms which are most experienced with marketing securities of the type being offered. In addition, through our experience in bringing over \$82 billion in debt to market for our clients, PFM professionals have worked with a wide variety of underwriting firms and investment bankers and will use this experience to the City's benefit. Once the underwriting group has been chosen, PFM will negotiate on the City's behalf to ensure that the issue is aggressively priced relative to current market conditions.

b. Procurement of Financial Services. PFM will assist the City, as needed, in identifying and procuring special financial related services that may be needed over the course of its financing program. Some of these services are generic to any financing alternative while others may or may not be required depending on the financing vehicle chosen. Services needed for many financings include:

- Special Tax Counsel
- Trustee Selection
- Paying Agent Selection
- Special Credit Facilities (includes such items as letters of credit or bond insurance)
- Printing Services

5. Work with Members of Working Group to Develop Financing Terms. Once the working group has been selected, PFM assumes the role of coordinator and catalyst. PFM, in conjunction with the City's staff, will analyze each component of the structure and make recommendations. Each member of the financing team will have a different perspective on each point, and it is important that each team member be given an opportunity to express their views and incorporate them into the final structure. The objective of this process is to create a package of terms that creates broad-based interest in the debt among investors while ensuring the lowest possible cost and future flexibility.

After assisting the City in developing its financing priorities, it will be PFM's job to represent the City's point of view to the other team members during all discussions about the structure of the financing.

6. Develop Financing Documents. Once a financial plan has been adopted, the financing team will be responsible for drafting, printing, adopting, and distributing all legal and disclosure documents. PFM's project team members have experience assisting municipal issuers across the nation to prepare the necessary ordinances, legal documents and other disclosure documents for the issuance of taxable and tax-exempt securities. On complex projects, this phase of the project can be extremely time-consuming. PFM will coordinate with local officials, bond counsel, underwriters, banks, and other team members in the preparation, review, and finalization of all bond document preparation activities, including the preparation and review of trust indentures, official statements, loan agreements, reimbursement



PFM's Cost Proposal & Reimbursement of "Out-of-Pocket" Expenses

contracts, trust participation agreements, purchase contracts, remarketing agreements, and other contracts that may be necessary for bond issues and other debt instruments considered by the City. Other documents, such as engineering studies, traffic and revenue projections, and arbitrage certificates, are the responsibility of other parties, but their preparation will be incorporated into the document preparation work coordinated by PFM prior to the sale of securities.

7. Coordinate the Marketing of the Bonds. PFM would actively undertake all necessary procedures to effectively market and sell the City's debt issues. The following discussion details the steps involved in PFM's coordination of the sale and marketing of bonds.

a. Timing of Sale. In recent years, volatile market conditions have forced municipal issuers to carefully time their tax-exempt borrowings. Factors such as wildly fluctuating interest rates, unprecedented upheaval in the international economic community, and regular federal tax reform proposals have combined to create a very unstable tax-exempt market environment. To assist its clients with the timing of proposed issues, PFM closely monitors all such developments and evaluates the potential impact of each on new-issue, tax-exempt securities.

b. Target Buyers. PFM maintains extensive mailing lists, targeted by region and debt structure, of not only potential underwriters but major investors to whom all disclosure materials should be distributed. Utilizing these lists, PFM can ensure that all interested parties are provided with all the information they need to make an informed investment decision concerning the issuer's proposed offering. Furthermore, PFM encourages interest in the issuer's new issues through our direct contact with many major underwriting desks. The advantages of this activity are two-fold. First, PFM is able to inquire about the possible impact of different financing features including early call provisions or the resizing after award of the bonds. Second, by canvassing potential investors and underwriters, PFM is able to give added market exposure to any of the issuer's new bond issues.

c. Marketing Information.

(1) Disclosure Documents. For the City offering, PFM will work closely with the administrative staff to ensure that the City's primary information disclosure document, the Preliminary Official Statement (the "POS"), is in full compliance with industry standards and the guidelines developed by the GFOA and MSRB. To the extent needed, our advisory team will review the City's existing POS format and recommend any changes that may enhance the presentation of relevant information. With minor modification following the sale, the POS becomes the final OS—the public document of record for the financing and the City's only official contact to most of your investors.

(2) Information Meetings. PFM will closely monitor the number and composition of all underwriting syndicates that are organized for the City bonds. We will interact directly with these groups and respond promptly to any questions that may arise concerning the issue. When it is deemed appropriate, PFM will organize and participate in investor information meetings to describe in greater detail all elements of the transaction. These could be held both nationally (usually in New York) and regionally to include all Florida firms that may have an interest in the City's bonds.

(3) Marketing Calls. In those cases where we are working directly with the City on a competitive sale, PFM will follow up the mailing of the POS the week before the sale with individual calls to all the major national and regional firms that we feel should be interested in the financing to answer any specific questions they might have and to encourage them to submit bids to the City. We have found that this process has been very successful in increasing the number and competitiveness of the bids an issuer would receive.

(4) Bid Forms. In its preparation of the official bid form, PFM will work with the City's bond counsel to ensure that all statutory requirements are satisfied. In addition to these legal constraints, PFM will evaluate the impact of various bidding provisions on the resulting debt service schedule. Our efforts would be designed to allow bidders maximum flexibility as long as the interests of the City are protected.



PFM's Cost Proposal & Reimbursement of "Out-of-Pocket" Expenses

8. Rating Agency Presentations. PFM has developed considerable experience working with the major national rating agencies. As a result of our experience advising more than one hundred clients each year to issue tax-exempt securities for a wide range of purposes, PFM has developed a clear understanding of the analytical methods utilized by Moody's Investors Service, Standard & Poor's Inc. and Fitch Investor Service, Inc. Our professional staff is trained to conduct in-depth credit analyses comparable to the rating agencies' own analyses so that both credit strengths and weaknesses can be identified by the City prior to the presentation of materials to rating analysts.

9. Assist with the Pricing of the Bonds. PFM has built its entire reputation upon our financial advisory and consulting practice in the area of municipal finance. PFM's record of participation in the field of municipal finance is unrivaled by any other independent financial advisor and compares favorably to the performance of major national investment banking houses. For each of the past three years, PFM has advised governments on more than one hundred fifty financings per year, thereby assuring our clients that PFM is as active in the municipal debt market as any Wall Street firm. This record of involvement on as frequent a basis as investment banks has kept us in touch with the municipal market and gives us the needed prospective to assist our clients to market and price their debt issues in a knowledgeable manner.

After the pricing is completed, PFM will provide the City with a financial advisor's memorandum so that the City can evaluate the fairness of the pricing of its bonds. Contained in the memorandum is a list of yields on recently priced comparable issues, a list of underwriter's fees on recently priced comparable issues, municipal market conditions leading up to and on the day of the sale, a description of the call provisions, ratings, credit enhancements and special features of the issue and a general background of the issue. This document serves not only as a measure of the fairness of the sales terms but as a comprehensive reference to which the City may refer in the future.

10. Assist with Closing the Bond Issue. PFM will work with all parties involved with the closing to prepare a schedule of tasks to be completed prior to closing and identify the party responsible for completing the task. These tasks include printing and preparing bond certificates (if printed bonds are used), completing the final official statement, preparing closing documents, arranging for the transfer of funds and investment of funds.

In preparation for closing, PFM will work with the City's bond counsel and other members of the financing team to prepare and review all required documentation. This will include our direct dealings with the official statement printer and bond printer, as well as coordination of bond registration with the underwriter and registrar. Our advisory team will arrange for either registration of the bonds with the Depository Trust Company or delivery of the bonds and the simultaneous transfer of "same day" funds into the accounts identified by the City. Other closing arrangements will also be completed so that officials of the City can be confident that each transaction will be completely and professionally brought to a close.



PFM’s Cost Proposal & Reimbursement of “Out-of-Pocket” Expenses

a. Compensation on a fixed annual cost, payable monthly.

PFM offers a retainer fee structure for all non-transaction related work. Such a retainer is normally offered at a blended rate of the hourly rates listed above. PFM would propose a retainer of \$18,000 (payable quarterly).

b. Compensation on a time and expense basis, with a list of hourly billing rates for the proposed personnel and any proposed increases in such rates during the term of the contract, and the types of reimbursable expenses with proposed charges.

PFM works with our clients on a daily basis to meet their needs and rarely charges for hourly work. Hourly fees are only charged for time intensive capital planning or strategic consulting work and all fees must be agreed upon in writing prior to the start of the project.

<u>Experience Level</u>	<u>Hourly Rate</u>
Managing Director and Senior Managing Consultant <i>David Moore, Sergio Masvidal, Marissa Wortman (or equivalent)</i>	\$200.00
Consultant <i>Nicklas Rocca, Hope Davidson (or equivalent)</i>	\$180.00
Administrative Staff	\$125.00

c. Compensation on a cents-per-bond or per \$1,000 of notional amount basis to be paid on a contingent basis for specific financing issues. Fees will be subject to adjustment based upon assignment, by the Finance Director, of more than one firm to a single project. Any omissions or ambiguities will be construed most favorable to the City.

Transactional Fee Schedules:

For all services related to the public offering or private placement of debt, we propose a “\$/\$1,000” fee schedule. PFM proposes the following compensation schedule with a minimum fee of \$18,000 per transaction. Negotiated, competitive, tax-exempt, taxable, new-money and refunding transactions are billed at the same rate. Separate series of bonds (ex: A and B Series), will be treated separately to account for the incremental complexity of the transaction.

Bond Size (\$000)	Incremental Fee Per \$1,000
Up to 50,000	0.90
Next 25,000	0.60
Next 25,000	0.60
Additonal Amounts over 100,000	0.45

Structured Products, Investment Advisory, and Arbitrage Rebate Services

The financial advisory compensation proposed above does not apply to services related to procurements of bond proceeds investments, investment management, or arbitrage rebate. Fees for these special services shall be negotiated as a function of the complexity of the proposed engagement and the specific scope of services outlined. PFM Asset Management LLC, registered investment advisor, is prepared to offer the City its full range of investment management and arbitrage rebate compliance services. This might include the procurement of structured investment products or other investment securities for a bond construction account or refunding escrow. If needed, these services would be performed by PFM Asset Management LLC pursuant to a separately negotiated letter agreement. PFM Asset Management LLC fully discloses all fees related to any transaction.



PFM's Cost Proposal & Reimbursement of "Out-of-Pocket" Expenses

Swaps used as debt management tools would also be subject to a negotiated fee schedule depending on the size and complexity of the transaction. Swap transactions would be executed by PFM Asset Management LLC subject to a letter agreement.

2. Reimbursement of "Out-of-Pocket" Expenses

The City shall reimburse for "Out-of-Pocket" expenses upon proper invoice rendered with appropriate receipts attached. Such expenses include long distance telephone, postage, air express charges, fax, reproduction and related costs necessarily incurred as Financial Advisor. Such expenses will be paid from legally available funds of the City. Travel expenses related to performance of the services to the City, and approved in advance by the City, will be reimbursed in accordance with the City's travel policy. Any costs incurred by Financial Advisor which are not specifically provided for herein shall be the expense of Financial Advisor.

The lesser amount of not to exceed \$1,000 per issue, or actual costs (travel, lodging, meals, postage, telephone, copies, printing, all other miscellaneous expenses) excluding New York travel which is billed at cost.

<u>Type of Expense</u>	<u>Rate</u>
Photocopies	\$0.10 per page for Black and White \$1.00 per page for Color Printer
Facsimile	\$1.00 per page
Long Distance Telephone	At Cost
Conference Calls	At Cost
Travel	In accordance with F.S.112.061
Mileage	In accordance with F.S.112.061
Postage	At Cost
Courier, Overnight Delivery	At Cost



M. Acknowledgements



Acknowledgements

The Proposer must complete, sign as required, and submit the Addenda (refer to Section 1.8) and all forms from Section 6 as part of its Proposal.

PFM's completed are forms immediately following this page.


Should the City of North Miami Beach accept the bid from PFM, PFM respectfully requests the opportunity to negotiate the Hold Harmless and Indemnification language set forth in the RFP to limit PFM's obligation to circumstances in which PFM has performed wrongfully, which shall be defined to include negligent conduct by PFM.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SECTION 6.0 REQUIRED FORMS- SUBMIT WITH YOUR PROPOSAL

6.1 FORM A- 1 PROPOSAL FORM

NAME OF COMPANY: Public Financial Management, Inc.
(Name of company submitting bid)

SIGNATURE:  David Moore
(Sign in Ink) (Print Name)

TITLE: Managing Director **E-MAIL ADDRESS:** moored@pfm.com

ADDRESS: 300 S. Orange Avenue, Ste. 1170
Orlando, FL 32801 **DUE DATE:** 1/27/2012

TELEPHONE NO.: (407) 648-2208 **FAX NO.:** (407) 648-1323

By signing and submitting this bid proposal, we acknowledge having read and agreeing to all times and conditions of these specifications, including, but not limited to, agreeing to indemnify and hold the City harmless from any and all claims, suits, actions, damages, causes of action, or attorney's fees arising from any personal injury, loss of life, or damage to person or property sustained by reason of or as a result of the products or services supplied, or negligence of contractor supplier, his employees, agents, or assigns.

By signing and submitting this bid proposal, we certify that this company has current insurance coverage specified herein. The insurance policy number(s) and expiration date(s) are provided below, or copies of the insurance certificate(s) are enclosed. If awarded the bid, we will provide the City with proof of the required insurance and include the City as an additional insured on our general liability coverage.

Do you give prompt payment discounts?


Yes, Percentage of discount _____ % Term _____ No

I certify that this bid is made without prior understanding, agreement or connection with any corporation, firm, or person submitting a bid for the same materials, supplies, or equipment, and is in all respects fair and without collusion or fraud. I agree to abide by all conditions of this bid and certify that I am authorized to sign this bid for the bidder.

INSURANCE POLICY NO(S): 35363950 (GL), 73248555 (Auto), 71642435 (Wrks Comp)
79774080 (Umbrella), ELU11455709 (PL)

EXPIRATION DATE(S): 11/30/2012 (Wrks Comp Exp 1/1/2013)

INSURANCE CERTIFICATE(S) ENCLOSED: YES NO

 David Moore
(Sign In Ink) (Print Name)

WARRANTIES N/A

If the undersigned Bidder is awarded a construction Agreement on this Proposal, the Surety who will provide the Public Construction Payment and Performance Bond will be:

Construction agreement not applicable

whose address is _____

State _____ Zip Code _____



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/23/2011

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 Frank Crystal & Co., Inc. Financial Square 32 Old Slip New York NY 10005	CONTACT NAME: PHONE (A/C. No. Ext): 212-344-2444 FAX (A/C. No.): 212-509-1292 E-MAIL ADDRESS:														
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Great Northern Ins. Co.</td> <td>20303</td> </tr> <tr> <td>INSURER B : Federal Insurance Company</td> <td>20281</td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Great Northern Ins. Co.	20303	INSURER B : Federal Insurance Company	20281	INSURER C :		INSURER D :		INSURER E :		INSURER F :
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INSURER E :															
INSURER F :															
INSURED Public Financial Management, Inc. Two Logan Square, Suite 1600 18th and Arch Streets Philadelphia PA 19103	PUBLFI														

COVERAGES **CERTIFICATE NUMBER: 1877988479** **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 <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC			35363950	11/30/2011	11/30/2012	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 \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS			73248555	11/30/2011	11/30/2012	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			79774080	11/30/2011	11/30/2012	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N N/A			71739979	1/1/2012	1/1/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> 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

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

CERTIFICATE HOLDER Public Financial Management, Inc. Two Logan Square, Suite 1600 18th and Arch Streets Philadelphia PA 19103	CANCELLATION 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 <i>Frank Crystal & Co., Inc.</i>
--	--



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/22/2011

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 Frank Crystal & Co., Inc. Financial Square 32 Old Slip New York NY 10005	CONTACT NAME: PHONE (A/C, No, Ext): 212-344-2444		FAX (A/C, No): 212-509-1292
	E-MAIL ADDRESS:		
INSURED Public Financial Management, Inc. Two Logan Square, Suite 1600 18th and Arch Streets Philadelphia PA 19103	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Indian Harbor Insurance Co.		36940
	INSURER B :		
	INSURER C :		
	INSURER D :		
	INSURER E :		
INSURER F :			

COVERAGES **CERTIFICATE NUMBER: 1312454655** **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
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y / N N / A (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability			ELU12366311	11/30/2011	11/30/2012	Limit of Liability \$15,000,000

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

Evidence of Coverage only.

The Professional Liability Policy is non-cancelable by the Insurer except for non-payment of premium.

CERTIFICATE HOLDER

CANCELLATION

Public Financial Management, Inc. Two Logan Square, Suite 1600 18th and Arch Streets Philadelphia PA 19103	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
---	---

6.3 AGENCY REFERENCE LIST

Please list five (5) **Governmental Agency** contract references for which you have done business within the past three (3) years, if available:

Agency Name: City of Pompano Beach, Florida
Address: 100 W. Atlantic Blvd
Finance Department (Room 480)
City, State, & Zip Code: Pompano Beach, FL 33060
Contact's Name & Phone #: Suzette Sibble, Finance Director - (954) 786-4680

Agency Name: City of Doral, Florida
Address: 8300 NW 53rd Street
Suite 100
City, State, & Zip Code: Doral, FL 33166
Contact's Name & Phone #: Yvonne Soler McKinley, City Manager - (305) 593-6690

Agency Name: Collier County, Florida
Address: 3301 East Tamiami Trail, Building F
City, State, & Zip Code: Naples, FL 34112
Contact's Name & Phone #: Derek Johnssen, General Accounting Manager - (239) 252-7863

Agency Name: Town of Surfside, Florida
Address: 9293 Harding Ave
City, State, & Zip Code: Surfside, FL 33154
Contact's Name & Phone #: Roger Carlton, Town Manager - (305) 861-4863 ext. 225

Agency Name: Miami-Dade County, Florida
Address: 111 NW 1st Street, Suite 2550
City, State, & Zip Code: Miami, FL 33147
Contact's Name & Phone #: Arlesa Leverette, Bond Analyst - (305) 375-2932

Attach additional sheets if necessary.

6.4 BID SIGNATURE PAGE FOR CORPORATION

The officers of the Corporation are as follows:

	<u>NAME</u>	<u>ADDRESS</u>
President	<u>John Bonow</u>	<u>Philadelphia, PA</u>
Vice-President	<u>N/A</u>	<u></u>
Secretary	<u>Steve Boyle</u>	<u>Philadelphia, PA</u>
Treasurer	<u>Marty Margolis</u>	<u>Harrisburg, PA</u>
Registered Agent	<u>Prentice Hall Corporation System 1201 Hayes St., Ste. 105, Tallahassee, FL 32301</u>	

The full names and residences of stockbrokers, persons, or firms interested in the foregoing Bid, as principals, are as follows:

Public Financial Management, Inc.
Two Logan Square, Suite 1600
Philadelphia, PA 19103

Post Office Address	BIDDER:
<u>300 S. Orange Avenue</u>	<u>Public Financial Management, Inc.</u>
<u>Ste. 1170</u>	(CORPORATE NAME)

Orlando, FL 32801 
PRESIDENT'S SIGNATURE

Is this corporation incorporated in the State of Florida?

ATTEST: 
Steve Boyle SECRETARY

YES [] NO [X]

If no, give address of principal place of business: Two Logan Square, Suite 1600
Philadelphia, PA 19103

6.6 DRUG-FREE WORKPLACE PROGRAM

IDENTICAL TIE BIDS - Preference shall be given to businesses with drug-free workplace programs. Whenever two or more bids which are equal with respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a bid received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie bids will be followed if none of the tied vendors have a drug-free workplace program. In order to have a drug-free workplace program, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employee that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.



VENDOR'S SIGNATURE

Mike Aileo

PRINTED NAME

Public Financial Management, Inc.
NAME OF COMPANY

6.7 SOLICITATION, GIVING, AND ACCEPTANCE OF GIFTS POLICY

Florida Statute 112.313 prohibits the solicitation or acceptance of Gifts. - "No Public officer, employee of an agency, or candidate for nomination or election shall solicit or accept anything of value to the recipient, including a gift, loan, reward, promise of future employment, favor, or service, based upon any understanding that the vote, official action, or judgment of the public officer, employee, or candidate would be influenced thereby."...the term 'public officer' includes any person elected or appointed to hold office in any agency, including any person serving on an advisory body."

The City of North Miami Beach policy prohibits all public officers, elected or appointed, all employees, and their families from accepting any gifts of any value, either directly or indirectly, from any contractor, vendor, consultant, or business with whom the City does business. Only advertising office stationery or supplies of small value are exempt from this policy - e.g. calendars, note pads, pencils.

The State of Florida definition of "gifts" includes the following:

- Real property, or its use.
- Tangible or intangible personal property, or its use.
- A preferential rate of terms on a debt, loan, goods, or services.
- Forgiveness of an indebtedness.
- Transportation, lodging, or parking.
- Membership dues.
- Entrance fees, admission fees, or tickets to events, performances, or facilities.
- Plants, flowers, or floral arrangements.

Services provided by persons pursuant to a professional license or certificate.

Other personal services for which a fee is normally charged by the person providing the services. Any other similar service or thing having an attributable value not already provided for in this section. To this list, the City of North Miami Beach has added food, meals, beverages, and candy.

Any contractor, vendor, consultant, or business found to have given a gift to a public officer or employee, or his/her family, will be subject to dismissal or revocation of contract.

As the person authorized to sign the statement, I certify that this firm will comply fully with this policy.



David M. Moore, Managing Director

VENDOR'S SIGNATURE

PRINTED NAME

Public Financial Management, Inc.

NAME OF COMPANY

6.8 SOURCE OF INFORMATION

How did you find out about this solicitation? Check all that applies.

- 1. www.citynmb.com
- 2. www.demandstar.com
- 3. Daily Business Review
- 4. The Miami Herald
- 5. Referral/word- of mouth Specify Source: _____
- 6. Search Engine/Internet search
- 7. E-mail, newsgroup, online chat Specify Source: _____
- 8. Banner or Link on another website
- 9. Flyer, newsletter, direct mail Specify Source: _____
- Other Specify Source: _____

6.9 INDEMNIFICATION CLAUSE

The Contractor shall indemnify, defend and hold harmless the City Council, the City of North Miami Beach and their agents and employees from and against all claims, damages, losses and expenses (including attorney's fees) arising out of or resulting from the contractor's performance of the work, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or damage on destruction of property including the loss of use resulting there from, and (2) is caused in whole or in part by any breach or default by Contractor or negligent act or omission of the Contractor, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless or whether or not it is caused in part by a party indemnified hereunder.

David M. Moore _____ *[Signature]* _____ *1/27/12* _____
Proposer's Name Signature Date

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

SWORN TO AND SUBSCRIBED before me, the under signed authority,

David M. Moore _____ who, after first being sworn by me, affixed his/her
[name of individual signing]
signature in the space provided above on this 27th day of January, 20 12

[Signature: Dorrena B. Davis]

NOTARY PUBLIC



6.10 SWORN STATEMENT PURSUANT TO SECTION 287.133 (3) (a), FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to the **CITY OF NORTH MIAMI BEACH, FLORIDA**
By: David M. Moore
(print individual's name and title)
For: Public Financial Management, Inc.
(print name of entity submitting sworn statement)

whose business address is: 300 S Orange Avenue, Suite 1170, Orlando, FL 32801

and (if applicable) its Federal Employer Identification Number (FEIN) is: 23-1992164
(If the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement: ____ - ____ - ____).

- 2. I understand that a "public entity crime" as defined in Paragraph 287.133 (1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentations.
- 3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133 (1) (b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or non contendere.
- 4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:
 - 1. A predecessor or successor of a person convicted of a public entity crime; or
 - 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers' directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
- 5. I understand that a "person" as defined in Paragraph 287.133(1) (e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, and partners. Shareholders, employees, members, and agents who are active in management of an entity.
- 6. Based on information and belief, the statement, which I have marked below, is true in relations to the entity submitting this sworn statement. (Indicate which statement applies).
 - Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.
 - The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.
 - The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list (attach a copy of the final order).

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

David M. Moore
Signature

Sworn to and subscribed before me this 27th day January, 2012

Personally known XX Dorrena B. Davis
OR _____ Name of Notary
Produced identification _____ Notary Public - State of FLORIDA


Dorrena B. Davis

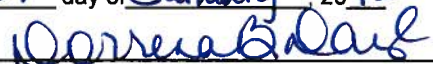


6.11 ANTI-KICKBACK AFFIDAVIT

STATE OF FLORIDA }
 } SS:
COUNTY OF ORANGE }

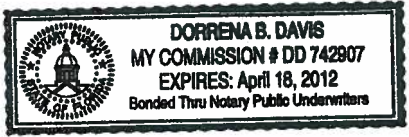
I, the undersigned, hereby duly sworn, depose and say that no portion of the sum herein bid will be paid to any employees of the City of North Miami Beach, its elected officials, and _____ or its design consultants, as a commission, kickback, reward or gift, directly or indirectly by me or any member of my firm or by an officer of the corporation.

By: 
Title: Managing Director

Sworn and subscribed before this
27th day of January, 2012

Notary Public, State of Florida

Dorrena B. Davis
(Printed Name)

My commission expires: April 18, 2012



6.12 NON-COLLUSIVE AFFIDAVIT

STATE OF FLORIDA }
 } SS:
COUNTY OF }
ORANGE }
being first duly sworn, deposes and says that:

- a) He/she is the Managing Director/Partner, (Owner, Partner, Officer, Representative or Agent) of Public Financial Management, Inc. the Proposer that has submitted the attached Proposal;
- b) He/she is fully informed respecting the preparation and contents of the attached Proposal and of all pertinent circumstances respecting such Proposal;
- c) Such Proposal is genuine and is not collusive or a sham Proposal;
- d) Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, have in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Proposer, firm, or person to submit a collusive or sham Proposal in connection with the Work for which the attached Proposal has been submitted; or to refrain from proposing in connection with such work; or have in any manner, directly or indirectly, sought by person to fix the price or prices in the attached Proposal or of any other Proposer, or to fix any overhead, profit, or cost elements of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against (Recipient), or any person interested in the proposed work;
- e) The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Proposer or any other of its agents, representatives, owners, employees or parties in interest, including this affiant.

Signed, sealed and delivered in the presence of:

Sarah Dole
Witness

Margaret David
Witness

By: [Signature]

David M. Moore
(Printed Name)

Managing Director/Partner
(Title)

ACKNOWLEDGMENT

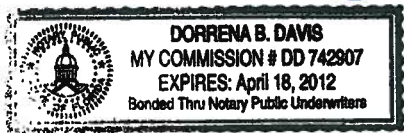
STATE OF FLORIDA }
 } SS:
COUNTY OF ORANGE }

BEFORE ME, the undersigned authority personally appeared David M. Moore here and who executed the foregoing David M. Moore Affidavit and acknowledged to and before me that executed said Affidavit for the purpose therein expressed.

WITNESS, my hand and official seal this 20th day of January, 2012.

My Commission Expires: April 18, 2012

Dorrena B. Davis
Notary Public State of Florida at Large





N. Appendices



Appendices

News articles, brochures, flyers and certifications that will assist the city in evaluating your proposal.

Please see the Bond Buyer Article from January 4, 2012 immediately following this page.

Why Select PFM to Serve the City of North Miami Beach as its Financial Advisor?

✓ PFM has unmatched technical resources

The financial advisory business has long grown past the point where the financial advisor merely reviews and critiques the work of other members of the financing team. PFM has been the leader in broadening the role of the financial advisor to be more like that of the senior investment banker. At PFM we believe it is our responsibility to bring you new ideas, save you money, and help you plan for your future; not just review investment banker proposals. To be successful in this role PFM has had to develop the most sophisticated technical and analytical resources in the business.

✓ PFM has a proven track record of innovation

At PFM we spend every day working to help our clients solve their problems. In order to do this we have had to develop many of the innovative financing techniques that are used throughout the industry today. These innovations were not designed for the sake of change or to sell the latest product, rather they are the result of an extensive examination of the options available to solve the specific problem.

✓ PFM offers the extensive experience

PFM is the leading financial advisor in the nation and Florida. In 2011, PFM completed over \$39 billion in long-term municipal financings including solid waste, utility systems, education, transportation, correctional facilities, convention centers and assessment projects. Since 1990, PFM has advised on over 500 transactions in the state of Florida, which is more than 3 times as many as our closest competitor.

✓ PFM has an unique range of services

Financial advisors are often thought to just provide pricing guidance on the sale of municipal securities. This point of view does not accurately reflect what we at PFM do as financial advisors. Our role is considerably broader, addressing strategic management issues, broad financial plans and transaction design as well as execution. Beyond debt management, we are also highly focused on asset management; for we believe how you invest and spend your money is just as important as the way by which you borrow it. In addition to our financial planning expertise, we also bring functional experience in different industry sectors.

✓ PFM offers completely independent advice

Independent advice is at the core of the PFM corporate philosophy. The absence of litigation is not by chance. Rather, our approach is to add a level of oversight to each phase of a financing. The “yield burning” settlement is an example of where PFM’s approach benefited our clients. Long before yield burning became an issue in the early 1990’s, PFM realized the potential problem and began advising our clients to bid the purchase of escrow securities. As a result, virtually none of our clients experienced the complications of regulatory review. Our commitment to representing our clients in a completely independent manner drove us to address this issue proactively.



Appendices

✓ **PFM would like to stay your partner**

PFM has no objectives other than saving our clients money and helping them achieve their business objectives. PFM's only business is providing financial, investment and consulting advice to its clients. We are involved in the capital markets on a daily basis; and, while we offer our clients professional resources that equal or surpass those of any investment bank, we do not trade or underwrite securities. Therefore, unlike an underwriting firm, which must at once meet the needs of both the seller and buyer of securities, PFM has no inherent conflict of interest. We serve only one interest, that of our municipal client.

✓ **PFM offers unparalleled service at competitive rates**

In this proposal you will find a competitive fee schedule which can be structured to meet the needs of the City.

THE BOND BUYER

Vol. 379 No. 33642 N.Y., N.Y.

THE DAILY NEWSPAPER OF PUBLIC FINANCE

Wednesday, January 4, 2012

WEDNESDAY

www.bondbuyer.com

UNDERWRITERS & DEALERS

AS 2011 DREW TO A CLOSE, ALL WAS not peaceful among those competing for top underwriter laurels. 15

THE REGIONS

AMID THE BIGGEST BUILDING BINGE in its history, the North Texas Tollway Authority ranked as the top debt issuer in the Southwest in 2011, with more than \$2.1 billion sold, according to Thomson Reuters. . . . 3

MIDWEST

OHIO WILL BRING ITS FIRST DEAL OF the year to market next week, \$174 million of general obligation bonds that will be used in part to finance the creation of high-paying technology jobs. . . 6

ONLINE

SUFFOLK COUNTY, N.Y., HAS PLANNED an \$83.6 million sale of Series 2012 water system revenue refunding bonds for Thursday, through competitive bid.

THE LAW FIRM BALLARD SPAHR HAS promoted William C. Rhodes to lead its public finance department as chairman.

LISTINGS

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IRS Taps EMMA for Bond Prices

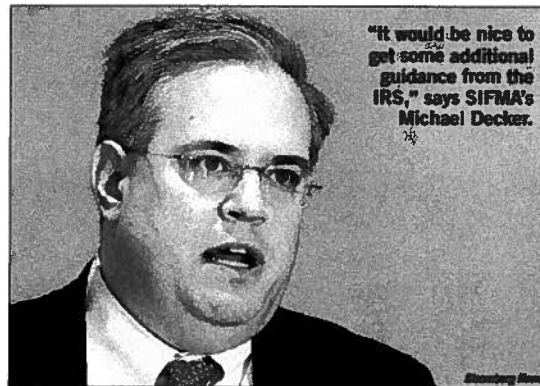
TEB Team Using Variety of Data

BY LYNN HUME AND JENNIFER DePAUL

WASHINGTON — The Internal Revenue Service's tax-exempt bond office has formed a seven-person team that is using EMMA and other data from the Municipal Securities Rulemaking Board to determine if muni bonds were initially offered at prices that raise questions about tax-law compliance.

IRS officials talked about this initiative as well as one focusing on financial restructurings and their risk assessment exam program last Wednesday in an interview about the outlook for tax enforcement and compliance for this year.

But first, Cliff Gannett, who has been acting director of government entities at the IRS since April when he was head of TEB,



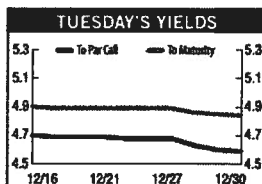
summarized the office's successes of the past year and goals going forward.

He said that while the TEB office has been operating under a hiring freeze since last year, it still has a staff of more than 90 and exceeded goals in many areas for the past fiscal year, which ended on Sept. 30.

The TEB office executed about 46 closing agreements under its audit and voluntary closing agreement programs, or VCAP, obtaining about \$110 million from those settlements, he said.

The office closed 129 cases under the voluntary closing agreement program, Turn to IRS page 4

Outlook 2012



Due to technical difficulties, The Bond Buyer 40 yields were not available at press time. See bondbuyer.com for updated information. Complete market coverage by Taylor Riggs appears on Page 2.

JPMorgan Moves to No. 1 Among Muni Underwriters

BY ROBERT SLAVIN

JPMorgan took first place among underwriters of municipal bonds in 2011, a year that saw dealers fighting over shrunken supply.

Citi was second and Bank of America Merrill Lynch was third, according to Thomson Reuters, which has said it will alter the way it compiles the numbers beginning in 2012 following complaints that underwriters were using various ploys to boost their standings.

In 2011, Public Financial Management Inc. continued as the top financial advisor by volume, advising on \$39.6 billion in long-term bonds.

JPMorgan underwrote \$39.2 billion of long-term bonds in 2011. This was a decline of 16.2% from 2010, when it underwrote \$46.8 billion and placed third. That gave JPMorgan a 13.7% market share as senior underwriter in 2011, up from 10.9%

in 2010.

The competition for business took place in a year when there was a 33.3% decline in total long-term municipal bond volume.

Citi underwrote \$36.6 billion of bonds in 2011 and Bank of Turn to Rankings page 15

Illinois Pensions In a Pickle

Details in Offering For \$800M Deal

BY YVETTE SHIELDS

CHICAGO — Illinois' unfunded pension obligations grew by about \$7 billion in fiscal 2011 but its funded ratio dipped just slightly to 43% from 45%, according to the state's latest pension figures released Tuesday in the offering statement for its upcoming \$800 million general obligation issue.

An income tax hike enacted in early 2011 that will raise \$6.8 billion in new revenue annually helped ease the state's cash flow and budget woes, but its unfunded pension obligations still pose a daunting challenge to efforts to stabilize its fiscal house. The state's funded ratios were the lowest among states last year based on fiscal 2010 results.

The latest review based on fiscal 2011 figures shows Illinois' unfunded liabilities rose to \$82.9 billion for a funded ratio of 43.4% from \$75.7 billion for a funded ratio of 45.4% in fiscal 2010. The review was based on a model in which investment returns are smoothed over a five-year period. Asset growth helped stave off larger declines in the Turn to Illinois page 8

SEC Sues Ga. Attorney, Client for Fraud

BY JOAN QUIGLEY

WASHINGTON — The Securities and Exchange Commission has sued a Georgia attorney and his client for securities fraud over their failure to disclose the client's criminal indictment in bond documents for \$2.96 million of industrial redevelopment revenue bonds sold by Raleigh County, W. Va., in 2006 and 2007 that are now in default.

The SEC's complaints, filed in federal courts in Georgia and West Virginia late last week but released Tuesday by the com-

mission, seek to recover penalties and ill-gotten gains from Charles Aiken, 38, a Columbus, Ga., resident, and Chalmer Dettling 2d, 35, an attorney who lives in Marietta, Ga., stemming from fraudulent misrepresentations and omissions made during the transaction.

"Borrowers' counsel play an important role in many municipal securities offerings, and their opinions are heavily relied upon by other participants to the transaction," said Mark Zehner, deputy director of the enforce-

Turn to SEC page 5

Rankings

Citi First Among Negotiated Deals; PFM Stays Top FA

Continued from page 1

America Merrill Lynch did \$35.4 billion. Last year they were second and first, respectively.

For negotiated deals, Citi was first, with JPMorgan and Bank of America following at second and third. In competitive deals, Bank of America retained its first place slot, with JPMorgan moving up to second and Citi dropping to third.

As recently as 2007, JPMorgan was the sixth-largest senior underwriter of municipal bonds. In 2008, at the height of the financial crisis, it acquired Bear Stearns.

The firm's ascent in the rankings "shows the breadth of our franchise," said Jeff Bosland, head of the public finance group at JPM. "It's a guide to clients as to the performance of firms overall. But it's far from the end-all. Our primary concern is to serve the client."

JPMorgan saw its competitive business expand by 56.9% in 2011 as negotiated underwritings contracted by 30.2% when

issuers borrowed less.

This year, issuer clients wanted to commit their capital in competitive offerings to demonstrate their ability to distribute bonds, according to Bosland said.

Thomson Reuters typically revises its figures as new data becomes available, and it plans to soon apply its new criteria, which alters what qualifies as long-term debt. This will shift some issuance currently defined as long term over to the short-term category, and could retroactively change the standings.

JPMorgan's status as number one may not be affected, but some observers believe that the new criteria could make Bank of America Merrill number two overall, and push Citi to number three.

Some in the industry complained that underwriters have resorted to questionable actions to improve their standings in the long-term issuance rankings (see sidebar).

While the deal pie was considerably smaller in 2011 and some larger firms

were forced to show employees the door, smaller firms have been looking to take advantage of the shakeout.

Both Janney Montgomery Scott LLC and Raymond James & Associates Inc. moved up among senior underwriters of long-term bonds. In 2010, Janney was 34th, but in 2011 it was 24th. Similarly, Raymond James was 24th in 2010 but jumped to 15th in 2011.

The progress of Janney is "a testament to the guys on our desk," said Dale Foard, Janney's managing director of municipal capital markets.

Raymond James' advance was due to enhancements on both the competitive and the negotiated sides, said Peter Delahunt, managing director for municipal fixed income.

Raymond James' hiring of Roberta Breck-Specter in March to lead the competitive side has helped its performance in this area, Delahunt said. On the negotiated side, the firm has hired some key bankers as other firms were contracting, he said.

Raymond James went to ninth from 28th among underwriters of small issues. Its market share went to 2.5% from 1.0%. Thomson Reuters defines small issues as \$10 million or less.

Delahunt said Raymond James is bidding competitively for small issues as well as large issues. The firm also does a lot of bank-qualified deals, which are by definition smaller transactions.

Janney went from 22nd place in small-issue underwriting in 2010 to eighth in

2011. Its market share went to 3.0% from 1.4%.

Public Financial Management remained the top FA in 2011. Public Resources Advisory Group and First Southwest stayed second and third, respectively.

"We thank [clients] for their trust and the recognition that experienced, independent advice is even more important today than in years past," said PFM's chief executive officer, John Bonow.

Among financial advisors, KNN Public Finance and Robert W Baird & Co. rose in the rankings.

In 2010, KNN was 13th, but in 2011 it moved up to seventh. In a year that saw a 34.9% decline in bonds for firms to work on, KNN increased the amount advised by 20.5%.

"Our winning combination involves experienced advisors providing a very high level of service," said David Leifer, senior managing director at KNN.

Similarly, in 2010, Baird was the 28th largest advisor. In 2011, Baird's market share went to 2.0% from 0.6%.

"Baird's public finance business has made a lot of investments in talent and capabilities on behalf of our clients, and we're pleased to see that some rankings reflect the positive momentum from those investments," said Baird's public finance director, Keith Kolb. "Being a privately held and employee-owned firm continues to be a key strategic advantage for Baird." □

Rankings Rankle Underwriters

By ROBERT SLAVIN

As 2011 drew to a close, all was not peaceful among those competing for top underwriter laurels.

Industry professionals say rankings are important for firms, boosting their standing among issuers, among other reasons. As a result, insiders claim some will go to extreme lengths to try to "game" the numbers, and as a result the official keeper of the statistics has decided to change the way it compiles them.

It appears that issuers in general have benefited from the competition as underwriters sweeten deals to win business.

That doesn't stop those competing for the business from pointing fingers at one another, even as none are willing to go on the record with accusations.

The controversy centers on efforts by some firms to influence rankings based on Thomson Reuters' criteria for long-term issuance.

"We all make a big deal about ranking," according to one underwriting professional. "It's a big deal for marketability."

Insiders said that in 2011, some of the larger underwriters convinced issuers to switch to long-term issues from short-term ones. Specifically, they said that starting in the summer, two large underwriters encouraged issuers to extend short-term maturities beyond 395 days.

Under Thomson's Reuters' current criteria, public securities with maturities of 396 days or longer are "long-term."

Thomson Reuters plans to revise its criteria so that securities maturing under two years with a designation as revenue anticipation notes, tax anticipation notes, or tax and revenue anticipation

notes will be counted as short term for ranking purposes.

This revision will be introduced in January and will apply retroactively to the 2011 rankings. On Tuesday, Thomson Reuters released its 2011 rankings based on the current criteria.

A JPMorgan official said that the firm has never done anything with the goal of improving its rank. The firm is focused on serving its clients, he said.

A different underwriter acknowledged that it encouraged a single issuer to issue a security just long enough to qualify it as long term.

However, it said that this was in response to competitors having initiated the practice of offering lower rates to issuers in exchange for gaining a barely long-term maturity.

On another topic, some underwriting professionals claimed Citigroup structured \$3.3 billion of Michigan bonds at the end of December to boost its ranking on the long-term list. They noted that Citi supported it with a letter of credit from Citigroup and said it was essentially a "bridge loan."

They added that the security has a two-and-a-half-year maturity but the state expects to convert it in early 2012 to other bonds with a much longer maturity.

Responding to this criticism, one insider said the bonds have a provision for an additional five-year extension, making their total potential maturity seven and a half years. This is in case no alternative financing is available.

"The idea that the state could refinance the debt somehow disqualifies this as long term would discredit many other deals issued by other banks," the insider said. "I think there's a bit of sour grapes here." □

Top Senior Managers: All Issues

Full Year 2011 - True Economics to Bookrunners

Rank	Firm	Amount	Issues
1	JPMorgan	\$39,208.3	387
2	Citi	36,567.9	333
3	Bank of America Merrill Lynch	35,348.8	352
4	Morgan Stanley	21,320.0	242
5	Goldman, Sachs & Co.	17,509.4	94
6	Barclays Capital	14,228.0	119
7	RBC Capital Markets	13,774.2	534
8	Wells Fargo & Co.	13,167.4	170
9	Morgan Keegan & Co.	9,264.9	488
10	Stifel Nicolaus & Co.	8,584.5	479

This is Thomson Reuters's "AT1" league table. Dollar amounts are in millions. Rankings are final as of Dec. 30, 2011. Short-term notes, private placements, and deals not meeting Thomson Reuters's T+5 policy rule are excluded. The full par amount of an issue is credited to the book-running manager; in issues with multiple bookrunners, each firm is credited with the actual allocation it received. Source: Thomson Reuters

Top Financial Advisors: All Issues

Full Year 2011 - Equal Credit to Each Advisor

Rank	Firm	Amount	Issues
1	Public Financial Management Inc.	\$39,616.0	757
2	Public Resources Advisory Group	20,850.8	119
3	FirstSouthwest	18,438.2	614
4	Government Development Bank for Puerto Rico	9,263.5	24
5	RBC Capital Markets	6,290.4	175
6	Lamont Financial Services Corp.	5,810.8	43
7	KNN Public Finance	5,498.8	59
8	Kaufman Hall & Associates Inc.	5,148.6	54
9	A.C. Advisory Inc.	4,767.2	30
10	Montague DeRose & Associates LLC	4,503.2	25

This is Thomson Reuters's "AT7" league table. Dollar amounts are in millions. Rankings are final as of Dec. 30, 2011. Short-term notes, private placements, and deals not meeting Thomson Reuters's T+5 policy rule are excluded. Issues with multiple advisors divide the per amount equally among the advisors. Source: Thomson Reuters