

**PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE CITY OF DORAL
AND
PFM FINANCIAL ADVISORS LLC
FOR
FINANCIAL ADVISORY SERVICES**

THIS AGREEMENT is made between **PFM Financial Advisors LLC**, a Delaware limited liability company, (hereinafter the “Consultant”), and the **CITY OF DORAL, FLORIDA**, a Florida municipal corporation, (hereinafter the “City”).

WHEREAS, the Consultant and City, through mutual negotiation, have agreed upon a scope of services, schedule, and fee for Financial Advisory Services (the “Project”); and

WHEREAS, the City desires to engage the Consultant to perform the services specified below.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the Consultant and the City agree as follows.

1. Scope of Services/Deliverables.

1.1 The Consultant shall furnish professional services to the City as set forth in the Scope of Services attached hereto as Exhibit A.

1.2

2. Term/Commencement Date.

2.1 This Agreement shall become effective upon execution by both parties and shall remain in effect through September 30, 2019, unless earlier terminated in accordance with Paragraph 8. The City Manager may extend the term of this Agreement up to an additional 180 days by written notice to the Consultant.

2.2 Consultant agrees that time is of the essence and Consultant shall complete each deliverable for the Project within the timeframes set forth in the Project Schedule, unless extended by the City Manager.

3. Compensation and Payment.

3.1 The Consultant shall be compensated in the following manner:

a) For services that do not involve debt issuance: A lump annual sum amount of \$18,000.00 (\$4,500.00 paid on a quarterly basis, regardless of the number of hours or length of time necessary for Consultant to complete the Scope of Services. Consultant shall not be entitled to any additional payment for any expenses incurred in completion of the Scope of Services. A breakdown of costs used to derive the lump sum amount, including but not limited to hourly rates, estimated travel expenses and other applicable rates, is specified in the Scope of Services. Upon completion of the work, Consultant shall submit its bill[s] for payment in a form approved by the City. The bill[s] shall identify the services completed and the amount charged.

b) For services associated with a debt issuance: Fees on a Per Bond Transaction Basis, inclusive of General Obligation Bonds, Revenue Bonds and Taxable Bonds. Fees for professional services for transactions leading to the sale of bonds, notes, or certificates shall be calculated on the basis of an amount per \$1,000 face amount issued. This fee schedule is inclusive of all types of bonds (General, Revenue, Competitive, Negotiated, etc.) and bank loans/notes and equipment leases. The fee schedule shall equal \$0.90 for the first \$50,000,000 issued, and \$0.70 for amounts greater than \$50,000,001. Upon completion of the work, Consultant shall submit its bill[s] for payment in a form approved by the City. The bill[s] shall identify the services completed and the amount charged.

3.2 The City shall pay Consultant in accordance with the Florida Prompt Payment Act.

3.3 If a dispute should occur regarding an invoice submitted, the City Manager may withhold payment of the disputed amount and may pay to the Consultant the undisputed portion of the invoice. Upon written request of the Finance Director, the Consultant shall provide written documentation to justify the invoice. Any compensation disputes shall be decided by the City Manager whose decision shall be final.

4. **Subconsultants.**

4.1 The Consultant shall be responsible for all payments to any sub-consultants and shall maintain responsibility for all work related to the Project.

4.2 Any sub-consultants used on the Project must have the prior written approval of the City Manager or his designee.

5. **City's Responsibilities.**

5.1 Furnish to Consultant, at the Consultant's written request, all available maps, plans, existing studies, reports and other data pertinent to the services to be provided by Consultant, in possession of the City.

5.2 Arrange for access to and make all provisions for Consultant to enter upon real property as required for Consultant to perform services as may be requested in writing by the Consultant (if applicable).

6. **Consultant's Responsibilities.**

6.1 The Consultant shall exercise the same degree of care, skill and diligence in the performance of the Project as is ordinarily provided by a professional under similar circumstances. If at any time during the term of this Agreement or within one year from the completion of the Project, it is determined that the Consultant's deliverables are incorrect, defective or fail to conform to the Scope of Services of the Project, upon written notification from the City Manager, the Consultant shall at Consultants sole expense, immediately correct the work. The City in no way assumes or shares any responsibility or liability of the Consultant or Sub Consultant under this agreement.

7. **Conflict of Interest.**

7.1 To avoid any conflict of interest or any appearance thereof, Consultant shall not, for the term of this Agreement, represent any private sector entities (developers, corporations, real estate investors, etc.), with regard to any City related matter.

8. **Termination.**

8.1 The City Manager without cause may terminate this Agreement upon thirty (30) days written notice to the Consultant, or immediately with cause.

8.2 Upon receipt of the City's written notice of termination, Consultant shall stop work on the Project.

8.3 In the event of termination by the City, the Consultant shall be paid for all work accepted by the City Manager up to the date of termination, provided that the Consultant has first complied with the provisions of Paragraph 8.4.

8.4 The Consultant shall transfer all books, records, reports, working drafts, documents, maps, and data pertaining to the Project to the City, in a hard copy and electronic format specified by the City within 14 days from the date of the written notice of termination or the date of expiration of this Agreement.

9. **Insurance.**

9.1 The Consultant shall secure and maintain throughout the duration of this Agreement insurance of such type and in such amounts as required by Exhibit A. The insurance carrier shall be qualified to do business in the State of Florida and have agents upon whom service of process may be made in the State of Florida.

9.2 Certificates of Insurance shall be provided to the City at the time of execution of this Agreement and certified copies provided if requested. Each policy certificate shall be endorsed with a provision that not less than thirty (30) calendar days' written notice shall be provided to the City before any policy or coverage is cancelled or restricted, or in accordance to policy provisions. The City further reserves the right to solicit additional coverage, or require higher limits of liability as needed, and depending on the nature of scope, or level of exposure.

10. **Nondiscrimination.**

10.1 During the term of this Agreement, Consultant shall not discriminate against any of its employees or applicants for employment because of their race, color, religion, sex, or national origin, and to abide by all Federal and State laws regarding nondiscrimination

11. **Attorneys' Fees and Waiver of Jury Trial.**

11.1 In the event of any litigation arising out of this Agreement, each party shall be responsible for their attorneys' fees and costs, including the fees and expenses of any paralegals, law clerks and legal assistants, and including fees and expenses charged for representation at both the trial and appellate levels.

11.2 In the event of any litigation arising out of this Agreement, each party hereby knowingly, irrevocably, voluntarily and intentionally waives its right to trial by jury.

12. **Indemnification.**

12.1 Consultant shall defend, indemnify, and hold harmless the City, its officers, agents and employees, from and against any and all demands, claims, losses, suits, liabilities, causes of action, judgment or damages, arising out of, related to, or any way connected with Consultant's negligent or intentionally wrongful performance or non-performance of any provision of this Agreement including, but not limited to, liabilities arising from contracts between the Consultant and third parties made pursuant to this Agreement. Consultant shall reimburse the City for all its expenses including reasonable attorneys' fees and costs incurred in and about the defense of any such claim or investigation and for any judgment or damages arising out of, related to, or in any way connected with Consultant's negligent or intentionally wrongful performance or non-performance of this Agreement. This section shall be interpreted and construed in a manner to comply with any applicable Florida Statutes, including without limitation Sections 725.06 and 725.08, Fla. Stat., if applicable.

12.2 The provisions of this section shall survive termination of this Agreement.

12.3 Ten dollars (\$10) of the payments made by the City constitute separate, distinct, and independent consideration for the granting of this indemnification, the receipt and sufficiency of which is voluntary and knowingly acknowledged by the Consultant.

13. **Notices/Authorized Representatives.**

13.1 Any notices required by this Agreement shall be in writing and shall be deemed to have been properly given if transmitted by hand-delivery, by registered or certified mail with postage prepaid return receipt requested, or by a private postal service, addressed to the parties (or their successors) at the following addresses:

For the City: Edward A. Rojas
 City Manager
 City of Doral, Florida
 8401 NW 53rd Terrace
 Doral, Florida 33166

With a Copy to: Daniel A Espino, Esq.
City Attorney
Weiss Serota Helfman
Pastoriza Cole & Boniske, P.L.
2525 Ponce De Leon Boulevard, 7th Floor
Coral Gables, FL 33134

For The Consultant: _____

14. **Governing Law.**

14.1 This Agreement shall be construed in accordance with and governed by the laws of the State of Florida. Exclusive venue for any litigation arising out of this Agreement shall be in Miami-Dade County, Florida.

15. **Entire Agreement/Modification/Amendment.**

15.1 This writing contains the entire Agreement of the parties and supersedes any prior oral or written representations. No representations were made or relied upon by either party, other than those that are expressly set forth herein.

15.2 No agent, employee, or other representative of either party is empowered to modify or amend the terms of this Agreement, unless executed with the same formality as this document.

16. **Ownership and Access to Records and Audits.**

16.1 All records, books, documents, maps, data, deliverables, papers and financial information (the "Records") that result from the Consultant providing services to the City under this Agreement shall be the property of the City.

16.2 The City Manager or his designee shall, during the term of this Agreement and for a period of three (3) years from the date of

termination of this Agreement, have access to and the right to examine and audit any Records of the Consultant involving transactions related to this Agreement.

16.3 The City may cancel this Agreement for refusal by the Consultant to allow access by the City Manager or his designee to any Records pertaining to work performed under this Agreement that are subject to the provisions of Chapter 119, Florida Statutes.

17. **Nonassignability.**

17.1 This Agreement shall not be assignable by Consultant unless such assignment is first approved by the City Manager. The City is relying upon the apparent qualifications and personal expertise of the Consultant, and such firm's familiarity with the City's area, circumstances and desires.

18. **Severability.**

18.1 If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each remaining term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

19. **Independent Contractor.**

19.1 The Consultant and its employees, volunteers and agents shall be and remain independent contractors and not agents or employees of the City with respect to all of the acts and services performed by and under the terms of this Agreement. This Agreement shall not in any way be construed to create a partnership, association or any other kind of joint undertaking, enterprise or venture between the parties.

20. **Compliance with Laws.**

20.1 The Consultant shall comply with all applicable laws, ordinances, rules, regulations, and lawful orders of public authorities relating to the Project.

21. **Waiver**

21.1 The failure of either party to this Agreement to object to or to take affirmative action with respect to any conduct of the other which is in violation of the terms of this Agreement shall not be construed as a

waiver of the violation or breach, or of any future violation, breach or wrongful conduct.

22. **Survival of Provisions**

22.1 Any terms or conditions of either this Agreement that require acts beyond the date of the term of the Agreement, shall survive termination of the Agreement, shall remain in full force and effect unless and until the terms or conditions are completed and shall be fully enforceable by either party.

23. **Prohibition of Contingency Fees.**

23.1 The Consultant warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Consultant, to solicit or secure this Agreement, and that it has not paid or agreed to pay any person(s), company, corporation, individual or firm, other than a bona fide employee working solely for the Consultant, any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement.

24. **Counterparts**

24.1 This Agreement may be executed in several counterparts, each of which shall be deemed an original and such counterpart shall constitute one and the same instrument.

25. **Registered Municipal Advisor; Required Disclosures.**

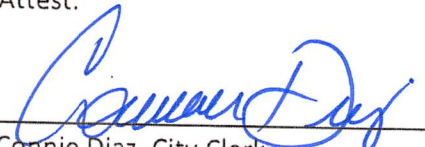
25.1 Consultant is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If the City has designated Consultant as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption"), then services provided pursuant to such designation shall be the services described in Exhibit A hereto, subject to any limitations described thereon. Consultant shall not be responsible for, or have any liability in connection with, verifying that Consultant is independent from any other party seeking to rely on the IRMA exemption (as such independent status is required pursuant to the IRMA exemption, as interpreted from time to time by the SEC). The City acknowledges and agrees that any reference to Consultant, its personnel and its role as IRMA, including in the written representation of the City required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by Consultant.

The City further agrees not to represent that Consultant is the City's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the scope of services without Consultant's prior written consent.

- 25.2 MSRB Rule G-42 requires that municipal advisors make written disclosures to its clients of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in Consultant's Disclosure Statement delivered to the City together with this Agreement.


IN WITNESS WHEREOF, the parties execute this Agreement on the respective dates under each signature: The City, signing by and through its City Manager, attested to by its City Clerk, duly authorized to execute same and by Consultant by and through its _____, whose representative has been duly authorized to execute same.

Attest:



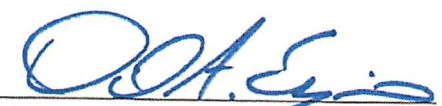
Connie Diaz, City Clerk

CITY OF DORAL

By:  (Edward A.)

Edward A. Rojas, City Manager
Date: 2-7-17

Approved As To Form and Legal Sufficiency for the Use
And Reliance of the City of Doral Only:



Weiss Serota Helfman Pastoriza Cole & Bonsike, PL
City Attorney

PFM FINANCIAL ADVISORS LLC



By: _____
Its: Sergio Masurdat, Managing Director
Date: 2/8/17

EXHIBIT A

SCOPE OF SERVICES

1. Services related to the Financial Planning and Policy Development upon request of the Client:

- Assist the Client in the formulation of Financial and Debt Policies and Administrative Procedures.
- Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of refunding that debt to provide the Client with savings.
- Analyze future debt capacity to determine the Client's ability to raise future debt capital.
- Assist the Client in the development of the Client's Capital Improvement Program by identifying sources of capital funding.
- Assist the Client with the development of the Client's financial planning efforts and process by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects, and grants and provide analysis of each alternative as required as to the budgetary and financial impact.
- Review the reports of accountants, independent engineers and other project feasibility consultants to ensure that such studies adequately address technical, economic, and financial risk factors affecting the marketability of any proposed revenue debt issues; provide bond market assumptions necessary for financial projections included in these studies; attend all relevant working sessions regarding the preparations, review and completion of such independent studies; and provide written comments and recommendations regarding assumptions, analytic methods, and conclusions contained therein.
- Develop, manage and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the Client.
- Conduct strategic modeling and planning and related consulting.
- Attend meetings with Client's staff, consultants and other professionals and the Client.

- Undertake financial planning and policy development assignments made by the Client regarding financings, and financial policy including budget, tax, cash management issues and related fiscal policy and programs.
- Assist the Client in preparing financial presentations for public hearings and/ or referendums.
- Provide special financial services as requested by the Client.

2. Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds); provided that if the transaction is competitive, the services of the financial advisor will be modified in advance in writing to reflect that process. Upon the request of the Client:

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist the Client by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to the Client.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
- If appropriate, develop credit rating presentation and coordinate with the Client the overall presentation to rating agencies.
- Review underwriter's proposals and submit a written analysis of same to the Client.
- Assist the Client in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond indentures, resolutions or other governing documents regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond governing documents.

- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the Client's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with Client's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents.
- As applicable, advise the Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.

SCOPE OF SERVICES

Section 4 (continued)
PRICE PROPOSAL FORM
RFP #2016-16

FINANCIAL ADVISORY SERVICES

Fee on a Per Bond Transaction Basis, inclusive of General Obligation Bonds, Revenue Bonds and Taxable Bonds. Proposer's fees for professional financial advisory services for transactions leading to the sales of bonds, notes or certificates shall be calculated on the basis of an amount per \$1,000 face amount issued. **Proposer is to provide pricing for Areas A, B, C and D referenced below.**

A. MINIMUM FEE PER TRANSACTION:		
\$ <u>20,000</u> For General Obligation Bonds, Revenue Bonds and Taxable Bonds		
B. GENERAL OBLIGATION BONDS:		
Item	Bond Par Amount Proposer to identify amount ranges below.	Fee Per \$1,000 Par
1	\$0 to \$ <u>50,000,000</u>	\$ <u>0.90</u>
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
2	Plus for amounts from \$ <u>50,000,001</u> to \$ <u>100,000,000</u>	\$ <u>0.75</u>
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
3	Plus for amounts greater than \$ <u>100,000,001</u>	\$ <u>0.50</u>
C. REVENUE BONDS: SAME AS GENERAL OBLIGATION		
Item	Bond Par Amount Proposer to identify amount ranges below.	Fee Per \$1,000 Par
1	\$0 to \$ _____	\$ _____
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
2	Plus for amounts from \$ _____ to \$ _____	\$ _____
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
3	Plus for amounts greater than \$ _____	\$ _____
D. TAXABLE BONDS: SAME AS GENERAL OBLIGATION		
Item	Bond Par Amount Proposer to identify amount ranges below.	Fee Per \$1,000 Par
1	\$0 to \$ _____	\$ _____
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
2	Plus for amounts from \$ _____ to \$ _____	\$ _____
	\$ _____ to \$ _____	
	\$ _____ to \$ _____	
3	Plus for amounts greater than \$ _____	\$ _____

COMPANY NAME PFM Financial Advisors LLC
DATE July 6, 2016

3.3.2 Schedule of Fees Submittal Requirements

Proposer is to complete Price Proposal Form and to answer the following:

1. Indicate the impact of fee structure of a competitive sale versus a negotiated sale.

PFM's fees will be the same regardless of the method of sale.

2. Provide options for various alternative-financing methods.

PFM's presence in the market and industry leading position translates to the City in that we have experience with every type of financing method available to the City. We have evaluated the merits of competitive versus negotiated public offerings, direct-placement financings, variable rate debt, synthetic products, equipment leases, and many others.

As discussed throughout our proposal, PFM will provide the City with the full suite of alternatives available depending on the capital need, and thoroughly vet the pros and cons of each alternative prior to making a decision on proceeding with a particular method.

3. Consulting services may be requested in situations that do not involve a debt issue. If you intend to bill for such services, please provide a proposed billing procedure (such as hourly billing rates).

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. If the City desires an hourly fee structure, PFM proposes the following:

Managing Director, Director, or Senior Managing Consultant: \$250/hr;

Senior Analyst, Analyst: \$175/hour.

In lieu of hourly fees, PFM proposes an \$18,000 annual retainer to be paid quarterly. These retainer arrangements can be flexible to cover hourly work associated with smaller financings (to include equipment leases), and broad enough to contemplate commission briefings or workshops, debt management policy review/update and other projects as requested.

4. Indicate your firm's policy regarding out-of-pocket and or indirect cost expenses; if your firm proposes reimbursement from the City; please itemize the types of expense and basis of billing for each.

The lesser amount of not to exceed \$5,000 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 \$0.50 per page for Color Printer
Long Distance Telephone	At Cost
Conference Calls	At Cost
Travel	At Cost
Mileage	At Cost
Postage	At Cost
Courier, Overnight Delivery	At Cost



3.3 Plan of Financing Submittal Requirements

1. The steps your firm would follow in developing a financial plan and the corresponding duties and responsibilities the firm would assume in a new bond issue and a refinancing issue.

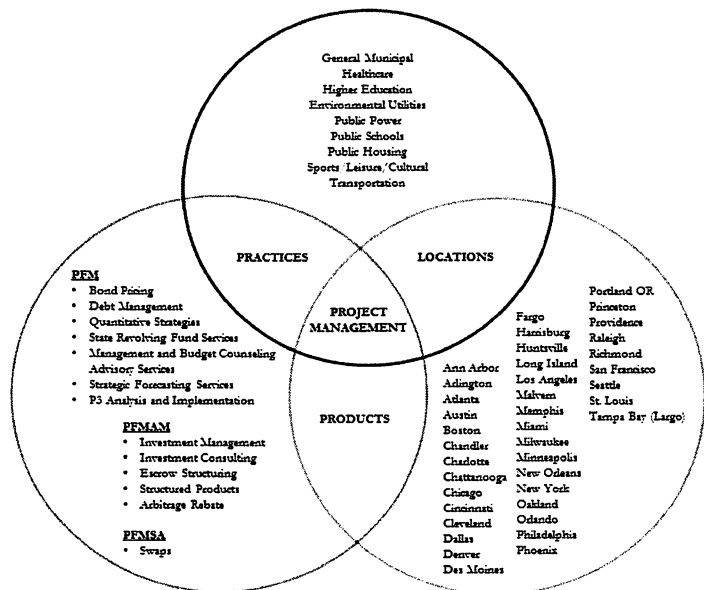
At PFM we believe the financial advisor should play an active part in designing and executing the financing strategies of our clients. We see ourselves as both your partner and agent in helping to achieve your specific goals. Our job is to make you aware of all of the options at your disposal and the consequences of utilizing each of them. It is not our job to make policy choices; rather, we want to ensure that you have the appropriate tools to craft a financing strategy that can lead to the lowest cost of borrowing consistent with your broader policy and financial objectives. It is our job to provide a forum for ideas, an environment for challenging the conventional wisdom, and a crucible for forging strategies to improve the performance of the program. Most importantly, we must help manage the process and execute the transactions.

The development of the most cost effective financing plan is a key strength of PFM. Throughout the course of the financing (plan of finance development, document preparation and negotiation, and rating agency presentation process) PFM will develop an arsenal of City attributes. Armed with this information, PFM is able to negotiate the best possible terms for our clients with the other market players. PFM will serve solely to meet the goals of the City.

When serving as financial advisor, PFM takes an all-encompassing approach that ensures that our client’s best interests are taken into account during each step of the bond issuance process. This begins with the creation of a team that consists of the optimal mix of professionals and carries all the way through post issuance compliance on an ongoing basis. Within this section we provide a detailed description of this approach and how it benefits each of our clients.

Creating the Optimal Team

PFM’s flexible project-oriented approach to staffing engagements enables us to bring the proper mix of resources and experience to bear on a given client’s problem or transaction. This may mean bringing together several members of the same advisory practice or it may entail organizing a team from several different practices and offices. Our specialized project teams ensure that our clients receive complete and thorough advice directly from the PFM professionals most appropriate for their particular needs. This approach fosters creativity and innovation between PFM professionals and clients. As discussed earlier, the City’s team will be led by Sergio Masvidal who will have access to all of PFM’s specialty practice professionals.



First, we designate specific team roles and responsibilities. Second, we marry these roles according to professional expertise needed to meet the scope of services. The core team proposed to serve the City is built upon a foundation of senior professionals located in our Miami and Orlando offices. These individuals advise regional issuers and jurisdictions within the State of Florida. Together they offer a mix of expertise in Florida public finance and the professional skills needed to advise a client such as the City.

This team is equipped to advise the City regarding any type of transaction, both sold on a competitive and negotiated basis, for long term bonds, short term notes and along the entire credit spectrum.



3.3 Plan of Financing Submittal Requirements

Plan of Finance Development

The development of the most cost-effective financing plan — as outlined in the table below — is a key strength of PFM. Throughout the course of the financing process, PFM will compile a set of the City’s unique attributes that we believe will prove valuable in our negotiation with other market players for the best-available terms for the City.

Plan of Finance	
Action	Objective(s)
1. Develop Financing and Debt Objectives	<ul style="list-style-type: none"> ▪ Ensure consistency with formal written debt policies and procedures. ▪ Set parameters for measuring and making specific financing decisions. ▪ Demonstrate sophisticated financial management.
2. Prepare a Debt Profile	<ul style="list-style-type: none"> ▪ Update comprehensive review of all outstanding indebtedness. ▪ Identify cost savings and other beneficial debt strategies.
3. Review Legal Structure	<ul style="list-style-type: none"> ▪ Provide comprehensive review of bonding authority and bond covenants. ▪ Identify opportunities for financing flexibility within credit constraints.
4. Analyze Future Debt Capacity	<ul style="list-style-type: none"> ▪ Determine ability to raise future debt capital. ▪ Identify rating concerns and/or opportunities.
5. Review Capital Budget	<ul style="list-style-type: none"> ▪ Ensure a complete understanding of all anticipated capital needs in this changing plan. ▪ Match sources of capital funding to infrastructure needs.
6. Identify Financing Alternatives	<ul style="list-style-type: none"> ▪ Inform issuer of pros and cons of different financing techniques. ▪ Outline potential financing strategies relevant to specific project.
7. Develop Final Financial Plan	<ul style="list-style-type: none"> ▪ Document all policies, processes, alternatives, and results. ▪ Formally recommend optimal financing plan and solution.

Transaction Management Process

As the plan of finance is refined, PFM will begin to lead the financing team through the transaction management process, as outlined in the table below:

Transaction Management	
Action	Objective(s)
1. Develop and Monitor Financing Schedule	<ul style="list-style-type: none"> ▪ Serve as a plan for timely completion of financing.
2. Analyze Debt Structure Alternatives	<ul style="list-style-type: none"> ▪ Design a debt structure that maximizes market interest and future financing flexibility while consistent with debt policy.
3. Review Existing Debt Structure	<ul style="list-style-type: none"> ▪ Identify strengths/weaknesses so that future debt issues can be structured to maximize ability to finance future capital needs.
4. Recommend Negotiated or Competitive Sale	<ul style="list-style-type: none"> ▪ Tailor debt issue to the most efficient way to market debt and maximize investor interest/minimize interest cost.
5. Assist Issuer with Selection of Working Group Members	<ul style="list-style-type: none"> ▪ Select team that can most effectively bring the issue to market.
6. Develop Terms of Financing	<ul style="list-style-type: none"> ▪ Ensure credit quality and present terms are attractive to investors in order to create broad-based interest in the debt. ▪ Maximize future flexibility.
7. Develop Financing Documents	<ul style="list-style-type: none"> ▪ Assure issuer that all contractual and business terms are reviewed from the issuer’s perspective.
8. Develop Marketing Plan	<ul style="list-style-type: none"> ▪ Coordinate institutional investor “road show” and/or enhanced bond-issue advertising. ▪ Maximize underwriter and investor interest in securities.
9. Develop Rating Presentation	<ul style="list-style-type: none"> ▪ Obtain highest-possible credit rating for debt issue. ▪ Formulate and implement long-term credit rating strategy.



3.3 Plan of Financing Submittal Requirements

10. Assist with Sale of Bonds and Evaluate Transaction	<ul style="list-style-type: none"> Assure lowest interest rate for given market. Provide written documentation of acceptability of bond sale. Complete pricing analysis.
11. Assist with Bond Closing	<ul style="list-style-type: none"> Assure complete compliance with all market and regulatory requirements.

The timetable below outlines an example of the steps employed by PFM to facilitate the sale and marketing of a current public offering of debt. PFM serves as the quarterback of the financing team and coordinates the entire process. The value added by PFM during each phase of the transaction results in the City achieving the lowest overall borrowing cost.

As PFM works with the City’s team to develop a Plan of Finance and then move forward with a financing strategy, there are several key elements in the financing that are considered. Of significant importance is the time that goes into the procurement of documents to meet needs of both policy and credit structure. As documents are prepared for a public debt offering, City staff and PFM will work together to ensure the initial ratings (and if needed, insurer) package is complete and provides sufficient detail regarding the credit strength, project significance and management strengths to garner the highest possible credit rating that is warranted. A similar approach exists for bank loans, but the credit process is specific to the potential banks instead of preparing an offering document that is required for a bond transaction. Timing of the bond sale will incorporate consideration for the primary issuance debt calendar, planned release of economic data and general interest rate levels. If the City is issuing refunding bonds, PFM will assist the City in the implementation of the optimal escrow structuring strategy (highest yield on escrow investments net of costs, to increase realized savings) and time the funding of the escrow to reduce negative arbitrage without a pricing penalty.

PALM BEACH COUNTY, FLORIDA
SERIES 2015 PUBLIC IMPROVEMENT REFUNDING BONDS

December							January							February							March																				
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31										
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28	25	26	27	28	29	30	31							
28	29	30	31	25	26	27	28	29	30	31								29	30	31																					

Preliminary Financing Schedule as of July 21, 2015

Date*	Event	Responsibility
November 25	Distribute 1st Draft of Resolution	BC
December 1	Comments due on Resolution	All
December 2	Distribute RFP for Verification Agent	FA
December 4	Select Verification Agent	FA
December 3	Distribute Timeline / Distribution List	FA
December 9	Distribute 1st Draft of Escrow Deposit Agreement (EDA) and NOS	BC
December 15	Distribute 2nd Draft of Resolution, NOS and EDA	BC
December 16	Circulate first draft of POS	DC
December 29	Distribute Final Version of Resolution	BC
December 29	Agenda Deadline – Agenda Package for ECC Meeting	All
January 8	Distribute credit package to Rating Agencies	FA
Week of Jan 12	Rating Agency Calls	All
January 13	BCC Meeting – Approve Bond Resolution	PBC
January 21	Finalize POS/NOS	All
January 26	Receive Ratings	PEC
January 27	Publish SNOS in Bond Buyer	BC
February 2	Send POS to Printer – Post, Print and Mail POS	DC
February 10*	Competitive Sale	All
February 13	Finalize Official Statement and send to printer	DC
February 26	Distribute Draft Closing Memo	FA

* Assumes POS posted by February 2

Legend
PBC Issuer – Palm Beach County
BC Bond Counsel – Bryant Miller/Clint
DC Disclosure Counsel – Nelson Giblin Nickerson
FA Financial Advisor – Spectrum Municipal Services, Inc./Public Financial Management, Inc.
UW Underwriter- TSD

If a Bank Loan financing is deemed optimal, PFM will work with City staff to schedule the RFP release and approval/closing dates to optimize the financing’s attractiveness to potential bidders and allow for multiple terms and conditions to be evaluated. In the selection and approval process, PFM will clearly outline the risks



3.3 Plan of Financing Submittal Requirements

and benefits of the different financing options proposed, and make a recommendation based on which alternative best meets the City's objectives.

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 to Miami-Dade County after its recent financing. PFM would provide the City with a similar Pricing Analysis after a new issuance of Bonds.

Pricing Performance – 2015 Public Facilities

- Below is a summary of the Pricing Performance of the 2015 Public Facilities Bonds.
- The "Reoffering Yield Spread" ranged from 25 bps for the 2016 maturity to 75 bps in later maturities when compared to the AAA MMD scale.

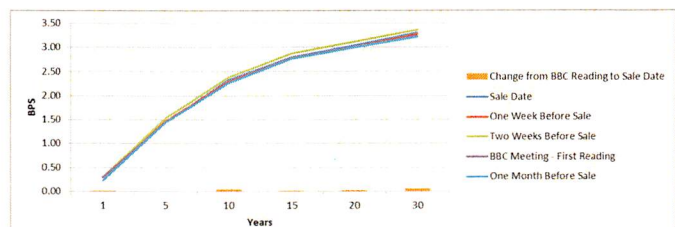
Miami-Dade PFT (Jackson Health System) (AA3/AA-) Series 2015A Pricing Worksheet																
Year	Term	Avg Life	Principal	PFM % Coupon Scale				PFM Lower Coupon Scale								
				Coupon	RDY	YTC	YTM	Price	G.O.	Coupon	RDY	YTC	YTM			
6/1/2016	0.9		\$ 7,620,000	5.000%	0.540% SB			101,912	75 bps	4.000%	0.540% SB			101,334	25 bps	0.29%
6/1/2017	1.9		\$ 6,535,000	5.000%	0.950%			107,471	30 bps	4.000%	0.950%			105,612	30 bps	0.56%
6/1/2018	2.9		\$ 6,730,000	5.000%	1.350%			112,278	25 bps	4.000%	1.350%			107,441	25 bps	1.09%
6/1/2019	3.9		\$ 6,500,000	5.000%	1.820%			112,601	60 bps	4.000%	1.820%			105,915	60 bps	1.23%
6/1/2020	4.9		\$ 795,000	5.000%	1.950%			114,222	45 bps	4.000%	1.950%			109,742	45 bps	1.45%
6/1/2021	5.9		\$ 140,000	5.000%	2.180%			115,482	50 bps	4.000%	2.180%			109,992	50 bps	1.65%
6/1/2022	6.9		\$ 8,035,000	5.000%	2.420%			119,239	50 bps	4.000%	2.420%			109,956	55 bps	1.87%
6/1/2023	7.9		\$ 8,440,000	5.000%	2.650%			118,959	60 bps	4.000%	2.650%			109,915	60 bps	2.00%
6/1/2024	8.9		\$ 8,850,000	5.000%	2.880%			117,106	65 bps	4.000%	2.880%			109,274	65 bps	2.15%
6/1/2025	9.9		\$ 9,390,000	5.000%	3.100%			117,465	68 bps	4.000%	3.100%			109,945	68 bps	2.27%
6/1/2026	10.9		\$ 9,765,000	5.000%	3.320%	3.237%	110,000	70 bps	3.000%	3.150%	3.195%			95,353	70 bps	2.40%
6/1/2027	11.9		\$ 10,255,000	5.000%	3.540%	3.471%	114,776	72 bps	3.250%	3.360%	3.375%			95,927	84 bps	2.54%
6/1/2028	12.9		\$ 10,765,000	5.000%	3.750%	3.660%	113,568	75 bps	4.000%	3.470%	3.671%	3.671%		154,398	84 bps	2.62%
6/1/2029	13.9		\$ 11,300,000	5.000%	3.440%	3.759%	112,970	78 bps	3.500%	3.640%	3.684%			95,462	85 bps	2.69%
6/1/2030	14.9		\$ 11,865,000	5.000%	3.510%	3.658%	112,246	78 bps	4.000%	3.660%	3.753%			102,784	89 bps	2.76%
6/1/2031	15.9		\$ 12,460,000	5.000%	3.670%	3.603%	111,914	75 bps	4.000%	3.770%	3.841%			101,378	99 bps	2.85%
6/1/2032	16.9		\$ 13,080,000	5.000%	3.650%	4.042%	111,373	75 bps	4.000%	3.840%	3.834%			101,301	87 bps	2.87%
6/1/2033	17.9		\$ 12,740,000	5.000%	3.670%	4.129%	110,935	75 bps	4.000%	3.920%	3.949%			100,548	100 bps	2.93%
6/1/2034	18.9		\$ 14,425,000	5.000%	3.710%	4.183%	110,580	75 bps	4.000%	3.990%	3.994%			100,077	103 bps	2.94%
6/1/2035	18.9		\$ 15,140,000	5.000%	3.750%	4.223%	110,237	75 bps	4.000%	4.050%	4.084%			99,318	105 bps	3.02%
6/1/2036	20.9		\$ 15,900,000	5.000%	3.780%	4.273%	109,977	74 bps	4.000%	4.100%	4.173%			98,622	106 bps	3.04%
6/1/2037	21.9		\$ 16,700,000	5.000%	3.820%	4.315%	109,651	74 bps	4.000%							

Total Par \$ 218,456,000
Avg Life 13.7 years
Call Date 6/1/2025

Summary of Market Movement

- To the right are the MMD Yields for the Series 2015 Bonds.
- The dates listed help illustrate how the market has changed from the first reading to the sale date.

Years	MMD Yields					Change from BBC Reading to Sale Date
	One Month Before Sale	BBC Meeting - First Reading	Two Weeks Before Sale	One Week Before Sale	Sale Date	
	5/27/2015	6/2/2015	6/10/2015	6/17/2015	6/24/2015	
1	0.22	0.29	0.29	0.29	0.30	0.01
5	1.45	1.45	1.54	1.47	1.45	0.00
10	2.25	2.27	2.38	2.29	2.32	0.05
15	2.76	2.78	2.87	2.77	2.80	0.02
20	2.99	3.01	3.11	3.01	3.04	0.03
30	3.21	3.24	3.36	3.27	3.30	0.06



3.3 Plan of Financing Submittal Requirements

2. The technical and legal support services available to your firm and how they would be utilized in the formulation of the financing plan.

Technical Support Services – PFM’s Quantitative Strategies Group

PFM’s Quantitative Strategies Group (the “QSG”) comprises a group of dedicated professionals whose mission is to develop proactive strategies and tools for all of PFM’s business practices. Through the use of advanced financial analysis and commercial and proprietary software, the QSG develops customized solutions to meet the individual quantitative needs of all of our clients. Our extensive quantitative capabilities allow us to provide services which address the full scope of strategic and operational considerations, ranging from capital financing strategies, to strategic planning and budgeting, to investment management strategies. Our Financial Risk Management, Structural Optimization, Refunding Efficiency, Forward Pricing, Other Post-Employee Benefits, and Budget Projection Models, to name a few, assist us in achieving these objectives.

The QSG constantly monitors the municipal market in order to stay abreast of new and emerging products and strategies and our strong market presence places PFM at the forefront of the development and implementation of these tools and strategies for our clients. To further enhance the accuracy and comprehensiveness of our leading quantitative resources, the QSG maintains direct access to numerous information services such as Bloomberg, Thomson Financial, Securities Data Corporation, and Municipal Market Advisors, among others.

In addition to the aforementioned roles, the QSG administers the firm’s extensive three-month municipal finance training program for new and lateral hires. PFM’s Analyst Training Program introduces our Analysts to such topics as finance, public finance, bond math, capital markets, derivatives, bond proceeds investment, and federal tax law. PFM Analysts also become skilled in Microsoft Excel, DBC, Bloomberg, our firm’s proprietary models and other computer applications and resources. Once they graduate from the Training Program, Analysts are assigned to one of our 40 national offices where they continue their education with on-the-job training.

The multitude of services offered by the Quantitative Strategies Group assists PFM in optimizing its partnerships with clients. This collaborative relationship supports our clients’ ability to exceed both short-term budgetary goals and long-term strategic and capital financing objectives.

Long-Term Financial Forecasting and Planning Services

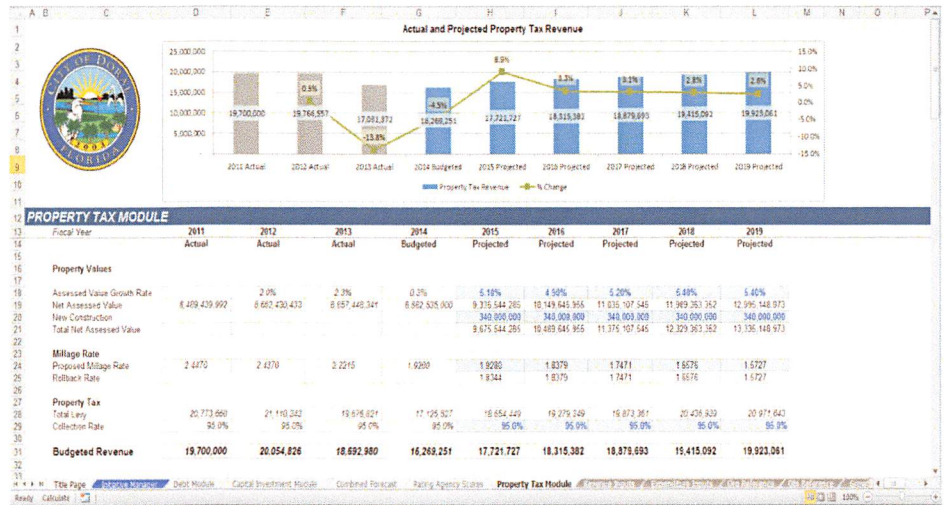
At PFM, our goal is to assist governments in being the best-managed enterprises in the nation. This is not a modest goal, but it gives our work meaning and drives our pursuit of excellence on behalf of our clients.

PFM’s Management and Budget Consulting (MBC) practice started nearly 20 years ago, and it now includes professionals located in offices around the country, including Philadelphia, Arlington, Chattanooga, Des Moines, and San Francisco.

The MBC practice specializes in creating Multi-Year Budget Models for clients – including models created for the City of Doral in 2012 and 2014. Additionally, MBC creates specialized financial models in-house in our Quantitative Strategies Group (QSG) that are tailored to the individual needs of each client and assignment. These include multiple forms of cashflow models, financial planning models, workforce salary and benefits projection models, cost allocation models, privatization and business valuation models, education finance and fleet utilization models. These models ensure that our analyses and solutions are based on reasonable assumptions and transparent to the City.

3.3 Plan of Financing Submittal Requirements

Our MBC practice has supported the Finance Department during two recent engagements. In 2012, PFM developed a customized multi-year budget forecast model, provided training sessions for finance staff, and presented findings during budget workshop sessions. In 2014, PFM developed a capital planning tool that summarized the fund balance impacts of five different funding scenarios for capital projects.



Legal Support Services

In tandem with the vast amount of financial advisory and strategic consulting work performed by PFM, we interface and receive a considerable amount of legal support from internal and external sources. PFM works very closely with all of the major public finance bond professionals in the State of Florida when executing various forms of financings. Additionally, we receive frequent and periodic updates from Municipal Securities Rulemaking Board (MSRB) and other publications from numerous external legal professionals along with PFM’s internal legal compliance department.

PFM Swap Advisory Services

Given the City’s swapped debt, PFM’s Swap Advisory Services may present value to the City. PFM’s Swap Advisory practice (PFM Swap Advisors LLC.), consisting of a dedicated team of 4 professionals, equals the size of the largest standalone derivatives advisory boutiques. As part of a full-service financial advisory firm, however, we understand that a client’s primary objective is developing the optimal financial structure (unlike some derivatives boutiques where the recommended “solution” frequently, and not surprisingly, involves a swap). PFMSA swap personnel will closely coordinate their efforts with the City’s awarded financial advisor to ensure seamless execution of any derivative-linked financing transactions. PFMSA believes that as a multi-faceted financial advisory firm, not unlike an investment bank in this regard, it brings major advantages to the City that cannot be attained from other swap advisory firms.

We believe that PFMSA is especially well qualified to work with the City based on our broad experience advising on derivatives transactions for non-profit borrowers. Given the complexity, compensation, and real risks embedded in swap transactions it is important to select a swap advisor who not only has recognized credibility in the market but also a firm that does not treat derivatives as an adjunct to an existing consulting practice. PFMSA is the recognized leader in the industry in managing both competitive and negotiated swap transactions. The table to the right summarizes the number and notional principal amount of interest rate swap and derivative transactions for which PFMSA served as advisor since 2000.

Year	Number 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	250	13,671,408,232
2009	156	9,026,705,299
2010	121	6,299,364,457
2011	89	5,114,339,405
2012	71	4,348,009,717
2013	99	4,784,721,689
2014	70	2,867,250,369
2015	71	4,181,172,884
2016Q1	12	562,470,000
Total	1,715	117,970,353,707

Swaps advisory is not a new practice area for PFMSA. PFMSA has over fifteen years of experience in developing hedging policies and conducting transactions of this nature including structuring and procuring various forms of interest rate swaps or advising on bonds with embedded features, such as options. During this time we have identified and addressed virtually every issue and concern facing not-for-profit and tax-exempt borrowers.



3.3 Plan of Financing Submittal Requirements

One aspect that differentiates PFMSA's team is its Wall Street connection – two of our professionals have direct experience working on a swap trading desk in either a pricing, structuring or technology role. This hands-on experience structuring and trading derivatives distinguishes them from many of those in the industry purporting to be swap specialists, but who in reality are often simply “retro-fitted” GIC brokers. PFMSA prides itself on our ability to provide seamless trade execution for clients. In the case of competitively bid swaps, we believe that the experience and reputation of an issuer, and its swap advisor, for executing efficient auctions improves the economics of bids because the issuer will not be charged a trade execution or market risk penalty. For negotiated transactions, PFMSA's industry leading position and reputation for integrity makes our fair-market opinions the industry gold standard.

3. Describe the steps to which your firm would consider alternative to traditional municipal bonds in developing the financing plan; describe your firm's related experience, naming firm members and other personnel involved in successfully designing and implementing alternative financing for municipal or governmental clients.

Ten or fifteen years ago, most local government financings were traditional fixed rate, level debt service financings issued as public offerings. In recent years financing options available to issuers have diversified significantly. PFM has been at the forefront of these evolutions, but always views new options with an extra level of scrutiny to make sure clients understand the advantages and disadvantages of these new products. Below are a few examples that have been implemented for municipalities within Florida. It is worth noting that in selecting the innovative structures, we have focused on concepts that are relevant to the City. As a relatively infrequent issuer, we have NOT included headline grabbing \$1 billion financings below. Rather, we focused on tools we have developed and refined in the recent years that have enabled issuers like the City of Doral to access the market in the most cost effective manner.

- a. **Commercial Bank Financings/Notes** – Traditionally, banks only participated in small, general obligation bond financings for “bank qualified issuers” (less than \$10 MM of debt in any given calendar year). As the market place has changed and as their balance sheets have expanded, banks have begun developing long-term financing tools for larger and larger financings. PFM has worked with dozens of clients during the recent financial turmoil to implement bank loan financings at very attractive rates with flexible terms and prepayment provisions. With the public capital markets continuing to experience significant volatility and the lack of quality bond insurers, this type of financing will continue to be common place for all types of issuers.
- b. **Direct Placement Forward Refundings** – Interest rates remain near historic lows providing issuers the opportunity to generate significant cash flow savings by refinancing existing higher interest debt. For clients that have debt issues that are not currently callable and are not eligible to be advance refunded, a forward delivery, direct bank placement may provide the opportunity to capture the economic benefit of a refunding in the current market. Similar to traditional bank placements, a forward delivery bank placement is structured and placed directly with a bank and does not require the use of rating agencies, offering documents, the issuer's underwriting team, or underwriter's counsel. This results in significant savings of both time and issuance costs. The interest rate on the loan can be locked in the current market; however, the loan would not close until 90 days of the optional call date on the debt to be refunded. As such, the forward delivery structure results in a current refunding for tax purposes. PFM has extensive experience with both publicly offered and privately placed forward delivery transactions and has recently priced forward delivery direct placements for the City of Coral Springs, Sarasota County, Orange Schools, Seminole Schools, Miami Dade Schools and Lake Schools.
- c. **Lines of Credit** – PFM has also worked with many issuers to utilize lines of credit from commercial banks to fund interim capital needs. This allows the issuer to draw down funds as needed and only pay interest on funds that have been drawn. We all know that the spending timeframe of bond

3.3 Plan of Financing Submittal Requirements

proceeds for large capital projects can be very uncertain. The LOC approach allows the issuer to better match the borrowing of funds with spend down of proceeds. At the same time the issuer is not paying unnecessary interest expense. This can be combined with a traditional long term financing to take out the LOC once the project is completed. This type of program is also very useful in conjunction with State Revolving Fund (SRF) loans for water and sewer projects. The LOC can be draw down over time and paid off as SRF funds are allocated and received. This minimizes negative arbitrage associated with investing unspent bonds proceeds while investment rates are near 0%.

- d. **Variable Rate Debt/Swaps** – For over 30 years, local government issuers benefitted from utilization of variable rate debt. The low cost, ease of implementation and efficient management over time made the use of VRDOs a valuable part of a debt portfolio. As the municipal swap market matured in the early 2000’s, variable rate debt was combined with swaps to create “synthetic” fixed rate debt. These structures often reduced net interest expense materially, which more than offset market risks. However, with the financial market crash in the mid/late 2000’s, variable rate debt become far more complex creating multiple challenges for issuers, and complicating the management of swaps. PFM completed thorough educational programs for clients and evaluated suitability before employing variable rate debt and swaps. This prudent strategy reduced the use of swaps by PFM clients to those that were capable of understanding and managing swaps. During the last seven years, PFM has helped clients manage swaps and variable rate debt in the most cost effective manner. We help the client solicit proposals; we evaluate the strengths and weaknesses of all options and then lead the client to a successful implementation. This effort is always led by the local, day-to-day, financial advisory team that is supported by our swap team.
- e. **Commercial Paper** – PFM created the first Commercial Paper (CP) program for one of our Florida school district clients that needed debt financing to accelerate construction of critical projects, but could not issue long-term debt. PFM developed a strategy whereby over \$250 million in CP draws were structured to meet spend-down requirements so the proceeds would not be subject to arbitrage yield restrictions. In the end the positive arbitrage and other investment income was so large that interest earnings exceeded interest expenses resulting in the Commercial Paper program functioning like a no cost, \$250 million line of credit.

In each case, PFM developed these unique financing tools to meet special client needs in a manner consistent with prudent debt management goals.

4. Describe circumstances in which the firm would recommend competitive versus negotiated sales of debt issues. Indicate the role your firm would play as Financial Advisor under each method of sale. Describe your firm’s experience with each method of sale.

Competitive versus Negotiated Sale Process

PFM possesses extensive expertise and experience in regard to both competitive and negotiated sales. Depending on our clients’ needs and situations, PFM has experience in playing all roles in the negotiated sale financing process. Likewise, as independent financial advisors, PFM 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—in fact, the team prides itself on successfully bringing issuers to the competitive markets. PFM is proud of our 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.



3.3 Plan of Financing Submittal Requirements

If a negotiated sale is determined to be the appropriate method, PFM has an extensive 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 this significance, for decades, PFM has led the evolution of pricing techniques, resulting in savings to our clients of tens 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, short calls, option analysis, minimizing discounts and premiums, designation rules, and most recently, the PFM Pricing Group.

PFM recognizes that substantial empirical evidence supports the fact that competitive sales produce lower borrowing costs for municipal issuers. We also recognize that issuers have, at times, valid non-financial objectives to be achieved through debt issuances, and may be subject to conditions that require added flexibility not present in competitive sales. As a result, PFM is highly experienced in both modes. Thomson Reuters reported competitive and negotiated transactions for PFM in 2015 as follows:

Mode	Transactions	\$ Millions
Competitive	392	14,965.8
Negotiated	662	47,174.2

PFM’s role in both a negotiated and competitive sale has many similarities. Our job is simply to get the best results possible—this includes structuring, marketing, and pricing of a transaction. Regardless of the choice of a negotiated or competitive sale, we run the numbers and prepare the sensitivity analyses necessary so that the County has an independent evaluation of the pricing. For a competitive sale, we work with a number of underwriters and investors to market the bonds, so that the maximum number of bids is received. On a negotiated sale, we support the marketing efforts of the senior manager, and begin to set pricing and interest-rate expectations early in the process.

The factors supporting one sales methodology versus another, and our specific approach, are highlighted in more detail on the following page.

3.3 Plan of Financing Submittal Requirements

Attributes	Competitive Sale	Negotiated Sale
Issuer		
<i>Type of Organization</i>	Broad-based, general-purpose government	Special-purpose, independent authority
<i>Frequency of Issuance</i>	Regular borrower in public market	New or infrequent issuer of debt
<i>Market Awareness</i>	Active secondary market with wide investor base	Little or no institutional base, but growing dealer interest
Credit Quality		
<i>Rating</i>	"A" or better	Below single "A"
<i>Pledged Revenues</i>	General obligation	Project supported revenues
<i>Security Structure</i>	Conventional resolution and cashflow; rate covenant and coverage	Unusual or weak covenants; subordinated debt
<i>Trend</i>	Stable	Improving or under stress
Market Conditions		
<i>Interest Rates</i>	Stable, predictable market	Volatile or declining market
<i>Demand</i>	Strong investor demand, good liquidity, light forward calendar	Oversold market, heavy supply
Debt Structure		
<i>Tax Status</i>	Tax-exempt, no concerns	Taxable
<i>Debt Instrument</i>	Traditional serial and term, full-coupon bonds	Aggressive use of innovative bond structuring, derivative products, swaps, or variable-rate debt instruments
Marketing		
<i>Use of Underwriters</i>	Broad market participation	Ability to select "best qualified" banker and direct business to local or regional firms
<i>Investors</i>	Process blind to ultimate investors	Sale can be managed to achieve wide distribution or targeted allotments
<i>Pre-marketing</i>	Limited need for pre-marketing – commodity, market pricing	Specific pre-sale activity to generate demand
<i>Flexibility in Timing</i>	Limited flexibility	Greatest flexibility in timing
<i>Fine Tuning Structure</i>	Limited options given to bidders	Unlimited ability to fine tune
Cost		
<i>Gross Spread</i>	Historically, spreads have been lower for competitive sales	Recent data shows negotiated deals to have equal or higher spreads than competitive sales
<i>Interest Rate</i>	Highest market price for commodity offered on day of sale	Best match of product with specific investor demand
Preparation		
<i>Resolution/ Structure</i>	Issuer determines own preference for managing	Professional banking support and more direct marketing input in balancing security for investor vs. flexibility for issuer
<i>Disclosure</i>	Issuer relies on own program disclosure	Underwriters' counsel assists in the preparation of official statement

Our recommendation regarding the method of sale is derived after considering all the above-referenced factors. Issuer preference for focusing on local investors and minority participation are also considered. As an independent financial advisor, we have no vested interest in either method of sale, so our advice is based solely on these factors.

3.3 Plan of Financing Submittal Requirements

5. Indicate the activities your firm would undertake in facilitating the sale and marketing of the City's debt issue. Describe related experience with such activities.

PFM offers the City 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 2015, PFM assisted clients with 1,014 debt issues with a total par amount in excess of \$62 billion.

2015 Presence in the Market - Underwriters and Financial Advisors				
			No. Deals	Total Par (\$ Billion)
1	PFM	FA	1,014	62.140
2	Bank of America Merrill Lynch	UW	468	49,123
3	Citi	UW	484	43,489
4	J P Morgan Securities LLC	UW	392	41,694
5	Morgan Stanley	UW	430	31,649
6	Wells Fargo & Co	UW	307	24,835
7	RBC Capital Markets	UW	722	24,529
8	Stifel Nicolaus & Co Inc	UW	889	17,528
9	Barclays	UW	141	16,765
10	Raymond James	UW	820	16,549

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 City's transaction. 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 15 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

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

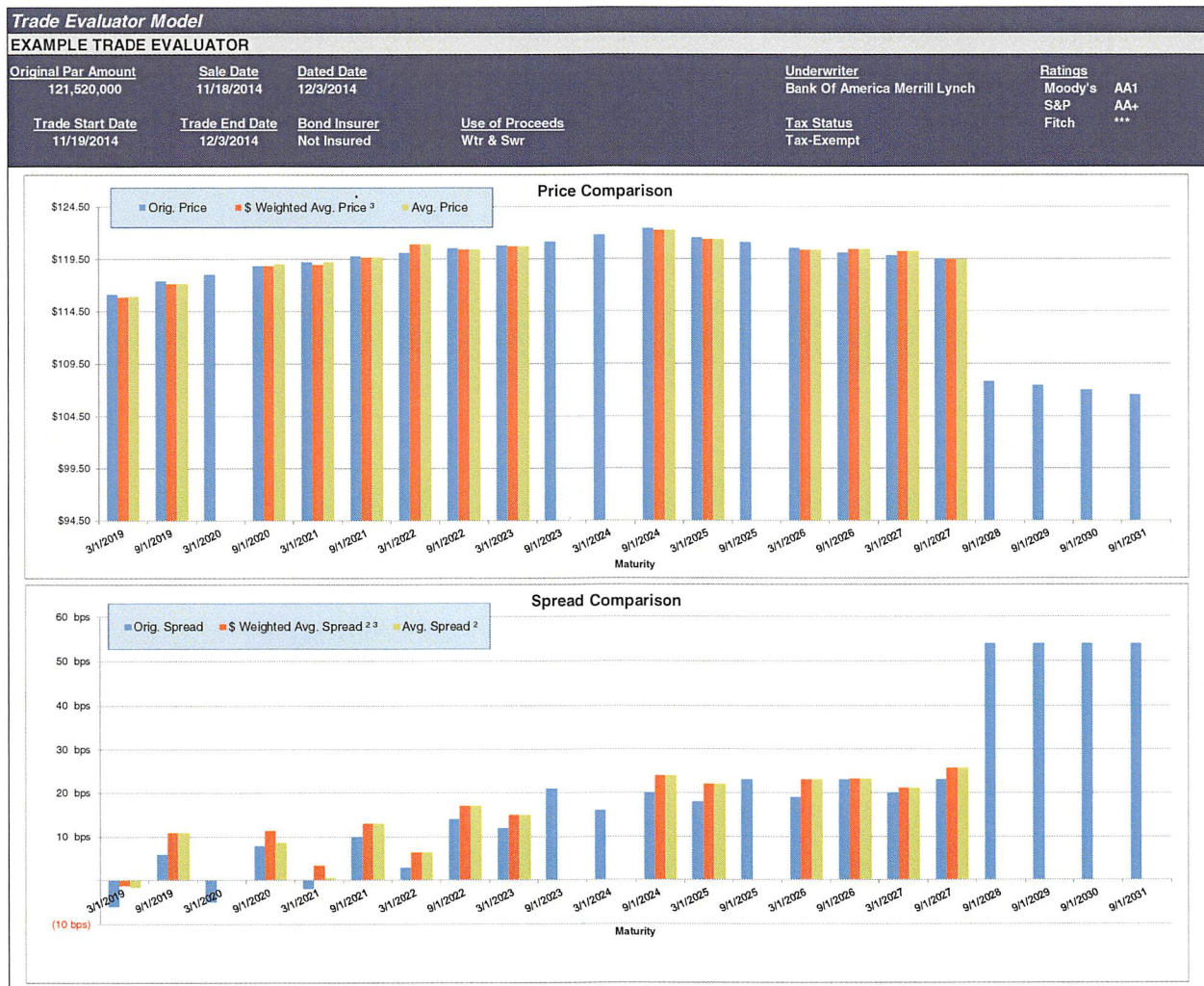


3.3 Plan of Financing Submittal Requirements

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.

Post-Sale Analysis

PFM has developed a secondary trade model, which assesses post-issuance pricing performance. Furthermore, the volume of secondary trades leading up to a primary sale provides an indication of current market liquidity and/or institutional selling pressure for a particular credit, which can assist in determining market access and prudent new issue size. The trade data, particularly within 30 days of issuance, can be used to assess pricing performance and market sentiment. Secondary trades at levels significantly below initial pricing can be an indicator that pricing execution could have been more cost effective. PFM will use this data, in addition to primary market data for similar credits, to assess the City's fixed rate debt pricing performance (if public debt were to be issued) in order to enhance and refine strategies for pricing future issuances. An example of PFM's Trade Evaluator data shown here demonstrates our capabilities in evaluating how potential City bonds would be traded post-pricing.



RESOLUTION No. 17-02

A RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, APPROVING THE RANKING OF RESPONDENTS TO RFP #2016-16 "FINANCIAL ADVISORY SERVICES"; AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH PUBLIC FINANCIAL MANAGEMENT AS THE TOP RANKED FIRM, SUBJECT TO APPROVAL AS TO FORM AND LEGAL SUFFICIENCY BY THE CITY ATTORNEY, FOR THE PROVISION OF FINANCIAL ADVISORY SERVICES; AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH THE NEXT HIGHEST RANKED FIRM SUCCESSIVELY IF AN AGREEMENT CAN NOT BE NEGOTIATED WITH THE HIGHER RANKED FIRM; AUTHORIZING THE EXPENDITURE OF BUDGETED FUNDS; PROVIDING FOR IMPLEMENTATION; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Doral (the "City") intends to establish an agreement with a qualified firm for the purposes of providing the City with financial advisor services, which include, without limitation, independent financial advice financing for: operating and capital improvement programs, bond issuance, debt policies; the creation of debt strategies; pricing/transaction comfort to ensure effective market opportunities for the City; and the City's relationship with financial institutions (the "Services"); and

WHEREAS, the City issued Request for Proposal 2016-16, entitled "Financial Advisory Services" (the "RFP"), on June 15, 2016, for the purpose of providing soliciting potential providers of the Services; and

WHEREAS, as a result of the advertisement on the City's Website and Demandstar, four (4) Submittals were received and opened on July 15, 2016 with all the firms meeting the required criteria; and

WHEREAS, upon review of the submittals received, the respondents were ranked and scored based on a 300 point system; and

WHEREAS, staff has recommended that the Mayor and City Council accept the

ranking of the firms as specified herein and authorize the City Manager to negotiate and enter into an agreement with Public Financial Management to provide Financial Advisory Services, or, if negotiations fail with the top ranked firm, to negotiate an agreement with the next highest ranked firm successively until an agreement is reached, and to expend budgeted funds accordingly.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above recitals are confirmed, adopted, and incorporated herein and made a part hereof by this reference.

Section 2. Approval of Rankings. The City Council hereby approves the rankings of the two (2) firms as provided by the Evaluation Committee as follows:

- | | |
|------------------------------------|------------|
| 1. Public Financial Management | 297 Points |
| 2. Public Resources Advisory Group | 260 Points |

The foregoing rankings do not vest any contractual rights on any of the foregoing parties.

Section 3. Authorization to Procure Services. The City Manager is hereby authorized to negotiate and with Public Financial Management, as the top ranked firm, and enter into an agreement, subject to approval by the City Attorney as to form and legal sufficiency, for the provision of financial advisory services. The City Manager is further authorized to negotiate with the next highest ranked firm successively until an agreement is reached, and to expend budgeted funds accordingly with the contracted party.

Section 4. Implementation. The City Manager and the City Attorney are hereby authorized to take such action as may be necessary to implement the purpose and provisions of this Resolution.

Section 5. Effective Date. This resolution shall take effect immediately upon adoption.

The foregoing Resolution was offered by Councilmember Rodriguez who moved its adoption. The motion was seconded by Vice Mayor Cabrera and upon being put to a vote, the vote was as follows:


Mayor Juan Carlos Bermudez	Yes
Vice Mayor Pete Cabrera	Yes
Councilwoman Christi Fraga	Absent/Excused
Councilwoman Claudia Mariaca	Yes
Councilwoman Ana Maria Rodriguez	Yes

PASSED AND ADOPTED this 11 day of January, 2017.



JUAN CARLOS BERMUDEZ, MAYOR

ATTEST:



CONNIE DIAZ, CMC
CITY CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY
FOR THE USE AND RELIANCE OF THE CITY OF DORAL ONLY:



WEISS, SEROTA, HELFMAN, COLE & BIERMAN, P.L.
CITY ATTORNEY